CONDOMINIUM OFFERING PLAN FOR PREMISES KNOWN AS THE BAYARD HOUSE 81 SPRING STREET a/k/a 76 CROSBY STREET NEW YORK, NEW YORK 10011

5 RESIDENTIAL UNITS AND 1 COMMERCIAL UNIT THE COMMERCIAL UNIT IS NOT BEING OFFERED FOR SALE

	Initial Price for 5 Residential Units
Purchase Price of All Residential Units (1)	$17,900,000
Working Capital Fund (2)	

Name and address of Sponsor:

81 SPRING REALTY LLC
c/o HORIZON REALTY AND
DEVELOPMENT CORP.
950 Third Avenue, 28th Floor
New York, New York 10028

Name and Address of Selling Agent:

HORIZON REALTY AND
DEVELOPMENT CORP.
950 Third Avenue, 28th Floor
New York, New York 10028

The date of acceptance for filing is May 30, 2001 (the "Acceptance Date"). The term of the initial offering is twelve (12) months commencing on the Acceptance Date. The term may be extended by duly filed amendment to the Offering Plan.

SEE PAGE 1 FOR SPECIAL RISKS TO PURCHASERS.

(1) The actual cash proceeds from this offering may be significantly greater or less than the amount shown, depending on the actual Purchase Price received for each of the Units. (See the section of the Plan entitled "Changes in Prices of Units" for a discussion of Sponsor's right to change the prices of Units.) The prices for these Condominium Units may be changed so that purchasers may pay different prices for similar interests. The effect of this is set forth in the section of the Plan entitled "Changes in Prices of Units".

(2) Each Purchaser shall be required to contribute to the Working Capital Fund an amount equal to two months Common Charges. See the section of the Plan entitled "Working Capital Fund" for discussion of the Condominium's Working Capital Fund.

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

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PART I

SPECIAL RISKS

The following is a brief summary of certain special risk considerations in connection with this Offering Plan. The material below does not purport to provide a complete description of the features of the Plan and must be read in conjunction with the entire Plan for a complete understanding of these risks and the material aspects of the Plan. For the definitions of capitalized terms refer to "Introduction; Certain Definitions."

Permissible Uses of the Residential Units

The Residential Units (as defined in the Plan) will be located on the second through sixth floors of the Building (as defined in the Plan) and in a Penthouse (as hereinafter defined) to be constructed above the sixth floor of the Building. Under current zoning regulations, the lawful residential use of these dwelling units will be restricted to use as Joint Living/Work Quarters For Artists ("JLWQA"), and at least one occupant of each Residential Unit must be certified as an artist by the New York City Department of Cultural Affairs.

As is set forth in "Introduction: Features of Condominium Ownership," Sponsor is not undertaking to ensure each Purchaser's compliance with the zoning regulation's requirements for artist's certification as a condition to occupancy of a Residential Unit. If any Purchaser under the Plan shall fail to obtain such certification prior to occupying his Unit, then it is possible either that any temporary certificate of occupancy issued with respect to the Unit or the Condominium will not be renewed or that no permanent certificate of occupancy will be issued. This could, in turn, jeopardize the occupancy rights of persons occupying other Residential Units.

Permissible Uses of the Commercial Unit

The Commercial Unit (as defined in the Plan) is located on the sub-cellar, cellar and first floors of the Building and may be used for any lawful commercial purpose under the New York City Zoning Resolution. Sponsor has entered into a lease for the Commercial Unit with the Museum of Modern Art ("MOMA"). MOMA will operate a retail store offering for sale goods and merchandise including, but not limited to, accessories, housewares, art and design related products, books, jewelry and furniture. In addition, MOMA will also use the Commercial Unit for storage and office purposes related to the operation of a retail store. Although the Commercial Unit has been leased for retail use, which use is non-conforming in the zoning district in which the Building is located, an application to legalize this use has been approved by the City Planning Commission ("CPC"). Accordingly, such retail use is now permitted. Businesses which could occupy the Commercial Unit include, but are not limited to, various food-related establishments and light manufacturing or other industrial activities. Such uses may generate noise, cause heavy traffic (including truck traffic), the loading and unloading of materials across the sidewalk in front of the Building, and may not be compatible with the residential character of the Building.

The Condominium Board and the Unit Owners (other than the owner of the Commercial Unit) have no control over the use or any change in the uses of the Commercial Unit or any part

thereof. No representation is made with respect to: (a) the uses to which the Commercial Unit or any part thereof may be put at any time or (b) who will operate, lease, own or occupy the Commercial Unit or any part thereof at any time. The Commercial Unit is not being offered for sale by Sponsor, although Sponsor reserves the right to do so in the future by amendment to the Plan.

See "Rights and Obligations of Unit Owners and Board of Managers; Restrictions on the Use and Occupancy of Units" for further details.

Maintenance Obligations with respect to the Restrictive Declaration

Sponsor has entered into a Restrictive Declaration dated December 1, 2000 and recorded on January 23, 2001 in the New York County Register's Office in Reel 3222, Page 748 (the "Restrictive Declaration") in connection with obtaining permission from the City of New York for retail use of the ground floor, construction of the Penthouse and JLWQA residential occupancy of floors 2-6 in the Building. The Condominium Documents will be subject to the terms of the Restrictive Declaration. The Restrictive Declaration creates an ongoing obligation on the part of the owner of the Building to maintain and repair the Building in sound first-class condition, at its own cost and expense, in accordance with the Restrictive Declaration, the certificate of appropriateness issued by the Landmarks Preservation Commission (the "LPC") and the Landmarks Preservation Law.

Sponsor, as the current owner of the Building is responsible for compliance with the Restrictive Declaration until the condominium is formed. Thereafter, the Condominium Board shall have the responsibility to carry out all of the owner's obligations and the authority to exercise all of the owner's rights under the Restrictive Declaration. All costs of compliance with the terms of the Restrictive Declaration shall be treated as a Common Expense.

A continuing maintenance program is set forth in the Restrictive Declaration, which program consists of:

(a) Periodic Inspections. The owner must institute an inspection and maintenance program for the Building which includes a thorough inspection of the exterior of the Building and those portions of the interior which, if not properly maintained, could affect the condition of the exterior, every five (5) years by a preservation architect, engineer or other qualified person knowledgeable about the preservation of historic structures. The preservation architect must submit a report (the "Periodic Report") to the owner and the LPC within 45 days after each inspection outlining the existing conditions of the Building and detailing the work which should be performed in order to maintain the Building, including all architectural features and elements, in a sound first-class condition, including but not limited to caulking, painting, cleaning, repair of architectural features and elements, checking for rust and repointing of masonry. The current cost for preparation of a Periodic Report by a preservation architect is approximately $2,500.

The owner must perform all work which a Periodic Report, Facade Inspection Report (pursuant to the requirements of Title 1 RCNY §32-03 et seq.) or Emergency Incident Report (discussed below) identifies as necessary to maintain the Building, including architectural

features and elements, in sound first-class condition. If the LPC determines that a specific item or method of work as set forth in a Periodic Report or Emergency Incident Report, would be inappropriate or inadequate, the owner need not and shall not have such specific item performed. The owner may contest any work called for in a Periodic Report or Emergency Incident Report and the owner's obligation to perform such contested work, or to perform it by a method acceptable to the LPC, is stayed pending a decision by the LPC. The owner must proceed with all work that is uncontested during the stay pursuant to a permit.

Unless the owner contests any work, the owner must apply for all necessary permits or certificates from the LPC within 45 days after receiving the completed report from the preservation architect and use its best efforts to assure that all work detailed in the Periodic Report or Emergency Incident Report is completed no later than nine (9) months after the date of issue of the certificate or permit from the LPC, or, if no such certificate or permit is required, within nine (9) months after the date of the Periodic Report or Emergency Incident Report. The owner can apply to the LPC for an extension of time within which to complete such work if for reasons beyond the owner's control such work cannot be completed within (9) months.

(b) Emergency Protection Program. The Owner must also establish and carry out, if necessary, an emergency protection program for the Building if the Building, or any part thereof, is damaged or destroyed by fire, the elements or any other cause whatsoever (a "Casualty"). The Owner must use all reasonable means to save, protect and preserve the Building in the event of a Casualty, which includes, upon approval of the LPC, preventing further damage or deterioration of the Building, and securing the Building from unauthorized access. The owner cannot remove any debris from the Building consisting of exterior features of the Building without approval from the LPC nor any other debris without the approval of the LPC unless necessitated as a safety precaution as ordered by an applicable city agency, or as an action taken in response to a life-threatening situation.

No work on the exterior of the Building, and no work on the interior of the Building which would affect the exterior or which would require the issuance of a permit from the Department of Buildings can be performed except pursuant to a permit from the LPC.

The owner must provide access to the Building to the LPC and its designated representatives at reasonable times and upon reasonable written notice, except in cases of emergency, in which event the LPC or its representatives shall have access, if feasible, immediately and without notice, in order to insure that the preservation, repair and maintenance of the Building is carried out in accordance with the Restrictive Declaration.

If the owner fails to maintain or repair the Building in accordance with the provisions of the Restrictive Declaration, the City of New York may issue violations for non-compliance with the Restrictive Declaration, seek injunctive relief against the owner to compel the inspection and/or work to be performed or perform all of the necessary work at owner's sole cost and expense. See a complete copy of the Restrictive Declaration in Part II for further details.

Ongoing Construction

Purchasers should be aware that the First Unit Closing may occur prior to completion of all construction at the Building. If a Purchaser closes on its Unit and moves into the Building prior to completion of the construction, Purchaser should expect to experience certain inconveniences as a result of such ongoing construction. Such potential inconvenience may include, but is not limited to, the following: (i) the presence of construction workers at the Building from approximately 7 am to 4 pm, Monday through Friday, and occasionally on Saturdays from 7 am to 2:30 pm; (ii) shared use of the elevator by Unit Owners, construction workers and construction materials; (iii) noise accompanying the work being performed at the Building by such construction workers; and (iv) the presence of dust, various debris, machinery and materials all of which are usually and customarily found on a construction site.

Sponsor expects that a temporary certificate of occupancy for the 3rd, 4th and 5th floors will be obtained by July 1, 2001 and expects to have completed construction of the Penthouse Unit by September 1, 2001. The preceding sentence contains only an approximation of the anticipated time for completion of construction. Sponsor makes no representation whatsoever with regard to the construction schedule described above and shall have no responsibility whatsoever for delays in construction caused by reason of accidents, emergencies, strikes, acts of God or any other cause beyond the control of Sponsor. However, if the First Closing does not occur within twelve (12) months after July 1, 2001, Sponsor will offer all Purchasers under the Plan (other than Purchasers then in default beyond any applicable grace period) the right to rescind their Purchase Agreements.

Exclusive Rooftop Use

The Purchaser of the Penthouse shall have the right to exclusive use of the Building roof. However, the Condominium Board shall have unlimited access to all areas of the Building roof to permit inspections, roof repairs, maintenance and replacement, emergency ingress and egress to Common Elements which are located on, in or through the roof and access to repair, maintain and replace any such Common Elements. The Purchaser of the Penthouse shall be entitled to erect decking over so much of the roof as is permitted by and performed in accordance with law and shall have no right to erect any structures or perform any other construction on the roof without the prior written approval of the Condominium Board. The Purchaser of the Penthouse will be required by the By-Laws to indemnify and hold harmless the Board and all Unit Owners from and against any and all liability, cost and expense, including reasonable attorneys fees, which may be incurred in connection with erecting decking on the roof. In order to erect the decking on the roof, a permit from the New York City Department of Buildings is required. If such work is to be performed prior to the issuance of a permanent certificate of occupancy, the application for such permit must be coordinated and filed by the Designated Architect. Any fees payable to the Designated Architect in connection with obtaining the necessary permit will be the responsibility of the Penthouse Unit Owner, however, such fees shall not exceed $3,500.00. It shall be the obligation of such Penthouse Unit Owner to maintain the decking. In addition, the performance of any such work on the roof shall be subject to regulation by the Condominium Board. Financial responsibility for repair or replacement of the roof and other Common Elements in or passing through the Penthouse shall remain the obligation of the Condominium which shall have all decision making power with respect thereto and in accordance with the By-

Laws, and each of the Unit Owners shall be deemed to hold a proportional interest in the roof membrane as a General Common Element, without having a right of access or use.

Commercial Lease

Ownership of the Commercial Unit shall be retained by Sponsor and will not be offered for sale at this time. The Commercial Unit is currently leased to the Museum of Modern Art as tenant (the "Tenant") under a lease (the "MOMA Lease") that will commence upon completion of certain work necessary to prepare the leased space for use by the Tenant. The anticipated date for completion of such work is July 1, 2001 and the term of the MOMA Lease is scheduled to end on the last day of the sixth (6th) month of the year in which the 15th anniversary of the lease commencement date occurs. Pursuant to Paragraph 41 of the MOMA Lease, the Tenant must use and occupy the demised premises (i) as a retail store offering for sale art and design related products, books, jewelry, furniture and related items and (ii) for offices and storage in connection with such activity. However, the Commercial Unit may be used for any lawful commercial purpose under the New York City Zoning Resolution. These possible uses include, but are not limited to, various food-related establishments, light manufacturing and other industrial activity. Such uses may generate noise, cause heavy vehicular and pedestrian traffic (including truck traffic) and include the loading and unloading of materials across the sidewalk in front of the Building, and need not be compatible with the residential character of the Building. However, the Declaration provides that such commercial uses may not be illegal, noxious or immoral.

The Condominium Board and the Unit Owners, (other than the owner of the Commercial Unit) have no control over the use or any change in the use of the Commercial Unit. No representation is made with respect to: (a) the uses to which the Commercial Unit or any part of it may be put at any time or (b) who will operate, lease, own or occupy, the Commercial Unit or any part thereof at any time. The Condominium Board and the Unit Owners (other than the owner of the Commercial Unit) have no control over the portion of the Building comprising the Commercial Unit, or responsibility for the management, maintenance and upkeep thereof, (including, but not limited to, making repairs, rebuilding after a casualty loss, and retaining insurance or condemnation proceeds), except to the extent of the Board's rights and obligation with respect to Common Elements.

See "Commercial Unit" for further details.

Events of Default — Time is of the Essence to Cure a Default

Upon the occurrence of an event of default by a Purchaser under a Purchase Agreement, as defined in the Plan, Sponsor, in its sole discretion, may elect to send the Purchaser a "time of the essence" notice giving Purchaser thirty (30) days within which to cure the event of default and close under the Purchase Agreement. If Sponsor sends the required notice, Purchaser shall have thirty (30) days from the giving of the notice within which to cure the specified default. Time is of the essence to cure such default within the thirty (30) day notice period. If the default is not timely cured, the Purchase Agreement may be cancelled by Sponsor and Sponsor shall then have the right to retain, as liquidated damages, the Downpayment, together with any interest earned thereon, plus the cost incurred by Sponsor for any modifications or extras in the Unit that may have been agreed to by Purchaser Sponsor. Sponsor may, in its sole discretion, permit the

Purchaser to cure a default under the Purchase Agreement after the thirty (30) day period. In such case, Purchaser shall be required to pay to Sponsor a fee for the late closing (i.e., a closing on a date subsequent to that date set forth in the Purchase Agreement as the closing date).

See "Terms of Sale" and "Procedure to Purchase; Events of Default" for further details.

No Financing Contingency

The Purchase Agreement is not conditioned upon a Purchaser securing satisfactory financing. This means that a Purchaser may not cancel the Purchase Agreement upon failure to secure financing for the purchase. Accordingly, each Purchaser should consult with a lender of Purchaser's choice about the availability of financing, interest rates, costs, etc. before signing and returning the Purchase Agreement in order to avoid the risk of losing his or her Downpayment.

No representation is made that or other financing will be available to any Purchasers under the Plan or as to the amount, terms and conditions upon which any such financing may be granted or the cost to obtain it. Purchasers should be aware that even if a loan commitment is given, its term may expire prior to the date of the First Closing or the date of Closing under the applicable Purchase Agreement.

Purchasers should note that banks and other lenders may impose restrictions on condominium loans and, in particular, may include a requirement that a certain minimum percentage of units in the Building be sold before the lender considers making such a loan. Thus, it may be difficult for a Purchaser to obtain a loan in the event that the percentage of Units purchased is less than the lender's required minimum. Moreover, even after the conversion of the Property, lenders may impose such limitations on financing with respect to prospective sales. Such limitations may have an effect on any purchaser's ability to resell a unit.

See "Terms of Sale" and "Procedure to Purchase; Events of Default" for further details.

Closing Adjustments

If, through no fault of Sponsor, a Purchaser fails for any reason to close on the date originally scheduled for the closing of title to the Purchaser's Residential Unit (the "Original Closing Date"), then (a) the closing adjustments shall be made as of midnight preceding the Original Closing Date, (b) Purchaser shall pay to Sponsor interest at the rate of sixteen (16%) percent per annum on the total Purchase Price for each day the closing is adjourned beyond the Original Closing Date; and (c) Purchaser shall reimburse Sponsor for the Common Charges (including any Special Assessments) applicable to the Unit for the period from the Original Closing Date until the date of actual closing.

See "Unit Closing Costs and Adjustments; Closing Adjustments" below for further discussion.

Other Closing Costs

Purchasers will be required to pay the Real Property Transfer Tax of the City of New York ("RPT") and the Real Estate Tax of the State of New York ("TP-584")(collectively, the "Transfer Taxes") which by law and custom are the primary obligation of the seller. The current Transfer Taxes are as follows: $2 per $500 of the Purchase Price of the Unit payable to the New York State Department of Taxation and Finance; one percent (1%) of the Purchase Price of Units selling for under $500,000 or 1.425% for Units selling above $500,000 payable to the New York City Department of Finance.

The Purchase Price for purposes of calculating the Transfer Taxes must be "grossed up." A "grossed-up" Purchase Price is equal to the sum of (i) the Purchase Price plus (ii) the product of the Purchase Price multiplied by the applicable RPT tax rate plus (iii) the product of the Purchase Price multiplied by the applicable TP-584 tax rate. For example, a Residential Unit with a Purchase Price of $1,000,000 would have a "grossed up" Purchase Price of $1,018,250.00 = $1,000,000 + ($1,000,000 x 1.425%) + ($1,000,000 x .4%). Accordingly, the Transfer Taxes in the above example would be calculated as follows: (i) RPT = $1,018,250.00 x 1.425% = $14,510.06 and (ii) TP-584 = $1,018,250.00 x .4% = $4,074.00.

Purchasers should note that Units selling above one million dollars are also subject to the so called "Mansion Tax" which is one (1%) of the Purchase Price and is payable by Purchaser at closing to the State of New York Department of Taxation and Finance. The Mansion Tax is also calculated based on the "grossed up" Purchase Price.

In addition, Purchasers will be required to pay $1,500 to Sponsor's attorney at closing for the preparation of closing documents and attendance at the closing and $300 for reviewing a title report if Purchaser buys title insurance from a title insurance agent or title insurance company other than the title company used by Sponsor in connection with the Plan. All closings will be held at the office of Sponsor's attorney. Purchasers will also be required to make a contribution at closing to the Working Capital Fund in the amount equal to two (2) months Common Charges. See Part I, "Unit Closing Costs and Adjustments" and Document No. 1 in Part II of the Plan for further discussion.

Delay in First Closing

Based upon the current renovation schedule, Sponsor has targeted the First Closing to take place on or about July 1, 2001 However, the actual date of the First Closing is not assured or warranted by Sponsor and may be earlier or substantially later depending upon the progress of sales, renovations and compliance with other prerequisites for closing. Sponsor reserves the right to exercise full discretion with respect to all decisions and the time it deems is required to complete the renovations of the Building and Units pursuant to the Plan. Purchasers will not be excused from paying the full Purchase Price as stated in their respective Purchase Agreements and will have no claim against Sponsor for damages and losses in the event the First Closing occurs substantially later than the targeted First Closing date or the time to complete and close their respective individual Units is extended or delayed or is postponed by Sponsor. However, if the First Closing does not occur within twelve (12) months after July 1, 2001, Sponsor will offer all Purchasers under the Plan (other than Purchasers then in default beyond any applicable grace

period) the right to rescind their Purchase Agreements. See "Footnote 5 to Schedule A - Offering Prices and Related Information" for further details.

Improvements and Renovations

Sponsor shall, at its sole cost and expense, complete any and all work to the public portions and common areas of the Building and all work required in the individual Units that may be necessary to obtain a certificate of occupancy for JLWQA use. As stated in the architect's report reproduced in Part II of the Plan (See "Description of Property and Building Condition"), all Residential Units will have a complete kitchen and a complete bathroom with mechanical ventilation, a water closet, lavatory, bathtub and shower. PROSPECTIVE PURCHASERS ARE ADVISED THAT SPONSOR RESERVES THE RIGHT, DURING THE COURSE OF CONSTRUCTION, TO AMEND THE PLANS AND SPECIFICATIONS AND TO SUBSTITUTE MATERIAL AND EQUIPMENT DIFFERENT FROM THAT DESCRIBED IN THE ARCHITECT'S REPORT, PROVIDED ONLY THAT ANY SUCH REVISIONS WILL NOT (A) PRECLUDE THE ISSUANCE OF A CERTIFICATE OF OCCUPANCY, (B) MATERIALLY ADVERSELY AFFECT THE STRUCTURAL INTEGRITY OF THE BUILDING, OR (C) VARY MATERIALLY THE NATURE OF THE ALTERATIONS, AS DESCRIBED IN PLANS AND SPECIFICATIONS FILED WITH THE NEW YORK CITY DEPARTMENT OF BUILDINGS. A clause to this effect is included in the Purchase Agreement.

If the First Closing occurs at a time when a temporary certificate of occupancy has been issued for the Building, Sponsor will thereafter, at its sole cost and expense, obtain a permanent certificate of occupancy. A permanent certificate of occupancy is required for permanent residential or JLWQA use of the premises. A temporary certificate of occupancy may be renewed only for a total period of two years from the date of its original issuance. Sponsor expects the renovations to be completed in all respects necessary for the issuance of a permanent certificate of occupancy within such two (2) year period. Prior to the issuance of a permanent certificate of occupancy an inspector from the New York City Department of Buildings will inspect the Property to verify that all the work performed is what is reflected in the plans submitted to the Department of Buildings. All construction work being performed by Unit Owners which requires a construction permit must be completed by February 28, 2002. Neither the Condominium Board nor any Residential Unit Owner may commence any alteration, addition, or improvement which would require a construction permit issued by the New York City Department of Buildings during the period commencing on March 1, 2002 and ending on September 30, 2002. If any Unit Owners perform any work without a required construction permit at any time, or do not otherwise properly complete construction work and obtain all necessary sign-offs, in accordance with approved plans not later than February 28, 2002, the issuance of a permanent certificate of occupancy may be delayed. The Department of Buildings may impose severe fines if a permanent certificate of occupancy is not issued within two (2) years after the initial temporary certificate of occupancy. Any Unit Owners who cause the delay of the issuance of a permanent certificate of occupancy will be liable to other Unit Owners, the Sponsor and the Condominium Board for damages. Without prejudice to any other rights, the Condominium Board will have the right to charge any Unit Owners who violate this requirement a fee of $200.00 per day for each and every day after February 28, 2001 that they are not in compliance.

If, prior to the issuance of a permanent certificate of occupancy, a Residential Unit Owner wishes to perform construction work which requires a construction permit issued by the New York City Department of Buildings then, in addition to obtaining the approval for such construction work from the Condominium Board, the Residential Unit Owner will be required to engage an architect selected by the Condominium Board (or Sponsor's Architect, if Sponsor then controls the Condominium Board) to coordinate and file any applications for the licenses, permits or approvals (including permits issued by the New York City Department of Buildings) necessary for the performance of such work. Each Unit Owner will be responsible for payment of such Designated Architect's fees associated with the renovation of its own Unit, however, such fees shall not exceed $3,500.00. See "Rights and Obligations of Sponsor in Part I for further discussion. See also, Section 5.2 of the By-Laws in Part II of the Plan.

Projected Real Estate Taxes

Real estate tax projections for the first year of Condominium operation for each Residential Unit are set forth in "Schedule A - Offering Prices and Related Information." (See "Footnotes to Schedule A" for additional details). These real estate tax projections are based upon estimated real estate taxes for the tax year 2000/2001. It is possible that the assessed valuation of the Property for the tax year 2000/2001 will not take into account the extensive renovations being made to the Building. Accordingly, it is possible that the real estate taxes for the first year of Condominium operation, the estimates of which appear in Schedule A, will be significantly lower than the taxes for succeeding years. This is because the real estate taxes for the tax year 2000/2001 may not have taken into account the increased value of the Building resulting from the renovations.

No Bond or Other Security

No bond or other security has been posted by Sponsor to secure its obligation to pay Common Charges, special assessments and real estate taxes due in connection with any Unsold Units. Sponsor represents that it has the financial resources to pay such amounts with respect to the Unsold Units and agrees to pay such amounts. See "Identity of Parties; Sponsor" for further details with respect to the financial ability of Sponsor.

Control by Sponsor

Sponsor will be entitled to elect or designate a majority of the members of the Board of Managers of the Condominium until the earlier to occur of (i) five (5) years after the First Closing or (ii) the closing of title to an aggregate of 50% (in number and in aggregate Common Interests) of the Units. Therefore, during this period (the "Initial Control Period"), Sponsor will be able to control the determination of the Common Charges to be paid by all Unit Owners, as well as the maintenance, operation of and services to be provided by the Condominium. Moreover, during the Initial Control Period, the Board may not, without the prior written consent of Sponsor, make any additions, alterations, or improvements to the Common Elements, assess Common Charges to create or increase reserve funds which in the aggregate would be in excess of 5% of the projected Common Expenses for the first year of Condominium operation, increase or decrease the number of Condominium employees, enter into service or maintenance contracts

or otherwise increase services beyond those described in the Plan, or borrow money on behalf of the Condominium, unless, however, in each case such action does not increase the Common Charges by more than 5% in the aggregate above the prior year or is required in order to comply with law or provide for the health or safety of occupants of the Condominium. See "Control by Sponsor" for further details.

Tax Status of the Condominium

Under certain circumstances, a Condominium may elect under Internal Revenue Code ("IRC") §528 to be treated as a tax exempt organization with respect to monies collected from Unit Owners for the management, maintenance and other functions relative to the Building.

Qualification for tax-exempt treatment depends upon meeting six conditions set forth in the statute. In the opinion of counsel to Sponsor, the Condominium likely will not meet all of the conditions required for qualification as a tax exempt organization, because more than 15% of the square footage of the Building will be occupied by the Commercial Unit. Thus, it is possible that the Internal Revenue Service would treat the Condominium as a taxable association, subjecting the Condominium income to federal corporate income tax. However, since virtually all of the income derived by the Condominium would be used for the maintenance and operation of the Building, all such expenses would be deductible, resulting in only a small income tax exposure to the Condominium.

See "Opinion of Greenberg Traurig, LLP" for more details regarding the personal income tax ramifications of condominium ownership and of the tax status of the Condominium.

FDIC Insurance Limitations

While the bank account into which the Downpayments made by Purchasers under the Plan will be deposited insured by the Federal Deposit Insurance Corporation (the "FDIC"), the limits of such insurance are only $100,000.00. Sponsor will not be obligated to open multiple accounts on behalf of any Purchaser or Purchasers. In the event of a bank failure, Purchasers could lose that portion of their Downpayments which is not FDIC-insured. Sponsor bears no liability for any such loss resulting to Purchaser.

Subdivision of Commercial Unit

Sponsor, or if Sponsor should elect to sell the Commercial Unit at some future date, its designee or successor has the right without the consent of the Board of Managers to subdivide the ground floor Unit if such subdivision can be achieved in accordance with applicable laws.

INTRODUCTION

Nature of the Transaction

Sponsor presents this Offering Plan (the "Plan") for condominium ownership of the Property. The purpose of the Plan is to set forth all the material terms and conditions of the offer to sell. The Plan may be amended from time to time when an amendment is filed with the New York State Department of Law and served upon Purchasers under Purchase Agreements, Unit Owners and commercial tenants. The Condominium shall be known as "The Bayard House" and is hereinafter referred to as the "Condominium." The Condominium shall be subject to Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"). Subject to the rights of Sponsor and its designee to change the number of Commercial and Unsold Residential Units, the Condominium will consist of five (5) Residential Units and one (1) Commercial Unit.

81 Spring Realty LLC, a New York limited liability company, c/o Horizon Realty and Development Corp., 950 Third Avenue, 28th Floor, New York, New York 10028 (the "Sponsor"), acquired the Building located at 81 Spring Street, a/k/a 76 Crosby Street, New York, New York (the "Building") and the land on which the Building is situated (the "Land") by deed dated July 1, 2000. The Land and Building are hereinafter collectively referred to as the "Property."

Sponsor is offering five (5) Residential Units for sale under the Plan. The Commercial Unit is not offered for sale at this time, however, Sponsor reserves the right to offer the Commercial Unit for sale in the future by amendment to the Plan.

All capitalized terms without definitions are defined below in the subsection "Certain Definitions".

The Offer

Sponsor hereby offers five (5) JLWQA Residential Units for sale under the Plan. Ownership and control of the Commercial Unit will be retained by Sponsor, subject to Sponsor's right to lease the Commercial Unit and/or to sell the Commercial Unit.

The Purchase Prices and estimated Common Charges for the Units offered under the Plan are listed in "Schedule A - Offering Prices and Related Information."

Features of Condominium Ownership

Ownership of a Condominium Unit is similar in many respects to ownership of a private home. The owner of each Unit (a "Unit Owner") has legal (fee) title to such Owner's Unit and is entitled to the exclusive possession thereof. The Unit Owner is entitled to use the Unit as allowed by the certificate of occupancy, subject to the Declaration, the By-Laws and the Rules and Regulations of the Condominium. Purchasers of Units shall be entitled to the exclusive possession thereof from and after the closing under their Purchase Agreements. Units may be owned by individuals, partnerships, corporations, trusts, estates, sovereign governments, consulates or other entities capable of owning legal title to real property.

Each Unit Owner will own, in common with all other Unit Owners, an undivided percentage interest in all common areas and the installations, equipment, apparatus and facilities contained in such areas or elsewhere in the Property (collectively called "Equipment") other than within the Units themselves (such common areas and Equipment, collectively, the "Common Elements"). The Common Elements include, without limitation, the Land and the foundations and supports of the Building, the exterior walls, the roof, the heating equipment in the cellar, mechanical rooms (including meters, water supply pumps and boosters and elevator), and any corridor to and from each room containing mechanical equipment. (See "Document No. 4. Description of Property and Building Condition" in Part II of the Plan for further details.)

Each Unit Owner may freely mortgage his Unit with such lender and in such amount as such Owner chooses, subject only to compliance with certain notice requirements contained in the Condominium's By-Laws. Sponsor or its designee, as the owner of any Unsold Unit, is exempted from certain of these requirements. (See "Rights and Obligations of Unit Owners and Board of Managers; Mortgages of Units" for further discussion). Each Unit is separate and is not subject to the lien of any mortgage placed on other Units. In addition, pursuant to a statute passed in 1997 (Real Property Law §339-jj), the Board may, on behalf of the Unit Owners, incur debt, provided that the power to borrow money is granted to the Board by either the Declaration or the By-Laws, subject to any limitations set forth therein, and provided also: (a) that such debt may not be incurred earlier than the fifth anniversary after the First Closing and (b) the borrowing of money is approved by a majority in Common Interest of the Unit Owners. Pursuant to such statute and the By-Laws, the Board may borrow money to provide for major and minor maintenance, repairs, additions, improvements, replacements, working capital, bad debt and unpaid common expenses, depreciation, obsolescence and similar purposes and may, among other things, assign its right to receive Common Charges, create a security interest in its right to receive Common Charges, and increase the amount of Common Charges payable by each Unit Owner in order to repay the debt.

Following the creation of the Condominium, the City of New York will separately assess each Unit for real estate taxes. Each Unit Owner will be solely responsible for the payment of all real estate taxes and assessments on such Owner's Unit. An estimate of the real estate taxes and assessments that will be payable for each of the Units during the first year of Condominium operation of the Property is listed in "Schedule A - Offering Prices and Related Information." Once the Units are separately assessed and taxed, no Unit Owner will be liable for the payment of, and no Unit will be subject to, any lien arising out of the non-payment of real estate taxes or assessments levied against any other Unit in the Building.

Each Residential Unit Owner can sell or lease his Unit, subject to prior notice to the Board and its Right of First Refusal. The Right of First Refusal entitles the Board to match any bona-fide offer made for the sale or lease of a unit and to purchase or lease it at such price. However, this match-offer right is not applicable to Unsold Residential Units or the Commercial Unit, each of which may be sold or leased without being offered to the Board. (See "Rights and Obligations of Unit Owners and Board of Managers; Sale or Lease of Units" for further discussion). In no event shall any Residential Unit be leased for a period of less than one (1) year (except to a member of the Unit Owner's immediate family or to the Purchaser thereof under an Interim Lease or occupancy agreement).

Each Residential Unit may only be used as JLWQA subject to the requirements of §4214D of the New York City Zoning Resolution. Sponsor assumes no responsibility for ensuring that each Purchaser complies with the artist certification requirements or for assisting any Purchaser in obtaining certification. However, each Purchase Agreement requires the Purchaser to acknowledge the Purchaser's obligation to obtain such a certification as a condition to lawful occupancy of the Residential Unit that is the subject of such Purchaser's Purchase Agreement. Similarly, the Declaration restricts the use of the Residential Units to JLWQA use and states that occupants of such units require certification of their status from the New York City Department of Cultural Affairs.

If a Purchaser occupies a Residential Unit without obtaining the requisite artist's certification, such occupancy will contravene both the certificate of occupancy, for which Sponsor will apply at the completion of construction, and the New York City Zoning Resolution.

As noted above, in the event of such a violation, several consequences could result. First, it is possible that the Department of Buildings could commence proceedings to revoke a permanent certificate of occupancy once it has been issued, or decline to issue a permanent certificate of occupancy, thereby allowing a temporary certificate of occupancy to expire.

Second, the Department of Buildings may issue violations against the Condominium or the owner of the Unit with the violation, which would not only require payment of fines, but would also require the owner of the Unit to correct the condition which constitutes the violation by obtaining the certification or (if certification is not available) by selling his Unit. Violations could be entered repeatedly until the condition is actually cured, unless the recipient of the violation takes legal action to stay enforcement pending a cure.

Finally, in extreme cases involving violations of the Zoning Resolution, the Corporation Counsel of the City of New York is authorized, following issuance of such violations by the Department of Buildings, to commence a nuisance abatement action, which would theoretically require the offending use to vacate the Building. To Sponsor's knowledge, no nuisance action has ever been brought by the City of New York to enforce the zoning regulations requiring residence by certified artists within the SoHo zoning district.

The Unsold Units may be used for any lawful purpose, including, without limitation, as model Units or for a sales office or an office for the leasing or renting of any or all of the Units. The Commercial Unit may be used for any lawful business purpose. (See "Rights and Obligations of Unit Owners and Board of Managers; Restrictions on the Use and Occupancy of Units" for further discussion). Any subsequent transferee of a Unit is required to use his Unit in accordance with all applicable laws and the Declaration, By-Laws and the Rules and Regulations of the Condominium as set forth herein.

Each Unit Owner may decorate the interior of such owner's Unit in any manner that such owner desires, subject to compliance with the By-Laws and the Rules and Regulations of the Condominium promulgated pursuant thereto, and such owner will be solely responsible for the cost and expense of maintaining, repairing and painting his Unit. The Board shall, in general, be responsible for all maintenance and repairs in or to the Common Elements. (See "Rights and

Obligations of Unit Owners and Board of Managers; Repairs to, and Maintenance of, Units and Common Elements").

In addition, each Unit Owner will be responsible for the cost of any insurance covering (i) such owner's furniture, belongings, equipment and other personal property and (ii) liability to others for personal injury or property damage as a result of occurrences in such owner's Unit. There is no requirement that such insurance be purchased by the Unit Owner, but the Board will not purchase insurance for such purposes.

The Board will, from time to time and in accordance with the Condominium Act and other applicable state and local laws, assess all Unit Owners charges ("Common Charges") for, among other things, the cost and expense of operating, maintaining and repairing the Common Elements (the "Common Expenses"). Each Unit Owner will be solely responsible for the payment of all Common Charges assessed against such owner's Unit. (See "Rights and Obligations of Unit Owners and Board of Managers; Common Charges, Assessments, Collection and Lien for NonPayment" for further discussion.)

In accordance with Section 339-i of the Real Property Law, the undivided percentage interest of each Unit in the Common Elements (the Common Interest of such Unit) has been determined based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Unit. The aggregate Common Interest of all of the Residential Units and the Commercial Unit equals one hundred percent (100%). Each Unit's Common Interest and the projected Common Charges that will be payable by the owner of each Unit during the first year of Condominium operation of the Property are listed in "Schedule A-Offering Prices and Related Information."

The affairs of the Condominium shall be governed by the Condominium Board, which shall consist initially of three (3) members designated by Sponsor. At the first meeting of the Unit Owners, which will be held within six (6) months after the First Closing, the three (3) member Condominium Board shall resign in favor of a new five (5) member Condominium Board to be elected by the Unit Owners at such meeting and at regular annual meetings thereafter. At least one such member shall be designated by the Commercial Unit Owner. Each Unit Owner delegates to the Board (by virtue of the Unit Owners' Power of Attorney) the power and authority to manage the business of the Condominium. (See "Rights and Obligations of the Unit Owners and the Board of Managers" for further discussion.)

Each Unit Owner delegates to the Condominium Board (by virtue of the Unit Owners' Power of Attorney) the power and authority to manage the business of the Condominium. The form of Unit Owner's Power of Attorney that each Unit Owner will be required to give to the Condominium Board and to Sponsor pursuant to the terms of the By-Laws, and the form of Deed that will be given to Purchasers of Units, are reproduced in Part II.

A detailed description of the Property and specifications, prepared by Arpad Baksa Architect, P.C., Registered Architect, and an Asbestos Report prepared by ACS Environmental

Services are reproduced in Document No. 4 and 5 in Part II of the Plan and should be reviewed carefully by prospective Purchasers.

The agreement to purchase a Unit is called a "Purchase Agreement," the form of which is reproduced as Document No. 1 in Part II. The terms of sale of Units, as well as the procedure to purchase the same, are summarized below in the sections entitled "Procedure to Purchase" and "Terms of Sale."

The Declaration of the Condominium (the "Declaration"), which is the document that legally establishes condominium ownership of the Property, and the By-Laws of the Condominium (the "By-Laws"), which govern the operation of the Condominium and to which are annexed the Rules and Regulations of the Condominium (the "Rules and Regulations"), are reproduced in full in Part II. Each Unit Owner is obligated to comply with the Declaration, the By-Laws, the Rules and Regulations and all other requirements and directives established by the Board of Managers.

The opinion of Greenberg Traurig, LLP, counsel to Sponsor, concerning certain income tax consequences of the Plan as to both the Condominium Board and the Unit Owners is summarized below in the section entitled "Taxes - Deductions to Unit Owners and Tax Status of Condominium" and is reproduced in full below.

THIS OFFERING PLAN, INCLUDING ALL SCHEDULES AND ALL OF THE DOCUMENTS REPRODUCED IN PART II OF THE PLAN AS WELL AS PARTS A, B, C and D OF THE EXHIBITS SUBMITTED TO THE DEPARTMENT OF LAW PURSUANT TO PART 20 OF ITS REGULATIONS, CONSTITUTES SPONSOR'S ENTIRE OFFER AND IS SUBJECT TO THE REQUIREMENTS AND SANCTIONS OF ARTICLE 23 OF THE GENERAL BUSINESS LAW. COPIES OF THE PLAN AND PARTS A, B, C and D OF THE EXHIBITS WILL BE AVAILABLE FOR INSPECTION BY PROSPECTIVE PURCHASERS WITHOUT CHARGE AT THE OFFICE OF THE SELLING AGENT OR AT THE BUILDING'S SALES OFFICE, IF ANY.

The initial offering prices and estimated Common Charges for each Unit offered for sale are listed in "Schedule A - Offering Prices and Related Information." THE PRICES CONTAINED IN THE PLAN HAVE BEEN SET BY SPONSOR ALONE WITHOUT ARMS LENGTH NEGOTIATION AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY.

Sales of Units

Sponsor is not obligated to offer or to sell any Residential Unit and may, if it chooses and if it amends the Plan to so indicate, withhold one or more Residential Units for future sale or transfer one or more Units to a principal or designee of Sponsor for occupancy or investment. If Sponsor elects to sell one or more Residential Unit to the Selling Agent, or to a person who is a principal of, or related to, Sponsor or the Selling Agent by blood, marriage, adoption or is a business associate or an employee, such Residential Units shall not be counted toward declaring the Plan effective unless Sponsor establishes that the Purchaser (other than a principal of Sponsor) is a bona fide tenant or a bona fide Purchaser who represents that he or she or one or

more specified members of his or her immediate family intends to occupy the Unit or, if the Unit is then occupied by someone else, intends to occupy the Unit when it becomes vacant. If such Purchaser is a bona fide Purchaser notwithstanding the relationship to Sponsor, such Residential Units shall be included in the base number or denominator of Units used in calculating the 15% of Unit Sales needed to declare the Plan effective. See "Effective Date of Plan" for further discussion.

No binding obligation on Sponsor to sell shall arise unless and until a Purchase Agreement has been executed and delivered by both the Purchaser and Sponsor (or its agent). Sponsor reserves the right to determine the order in which Residential Units will be sold. Sponsor has the right to reject any prospective Purchaser without cause or explanation, provided that such rejection is not based on race, creed, color, sex, age, disability, marital status, national origin, ancestry, or any other ground proscribed by law. Additionally, Sponsor has the right to make bulk sales of Residential Units and to sell any Unit(s) to a Purchaser who does not intend to occupy same, but intends to lease such Unit(s) to others. As a result, some Units may be occupied by renters and not by owners.

The Commercial Unit is not being offered for sale by Sponsor at this time but Sponsor reserves the right to offer the Commercial Unit for sale in the future by amendment to the Plan.

Financing

No financing for the purchase of any Unit is offered by Sponsor. No representation or warranty is made and no assurance is given with respect to the cost or availability of financing from any source.

The Units

Subject to the rights of Sponsor and its designee to change the number of Commercial and Unsold Residential Units, there are a total of five (5) Residential Units and one (1) Commercial Unit situated (or to be constructed) in the Building. See "Changes in Prices and Units" for further discussion of Sponsor's right to change the number of Units. Detailed descriptions of the Units are set forth in the Declaration, as well as in the Description of Property and Building Conditions set forth as Document No.4 in Part II of the Plan.

No representation is made with respect to: (a) the uses to which the Commercial Unit, or any part of it may be put at any time or (b) who will operate, or occupy as purchaser or tenant, the Commercial Unit, or any part of it at any time. THE COMMERCIAL UNIT OR ANY PART OF IT MAY BE USED BY THE COMMERCIAL UNIT OWNER (OR ANY TENANT OR TENANTS THEREOF) FOR ANY LAWFUL PURPOSE UNDER THE NEW YORK CITY ZONING RESOLUTION, INCLUDING USES WHICH MAY GENERATE SUBSTANTIAL TRUCK OR PEDESTRIAN TRAFFIC. SUCH USES MAY BE NOISY, CAUSE HEAVY TRAFFIC AND NEED NOT BE COMPATIBLE WITH THE RESIDENTIAL CHARACTER OF THE BUILDING, BUT THE CONDOMINIUM DECLARATION PROVIDES THAT THEY MAY NOT BE ILLEGAL, NOXIOUS OR IMMORAL. The Condominium Board and the Residential Unit Owners will not have control over the use of the Commercial Unit, including any change in its use.

The number of rooms, size, layout and approximate dimensions of the Units are depicted on the floor plans set forth in Part II of the Plan. However, such floor plans are subject to the rights of Sponsor and its designee to change the number of rooms in, as well as the size, layout and dimensions of, one or more Unsold Units. Sponsor shall have no liability or responsibility to Purchasers, nor shall any Purchaser be entitled to any reduction in or credit against the Purchase Price or otherwise be relieved from performing its obligations under the Purchase Agreement, by reason of any immaterial inaccuracy or error in the floor plans.

The dimensions of the Units set forth in the Unit layouts and in Exhibit B to the Declaration are approximate and reflect measurements from the outside face of the exterior wall to either the centerline of drywall partitions separating one Unit from another or the public corridors or the Unit side of an interior structural wall.

The Residential Units and the Building are being sold in the condition in which they exist at the time of signing the Purchase Agreement, subject to ordinary use, wear and tear and natural deterioration except for the improvements and repairs Sponsor must perform in order to obtain a certificate of occupancy authorizing the proposed use and occupancy of the Building and subject, further, to Sponsor's obligation to maintain the Building until the First Closing to the extent indicated in "Sponsor's Statement of Present Building Condition." Sponsor will not be obligated to make repairs, modifications, or changes in or to any Unit unless expressly agreed in writing or as necessary to obtain a certificate of occupancy. Each Purchaser will be given a reasonable opportunity to examine the Unit prior to closing and is urged to make a careful inspection. See "Procedure to Purchase" and "Terms of Sale; Residential Units Sold 'As Is'; Fixtures and Appliances" for further details.

The Common Elements

The term Common Elements refers to the General Common Elements and the Limited Common Elements.

The General Common Elements shall consist of the Land and all parts of the Building other than the Limited Common Elements and the Units. The General Common Elements include, without limitation, the following:

(a) all foundations, columns, beams, supports, girders, joints, exterior walls, interior walls, partitions, floors, roofs, and ceilings, to the extent that the same are not expressly provided in the Declaration to be included as part of a Unit or a Limited Common Element;

(b) all hallways, corridors, lobbies, vestibules, subcellar, cellars, stairs, stairways, mechanical and electrical equipment spaces, elevators and elevator shafts and entrances and exits to or from the Building, to the extent same are not expressly provided in the Declaration to be included as part of a Unit or a Limited Common Element;

(c) all central and appurtenant installations for services such as power, light, telephone, gas, sewer, plumbing, drainage, hot and cold water distribution, heat, ventilation, air-conditioning and other mechanical and electrical systems to the

extent that the same are not expressly provided in the Declaration to be included as part of a Unit; and

(d) all other parts of the Property, including boiler room, oil storage tank room, water tank, elevator machine room, electric and gas meter room, and all apparatus and installations existing in the Building or on the Property, either for the common use of the Units or the Unit Owners or necessary for, or convenient to, the existence, maintenance, or safety of the Property and not expressly provided in the Declaration to be included as part of a Unit.

The Limited Common Elements

The term Limited Common Elements refers to the Commercial Limited Common Elements, Residential Limited Common Elements and the Penthouse Limited Common Elements as such areas are identified on the Floor Plans. The Limited Common Elements consist of all portions of the Land and the Building (other than the Units and the General Common Elements) that are for the use of one or more specified Units to the exclusion of all other Units.

The areas identified on the Floor Plans as Residential Common Elements are for the exclusive use of the Residential Unit Owners.

The areas identified on the Floor Plans as Commercial Common Elements are for the exclusive use of the Commercial Unit Owner. The area identified on the Floor Plans as Penthouse Limited Common Elements include the exterior surface of the Building's roof and are for the exclusive use of the owner of Penthouse.

Operation of the Building

The Building will be maintained, operated and staffed in a manner to be determined by the Condominium Board, subject to the restrictions set forth in the Plan. In addition to the services and facilities described in the Description of Property and Building Condition in Part II of the Plan, the services and facilities enumerated below are presently being provided or will be provided by the First Closing and will continue to be provided during the Initial Control Period. Until the sooner to occur of (i) the fifth anniversary of the First Closing or (ii) the closing of title to fifty (50%) percent of the Residential Units in number and in aggregate Common Interest of all Residential Units, the Condominium Board is restricted from taking certain actions to modify these services without Sponsor's prior written consent. See "Control By Sponsor" for further details. Notwithstanding the foregoing, however, the Condominium Board shall at all times maintain, operate and staff the Building in compliance with, and subject to the General Business Law, and all other applicable laws.

Services and Facilities

The following services and amenities will be provided:

Heating:

Steam heating is supplied to the entire Building by an oil-fired steam boiler which is approximately nine (9) years old.

Elevator Service:

The Units will be serviced by a new automatic electric passenger elevator servicing all floors including the Penthouse, to be installed by Sponsor prior to First Closing.

Building Personnel and Superintendent:

The Building staff will consist of a part time superintendent who will be on 24-hour call for emergencies.

Air Conditioning:

Each Residential Unit is serviced by an individual air conditioning system consisting of air conditioning units which will be located in the Residential Unit the air conditioning unit serves. The air conditioning units are controlled by wall mounted thermostats.

Security:

Each of the Units will be provided with an audio/video intercom and door release from the Unit to the Building entrance doors. In addition, a video camera will be installed in the elevator cab and will transmit pictures to each Unit intercom panel.

Neither Sponsor, the Managing Agent, any owner of Unsold Units nor the Condominium Board will be liable in the event of any interruption, discontinuance, or reduction in the quality of any services, including, but not limited to, any services provided by any outside company or person, or for any injury to person or damage to property resulting from any act or omission of such company or persons or their employees or agents. The foregoing shall not relieve any party of liability by reason of such party's own negligence or relieve Sponsor of the obligations assumed by it under "Rights and Obligations of Sponsor" below or be in derogation of the General Business Law or the applicable regulations issued by the Department of Law concerning condominium offerings.

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

Certain Definitions

"Board" means the Board of Managers of the Condominium. See also "Condominium Board."

"Building" means the Building and other improvements located on the Land and commonly known as 81 Spring Street a/k/a 76 Crosby Street, New York, New York.

"Commercial Unit" means the unit located on the ground floor, cellar and sub-cellar of the Building designated as such in the Declaration, together with its appurtenant Common Interest.

"Common Charges" means the charges assessed by the Condominium Board from time to time to all Unit Owners for, among other things, the cost and expense of operating, maintaining and repairing the Common Elements (that is, all salaries, wages, payroll taxes and benefits, heating, services and supplies, insurance, management fees, legal and auditing fees and contingency fees in connection therewith).

"Common Elements" refers collectively to the Limited Common Elements and the General Common Elements and consists of all areas of the Property (other than the Units) and installations contained in such areas.

"Common Expenses" means all costs and expenses incurred by the Board on behalf of the Condominium, including the cost and expense of operating, insuring, maintaining and repairing the Common Elements.

"Common Interest" means the undivided percentage interest of each Unit in the Common Elements, which has been determined in accordance with Section 339(i) of the Real Property Law based upon the floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Unit. The aggregate of the Common Interests of all of the Residential Units and the Commercial Unit equals 100%.

"Condominium" means The Bayard House.

"Condominium Board" means the Board of Managers of the Condominium.

"Condominium Documents" means the Declaration, together with the By-Laws, the Rules and Regulations and the Floor Plans, each of which will be recorded or filed simultaneously with the recording of the Declaration.

"Cure Amount" means one-half of one percent of the total price at which Units are offered for sale under the Plan.

"CPC" means the New York City Planning Commission or any successor to the jurisdiction thereof.

"Declaration" means the instrument by which the Property is submitted to the provisions of the Condominium Act, as same is amended from time to time. The form of Declaration is set forth in Part II of the Plan as Document No.6.

"Downpayment" means the amount that is due upon signing of the Purchase Agreement by the Purchaser, which amount must equal no less than ten (10%) percent of the Purchase Price, and must be paid either by, at Sponsor's option, the Purchaser's good personal check or by Purchaser's good personal certified check, or official cashier's check.

"Equipment" means, collectively, any system (mechanical, electrical, plumbing, heating, air conditioning, ventilation, cable television, etc.), installation, equipment, fixtures, apparatus and facilities.

"Filing Date" means the date on the letter from the Department of Law accepting this Offering Plan for filing.

"First Closing" or "First Unit Closing" means the first date upon which title to a Residential Unit is conveyed to a Purchaser under the Plan.

"First Year's Budget" means the section of the Plan entitled "Schedule B - Budget for First Year of Condominium Operation." The First Year's Budget is sometimes referred to as Schedule B or the "First Year's Budget."

"Floor Plans" means the floor plans of the Building (including the Units) which will be certified by a licensed architect and filed with the Real Property Assessment Department of the City of New York and the New York County Office of the Register of the City of New York.

"Initial Control Period" means the period ending on the earlier of (a) five (5) years after the First Closing or (b) the closing of title under the Plan to more than fifty (50%) percent of all Residential Units both in number and in aggregate Common Interests.

"Interim Lease" means a lease entered into between Sponsor or Sponsor's designee and a Purchaser of a Unit which lease permits the occupancy of the Unit by Purchaser prior to the Unit Closing and contains cross default provisions whereby a default under the Interim Lease is a default under the Purchase Agreement and a default under the Purchase Agreement is a default under the Interim Lease.

"Land" means the parcel of land on which the Building is located.

"Limited Common Elements" refers to those Residential Limited Common Elements, Commercial Limited Common Elements and Penthouse Limited Common Elements as identified on the Floor Plans. The Limited Common Elements consist of certain portions of the Land and Building (other than Units and General Common Elements) that are for the benefit or use of one or more specified Units to the exclusion of all other Unit Owners.

"LPC" means the New York City Landmarks Preservation Commission or any successor to the jurisdiction thereof.

"Managing Agent" means Horizon Realty and Development Corporation, having an office at 950 Third Avenue, 28th Floor, New York, New York 10028.

"Plan" or "Offering Plan" means this offering plan and all amendments thereto for the conversion of the premises known as 81 Spring Street a/k/a 76 Crosby Street, New York, New York, to condominium ownership, which Plan sets forth all the terms and conditions of the offer to purchase as set forth therein.

"Property" means the Land, the Building and all other improvements thereon with the appurtenances thereto.

"Purchaser" means a purchaser of a Unit under a Purchase Agreement.

"Purchase Agreement" means the agreement to purchase a Unit pursuant to the Plan, the form of which is set forth as Document No. 1 in Part II of the Plan.

"Resident Members" or "Resident Board Members" means those members of the Condominium Board who are elected by the Residential Unit Owners (including Sponsor as owner of Unsold Residential Units).

"Residential Unit" means any of 5 residential units in the Building designated as such in the Declaration, together with its appurtenant Common Interest.

"Restrictive Declaration" means that certain Restrictive Declaration entered into by Sponsor, dated as of December 1, 2000, which has been recorded in the Office of the Register of New York County and is described in the Section titled "Location and Area Information: Restrictive Declaration", a copy of which is set forth in Part II of the Plan as Document No. 9.

"Schedule A" means the section of the Plan entitled "Schedule A - Offering Prices and Related Information". Schedule A is sometimes referred to as the "Purchase Price Schedule."

"Schedule B" means the section of the Plan entitled "Schedule B - Projected Budget for First Year of Condominium Operation." Schedule B is sometimes referred to as the "First Year's Budget."

"Selling Agent" means Horizon Realty and Development Corp., having an office at 950 Third Avenue, 28th Floor, New York New York 10028.

"Special Assessments" shall mean the charges allocated and assessed by the Condominium Board to the Unit Owners, prorata in accordance with their respective Common Interests (except as otherwise provided in the Declaration or in the By-Laws), in accordance with paragraph (C) of Section 6.1 of the By-Laws.

"Sponsor" means 81 Spring Realty LLC and any person designated by Sponsor in an amendment to the Plan as an owner of an Unsold Unit or Units who has assumed the rights and obligations of Sponsor under the Plan and the Condominium Documents with respect to such Unsold Unit or Units.

"Unit" or "Condominium Unit" means any of the five (5) Residential Units or the one (1) Commercial Unit.

"Units" means, collectively, more than one of the Residential or Commercial Units.

"Unit Owners" means, collectively, the respective owners of the Units.

"Unsold Residential Unit" means any Residential Unit owned by Sponsor or its designee at the time in question. "Unsold Residential Units" means, collectively, two or more Unsold Residential units.

"Unsold Unit" means any Unit owned by Sponsor or its designee at the time in question. "Unsold Units" means, collectively, two or more Unsold Units.

LOCATION AND AREA INFORMATION

The following is a general description of the Property, including the Building, Units and Common Elements. Reference should be made to the architect's "Description of Property and Building Condition," reproduced in full in Part II of the Plan, for a description of the Property.

The Land

The Land is a trapezoidal shaped parcel located in Manhattan on the northeast corner of Crosby Street and Spring Street, having an approximate area of 5,769 square feet. The Land is within the SoHo Cast Iron Historic District which was designated in 1973.

The Building

The Building is a six-story loft building, built of masonry with wood joists and having a masonry facade. It was constructed in approximately 1884 and is located in an Ml-5B zoning district. Pursuant to an application filed with the New York City Department of Buildings, the owner has obtained approval to construct a new Penthouse Unit of approximately 1,548 square feet above the level of the sixth story.

Prior to the First Closing, Sponsor will make certain alterations necessary to comply with Article 7 - B of the Multiple Dwelling Law of the State of New York and other housing and maintenance codes applicable in New York City.

The Building contains one Commercial Unit located on the ground floor, cellar and sub-cellar.

The Area

SoHo, an area of approximately 45 square blocks stretching from Houston Street to Canal Street and from Lafayette Street to 6th Avenue, is a thriving retail, artist-residential and office neighborhood that has undergone a transformation in the last several decades. The neighborhood takes it name from a contraction of the phrase "south of Houston Street." Today, it is filled with over 100 art galleries, at least 50 antique and contemporary furniture stores, over 100 upscale clothing stores and boutiques (including Armani A/X, Helmut Lang, Marc Jacobs and Morgane Le Faye), approximately 30 restaurants and specialty food shops (such as Dean & DeLuca and Gourmet Garage), numerous coffee bars and cafes and ecologically oriented stores (such as Terra Verde). Most recently, professional offices of doctors, architects, advertising agencies and computer companies have appeared in SoHo.

The Building retains many of the features of its commercial past: high ceilings, hardwood floors and large open spaces divided only by structural columns. Because of the almost exclusively commercial history of the neighborhood, there was little or no residential use of the buildings in the area until the 1960's. Consequently, there are no schools available in SoHo--the nearest schools are located in nearby Greenwich Village and Tribeca.

After its beginnings as a thriving commercial and light manufacturing center, SoHo suffered through various economic downturns. During the 1960's the revival of SoHo began with artists migrating to the neighborhood and occupying warehouses, seeking low rent for their combined living and working spaces. Later, as the area became a mecca for cutting-edge artistic and creative enterprises, many of the cast iron facades were meticulously restored to their original pre-Civil War look. Indeed, the district was designated in 1973 by the LPC as the SoHo Cast Iron Historic District. Today, the district's buildings house commercial enterprises, artists' living-work spaces, art galleries and elite shops, cafes and restaurants. Here and there, an industrial shop continues in business as a reminder of the district's roots.

The Building is located within the 1st Police Precinct which has its main headquarters at 16 Ericsson Place to the south in Tribeca. Fire protection is provided by Engine Co. 55 at 363 Broome Street between Mott and Elizabeth Streets, as well as by Ladder Co. 20 at 253 Lafayette Street between Spring and Prince.

Domestic water is provided by the City, as is household sanitation pickup, snow removal and street maintenance.

The location affords easy access to the "N" and "R" subway lines at Prince and Broadway or Canal and Broadway, to the "C" and "E" at Spring Street and Sixth Avenue and to the No. 6 train at Spring Street.

Applicable Zoning

The Building is located within a special purpose zoning district called Ml-5B, which is mapped only in areas north and south of Houston Street in the Borough of Manhattan, permitting JLWQA use as the only form of residential use. In addition, ground floor uses within this zoning district are restricted. In buildings with lot coverage exceeding 3,600 square feet, general retail use is not permitted on ground floors, unless the retail use pre-existed enactment of the ground floor use restrictions in 1976 and continued thereafter.

As applied to this Building, Zoning Resolution §74-711 ("Z.R. §74-711") will permit a special permit application for a modification of use within the Building. Sponsor has obtained approval of a special permit pursuant to Z.R. §74-711, allowing retail use on the ground floor, JLWQA use on floors 2-6, and the construction of the rooftop Penthouse.

Restrictive Declaration

To obtain the relief sought under Z.R. §74-711, Sponsor has committed to an ambitious program of restoration of the Building's facade, including a painstaking repair of its masonry facade and restoration of certain window conditions to what are believed to be their original form, under the supervision of an experienced architectural historian and preservationist. The LPC has reviewed the proposed work to be performed at the Building and has determined that such work, among other things, will return the façade closer to its original appearance and will aid in the long term perseveration of the Building. In connection with their findings the LPC issued a "Certificate of Appropriateness."

To obtain zoning relief under its special permit application, Sponsor has also entered into a restrictive declaration which was recorded on January 23, 2001 in Reel 3222, Page 748 against the title of the Building (the "Restrictive Declaration"). The Restrictive Declaration, which is set out in full in Part II of the Plan as Document No. 9, contemplates that commencing five years after the first certificate of occupancy is obtained, the then owner of the Building, which may, at the time of the first such inspection, be the Board of Managers of the Condominium, will be required to perform periodic inspections of all the conditions which are protected under the Restrictive Declaration and, if work is necessary to preserve or repair them, will be required to enter into a preservation program acceptable to the LPC assuring that the restoration work is performed according to the CPC's specifications.

In the event of a failure by Sponsor or its successor to carry out its obligations under the Restrictive Declaration, the LPC has the power not only to issue violations for non-compliance with the terms of the Restrictive Declaration, but also to seek injunctive relief against Sponsor or its successor to compel the inspection work to be performed.

The general obligations imposed by the Restrictive Declaration require maintenance of the Building and its systems, both structural and mechanical, in first class, restored condition, so that the character of the Building as it contributes to the historic district is maintained in perpetuity.

A permanent certificate of occupancy may not be issued by the Department of Buildings until the restoration work has been completed, however, occupancy of the Residential Units and Commercial Unit is permitted pursuant to a temporary certificate of occupancy.

Totally separate from Sponsor's (and its successors') obligations for preservation under the Restrictive Declaration are the obligations imposed generally upon owners of buildings located in historic districts, which are within the jurisdiction of the LPC. Any interior work in the Building requiring a Department of Buildings permit and/or affecting the Building's exterior must be approved by the LPC pursuant to separate application. The Board of Managers may decline to permit any alterations which would compromise the work done under the landmark special permit.

"OFFERING PRICES AND RELATED INFORMATION, SCHEDULE A"

SCHEDULE A

THE BAYARD HOUSE
81 SPRING STREET

Price Schedule and Estimated Carrying Costs
for Each Unit for July 1, 2001 to June 30, 2002
the Projected First Year of Condominium Operation

Unit No.	Tax Lot	Gross Sq.Ft.	Offering Price	Percent of Common Interest	Estimated Common Charges Monthly	Estimated Common Charges Annual	Estimated Real Estate Taxes for 1st Year Monthly	Estimated Real Estate Taxes for 1st Year Annual	Total Common Charges & Real Estate Taxes Monthly	Total Common Charges & Real Estate Taxes Annual	% Estimated For R.E. Taxes
COMMERCIAL UNIT:											
1 (1)	1101	14,437	Not Offered	14.0304%	$1,120	$13,435	$3,059	$36,714	$4,179	$50,149	21.3447%
		14,437		14.0304%			$3,059	$36,714	$4,179	$50,149	
RESIDENTIAL UNITS:											
2	1102	5,341	$2,500,000	15.3082%	$1,408	$16,895	$1,780	$21,364	$3,188	$38,259	12.4207%
3	1103	5,292	$2,500,000	15.1678%	$1,395	$16,740	$1,764	$21,168	$3,159	$37,908	12.3067%
4	1104	5,226	$3,100,000	15.3531%	$1,412	$16,944	$2,009	$24,105	$3,421	$41,049	14.0142%
5	1105	5,226	$3,300,000	15.7276%	$1,446	$17,358	$2,172	$26,065	$3,619	$43,422	15.1536%
PENTHOUSE (2)	1106	9,865	$6,500,000	24.4129%	$2,245	$26,943	$3,549	$42,588	$5,794	$69,531	24.7600%
		30,950	$17,900,000	85.9696%	$7,907	$110,365	$11,274	$135,290	$19,181	$230,170	78.6553%
TOTAL:		45,387		100.0000%	$9,026	$123,800	$14,334	$172,003	$23,360	$280,319	100.0000%

NOTES:

(1) Commercial Unit space includes 4,451 square feet of grade space, 5,583 square feet of cellar space and 4,403 square feet of sub-cellar space.

(2) Penthouse Unit includes 3,073 square feet of rooftop terrace space.

NOTES TO SCHEDULE A

1. Amounts are projected on the assumption that the first year of condominium operation will be the year from July 1, 2001 to June 30, 2002. The actual first year of condominium operation may be earlier or later than that year.

2. Any floor plan or sketch shown to a prospective purchaser is only an approximation of the square foot area and layout of the Unit in question. However, any material change will be set forth in an amendment to the Plan, and no material adverse change will be made in the size, configuration, or layout of a Unit for which a Purchase Agreement which has been countersigned by Sponsor and returned to the Purchaser unless the same is dictated by construction conditions at the Property, and in such event, Sponsor will, in the amendment disclosing such change and delivered to the Purchasers, offer the affected Purchaser(s) the right, for at least fifteen days, to rescind their Purchase agreements and receive a refund of their down payments, together with all interest earned thereon.

The square foot area of the Units set forth in the floor plans and in Exhibit B to the Declaration are approximate and were obtained by using the method customarily used in New York City to measure rental and cooperative apartments.

Unit Boundaries: For purposes of measuring a Unit, each Unit consists of the area measured horizontally from the outside face of the exterior walls to (a) the centerline of dry wall partitions separating one Unit from another Unit or the public corridors or (b) the Unit side of a structural interior wall. The Unit areas are obtained by measuring to the centerline of all shared demising walls, to the centerline of shared residential plumbing chases/ventilation shafts, to the centerline of the shaft wall of common (bldg.) chases/shafts/risers, and to the inside face of the glass at perimeter, exterior walls. Where windows do not occur in exterior walls measurements are taken to the centerline of said walls.

3. Sponsor has reserved the right to change the purchase prices (as well as other terms of sale) of Units not subject to executed Purchase Agreements, so Purchasers may pay different prices for similar Units. See "Changes in Prices and Units" in Part I, below for further discussion. In addition to paying the purchase prices of their Units, purchaser will be responsible for paying certain closing adjustments and closing costs (See "Unit Closing Costs and Adjustments" in Part I below for further discussion).

4. The Common Interest of each Unit has been determined, pursuant to Section 339-I(1) (iv) of the Condominium Act, based upon equal percentages within separate classifications of Units as of the date of the filing of the Declaration. In accordance with such method of calculation, the Common Interest have been determined based primarily upon a comparison of the floor areas of the Units, to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of the Common Elements for exclusive or shared use and the overall dimensions of the particular Unit.

The aggregate Common Interests of all of the Units equal one hundred percent.

5. These projections have been based upon the projections contained in "Projected Budget for First Year of Condominium Operation - Schedule B", which were made based on the assumption that the first year of condominium operation will be from July 1, 2001 to June 30, 2002. The actual first year of operation may be earlier or later. In the event the actual or anticipated commencement date of the first year of condominium operation is to be delayed by six months or more, Sponsor will amend the Plan to include a revised budget with current projections. If the amended budget exceeds this projected budget by 25% or more, Sponsor will offer all Purchasers (other than Purchasers who are then in default beyond any applicable grace period, if the Plan has been declared effective) the right to rescind their Purchase Agreements within not less than fifteen days after the presentation date of the amendment containing such revised budget, and any Purchaser electing rescission pursuant to such offer will have their Down payments and any interest accrued thereon returned.

The building is a limited service building which will be staffed only by a part-time superintendent performing minor routine maintenance and repairs, therefore it is unlikely that there will be any interim period of reduced services. However, if such reduction in services does occur the amount of the Common Charges payable by the Unit Owners will reflect the reduced amount of Common Expenses necessary to provide this reduced level of services. Additionally, to the extent that any service provided during such interim period benefits particular Units, to the exclusion of other Units, and the cost of the same is readily identifiable, the Common Charges necessary to provide such service will be borne exclusively by the Owners of the benefited Units, in proportion to their respective Common Interest. Nonetheless, due to the limited services available the degree to which Common Charges could hypothetically be adjusted during such interim period of reduced services would be nominal.

The amount of the Common Charges necessary to defray the cost of the reduction in such services described in the preceding paragraph, as well as the manner of allocating such Common Charges among any Unit Owners who are exclusively benefited by any of the same, will be determined by the Board, which will be controlled by Sponsor during such period. However, such allocation will be made in compliance with Section 339-m of the New York State Real Property Law and in no event will Purchasers be assessed Common Charges during such interim period that are more than the Common Charges listed in Schedule A as the same may theretofore have been amended.

It is impossible to predict whether there will be an interim period of reduced services and facilities, the amounts of the Common Charges that will be payable during such period, or the manner in which the costs of providing such services and facilities will be allocated among the Unit Owners. These determinations will depend, in part, upon the timing of the completion of construction of various Units that become occupied, the sequence in which such occupancy takes place and other similar factors. Upon the determination of any of the foregoing, the Plan will be amended to disclose the same.

In addition to the payment of Common Charges, each Unit Owner will incur additional expenses for:

a. mortgage payments under any loan or loans obtained to finance the purchase of the Unit;

b. the cost of electricity supplied to the Unit, which will be separately metered and payable as and when billed;

c. the cost of interior repairs to, and the maintenance, painting and decoration of, the Unit, including, without limitation, the equipment and appliances contained in the same, and any appurtenant Residential Limited Common Elements;

d. the cost of any insurance that the Unit Owner may desire to carry covering the furniture, belongings, equipment and other personal property in the Unit, as well as his or her liability to others for personal injury or property damage as a result of occurrences in the Unit;

e. telephone and cable television charges; and

f. real estate taxes (see footnote 6 below).

6. The projection of the real estate taxes that will be payable for each of the Residential Units and Commercial Unit during the first year of condominium ownership is based upon an estimate that the aggregate real estate taxes for the Units for such first year will be approximately $172,003, including $135,290 attributable to the Residential Units, and $36,714 attributable to the Commercial Units. This estimate has been based upon:

a. estimates made by Brown Harris Stevens Appraisal & Consulting, LLC., Sponsor's real estate tax appraiser; and

b. a projection that the tax rate in effect (i) as to the Residential Units for the twelve month period commencing July 1, 2001, will average $11.368 per $100 of assessed valuation, and (ii) as to the Commercial Units for the twelve month period commencing July 1, 2001, will average $9.570 per $100 of assessed valuation.

No warranty, guaranty or assurance is given that:

(i) any projected or estimated amount set forth above (including, without limitation, the estimates of the Property's assessed valuations during the first year of condominium operation; the estimates of the portions of such assessed valuations that will be allocable to the Units; the projection of the average real estate tax rate that will be in effect during such first year; and the rate of construction progress on July 1, 2001, which will determine the real estate taxes between July 1, 2001 to June 30, 2002 will approximate the actual amount;

(ii) the New York city Real Estate Tax Assessment Bureau will allocate the Property's aggregate assessed valuation between the Units in accordance with the appraised values used by Brown Harris Stevens Appraisal & Consulting, LLC. for

such purpose, or that such bureau will allocate the aggregate assessed valuation attributable to the Units among the different Units as described above; or

(iii) any of the projections or estimated made above and in Schedule A are accurate.

Until the Units are separately assessed, each Unit Owner will pay to the Board their Unit's pro rata share of the Property's real estate taxes for the period in question. This pro-ration will be made by first allocating the property's taxes among the basic classifications of Units on the basis of approximately 78.6553% of such taxes to the Residential Units, and 21.3447% of such taxes to the Commercial Unit. The share of the Property's taxes so allocated to the Residential Units will then be pro-rated to each individual Residential Unit on the basis of the ratio that the initial offering price for the Unit set forth in Schedule A above bears to the total initial offering prices of all Residential Units set forth in Schedule A. The Board will pay such real estate taxes to the Department of Finance of The City of New York or directly to Sponsor if Sponsor has paid such real estate taxes. If any Unit Owner fails to pay his pro rata share as set forth above, the Board will be entitled to assess late charges and/or place a lien on such Unit as if such unpaid share were Common Charges. (See Common Charges: Assessments, "Collection and Lien for Non-Payment" in Part I, for further discussion). At such time as a Unit is separately assessed and separate tax bills are issued, the Unit Owner will pay such taxes directly to the taxing authority, and will not be responsible for the payment of, nor will the unit be subject to, any lien arising from the non-payment of taxes on other units.

There is no assurance that the pro-ration of taxes described in the paragraph above will equal the actual amount of real estate taxes which will be assessed against the Units, and the actual amounts may vary considerably from the method set forth above. Sponsor will amend the Plan to disclose the actual amount of real estate taxes assessed against the Units promptly after the same are assessed.

In the opinion of Greenberg Traurig, counsel to Sponsor, the tax laws existing on the date of this Plan in general permit a Residential Unit Owner who itemizes his deductions to deduct from income for the purposes of Federal, New York State and New York City income taxes, any real estates actually paid by such Unit Owner with respect to his Unit. However, the amount of such deductions may vary from year to year due to changes in the amount of the real estate taxes payable by the Unit Owner (which might result from changes in the assessed valuation of the unit, in the tax rate and/or in the manner of assessing real property). Prospective Purchasers should refer to "Income Tax Deductions to Residential Unit Owners and Tax Status of the Condominium" in Part I, below, as well as to the "Counsel's Income Tax Opinion" in Part I, below, for further discussion.

BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION

SCHEDULE B

SCHEDULE B
BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION
JULY 1, 2001 - JUNE 30, 2002

Projected Income:	See Note	Residential	Commercial	Total	Percents Residential	Percents Commercial
Common Charges	1 & 2	$ 110,365	$ 13,435	$ 123,800		
Projected Expenses:						
Payroll and Related Expenses	3	$ 9,371	$ 1,529	$ 10,900	85.9696%	14.0304%
Heat (Fuel Oil)	4	$ 11,520	$ 1,880	$ 13,400	85.9696%	14.0304%
Gas	5	$ 18,100	$ -	$ 18,100	100.0000%	0.0000%
Electricity	6	$ 5,500	$ -	$ 5,500	100.0000%	0.0000%
Water Charges and Sewer Rent	7	$ 6,555	$ 345	$ 6,900	95.0000%	5.0000%
Repairs and Maintenance	8	$ 7,737	$ 1,263	$ 9,000	85.9696%	14.0304%
Service Contracts and Supplies	9	$ 10,746	$ 1,754	$ 12,500	85.9696%	14.0304%
Insurance	10	$ 12,895	$ 2,105	$ 15,000	85.9696%	14.0304%
Management Fee	11	$ 12,895	$ 2,105	$ 15,000	85.9696%	14.0304%
Legal and Audit Fees	12	$ 6,448	$ 1,052	$ 7,500	85.9696%	14.0304%
Miscellaneous Items	13	$ 4,298	$ 702	$ 5,000	85.9696%	14.0304%
Reserve for Contingencies	14	$ 4,298	$ 702	$ 5,000	85.9696%	14.0304%
Total		$ 110,365	$ 13,435	$ 123,800		

* Each unit owner will pay the real estate taxes applicable to their own unit.

NOTES TO SCHEDULE B

1. Amounts are projected on the assumption that the first year of condominium operation will be the year from July 1, 2001 to June 30, 2002. The actual first year of condominium operation may be earlier or later than that year. In the event the actual or anticipated commencement date of the first year of condominium operation is to be delayed by six months or more, Sponsor will amend the Plan to include a revised budget with current projections. If the amended budget exceeds this projected budget by 25% or more, Sponsor will offer all Purchasers (other than Purchasers who are then in default beyond any applicable grace period, if the Plan has been declared effective) the right to rescind their Purchase Agreements within fifteen days after the presentation date of the amendment containing such revised budget, and any Purchasers electing rescission pursuant to such offer will have their Down-payments returned, together with interest earned thereon.

2. These figures represent the total Common Charges to be levied against and collected from the Residential and Commercial Units during the first year of condominium operation. The Common Charges will be utilized by the Board to defray the operational expenses of the Condominium. Generally, Common Expenses have been allocated among the Units on the basis of percentage of Common Interest. Where the allocation of Common Expenses is not based on the percentage of Common Interest such circumstances are set forth in the following notes. The Commercial Unit Owners will be obligated to pay their fair share of the expenses, and only such fair share of the expenses, that are incurred operating, maintaining and repairing those Common Elements, that are utilized by such Unit Owners. Common Expenses to be borne by the Residential Unit Owners have been allocated on the basis of the combined percentage of Common Interest of such Units, for a total of 85.9696%. Common Expenses to be borne by the Owners of the Commercial Unit have been allocated on the basis of such Unit Owner's Common Interest, for a total of 14.0304%.

3. Payroll and Related Expenses: $10,900

The payroll taxes and benefits include FICA, Federal and New York State unemployment insurance, workers' compensation and disability insurance.

The level of staffing described in this section complies with all applicable housing and labor laws.

No warranty is made as to which unions will represent the Building employees or the actual wages, salaries, benefits and related payroll taxes and similar expenses which will be applicable and in effect during the first year of condominium operation. However, the projected expenses for wages, salaries and benefits as well as the assumptions described herein, are believed to be reasonable and reflect the experience of Sponsor's budget expert in comparable buildings.

The wage and salary estimates included in Common Expenses are detailed as follows:

1 Non-Union, Part-time Superintendent — ***$10,900 per annum with no housing provided***

			Monthly	Annually
Base Wage			$ 800.00	$ 9,600.00
FICA @	7.65%		$ 61.20	$ 734.40
FUI & SUI @	7.00%	(1)	$ 40.83	$ 490.00
Disability @	$7.90	(2)	$ 7.90	$ 94.80
Total			$ 909.93	$ 10,919.20

(1) Per $7,000 per employee
(2) Per emloyee per month

Superintendent will perform regular maintenance to common areas and will be on 24-hour call for emergencies. Hours included in base wages shall not exceed 12 hours weekly.

Typical hourly rates for part-time Superintendents range from $50.00 to $80.00 per hour depending on the level of services required at the property. The hourly rate estimated for the subject property equates to $66.66 which is well within this range.

No warranty is made to the actual base wage rates that will be required during the first year of operation.

The cost of this expense has been allocated to the to the Residential Units and the Commercial Unit based upon their respective ownership percentages of the entire property.

The pay scale detailed in the wages chart conforms to all local housing and labor laws.

4. Heat (Fuel Oil): $13,400

The entire building will be heated by an oil-fired steam boiler using No. 4 oil. Steam is converted to hot water, hot water is distributed through a new two pipe hot water system to fin-tube elements located in each apartment.

The total fuel cost for heating equipment use is estimated to be $13,400 for the building's first year of operation. The building is being converted to a residential building and does not have an operating history. This cost includes the appropriate taxes and estimated growth factor. The budgeted figures are based upon an analysis prepared by SGT Consulting Engineers. The estimate is based on consumption of 1,427 gallons of oil per year at a unit cost of $1.30 per gallon for the Common Elements heating. Consumption for the residential units is estimated to be 6,129 gallons of oil per year at a unit cost of $1.30 per gallon. Consumption for the commercial unit is estimated to be 1,387 gallons of oil per year at a unit cost of $1.30 per gallon.

These estimates are as of the April 5, 2001 memo prepared by SGT Consulting Engineers. An inflation factor of 15% has been included in the projected costs to reflect for inflation, rate adjustments and taxes.

It is impossible to predict whether the budgeted figure will reflect the actual cost of operation for the first year of condominium operation. The level of consumption of fuel will be affected by the severity of the weather and any conservation measures (such as staggering the hours of heating, lowering the temperature of the heat, raising the temperature of chilled water, etc.) adopted by the Board.

It is believed that the budgeted figure will be sufficient to cover any reasonable increase in the cost of fuel during the first year of condominium operation. However, no budget item is warranted.

5. Gas: $18,100

The amount set forth is for the gas consumed by the Common Elements and the Residential Units only since the Commercial Unit will be separately metered. The building's corridors and lobby will be heated by a gas-fired rooftop unit. Domestic hot water will be provided by gas-fired hot-water heaters. Allocation of the gas consumed with respect to the Common Elements shall be made by the Board by deducting the aggregate of the metered amounts from the total usage and allocating the balance among the Common Elements. The amount set forth in Schedule B for gas is based on the estimate and projections of consumption for all Common Elements as described in a memo, dated April 5, 2001 including estimates from SGT Consulting Engineers, which reflects for a total first year estimated annual consumption of approximately $18,100. An inflation factor of 15% has been included in the projected costs to reflect for inflation, rate adjustments and taxes.

The cost of this expense has been allocated 100% to the Residential Units based upon the estimates of SGT Consulting Engineers, as described in a memo, dated April 5, 2001.

6. Electricity/A.C.: $5,500

The amount set forth is for the electricity consumed by the Common Elements only, since the electricity for each Residential Unit and the Commercial Unit will be separately metered. Air-conditioning for the residential units will consist of individual A.C. units located in the apartment that it serves. The commercial unit will be served by its own A.C. unit located in the first floor commercial space.

The Residential Units and Common Elements will be separately metered. The metered amount consumed by the Common Elements will be pro-rated among the Residential Units based on their respective percentages of Common Interest calculated in Schedule A. The amount set forth in Schedule B for electricity is based on the estimate and projections of consumption for all Common Elements as described in a memo, dated April 5, 2001 including estimates from SGT Consulting Engineers, which reflects for a total first year estimated annual consumption of approximately $5,500. The estimated cost is based upon current Con Edison rates as adjusted for

projected cost increases and appropriate taxes, and an estimated KWH consumption factor. Annual KWH consumption is estimated by SGT Consulting Engineers to be 26,700. An inflation factor of 15% has been included in the projected costs to reflect for inflation, rate adjustments and taxes.

In view of the varying costs of energy, it is not possible to predict with certainty whether the estimated figures will reflect the actual cost to be incurred during the first year of condominium operation although it is believed that reasonable provisions for increased costs have been made. The actual cost for electricity will vary depending upon various factors, including the amount of consumption, the severity of the weather, conservation measures, if any, adopted by the Board or individual residents, the rates of the utility company (which fluctuate periodically), and the possibility of changes in the methods of calculating charges by the utility company.

The Commercial Unit shall be sub-metered for electricity and will pay for this expense directly. The cost of this expense has been allocated 100% to the Residential Units based upon the estimates of SGT Consulting Engineers.

7. Water Charges and Sewer Rent: $6,900

The budgeted amount constitutes a projection of the water charges and sewer rents that will be payable with respect to the Building. Because the Building is in the process of being re-constructed as a residential building, it has no operational history upon which to base such a projection. It is projected that the building will be charged on a per square foot or street frontage method. The amount set forth in Schedule B for water and sewer charges is based on the estimate and projections of consumption for all Common Elements as described in a memo, dated April, 5, 2001 including estimates from SGT Consulting Engineers, which reflects for a total first year estimated annual consumption of approximately $6,900. Annual sewer discharge is estimated by SGT Consulting Engineers to be 178,900 cubic feet at a unit cost of $1.65 per 100 cubic foot as of April 5, 2001. Annual water consumption is estimated by SGT Consulting Engineers to be 264,000 cubic feet at a unit cost of $1.15 per 100 cubic foot as of April 5, 2001. An inflation factor of 15% has been included in the projected costs to reflect for inflation, rate adjustments and taxes.

It is believed that the budgeted amount should be sufficient to cover any reasonable increase in the cost of utilities during the first year of Condominium operation. However, no budget item is warranted.

According to SGT Consulting Engineers each Residential Unit will be pro-rated for water and sewer expenses. The Commercial Unit is not sub-metered for water or sewer usage and will be charged 5.0 percent of the total building water and sewer expenses.

8. Repairs & Maintenance and Supplies: $9,000

This figure represents the estimated cost for ordinary maintenance and repairs of the Common Elements; including periodic painting and supplies such as cleaning supplies,

lubricants, bulbs, fixtures, hardware, rubbish bags, etc. used in connection with the operation of the Common Elements.

The figure is based on the cost of maintenance in comparable buildings. Each residential unit owner will be responsible for the cost of interior maintenance, repairs, painting, etc. of their respective unit. Given that the property will be fully renovated representing a building with new mechanicals and improvements, we have estimated a low-end cost for repairs & maintenance and supplies equal to $.25 per square foot of above-grade building area which translates into a first year expense of approximately $9,000.

While this Schedule B includes a reasonable allowance for possible increases in cost which may occur prior to and during the first year of condominium operation, no warranty is made that the actual cost for these or other services will be in accordance with this projection.

The cost of this expense been allocated to the Residential Units and the Commercial Unit based upon their respective ownership percentages of the entire property.

9. Service Contracts: $12,500

No service contracts (other than management discussed below) have been entered into as of the date of the Plan. The future budgeted amounts are based on estimates received from contractors and otherwise or the experience of the Sponsor's budget expert, Brown Harris Stevens Appraisal & Consulting, LLC in operating similar buildings.

We have included an estimated total service contract cost of $12,500. This includes fees for elevator maintenance, boiler maintenance, air conditioning maintenance, exterminator and fire service maintenance contracts.

While this Schedule B includes a reasonable allowance for possible increases in cost which may occur prior to and during the first year of condominium operation, no warranty is made that the actual cost for these or other services will be in accordance with this projection.

The cost of this expense has been allocated to the Residential Units and the Commercial Unit based upon their respective ownership percentages of the entire property.

10. Insurance: $15,000

The insurance premiums are based on the memo, dated April 18, 2001 from Vanderbilt Properties, setting forth the following coverages:

Coverage & Perils	***Estimated Amount***
PROPERTY INSURANCE	Travelers
Total Insured Value (TIV) *	$4,505,000
* Property Values for (TIV) Determination:	$4,505,000
Building Value:	$4,400,000
Rents/Maintenance Income:	$ 105,000
Contents:	$ 0
Building:	Included in Blanket
Rents:	Included in Blanket
Contents:	Included in Blanket
Backup of Sewers & Drains:	Included in Blanket
Ordinance or Law:	Building Limit
Flood:	$10,000,000/ Per LOC & AGG
Earthquake:	$10,000,000/ Per LOC & AGG
Transit:	$1,000,000/Occurance
Unnamed Locations:	$5,000,000/Occurrence
Extended Indemnity:	180 Days
PRIMARY LIABILITY	
Carrier:	General Accident
Primary Liability:	$1,000,000/Occurrence
DEDUCTIBLES	
Property Perils Except:	$2,500
Flood:	$25,000
Earthquake:	$25,000
Water Damage Legal Liabilities:	$1,000
All Other Liability:	$2,500
BOILER & MACHINERY	
Carrier:	Hartford Steam Boiler
Limit:	$250,000/Occurrence
Managing Agents Rider:	Full Limit
Deductible – All Perils:	$1,000
FIDELITY (EMPLOYEE THEFT)	
Carrier:	Hartford Insurance Co.

Limit:	$250,000/Occurrence
Managing Agents Rider:	Full Limit
Deductible – All Perils:	$1,000
UMBRELLA LIABILITY	
Carrier(s):	Various
Limit:	$200,000,000/Occ/Agg
Self Insured Intention:	$10,000
EXCESS DIRECTORS AND OFFICERS LIABILITY*	
Carrier:	Various
Limit:	$200,000,000/Occ/Agg
*includes excess EPLI	
PRIMARY DIRECTORS & OFFICERS LIABILITY	
Carrier:	Federal/Chubb
Limits:	$1,000,000/Occ/Agg
MANAGING AGENTS EXTENSION DEDUCTIBLES	
Each Insured Director or Officer:	$1,000 Condo
All Insured Directors or Officers:	$1,000 Condo
Insured Association:	$1,000 Condo
Total Annual Cost	$12,100

Note:

This is only a general description of coverages provided. For a detailed description of the terms of a policy, you must refer to the policy itself. This proposal is dependent upon the receipt of acceptable loss information and loss control surveys.

The total premium for these various coverages is estimated at $15,000. This coverage does not include claims for personal injury or property damage resulting from occurrences in individual Units, nor does it include coverage of the furniture or personal property of Unit Owners. This premium waives the coinsurance requirement.

This quotation is an indication of insurance premiums at current rates. This quote also assumes the renovation of the building is complete and a clean inspection report results. Because conditions in the insurance marketplace are volatile, it is not possible to predict what the premiums will be for the first year of Condominium operation. Purchasers should be aware of the possible of rate increases.

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

The fire, casualty and general liability insurance carried by the Condominium will provide that each Unit Owner is an additional insured party, that there will be no cancellation without notice to the Board of Managers, includes a waiver of subrogation, includes a waiver of invalidity because of the acts of the insured and unit owner, and a waiver of pro-rata reduction if unit owners obtain additional coverage.

The cost of this expense has been allocated to the Residential Units and the Commercial Unit based upon their respective ownership percentages of the entire property.

12. Management Fee: $15,000

The Board does not currently have a management agreement in place. However, one is anticipated to be entered into at or before the First Closing with Horizon Realty and Development Corp.. We have therefore estimated an appropriate cost for the first year management fee of $15,000. This falls within market standards for condominium apartment buildings with of similar size and type located within Manhattan. This management fee includes billing & collection services, day-to-day phone availability, on-site inspections and attendance at board meetings. In the opinion of Brown Harris Stevens Appraisal & Consulting, LLC, the Managing Agent's fee for the first year of condominium operation is comparable to the fees charged for such services at similar buildings.

The cost of this expense has been allocated to the Residential Units and the Commercial Unit based upon their respective ownership percentages of the entire property.

13. Legal and Audit Fees: $7,500

This expense primarily involves the auditing fees associated with preparation of the condominium's first year certified financial statements. A small allowance is also provided for possible miscellaneous legal services.

The cost of this expense has been allocated to the Residential Units and the Commercial Unit based upon their respective ownership percentages of the entire property.

14. Miscellaneous Items: $5,000

This expense is to cover miscellaneous fees associated with operation of the Condominium inclusive of administrative fees, bank fees, permit fees, and/or license fees.

The cost of this expense has been allocated to the Residential Units and the Commercial Unit based upon their respective ownership percentages of the entire property.

15. Reserve for Contingencies: $5,000

This amount is to cover possible increases in expenses not now foreseen and for expenses not included. The budget may be modified from time to time prior to commencement of, or

during, the first year of condominium operation to increase items of expenses and decrease the contingency reserve.

The cost of this expense been allocated to the to the Residential Units and the Commercial Unit based upon their respective ownership percentages of the entire property.

NOTE: Sponsor has reserved the right to enter into service, maintenance, employment and other agreements that will be binding on the Board of Managers upon commencement of condominium operation. However, sponsor may not enter into any binding service, maintenance, employment, and other agreement that will materially increase the first year's projected common charges or that will be binding on the Board for a period of more than two (2) years from the commencement of condominium operation, unless disclosed in an amendment.

In the opinion of Brown Harris Stevens Appraisal & Consulting, LLC, the projected income for the Condominium is adequate to meet the estimated expenses for the first year of condominium operation, assuming that such first year is the fiscal year commencing July 1, 2001. The budget, however, is not intended, and should not be taken, as a guarantee by anyone that the annual Common Charges or Common Expenses for the first or any subsequent year of operation of the Property by the Board will be as set forth in the budget. In fact, it is likely that the actual income and expenses for the first year of condominium operation will vary from the amounts shown in the budget.

BUDGET FOR INDIVIDUAL ENERGY COSTS, SCHEDULE B-1

BUDGET FOR INDIVIDUAL ENERGY COSTS

SCHEDULE B-1

THE BAYARD HOUSE
81 SPRING STREET

Price Schedule and Estimated Utility Costs
for Each Unit for July 1, 2001 to June 30, 2002
the Projected First Year of Condominium Operation

					Estimated Electricity Costs		Estimated Gas Costs	
Unit No.	Tax Lot	Gross Sq.Ft.	Offering Price	Percent of Common Interest	Monthly	Annual	Monthly	Annual
COMMERCIAL UNIT:								
1 (1)	1101	14,437	Not Offered	14.0304%	See Note 1		See Note 1	
		14,437		14.0304%				
RESIDENTIAL UNITS:								
2	1102	5,341	$2,500,000	15.3082%	$730	$8,760	$80	$960
3	1103	5,292	$2,500,000	15.1678%	$730	$8,760	$80	$960
4	1104	5,226	$3,100,000	15.3531%	$730	$8,760	$80	$960
5	1105	5,226	$3,300,000	15.7276%	$730	$8,760	$80	$960
PENTHOUSE (2)	1106	9,865	$6,500,000	24.4129%	$1,095	$13,140	$80	$960
		30,950	$17,900,000	85.9696%	$4,015	$48,180	$400	$4,800
TOTAL: (3)		45,387		100.0000%	$4,015	$48,180	$400	$4,800

NOTES:

(1) Commercial Unit space includes 4,451 square feet of grade space and 5,583 square feet of cellar space and 4,403 square feet of sub-cellar space. Unit willbe directly metered for these expenses.

(2) Penthouse Unit includes 3,073 square feet of rooftop terrace space.

(3) These projections are based upon the average anticipated loads for each type of Unit. The assessments are based upon an analysis prepared by SGTConsulting Engineers dated April 5, 2001. The actual costs to Unit Owners may vary depending upon the number of persons occupying the Unit, thenumber of appliances and fixtures, the extent to which the Unit is devoted to home occupation activities and other variables associated with individual patterns ofuse.

Brown Harris Stevens
Appraisal & Consulting, LLC

BROWN HARRIS STEVENS
Established 1873

Mr. John Jacobson
81 Spring Realty LLC
c/o Horizon Realty & Development Corp.
950 Third Avenue, 8th Floor
New York, New York, NY 10028

April 25, 2001

Re: **81 Spring Street**
New York, New York

Brown Harris Stevens is a full-service real estate company serving both the residential and commercial markets in New York City. Brown Harris Stevens has been engaged in management and sales in over 200 properties over the past 70 years. The undersigned has no beneficial interest in Sponsor or the profitability of the subject property.

The undersigned has reviewed the allocation of common interests as shown on the Schedule A to be included in the offering plan for the subject project.

The common interests have been allocated to each condominium unit based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use and the overall dimension of a particular unit, in accordance with Section 339 (I) (1) (iv) of the New York Real Property Law. This allocation utilizes measurements and calculations of net square footage by Arpad Baksa Architect, P.C., Sponsor's Architect.

By: Mark A Newsome

Sworn to before me this
25th day of April, 2001

Brenna E Clarke
Notary Public

BRENNA E. CLARKE
Notary Public, State of New York
No. 01CL5033953
Qualified in Westchester County
Commission Expires Sept. 26, 2002

COMMERCIAL UNIT

Sponsor has recently entered into a lease with the Museum of Modern Art ("MOMA") for the Commercial Unit space which comprises the sub-cellar, cellar and ground floor (the "MOMA Lease"). The Lease will commence upon substantial completion of Landlord's Work (as such term is defined in the Lease) which Sponsor expects will occur on or before July 1, 2001 (the "Commencement Date"). However, Sponsor and MOMA may agree to extend the time to complete Landlord's Work in which case the Commencement Date will be extended accordingly. The term of the Lease will expire fifteen years and six months after the Commencement Date. MOMA will operate a retail store offering for sale goods and merchandise including, but not limited to, art and design related products, accessories, housewares, books, jewelry and furniture. Sponsor has received a special permit from the CPC that legalizes the retail use of the Commercial Unit space. (See "Location and Area Information; Applicable Zoning")

The Lease for the Commercial Unit space contemplates use by a retail store and Sponsor has made an application for a certificate of occupancy for ground floor, cellar and sub-cellar retail use of the premises, nonetheless, the existing legal uses within the SoHo zoning district would permit a wide variety of uses on the Building's ground floor and, accordingly, the Declaration does not limit the types of uses which may be placed there.

The share of the expenses which have been allocated to the Commercial Unit are premised upon its limited access to and use of certain facilities in the Building, such as the new passenger elevator, the limited number of hours during which it will require provision of heat, the limited amount of water it is anticipated to consume due to the small size of its workforce and the nature of this use and the fact that services provided to the Building by the part-time superintendent, such as management of the Building's refuse collection, will not be necessary for the commercial user because it will engage its own private garbage collection service.

Nonetheless, the Common Charges which have been allocated to the Commercial Unit are, in the opinion of Sponsor, sufficient to cover the expenses fairly attributable to the Commercial Unit.

Sponsor, or if Sponsor should elect to sell the Commercial Unit at some future date, its designee or successor, reserves the right to subdivide the ground floor Unit if such a subdivision can be achieved in accordance with applicable laws.

The Declaration provides that, with respect to Building expenses which are either exclusively associated with the Commercial Unit or, on the contrary, are exclusively incurred with respect to the Residential Units or a Limited Common Element, the Board of Managers may, in its discretion, allocate the entire expense associated with such item to either the Commercial Unit or the Residential Unit Owners as the case may be. Any change in the allocation of expenses which increases the obligations of the Commercial Unit Owner, however, can only be made upon the affirmative vote of the Board including the member of the Board representing the Commercial Unit. Thus, unless the Commercial Unit Owner consents to the allocation of such an expense, for example, exclusively or even partially to its Unit, the Common Charges associated with that Unit arising out of new types of expense (rather than mere increases

in amounts incurred by the Condominium with respect to existing types of expense) cannot be imposed upon the Commercial Unit without its owner's consent.

In the event of a dispute between the Commercial Unit Owner and the Condominium Board as to the basis for allocation of Common Charges to the Commercial Unit, the parties shall select a licensed engineer, real estate broker or management firm to determine the allocation. If the parties are not able to agree on selection of an appropriate professional or his determination, the dispute shall be submitted to arbitration in accordance with Article 10 of the By-Laws.

The Commercial Unit Owner also has the right to designate one member on the Board of Managers as its representative and such member cannot be discharged from the Board except for cause (or without cause by Sponsor or the Commercial Unit Owner) and in such event, the Commercial Unit Owner may designate a successor.

Since the Board of Managers will have five members, in the opinion of Sponsor, the Commercial Unit Owner's right to have representation on the Board under these circumstances will not have a material adverse impact upon the Condominium.

CHANGES IN PRICES AND UNITS

Changes in Prices of Units

The Offering Price for each of the Units offered for sale is set forth in Schedule A. The Purchase Prices and other sales terms of Units not under contract are negotiable and may be changed by Sponsor as follows:

(i) the Purchase Prices for Units may at any time be decreased without prior notice or amendment (except as otherwise provided in clause (ii) below) and can be increased by amendment; and

(ii) the offering prices set forth in Schedule A must be changed by amendment to the Plan when the price change (A) is across the board, (B) affects a line or type of Unit, (C) is to be advertised, or (D) is a price increase for an individual Purchaser.

The Selling Agent, Managing Agent, Condominium Board, Unit Owners and mortgagees of Units shall not have the right to approve any changes in Purchase Prices, whether before or after the First Closing.

Notwithstanding the foregoing, no such change in Purchase Price shall be made with respect to a Unit for which a Purchase Agreement is then in effect without the consent of the Purchaser thereunder. The Purchase Agreement may not contain, or be modified to contain, a provision waiving Purchaser's rights or abrogating Sponsor's obligations under the Plan or Article 23-A of the General Business Law.

In the event that Sponsor changes the Purchase Price of one or more Units, the Purchaser(s) of such Unit(s) may pay, or may have paid, more or less than other Purchasers of comparable Units having the same Common Interest. However, such price change shall not alter the Common Interest of, or the amount of the Common Charges payable by, the owner of such Unit(s).

Changes of Size, Layout and Number of Units or in the Amount or Quality of Common Elements

In order to meet the possible varying demands for number and type of Units, or to meet the particular needs of prospective Purchasers, or for any other reason, Sponsor reserves the right to change: (a) the layout of, or number of rooms in, Unsold Units and (b) the size and/or number of Unsold Units by subdividing one or more Unsold Units into two or more separate Units, by combining two or more separate Unsold Units into one or more Unsold Units, by altering the boundary walls of any Unsold Unit(s), or otherwise. Except as provided to the contrary in this Section or in the By-Laws, such right may be exercised by Sponsor from time to time, both before and after the First Closing, without the consent or approval of the Managing Agent, the Condominium Board, any Unit Owner, or any mortgagee. However, Sponsor shall first obtain the approval of all governmental authorities having jurisdiction thereof whose approval is required by law. In no event shall any change in Unsold Units as described in this paragraph result in any change in (a) the size or layout of any sold Unit or (b) any increase or decrease in the Common Interests appurtenant to any sold Unit.

If Sponsor shall change the size and/or number of Unsold Units, Sponsor shall increase or decrease the Common Interests appurtenant thereto accordingly; however, the aggregate amount of the Common Interests of all of the Unsold Units affected by such changes will not be changed. As a result of such reapportionment, the amount of the Common Charges and the real estate taxes (if any) and assessments payable by the owners of the Unsold Units affected thereby will be increased or decreased proportionately, but the amount of the Common Charges and the real estate taxes (if any) and assessments payable by the owners of Units unaffected thereby will not be changed.

The Plan (and, if necessary, the Declaration) will be amended to reflect any change in the size, number, or Common Interests of Units or the amount or quality of the Common Elements. However, the layout and number of rooms within an individual Unsold Unit may be changed without prior notice or amendment of the Plan (but with the approval of all governmental authorities having jurisdiction thereof whose approval is required by law).

Except as provided above, any change in the number of Units or in the size of any Unit resulting from a subdivision or combination or alteration of boundary walls or in the Common Interest of any Unit shall be reflected in a duly recorded amendment to the Declaration and a duly filed amendment to the Floor Plans. The consent of all Unit Owners directly affected by such change must be obtained. As more particularly provided in the Declaration, Sponsor or its designee, as the owner of an Unsold Unit, will have the right to amend the Declaration to effectuate such changes itself, without the Condominium Board, other Unit Owners not directly affected by such change, or any mortgagee consenting to, or executing, such amendment. However, no change of a Unit's Common Interest will be made without obtaining the prior consent of the owner of such Unit.

No material change will be made in the size, layout or Common Interest of a Unit or the amount or quality of the Common Elements directly affecting or servicing any Unit for which a Purchase Agreement has been executed and delivered to Sponsor (and is in effect) and whose Purchaser is not in default thereunder, unless the Purchaser is granted a right to rescind within a reasonable period of time to be not less than fifteen (15) days after the date of presentation of the change. Any Purchaser who elects to rescind shall receive a prompt refund of his or her Downpayment. The Plan will be amended to disclose changes in Common Interests of Unsold Units (including Units under contract but not yet closed).

If the size or configuration of a Unit is changed in compliance with the Plan and the Condominium Documents and, in connection therewith, a wall, space, hallway, or other area forming a part of the Common Elements servicing and benefiting only such Unit and not affecting access to any other Unit is demolished or incorporated into the Unit, then such Common Elements shall be deemed to be for the exclusive use and benefit of the owner of such Unit and the Unit's Common Interest will remain unchanged.

Under the Declaration, the owner of the Commercial Unit shall have the right, without obtaining the consent of the Condominium Board, other Unit Owners or mortgagees, to further subdivide the Commercial Unit into two or more Units and to reallocate the Common Interest of the Commercial Units among the newly established Units in proportion to their respective floor areas. Such subdivision or combination must be reflected in a duly recorded amendment to the

Declaration to the extent required by the Condominium Act. Under no circumstances will the Common Interest of any other Unit be changed as a result of such subdivision or combination. In addition, if the Commercial Unit is subdivided, its owner shall have the right, without obtaining the consent of the Condominium Board, the Managing Agent, other Unit Owners or mortgagees, to thereafter further change the size and/or number of Commercial Unit(s) under the same terms, conditions and restrictions as those imposed on Sponsor with respect to Unsold Units.

INTERIM LEASES

Sponsor reserves the right to rent or lease Units to Purchasers and non purchasers which Units will not be subject to rent regulation.

Once a Unit is sold, and so long as a Purchase Agreement for the Unit is in effect, the Unit may only be leased to the Purchaser of such Unit. No Purchaser shall have the right to occupy the Unit purchased by him prior to the closing unless Sponsor agrees to permit such occupancy under an Interim Lease or other written rental agreement. However, Sponsor may condition the sale of a vacant Unit upon the Purchaser simultaneously entering into an Interim Lease with Sponsor, provided a temporary certificate of occupancy has been obtained for the Unit. In such case, Sponsor can require the Purchaser to sign and return the Interim Lease simultaneously with the execution of the Purchase Agreement or (at Sponsor's option) thereafter on 10 days' written notice.

If Sponsor elects to lease a Unit, the lease will be for such rent and on such other terms as may be fixed by Sponsor. The term of the Interim Lease will commence on a date fixed by Sponsor, but not sooner than thirty (30) days after a counterpart of the Purchase Agreement is returned to the Purchaser or (if the Interim Lease is submitted to the Purchaser after he or she has already executed a Purchase Agreement for the Unit) forty (40) days after the Interim Lease is sent to the Purchaser for execution. Such lease will also provide that an uncured default by the Purchaser under his or her Purchase Agreement (that is, a default not cured within thirty (30) days after the sending of written notice thereof) will constitute a default under the Interim Lease, entitling the landlord (that is, Sponsor), at its sole option, immediately to terminate the Interim Lease and require the Purchaser immediately to vacate the Unit. The Purchase Agreement contains a similar cross-default provision entitling Sponsor to cancel the Purchase Agreement and retain the Downpayment as liquidated damages in the event the Purchaser fails to cure a default under the Interim Lease within the applicable grace period (if any) and if (i) Sponsor has obtained an order of eviction against the Purchaser from a court of competent jurisdiction or (ii) Purchaser has vacated the Unit. No portion of the rental paid under the Interim Lease will be credited toward the Unit's Purchase Price.

In the event of a material adverse amendment to the Plan in which a Purchaser is allowed to rescind his Purchase Agreement and a Purchaser who first becomes a tenant of the Building after the Plan is presented timely elects to rescind, the Interim Lease with the rescinding Purchaser shall be canceled and possession of the Unit must be surrendered within ninety (90) days thereafter.

PROCEDURE TO PURCHASE

A person interested in purchasing a Residential Unit is required to obtain a copy of the Plan and any filed amendments thereto, which are available from the Selling Agent. There will be a $75.00 deposit required for each copy of the Plan and amendments which will be refunded if the Plan and amendments, if any, are returned to the Selling Agent in good reusable condition or upon signing of a Purchase Agreement.

In order to purchase a Residential Unit, the Purchaser will be required to execute four copies of the Purchase Agreement. A copy of the Purchase Agreement is set forth as Document No. 1 in Part II of the Plan. An Inspection Statement is set forth as Exhibit C to the Purchase Agreement. The Purchase Agreement contains the terms and conditions upon which the Residential Units will be sold and should be read carefully by the prospective Purchaser and his or her legal or financial representative before being executed. In the event of a conflict between the Plan and the Purchase Agreement, the Plan controls.

Execution of Purchase Agreement and Downpayment

Not less than three (3) full business days after receipt of the Plan (and any filed amendments thereto), the prospective Purchaser must deliver all four (4) copies of the executed Purchase Agreement, together with his or her unendorsed, personal check drawn on a member bank of the New York Clearing House Association (the "Downpayment") payable to the order of "Greenberg Traurig, LLP, as Escrow Agent" for ten (10%) percent of the Purchase Price representing the Downpayment, to the Selling Agent. For the convenience of Purchasers, Sponsor may accept a Purchase Agreement after less than three (3) business days; however, in that case, the Purchaser will have a right to rescind by written notice to Sponsor within seven (7) days following Purchaser's submission of the Purchase Agreement, whereupon Sponsor will refund the Downpayment to Purchaser without interest. All checks are subject to collection and if any check is returned for insufficient funds or any other reason, Sponsor shall have the right to deem such Purchase Agreement canceled and of no further force and effect and to retain any other amounts previously deposited as liquidated damages.

Acceptance of Purchase Agreement

Purchase Agreements will not be binding on Sponsor until approved and executed by Sponsor. Within thirty (30) days after receipt of the Purchase Agreement from any Purchaser, Sponsor may either accept the Purchase Agreement or reject it. Sponsor's failure to accept within thirty (30) days shall be deemed a rejection. In the event of rejection, the Downpayment will be refunded to Purchaser with accrued interest, if any. If Sponsor elects to accept the Purchase Agreement, two counterparts thereof, signed by Sponsor, will be returned to the prospective Purchaser. Sponsor may reject any Purchase Agreement, without cause or explanation, so long as such rejection is not based upon race, creed, color, national origin, ancestry, sex, disability, marital status or any other ground proscribed by law. The submission of a Purchase Agreement to a prospective Purchaser shall not be construed as Sponsor's approval of such sale. Sponsor will not be bound by any Purchase Agreement submitted to it or to the Selling Agent, until the Purchase Agreement has been executed by Sponsor or its authorized agent and 2 (two) fully executed copies thereof returned to the prospective Purchaser.

Downpayments

All Downpayments received by Sponsor will be held in escrow by Greenberg Traurig, LLP as Escrow Agent and shall be held in a segregated escrow account which complies with the escrow and trust fund requirements of General Business Law Sections 352-e (2-b) and 352-h and the Attorney General's regulations promulgated pursuant thereto, as well as the provisions of Lien Law §71-a(3). A copy of the Escrow Agreement between Sponsor and Greenberg Traurig, LLP is set forth as Document No.8 in Part II of the Plan.

Any provision of any contract or agreement, whether oral or in writing, by which a Purchaser purports to waive or indemnify any obligation of the escrow agent holding trust funds is absolutely void. The provisions of the Attorney General's regulations concerning escrow/trust funds shall prevail over any conflicting or inconsistent provision in the Plan or in a Purchase Agreement. Purchasers shall not be obligated to pay any legal or other expense of Sponsor in connection with the establishment, maintenance or defense of obligations arising from the handling or disposition of trust funds.

All deposits, downpayments, or advances made by Purchasers prior to closing of each individual transaction, whether received before or after the date of consummation of the Plan, will be placed within five (5) business days after the Purchase Agreement is signed by all necessary parties, in a segregated special escrow account established and held by Greenberg Traurig, LLP, 200 Park Avenue, New York, New York 10166, the Escrow Agent, whose telephone number is (212) 801-9200. The signatories on this account authorized to withdraw funds are all shareholders in the firm of Greenberg Traurig, LLP, and have the same address as the Escrow Agent.

The name of the account will be "Greenberg Traurig, LLP, The Bayard House Escrow Account," and will be located at Citibank, NA, 153 E. 53rd Street, New York, New York (the "Escrow Account"). This bank is insured by the FDIC only to a maximum of $100,000 per individual deposit.

The Escrow Account will be interest-bearing and, unless the Purchaser defaults, interest will be credited to the Purchaser at closing. The interest rate to be earned will be the prevailing rate for consumer money market accounts in the bank. The current prevailing rate for money market funds at Citibank, N.A. varies weekly but in recent months has been 2.13%. During the first week of November, 2000, for example, rates on these accounts had been approximately 2.13%. No assurances can be given that any particular rate will be in effect at the time the Purchaser makes his Downpayment. No fees of any kind may be deducted from the Escrow Account principal or any interest earned thereon and any administrative cost for maintenance of the Escrow Account shall be the responsibility of Sponsor.

Section 71-a (3) of the Lien Law which applies to the purchase of a Unit under the Plan, provides that Purchasers can request that their Downpayments be placed in interest bearing escrow accounts; that as an alternative to depositing a Downpayment in escrow, Sponsor may post a bond or indemnity contract with a licensed surety company; that such Downpayments will be held in escrow or bonded until (i) Sponsor performs under the terms of the Purchase Agreement; (ii) Purchaser either rescinds as permitted by the Plan or defaults, thereby excusing

performance by Sponsor; (iii) release of Sponsor's liability to refund the Downpayment; (iv) transfer of title to the Unit to Purchaser; (v) release of the Downpayment by mutual consent of Sponsor and Purchaser. The Purchase Agreement must contain, and does contain, the following language:

"You, as the Purchaser of this residence, 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 deposit."

Within ten (10) business days after tender of the Downpayment submitted with the Purchase Agreement, the Escrow Agent will notify the Purchaser that such funds have been deposited into the Escrow Account and will provide the account number and the initial interest rate. If the Purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the Downpayment Purchaser may cancel the purchase and rescind so long as the right to rescind is exercised within ninety (90) days after tender of the Downpayment. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited and requisite notice was timely mailed to the Purchaser in conformity with the Attorney General's regulations.

Release of Trust Funds

Since all Purchase Agreements are contingent upon the Plan's becoming effective, under no circumstances shall Sponsor apply for release of the escrowed funds (plus any additional sums deposited on account of any special work in the Unit ordered by the Purchaser) of a defaulting Purchaser until after consummation of the Offering Plan.

The Escrow Agent will hold funds in escrow until otherwise directed: (i) pursuant to a writing signed by both Sponsor and Purchaser; or (ii) a determination of the Attorney General pursuant to the dispute resolution procedures contained in the Attorney General's regulations; or (iii) a judgment or order of a court of competent jurisdiction; or (iv) until released pursuant to Attorney General's Regulations Section 20.3(o)(viii)(d). This clause provides that if there is not a written agreement between the parties, the Escrow Agent shall not pay the funds to Sponsor until the Escrow Agent has given the Purchaser written notice of not fewer than ten (10) business days. Thereafter, the funds may be paid to Sponsor unless the Purchaser has applied to the Department of Law pursuant to the dispute resolution provisions contained in these regulations and has so notified the Escrow Agent in accordance with such provisions.

Sponsor will not object to the release of the escrowed funds to: (i) a Purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an amendment to the Plan; or (ii) all Purchasers after an amendment abandoning the Plan is accepted for filing by the Department of Law.

Disputes Regarding Trust Funds

In the event of a dispute, Sponsor shall apply, and the Purchaser or the Escrow Agent holding the Downpayment in escrow may apply, to the Attorney General for a determination on the disposition of the Downpayment and any interest earned thereon. The party applying shall

contemporaneously send to all other parties a copy of such application. Pending the determination of the Attorney General to grant or deny the application, Sponsor, the Purchaser and the Escrow Agent shall abide by any interim directive issued by the Attorney General.

If the application permitting the release of funds is granted, the Downpayment and any interest earned thereon shall be disposed of in accordance with the determination of the Attorney General, subject to any court action in which preliminary relief is granted. The Attorney General shall act upon the application within thirty (30) days after its submission to the Department of Law by either making a determination or notifying the parties that an extension of time in which to do so is necessary for stated reasons. If the application seeking release of the Downpayment is denied, the Escrow Agent shall continue to hold the Downpayment and any interest earned thereon until: (i) both Sponsor and Purchaser direct payment to a specified party in accordance with a written directive signed by both Sponsor and Purchaser; or (ii) a judgment or order of a court of competent jurisdiction is served on the Escrow Agent; or (iii) the Escrow Agent deposits the disputed amount into court.

In no event shall the Escrow Agent release funds in dispute, other than a payment of such funds into court, until such disputes are finally resolved by determination of the Attorney General or by judgment or order of a court of competent jurisdiction by written agreement of Sponsor and the Purchaser.

Escrow Records and Escrow Revision

The Escrow Agent will maintain all records concerning the Escrow Account for seven (7) years after the release of funds. Upon the dissolution of the law firm which was the Escrow Agent, the former shareholders of the firm shall make appropriate arrangements for the maintenance of these records by the successor firm and shall notify the Department of Law of such transfer. If for any reason it becomes necessary to transfer escrow funds to a new account or change agents, the Plan will be amended to disclose all information regarding the change as has been provided with respect to the original account.

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

Financing of Purchases

Except as set forth below, each Purchaser is solely responsible for arranging his own financing and is free to obtain financing from the lender of his preference. Generally, savings and commercial banks in New York are authorized to finance the purchase of condominium units. Due to money market conditions those banks providing condominium unit financing have adopted individual policies as to the permissible "loan-to-value" ratio and the cost of obtaining the financing. In addition, if a loan commitment is issued, the interest rate may be the customary rate for this type of loan charged by the bank either at the time the loan commitment is issued or at the time of closing (that is, funding) of the loan. The loan commitment period may expire before the First Closing or the scheduled closing date of a Purchaser's Unit. No representation

is made that bank financing will be available to any Purchasers under the Plan or as to the amount, terms and conditions upon which financing may be granted or the cost to obtain it. A Purchaser seeking financing will be solely responsible for all fees and costs imposed by the lender, including (but not limited to) application, appraisal and origination fees (if any). The Purchase Agreement is not conditioned upon a Purchaser securing satisfactory financing. Accordingly, each Purchaser should inquire about the amount, terms, cost, availability and Purchaser's eligibility for such financing with the lender of Purchaser's preference before signing and returning the Purchase Agreement in order to avoid the risk of losing his Downpayment.

NO FINANCING IS OFFERED BY SPONSOR. NO REPRESENTATION OR WARRANTY IS MADE AND NO ASSURANCE IS GIVEN WITH RESPECT TO THE COST OR AVAILABILITY OF FINANCING FROM ANY OTHER SOURCE.

Closing Date

Sponsor expects, but does not guarantee, that the First Closing will occur on or about July 1, 2001, after completion of construction necessary to obtain a certificate of occupancy. If the First Closing does not occur by July 1, 2001, or within twelve (12) months after July 1, 2001, the date set forth in Schedule B as the commencement date for the first year of Condominium operation, Sponsor will amend the Plan to offer Purchasers the right to rescind their Purchase Agreements within fifteen (15) days following the expiration of that twelve (12) month period. Any Purchasers electing to rescind will have their Downpayments returned with accrued interest. After consummation of the first closing of title of a Unit under the Plan, a Purchaser in default beyond any applicable grace period may not rescind.

After an amendment declaring the Plan effective is accepted for filing, Sponsor will give each Purchaser not less than thirty (30) days' prior written notice (to be served in compliance with applicable regulations) of the date, time and place (in the City of New York) for the transfer of title to his Unit. At title closing, such Purchaser shall pay the balance of the Purchase Price stated in the Purchase Agreement by his unendorsed, certified personal check or by official cashier's check. However, such Purchaser may apply the proceeds of any financing obtained by him to make such payment.

All checks in payment of the Purchase Price (i.e., the Downpayment and the balance of the Purchase Price due at closing) are to be made payable to the order of "Greenberg Traurig, LLP as Escrow Agent" and must be drawn on a member bank of the New York Clearing House Association. Purchaser shall also execute and deliver to Sponsor a Unit Owner's Power of Attorney (in duplicate) the form of which is Document No. 2 in Part II of the Plan.

Events of Default

In the event that a Purchaser: (i) defaults in paying the balance of the Purchase Price or the closing fee or any travel, attendance or adjournment fees on the date scheduled by Sponsor for closing title to his Unit (or his Downpayment check is dishonored); (ii) defaults in paying or performing any other obligation under the Purchase Agreement; (iii) becomes a tenant of a Residential Unit after the Plan is presented and defaults under his Interim Lease or tenancy,

(provided that such default shall become a default under the Purchase Agreement only if an order of eviction or other judgment or order from a court or agency of competent jurisdiction is issued against Purchaser or Purchaser shall have vacated the Residential Unit); or (iv) Purchaser fails to sign and return four (4) completed, notarized RPT and TP-584 tax forms, then Sponsor shall have the right to cancel the Purchase Agreement by sending to Purchaser thirty (30) days' written notice of Sponsor's intention to cancel. If such Purchaser shall fail to cure such default within the thirty (30) day period, the Purchase Agreement shall be deemed canceled and Sponsor shall retain, as and for liquidated damages, the Downpayment. TIME IS OF THE ESSENCE FOR PURCHASER TO CURE SUCH DEFAULT WITHIN THE THIRTY (30) DAY PERIOD. Any payments received by Sponsor in excess of the Downpayment shall be refunded to the Purchaser after cancellation.

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

ASSIGNMENT OF PURCHASE AGREEMENTS

Sponsor will not permit the assignment or transfer of Purchase Agreements by Purchasers. Similarly, advertisement of the Unit for sale by the Purchaser is prohibited.

EFFECTIVE DATE OF PLAN

Sponsor's offer and obligations under the Plan are contingent upon the Plan being declared effective in compliance with the relevant conditions and time periods set forth in this section.

The Plan will be declared effective either by amendment to the Plan or by written notice personally served upon or mailed to all Purchasers declaring the Plan effective. If declared effective by notice, then within five (5) days after the mailing of such notice, an amendment to the Plan reflecting that it has been declared effective will be submitted for processing to the Department of Law. In either case, the First Closing shall not be held until such amendment is accepted for filing by the Department of Law.

The Plan will not be declared effective until a Purchase Agreement for at least one (1) Residential Unit, other than the Penthouse Unit, (constituting more than fifteen (15%) percent of all Residential Units being offered for sale hereunder) has been signed and delivered by a bona fide Purchaser who represents that he or she or one or more specified members of his or her immediate family intends to occupy the Unit.

When calculating the percentage of Residential Units under contact which will be counted toward the foregoing fifteen (15%) percent quota:

(a) a Purchase Agreement shall not be counted if it is delivered by a Purchaser who has been granted a right to rescind his Purchase Agreement during a period of rescission after the presentation of an amendment to the Plan and the time period to rescind has not expired or the Purchaser has not waived his right to rescind the Purchase Agreement;

(b) a Purchase Agreement shall not be counted if it is delivered by a Purchaser who has assigned or transferred the Purchase Agreement without compliance with the terms of the Plan;

(c) a Purchase Agreement shall not be counted if it is conditioned upon an amendment to the Plan that has not been properly presented; and

(d) a Purchase Agreement delivered by a Purchaser who is Sponsor, the Selling Agent, a principal of, or is related to Sponsor or the Selling Agent by blood, marriage, adoption or as a business associate or an employee, shall not be counted unless Sponsor establishes that the Purchaser (other than Sponsor or a principal of Sponsor) is a bona fide Purchaser who represents that he or she or one or more specified members of his or her immediate family, intends to occupy the Unit. However, these Residential Units will be included in the base for calculating the 15% needed to declare the Plan effective.

Sponsor shall, in its discretion, elect to declare the Plan effective when Purchase Agreements representing more than fifteen (15%) percent of the Residential Units have been accepted; however, when Purchase Agreements are in effect for 80% of the Units offered under the Plan, Sponsor must declare the Plan effective.

Sponsor may, at its option, abandon the Plan for any reason whatsoever before it is declared effective or before the 80% sales quota referred to in the foregoing Paragraph is met. If the Plan has not been declared effective within fifteen (15) months from the date that the Department of Law issues a letter stating that the Plan has been accepted for filing, it will be deemed abandoned whereupon all outstanding Purchase Agreements will be deemed automatically canceled.

If the Plan is withdrawn or abandoned, all Purchasers will be notified in writing. Within ten (10) days thereafter, all Downpayments paid pursuant to Purchase Agreements then in effect (together with any interest earned thereon) will be returned to Purchasers. However, with respect to any Purchaser whose Purchase Agreement had been canceled due to Purchaser's default prior to abandonment, but after the giving of all requisite notices and opportunity to cure by Sponsor and determination in Sponsor's favor of all disputes regarding such Downpayment before the Attorney General, Sponsor will retain the Downpayment as liquidated damages together with interest, if any, earned thereon, plus any deposit or costs incurred by Sponsor for Special work in the Unit (if any) ordered by such Purchaser. Upon the return or retention of the Downpayment and interest, if any, all Purchase Agreements will be null and void and Sponsor will have no further obligation or liability to Purchasers under the Plan or under the Purchase Agreements. In case of abandonment, no new plan for the conversion of the Property to cooperative or condominium ownership shall be submitted to the Department of Law for at least twelve (12) months after such abandonment. In the event the Plan is abandoned, Sponsor will promptly submit an amendment to the Department of Law reflecting such abandonment or file a notice of abandonment on form RS-3 or such other form as the Department of Law may require.

Once the Plan has been declared effective, it may not be abandoned or withdrawn, except that at Sponsor's option it may be abandoned prior to the First Closing if: (i) there exists one or more defects in title (including violations of record or work orders of an insurance carrier) affecting any one or more Units and/or the Common Elements which cannot be removed or complied with except through litigation or the expenditure of more than $100,000 in the aggregate (as estimated by Sponsor), (ii) substantial damage to or destruction of the Building (or any portion thereof) by fire or other casualty occurs which cannot be repaired for less than $100,000 (as estimated by Sponsor), or (iii) a taking of all or a material portion of the Property by condemnation or eminent domain. In calculating the costs referred to in clauses (i) and (ii) above, any defects in title (including violations or work orders) that existed on the date the Units were initially offered for sale under the Plan, and were either known to Sponsor or were a matter of public record, and attorney's fees, shall be excluded.

Subsequent to the First Closing, the Plan may not be withdrawn or abandoned unless at least eighty (80%) percent of the Unit Owners, both in number and in Common Interests, vote to terminate the Condominium pursuant to Section 339-t of the Condominium Act. Sponsor will not vote the aggregate Common Interests appurtenant to its Unsold Units for such termination unless at least eighty (80%) percent of the other Unit Owners, both in number and in Common Interests, elect to terminate, in which event Sponsor may choose to vote its Common Interests, either in favor of or against termination of condominium ownership, as it sees fit.

After the Plan has been declared effective, Sponsor will, from time to time, fix one or more dates for closing title to Residential Units for which Purchase Agreements are in effect.

The First Closing will be held on a date specified by Sponsor after the Plan is declared effective, but in no event sooner than thirty (30) days after the date upon which notice is given that the Plan is declared effective. The closing of title to each Residential Unit will take place in accordance with the terms of the applicable Purchase Agreement. (See "Terms of Sale" and "Closing Costs and Adjustments" for a more complete discussion of the events that will occur at each such closing of title).

TERMS OF SALE

The following is a summary of certain material provisions of the Purchase Agreement, but is not intended as a complete statement of these or other important provisions of the Purchase Agreement. Reference should be made to the form of Purchase Agreement set forth in Part II of the Plan for the complete terms of the Purchase Agreement.

Deed and State of Title

Upon delivery to Sponsor of: (i) the balance of the Purchase Price, (ii) a properly acknowledged Unit Owner's Power of Attorney in favor of the Condominium Board and Sponsor, (iii) a properly acknowledged transfer tax return in the form required to be filed with the City of New York (RPT), and (iv) a transfer tax return in the form required to be filed with New York State (TP-584), each of which must be executed by the Purchaser, Sponsor will execute before a notary public, and deliver to Purchaser a bargain and sale deed with covenant against grantor's acts, conveying title to the Residential Unit and its Common Interest to Purchaser free of all liens, encumbrances and title exceptions other than and subject only to the title conditions set forth in Exhibit A to the Purchase Agreement. The Unit Owner's Power of Attorney and Deed will be substantially in the forms reproduced in Part II of the Plan.

On or prior to the First Closing, Sponsor will clear title with Royal Abstract of New York LLC, as agent for Chicago Title Insurance Company ("Royal"). In order to expedite the individual closings, it is recommended that Purchasers who desire title insurance obtain it through Royal. However, Purchasers may use any other title company or forego title insurance entirely. SPONSOR SHALL GIVE AND PURCHASER SHALL BE REQUIRED TO ACCEPT SUCH TITLE AS ROYAL IS WILLING TO APPROVE AND INSURE (IN ACCORDANCE WITH ITS THEN STANDARD FORM OF TITLE POLICY ISSUED AT ITS REGULAR RATES).

All defects of title, when discovered, will be promptly disclosed in a duly filed amendment to the Plan. Sponsor will not be obligated to bring any action or to expend any sum to render title marketable, except to the extent set forth in "Effective Date of Plan," which shall be estimated by an expert unrelated to Sponsor.

Residential Units Sold "As Is"; Fixtures and Appliances

The Units and the Building are being sold in the condition in which they exist at the time of signing the Purchase Agreement, subject to (i) ordinary use, wear and tear and natural deterioration, (ii) Sponsor's obligations to maintain the Building until the First Closing to the extent indicated in "Sponsor's Statement of Present Building Condition" and (iii) Sponsor's obligations to complete the alterations necessary to obtain either a temporary or permanent certificate of occupancy for the whole project or a partial temporary or permanent certificate of occupancy for the Unit closed. Sponsor will not be obligated to make repairs, modifications, or changes in or to any Residential Unit except those necessary to obtain a certificate of occupancy, as set forth in the "Description of Property and Building Condition" in Part II of the Plan, or expressly agreed to in writing. Each Purchaser will be given a reasonable opportunity to examine the Unit prior to closing and is urged to make a careful inspection. Personal property

located within the Common Elements on the date the Declaration is filed is excluded from this sale unless listed as part of a Common or Limited Common Element.

At closing, each Residential Unit will contain only those appliances, countertops, cabinets, sinks, vanities (if any), hardware and other fixtures and equipment installed therein as of the date of the Purchase Agreement relating thereto that are owned by Sponsor or which Sponsor has agreed to furnish as indicated in the Description of Property. Each Residential Unit is to be sold unfurnished. There will be no modifications or extras unless agreed to in writing by the parties.

Risk of Loss

IF PURCHASER IS OR BECOMES A TENANT OR OCCUPANT OF THE UNIT BEFORE THE CLOSING OF TITLE AND BEFORE CLOSING THE UNIT IS DAMAGED BY CASUALTY OR OTHERWISE, PURCHASER ASSUMES THE RISK OF LOSS AND THE OBLIGATION TO REPAIR THE DAMAGE, UNLESS THE CAUSE OF THE LOSS ORIGINATED OUTSIDE OF THE UNIT OR DID NOT RESULT FROM THE ACTS OF SUCH PURCHASER OR OTHER OCCUPANTS OF THE UNIT OR SUCH PURCHASER'S GUESTS, INVITEES, OR WORKMEN.

Except as set forth in the preceding paragraph, all other risk of loss or damage prior to closing is assumed by Sponsor, but Sponsor shall not be obligated or liable to repair the damage. If Sponsor does not elect to repair the damage and gives written notice of such election to Purchaser, the Purchase Agreement will be canceled and be of no further force or effect. Thereafter, the Downpayment will be refunded together with all interest earned on it, unless Purchaser is then in default (beyond the applicable grace and cure period, if any), in which event the Downpayment will be retained by Sponsor as liquidated damages. If Sponsor gives written notice of its election to repair or replace the loss or damage, the Purchase Agreement shall continue in full force and effect and Purchaser shall not have the right to reject title to the Unit or to receive a credit against, or abatement in, the Purchase Price. Sponsor shall be entitled to a reasonable period of time to complete the repairs or replacement. Purchaser shall not be required to pay the balance of the Purchase Price unless and until (i) the Unit has been substantially repaired as near as reasonably possible to its condition immediately prior to the casualty, (ii) its essential services (such as gas, electricity, and heat) and a reasonable means of ingress and egress to the street have been restored and (iii) any condition in the Unit for which a violation (if any) is noted or issued has been corrected, other than those that are the obligations of Purchaser to cure or that are caused by the act or omission of Purchaser.

Broker

Purchaser will represent to Sponsor that Purchaser has not dealt with any broker other than the Selling Agent in connection with the acquisition of the Unit and will indemnify Sponsor against the claims of any other broker with whom Purchaser may have dealt.

No Lien

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

Inspection of Unit

At least seven (7) days before the balance of the Purchase Price is to be paid, the Selling Agent shall notify Purchaser that the Residential Unit is ready for inspection. Upon receipt of the notice, Purchaser shall promptly arrange an appointment with Sponsor's Agent to inspect the Residential Unit before the lapse of such seven (7) day period. Purchaser or Purchaser's duly authorized agent together with a representative of Sponsor shall attend such inspection and shall complete, date and sign the Inspection Statement (in the form set forth as Exhibit C to the Purchase Agreement) and deliver same to Sponsor's Agent at the conclusion of the inspection. Failure of Purchaser either to arrange such appointment or to inspect the Residential Unit within seven (7) days of receipt of said notice or to so sign and deliver the completed Inspection Statement, shall not excuse Purchaser from paying the balance of the Purchase Price when due and shall constitute Purchaser's full acceptance of the Unit. However, nothing herein shall relieve Sponsor of its obligations as set forth in the "Rights and Obligations of Sponsor; Certificate of Occupancy."

Notwithstanding any items noted on the Inspection Statement which Sponsor must complete or correct in accordance with its obligations under the Plan or the Purchase Agreement, Purchaser shall nevertheless be obligated to close and pay the full Purchase Price, without provision for escrow.

Survival of Obligations

No provision of the Purchase Agreement shall survive the delivery of the Deed, except those obligations expressly stated therein or in the Plan to survive or to be performed subsequent to the closing. Acceptance by the Purchaser of the deed will constitute Purchaser's acceptance and acknowledgement of the full performance by Sponsor of, and the discharge of Sponsor from, all obligations under the Purchase Agreement, except those obligations expressly stated to survive or to be performed subsequent to delivery of the deed. Nothing contained herein will be in derogation of the rights of Purchasers under Article 23-A of the General Business Law, the Plan or Part 20 of the Regulations issued by the Department of Law, and nothing herein will relieve Sponsor of liability for misrepresentations (if any) under the Plan.

Prerequisites to Closing of Title

The closing of title to each Residential Unit, defined as Sponsor's conveyance of title to a Unit to a Purchaser by delivery of a deed upon payment to Sponsor of the balance of the Purchase Price for the Unit, shall take place only after, or concurrently with, the latest of the following events to occur:

(a) The Plan being declared effective by Sponsor, an amendment to the Plan being filed disclosing that it has been declared effective and that any Units to be closed have been constructed in accordance with applicable plans and specifications and that Sponsor has complied with the requirements of Part 20.3(q) of the Rules and Regulations of the Attorney General;

(b) Purchasers have been served with written notice of the Closing Date to be held no sooner than thirty (30) days after the filing of the amendment declaring the Plan

effective and have been provided with an opportunity to complete the inspection described above;

(c) The issuance of a temporary or permanent certificate of occupancy for the Property or for the portion of the Property which is the subject of the Purchase Agreement (unless Sponsor is unable to obtain a certificate of occupancy because of modifications or extras being done in the Unit at Purchaser's request, in which case obtaining the certificate of occupancy shall not be a prerequisite to the closing of title to such Unit);

(d) The Declaration, By-Laws, Floor Plans and such other documents as may be required by law have been recorded or filed in the office of the Register of New York County to establish the Condominium;

(e) The release of such Unit and its appurtenant Common Interest from the lien of all mortgages on the entire property;

(f) If the Purchaser of such Unit so requests, the issuance of a title insurance binder insuring fee title to such Unit in the Purchaser's name, at Purchaser's expense, subject only to the encumbrances set forth in the Purchase Agreement, and insuring that a valid Condominium has been created pursuant to the terms of the Condominium Act;

(g) Delivery of the documents described above, together with an executed Unit Owner's Power of Attorney in favor of the Condominium Board of Managers and Sponsor, together with payment of all closing costs (described in the section entitled "Unit Closing Costs and Adjustments" below).

UNIT CLOSING COSTS AND ADJUSTMENTS

Closing Adjustments

At the closing of title to each Residential Unit, Sponsor and the Purchaser shall apportion, as of midnight of the day preceding the closing: (i) real estate taxes and assessments, if any, including water meter charges and sewer rents, if any, based on the Residential Unit's actual taxes or charges for the fiscal or calendar year for which assessed (if the Residential Unit has been separately assessed) or based on the Property's actual taxes or charges for said period pro-rated to the Residential Unit based on its Common Interest (if the Residential Unit has not been separately assessed); (ii) Common Charges for the month in which title closes (based on the number of days in the month in which the title closing occurs); and (iii) rent or other charges, if any, pursuant to an Interim Lease for such Residential Unit (based on the number of days in the month in which the closing occurs). If at the time of title closing real estate taxes are not separately assessed and have been paid by the Condominium Board as part of the Common Expenses, then the apportionment of real estate taxes will be extrapolated from the Common Charges as though paid by Sponsor directly to the taxing authority. In such case, to the extent the monthly Common Charge includes real estate taxes, the amount so extrapolated shall be deducted from the monthly Common Charges to be apportioned. Installments for tax assessments due after delivery of the deed (if any) shall be paid by the Purchaser and shall not be considered a defect in title (however, the then current installment shall be apportioned).

NOTWITHSTANDING THE FOREGOING, IF THROUGH NO FAULT OF SPONSOR, PURCHASER FAILS FOR ANY REASON TO CLOSE ON THE DATE ORIGINALLY SCHEDULED FOR THE CLOSING OF TITLE TO HIS OR HER RESIDENTIAL UNIT, THEN THE AFOREMENTIONED CLOSING APPORTIONMENTS SHALL BE MADE AS OF MIDNIGHT PRECEDING THE DATE ORIGINALLY SCHEDULED FOR CLOSING. IF PURCHASER FAILS TO NOTIFY SPONSOR OR SPONSOR'S ATTORNEY IN WRITING AT LEAST TEN DAYS PRIOR TO CLOSING OF ANY OBJECTION TO TITLE THEN EXISTING AND SPONSOR ADJOURNS THE CLOSING IN ORDER TO REMOVE SUCH TITLE OBJECTION, THEN PURCHASER SHALL BE DEEMED AT FAULT FOR FAILING TIMELY TO SEND SUCH OBJECTION NOTICE AND, FOR PURPOSES OF CALCULATING THE FOREGOING CLOSING APPORTIONMENTS AND PER DIEM CHARGE, THE ADJOURNMENT OF CLOSING SHALL BE CONSIDERED TO HAVE BEEN MADE AT THE REQUEST OF PURCHASER.

Immediately prior to the First Closing, all items customarily apportioned between a seller and a purchaser of real property in New York City will be apportioned between the Condominium Board and Sponsor as of midnight of the day immediately preceding such closing, including (without limit) the following:

(a) employees' wages, vacation and severance pay, pension and welfare benefits and all other payments or obligations relative to all employees of the Building;

(b) fees for assignable permits and licenses, if any;

(c) cost of fuel plus tax;

(d) charges for electricity, gas, and other utilities for the Common Elements;

(e) payments under assignable service and maintenance contracts and concession agreements, if any;

(f) cost of building supplies on hand, at Sponsor's cost, plus sales tax;

(g) premiums for transferable insurance policies; and

(h) dues to the Realty Advisory Board on Labor Relations, Inc., if any.

The "Customs in Respect to Title Closings" recommended by The Real Estate Board of New York, Inc., as amended to date, shall apply to the adjustments and other matters therein mentioned, except as otherwise provided herein. Any errors or omissions in computing apportionments at closing shall be corrected and payments made to the proper party promptly after discovery. This provision will survive the closing of title.

Closing Costs

At closing, Purchaser will pay certain costs in connection with the purchase of the Unit, in addition to the legal fees of Purchaser's counsel (if any) and the amount of any net credit in favor of Sponsor that may result from the closing apportionments and any daily late closing charge described in the preceding section entitled "Closing Adjustments." Such closing costs will include the following, the amounts of which (where applicable) are based on rates in effect on the date of the Plan and are subject to change without prior notice:

(a) If Purchaser elects to obtain fee title insurance (i.e., title insurance covering the Purchase Price of the Unit), Purchaser will pay a premium to the title company for such insurance, which will vary depending upon the insurance company and the amount of insurance requested. The premium for fee title insurance, if ordered from Royal, as agent for Chicago Title Insurance Company, (Tel: 212.376.0900)as of the date of the Plan will be discounted by reason of the initial sale of the Unit by Sponsor. The discounted premium for owner's title insurance is seventy percent of the sum of $371 for the first $35,000 of fee insurance plus from $6.16 to $2.55 for each $1,000 of additional fee insurance or fraction thereof depending on the amount of insurance. Purchaser is free to obtain title insurance from a title insurance company other than the company named above. Sponsor makes no warranty as to the cost, terms or availability of title insurance from Royal or any other title company. If Purchaser elects to obtain fee title insurance or mortgage title insurance from a title insurance company and/or abstract company other than Royal, Purchaser shall pay Sponsor's counsel an additional legal fee of $500.00 for clearing title with such other company.

Purchaser will pay a fee for recording the Unit Deed and the Unit Owner's Power of Attorney, together with a service charge to the title company for recording each instrument, in the amount of $60.00 per deed and $17.00 for each additional instrument plus $5.00 per page as collected by Royal (each title company establishes its own service and surcharges in this regard).

(b) If Purchaser elects to obtain a mortgage loan, Purchaser will pay:

(i) a fee and service charge for recording the Mortgage and Partial Release of Mortgage at the same rates given above for recording the Unit Deed and Unit Owner's Power of Attorney;

(ii) a mortgage recording tax in the amount provided for by law. At the presentation date of the Plan, the tax is 2.00% of the face amount of the mortgage for mortgages of less than $500,000.00, from which mortgagor receives a $25 deduction and in the event that the mortgagee is an institutional lender, a further reduction in the amount of .25% of the tax, which amount must be paid by mortgagees that are institutional lenders; or 2.125% of the face amount of the mortgage for mortgages for a Residential Unit equal to $500,000.00 or greater, less the same amounts set forth above. The amount of the mortgage recording tax is reduced by the partial mortgage tax credit to which Purchaser is entitled under Section 339-ee of the New York Condominium Act which amount shall be paid to Sponsor as provided in the following clause (iii);

(iii) to Sponsor a sum equal to the partial mortgage tax credit to which Purchaser is entitled under Section 339-ee(2) of the New York Condominium Act by reason of mortgage taxes previously paid. This sum is based, in general, on the Common Interest of the Unit being purchased multiplied by a portion of the mortgage tax previously paid on account of preexisting mortgages on the Property. The total amounts payable by Purchaser under subparagraphs (ii) and (iii) shall in no event exceed the total amount which would have been payable by a Purchaser had Sponsor not been entitled to a mortgage tax credit under this subparagraph (iii);

(iv) the premium for mortgage title insurance, if required by the lender. Mortgage title insurance rates as quoted by Royal as of the date of the Plan are discounted and are seventy percent of the sum of $318 for the first $35,000 of coverage plus from $5.13 to $2.13 for each $1,000 of additional mortgage title insurance or fraction thereof depending on the amount of insurance. Royal will insure lenders at additionally discounted simultaneous rates if a fee policy and mortgage policy are both obtained by Purchaser;

(v) if required by the lender, deposits for Common Charges, real estate taxes, any assessment and (if separately assessed) water charges and sewer rents in an initial amount and in such monthly sums after closing as is deemed sufficient in the sole discretion of the lender (the amount of such monthly deposits may be changed periodically by the lender). In any event, the amount to be initially deposited at closing and the amount of the monthly sums thereafter payable cannot be determined in advance and will depend upon the policies of the lender, the number of months remaining between the closing of title and the date upon which the taxes and other charges or impositions next due are to be paid and the lender's estimate of the amount of the taxes (if any) and other charges or impositions then payable; and

(vi) all other closing costs and expenses (such as an origination fee or other points, tax service fees, document review fees) required to be paid to, or on behalf of, such lender (which costs and expenses may include the fees of such lender's counsel), in amounts to be determined by the lender. Sponsor makes no warranty as to the nature or amounts of the closing costs and/or the expenses to be paid in connection with such financing, and it is

recommended that the prospective Purchaser consult with a representative of his or her lender with respect thereto;

(c) If, in connection with this purchase, Purchaser has dealt with any broker except (i) the Selling Agent or (ii) any other broker who has been engaged in writing by Sponsor, then Purchaser will be required to pay a commission to such broker unless Sponsor agrees otherwise in writing;

(d) Each Purchaser will be required to pay Sponsor's counsel, Greenberg Traurig, LLP a fee of $1,500 for services in connection with supervising, coordinating and attending the closing. If Purchaser's lender refuses to close at the office of Greenberg Traurig, LLP then the closing will be held at the office of Purchaser's lender or lender's counsel, provided the closing is held in New York City and Purchaser pays Greenberg Traurig, LLP in addition to this $1,500 closing fee, a travel and attendance fee of $200 (if the closing is held in Manhattan) or $300 (if held in Bronx, Brooklyn or Queens) or $400 (if held in Staten Island, County of Westchester or Nassau). If a Greenberg Traurig, LLP representative attends the closing and, through no fault of Sponsor, the closing is adjourned, then Purchaser will be required to pay an additional travel and attendance fee (in the foregoing amounts) for each attendance plus an additional $200 closing adjournment fee for extra costs incurred to redate closing documents, recalculate closing adjustments and arrange anew the attendance of all persons for the adjourned date.

In addition, if the closing fails to occur on the Closing Date through no fault of Sponsor, then at closing of title to the Unit, Purchaser shall (i) pay to Greenberg Traurig, LLP an additional $200 for extra costs incurred in connection with the Unit closing and (ii) reimburse Sponsor for all Common Charges and any Special Assessments payable during the period from the Original Closing Date to the date of the actual closing of title to the Unit.

(e) New York City Real Property Transfer Tax (RPT), currently equal to one percent (1%) of the Purchase Price where the Purchase Price is less than $500,000 and 1.425% where the Purchase Price is equal to or greater than $500,000.

(f) New York State Real Estate Transfer Taxes (TP-584) which are currently at the rate of $2.00 per each $500.00 of the Purchase Price or part thereof.

In connection with (e) and (f) above, it is customary for seller to pay these Transfer Taxes. However, under the Plan and the Purchase Agreement, Purchasers are required to pay these Transfer Taxes as a closing cost.

The Purchase Price for purposes of calculating the Transfer Taxes must be "grossed up." A "grossed-up" Purchase Price is equal to the sum of (i) the Purchase Price, and (ii) the product of the Purchase Price multiplied by the applicable RPT tax rate and (iii) the product of the Purchase Price multiplied by the applicable TP-584 tax rate. For example, a Residential Unit with a Purchase Price of $1,000,000 would have a "grossed up" Purchase Price of $1,018,250.00 = $1,000,000 + ($1,000,000 x 1.425%) + ($1,000,000 x .4%). Accordingly, the Transfer Taxes in the above example would be calculated as follows: (i) RPT -

$1,018,250.00 x 1.425% = $14,510.06 and (ii) TP-584 - $1,018,250.00 x .4% = $4,074.00.

(g) Contribution to the Working Capital Fund in the amount of two months' Common Charges for the Unit.

(h) A tax of one percent (1%) of the "grossed up" Purchase Price, if the Purchase Price totals $1,000,000.00 or more (the "Mansion Tax").

(i) If Purchaser is permitted to become a tenant of the Unit prior to closing, Purchaser's unapplied Interim Lease security deposit, if any, will be refunded to Purchaser, together with any interest earned thereon, within thirty (30) days following the closing, provided Purchaser is not in default under Purchaser's Interim Lease. Sponsor will have the right to deduct from any such security deposit the amount of any arrearage for rent owing to Sponsor and to sue Purchaser to the extent such rent security is insufficient.

The following illustrates the projected Closing Costs (based on current rates) for Unit 5 if purchased at the offering price of $3,300,000 assuming that Purchaser obtains financing for seventy-five (75%) percent of the Purchase Price or $2,475,000 and a closing occurs in Manhattan:

1.	Fee Title Insurance (NOTE: if purchased with mortgage insurance, this amount may be less).	$ 8,358.00
2.	Fee for recording Unit Deed (estimated 9 pages) and Unit Owner's Power of Attorney (estimated 5 pages) plus title company service charge.	$ 150.00
3.	Mortgage Loan Closing Costs	
	Recording fees (estimated 40 pages)	$ 235.00
	Mortgage Recording Tax (including partial mortgage tax credit reimbursed to Sponsor)	$ 46,381.25
	Mortgage Title Insurance	$ 1,604.00
	Lender's Fees (Estimated)*	
	1% origination	$ 24,750.00
	Appraisal	$ 350.00
	Legal	$ 800.00
4.	N.Y.C. RPT (including $25 filing fee)	$ 47,908.20
5.	N.Y.S. Real Estate Transfer Tax	$ 13,442.00

6.	N.Y.S. Mansion Tax	$ 33,602.00
7.	Working Capital Fund Contribution (2x monthly Common Charges)	$ 2,976.00
8.	Sponsor's Attorneys' Fees	$ 1,500.00
	TOTAL	$ 182,056.45

* Lender's fees may include deposits for Common Charges, real estate taxes and/or insurance. It is impossible to estimate an amount for these deposits, because the amount will depend upon the timing of the closing and the policies of the lender.

The projected closing costs referred to above are approximate and are not guaranteed. The mortgage loan closing costs in particular vary widely among lenders and loan programs chosen.

RIGHTS AND OBLIGATIONS OF SPONSOR

Creation of the Condominium

Sponsor will bear all costs and expenses to be incurred in connection with the creation of the Condominium and the preparation, filing and distribution of the Plan. In addition, Sponsor will pay all selling expenses and brokerage commissions of the Selling Agent or other broker engaged by Sponsor. Finally, in the event that there are title encumbrances (other than mortgages and permitted encumbrances and violations affecting the Property at the time of the First Closing), Sponsor shall cause such encumbrances to be cured, remedied and removed, at its sole cost and expense, except that Sponsor shall have the right to abandon the Plan if such encumbrances cannot be cured at an aggregate cost and expense (as reasonably estimated by Sponsor) equal to the Cure Amount.

Payment of Common Charges

Sponsor will be obligated to pay all Common Charges, special assessments and real estate taxes with respect to Unsold Units. Sponsor represents that it has the financial resources to meet its obligations with respect to the payment of the costs associated with Unsold Units, and anticipates that, in the first instance, the funds for these obligations will be obtained from projected sales of other Units in the Building, as well as from the commercial rentals obtained on the ground floor store.

EXCEPT FOR THE ESCROW FOR THE CERTIFICATE OF OCCUPANCY, NO BOND OR OTHER SECURITY WILL BE FURNISHED TO SECURE THE PERFORMANCE OF SPONSOR'S OBLIGATIONS SET FORTH HEREIN.

Sponsor's Construction-Related Obligations

Sponsor will pay or cause to be paid all expenses incurred in connection with the alteration of the Building, including without limitation, all sums properly due to contractors, subcontractors and materialmen and all others involved in the alteration of the Building and its appurtenances for work performed and fixtures, material and equipment supplied or installed, to the extent the work is contemplated or described in the Description of Property and Building Condition, which is Document No. 4 in Part II of the Plan.

Obligations to Perform Alterations

Sponsor will, at its sole cost and expense and with reasonable diligence, perform or cause to be performed such work, and will supply or cause to be supplied all material, necessary to alter the Building and its appurtenances substantially in accordance with the "plans and specifications" (as hereinafter defined) and with a quality of construction comparable to currently prevailing local standards. The issuance of a final certificate of occupancy for the Building shall be deemed presumptive evidence that the Building, its appurtenances and all the Units have been substantially altered in accordance with the Plan and the "plans and specifications". However, nothing herein shall excuse Sponsor from its obligation to correct any defects in construction to the extent required below or in any Purchaser's Inspection Statement, nor relieve Sponsor from any of its other obligations under the Plan or the law.

Construction According to Plans and Specifications

All references in the Plan to "plans and specifications" shall mean the plans and specifications for the Building filed with the Department of Buildings of the City of New York and other appropriate governmental authorities, including the restoration work contemplated in certificates of appropriateness issued by the LPC and identified in the Restrictive Declaration set forth in Part II of the Plan, as the same may be amended or changed from time to time in accordance with the provisions of the following sentence. Sponsor reserves the right to amend or modify the plans and specifications from time to time (including, without limitation, changes in layouts and designs or changes affecting the materials, appliances, equipment, fixtures and other construction details) and to substitute materials, appliances, equipment and fixtures in place of those described in the plans and specifications, provided such substitutions are of substantially similar or better quality and design and, provided further, that the approvals (if required) of any governmental authorities having jurisdiction and the construction lender, if any, are first obtained. All the foregoing amendments, modifications and changes to the plans and specifications may be made without prior notice or amendment to the Plan except as provided elsewhere in the Plan, and subject to Purchaser's right of rescission. Sponsor agrees to deliver a set of plans and specifications to the Condominium Board promptly after the issuance of a permanent certificate of occupancy.

Sponsor will not be obligated to correct and will not be liable to any Residential Unit Purchaser as a result of (i) any insubstantial variations from filed building plans or the description of the Building or Units set forth in the Plan; or (ii) variations from filed building plans or the description of the Building or Units set forth in the Plan which are neither in violation of applicable building codes nor require the approval of any governmental authority having jurisdiction which are necessitated by site conditions or job requirements, provided (A) such variations are of equal or better quality and design than that originally set forth in said plans or description, and (B) such changes do not affect the Common Interests or adversely affect the value of any Unit to which title has closed or for which a Purchase Agreement has been executed and is in effect, unless all Unit Owners affected by such change consent in writing to such change and all contract vendees directly affected by such change are given the right to rescind their Purchase Agreements and have their Downpayments returned to them, or (iii) insubstantial variations in the dimensions or arrangement of rooms, walls or other areas within Units. The foregoing shall not change Sponsor's obligation to complete the alteration of the Building, including the Units, with materials of substantially equal or better quality and design than those set forth in the Plan.

Obligations with Regard to Certificate of Occupancy

If, by the date of the First Closing, only a temporary certificate of occupancy for the Building or a Residential Unit for which title has closed shall have been issued, Sponsor will use all reasonable diligence to cause the Building Department to continuously renew the temporary certificate of occupancy until the final certificate of occupancy covering all Units offered under the Plan shall have been issued. Sponsor will, at its sole cost and expense, do and perform or cause to be performed all work and will supply or cause to be supplied all materials necessary to renew the temporary certificate of occupancy and to obtain such final certificate of occupancy as

well as any requisite certificates or permits for the electrical work, boiler, elevators, sprinkler system and any other mechanical elements of the Building.

At the request of Sponsor (or its designee), the Condominium Board will execute any application or other document required to be filed with any governmental authority having or asserting jurisdiction in connection with obtaining a final certificate of occupancy, at which time Sponsor or its designee (as the case may be) shall indemnify and hold the Condominium Board and the other Unit Owners harmless from any expense or liability by virtue of the execution of the application or such other documents. Prospective Purchasers are advised that a permanent certificate of occupancy is required for permanent residential use of the Building and that a temporary certificate of occupancy may be used only for a total of two (2) years from the date of first issuance. If the temporary certificate of occupancy shall have expired prior to issuance of a permanent certificate of occupancy, residential occupancy of the Units will be a violation of the Multiple Dwelling Law, subjecting the occupants to penalties under the Multiple Dwelling Law, including possible eviction of residential occupants. Sponsor shall indemnify and hold harmless the Condominium Board of Managers and all Unit Owners for any actual loss, claim or damage they may incur as a result of Sponsor's failure to obtain a permanent certificate of occupancy within two years of the issuance of a temporary certificate of occupancy.

Obligations with Respect to Artist's Certification

As is set forth in "Introduction: Features of Condominium Ownership," Sponsor is not undertaking to ensure each Purchaser's compliance with the Zoning Regulation's requirements for artist's certification as a condition to residential occupancy in SoHo. If any Purchaser under the Plan shall fail to obtain such certification prior to occupying his Unit, then it is possible either that any temporary certificate of occupancy issued with respect to the Unit or the Condominium will not be renewed or that no permanent certificate of occupancy will be issued. This could, in turn, jeopardize the occupancy rights of other persons occupying Residential Units.

Correction of Construction Defects

Sponsor or its representatives will make periodic visits to the Property at reasonable intervals and, except as hereinafter provided, Sponsor will correct or cause to be corrected patent defects in the alteration of the Building and the Units or in the installation or operation of any mechanical equipment, therein but only if (a) such patent defects are due to substantially improper workmanship or are substantially and materially at variance with the architectural plans and specifications; and (b)(i) as to any Unit, Sponsor is notified of such defects in Purchaser's Inspection Statement to be completed, dated and signed prior to the closing of title to Purchaser's Unit or (ii) as to the Common Elements, Sponsor is notified by a majority of the resident members of the Condominium Board within two months from the time they are elected at the first meeting of the Unit Owners (which will be held within approximately six (6) months after the First Closing). If any patent defect in the Common Elements within an Unsold Unit can only be detected after said two-month period by occupancy of such Unsold Unit, then Sponsor will correct said defect in the alteration of the Common Elements or in the installation or operation of any mechanical equipment therein due to improper workmanship or materials substantially and materially at variance with the architectural plans and specifications if notified by a majority of

the resident members of the Condominium Board within two (2) months from the closing of title to such Unsold Unit.

Sponsor will correct or cause to be corrected latent defects (that is, defects which are not visually ascertainable) in the alteration of the Building and the Units or in the installation or operation of any mechanical equipment therein but only if (a) such latent defects are due to substantially improper workmanship or material substantially and materially at variance with the architectural plans and specifications; and (b) (i) as to any Unit, Sponsor is notified of such defects in writing by the Unit Owner within one (1) year from the closing of title to such Unit or (ii) as to the Common Elements, Sponsor is notified by the Condominium Board within one (1) year after the First Closing.

Sponsor, in its sole discretion, shall select the method of correcting any defect. On three (3) days' notice from Sponsor, the Board and/or the Unit Owner in question shall allow Sponsor and/or Sponsor's contractors and its agents access to the Building and/or the Unit in question on any weekday to inspect and/or correct such defect. The quality of alteration shall be comparable to local standards customary in the particular trade and in accordance with the plans and specifications.

Sponsor shall be deemed to have discharged any obligation it may have with respect to patent or latent defects, as the case may be, if (i) Sponsor is not notified in Purchaser's Inspection Statement or within the time periods specified herein or (ii) the Condominium Board and/or the Unit Owner in question prevents Sponsor, Sponsor's contractors and/or the agent access to the Building and/or the Unit in question as provided herein, or (iii) Sponsor shall have corrected the defect in accordance with the practice of the industry as determined by Sponsor's Architect or engineer, in its sole discretion.

Notwithstanding the foregoing, Sponsor shall not be responsible for correcting or repairing any defects in alteration or defects in the installation or operation of any appliances (including, without limitation, kitchen appliances), equipment or fixtures with respect to which assignable warranties or other undertakings (however denoted) from manufacturers, contractors, materialmen, or others, are assigned to either Purchaser or the Condominium Board. In addition, in no event shall Sponsor be responsible for correcting or repairing any of the following: (i) variations in floor levels, (ii) ceiling imperfections, (iii) painting defects, (iv) alignment of bathroom finishes, (v) air infiltration from windows, (vi) normal plumbing, heating and air-conditioning noises, (vii) normal floor noises and creaking, (viii) floor discoloring, (ix) variations in width, length or tone of wood floors, (x) repair of chips, scratches, mars, breaks or other defects in any windows and window sashes, electrical fixtures, painted surfaces, sinks, tubs, basins, kitchen cabinets and countertops, vanity tops and cabinets, saddles, appliances, woodwork and doors, hardware, appliance cabinets and flooring, or (ix) subsequent to the Unit Closing, paint touch-ups, or repairs of dented appliances.

Except as expressly set forth above, Sponsor has no obligation to correct or repair any other defect or conditions in the Units, Common Elements or the Building and all other installations, apparatuses, fixtures and appurtenances. The foregoing sets forth the entire obligation of Sponsor to correct any defects and none other shall be implied. Except as provided in the Plan or under applicable law, Purchaser shall be required to complete the payment of the

Purchase Price (without the provision of an escrow) and accept title at the time of closing, notwithstanding Sponsor's failure to complete minor construction items at such time.

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

Escrow for Certificate of Occupancy

In the event a permanent certificate of occupancy for the Building has not been obtained at or prior to the First Closing, Sponsor shall comply with the requirements of the Attorney General with respect to conversions of non-residential properties to residential use as follows:

(i) Sponsor is required to maintain all deposits and funds in the special escrow account required by General Business Law Section 352-e(2-b) unless Sponsor's engineer, architect or other qualified expert certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain a permanent certificate of occupancy, in which case the sum exceeding the amount so certified by Sponsor's engineer, architect or other qualified expert may be released from the special escrow account. Alternatively, Sponsor must deposit with an escrow agent an unconditional, irrevocable letter of credit, post a surety bond in the amount so certified, or provide other collateral acceptable to the Department of Law.

(ii) Notwithstanding subparagraph (i) above, the Plan is subject to the provisions of General Business Law Section 352-ee, Sponsor is required to maintain all deposits and funds in the special escrow account required by General Business Law Section 352-e(2-b) unless Sponsor's engineer or architect certifies that a lesser amount will be reasonably necessary to complete all alterations and improvements to the public portions and common areas of the Building. In such case the sum exceeding the amount so certified by Sponsor's engineer or architect may be released from the special escrow account. Alternatively, Sponsor must deposit with an escrow agent an unconditional, irrevocable letter of credit, post a surety bond in the amount so certified, or provide other collateral acceptable to the Department of Law.

Extent Of Sponsor Obligations

The foregoing undertakings set forth the entire obligation of Sponsor hereunder with respect to completion of construction and no other warranties or undertakings shall be implied. The construction obligations of Sponsor under this section shall survive the transfer of the Units to the Unit Owners until the expiration of the periods heretofore set forth. All construction and other obligations of Sponsor shall be enforceable only by the Condominium Board and not by

the individual Unit Owners unless the alleged construction defect relates to one (1) Unit only or is not a common defect affecting two (2) or more Units and the Condominium Board has failed to take action to enforce such obligation.

Rights of Access

Sponsor reserves for itself, its successors, contractors, agents and employees the right to enter into the Units, the Common Elements and the Limited Common Elements and perform any agreement, work or contract necessary to obtain a certificate of occupancy. Sponsor agrees to repair any damage directly attributed to or caused by Sponsor or any entity affiliated with Sponsor as a result of its exercise of a right of access. Upon appropriate notice, Unit Owners or other occupants must provide Sponsor with reasonable access to their Units so that all requisite code compliance work may be performed.

Removal of Mechanic's Liens

Sponsor will cause any and all mechanic's liens arising out of the rehabilitation of the Building and its appurtenances, authorized by Sponsor, to be discharged on or prior to the First Closing. Alternatively, Sponsor will cause Royal to affirmatively insure against collection thereof out of or enforcement against the Property or any portion thereof.

Delivery of Warranties

After the First Closing, with reasonable promptness after receipt of an assignable manufacturer's or subcontractor's heating, electrical or plumbing warranty or bond (if and to the extent made by such manufacturer or subcontractor), Sponsor will deliver to the Condominium Board an assignment of such warranty or bond. If applicable, Sponsor will also deliver to each Unit Owner owning a Unit in which new appliances were installed, with reasonable promptness after the issuance of the deed to him, an assignment of all assignable manufacturers' warranties and bonds relating to appliances in the owner's Unit, if applicable. Other than as set forth above, the Building and the Units are to be conveyed "As Is". However, Sponsor states that except for the work needed to be done to obtain a permanent certificate of occupancy for the Building, the Common Elements and the Units shall be maintained in substantially the same condition and manner from the date of Presentation of the Plan until Sponsor no longer controls the Condominium Board.

Repair of Damage

Sponsor assumes all risk of loss arising out of any casualty or other occurrence resulting in damage to a Unit which occurs after a Purchase Agreement is signed with respect to the Unit but prior to closing, if the Purchaser has not taken possession of the Unit under an Interim Lease. If Sponsor elects to repair, it shall be on the terms set forth in the section of the Plan entitled "Terms of Sale" and in paragraph 22 of the form of Purchase Agreement set forth in Part II of the Plan.

Assignable Service and Maintenance Contracts

At or immediately following the First Closing, Sponsor will assign to the Condominium Board any assignable service and maintenance contracts and agreements in its possession relating to the Property and the Condominium Board will, on behalf of all Unit Owners, assume these obligations and indemnify Sponsor against all claims and liability under them that relate to matters and events occurring on or after the day upon which the First Closing occurs.

Insurance

Sponsor agrees to deliver to the Condominium Board at the expense of the Condominium Board upon commencement of its operation, policies or binders for fire and casualty insurance providing coverage in accordance with footnote 11 to "Schedule B - Budget for First Year of Condominium Operation". The premium for such policies will be paid by the Condominium Board as a Common Expense. The fire insurance policy will provide for sufficient coverage for the insurance company to waive any coinsurance requirement or contain an agreed amount of replacement value.

Leasing of Unsold Units

Sponsor reserves the right, freely and without restriction, to itself as a Unit Owner, to rent or lease Units to Purchasers and non-purchasers at any time, both before and after the First Closing. However, once a Purchase Agreement is signed for a Unit, and for so long as such Purchase Agreement is in effect, such Unit may only be leased to its Purchaser. In the case of an Interim Lease with a Purchaser, such Interim Lease will be for such rent (but not to exceed the maximum rent legally collectible, if any) and upon such other terms as may be mutually agreed upon. Each Interim Lease will also provide that an uncured default by the Purchaser under his Purchase Agreement will constitute a default under the Interim Lease entitling the landlord (i.e., Sponsor), at its sole option, to terminate the Interim Lease. The Purchase Agreement contains a similar cross-default provision, entitling Sponsor to cancel the Purchase Agreement in the event that the Purchaser fails to cure a default under his Interim Lease within the applicable grace period (if any) and such default results in his eviction from the Unit or Purchaser abandons or vacates the Unit. No portion of the rental paid under such Interim Lease will be credited toward the Unit's Purchase Price.

A Purchaser shall not have the right to occupy the Unit purchased by him prior to the closing unless Sponsor agrees to permit such occupancy under an Interim Lease or other written occupancy agreement.

Condition of Property

So long as a majority of the members of the Condominium Board are related to or affiliated with Sponsor, Sponsor will cause the Board of Managers to maintain the Property in substantially the same condition and manner as existed on the Presentation Date, until Sponsor no longer controls the Board of Managers, subject to strikes, lockouts, labor difficulties, acts of God, fire or other casualty, storms, riots, inability to obtain materials, equipment or labor, governmental restriction or any other acts over which Sponsor is reasonably unable to exercise control.

General

Except for Sponsor's obligations under Purchase Agreements, its obligations to pay Common Charges and to perform other duties as a Unit Owner with respect to any Unsold Units (for as long as Sponsor owns such Units) the foregoing sets forth the entire extent of the obligations of Sponsor under the Plan and none other shall be implied, except that nothing contained herein shall be deemed to limit the rights of Purchasers relative to their Units under their respective Purchase Agreements. Sponsor makes no warranties other than as set forth in this section. The obligations of Sponsor under this section shall survive the delivery of the deeds to the respective Units for the time periods set forth in this section, if any. Sponsor shall not be liable for, or obligated to defend, any suits or claims with respect to any Unit arising out of any occurrence taking place after the date of the closing of title to a Unit or the leasing thereof to any Purchaser or, with respect to the Common Elements, arising out of any occurrence taking place on or after the date of the First Closing, except suits or claims arising out of the acts or omissions of Sponsor or the representations made by Sponsor in the Plan. Sponsor shall not be obligated to defend any suits, proceedings or claims arising out of any occurrence which was prior to the date of the First Closing, except suits, proceedings or claims arising out of acts or omissions of Sponsor.

EXCEPT FOR THE ESCROW FOR THE CERTIFICATE OF OCCUPANCY, NO BOND OR OTHER SECURITY WILL BE FURNISHED TO SECURE THE PERFORMANCE OF SPONSOR'S OBLIGATIONS SET FORTH HEREIN. THE ABILITY OF SPONSOR TO PERFORM ITS OBLIGATIONS WILL DEPEND UPON ITS FINANCIAL CONDITION WHEN AND IF IT IS CALLED UPON TO PERFORM.

Sponsor has reserved the right to transfer or sell its Unsold Units in bulk and otherwise liquidate its assets at any time. Such liquidation will not affect Sponsor's liability to perform its obligations hereunder. In the event of the dissolution or liquidation of Sponsor or the transfer of 20% or more of the total number of Units in the Condominium to a single Purchaser, the principals of Sponsor will provide financially responsible entities or individuals who will assume the status and all obligations of Sponsor for those Units under the Plan and applicable laws and regulations. Nothing contained in this Paragraph shall limit Sponsor's liability for personal injury (including wrongful death) or shall be in derogation of Article 23-A of the General Business Law, Sections 5-322.1 or 5-323 of the General Obligations Law or Part 20 of the Regulations issued by the Department of Law concerning condominium offerings. See the next section of the Plan entitled "Q Control by Sponsor" for further discussion of Sponsor's rights.

Construction Financing

Sponsor has obtained a construction loan, which together with the reserves of Sponsor, will be sufficient to complete construction of the project.

CONTROL BY SPONSOR

Control of the Condominium Board

Sponsor shall have the right to vote all of the Common Interests attributable to Units owned by Sponsor as it sees fit. In addition, the owner of the Commercial Unit (who is likely to be Sponsor) shall have the right to designate one (1) member of the Condominium Board at all times. As long as Sponsor owns the Commercial Unit, Sponsor will elect the member of the Condominium Board representing the Commercial Unit.

Until the first annual meeting of the Condominium ("First Annual Meeting"), which will be held within six (6) months after the First Closing, the Board of Managers will consist of three (3) members designated by Sponsor. These members will have absolute voting control of the Board, including, but not limited to, control of maintenance, service and determination of Common Charges. At this time, Sponsor anticipates that the three (3) members designated by Sponsor shall be John Jacobson, Rod Raskin, and Steven Bobrow all of whom have experience in real estate matters and are familiar with the Property through their participation in its rehabilitation and conversion.

However, the following restrictions shall apply to the election of residential members of the Condominium Board who are related to or affiliated with Sponsor or any succeeding owner of Unsold Residential Units:

(i) During the Initial Control Period (i.e., the period ending on the earlier to occur of (a) five (5) years after the First Closing or (b) the closing of title under the Plan to Residential Units having more than fifty (50%) percent of the aggregate Common Interests appurtenant to all Residential Units, Sponsor shall have the right to elect or designate not more than three (3) of the four (4) residential members of the Condominium Board who may be related to or affiliated with Sponsor or other Unsold Residential Unit Owners, and all other Residential Units shall have the right to elect the remaining one (1) residential member, who shall not be related to or affiliated with Sponsor or other Unsold Residential Unit Owners; and

(ii) After the Initial Control Period, Sponsor or its designee, as owner of Unsold Residential Units, shall have the right to elect or designate not less than one (1) residential member, for so long as the Common Interests attributable to the Unsold Residential Units equal, in the aggregate, ten (10%) percent or more of the Common Interests of all Residential Units.

Accordingly, from and after the First Annual Meeting, at least one of the residential members of the Condominium Board shall be unrelated to and unaffiliated with Sponsor or other Unsold Residential Unit Owners. There is no restriction on the right of the Unsold Residential Unit Owners (including Sponsor) to vote for residential members who are not related to or affiliated with Sponsor or other Unsold Residential Unit Owners.

A special Unit Owner's meeting shall be held within thirty (30) days following the expiration of the Initial Control Period to elect a new Condominium Board.

The number of members of the Condominium Board may not be increased without the consent of the owners of the Commercial Unit or the Unsold Residential Units.

All members of the Condominium Board shall serve without compensation. Members of the Condominium Board representing the Residential Units are subject to removal, without cause, by vote of Residential Unit Owners owning a majority of the Common Interests attending a meeting at which a quorum is present. However, residential members elected by Sponsor or its designee may only be removed with or without cause by Sponsor or its designee, who alone will have the right to designate a replacement.

UNTIL SPONSOR NO LONGER ELECTS A MAJORITY OF THE MEMBERS OF THE CONDOMINIUM BOARD, SPONSOR WILL, THROUGH ITS CONTROL OF THE BOARD, BE ABLE TO CONTROL THE MAINTENANCE AND OPERATION OF, AND THE SERVICES TO BE PROVIDED BY, THE CONDOMINIUM, AND WILL DETERMINE THE COMMON CHARGES TO BE PAID BY ALL UNIT OWNERS, INCLUDING WHETHER THE WORKING CAPITAL FUND IS USED TO DEFRAY INCREASES IN THE PROJECTED COMMON CHARGES. HOWEVER, A SPONSOR CONTROLLED CONDOMINIUM BOARD WILL NOT USE THE WORKING CAPITAL FUND TO REDUCE THE COMMON CHARGES SET FORTH IN THE PLAN.

Control Over Certain Actions by the Condominium Board

Until the sooner to occur of (a) the fifth anniversary of the First Closing or (b) the closing of title to Residential Units representing fifty (50%) percent or more of the aggregate Common Interests of all Residential Units, the Condominium Board may not, without Sponsor's prior written consent: (a) assess any Common Charges or Special Assessments to make any addition, alteration, or improvement to the Common Elements or to any Unit, unless required by law or necessary for the health or safety (but not the general comfort and welfare) of the Unit Owners; (b) assess any Common Charges or Special Assessments for the creation or replacement of, or addition to, all or part of a reserve, contingency, or surplus fund in excess of five (5%) percent in the aggregate of the projected Common Expenses for any year of operation; (c) increase the number or change the type of employees from that described in "Schedule B - Budget, for First Year of Condominium Operation"; (d) enter into any service or maintenance contract costing in excess of $2,000 per annum (or $5,000 as to fuel oil) for any service not included in "Schedule B - Budget for First Year of Condominium Operation"; or (e) borrow money on behalf of the Condominium.

Notwithstanding the foregoing, the Condominium Board may take any of the actions enumerated in clauses (a) through (e) above, under the following conditions: (i) if the cost of such actions, when added to all other budgeted operating expenses, shall not result in increasing the Common Charges for any year of operation by more than five (5%) percent above the previous year's Common Charges, (ii) to comply with applicable laws or regulations, (iii) to remedy any notice of a violation, (iv) to remedy a proper work order of an insurer of the Building or (v) if all owners of Unsold Units consent thereto.

Sponsor may not exercise veto power over expenses described in Schedule (B) or other expenses that are required to:

(1) comply with applicable laws or regulations; or
(2) remedy any violation of record; or
(3) remedy any work order by an insurer.

BOARD OF MANAGERS

Eligibility and Terms; meetings

The affairs of the Condominium shall be governed by the Condominium Board, which shall consist initially of three (3) members designated by Sponsor. At the First Meeting of the Unit Owners, which will be held within six (6) months after the First Closing, the three (3) member Condominium Board shall resign in favor of a new five (5) member Condominium Board and shall consist of four (4) members to be elected at such meeting by the Residential Unit Owners and one (1) to be designated by the Commercial Unit Owner. Thereafter, elections to the Condominium Board shall be held at the regular annual meeting of Unit Owners to be held within approximately thirty (30) days after the anniversary of the First Annual Meeting of Unit Owners in each succeeding year. (See the subsection below entitled "Meetings and Votes of the Unit Owners" for further discussion.)

The term of office of each of the five (5) members of the Condominium Board shall be one (1) year. The terms of all members of the Board shall expire at the same time.

The Board shall have regular meetings from time to time but not less than four times a year. Special meetings may be called by the President or upon written request of three (3) members of the Board.

All members of the Condominium Board shall be either: (a) Unit Owners or mortgagees of Units; (b) partners or employees of a partnership owning a Unit or a mortgage covering a Unit; (c) officers, directors, stockholders or employees of corporate owners or corporate mortgagees of Units; (d) fiduciaries or their beneficiaries who are owners or mortgagees of Units or directors, officers, stockholders or employees of corporate fiduciaries, or partners or employees, of partnership fiduciaries; (e) individuals designated by a sovereign government, consulate or other entities; or (f) adult, family members or spouses of any of the preceding who are individuals. However, members elected or designated by Sponsor or the Commercial Unit Owner or their designees need not be Unit Owners and need not reside in the Building. Other than members elected or designated by Sponsor or the Commercial Unit Owner or its designees, no member shall continue to serve on the Condominium Board after he ceases to be a Unit Owner or an interested party in a Unit Owner, as specified in the first sentence of this Paragraph.

Decisions of the Board

Most decisions by the Board shall be made by a majority vote of those members of the entire Condominium Board, attending a meeting in which a quorum is present or (if without a meeting) shall be approved in a writing signed by all Condominium Board members and duly filed by the Secretary. The quorum for meetings of the Condominium Board shall consist of a majority of all Board members. All members of the Board shall serve without compensation, including members designated or elected by Sponsor or its designees.

Certain decisions affecting the Commercial Unit may not be made without the affirmative vote of the member of the Board designated by Sponsor or the Commercial Unit Owner to represent the interests of the Commercial Unit Owner. These include: voluntary discontinuation of the Condominium, amendments to the Declaration and By-Laws which would affect (i) the

rights of the Commercial Unit Owner to lease the Commercial Unit; (ii) increase or decrease the percentage of Common Elements allocated to the Commercial Unit; (iii) reallocate or alter the Common Elements to affect rights of access to the Commercial Unit; (iv) change or restrict the uses permitted in the Commercial Unit or (v) deprive the Commercial Unit Owner of the right to designate a member of the Board.

Powers and Duties of the Condominium Board

The Condominium Board shall have the powers and duties necessary for administration of the affairs of the Condominium (subject to the limitations set forth in the By-Laws), including, without limitation, the following: (a) to operate, maintain, repair, alter and replace the Common Elements; (b) to acquire in the name of the Condominium Board all rights, title, and interest in real and personal property deemed necessary or proper by the Board; (c) to maintain complete and accurate books and records with respect to the finances and operation of the Condominium; (d) to prepare and adopt a budget for the Condominium for each fiscal year thereof; (e) to determine the amount and establish the means and methods of payment of Common Charges and Special Assessments; (f) to borrow money and incur debt on behalf of the Condominium in connection with any of the powers enumerated in the By-Laws, subject to certain limitations set forth therein; (g) to open and maintain bank accounts on behalf of the Condominium and designate the signatories therefore; (h) to use the Common Charges and Special Assessments for the administration of the Condominium; (i) to obtain insurance for the Property, including the Units; (j) to adjust and settle claims under insurance policies obtained pursuant to the terms of the By-Laws and in connection with any other litigation; (k) to make or to contract with others for the making of repairs, maintenance, additions and improvements to and alterations, restorations and replacements of the Property after damage or destruction; (l) to obtain and keep in force fidelity bonds in amounts deemed appropriate by the Condominium Board for all members of the Board and its officers and employees; (m) to accept the surrender of any Unit; (n) to purchase Units at foreclosure or other judicial sales or for the use of a superintendent or otherwise; (o) to purchase, lease or otherwise acquire Units offered for sale or lease by their owners, in the name of the Condominium Board or its designee; (p) to sell, lease, mortgage and otherwise deal with Units acquired by and to sublease Units leased by the Condominium Board; (q) to adopt and amend the Rules and Regulations and to levy and collect fines against Unit Owners (not to exceed $25.00 for each day a violation continues); (r) to enforce by legal means the terms, covenants and conditions contained in the Condominium Documents and to bring or defend any proceedings which may be instituted on behalf or against Unit Owners; (s) to incorporate, to the extent and in the manner provided in the Condominium Act; (t) to organize corporations to act as the designees of the Condominium Board acquiring title to, or leasing of, Units; (u) to execute, acknowledge and deliver any declaration or other instrument affecting the Property that the Condominium deems necessary or appropriate; (v) to prepare, execute, acknowledge and record on behalf of all Unit Owners, as their attorney-in-fact, coupled with an interest, a restatement of the Declaration or the By-Laws, when necessary or advisable; (w) subject to any Unit Owner's right to rescind such authorization, to protest, complain or apply to the appropriate taxing authority for the correction of tax assessments of the Units and other actions affecting the assessment and taxation of the Units; (x) to retain, from time to time, as required by law, such architectural historian or preservationist as may be necessary to enable the Condominium to comply with the terms of the Restrictive Declaration; (y) to retain legal counsel

on behalf of the Unit Owners to represent such Unit Owners in connection with any of the foregoing.

Pursuant to amendments to the Condominium Act adopted in 1997 (Real Property Law sec. 339-jj), the Condominium Board may, on behalf of the Unit Owners, incur debt, provided that the power to borrow money is granted to the Condominium Board by either the Declaration or the By-Laws, subject to any limitations set forth therein, and provided also (a) that such debt may not be incurred until no earlier than the fifth anniversary after the First Closing and (b) the borrowing of money is approved by a majority of the Unit Owners. The Condominium Board may borrow money to provide for major and minor maintenance, repairs, additions, improvements, replacements, working capital, bad debt and unpaid Common Expenses, depreciation, obsolescence and similar purposes and may, among other things, assign its right to receive Common Charges, create a security interest in its right to receive Common Charges, and increase the amount of Common Charges payable by each Unit Owner in order to repay the debt.

The powers and duties of the Condominium Board set forth in the preceding paragraph shall be exercised by the Condominium Board, subject in certain instances to the approval of Unit Owners. The Condominium Board shall be responsible for maintaining and repairing the Common Elements as set forth in the Declaration and in the By-Laws, regardless of whether a Unit is vacant or occupied by the owner thereof or by a permitted lessee or other occupant. The Condominium Board must at all times maintain and operate the Building at least at the levels required by General Business Law and in substantially the same manner and condition it is in at the First Closing.

Officers of the Condominium

The officers of the Condominium shall initially consist of John Jacobson, President, Rod Raskin, Vice President and Steven Bobrow, Secretary/Treasurer. All of these individuals are members or officers of Sponsor. After the first meeting of the Unit Owners and the election of a five (5) member Board, the officers shall be elected by the Condominium Board at its annual meeting. The Condominium Board may also appoint additional officers. All officers shall serve without compensation from the Condominium. None of the officers need be Unit Owners until the five (5) member Condominium Board is elected at the First Annual Meeting of the Unit Owners. Thereafter, the President must be a member of the Condominium Board and a Unit Owner or an adult member of a Unit Owner's family, or an adult officer, director, shareholder, partner, employee, principal or beneficiary of corporations, partnerships, fiduciaries, sovereign governments, consulates or mortgagees that are Unit Owners. Any officer may be removed as an officer, without cause, by vote of a majority of the Condominium Board at a meeting called for such purpose.

The President shall be the chief executive officer of the Condominium, preside at meetings, appoint committee members and generally have the powers and duties of the president of a corporation organized under the Business Corporation Law of New York. The Vice-President shall take the place and perform the duties of the President when the President is absent or unable to act. The Secretary shall keep the minutes of meetings, be in charge of Condominium Board books and papers and generally have the powers and duties of a secretary of a corporation organized under the Business Corporation Law of New York. The Treasurer

shall have care and custody of the funds and securities of the Condominium, keep accurate records and books of account thereof and generally have the powers and duties of a treasurer of a corporation organized under the Business Corporation Law of New York.

Removal of Board Members and Officers

Both Board members and officers of the Condominium Board may be removed by the Board for cause, including the Board member designated by the Commercial Unit Owner or by Sponsor with respect to the Commercial Unit. In addition, officers and Board members may be removed without cause by vote of the majority in aggregate Common Interests of the Unit Owners. However, any member of the Condominium Board who was designated as such or elected by Sponsor or its designee may be removed only (i) with cause by a majority of Unit Owners or (ii) without cause by Sponsor, its designee or the Commercial Unit Owner, in the case of the Board member designated by the Commercial Unit Owner. Members whose proposed removal is to be acted upon at a meeting of Unit Owners shall be given prior written notice thereof and an opportunity to be present and heard. Board members may resign at any time by giving written notice thereof to the Condominium Board. Board Members designated or elected by Sponsor or its designee or by the Commercial Unit Owner may resign by giving written notice thereof to the Condominium Board as well as to Sponsor or its designee or to the Commercial Unit Owner, as the case may be.

Meetings and Votes of the Unit Owners

Except for the First Annual Meeting, the Unit Owners shall hold annual meetings within approximately thirty (30) days of the anniversary of the prior year's meeting of Unit Owners. At each annual meeting, the Unit Owners shall elect successors to the members of the Condominium Board whose term of office expires as of the date of such meeting. In addition, special meetings of Unit Owners may be held from time to time, pursuant to the By-Laws, whenever necessary for the affairs of the Condominium. The By-Laws provide for the calling of a special meeting of Unit Owners at any time by the President of the Condominium Board in his/her discretion, or on a duly adopted resolution of the Board or upon receipt by the Secretary of a petition calling for such a meeting signed by Unit Owners having, in the aggregate, not less than twenty-five (25%) percent of the Common Interests.

Each Unit Owner shall be entitled to cast one vote at all meetings of the Unit Owners for each .01 of the percentage of Common Interest attributable to the Unit(s) owned by him, but shall not have the right to cumulate his votes in favor of any one or more members to be elected. At annual meetings of Unit Owners for the purpose of electing the Condominium Board a quorum shall consist of those Unit Owners owning a majority of the Common Interest. Unless otherwise provided, the decision of the Unit Owners casting a majority of the votes of the Unit Owners at a meeting at which a quorum shall be present shall be binding upon all of the Unit Owners. However, elections of members of the Condominium Board shall be determined by plurality vote.

As long as there is one Commercial Unit Owner, the Commercial Unit Owner may, instead of casting its vote for the Board member it is entitled to elect, appoint its member to the

Board by written designation given to the Managing Agent or an officer of the Condominium Board.

Indemnification

The members of the Condominium Board and its officers will have no liability to Unit Owners for errors of judgment, negligence, or otherwise, except that individual members and officers will be liable for their own bad faith or willful misconduct and will be subject to removal by the Board for these reasons. The Condominium Board may contract or effect other transactions with any member thereof, with any Unit Owner, with Sponsor, or with any affiliate of any of them at competitive rates without incurring any liability for self-dealing, provided that adequate disclosure of the relationship is made to the full Board.

Every contract made by the Condominium Board, by any officer of the Condominium, or by any superintendent or Managing Agent of the Building shall state (if obtainable) that:

(i) it is made only as agent for all Unit Owners and that the members of the Condominium Board or such officer, superintendent, or Managing Agent shall have no personal liability for such contract (except in their capacities as Unit Owners); and

(ii) the liability of any Unit Owner with respect to such contract shall be limited to (i) the proportionate share of the total liability thereunder as the Common Interest of such Unit Owner bears to the aggregate Common Interests of all Unit Owners and (ii) such Unit Owner's interest in his Unit and its appurtenant Common Interest, unless otherwise provided by law.

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

Amendments to the Condominium Documents

Generally, subject to certain exceptions and provided that any required consent of the Mortgage Representatives (as such term is defined in the By-Laws) is obtained, any provision of the Declaration, the By-Laws, or the Rules and Regulations may be amended, modified, added to, or deleted by the affirmative vote of two thirds (2/3) of all Unit Owners, both in number and in Common Interests. However, for so long as Sponsor or its designee is the owner of one or more Units, the Declaration, the By-Laws and the Rules and Regulations may not be amended or modified so as to adversely affect Sponsor or such designee without their prior written consent. In addition, the provisions of the Declaration and By-Laws relating to (i) the use of Units or each Unit's Common Interest may not be amended without the prior written consent of every Unit Owner affected by such amendment or (ii) the rights, benefits and exemptions of the Unsold Units or the Commercial Unit may not be amended without the prior written consent of Sponsor or its designee or of the Commercial Unit Owner, respectively.

RIGHTS AND OBLIGATIONS OF UNIT OWNERS AND BOARD OF MANAGERS

New City Local Law On Lead-based Paint

Effective Nov. 12, 1999, the New York City Administrative Code's lead-based paint requirements were replaced with a new section (§27-2056) (also known as Local Law 38) which requires owners of multiple dwellings built before Jan. 1, 1960, to abate and repair peeling lead-based paint and deteriorated subsurfaces covered with lead-based paint, and presumes that paint in a multiple dwelling built before that date is lead-based. The new law prohibits dry-scraping and sanding of lead-based paint, regardless of when the building was built. It also imposes new notice and correction requirements on owners of multiple dwellings built before Jan. 1, 1960.

Under the new law, the owner of a unit is required to visually inspect the premises annually for lead-based paint hazards. A "Lead-Based Paint Hazard" exists when all of the following conditions are met:

(i) the paint is peeling or applied to a deteriorated subsurface;

(ii) the paint is located within a dwelling unit;

(iii) the paint is lead-based or presumed lead-based (i.e., when the multiple dwelling was built before January 1, 1960); and

(iv) a child under six year of age resides in the dwelling unit.

The owner of the unit is required to correct all Lead-Based Paint Hazards discovered as a result of the annual inspection. The new law does not require an owner to positively test for the presence of lead-based paint but the statute presumes that a multiple dwelling built before January 1, 1960 will contain lead-based paint therefore, a unit owner may want to test for the presence of lead-based paint if a Lead-Based Paint Hazard is noted prior to commencing any remedial work.

The following method for correction is prescribed in the statute:

(i) Where practicable and not otherwise prohibited, seal off the work area to restrict access or entry by the occupant until all work and cleanup are completed.

(ii) Prepare the work area by either (a) covering all moveable objects in and adjacent to the work area and covering the floor adjacent to the work area with polyethylene, plastic or equivalent sheeting, or (b) removing all moveable objects in and adjacent to the work area, HEPA-vacuuming all such objects prior to removal and covering the floor with polyethylene, plastic or equivalent sheeting.

(iii) Safely store until removed, and safely remove, any polyethylene, plastic or equivalent sheeting, drop cloths and other supplies, materials, equipment or disposable clothing used in the work area that may contain peeling paint, paint chips, dust and other work-related debris to minimize exposure of occupants.

(iv) Wet scrape all peeling paint using a scraper and water misting to reduce dust and other work-related debris and repair all deteriorated subsurfaces where subsurfaces are covered with paint.

(v) HEPA-vacuum all affected surfaces and the floors in the work area or wash all surfaces in the work area with a detergent prior to repainting to remove any dust that may have accumulated, and provide for the disposal of any peeling paint or materials that may contain peeling paint, paint chips, dust and other work-related debris in accordance with all applicable laws, rules and regulations.

(vi) Repaint all areas affected, assuring that all paints, thinners, solvents, primers, chemical strippers or other such flammable materials in the work area are kept in their original containers.

(vii) Thoroughly wet-mop or HEPA-vacuum the work area and conduct a visual examination and the end of each workday to ensure that no peeling paint, paint chips, dust or other work-related debris have been released from the area.

(viii) Arrange and supervise the work area so as to minimize the dispersion of peeling paint, paint chips, dust and other work-related debris from the work area, and advise occupants not to enter the work area until the work has been completed.

(ix) Upon the completion of work, remove any remaining polyethylene, plastic or equivalent sheeting, drop cloths or other materials in a safe manner, and HEPA-vacuum or detergent wash all surfaces exposed to peeling paint, paint chips, dust or other work-related debris during the course of the work, beginning with the ceilings, then down the walls and across the floors.

(x) Adjust all doors, including cabinet doors, to ensure that they are properly hung, so that no painted surfaces bind.

(xi) Adjust all windows to ensure that they are properly hung, so that no painted surfaces bind.

(xii) Maintain for a minimum of three years, or transfers to subsequent owners, records of all work performed pursuant to Local Law 38.

Local Law 38 specifically permits an agreement between the condominium and a unit owner requiring the unit owner to comply with the inspection and correction requirements of the statute. The By-laws hold the Unit Owner responsible for the maintenance and repair of the interior of the Unit as well as for painting and decorating of the Unit which responsibility includes compliance with all applicable laws such as Local Law 38. In addition, if a Unit Owner fails to comply with Local Law 38 the Condominium Board may, pursuant to Section 5.9 of the By-laws, make the corrections and charge the Unit Owner for any cost associated therewith.

Sale or Lease of Units

Each owner of a Residential Unit may sell or lease his Residential Unit provided, however, that such owner (other than Sponsor or its designee with respect to Unsold Residential Units) first gives the Condominium Board written notice his intention to do so, which notice shall be accompanied by an executed copy of the contract of sale or lease, as the case may be, containing all of the terms offered in good faith by the prospective Purchaser or lessee. The Condominium Board, on behalf of all Residential Unit Owners, shall have the exclusive right to purchase or lease the Residential Unit and shall give notice of its intent to exercise such right within thirty (30) business days after receipt of such notice of sale on lease, as the same terms set forth in the contract or lease, all as more specifically set forth in Article 7 of the By-Laws. The Condominium Board shall close any purchase or execute any lease it has elected to make within ninety (90) days after notice is given. If the Condominium Board does not notify the Residential Unit Owner during such thirty (30) day period of its election to purchase or lease the Residential Unit or waives such election, such Residential Unit Owner will have ninety (90) days thereafter to consummate the sale or lease in accordance with the terms stated in the contract of sale or lease appended to such notice, failing which the Residential Unit Owner will again be required to first offer the same to the Condominium Board as provided above. The Condominium Board has the right, under the By-Laws, to request additional information about the sale, which may extend its time to give notice of intent to purchase or lease.

If the Board decides to purchase or lease a Unit, the Condominium Board may assess each Unit Owner (other than the selling Unit Owner), in proportion to his Common Interest, an amount necessary to effectuate the purchase or lease. In addition to the Purchase Price, all costs and expenses incurred in connection with the acquisition or lease of a Unit shall be assessed to all Residential Units in proportion to their percentage of Common Interests. In lieu of a Special Assessment the purchase may be made from funds deposited in and/or expense accounts of the Condominium exclusive of any funds deposited by the Commercial Unit Owner. If these funds are insufficient to effectuate the purchase, the Condominium Board may then levy a Special Assessment against each Residential Unit Owner in proportion to its percentage interest or, in its discretion, finance the acquisition of such Unit. No such financing may be secured by an encumbrance on or hypothecation of any portion of the Property other than the Residential Unit to be purchased.

After the acquisition, the Condominium Board shall own and hold the Unit on behalf of all Residential Units Owners, each of which shall be deemed to have waived rights of partition. Any Unit so acquired by the Board may be owned or may be used only for the purposes for which a Residential Unit may otherwise be occupied in the Property. All income, revenue, and profit derived from the Residential Unit shall be collected on behalf of all Residential Unit Owners and used solely to defray Common Charges. The Condominium Board is prohibited from discriminating against any person on the basis of race, creed, color, national origin, sex, age, disability, marital status or other grounds prohibited by law in connection with its exercise, or failure to exercise, the right of first refusal.

Notwithstanding the foregoing, any Residential Unit Owner may sell or lease his Residential Unit to his spouse, adult child, parent, grandparent, parent-in-law, or adult sibling, or may convey his Residential Unit by gift, devise it by will, or have it pass by intestacy, without

complying with the restrictions described above, provided, however, that each succeeding Residential Unit Owner shall be bound by, and his Residential Unit shall be subject to, such restrictions. In addition, any Residential Unit Owner that is not a natural person may sell, lease, or convey its Residential Unit to a related or controlled entity without complying with these restrictions, provided, however, that each succeeding Residential Unit Owner shall be bound by, and his Residential Unit shall be subject to, such restrictions, as more particularly set forth in Article 7 of the By-Laws.

The foregoing restrictions upon the sale and lease of Residential Units shall not apply to Sponsor or its designee with respect to any Unsold Residential Units or to the owner of the Commercial Unit (whether Sponsor or its successor) or to Units acquired by a mortgagee in foreclosure or by deed in lieu of foreclosure; they shall be free to sell or lease their Units without first offering to sell or lease them to the Condominium Board.

Residential Unit Owners (including the Condominium but excluding Sponsor or other Unsold Residential Unit Owner) who sell their Residential Units shall be required to pay a reasonable fee in an amount to be determined by the Condominium Board to reimburse it for the fee charged by the Managing Agent or counsel to the Condominium for its services performed in connection with processing the application for the sale or lease of Residential Units, including the waiver of the Condominium Board's first refusal rights.

Each conveyance of a Unit by a Unit Owner shall include, as part of the property to be conveyed, and in addition to the Unit, such Unit Owner's: (i) Common Interest, (ii) undivided interest in any Unit or Units acquired by the Condominium Board from Unit Owners (or the proceeds received at a foreclosure or other judicial sale of a Unit), and (iii) the Unit Owner's undivided interest in any other assets of the Condominium. In addition, title to a Unit may not be conveyed unless all unpaid Common Charges and liens against such Unit (other than mortgages which are to be assumed) are paid and satisfied at or prior to closing. However, this restriction shall not apply to Unsold Units. At the time of acquisition of a Unit and as a condition thereof, the new Unit Owner shall be required to execute, acknowledge and deliver a Unit Owner's Power of Attorney in favor of the Condominium Board and Sponsor, in the form set forth in Part II of the Plan, in accordance with Article 14 of the Declaration.

The lease for any Residential Unit (other than an Unsold Residential Unit or a Unit leased to a member of such Unit Owner's immediate family) shall be for a term of not less than one (1) year and substantially in the form of condominium apartment lease then approved by the Real Estate Board of New York, Inc. or the Bar Association of the City of New York, except for such changes thereto as are provided or permitted by the By-Laws.

The foregoing restrictions and limitations on the right to sell or lease a Residential Unit may be modified in the future provided the provisions in the By-Laws for amending same are followed. However, no restriction or limitation may be placed on the sale or lease of Unsold Units or Units acquired by a mortgagee in foreclosure or by deed in lieu of foreclosure of a first mortgage or the Commercial Unit.

Any Unit Owner may, by conveying his Unit to the Condominium Board for no consideration and by complying with the relevant conditions set forth in the By-Laws in

connection therewith, exempt himself from Common Charges thereafter accruing. Such conditions include the payment of all Common Charges and assessments then due and payable with respect to his Unit and such Unit being free and clear of all liens and encumbrances other than Permitted Mortgages placed on the Unit by the Unit Owner and any statutory lien for unpaid Common Charges. However in no event shall Sponsor or its designee be permitted to convey any Unsold Unit to the Condominium Board and thereby exempt itself from Common Charges attributable to such Unit.

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

Sponsor is not monitoring the status of Purchasers to assure compliance with the New York City Zoning Resolution regarding JLWQA occupancy. In addition, there is nothing in the Condominium Documents that requires the Units be sold or leased only to purchasers or tenants who comply with the restrictions set forth in the New York City Zoning Resolution regarding JLWQA occupancy. However, Article 9 of the Declaration and Article 5 of the By-Laws require that the use of all Residential Units shall conform to the restrictions regarding JLWQA occupancy (i.e., such provisions require that at least one occupant of each Residential Unit must be certified by the New York City Department of Cultural Affairs.) Therefore, if New York City were to issue violations against a Unit Owner for failure to comply with the JLWQA occupancy requirement, it would be incumbent upon the Condominium Board to enforce the Declaration and By-Laws.

Mortgages of Units

Each Unit Owner may mortgage his Unit, provided that, with respect to Residential Units other than Unsold Units, said owner first complies with the conditions set forth in Article 8 of the By-Laws. As more fully set forth in Article 8, these conditions include the requirement that: (a) the Condominium Board is notified in writing of the making of such mortgage and is given a copy thereof; and (b) the Residential Unit Owner making such mortgage (i) is not in arrears for Common Charges, and (ii) first satisfies all other unpaid liens against his Unit, other than Permitted Mortgages placed on his Unit in compliance with Article 8 of the By-Laws. Sponsor or its designee, as the owner of an Unsold Unit, and the Commercial Unit Owner shall have the right to mortgage its Unit(s) without any restriction or limitation, except that the Condominium Board is required to be notified in writing of the making of any such mortgage and is to be given a copy thereof.

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

The Condominium Board will prepare and distribute to all Unit Owners, at least annually, a budget setting forth its projection of the Common Expenses for the coming fiscal year of the Condominium. Such Common Expenses will include, among other things: (a) all costs and expenses (including financing costs) in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition, or improvement to, the Common Elements (to be borne by the Unit Owners in accordance with their respective Common Interests and referred to as the "Common Expenses"); (b) real estate taxes and assessments (including water charges and sewer rents) levied with respect to the Property (until the same are separately assessed to individual Units); and (c) amounts for such other items as the Condominium Board may deem proper (such as amounts for reserves, to make up deficits for prior years, to prepay indebtedness of the Condominium, or to purchase or lease Units). The Board is explicitly authorized under the By-Laws to accumulate reserves for capital improvements and is required to segregate the funds designated for that purpose. Based upon such budget, the Condominium Board will promptly determine, and advise each Unit Owner of the Common Charges and Residential Common Charges, if applicable, payable by such Unit Owner during the ensuing fiscal year, which shall represent a portion of the projected total Common Expenses of the Condominium assessed to such Unit Owner according to the percentage Common Interest allocated to his Unit.

Pursuant to the terms of Article 6 of the By-Laws, the Condominium Board has the right to revise its projection of the Common Expenses at any time and from time to time during any fiscal year of the Condominium. Any such revision may result in an increase or decrease in the amount of Common Charges payable by Unit Owners during such fiscal year in accordance with each Unit Owner's percentage interest in the Condominium. However, no such revision shall have a retroactive effect on the amount of Common Charges paid by Unit Owners prior to the date of such new determination.

Under the provisions of Section 339-z of the Condominium Act and Article 6 of the By-Laws, the Condominium Board will have a lien, on behalf of all Unit Owners, on each Unit for unpaid Common Charges assessed against such Unit together with interest thereon. All such liens, however, will be subordinate, to the extent required by applicable law, to any liens for real estate taxes and assessments on such Unit. Any lien for unpaid Common Charges against a Unit will be effective from and after filing of a verified notice thereof in the Register's office and until all sums secured thereby, with interest accrued thereon, shall have been fully paid, or until six (6) years from the date of filing (unless foreclosure of such lien is started within such six (6) year period), whichever shall be sooner. Such liens may be foreclosed by a suit brought in the name of the Condominium Board (acting on behalf of all Unit Owners) in like manner as the foreclosure of a mortgage on real property, or an action may be brought by the Condominium Board to recover unpaid Common Charges without foreclosing the lien.

The Common Charges payable by the Commercial Unit Owner during the first year of Condominium operation are based on the Common Interest attributable to such Unit. If, in the event of changes in the use of the Commercial Unit or changed circumstances, the Common Charges payable by such Commercial Unit Owner no longer cover the expenses of the Condominium fairly attributable to such Commercial Unit, the Condominium Board and

Commercial Unit Owner shall agree on an allocation of specific expense items on a basis other than the percentage of Common Interest set forth in the Plan, so that the Commercial Unit shall pay a sum sufficient to cover the Condominium Board's expenses fairly attributable to such Unit. In the event the Condominium Board and Commercial Unit Owner cannot agree on the reallocation of the expense(s), their dispute shall be submitted to arbitration.

As the result of amendments to the Real Property Law enacted into law on July 22, 1998, if Sponsor, with respect to Unsold Residential Units, or any other Unit Owner who does not actually occupy a dwelling Unit, rents any dwelling Unit and fails to make payments due for Common Charges within sixty (60) days after they become due, rental payments from the tenant become directly payable to the Board of Managers. The Board must notify the tenant and the non-occupying owner in writing when it requests that payment of rents directly to the Board commence. Such direct payments may be required until all unpaid Common Charges are paid in full by the non-occupying owner. If a non-occupying owner disputes the Board's right to request direct payments, he may ask to present the facts bearing upon his claim at a meeting of the Board which must be held within thirty (30) days after the date on which the Board receives notice that the non-occupying owner disputes the claim.

Unless otherwise determined by the Condominium Board, Common Charges will be payable in monthly installments, in advance, on the first day of each month. The Condominium Board may impose a late charge for Common Charges which are paid more than ten (10) days after they are due. No Unit Owner will be relieved from liability for the payment of his Common Charges by waiving the use of any of the Common Elements or by mere abandonment of his Unit. No Unit Owner, however, will be liable for the payment of any part of the Common Charges assessed against his Unit subsequent to a permissible sale, transfer, or other conveyance of his Unit. However, the Purchaser of that Unit will, in most cases, become liable for any Common Charges then due.

The Board of Managers shall also have a lien on each Unit which is occupied by a Non-Purchasing Tenant for the replenishment of a fund to be created through the deposit by Purchasers of occupied Units of a sum equal to the greater of two months' Common Charges or rent for the Unit into a working capital account and for the replenishment of such funds upon notice from the Managing Agent or the Condominium Board to the Unit Owner of such a Unit that the deposit has been diminished. Such a Unit Owner's failure to replenish the fund in a timely fashion will cause a lien to arise in the Board on behalf of the Unit Owners, which may be foreclosed by the Condominium Board in the same manner and following the same procedures as a lien for the non-payment of Common Charges. (See Part II, By-Laws, Article 6).

Repairs to, and Maintenance of, Units and Common Elements

Generally, all painting, decorating, maintenance, repairs and replacements, whether structural or non-structural, ordinary or extraordinary, in or to any Unit (other than the Common Elements to the extent provided in subparagraph (d) below) including any additions, alterations and improvement made by the Unit Owner, shall be performed by the owner of such Unit at such Unit Owner's sole cost and expense.

Repairs and maintenance in or to the Common Elements shall be performed by the Condominium Board, as a Common Expense to all Unit Owners. Repairs and maintenance pertaining to Limited Common Elements shall also be performed by the Condominium Board, but charged as a Common Expense only to the Unit Owners entitled to use the Limited Common Elements. Notwithstanding the foregoing, all maintenance, repairs and replacements to the Common Elements, whether structural or non-structural, ordinary or extraordinary, that are necessitated by the negligence, misuse, or abuse by a Unit Owner or his agents, workers, guests, etc., will be made by such Unit Owner at his sole cost and expense.

In addition, Unit Owners shall be responsible for cleaning, maintaining and replacing the windows (subject to the requirements of the LPC) of their Units. Any replacement windows must be in conformity with the existing windows and be approved in advance by the Condominium Board.

The Rules and Regulations require eighty (80%) percent of the floor area of each Residential Unit (except for kitchens, bathrooms, closets and foyers) to be covered with rugs, carpeting, or other equally effective noise-reducing material.

The By-Laws require that each Unit, and all portions of the Common Elements be kept in first-class condition (and, with respect to any roof terrace or other part of the Property exposed to the elements, free of snow, ice and accumulation of water) by the Unit Owner or the Condominium Board, whichever is responsible for the maintenance thereof. The By-Laws further require that those public or other areas of the Building that are exposed to public view (whether the same are required to be maintained by a Unit Owner or by the Condominium Board) be kept in good appearance in conformity with the dignity and character of the Building by such Unit Owner or the Condominium Board, as the case may be and in compliance with the Restrictive Declaration.

The cost of snow removal from the public walks shall be a Common Expense. All maintenance and repairs to the Common Elements shall be performed by employees of the Condominium or by independent contractors, in the discretion of the Condominium Board.

Alterations and Improvements of Units

No Residential Unit Owner (except Sponsor or its designees) may make any alteration, addition, improvement, or repair in or to his Residential Unit involving the structure of the Building without the prior written approval of the Condominium Board, which approval shall not be unreasonably withheld or delayed; provided however, that if a permanent certificate of occupancy has not yet been issued, the approval of the Condominium Board may be withheld if such proposed work will interfere with the issuance of a permanent certificate of occupancy. Such approval may be conditioned, in the discretion of the Condominium Board, upon the execution of an agreement (the "Alteration Agreement") by such Residential Unit Owner, in form and substance satisfactory to the Condominium Board, setting forth the terms and conditions upon which such alteration, addition, improvement, or repair may be made, including (i) (a) obtaining such insurance as the Condominium Board may reasonably require, (b) indemnifying the Condominium Board, the Managing Agent, the Designated Architect, if any, and all other Unit Owners against liability stemming from the work, and (c) agreeing to

reimburse the Condominium Board for any out-of-pocket expenses incurred by the Condominium Board in connection with granting such approval and in connection with any services provided to such alteration, and (ii) if such alteration is to be performed prior to issuance of a permanent certificate of occupancy, designating an architect (the "Designated Architect") selected by the Condominium Board (or Sponsor's Architect, if Sponsor then controls the Condominium Board) to coordinate and file any applications for the licenses, permits or approvals (including permits issued by the New York City Department of Buildings) necesarry for the performance of such alteration. Each Unit Owner shall be responsible for payment of the Designated Architect's fees associated with the renovations of its own Unit, however such fees shall not exceed $3,500.00.

Finally, any approval, if granted shall be subject to regulation by the Condominium Board as to any one or more of the following aspects of construction:

(a) regulate the time periods during which the work may be performed;

(b) determine the manner in which debris of any sort arising from performance of the work shall be removed;

(c) take appropriate measures necessary to preserve the security of the Building during the performance of the work;

(d) regulate and limit any interruption of services provided to Unit Owners while the work is being performed; and

(e) approve the liability and other insurance to be carried by all contractors involved in performing the work before such work may commence.

The foregoing restrictions are not applicable to the respective owners of Unsold Units or the Commercial Unit, who may make alterations, additions, improvements and repairs (structural and non-structural) without approval of the Condominium Board, provided only that all applicable laws are complied with, the structural integrity of the Building is not adversely affected thereby and the contractors selected to perform such work have been approved by the Condominium Board.

The owner of the Penthouse shall have the right to exclusive use of the Building roof, however, the Condominium Board shall have unlimited access to all areas of the Building roof to permit inspections, roof repairs, maintenance and replacement, emergency ingress and egress to Common Elements which are located on, in or through the roof and access to repair, maintain and replace any such Common Elements. The Owner of the Penthouse shall be entitled to erect decking over so much of the roof as is permitted by and performed in accordance with law and shall have no right to erect any structures or perform any other construction on the roof without the prior written approval of the Condominium Board. Such decking is the only work that may be performed on the roof as of right (i.e., without a variance) but shall require a permit from the Department of Buildings. The application for such permit (i) must be coordinated and filed by the Designated Architect if such work is to be performed prior to the issuance of a permanent certificate of occupancy, and (ii) may not be obtained during the period commencing on March 1, 2002 and ending on September 30, 2002. It shall be the obligation of such Penthouse Unit

Owner to maintain the decking. In addition, the performance of any such work on the roof shall be subject to regulation by the Condominium Board as described above.

Notwithstanding anything appearing in this section of the Plan, no construction of decking or any other construction may be performed without the owner of the Penthouse having obtained all necessary permits, including permits issued by the New York City Department of Buildings (and furnishing copies thereof to the Condominium Board.) The owner of the Penthouse will be required by the By-Laws to indemnify and hold harmless the Board and all Unit Owners from and against any and all liability, cost and expense, including reasonable attorneys fees, which may be incurred in connection with the Penthouse Work. Financial responsibility for repair or replacement of the roof and other Common Elements in or passing through the Penthouse shall remain the obligation of the Condominium which shall have all decision making power with respect thereto and in accordance with the By-Laws, and each of the Unit Owners shall be deemed to hold a proportional interest in the roof membrane as a General Common Element, without having a right of access or use.

Non-structural alterations, additions, improvements or repair within a Residential Unit do not require the prior written approval of the Condominium Board and are the right and obligation of the Unit Owner to make. In the event any such work requires the filing of an application to the New York City Department of Buildings for a building permit, it shall be the obligation of such Unit Owner at his sole cost and expense to cause all necessary plans and specifications to be prepared in connection with the alteration, but the Condominium Board shall execute applications to any department of the City of New York having jurisdiction over the work. In addition, any Unit Owner proposing to perform alterations within his Unit shall obtain insurance in such form and in such amounts as the Condominium Board may require in connection with the performance of the work, including contractor's general liability insurance.

Except as otherwise provided in the By-Laws, no Unit Owner may make any alteration, addition, improvement, or repair in or to the Common Elements. Such additions, alterations, improvements or repairs in or to the Common Elements will be made by the Condominium Board and their cost and expense will be charged to all Unit Owners as a Common Expense.

Except as may be provided to the contrary in the Plan, the By-Laws or in Section 339-i of the Condominium Act, the Condominium Board, the Selling Agent, the Managing Agent, other Unit Owners, or representatives of holders of mortgages on Units shall not have the right to approve (a) alterations, additions, improvements, or repairs in or to any Unsold Unit or to the Commercial Unit made by Sponsor or its designees, or in the case of the Commercial Unit, its successors, whether structural or non-structural, interior or exterior, ordinary or extraordinary or (b) any subdivision, combination or change in the boundary walls of Unsold Units or of the Commercial Unit, by Sponsor, its designees, or, in the case of the interior of the Commercial Unit, its successors (See "Changes in Prices and Units" for further discussion as to Unsold Units). In addition, the respective owners of Unsold Units and the Commercial Unit shall have the right to change the use of their Units (e.g., from residential to commercial use and vice-versa) as long as the zoning for the Property and the then existing certificate of occupancy permits the proposed use or the Unit Owner obtains a new or amended certificate of occupancy to permit such use. A change in use of the Commercial Unit to permit Residential Use, however, will

disqualify such Unit for the privileges accorded the Commercial Unit Owner under the Declaration and By-Laws.

At the request of Sponsor (or its designee) or the Commercial Unit Owner, the Condominium Board will execute any application or other documents required to be filed with any governmental authority having or asserting jurisdiction in connection with any addition, alteration, improvement, or repair proposed to be made to an Unsold Unit or to a Commercial Unit, at which time Sponsor, its designee or the Commercial Unit Owner (as the case may be) shall indemnify and hold the Condominium Board and the other Unit Owners harmless from any expense or liability arising by virtue of the Board's execution of the application or such other documents.

Whenever, in the judgment of the Condominium Board, the Common Elements shall require additions, alterations, improvements or repairs costing more than $100,000.00 in the aggregate, in any calendar year, such additions, alterations, improvements or repairs shall not be made unless the same have been approved by the Unit Owners owning a majority of the Common Interests of all Units, including Sponsor, if it then owns any Unit, at a duly constituted meeting of Unit Owners and by the representatives of institutional mortgagees of Units, if any, appointed pursuant to the By-Laws (the "Mortgage Representatives"). If approved, the Condominium Board may, in its discretion, assess each Unit Owner his pro-rata share of the cost of such additions, alterations, or improvements, according to his Common Interest, as part of the Common Charges.

Any additions, alterations, improvements or repairs costing $100,000.00 or less, in the aggregate, in any calendar year may be made by the Condominium Board without the approval of the Unit Owners. Notwithstanding the foregoing, no Common Charges or Special Assessments shall be imposed to make additions, alterations, improvements or repairs to the Common Elements regardless of the cost thereof, unless the consent of Sponsor is first obtained. Sponsor's consent shall not be required (i) after the sooner to occur of (a) the fifth anniversary of the First Closing or (b) the closing of title to Residential Units representing fifty (50%) percent or more in number and in Common Interests of all Residential Units or (ii) if the addition, alteration, improvement or repair is required by law or is necessary for the health or safety (but not the general comfort or welfare) of the residents or occupants of the Building. Nothing contained in this Paragraph shall restrict the right and obligation of the Condominium Board to maintain and repair the Common Elements.

All alterations, additions, and improvements are subject to the limitations imposed by the Restrictive Declaration, as well as the laws, rules and regulations implemented by the LPC. No work may be performed on the exterior of the Building by a Unit Owner. No work shall be performed by a Unit Owner within the Building except upon the obtaining of a certificate of no effect or permit for minor work, as required, from the LPC.

Insurance

Upon commencement of Condominium operation, the Property will be provided with the insurance coverage described in footnote 8 to "Schedule B - Budget Expenses for First Year of Condominium Operation."

Each Unit Owner should consider the desirability of obtaining additional insurance at his own cost covering: (i) fire or casualty losses to the contents of his Unit and any replacements, additions, upgraded fixtures and improvements therein and (ii) liability for personal injury or property damage as a result of occurrences in his Unit. Such insurance shall not be provided by the Condominium. Such policies must contain waivers of subrogation and provide further, that the liability of the companies issuing insurance procured by the Condominium Board shall not be affected or diminished by any Unit Owner's supplemental or additional insurance.

Nothing shall be done or kept in any Unit or in the Common Elements that will increase the rate of insurance of the Building, or the contents thereof, without the prior written consent of the Condominium Board. However, no consent shall be required in the case of a Commercial Unit Owner, provided such Commercial Unit Owner agrees to pay for such increase. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Elements, that will result in the cancellation of insurance on the Building, or the contents thereof, or that would be in violation of any law.

In the event of casualty loss at the Building, the net insurance proceeds payable under the policies maintained by the Condominium Board shall be payable either to the Condominium Board if less than $100,000.00 in aggregate, or to the Insurance Trustee if in excess of $100,000.00. In either case, the insurance funds shall be held in trust for the benefit of all Unit Owners and their Permitted Mortgagees. Immediately after the casualty loss, the Condominium Board or the Commercial Unit Owner as the case may be shall immediately begin prompt repair or restoration of the loss and the insurance funds shall be disbursed to the contractors engaged in the work in appropriate progress payments. If the funds are less than necessary to restore the premises, the Condominium Board may levy a Special Assessment as a Common Expense against all Unit Owners to complete the work. If the trust funds exceed the amount necessary to restore the Building, then the excess shall be paid to all Unit Owners in proportion to their respective Common Interests after reduction of unpaid liens on each Unit Owner's Unit in the order of their priority. An unspent Special Assessment shall be paid to Unit Owners free of any claim of any lienor.

In the event of damage to 75% or more of the value of the Building, no restoration work shall be undertaken without the affirmative vote of 75% or more of all Unit Owners in number and in aggregate Common Interests. If the Unit Owners fail to authorize the work, the Property shall be subject to an action for partition.

If a Unit becomes wholly or partially unusable as a result of a casualty loss or the means of access is destroyed to a Unit, Common Charges otherwise payable by the owner of that Unit shall be proportionately abated.

Restrictions on the Use and Occupancy of Units

As stated in the Special Risks section of the Plan, each of the Residential Units shall be occupied as JLWQA, which requires as a matter of law that at least one occupant of the Unit has obtained certification as an artist from the New York City Department of Cultural Affairs. No representation is made in the Plan that such certification will be available. Such occupancies

permit the unrestricted use of all portions of the premises for activities associated with the artist's production or performance activities.

Also detailed above are the restrictions imposed by law on alterations of the Property which are subject to prior approval by the LPC.

The Rules and Regulations of the Condominium which are attached to its By-Laws prohibit the keeping of pets within the Units unless, in each instance, the Condominium Board or Managing Agent shall have authorized it. Animals are not permitted in the Building's elevator unless carried or on a leash.

Sponsor, without obtaining the consent of the Condominium Board or the other Unit Owners, may allow any one or more Residential Units owned by Sponsor or its designee to be used for (a) a model unit and sales and/or promotion office in connection with the sale or rental of the Unsold Residential Units or (b) for any other purpose, subject only to compliance with applicable laws and codes and the then existing certificate of occupancy, if any.

THE COMMERCIAL UNIT OR ANY PART THEREOF MAY BE USED BY THE COMMERCIAL UNIT OWNER (OR ANY TENANT OR TENANTS THEREOF) FOR ANY LAWFUL COMMERCIAL PURPOSE UNDER THE NEW YORK CITY ZONING RESOLUTION (THIS PRESENTLY INCLUDES A VARIETY OF LIGHT MANUFACTURING OR COMMERCIAL USES, AS WELL AS LOCAL RETAIL AND PERSONAL SERVICE ESTABLISHMENTS). SUCH USES MAY BE NOISY, CAUSE HEAVY TRAFFIC AND NEED NOT NECESSARILY BE COMPATIBLE WITH THE RESIDENTIAL CHARACTER OF THE BUILDING BUT MAY NOT BE ILLEGAL, NOXIOUS OR IMMORAL. The Condominium Board and the Unit Owners do not have the right to approve either the use or any change in the use of the Commercial Unit or any part thereof.

A Residential Unit owned or leased by an individual, corporation, partnership, fiduciary, sovereign government, consulate or other entity may be occupied only by said individual, or by a designated officer, director, stockholder, or employee of such corporation, or by a designated partner or employee of such partnership, or by said fiduciary (including designated officers, directors, stockholders, or employees of corporate fiduciaries), or by the beneficiary of said fiduciary, or by a principal or individual designee of such sovereign government, consulate or other entity, respectively, or by members of the immediate family or guests of any of the foregoing (and in the case of an individual Unit Owner) an additional occupant and his dependent children. Within thirty (30) days after a Residential Unit is acquired by someone other than an individual, such non-individual owner shall notify the Building's Managing Agent of the name of the officer, director, stockholder, partner, principal or individual designated by such owner to occupy its Residential Unit. The person so designated may be changed from time to time by the non-individual owner by similar written notice to the Managing Agent. The foregoing restriction shall not apply to the Commercial Unit or Unsold Residential Units.

No nuisance or immoral, improper, offensive or unlawful use shall be allowed in the Building or any portion thereof. No portion of a Residential Unit, other than the entire Residential Unit, may be rented, and no transient tenants may be accommodated therein. All

valid laws, zoning ordinances and regulations of governmental bodies having jurisdiction thereof, relating to any portion of the Property, shall be complied with at the sole expense of the respective Unit Owners or the Condominium Board, whoever shall have the obligation to maintain or repair such portion of the Property. The Rules and Regulations to the Condominium, which govern the use of all of the Units, may be amended from time to time by the Condominium Board, subject to the approval of the Unit Owners. However, no amendment thereof shall be applicable to the Unsold Units or Commercial Unit unless agreed to by all of the respective owners affected thereby.

Rights of Access

As more fully set forth in the By-Laws, the Condominium Board, the Managing Agent, the superintendent and all other persons authorized by the Condominium Board will have a right of access to any Unit for the purposes, among others, of (i) making inspections of the Unit, (ii) removing violations of laws or regulations placed against the Common Elements or any part of the Property, (iii) curing defaults committed by the owner of such Unit under the Condominium Documents, or (iv) correcting any conditions originating in any Unit and threatening another Unit or any Common Element. Sponsor and its contractors, subcontractors, agents and employees will have a right of access to each Unit and to all of the Common Elements for purposes of performing alterations and repairs in or about Unsold Units and to enable Sponsor to fulfill its obligations under the Plan. Unit Owners are required to provide such access under Article V of the By-Laws.

Self-Help

In the event that any Unit Owner fails to maintain or repair his Unit, or in the event of any breach of the Condominium Documents, then, as set forth in Article 9 of the By-Laws, the Condominium Board has certain rights to perform such maintenance or repairs, or to cure the breach, at such Unit Owner's expense.

Compliance with the Condominium Documents

Each Unit Owner must strictly comply with the provisions of the Condominium Documents, as the same may be amended, modified, deleted, or added to from time to time. In particular, Purchasers should note that the Declaration states that "the lawful residential use of all Residential Units is restricted to use as JLWQA and at least one occupant of each Residential Unit must be certified as an artist by the New York City Department of Cultural Affairs." Failure to comply strictly with the provisions of the Condominium Documents is grounds for an action for damages, injunctive relief, or both by the Condominium Board.

Reports to Unit Owners

An annual report of the income and expenses of the Condominium, certified by an independent certified public accountant, shall be submitted by the Condominium Board to all Unit Owners within four months after the end of each fiscal year of the Condominium or by April 1st of each year if the Condominium Board's fiscal year is on a calendar year. The books and records of the Condominium will be available for inspection by Unit Owners during reasonable business hours.

Amendments to the Condominium Documents

Subject to certain exceptions, and provided that any required consent of the holders of Permitted Mortgages is obtained, any provision of the Declaration, the By-Laws, or the Rules and Regulations may be amended or modified by the affirmative vote of two-thirds of all Unit Owners both in number and in Common Interests. However, for so long as Sponsor or its designee is the owner of one or more Unsold Residential Units, the Declaration, the By-Laws and the Rules and Regulations may not be amended or modified to adversely affect Sponsor without Sponsor's prior written consent. In addition, the provisions of the Declaration and By-Laws relating to the use of Units or to each Unit's Common Interest may not be amended without the prior written consent of every Unit Owner affected by such amendment, or the rights, benefits and exemptions of the Unsold Units or the Commercial Unit may not be amended without the prior written consent of the owner of such Unsold Unit (including Sponsor if it still owns any Unsold Units) or the Commercial Unit Owner (including Sponsor or its designee).

Termination of the Condominium

The Condominium shall continue (unless terminated by casualty, loss, condemnation or eminent domain as provided in the By-Laws) until such time as the property shall be withdrawn from the provisions of the Condominium Act as a result of the vote to do so of at least eighty (80%) percent of all Residential Unit Owners, both in number and in aggregate Common Interests, as well as the affirmative vote of the representative of the Commercial Unit Owner. In addition, the written consent of the holders of Permitted Mortgages shall be required before such vote is effective. Sponsor will not vote the aggregate Common Interests appurtenant to Unsold Residential Units for such withdrawal unless at least eighty (80%) percent of all other owners of Residential Units, both in number and in Common Interests, elect to withdraw, at which time Sponsor may choose to vote its Common Interests either in favor of, or against withdrawal from, Condominium ownership as it sees fit. In the event of withdrawal, the Property shall be subject to an action for partition by any Unit Owner or any lienor as if owned in common, in which event the net proceeds of the sale resulting from the partition action shall be divided among all Unit Owners in proportion to their respective Common Interests, after first applying the share of the net proceeds of such sale otherwise payable to any Unit Owner to the payment of any liens on his Unit, in the order of priority of the liens.

Easements

Each Unit and the Condominium shall have, in common with all other Units: (a) an easement to use, maintain, repair, alter and replace all pipes, wires, ducts, vents, cables, conduits, public utility lines and other Common Elements located in other Units or elsewhere on the Property in serving such Units; and (b) an easement for the continuation of any encroachment by such Unit on any other Unit or on any Common Elements existing, or that may come into existence, as a result of (i) the settling or shifting of the Building; (ii) any alteration or repair to the Common Elements made by, or with the consent of, the Condominium Board in accordance with the By-Laws; or (iii) any repair or restoration of the Building (or any portion thereof) or any Unit or the Common Elements after damage by fire or other casualty or any taking by condemnation or eminent domain proceedings of all or any portion of any Unit or the Common Elements so that any such encroachment may remain so long as the Building shall stand. Similar

easements shall be granted by the Commercial Unit Owner, which also has an easement for the erection, maintenance or replacement of signs inside the windows of the Commercial Unit and on the exterior walls of the Building to the extent, if any, permitted by law. No representation or warranty is made that any signs will be permitted to be erected on the Building by law.

Sponsor does reserve for itself certain rights with respect to the grant of additional electric, gas, telephone, water, sewer, drainage or other utility easements as Sponsor or its Board deems necessary for the proper renovation, operation and maintenance of the Building. Sponsor and the Selling Agent will also have an easement over and through the Common Elements for all purposes relating to the sale, rental, operation and management of unsold units, without being subject to any charge or fee. Finally, the Condominium Board, its officers, the Managing Agent and its employees shall each have an easement and right of access to each Unit and the Common Elements for the purpose of inspecting, repairing, curing violations, altering, maintaining or restoring the Common Elements. In any case, these easements and rights of access must be exercised in a manner not unreasonably to interfere with the use of the Units for their permitted purposes.

Special Permit and Restrictive Declaration

A material element of the Plan for the conversion of the Building included obtaining approvals from the LPC and the CPC. The approvals, which are called "special permits", were granted pursuant to §74-711 of the Zoning Resolution. As a result, (i) the general prohibition on JLWQA use (applicable to certain oversized loft buildings in SoHo, such as the building being offered herein) has been modified to allow JLWQA use in the Building; (ii) the prohibition of retail use on the ground floor of buildings with lot coverage exceeding 5,000 square feet, has been modified to allow retail use in the Building; and (iii) the Penthouse above the sixth floor may be constructed and occupied as a JLWQA Unit.

As a condition to the granting of the approvals, Sponsor, as owner, has recorded against the property a Restrictive Declaration which obligates the owner to perform certain work, designated in the Declaration as "Restoration Work," all of which must be performed pursuant to the "Certificate of Appropriateness" which has been issued by the LPC. The Restrictive Declaration also requires the owner to adopt a program for continuing maintenance of the Building that will result in its preservation in perpetuity.

The Restrictive Declaration specifically requires that Sponsor or its successor, as the Declarant under the Restrictive Declaration, establish and carry out a cyclical inspection and maintenance program for the structure including an inspection every five (5) years by a preservation architect, engineer or other qualified person knowledgeable about the preservation of historic structures, the submission of a periodic inspection report to the LPC within 45 days after completion of the periodic inspection and the performance of any work which is identified in the report or in any emergency incident report, as necessary to maintain the structure in sound, first class condition. All such work requires a permit from the LPC to the extent that a permit would otherwise be required under the Landmarks Preservation Law.

In addition, in the event of an emergency, such as a fire or other casualty, the Declarant is obligated to take certain actions to save, protect, and preserve the structure, give notice of the

emergency incident to the LPC, prepare an emergency incident report within sixty (60) days of the actual incident and to thereafter pursue the work by obtaining necessary permits and performing the work to restore the Building to sound, first class condition, unless the LPC determines that the structure may be demolished.

The Declarant is required to provide access to the structure for the LPC and its designated representatives.

All of the obligations imposed by the Restrictive Declaration are assumed by the Condominium Board at such time as the Declaration of Condominium is filed.

The Restrictive Declaration's terms are enforceable by the City of New York after the giving of notice of opportunity to cure. The Restrictive Declaration's terms are also theoretically enforceable by any person or property owner within a one-half (1/2) mile radius of the subject premises.

All applications to other City agencies affecting the Building, whether the LPC, the CPC, the Buildings Department, the Board of Standards and Appeals or the New York State Attorney General (in connection with conversions) must include a copy of the Restrictive Declaration and the restrictions that are contained therein must be listed on any certificates of occupancy issued for the Building.

The obligations of the Restrictive Declaration, will be fully binding upon the Board of the Condominium and may result in the imposition of Special Assessments or increases in Common Charges in order to fund the costs associated with the periodic engagement of a preservation architect to perform a periodic inspection and report and any resulting repair or maintenance work.

REAL ESTATE TAXES

Each Unit Owner will own his Unit, together with its appurtenant Common Interest, in fee simple, and each Unit will be a separate tax lot for purposes of New York City real estate taxes and assessments.

If the Units have not been separately assessed for real estate tax purposes prior to the First Closing, the Board of Managers will include the real estate taxes as a Common Expense and the cost thereof shall be collected by the Board as a Common Charge in proportion to each Unit Owner's percentage of the Common Interests when taxes are due and payable and will be entitled to reimbursement from the Unit Owners in proportion to their percentage of the Common Interest, until the Units are separately assessed.

The projection of real estate taxes payable by each of the Residential Units and by the Commercial Unit during the first year of Condominium operation, which is set forth as a subschedule to Schedule A of the Plan is based upon an estimate that the aggregate real estate taxes for the Units for the first such year of operation after completion of construction will be approximately $172,003, of which approximately $135,290 shall be attributable to the Residential Units and $36,714 attributable to the Commercial Unit.

This estimate has been based upon computations prepared by Brown Harris Stevens, Appraisal and Consulting, LLC. It also assumes that the tax rate in effect as to the Residential Units will be $11.368 per $100 of assessed valuation, and that the tax rate in effect as to the Commercial Unit for the same twelve month period will average $9.570 per $100 of assessed valuation.

Taxes are assessed and collected by the Real Estate Tax Assessment Bureau of the Department of Finance of the City of New York.

No warranty, guaranty, or assurance is given that (i) any of the assumptions described above, are or will remain valid, (ii) any projected or estimated amounts set forth above, including, without limitation, the estimates of the property's assessed valuations during the first year of Condominium operation, the estimates of the portions allocable to the Units and the projection of the average tax rate in effect, will approximate the actual amount; (iii) the New York City Real Estate Tax Assessment Bureau will allocate the Property's aggregate assessed valuation between the Units in accordance with the appraised values used by Brown Harris Stevens for such purpose or that such bureau will allocate the aggregate assessed valuation attributable to the Units among the different Units as described above, or (iv) any of the projections or estimates made in Schedule A-1 are accurate. Sponsor will amend the Plan promptly to disclose any variations between its assumptions and the actual assessment and tax rate as they occur.

Real Property Law §339-y(l)(b) requires that in no event shall the aggregate of the assessment of the Units with their Common Interests exceed the total valuation of the Property if the Property were assessed as a parcel.

After the conversion of the Building, tax assessments may be challenged. Each Unit Owner shall give a Unit Owner's Power of Attorney to the Condominium Board which shall enable it to prosecute tax certiorari proceedings on behalf of each Unit Owner at its discretion.

The New York City Department of Buildings has tentatively assigned separate lot numbers to the Units, subject to final approval by the Department of Buildings. This procedure, when finalized, will result in separate assessments and separate tax bills for each of the individual Units. This will mean that each individual Unit Owner will not be responsible for the payment of, nor will his or her Unit be subjected to, any lien arising from the non-payment of real estate taxes on other Units.

The lot numbers for each Unit have been tentatively assigned as follows:

Sub-Cellar Commercial Unit:	Section 2, Block 497, Lot 1101
Cellar Commercial Unit:	Section 2, Block 497, Lot 1101
1st Floor Commercial Unit:	Section 2, Block 497, Lot 1101
2nd Floor Residential Unit:	Section 2, Block 497, Lot 1102
3rd Floor Residential Unit:	Section 2, Block 497, Lot 1103
4th Floor Residential Unit:	Section 2, Block 497, Lot 1104
5th Floor Residential Unit:	Section 2, Block 497, Lot 1105
Penthouse:	Section 2, Block 497, Lot 1106

INCOME TAX DEDUCTIONS TO UNIT OWNERS AND TAX STATUS OF THE CONDOMINIUM

The following discussion of certain income tax consequences of the ownership of Units and the income tax status of the Condominium Association is based, in part, upon the income tax opinion of Greenberg Traurig, LLP, a copy of which is reproduced in the Plan Section titled "Opinion of Counsel Regarding Income Taxes." The opinion of Greenberg Traurig, LLP does not address the tax consequences which might result from ownership of a Unit in connection with the Unit Owner's trade or business or for purposes of investment or the production of income or which may result to a foreign Unit Owner by reason of his foreign status.

GREENBERG TRAURIG, LLP IS TAX COUNSEL TO SPONSOR AND NOT TO THE UNIT OWNERS. EACH PURCHASER SHOULD CONSULT WITH HIS OWN TAX COUNSEL AS TO THE TAX CONSEQUENCES OF OWNERSHIP OF A UNIT.

It is the opinion of Greenberg Traurig, LLP that under present law, and subject to certain qualifications set forth below, Unit Owners, to the extent they use their Units as a residence and who itemize their deductions will, in general, be entitled to a deduction for Federal, New York State and New York City income tax purposes in the taxable year in which the same are actually paid or accrued by such Unit Owners in accordance with their method of accounting for (i) real estate taxes assessed to the Unit, and (ii) to the extent they use the Units as their primary or secondary residence, mortgage interest on indebtedness secured by the Units. The deduction available to the Unit Owner for mortgage interest is limited, in general, to a total of $1,000,000 of debt to acquire or substantially improve a primary or secondary residence.

Common Charges and assessments will be collected by the Condominium Board from the Unit Owners. Whether the Condominium Board will have to pay a corporate income tax on Common Charges and assessments received by it depends upon several factors. In order to qualify as a tax-exempt organization for federal income tax purposes under current law, the Condominium Board must pass several tests. One such test is that substantially all of the Units of the Condominium must be used by individuals for residences. "Substantially all of the units" is considered as used by individuals for residential purposes if at least eighty-five (85%) percent of the total square footage of the Condominium is devoted to residential usage.

Because more than fifteen (15%) of the Buildings total square footage will be occupied by commercial uses, however, the Condominium will not qualify as a tax-exempt organization; therefore, any earned income not offset by deductible expenses will be taxable to the Condominium. Reserve funds, however, accrued solely for the purpose of making capital improvements, should not, under the law currently prevailing, be subject to taxation. (See Section titled "Greenberg Traurig, LLP Income Tax Opinion" for a further discussion of the tax status of the Condominium.)

Qualification

GREENBERG TRAURIG, LLP ("TAX COUNSEL") HAS RENDERED AN OPINION, BUT DOES NOT GUARANTEE, THAT THE INTERNAL REVENUE SERVICE, THE

DEPARTMENT OF TAXATION AND FINANCE OF THE STATE OF NEW YORK, AND THE DEPARTMENT OF FINANCE OF THE CITY OF NEW YORK WILL ALLOW THE AFOREMENTIONED INCOME TAX DEDUCTIONS. TAX COUNSEL HAS ALSO ADVISED AS TO THE UNCERTAINTY OF THE TAX STATUS OF THE CONDOMINIUM BOARD. THE OPINION IS BASED SOLELY ON THE FACTS AND DOCUMENTS REFERRED TO THEREIN. TAX COUNSEL STRONGLY ADVISES EACH PERSON CONTEMPLATING THE PURCHASE OF A UNIT TO CONSULT HIS OWN TAX ADVISOR AS TO ALL SUCH TAX MATTERS (INCLUDING THE TAX CONSEQUENCES DISCUSSED IN THE OPINION). SPONSOR, TAX COUNSEL AND THE SELLING AGENT DO NOT GUARANTEE SUCH INCOME TAX DEDUCTIONS WILL BE ALLOWED OR THAT THE CONDOMINIUM BOARD WILL NOT BE SUBJECT TO SEPARATE TAXATION. NO WARRANTIES ARE MADE THAT THE TAX LAWS OR THE REGULATIONS OR RULINGS ISSUED THEREUNDER, OR ANY JUDICIAL INTERPRETATION THEREOF, UPON WHICH TAX COUNSEL HAS BASED ITS INCOME TAX OPINION, WILL NOT CHANGE. IN NO EVENT WILL SPONSOR, TAX COUNSEL, THE SELLING AGENT, OR ANY OTHER PERSON CONNECTED WITH THIS OFFERING BE LIABLE IF IT IS DETERMINED THAT THE RESIDENTIAL UNIT OWNERS, OR ANY OF THEM, OR THE CONDOMINIUM BOARD, AT ANY FUTURE TIME CEASE TO MEET THE REQUIREMENTS OF THE INTERNAL REVENUE CODE OF 1986, THE NEW YORK STATE TAX LAW, AS AMENDED, OR THE NEW YORK CITY ADMINISTRATIVE CODE, AS AMENDED, BY REASON OF FUTURE CHANGES IN FACT OR APPLICABLE LAW, REGULATIONS, DECISIONAL LAW OR INTERNAL REVENUE SERVICE RULINGS. MOREOVER, NONE OF THE AFORESAID MAKE ANY WARRANTIES WITH RESPECT TO THE TAX CONSEQUENCES OF THIS PLAN OR THE TAX CONSEQUENCES OF OWNERSHIP OF ANY RESIDENTIAL UNITS OFFERED UNDER THE PLAN AND NO ONE HAS BEEN AUTHORIZED TO MAKE ANY STATEMENTS OTHER THAN THOSE CONTAINED HEREIN.

OPINION OF COUNSEL REGARDING INCOME TAXES

April 1, 2001

81 Spring Realty LLC
c/o Horizon Realty and Development Corp.
950 Third Avenue, 28th Floor
New York, NY 10028

Re: Offering Plan for The Crosby Condominium
Certain Income Tax Consequences

Gentlemen:

You have requested our opinion concerning (i) the deductibility for Federal, New York State and New York City income tax purposes, of mortgage interest and real estate taxes paid by individual residents of New York (the "Owners") who purchase residential units ("Residential Units") pursuant to the above-referenced Offering Plan (the "Plan"), and (ii) the income tax treatment to The Crosby Condominium (the "Condominium") of the assessments payable by unit owners to meet common expenses of the Condominium ("Common Charges").

The Plan provides for the establishment of condominium ownership of the land and building, and improvements thereto, comprising The Crosby Condominium, situated at 81 Spring Street a/k/a 76 Crosby Street, New York, New York. The Condominium will be comprised of six Residential Units, one commercial unit ("Commercial Unit"), and the common elements (the "Common Elements").

In connection with this opinion, we have reviewed the Plan (including the exhibits thereto). The opinions expressed herein are based upon the assumptions that the Plan becomes effective and is consummated in accordance with its terms, condominium ownership of Residential Units located in the premises known as The Crosby Condominium, situated at 81 Spring Street a/k/a 76 Crosby Street, New York, New York (the "Property") is established under applicable law and the legal consequences of the Plan are as described therein. All capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the Plan. The opinions expressed herein are further based upon the assumption that in the event the Condominium Board is ineligible to make a Section 528 election (as hereinafter defined), the Condominium Board will be treated as a partnership for Federal income tax purposes and will not affirmatively elect to be treated as a corporation for Federal income tax purposes.

I. The Owner

Under the Plan:

A. an Owner will own fee title to his Residential Unit;

B. until such time as each Residential Unit is separately assessed and billed for New York City real estate taxes, such real estate taxes will be paid by the Condominium Board* and collected from all Owners by apportioning the Property's real estate taxes between the Residential Units and all other Units based on an appraisal of an independent firm of their relative assessed values had they been separately assessed. The real estate taxes for all Residential Units will then be further apportioned in the proportion that each Residential Unit's initial offering price in Schedule A bears to the initial offering prices of all Residential Units in said schedule;

C. once the City of New York has separately assessed and billed the real estate taxes to each Unit, each Owner will be directly liable for the real estate tax assessment with respect to his Residential Unit, but not with respect to any other Unit;

D. subject to certain restrictions, an Owner may mortgage this Residential Unit as he wishes, and the Residential Unit will not be subject to the lien of any mortgage placed on other Units; and

E. an Owner may separately transfer his Residential Unit, subject, with certain exceptions, to certain rights of the Condominium Board.

Based upon the foregoing, it is our opinion that an Owner who itemizes his deductions may, under present income tax laws and regulations, deduct from his income for Federal, New York State and New York City income tax purposes (i) real estate taxes assessed against the Owner's Residential Unit and paid or incurred by the Owner, and (ii) interest paid or incurred by the Owner on any mortgage indebtedness incurred to acquire, construct or substantially improve the Owner's Residential Unit and which is secured by such Residential Unit, provided that (A) the Residential Unit constitutes a "qualified residence," as defined below, (B) the Owner's deduction may be limited to the extent that interest paid or accrued on the aforesaid indebtedness, when added to the Owner's other indebtedness incurred with respect to each "qualified residence," exceeds certain limits (described below) set forth in Section 163(h) of the Internal Revenue Code of 1986, as amended (the "Code"), and (C) the Owner's deduction may further be limited to the extent an Owner's itemized deductions exceed certain limits (described below) set forth in Section 68 of the Code; and subject to the proviso that no deduction will be allowed to a cash basis taxpayer in the year of payment for prepaid interest (except in the case of points paid under certain circumstances). (See Sections 163 (interest), 164 (taxes) and 68 (limitation on itemized deductions) of the Code; Rev. Rul. 64-31, 1964-1 C.B. 300).

A "qualified residence" generally means (i) the Owner's "principal residence," and (ii) one other residence selected by the Owner for the taxable year and, if such residence is rented at any time during the taxable year, such residence must be used for the Owner's "personal purposes" for a number of days which exceeds the greater of 14 days or 10% of the number of days during which such residence is rented at fair rental. (See Code Section 280A.) Section

* For purposes of this opinion, the term Condominium Board shall include the condominium association, if any, for whom the Condominium Board acts.

163(h) of the Code, which concerns the deduction of home mortgage interest, limits the deduction of interest paid or accrued on (i) indebtedness incurred to acquire, construct or substantially improve "qualified residences," and which is secured by such residences, to interest paid or accrued on $1,000,000 of such indebtedness ($500,000 in the case of a married individual filing a separate return), and (ii) indebtedness other than that set forth in clause (i) above, which is secured by "qualified residences" to the lesser of interest paid or accrued on $100,000 of such indebtedness ($50,000 in the case of a married individual filing a separate return) or the amount of such indebtedness which, when added to the indebtedness described in clause (i) above with respect to each "qualified residence, equals the fair market value of such "qualified residence." Section 68 of the Code limits the amount of certain itemized deductions (including interest and taxes) available to individuals whose adjusted gross income exceeds $100,000 ($50,000 in the case of a married individual filing a separate return) (the "Applicable Amount"). If applicable, the itemized deductions for such individuals will be reduced by the lesser of (i) three (3%) percent of the excess of adjusted gross income over the Applicable Amount (the Applicable Amount being adjusted for inflation); or (ii) eighty (80%) percent of the amount of itemized deductions otherwise allowable. Counsel expresses no opinion whether, to what extent, or in what manner the foregoing limitations may apply to individual Owners.

With respect to individuals resident in New York City, the New York State and New York City income tax laws incorporate by reference (with certain modifications) Federal itemized deductions in regard to a resident individual. (See N.Y. Tax Law, Chapter 60, Article 22, Section 615; N.Y.C. Admin. Code, Title 11, Chapter 17, Section 11-1715.) With respect to all domestic (New York) corporations and foreign (non-New York) corporations which engage in activities within New York State and New York City, a franchise tax is imposed on the portion of Federal taxable income (with certain modifications) allocable to New York State and New York City, respectively. (See N.Y. Tax Law, Chapter 60, Article 9-A, Section 209; N.Y.C. Admin. Code, Title 11, Chapter 6, Section 11-603.) Hence, the Federal authorities referred to herein should, for the most part, apply under the New York State and/or New York City income tax statutes.

If the Condominium Board merely will be acting as a collection agent for the Owners during the period prior to separate assessment and billing of real estate taxes, the Owners should be able to deduct the real estate taxes paid by them during this period, although we express no opinion on this point. (Cf. Hradesky v. Commissioner, 65 T.C. 87 (1975), aff'd per curiam 540 F.2d 821 (5th Cir. 1976); Rev. Rul. 78-103, 1978-1 C.B. 58.) Moreover, a portion of a particular Owner's claimed deduction might be disallowed to the extent that the taxes ultimately assessed against his Unit are less than the amount he paid. (Cf. Virginia M. Cramer v. Commissioner, 55 T.C. 1125 (1971), acq. 1971-2 C.B. 2; Treasury Regulation Section 1.164-1(a).) In the event that the ratio of the taxes assessed to the Owner's Unit to all other Units differ from the basis on which real estate taxes were apportioned before Units are separately assessed and billed, then the amount paid previously on account of real estate taxes will be reapportioned, which in turn may require an adjustment to the Owner's tax return.

II. Common Charges

Under the Plan, the Condominium Board will, from time to time, assess the Common Charges against the Owners generally in proportion to their respective percentage interests in the Common Elements in order to pay the costs and expenses of operating, repairing and maintaining the Common Elements. The Condominium Board will also establish a Working Capital Fund, which will be funded by assessments to the Unit Owners generally in proportion to their respective percentage interests in the Common Elements, to be used exclusively for making capital repairs, replacements, or improvements.

The Condominium Board, if considered a separate entity for Federal income tax purposes, will be treated as a partnership under the entity classification provisions set forth in Treasury Regulation Section 301.7701-3. Thus, all income earned by the Condominium Board, less the applicable expenses of earning such income, would be deemed income to the Owners and taxable to them. In such a case, the Common Charges and the contributions to the Working Capital Fund (if any) would not be considered income to the Condominium Board. (See Seven-Up Company v. Commissioner, 14 T.C. 965 (1950); Broadcast Measurement Bureau, Inc. v. Commissioner, 16 T.C. 988 (1951); Dri-Power Distributors Association Trust v. Commissioner, 54 T.C. 460 (1970); Greater Pittsburgh Chrysler Dealers Assn. v. U.S., 77-1 USTC 9293 (D.C. Pa. 1977).

To the extent contributions to the Working Capital Fund and any portion of the Common Charge receipts that are segregated and used to finance specified capital expenditures or reserves, such amounts (although we express no opinion on this point) should not constitute gross income to the Condominium Board either because such amounts are deemed to be nontaxable contributions to the capital of the homeowners association (Rev. Rul. 74-563, 1974-2 C.B. 38; Rev. Rul. 75-371, 1975-2 C.B. 52; Lake Petersburg Ass'n v. Commissioner, 33 TCM 259; cf. Concord Village, Inc. v. Commissioner 65 T.C. 142 (1975)), or because the Condominium Board is deemed to receive and hold such amounts as agent for the Owners from whom the assessments were collected (Rev. Rul. 75-370, 1975-2 C.B. 25; Rev. Rul. 70-604, 1970-2 C.B. 9). The Internal Revenue Service may contend, however, that even if such Common Charges or contributions to the Working Capital Fund constitute contributions to the capital of the homeowners association, when such amounts (together with any funds accumulated by the homeowners association) are expended for capital improvements, the Owners have received a benefit and should therefore be subject to tax on their proportionate share thereof. On the other hand, if any "excess" assessments were either promptly returned to the Owners or used to reduce the next year's assessments, such "excess" should not be subject to tax. (See Rev. Rul. 70-604, 1970-2 C.B. 9.)

In the event that the Owners were required to pay further Common Charges to fund any Federal, New York State and/or New York City income tax liability of the Condominium Board, such further Common Charges may be deemed to constitute either additional income to the Condominium Board (upon which additional Federal, New York State and/or New York City

income taxes may be imposed), or contributions to the capital of the Condominium Board. (See Old Colony Trust Co. v. Commissioner, 279 U.S. 716 (1929).)

In an effort to resolve any uncertainty, Congress added Section 528 to the Code pursuant to which the Condominium Board, if qualified as a "homeowners association" (as defined in Section 528(c) of the Code), may elect to be treated as a tax exempt organization and exclude from income the Common Charges payable by the Owners. In the event the Condominium Board qualifies to make the election and the election is made, the Condominium Board will not be taxed on "exempt function income" (defined below), but will be taxed on all other income. Counsel typically recommends that if a homeowner's association qualifies to make the election, that the election be made; however, we express no opinion as to whether an election should be made in the instant case. In the event the Condominium Board does not make the Section 528 election or is ineligible to make the election, the Condominium Board will be treated as a partnership for Federal, New York State and New York City income tax purposes, as discussed above.

Section 528(c)(1) of the Code generally provides that the term "homeowners association" means an organization, including an organization that qualifies as a "condominium management association," if: (A) such organization is organized and operated to provide for the acquisition, construction, management, maintenance, and care of association property, (B) sixty percent or more of the gross income of such organization for the taxable year consists solely of amounts received as membership dues, fees, or assessments from owners of residential units, (C) ninety percent or more of the expenditures of the organization for the taxable year are expenditures for the acquisition, construction, management, maintenance, and care of association property, (D) no part of the net earnings of such organization inures (other than by acquiring, constructing, or providing management, maintenance, and care of association property, and other than by a rebate of excess membership dues, fees, or assessments) to the benefit of any private shareholder or individual, and (E) such organization properly elects to have Section 528 of the Code apply for the taxable year.

Section 528(c)(2) of the Code provides that the term "condominium management association" means any organization meeting the requirement of subparagraph (A) of the preceding paragraph with respect to a condominium project "substantially all" of the units of which are used by individuals for residences. Treasury Regulation Section 1.528-4(b) provides that "substantially all" of the units of a condominium management association will be considered as used by individuals for residences if at least 85 percent of the total square footage of all units within the project are used by individuals for residential purposes (the "85% test"). Treasury Regulation Section 1.528-4(d) provides that a unit will not be considered used for residential purposes if, for more than one-half the days in the homeowners association's taxable year, such unit is occupied by a person or series of persons each of whom occupies such unit, or building, for less than thirty days.

Section 528(d)(3) of the Code provides that the term "exempt function income" means any amount received as membership dues, fees, or assessments from owners of condominium

housing units in the case of a condominium management association, and Treasury Regulation Section 1.528-9(a) provides that for purposes of Section 528, "exempt function income" consists solely of income which is attributable to membership dues, fees or assessments of owners of residential units in their capacity as owner-members rather than in some other capacity, such as customers for services. Furthermore, income attributable to dues, fees, or assessments will not be considered exempt function income unless each member's liability for payment arises solely from membership in the association. However, any income from sources other than qualifying dues, fees or assessments, such as investment income, would be taxed to the Condominium Board for Federal income tax purposes at a flat rate of 30 percent.

Schedule A to Plan sets forth the aggregate square footage of the Property as allocated between the Commercial Unit and the Residential Units. As indicated therein, more than fifteen (15%) percent of total square footage of all of the Units will be comprised of the Commercial Unit. Accordingly, "substantially all" of the square footage of all units within the Condominium are not used by individuals for residential purposes and, thus, the Condominium Board will not qualify to make the Section 528 election to qualify as a tax exempt organization. As a result, the Condominium Board will be treated as a partnership for Federal income tax purposes and all income earned by the Condominium Board, less applicable expense of earning such income, would be deemed income to the Owners and thus taxable to them. As discussed above, the Common Charges and any contributions to the Working Capital Fund will not be considered income to the Condominium Board.

We express no views as to any Federal, New York State, New York City tax consequences or as to any aspects of the Plan other than those explicitly discussed in this opinion, or as to the tax status and tax consequences of the Plan under the laws of any other U.S. or foreign jurisdiction. This opinion does not address the tax consequences which might result with respect to Units held in connection with a trade or business, Units held for purposes of investment or the production of income, Units held by a foreign person by reason of his foreign status, or ownership of a Commercial Unit. This opinion also does not address the tax consequences which might arise if Units were acquired and/or leased by the Condominium Board. We therefore strongly advise each person contemplating the purchase of a Unit to consult his own tax advisor as to all such tax matters (including the tax matters discussed in this opinion).

We make no warranty that the Internal Revenue Service, the New York State Department of Taxation and Finance or the New York City Department of Finance will accept any or all of the views stated above. Moreover, the Federal, New York State and New York City tax laws and regulations (and the rulings and decisions thereunder) may change and thereby affect, in whole or in part, the views stated above in a manner adverse to you and the Owners. We undertake no obligation to update, modify or supplement this opinion in the event of any such change in applicable law.

We consent to the incorporation of this opinion as an exhibit to the Plan and to the references to our name in the Plan.

Very truly yours,

GREENBERG TRAURIG, LLP

OPINION OF COUNSEL REGARDING ALLOCATION OF COMMON INTERESTS

April 1, 2001

81 Spring Realty LLC
c/o Horizon Realty & Development Corporation
950 Third Avenue, 28th Floor
New York, New York 10028

Re: The Bayard House
81 Spring Street
New York, New York

Gentlemen:

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

In connection with rendering this opinion we have reviewed the allocation of Common Interests as shown on Schedule A of the Plan and the Declaration establishing the Condominium, which Schedule A was prepared for you by Brown Harris Stevens Appraisal and Consulting, LLC ("Brown Harris"). We have also considered the relevant sections of the New York State Condominium Act and such other materials as we deemed relevant. Our opinion is based upon the factual determinations made by Brown Harris as set forth in its opinion (the "Brown Harris Opinion") contained in the Plan as required by NYCRR Section 20.3(i). We have made no independent investigation of the truth or accuracy of the factual determinations of Brown Harris.

Based on our review of the foregoing, we have determined that Common Interests were allocated by Brown Harris pursuant to the method set forth in Real Property Law ("RPL") Section 339-i (1)(iv), i.e., based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use and the overall dimensions of the particular Unit.

Accordingly, based on the Brown Harris Opinion, it is our opinion that Real Property Law Section 339-i has been complied with in assigning Common Interests to the Units. This opinion, while based upon existing rules of law applied to the facts and documents referred to above, is not a guarantee to you or to purchasers or prospective purchasers or any other party. In no event will the Sponsor or Greenberg Traurig, LLP be liable if there are changes in the facts on which we have relied in issuing this opinion or if there are changes in RPL Section 339 or other applicable law.

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

Very truly yours,

GREENBERG TRAURIG, LLP

By:_____

WORKING CAPITAL FUND

Sponsor will, prior to the First Closing of title to a Unit, advance $10,000 to the Condominium for its Working Capital Fund. Each Purchaser of a Unit will be required, at Closing, to pay to the Condominium a sum equal to two months Common Charges which amount will be used to reimburse Sponsor, in part, for the advance.

The Working Capital Fund will be increased, or decreased (as the case may be), depending upon whether the closing adjustments referred to below result in a net credit in favor of the Condominium Board or Sponsor, respectively. If the closing adjustments result in a net credit in favor of Sponsor in excess of $2,500, the payment of the balance owing shall be deferred and paid to Sponsor by the Condominium Board in twelve (12) equal, consecutive monthly installments with interest at ten (10%) percent per year as discussed below.

The Working Capital Fund may be held or used, for working capital, to make repairs and/or for such other appropriate purposes permitted under the Declaration and the By-Laws as will be determined by the Condominium Board, in its sole discretion. It may not be used to reduce projected Common Charges in the Plan while Sponsor remains in control of the Condominium Board.

UNTIL SPONSOR NO LONGER HAS THE RIGHT TO ELECT A MAJORITY OF THE MEMBERS OF THE CONDOMINIUM BOARD WHO ARE RELATED TO OR AFFILIATED WITH SPONSOR, SPONSOR WILL BE ABLE, THROUGH ITS CONTROL OF THE BOARD, TO DETERMINE WHETHER THE WORKING CAPITAL FUND IS USED TO DEFRAY INCREASES IN THE PROJECTED COMMON CHARGES IN THE PLAN. HOWEVER, A SPONSOR-CONTROLLED CONDOMINIUM BOARD WILL NOT USE THE WORKING CAPITAL FUND TO REDUCE THE COMMON CHARGES PROJECTED IN THE PLAN. IN ADDITION, THE ENTIRE WORKING CAPITAL FUND MAY BE EXPENDED BY THE CONDOMINIUM BOARD WHILE IT IS STILL CONTROLLED BY SPONSOR.

No representation is made that the Working Capital Fund will be, or is intended to be, adequate to cover expenses for the first or any subsequent year of Condominium operation, including, without limitation, the cost of any necessary repairs or replacements. If additional funds are required over and above the Working Capital Fund and the Reserve Fund is inadequate or unavailable, it may be necessary to increase the Common Charges. Please be advised that neither the Department of Law nor any other government agency has passed upon the adequacy of the Working Capital Fund.

THE RESIDENTIAL UNITS AND THE BUILDING ARE OFFERED IN THEIR CURRENT "AS IS" CONDITION AS SET FORTH IN THIS OFFERING PLAN (SUBJECT TO REASONABLE WEAR AND TEAR AND NATURAL DETERIORATION), WITHOUT ANY OBLIGATION BY SPONSOR TO MAKE ANY REPAIRS OR IMPROVEMENTS, EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE PLAN AND IN "SPONSOR'S STATEMENT OF BUILDING CONDITION." NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENT AGENCY HAS PASSED UPON THE ADEQUACY OF THE WORKING CAPITAL FUND (DISCUSSED ABOVE) OR ON THE PHYSICAL

CONDITION OF THE RESIDENTIAL UNITS OR THE BUILDING. NOTHING CONTAINED HEREIN SHALL EXCUSE SPONSOR FROM ITS CERTIFICATION IN Document 12A OF COMPLIANCE WITH ARTICLE 23-A OF THE GENERAL BUSINESS LAW.

The By-Laws provide that until the sooner to occur of the fifth anniversary of the First Closing or the closing of title to fifty (50%) percent of the Residential Units in number and in aggregate Common Interests attributable to all Residential Units, the Condominium Board may not, without the prior written consent of Sponsor or any other Unsold Residential Unit Owner, (i) assess any Common Charges or Special Assessment for the purpose of (A) making improvements, alterations or additions to the Common Elements unless required by law or necessary for the health or safety (but not the general comfort or welfare) of the Unit Owners or (B) establishing, replacing or adding to any reserves (for capital replacements or otherwise) other than a twelve (12) month reserve for contingencies not exceeding five (5) percent of the budgeted operating expenses for the ensuing twelve (12) months of operation; or (ii) increase the number or change the type of employees from those described in the notes to "Schedule B - Projected Budget for First Year of Condominium Operation"; or (iii) enter into any service or maintenance contract costing in excess of $2,000 per year in addition to those described in said Schedule B; or (iv) borrow money on behalf of the Condominium.

Notwithstanding the foregoing, the Condominium Board may take the actions in clauses (i) through (iv) above (A) if the cost of such actions, when added to all other budgeted operation expenses, shall not result in increasing the Common Charges for any year of operation by more than five (5%) percent above the previous year's Common Charges, (B) to comply with applicable laws or regulations, (C) to remedy any notice of a violation or (D) to remedy a proper work order of an insurer of the Building.

Closing Adjustments between the Board and Sponsor

Immediately prior to the First Closing, Sponsor shall apportion the following items with the Condominium Board as of the day immediately preceding the closing all of which may result in reductions of the Working Capital Fund:

(a) employees' wages, vacation and severance pay, pension and welfare benefits and all other payments or obligations relative to all employees of the Building, if any;

(b) fees for assignable permits and licenses, if any;

(c) cost of fuel plus sales tax;

(d) charges for electricity and gas and other utilities for the Common Elements;

(e) payments under assignable service and maintenance contracts and concession agreements, if any;

(f) cost of building supplies on hand, at Sponsor's cost, plus sales tax, (a representative of the Condominium Board may be present to make an inventory of such supplies);

(g) premiums for transferable insurance policies provided the coverage is as set forth in the footnotes to Schedule B - Projected Expenses for First Year of Condominium Operation; and

If the closing adjustments discussed above result in a net credit in favor of the Condominium, Sponsor shall make a contribution to the Working Capital Fund in the amount of such net credit. If, however, the closing adjustments result in a net credit in favor of Sponsor, the amount of the Working Capital Fund will be decreased by the amount of such net credit, but only to the extent that the same does not exceed $2,500. If the net credit exceeds $2,500, the Working Capital Fund will be reduced by $2,500 and the amount of the net credit in excess of $2,500 will be paid to Sponsor by the Condominium Board, with interest at the annual rate of ten (10%) percent, in twelve (12) equal, consecutive monthly installments commencing the first day of the first calendar month after the First Closing pursuant to the terms of twelve (12) negotiable, serial, promissory notes to be executed by the Condominium Board at the First Closing in favor of Sponsor. Each serial promissory note will contain a provision allowing Sponsor to accelerate the note's maturity date in the event of a default under any other serial promissory note. The Condominium Board will be entitled to prepay each serial promissory note in full only, at any time and without penalty.

At this time, Sponsor is not able to determine whether the net credits to Sponsor will exceed $2,500.00.

MANAGEMENT AGREEMENT, CONTRACTS AND LEASES

Management Agreement

On the Closing Date, the Condominium Board will enter into a Management Agreement for the Residential Units with Horizon Realty and Development Corp., 950 Third Avenue, 28th Floor, New York, New York 10028 (the "Managing Agent"). Horizon Realty and Development Corp. is also acting as the Selling Agent under the Plan and its principal, John Jacobson, is also a member of Sponsor.

The Management Agreement shall be for an initial, term of one (1) year and will be automatically renewed monthly thereafter until canceled by either party on at least thirty (30) days' prior written notice. In addition, the Condominium Board shall have the right to cancel the Management Agreement for cause upon giving not less than thirty (30) days' prior written notice. The Management Agreement is not assignable.

The Managing Agent will receive an annual fee for its services to the Condominium Board of $15,000 The annual fee will be payable on a monthly basis. The annual fee covers services rendered in connection with unemployment insurance, social security tax, withholding taxes and hospitalization and disability insurance. Each Unit Owner (other than an Owner of Unsold Units) will pay the Managing Agent a fee in an amount determined by the Agent (not to exceed $500) for services rendered in connection with processing an application of, and the transfer of title to, a person to whom a Unit is sold. The Managing Agent will also be entitled to a fee of $300 from Unit Owners (other than Owners of Unsold Units) for services rendered in connection with the subletting of a Unit.

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

1. Bill and collect Common Charges and other charges and, if authorized by the Condominium Board, institute legal proceedings against Unit Owners in default in payment of Common and other charges.

2. Cause the Residential Units and Common Elements to be maintained, repaired and altered in the condition deemed advisable by the Condominium Board, except that the approval of the Condominium Board is necessary for any expenditure of over $2,000 for any one item of ordinary repairs or alterations (other than emergency repairs).

3. Contract for necessary services for the Residential Units and Common Elements, such as electricity, gas, window cleaning, exterminator service, and fuel oil, but no such contract shall be for a term longer than two (2) years or require annual payments in excess of $2,000 (apart from a fuel contract) unless authorized by the Condominium Board.

4. Purchase all supplies necessary to properly maintain and operate the Residential Units and Common Elements.

5. Check all bills received in connection with the operation of the Residential Units and Common Elements and cause to be paid all such bills and other expenses.

6. Supervise, pay, hire and discharge employees.

7. Maintain and render monthly statements of receipts and disbursements.

8. Prepare payrolls, maintain payroll records and file withholding tax statements for employees

9. Obtain and maintain fire, liability, and other insurance and in such amounts, as may be designated by the Condominium Board.

10. Maintain an accurate set of books or records (other than books of account to be maintained by the Condominium Board accountants) and orderly files of rent records, insurance policies, receipted bills, etc.

11. If requested by the Condominium Board accept applications and references from all prospective Purchasers and submit same to the Condominium Board.

12. Prepare and submit annually to the Condominium Board an operating budget of the anticipated income and expenses for the ensuing year.

13. Attend meetings of the Condominium Board and Unit Owners.

The annual certified financial statement of the Condominium Board will not be prepared by the Managing Agent, but instead will be prepared by an independent certified public accountant engaged by the Condominium Board at the Condominium Board's expense.

All expenses incurred by the Managing Agent in performance of its duties shall be paid by the Condominium Board, which will also indemnify the Managing Agent against any liability for acts properly performed by it pursuant to the Management Agreement or the Condominium Board's instructions or for injury to person or property not resulting from the Managing Agent's gross negligence or willful failure to comply with its obligations under the Management Agreement.

At the request of the Condominium Board, the Managing Agent will deliver to it a fidelity bond of not less than $50,000 insuring the Condominium Board against any loss suffered as a result of the dishonest or fraudulent acts committed by the Managing Agent or its employees. The cost of the bond will be borne by the Condominium Board.

Contracts

No service agreements to be made by Sponsor and to be binding on the Condominium Board shall be for a term exceeding five (5) years after the First Closing in amounts greater than $2,500.00 per annum or with Sponsor and its affiliates, except the Management Agreement.

Leases

No leases will be assigned to the Condominium. The lease for the Commercial Unit, described in "Commercial Unit" will be retained by Sponsor and its successors.

IDENTITY OF PARTIES

Sponsor

Sponsor, 81 Spring Realty LLC, is a limited liability company organized and existing under the laws of the State of New York maintaining its principal office for the transaction of business at c/o Horizon Realty and Development Corp., 950 Third Avenue, 28th Floor, New York, NY 10028. The limited liability company is comprised of several member-investors who contribute capital to Sponsor. Sponsor has designated 81 Spring Realty Corp., a corporation, as the Manager of the limited liability company responsible for the conduct of all business affairs of Sponsor. It's officers are John Jacobson, President, Rod Raskin, Vice-President/Secretary and Steven Bobrow, Treasurer.

The principals of Sponsor are:

(i) John Jacobson has a business address c/o Horizon Realty & Development Corp., 950 Third Avenue, 28th floor, New York, New York. Mr. Jacobson has been involved in the real estate business since 1993 in a variety of capacities, the latest of which is as a partner of Horizon Realty & Development Corp., a real estate management, development and brokerage firm.

(ii) Rod Raskin has a business address c/o Horizon Realty & Development Corp., 950 Third Avenue, 28th floor, New York, New York. Mr. Raskin has been involved in the real estate business for more than 25 years. His experience includes sales and leasing of real estate and marketing of new construction projects He is currently a partner of Horizon Realty & Development Corp.

(iii) Steven Bobrow has a business address c/o Horizon Realty & Development Corp., 950 Third Avenue, 28th floor, New York, New York. Mr. Bobrow is an experienced real estate developer having been involved for more than 20 years in the development of properties located all over the country including development of sites for Home Depot and Circuit City Stores. He is currently involved in several developments including The Bayard House.

John Jacobson, a principal of Sponsor is also a principal involved with the condominium offering plans for the properties located at 60 Greene Street and 291 Seventh Avenue. The offering plans for both properties have been accepted for filing by the Attorney General and all of the units at both properties have closed, with the exception of one unit scheduled to close by the end of May, 2001. The condominium offering plans for both properties are on file and available for review at the office of the Attorney General. The Attorney General's file reference numbers are CD-980095 and CD-990041 for 60 Greene Street and 291 Seventh Avenue, respectively.

Selling Agent

The Selling Agent is Horizon Realty And Development Corporation, 950 Third Avenue, 28th Floor, New York, New York 10028. Horizon Realty and Development Corp. is a Member of Sponsor. John Jacobson is a principal of the Selling Agent and is also a Member of Sponsor. Mr. Jacobson is a registered real estate broker in the State of New York.

Managing Agent

At the time of recordation of the Declaration, the Condominium Board will enter into a Management Agreement with Horizon Realty and Development Corp., 950 Third Avenue, 28th Floor, New York, New York 10028. Horizon possesses two years of experience managing 60 Greene Street and 291 Seventh Avenue. John Jacobson is a principal of the Managing Agent and is also a Member of the Sponsor.

Architect

Arpad Baksa Architect, P.C. ("Sponsor's Architect"), 25 West 43rd Street, Suite 1616, New York, New York 10036, was retained by Sponsor to provide a report of the physical condition of the premises. The specifications for the mechanical equipment described in the report were provided by consultants retained by Sponsor's Architect. Sponsor's Architect has participated in numerous conversions of loft buildings including obtaining approvals from the LPC and has prepared reports for several prior condominium offering plans. The report is included in Part II of the Plan. Sponsor's Architect has no financial interest in the Property, Sponsor, the Condominium, the Condominium Board, the Selling Agent, the Managing Agent or any other party interested in this transaction, except for its fee for services rendered in connection with preparation of the report.

Attorneys

Sponsor is represented by Greenberg Traurig, LLP, at 200 Park Avenue, New York, New York 10166. The Plan and supporting documents were prepared by Joseph Kishel, Esq. on behalf of Sponsor and at Sponsor's direction. The firm's fees will be paid by Sponsor. It is expected and suggested that prospective Purchasers will seek advice from counsel of their own choosing.

REPORTS TO UNIT OWNERS

All Unit Owners will be entitled to receive annually from the Board of Managers copies of the following:

A. A copy of the proposed annual budget for the Condominium to be received at least fifteen (15) days prior to its anticipated adoption by the Board. For so long as Sponsor controls the Board of Managers, the budget shall be certified as to its adequacy in accordance with the Attorney General's regulations.

B. An annual financial statement prepared by an independent certified public accountant to be received by April 1st of each year if the Condominium is on a calendar fiscal year or within four (4) months after the end of the financial year, whichever is adopted by the Board of Managers. So long as Sponsor is in control of the Board, such statement shall be certified.

C. Notice of the holding of an annual meeting of Unit Owners for the purpose of electing a new Board of Managers. The meeting is to be held within approximately thirty days of the anniversary of the prior annual meeting each year as shall be determined by the Board of Managers and written notice of the meeting shall be provided in the manner prescribed in the By-Laws.

These dates and procedures may be changed in the manner prescribed in the By-Laws.

DOCUMENTS ON FILE

In accordance with Section 352-e(9) of the General Business Law, copies of the Plan, all documents referred to herein and all relevant exhibits submitted to the Department of Law regarding the Plan shall be available for inspection without charge, and for copying at a reasonable charge by prospective Purchasers and by any person who shall have purchased securities offered by the Plan or shall have participated in the offering of such securities, at the office of the Selling Agent, Horizon Realty and Development Corporation, 950 Third Avenue, 28th Floor, New York, New York 10028, as well as the offices of Sponsor's Attorney, Greenberg Traurig, LLP, at 200 Park Avenue, New York, New York 10166, and shall remain available for such inspection for a period of six (6) years from the First Closing. Sponsor shall, at the time of the First Closing, deliver to the Condominium Board copies of all documents recorded in the office of the Register of New York County in connection with this offering, consisting of the Declaration, the By-Laws and the Floor Plans.

GENERAL

The Plan does not knowingly omit any material fact or knowingly contain any untrue statement of a material fact. The Plan does not contain a full summary (but does contain a fair summary) of all the provisions of the various documents referred to herein. Statements made as to the provisions of such documents are qualified in all respects by the contents of such documents.

The Building is currently vacant but was most recently used as a storage warehouse for pots and pans. To the best of Sponsor's knowledge, the Building, has not been the subject of any prior cooperative or condominium offering. There are no lawsuits, administrative proceedings or, other legal proceedings now pending, or any judgments outstanding, against Sponsor, or any person or persons which might become a lien against the Property or which might materially affect Sponsor's capacity to perform its obligations under the Plan or with respect to the Property, the Condominium, or the operation thereof, except as may be expressly set forth in the Plan.

In accordance with the provisions of the laws of the State and City of New York, neither Sponsor nor any selling agent engaged by Sponsor will discriminate against any person because of sex, age, race, creed, color, national origin, ancestry, disability, marital status or other ground prohibited by law in the sale of the Units offered by Sponsor pursuant to the Plan, or in the leasing of any such Units or any other portion of the Building.

Sponsor reserves the right substantially to revise the terms and conditions upon which Units are to be sold under the Plan, including revisions affecting the rights, obligations and liabilities of Sponsor, Purchasers, or prospective Purchasers, without obtaining the consent of Purchasers or others. However, Sponsor may neither unilaterally cancel an outstanding Purchase Agreement, except as therein provided (such as in the case of an uncured default), nor unilaterally change the Purchase Price or the payment terms contained in such a Purchase Agreement. All substantive or material revisions will be contained in a duly filed amendment to the Plan. In the case of a material revision adversely affecting the rights, obligations or liabilities of then existing Purchasers or reducing the undertakings or obligations of Sponsor, such Purchasers will be given the right to rescind their Purchase Agreements and be refunded all monies paid thereunder (with any interest earned thereon) within fifteen (15) days after the presentation of the amendment. However, rescission, as to a Purchaser who is occupying a Residential Unit pursuant to an Interim Lease will be conditioned on the cancellation of such Interim Lease and surrender of possession of the Residential Unit within ninety (90) days thereafter.

No person has been authorized to make any statement or representation which is not expressly contained herein. Information, data or representations not contained herein or in the exhibits referred to herein must not be relied upon. The Plan may not be changed or modified orally.

SPONSOR'S STATEMENT OF PRESENT BUILDING CONDITION

Sponsor hereby adopts the "Description of Property and Building Condition" and the Asbestos Report set forth in Part II of the Plan and represents that Sponsor does not know of any material defects or need for material repairs except: (i) as indicated in the "Description of Property and Building Condition" or included in "Schedule B - Budget for First Year of Condominium Operation," described elsewhere in the Plan, (ii) items customarily corrected by routine maintenance or (iii) those alterations to be made by Sponsor to obtain a permanent certificate of occupancy as provided in the Plan.

As of the date the Plan was first submitted to the Department of Law, Sponsor's knowledge of the presence of lead-based paint and/or lead-based paint hazards at the Building is based upon the age of the Building and a visual inspection by engineers as part of an overall environmental inspection. Therefore, no testing for the presence of lead-based paint has been performed but due to the age of the Building the presence of lead-based paint is presumed. Any knowledge, records or reports of the presence of lead-based paint and/or lead-based paint hazards that hereafter become known or available to Sponsor will be disclosed to each prospective Purchaser under the Plan as and to the extent required by applicable law, but need not be disclosed in an amendment to this Plan.

Prospective Purchasers contemplating alterations which penetrate or disturb the painted surfaces of their Units should consult with a qualified consultant or contractor for the recommended protocol to perform the alteration and avoid potential lead dust contamination.

As of the date of this Plan, Sponsor has commenced the proposed work necessary to rehabilitate the Building and Sponsor anticipates that renovations will be completed by September of the year 2001.

The Property is offered in its current "as is" condition as of the date of presentation of the Plan, subject to reasonable wear and tear and natural deterioration, except for the improvements and repairs Sponsor must perform in order to obtain a certificate of occupancy authorizing the proposed use and occupancy of the Building. Neither Sponsor nor the Condominium Board will have any obligation to make repairs or improvements within individual Residential Units. The Sponsor will maintain and operate the Building until the First Closing in substantially the same manner and condition it is on the date of presentation of the Plan, except to the extent that Sponsor is precluded from so doing by acts of God, fire, storm or other casualty, strikes, lockouts, labor difficulties, riots, insurrection, inability to obtain materials, equipment or labor, governmental restrictions or any other acts over which Sponsor is reasonably unable to exercise control and provide the Condominium Board, on or prior to the First Closing, with a temporary or permanent certificate of occupancy (for all or part of the Building) and current permits, certificates and inspection reports required by applicable law or code. If for any of the reasons set forth in the preceding sentence, other than fire or other casualty, Sponsor is prevented from maintaining the Building (or causing it to be maintained), Sponsor shall make or cause to be made, within a reasonable period of time after such act ceases to exist, any repairs subsequent to the First Closing it was obligated to cause to be made prior to the First Closing.

In order to obtain a certificate of occupancy, Sponsor will cure all violations of record. Refer to the Description of Property and Building Condition prepared by Arpad Baksa Architect, P.C. (located in Part II of the Plan) for a list of all violations of record and a discussion of the status of Sponsor's application for a building permit.

Sponsor anticipates that work required for a temporary certificate of occupancy for all dwelling units existing or to be created on floors two through six will be substantially completed by September of the year 2001. Residential Units may be occupied for up to two years under periodic renewals of a temporary certificate of occupancy.

Dated: New York, New York

SPONSOR:

81 SPRING REALTY LLC

PART II

DOCUMENT NUMBER 1

PURCHASE AGREEMENT

DOCUMENT NUMBER 1

PURCHASE AGREEMENT

Purchaser,

with

81 SPRING REALTY LLC

Sponsor.

For Unit Number _____at:
The Bayard House
81 Spring Street a/k/a 76 Crosby Street
New York, New York 10013

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PURCHASE AGREEMENT

For Unit Number _____ at:

The Bayard House

81 Spring Street a/k/a 76 Crosby Street

New York, New York

(Please execute in quadruplicate)

THIS AGREEMENT is made as of _____,200_, by and between 81 Spring Realty LLC, a New York limited liability company, having an office c/o Horizon Realty and Development Corp., 950 Third Avenue, 28th Floor, New York, New York 10028 ("Sponsor") and _____ (having an office) (residing)* at _____ (hereinafter referred to as "Purchaser").

WITNESSETH:

1. Definitions

The following terms shall have the meanings ascribed to them:

(i) **"Building"** shall mean the building known as The Bayard House, 81 Spring Street a/k/a 76 Crosby Street, New York, New York.

(ii) **"Closing Date," "Closing," "Closing of title"** and words of similar import are used synonymously and mean the settlement of the mutual obligations of Sponsor and Purchaser under this Purchase Agreement, including the payment to Sponsor of the Purchase Price and the delivery to Purchaser of the deed transferring full ownership (fee simple title) to the Unit on the terms set forth in this Agreement.

(iii) **"Condominium"** shall mean The Bayard House.

(iv) **"Declaration"** shall mean the Declaration of The Bayard House, establishing condominium ownership of the Property.

(v) **"Escrow Agent"** shall mean Greenberg Traurig, LLP, 200 Park Avenue, New York, New York 10166.

(vi) **"Plan"** shall mean the Offering Plan for Condominium ownership of the Property and any amendments thereto filed prior to the date upon which Purchaser signs this Agreement.

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* Delete whichever is inapplicable.

(vii) **"Property"** shall mean the Building and the land upon which it is erected, which land is more particularly described in Schedule A hereto.

All other terms not defined elsewhere in this Purchase Agreement shall have the meanings ascribed to them in the Plan.

2. Plan

Purchaser acknowledges either:

(i) * having received the Plan at least three (3) full days prior to Purchaser's signing and submitting this Purchase Agreement and Purchaser's Downpayment check; or

(ii) * if, and only if, Purchaser has not received the Plan at least 3 full days prior to submitting this Purchase Agreement and Purchaser's Downpayment check, that Purchaser may rescind this Purchase Agreement within seven (7) days of submission of the Plan to Purchaser by sending written notice of his rescission to the Selling Agent by certified or registered mail, return receipt requested, or by personal delivery to the Selling Agent.

Purchaser hereby adopts, accepts and approves the Plan (including, without limitation, the proposed Condominium Documents contained in Part II of the Plan) and agrees to abide and be bound by the terms and conditions thereof, as well as all amendments to the Plan duly filed by Sponsor (including, without limitation, amendments involving any changes, modifications, or updating of the projected Common Charges, the projected real estate taxes to be paid by Purchaser, or Schedule B, the "Projected Budget for the First Year of Condominium Operation"). Any such amendments shall neither excuse Purchaser from performing Purchaser's obligations hereunder nor entitle Purchaser to any offset or credit against the Purchase Price and may be made by Sponsor without Purchaser's consent or approval. However, if Sponsor files an amendment to the Plan that materially and/or adversely affects Purchaser, Purchaser shall be given 15 days from the date of presentation of the amendment within which to rescind this Agreement and receive a refund of his Downpayment (as defined below). If Purchaser shall be in possession of the Unit pursuant to an Interim Lease (as described in the Plan), it shall be a condition to the return of Purchaser's Downpayment that he deliver vacant possession of the Unit to Sponsor. The Plan is hereby incorporated in this Agreement with the same force and effect as if set forth in its entirety herein. In the event of any inconsistency or conflict between the provisions of this Agreement and those contained in the Plan, the provisions of the Plan shall govern and be binding.

Purchaser acknowledges having had full opportunity to examine all documents, and investigate all statements, made herein and in the Plan.

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* Delete whichever is inapplicable.

3. Agreement to Purchase and Sell

Purchaser agrees to purchase from Sponsor, and Sponsor agrees to sell (or cause to be sold) to Purchaser, the unit designated as Unit Number _____ (hereinafter called the "Unit") in the Declaration, together with its undivided interest in the Common Elements (hereinafter called the "Common Interests") , on, and subject to, the terms and conditions set forth herein.

4. Purchase Price

A. The total Purchase Price for the Unit (exclusive of closing adjustments and costs referred to in Paragraphs 13 and 14 below) is $ _____(hereinafter called the "Purchase Price"), which Purchaser agrees to pay to Sponsor as follows:

(i) $_____(herein called the "Downpayment"), constituting ten (10%) percent of the Purchase Price, is due when Purchaser signs and submits this Agreement, and is to be paid either by Purchaser's good personal check or (at Sponsor's option) Purchaser's good personal certified check or an official cashier's check, receipt of which (subject to collection) is hereby acknowledged by Sponsor; and

(ii) $_____(hereinafter called the "Balance") constituting the balance of the Purchase Price, is due at the closing and must be paid by Purchaser's good certified personal check or official cashier's check.

All checks shall be unendorsed, made payable to the direct order of "Greenberg Traurig, The Bayard House Escrow Account" and drawn on a bank that is a member of the New York Clearing House Association.

B. Purchaser's payment of the Balance and acceptance of a deed to the Unit shall constitute Purchaser's recognition that Sponsor has satisfactorily performed all of those obligations stated in the Plan and this Agreement to be performed by Sponsor prior to closing. However, nothing herein contained shall excuse Sponsor from performing those obligations (if any) expressly stated herein or in the Plan to be performed subsequent to the closing, and nothing herein shall be in derogation of the rights of Purchasers under Article 23-A of the General Business Law, the Plan or Part 20 of the Regulations issued by the Department of Law.

C. Purchaser is not required to pay the Balance or accept title to the Unit unless all of the prerequisites set forth under "Terms of Sale - Prerequisites to Closing of Title" in Part I of the Plan are met concurrently with, or prior to, closing. However, Purchaser is required to pay the full amount of the Balance, without provision for escrow, notwithstanding Sponsor's obligation to complete or correct the construction items noted on Purchaser's Inspection Statement, the form of which is included herewith as Exhibit B.

5. Purchase Monies to be Held in Trust

A. Sponsor will hold in trust any and all monies due to Sponsor and received by it directly or through its agents, employees, or Escrow Agent (as defined above) until the Unit is transferred to Purchaser or this Agreement is canceled in accordance with its terms. All monies due to Sponsor and received hereunder will be deposited with Citibank, N.A., 153 East 53rd

Street, New York, New York 10043 in a special interest bearing, escrow account entitled Greenberg Traurig, The Bayard House Escrow Account". The funds so deposited will be disbursed only in accordance with the provisions of this Agreement, the Plan and the Escrow Agreement between Sponsor and the Escrow Agent which is Document Number 8 in Part II of the Plan. The signature of a shareholder of the law firm of Greenberg Traurig, 200 Park Avenue, New York, New York, will be required before any funds held in trust may be released.

B. Within ten (10) business days after tender of the Downpayment, the Escrow Agent will notify Purchaser of the name, number and location of the account into which it has been deposited. If Purchaser does not receive such notice within fifteen (15) business days after tender of the Downpayment, Purchaser may, at his election, cancel this Purchase Agreement within ninety (90) days after its execution.

C. In the event the Plan is abandoned or withdrawn, the Downpayment will be returned to Purchaser except as otherwise provided in the next sentence. If at the time the Plan is abandoned or withdrawn Purchaser shall be in default hereunder and shall have failed to cure such default within the applicable grace period, or if this Agreement has been previously canceled due to Purchaser's uncured default, then Sponsor shall retain as and for liquidated damages the Downpayment plus any additional sums paid to Sponsor on account of any Special Work in the Unit ordered by Purchaser.

D. Upon the payment and performance by Purchaser of all of Purchaser's obligations hereunder and the transfer to Purchaser of title to the Unit, the Escrow Agent shall pay to Sponsor any and all monies deposited with the Escrow Agent pursuant to this Agreement. All funds due to Sponsor and received under this Purchase Agreement will be handled in accordance with Sections 352e(2) (b) and 352-h of the New York General Business Law and with Section 71-a(3) of the Lien Law.

E. Pursuant to Lien Law §71-a(3), Sponsor is required to advise you as follows:

You, as Purchaser of this residence, 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 deposit.

As of the date of this Agreement, Sponsor has elected not to post a bond or contract of indemnity.

6. Release of Funds

If there is no written agreement between the parties to release the escrowed funds, the Escrow Agent will not pay the funds to Sponsor until the Escrow Agent has given Purchaser written notice of not fewer than ten (10) business days. Thereafter, the funds may be paid to Sponsor unless Purchaser has already made application to the Department of Law pursuant to the dispute resolution provisions of the Attorney General regulations and has so notified the Escrow Agent in accordance with such provisions. In no case shall Sponsor apply for release of escrowed funds of a defaulting Purchaser until after consummation or abandonment of the Plan.

Sponsor will not object to the release of the escrowed funds to: (a) a Purchaser who timely rescinds in accordance with an offer of rescission required to be made by Sponsor pursuant to the Plan; or (b) all Purchasers after an amendment abandoning the Plan is accepted for filing by the Department of Law.

Purchaser or the Escrow Agent may apply to the Attorney General in the event of a dispute for a determination on disposition of the escrowed funds and any interest thereon. Sponsor must avail itself of this procedure if there is a dispute which needs to be resolved. A form for this purpose may be obtained from the Attorney General's office. The party applying for a determination must send all other parties a copy of the application. Pending the determination of the Attorney General to grant or deny the application, Sponsor, Purchaser and the Escrow Agent shall abide by any interim directive issued by the Attorney General.

Sponsor and Purchaser hereby jointly direct the Escrow Agent as follows:

(a) if title to the Unit is transferred to Purchaser, the Downpayment shall be paid to Sponsor, and any interest earned on the Downpayment shall be paid or credited to Purchaser; or

(b) if Purchaser becomes entitled to cancel this Agreement in accordance with the terms of this Agreement or the Plan, and actually cancels this Agreement as so provided, the Downpayment and any interest earned on the Downpayment shall be refunded in full.

7. Closing Contingent on Plan Being Declared Effective

A. The obligations of Sponsor to close hereunder are contingent upon the Plan being declared effective. The Plan shall not be declared effective except in accordance with the prerequisites set forth in the Plan, as it may be amended from time to time. Purchaser understands and agrees that Sponsor shall have the right to abandon the Plan at any time prior to its being declared effective or thereafter, in certain limited cases as set forth in the Plan (see the section in the Plan entitled "Effective Date" for full details). The Plan will be abandoned or deemed abandoned if it has not been declared effective within the time limits prescribed in the Plan. Sponsor shall notify Purchaser in writing when the Plan becomes effective or by a duly filed amendment if it is abandoned.

B. Subject to Paragraph 5C above, if the Plan is abandoned or if, after being declared, effective the Plan shall not be consummated for any reason, this Agreement shall be deemed canceled and all monies paid by Purchaser hereunder, with interest earned thereon, shall be disbursed in accordance with the provisions of Paragraph 5 above. After the funds are so disbursed, Purchaser and Sponsor shall each have no claim against the other in connection with this Agreement or the Plan, and each shall be released and discharged from all liabilities and obligations hereunder and under the Plan.

8. Closing Date and Place

A. The closing of title shall occur on the date and at the time and place in the City and State of New York Sponsor shall designate to Purchaser upon at least thirty (30) days prior

written notice. Unless otherwise designated, closings shall be held at the office of Greenberg Traurig, 200 Park Avenue, New York, New York 10169. Sponsor shall have the right, from time to time, to adjourn such date and time for closing on written notice to Purchaser. If the closing is adjourned by Sponsor, then Sponsor shall fix a new date and time for title closing and shall give Purchaser not less than five (5) days' prior written notice of the new scheduled date and time for closing.

B. The closing of title shall occur only after or concurrently with compliance with the prerequisites set forth under "Terms of Sale" in Part I of the Plan.

C. **TIME IS OF THE ESSENCE** with respect to Purchaser's obligation to pay the balance of the Purchase Price and to pay or perform all of Purchaser's other obligations under this Agreement after notice is given pursuant to subparagraph A of this Paragraph.

9. The Deed

At closing, Sponsor shall deliver or cause to be delivered to Purchaser a Bargain and Sale Deed with Covenants Against Grantor's Acts (the "Deed") transferring to Purchaser title to the Unit, subject only to the liens, encumbrances and title conditions set forth in Schedule B to this Agreement, which is made part hereof. The Deed shall be substantially in the form reproduced in Part II of the Plan and shall be executed and acknowledged by the grantor in form for recording. The executed Deed shall be promptly delivered to the representative of the title company insuring Purchaser's title (or, if no such representative is present, then to Purchaser's attorney) for recording at the office of the Register of The City of New York, in the County and State of New York.

Acceptance of the Deed will evidence Purchaser's recognition that Sponsor has performed all of its obligations under this Agreement and the Plan, except such as may expressly be stated to survive delivery of the Deed or except such as may be required under the Plan or by operation of law to be performed by Sponsor subsequent to closing. The foregoing applies only to Purchaser. This shall not relieve Sponsor from any liability for representations under the Plan. Nothing contained herein shall be in derogation of the rights of Purchasers pursuant to Article 23-A of the General Business Law or other rights of Purchasers under the Plan.

10. State of Title

A. Except as otherwise set forth in Paragraph 11 below, legal ownership to the Unit shall be transferred to Purchaser at closing subject only to the liens, encumbrances and title conditions (hereinafter called the "Permitted Encumbrances") that are set forth in Schedule B to this Agreement. The existence of the Permitted Encumbrances shall not be deemed a breach of Sponsor's covenants in the Deed, even if the Deed shall not expressly provide it is given subject to the Permitted Encumbrances. The Deed shall be deemed to be subject to the Permitted Encumbrances to the same effect as if set forth therein at length.

B. Any lien, encumbrance, or condition not included in the Permitted Encumbrances (a "Non-Permitted Encumbrance") shall not be an objection to title if: (i) the instrument required to remove it "as of record" has been delivered to Royal Abstract of New York LLC ("Royal") or an abstract company as agent therefor, for recording in the proper office, together with the

requisite recording or filing fees and a copy of said instrument is delivered to the representative of Purchaser's title insurance company (or, if none, to Sponsor's attorney); or (ii) Royal is willing to insure (without additional premium) Purchaser against its collection or enforcement out of the Unit.

C. Sponsor shall be entitled to adjourn the closing to remove or correct any Non-Permitted Encumbrance that cannot be dealt with as set forth above. However, if any Non-Permitted Encumbrance existed at least 10 days prior to closing and Purchaser or Purchaser's attorney failed to send to Sponsor's attorney, Greenberg Traurig, LLP, at least 10 days in advance of the closing, written notice of such Non-Permitted Encumbrance, then for purposes of the following Paragraph 13, Purchaser shall be deemed at fault for not timely sending notice of such Non-Permitted Encumbrance and if adjournment of the closing is required to allow Sponsor to correct or remove the Non-Permitted Encumbrance, such adjournment shall be considered at the request of Purchaser and not Sponsor and all adjustments to be made at closing shall be made as of the date on which the sale was first scheduled to close prior to the discovery by Purchaser of the defect.

11. Title Company Approval

Subject to the terms of Paragraph 12 below, Sponsor shall give, and Purchaser shall accept, such title as Royal will approve and insure, without additional premium, provided that the only liens, encumbrances and conditions affecting title shall be the Permitted Encumbrances or the Non-Permitted Encumbrances, provided that each Non-Permitted Encumbrance has been resolved in the manner provided in Paragraph 10 above. As a result, Sponsor is not obligated to cause Purchaser's title company to omit any exception to title if Royal is willing to insure, without additional premium, Purchaser's title without such exception. Purchaser will be responsible to pay to the title company the entire premium for Purchaser's title insurance. Purchaser may obtain title insurance from any title insurance company or not obtain any title insurance at all, at Purchaser's sole discretion (unless Purchaser's lender shall require Purchaser to purchase title insurance covering such lender). However, should Purchaser wish to obtain title insurance from any title company or abstract company other than Royal, Purchaser shall pay Sponsor an additional legal fee of $500.00 for clearing title, pursuant to the offering Plan, with such other company.

12. Sponsor's Inability To Convey Title

In the event that Sponsor (a) is unable to deliver title to the Unit to Purchaser in accordance with the provisions of this Agreement or (b) if Sponsor would be required to commence a lawsuit or expend in excess of the Cure Amount, as defined in the Plan, which for purposes of this Agreement shall equal $100,000, in the aggregate, for all Units to remove or cure one or more Non-Permitted Encumbrances that affect all the Units, and Sponsor notifies Purchaser of Sponsor's inability or refusal to remedy the title defect, then Purchaser shall have the option, if not in default hereunder, to (i) take title subject to such title defect (without any abatement in, or credit against the Purchase Price, or claim or right of action against Sponsor for damages or otherwise) or (ii) terminate this Agreement. If Purchaser elects to terminate, Sponsor shall instruct the Escrow Agent, within ten (10) days after receipt of Purchaser's termination notice, to return to Purchaser all monies deposited hereunder, with interest, if any, accrued

thereon, within thirty (30) days from receipt of said termination notice. Upon making such refund, this Agreement shall be null and void and neither party shall have any further rights, obligations, or liabilities with respect to the other hereunder or under the Plan. THE FOREGOING OPTION MUST BE EXERCISED BY PURCHASER IN WRITING SENT TO *SPONSOR* WITHIN TEN (10) DAYS AFTER THE GIVING OF SPONSOR'S NOTICE OF INABILITY OR REFUSAL TO REMEDY THE TITLE DEFECT, FAILING WHICH PURCHASER SHALL BE DEEMED TO HAVE ELECTED THE FIRST OPTION ABOVE (I.E., TO ACQUIRE TITLE SUBJECT TO THE TITLE DEFECT). Under no circumstances shall Sponsor be obligated to commence litigation or expend in excess of the Cure Amount which for purposes of this Agreement shall equal $100,000, in the aggregate, for all Units to remedy a title defect.

13. Closing Adjustments

A. At closing, Sponsor and Purchaser shall apportion, as of midnight of the day preceding the closing:

(i) real estate taxes and assessments, if any, including water charges and sewer rents based on the Unit's actual taxes or charges for said period (if the Unit has been separately assessed) or based on the Property's actual taxes or charges for said period prorated to the Unit based on its Common Interest (if the Unit has not yet been separately assessed);

(ii) Common Charges for the month in which title closes (based on the number of days in the month in which title closing occurs);

(iii) rent or use and occupancy fees and other charges, if any, pursuant to an Interim Lease or occupancy agreement for, or tenancy of, the Unit (based on the number of days in the month in which title closing occurs); and

(iv) any prepaid expenses pertaining to the Unit.

B. Adjustments and apportionments shall be calculated on the basis of the actual number of days in the period for which payments were made or are due, as the case may be. The "Customs in Respect to Title Closings" recommended by The Real Estate Board of New York, Inc., as amended to date, shall apply to the adjustments and other matters therein mentioned, except as otherwise provided herein.

C. Any errors or omissions in computing adjustments at closing shall be corrected and payment made to the proper party promptly after discovery. This provision shall survive the closing.

D. Installments for tax assessments due after the delivery of the Deed, if any, shall be paid by Purchaser and shall not be considered a defect in title.

E. In the event Purchaser fails to close on the date originally scheduled, as provided in Paragraph 8, for the closing of title to his Unit (the "Original Closing Date") because Purchaser either (i) adjourns the closing for any reason or (ii) is deemed at fault for failure to send timely notice of a title defect as provided in Paragraph 10 above, then (a) the

aforementioned closing apportionments shall be made as of midnight of the day preceding the Original Closing Date; (b) Purchaser shall pay interest at the rate of sixteen (16%) percent per annum on the total Purchase Price, for each day between the Original Closing Date and the actual closing date, both dates inclusive; and (c) Purchaser shall reimburse Sponsor for the Common Charges (including any special assessments) allocable to the Unit for the interim period from the Original Closing Date until the Unit closing occurs. The provisions of this subparagraph E shall not be applicable if, through no fault of Purchaser, Sponsor adjourns the closing date. However, these provisions shall then apply to the adjourned closing date as if such adjourned closing date were the Original Closing Date.

F. If the Unit is not separately assessed at closing, when the separate assessment is subsequently obtained, Sponsor and Purchaser, or if at such time the Board of Managers has paid the taxes, the Board and Purchaser shall readjust any overpayment or underpayment of real estate taxes as more fully described in the Plan based upon (i) the actual initial apportionment of the Property's assessed valuation to the Residential Units versus the Commercial Unit and (ii) the ratio that the initial separate assessed value of the Unit bears to the actual initial aggregate assessed values of all Residential Units. The parties' obligations to adjust as to real estate taxes shall survive the closing.

14. Purchaser's Closing Costs

At closing, Purchaser will pay certain costs in connection with the purchase of the Unit, in addition to (a) the Purchase Price, (b) the legal fees of Purchaser's counsel (if any) and (c) the amount of any net credit in favor of Sponsor that may result from the closing apportionments and any daily late closing charge described in the preceding section entitled "Closing Adjustments". Such closing costs will include the following, the amounts of which (where applicable) are based on rates in effect on the date of the Plan and are subject to change without prior notice:

(i) If Purchaser elects to obtain fee title insurance (i.e., title insurance covering the Purchase Price of the Unit), Purchaser will pay a premium to the title company for such insurance, which will vary depending upon the insurance company and the amount of insurance requested.

(ii) Purchaser will pay a fee for recording the Unit Deed and the Unit Owner's Power of Attorney, at the rate of $60.00 per deed and $17.00 per additional instrument plus $5.00 per page. The title insurer will also charge Purchaser a service charge for recording each instrument.

(iii) If Purchaser elects to obtain a mortgage loan, Purchaser will pay:

(a) a fee and service charge for recording the Mortgage and Partial Release of Mortgage (if applicable), calculated in the same manner as described above for recording the Unit Deed and Unit Owner's Power of Attorney;

(b) a mortgage recording tax in the amount provided for by law. At the presentation date of this Plan, the tax is 2.00% of the face amount of the mortgage for mortgages of less than $500,000.00, from which mortgagor receives a $25.00 deduction and in the event that the mortgagee is an institutional lender, a further reduction in the amount of .25% of the tax, which amount must be paid by mortgagees that are

institutional lenders; or 2.125% of the face amount of the mortgage for mortgages for a Residential Unit equal to $500,000.00 or greater, less the same amounts set forth above. The amount of the mortgage recording tax is reduced by any partial mortgage tax credit to which Purchaser is entitled under Section 339-ee of the New York Condominium Act, the amount of which credit shall be paid by Purchaser to Sponsor as provided in the following clause (c);

(c) to Sponsor a sum equal to the partial mortgage tax credit to which Purchaser is entitled under Section 339-ee(2) of the New York Condominium Act by reason of mortgage taxes previously paid (such sum is based, in general, on the Common Interest of the Unit being purchased multiplied by a portion of the mortgage tax previously paid on account of preexisting mortgages on the Property.) The total amounts payable by Purchaser under subparagraphs (b) and (c) shall in no event exceed the total amount which would have been payable by a Purchaser had Sponsor not been entitled to a mortgage tax credit under this subparagraph (c);

(d) the premium for mortgage title insurance, if required by the lender;

(e) if required by the lender, deposits for Common Charges, real estate taxes, any assessments and (if separately assessed) water charges and sewer rents in an initial amount and in such monthly sums after closing as are sufficient to meet the lender's requirements (subject to any applicable state or federal law requiring lender escrow accounts);

(f) all other closing costs and expenses (such as an origination fee or other "points", tax service fees, and document review fees) required to be paid to, or on behalf of, the lender (which costs and expenses may include the fees of such lender's counsel), in amounts to be determined by the lender.

(iv) If, in connection with this purchase, Purchaser has dealt with any broker except (a) the Selling Agent or (b) any other broker who has been engaged in writing by Sponsor, then Purchaser will be required to pay a commission to such broker unless Sponsor agrees otherwise in writing.

(v) Each Purchaser will be required to pay Sponsor's counsel, Greenberg Traurig, LLP, a fee (the "Base Fee") of $1,500 for legal services in connection with supervising, coordinating and attending the closing. If Purchaser's lender refuses to close at the office of Greenberg Traurig, LLP, then the closing will be held at the office of Purchaser's lender or lender's counsel, provided the closing is held in New York City and Purchaser pays Greenberg Traurig, LLP, in addition to the Base Fee, a travel and attendance fee of $200 (if the closing is held in Manhattan) or $300 (if held in Bronx, Brooklyn or Queens) or $400 (if held in Staten Island, County of Westchester or Nassau). If a Greenberg Traurig, LLP, representative attends the closing and, through no fault of Sponsor, the closing is adjourned, then Purchaser will be required to pay an additional legal fee for each attendance to Greenberg Traurig, in an amount equal to the sum of the Base Fee and any additional fee described above (if applicable) and $200.00 for extra-costs incurred to re-date closing documents, recalculate closing adjustments and rearrange the attendance of all persons for the adjourned closing date.

(vi) The New York City Real Property Transfer Tax, currently equal to one percent (1%) of the Purchase Price where the consideration is less than $500,000.00 and 1.425% where the consideration is equal to or greater than $500,000.00.

(vii) The New York State Real Estate Transfer Tax which is currently payable at the rate of $2.00 per each $500.00 of consideration or part thereof. In condominium transactions, either the seller or Purchaser may pay the transfer taxes described in this subparagraph and subparagraph (vi). Under the Offering Plan and the Purchase Agreement, Purchasers are required to pay the taxes due under this subparagraph and subparagraph (vi) as a closing cost.

(viii) Contribution to the Working Capital Fund in an amount equal two (2) months Common Charges for the Unit payable to Sponsor, if Sponsor has already fully funded the Working Capital Fund, or to the Condominium Board of Managers, if it has not.

(ix) A tax of one percent (1%) of the Purchase Price, if the Purchase Price totals $1, 000, 000. 00 or more (the "Mansion Tax").

15. Interim Lease Security Deposit

If Purchaser is permitted to become a tenant or occupant of the Unit before closing of title, Purchaser's unapplied Interim Lease or occupancy agreement security deposit, if any, will be refunded to Purchaser, together with any interest earned thereon, within thirty (30) days following the closing, provided Purchaser is not in default under Purchaser's lease or occupancy agreement. Sponsor will have the right to deduct from any such security deposit the amount of any arrearage for rent or use and occupancy fees owing to Sponsor and to sue Purchaser to the extent such rent security is insufficient. The provisions of this Paragraph 15 shall survive the closing.

16. Unit Owner's Power of Attorney to Condominium Board and Sponsor

At closing, Purchaser shall execute (in duplicate), acknowledge and deliver to the representative of the title insurance company insuring Purchaser's title to the Unit (or, if no representative is present, then to Sponsor's attorney) for recording in the New York City Register's office of the County and State of New York, a Unit Owner's Power of Attorney in favor of the Condominium Board. The Unit Owner's Power of Attorney shall be substantially in the form set forth in Part II of the Plan. After being recorded, one original Unit Owner's Power of Attorney shall be sent to the Condominium Board and the other original will be returned to Sponsor.

17. Transfer Tax Returns

At closing, Sponsor and Purchaser shall each duly complete and sign before a Notary Public the transfer tax returns required to be filed with The City of New York and the State of New York. The transfer tax returns shall be delivered at closing to the representative of Purchaser's title insurance company (or, if none, to Sponsor's attorney) for filing with the proper governmental officer.

18. **Events of Default**

A. Each of the following, occurring either singly or in combination, shall constitute an "Event of Default" hereunder:

(i) (a) Purchaser's failure to pay the Balance at closing; or

(b) Purchaser's failure to pay any of the closing costs described in Paragraph 14 or any of the closing adjustments described in Paragraph 13 at closing; or

(c) the dishonor of any check tendered by Purchaser for the Downpayment; or

(d) Purchaser's failure to pay its contribution to the Working Capital fund.

(ii) Purchaser's failure to duly sign, notarize and deliver at the times specified the Power of Attorney pursuant to Paragraph 16 above, the New York City Transfer Tax return or the New York State Transfer Tax return pursuant to Paragraph 14 (vi) and (vii) above; or

(iii) Purchaser becomes a tenant of a Residential Unit after the Plan is presented and Purchaser defaults under his Interim Lease or any other obligations of his tenancy, and an order of eviction or other judgment or order from a court or agency of competent jurisdiction is issued against Purchaser or Purchaser shall have vacated the Residential Unit; or

(iv) Purchaser's failure to pay, perform, or observe any of its other obligations hereunder; or

(v) any other act or omission set forth in this Agreement which constitutes an Event of Default.

B. Upon the occurrence of an Event of Default, Sponsor, in its sole discretion, may cancel this Agreement. If Sponsor elects to cancel, Sponsor must give Purchaser written notice of its intent to cancel because of the occurrence of an Event of Default. Purchaser shall then have thirty (30) days from the giving of notice of cancellation to cure the default. TIME IS OF THE ESSENCE TO CURE SUCH DEFAULT WITHIN SAID THIRTY (30) DAY PERIOD. If the default is not cured within such thirty (30) days, then this Agreement shall be deemed cancelled and Sponsor shall have the right to retain, as and for liquidated damages, the Downpayment plus any additional sums paid to Sponsor for any Special Work in the Unit ordered by Purchaser pursuant to Paragraph 45 of this Agreement. IN NO EVENT SHALL THE SUMS RETAINED BY SPONSOR AS LIQUIDATED DAMAGES EXCEED TEN (10%) PERCENT OF THE PURCHASE PRICE, EXCEPT FOR ANY SUMS RECEIVED BY SPONSOR ON ACCOUNT OF SPECIAL WORK.

C. Upon cancellation of this Agreement in accordance with this Paragraph 18, and Sponsor's retention of the Downpayment and other sums described in the preceding subparagraph B, Purchaser and Sponsor will be released and discharged of all further liability and obligations hereunder and under the Plan. Thereafter, the Unit may be sold to another as though this Agreement had never been made, and without accounting to Purchaser for the

proceeds of such sale. Any disputes regarding the return of the Downpayment shall be resolved in the manner provided in the Escrow Agreement, which is Document 8 in Part II of the Plan.

19. Appliances and Equipment

A. At closing, the Unit will contain only those fixtures, equipment, hardware, appliances and furnishings referred to in the Plan which are included in the Purchase Price. Kitchen appliances and equipment will be installed in the Residential Units and shall be in good working order and condition.

Purchaser acknowledges and agrees that Sponsor has the right to substitute other appliances, equipment and cabinetry in place of those listed in the Plan provided only that the substitutions are of equal or better quality and design.

B. The Unit is being sold unfurnished, without any window treatments, and will contain only the appliances and equipment described in the Plan. Purchaser will be responsible for any repainting and touch-ups necessitated from moving in. Any floor plans or sketches shown to Purchaser (including those contained in the Plan) are only approximations of the Unit's dimensions and arrangement, and Purchaser acknowledges and agrees that Purchaser does not rely upon the accuracy thereof as a condition of sale. Sponsor shall not be liable for minor variations from any floor plans or structures.

C. There will be no modifications or extras unless agreed in writing by the parties. All modifications and alterations must be approved by Sponsor in writing and, if approved, shall be performed by Sponsor at Purchaser's expense (payable in the manner to be set forth in an addendum to this Agreement or separate agreement).

20. Condition of the Unit at Closing; Building Alteration

A. The Unit is sold "As Is" on the date of this Purchase Agreement subject only to reasonable wear and tear and to Sponsor's obligation under the Plan to maintain the Unit prior to Closing and make the alterations and improvements described in the Plan. The alteration of the Building and the Unit, including the materials, equipment and fixtures to be installed therein, shall be substantially in accordance with the Plan and the Plans and Specifications (as defined in the Plan) and subject to the right reserved by Sponsor to modify and amend the Plan in order to substitute materials, equipment or fixtures of equal or better quality and design, provided only that the approval of any governmental authorities having jurisdiction thereover is first obtained (if required). The issuance of a final Certificate of Occupancy for the Building shall be deemed presumptive evidence that the Building and the Unit have been fully rehabilitated in accordance with the Plan. However, nothing herein contained shall excuse Sponsor from its obligation to correct any defects in construction in accordance with the conditions set forth in the Plan in the section entitled "Rights and Obligations of Sponsor".

B. The alteration of the Building and the Unit and the correction of any defects in alteration to the extent required under the Plan are the sole responsibility of Sponsor. However, Purchaser acknowledges and agrees that Sponsor will not be liable for, and will have no obligation to correct, certain variations from the Plan as indicated in the Plan and will only be

responsible to correct any construction defects to the extent, and on the terms and conditions, set forth in the Plan.

C. The closing of title shall occur only after, or concurrently with, compliance with the prerequisites set forth under "Prerequisites to Closing of Title" in Part I of the Plan. As a result, if all other prerequisites not involving the construction of the Unit are met, Purchaser shall be obligated to close and complete payment of the full Purchase Price (without provision for escrow) once a temporary or permanent Certificate of Occupancy is issued for the Unit (notwithstanding any construction items noted on Purchaser's Inspection Report (as hereinafter defined) remaining for Sponsor to complete and/or correct in accordance with its obligations under the Plan, and notwithstanding the incomplete construction and/or decoration of any other portions of the Building not affecting the Unit.

D. Sponsor has projected the First Closing of a Residential Unit for March 1, 2001 based upon the current construction schedule. The actual date for the First Closing is not guaranteed or warranted and may be earlier or later depending on the progress of construction and compliance with the other "Prerequisites to Closing of Title." Purchaser acknowledges that construction may be delayed by late delivery of material or equipment, labor difficulties, unavailability of building trades, casualty, inclement weather and other events beyond Sponsor's reasonable control. Purchaser further acknowledges that the Units in the Building will be completed at varying times over a period that could extend well beyond the First Closing. The order in which these units will be completed is in the discretion of Sponsor. Purchaser acknowledges that except as otherwise provided in the Plan, Purchaser shall not be excused from paying the full Purchase Price, without credit or set-off, and shall have no claim against Sponsor for damages or losses, in the event that the First Closing occurs substantially later than the projected date or the time to complete or to close title to the Unit is delayed or is postponed by Sponsor.

21. Final inspection of Unit

At least ten (10) days before the Balance is to be paid, Sponsor or Managing Agent shall notify Purchaser that the Unit is ready for final inspection before closing. Upon receipt of the notice, Purchaser shall promptly arrange an appointment with the Managing Agent to inspect the Unit during such ten (10) day period. Purchaser or his duly authorized agent shall attend such inspection, accompanied by a representative of Sponsor, and shall complete, date and sign the Inspection Report (in the form set forth as Exhibit B to this Agreement) and deliver same to the Managing Agent at the conclusion of the inspection. Failure of Purchaser either to arrange such appointment or to inspect the Unit within ten (10) days of receipt of said notice or to so sign and deliver the completed Inspection Report, shall not excuse Purchaser from paying the Balance when due and shall constitute Purchaser's full acceptance of the Unit in its as-built condition existing on the day of closing. Purchaser is obligated to pay the entire Balance of the Purchase Price, without provision for escrow, notwithstanding Sponsor's obligation to complete or correct the construction items noted on Purchaser's Inspection Report. However, nothing herein shall relieve Sponsor of its obligations as set forth in the Plan under "Rights and Obligations of Sponsor."

22. Possession: Risk of Loss

A. Purchaser shall not be entitled to possession of the Unit until the Deed is delivered to Purchaser at closing; however, Sponsor may, in its sole discretion, grant possession of the Unit to Purchaser prior to the closing under an Interim Lease or other written agreement.

B. If, prior to closing, Purchaser is given possession of the Unit under an Interim Lease or otherwise, then Purchaser shall be solely responsible for any damage to, or loss or other condition in, the Unit or its contents resulting from Purchaser's use or occupancy, and Sponsor shall not be obligated to make any repairs to the Unit or its contents resulting from such use by Purchaser. However, until closing Sponsor will remain responsible to make those repairs required of it as landlord or seller under any Interim Lease or occupancy agreement and as may be required by law and, after closing, the Condominium Board will be responsible for making those repairs required of it under the Condominium Documents.

C. If during Purchaser's occupancy, if any, prior to closing under an Interim Lease or otherwise, the Unit or its contents is damaged by casualty or otherwise, then Purchaser shall assume the risk of loss and the obligation to repair the damage, unless the cause thereof originated outside the Unit or did not result from the acts of Purchaser, or other occupants of the Unit or of Purchaser's guests, invitees, or workmen. If Purchaser is obligated to repair the damage, then Purchaser's failure to make such repair shall not excuse Purchaser from paying the Balance and accepting delivery of the Deed.

D. Except as provided in the preceding subparagraph C, all other risk of loss prior to closing has been assumed by Sponsor, but without any obligation or liability of Sponsor to repair the damage or restore the Unit or its contents except as set forth in the Plan. If Sponsor or (in the event the Declaration is filed) the Unit Owners elect to repair or replace the loss or damage, this Agreement shall continue in full force and effect. In such an event, Purchaser shall not have the right to reject title to the Unit or to receive a credit against, or abatement in, the Purchase Price, and Sponsor shall be entitled to a reasonable period of time to complete or to permit the Condominium Board to complete, such repairs or replacements. Purchaser shall not be required to pay the Balance unless and until (i) the Unit has been substantially repaired as near as is reasonably possible to its condition immediately prior to the casualty, (ii) its essential services (such as gas, electricity, and heat) and a reasonable means of ingress and egress to the street have been restored and (iii) any condition in the Unit for which a violation (if any) is noted or issued has been corrected, other than those that are the obligations of Purchaser as tenant or occupant to cure or that are caused by the act or omission of Purchaser, its licensees, invitees and/or workmen. Sponsor will endeavor in good faith, and with reasonable diligence, to remove or cause to be removed subsequent to closing all violations of record it is obligated to correct. Any proceeds received from insurance, or in satisfaction of any claim or action in connection with such loss, shall belong entirely to Sponsor (subject to the rights, if any, of the Condominium Board or of other Unit Owners). If such proceeds are paid to Purchaser, Purchaser shall promptly upon receipt turn them over to Sponsor. The provisions of the three preceding sentences shall survive the closing.

E. In the event that Sponsor notifies Purchaser that it does not elect to repair or restore the Unit or if the Unit Owners do not resolve to make such repairs or restoration pursuant

to the Condominium's By-Laws, this Agreement shall be deemed canceled and of no further force or effect, and Sponsor shall instruct the Escrow Agent to return to Purchaser all sums deposited hereunder, whereupon the parties shall be released and discharged from all obligations and liability hereunder and under the Plan, except that, if Purchaser is then in default hereunder (beyond the applicable grace period, if any), Sponsor shall retain the Downpayment, together with sums received on account of Special Work to be performed by Sponsor, pursuant to Paragraph 5C above.

23. No Representation

Purchaser acknowledges that Purchaser has not relied upon any architect's plans, sales plans, selling brochures, advertisements, representations, warranties, statements or estimates of any nature whatsoever, whether written or oral, made by Sponsor, Selling Agent or others including, but not limited to, those relating to the description or physical condition of the Property, the Building or the Unit, or the size or the dimensions of the Unit or the rooms therein contained or any other physical characteristics thereof, the services to be provided to Unit Owners or the projected Common Charges and projected real estate taxes for the Unit, the right to any income tax deduction for any real estate taxes or mortgage interest paid by Purchaser, or any other data, except as may be specifically represented herein or in the Plan, Purchaser having relied on Purchaser's own examination and investigation thereof. No person has been authorized to make any representations on behalf of Sponsor. No oral representations or statements shall be considered a part of this Agreement. Purchaser agrees (a) to purchase the Unit, without offset resulting from any claim against, or liability of, Sponsor, whether or not any layout or dimension of the Unit or any part thereof, or of the Common Elements, as shown on the floor plans set forth in the Plan, is accurate or correct, provided the actual layouts and dimensions conform substantially to such floor plans and (b) that Purchaser shall not be relieved of any of Purchaser's obligations hereunder by reason of any minor inaccuracy or error in such layouts and dimensions. The provisions of this Paragraph 23 shall survive the closing.

24. Notices

All notices, elections, consents, demands and communications (collectively called "Notices" or individually called "Notice") shall be delivered personally or given in writing by registered or certified mail, return receipt requested, postage prepaid and, if sent to Purchaser, addressed to Purchaser at Purchaser's address given in the preamble to this Agreement and, if sent to Sponsor, addressed to 81 Spring Realty LLC c/o Horizon Realty and Development Corp., 950 Third Avenue, 28th Floor, New York, NY 10028 with a copy sent simultaneously and in like manner to Greenberg Traurig, LLP, 200 Park Avenue, New York, New York 10169, Attention: Robert J. Ivanhoe, Esq. Either party may, by written notice to the other, change the address to which notices are to be sent. Unless otherwise provided herein, all notices shall be deemed given when personal delivery is effected or when deposited in any branch, station or depository maintained by the U.S. Postal Service in the City and State of New York, in a registered or certified, prepaid wrapper, addressed as aforesaid, except that a notice of a change of address shall be deemed given when actually received.

25. Broker

Purchaser represents to Sponsor that Purchaser has not dealt with any broker in connection with this transaction apart from Sponsor's Selling Agent named in the Plan. Purchaser shall pay the commission of any broker with whom Purchaser may have dealt (other than Sponsor's Selling Agent) and Purchaser agrees that should any claim be made against Sponsor for commissions by any broker on account of any acts or dealings of Purchaser or of Purchaser's representatives, Purchaser will indemnify and hold Sponsor free and harmless from any and all liabilities and expenses in connection therewith, including (without limitation) reasonable legal fees and disbursements. The provisions of this Paragraph 25 shall survive the closing.

26. No Lien; Agreement Subordinate to Mortgage

A. No lien or encumbrance shall arise against the Property or the Unit as a result of this Agreement or any monies deposited hereunder. This Agreement shall not be recorded and any purported recordation hereof by Purchaser shall be void and constitute an Event of Default.

B. In furtherance, and not in limitation, of the provisions of the preceding subparagraph A, Purchaser agrees that the provisions of this Agreement are, and shall continue to be, subject and subordinate to the lien of any mortgages heretofore or hereafter made and any payments or expenses already made or incurred or which hereafter may be made or incurred pursuant to the terms thereof, or incidental thereto, or to protect the security thereof, to the fullest extent permitted by law, without the execution of any further legal documents by Purchaser. Sponsor shall, at its option, either satisfy such mortgages or obtain a release of the Unit and its undivided interest in the Common Elements from the lien of such mortgages on or prior to the closing date unless Purchaser assumes such mortgages. The existence of any mortgage or mortgages encumbering the Property, or portions thereof, other than the Unit and its undivided interest in the Common Elements, shall not constitute an objection to title or excuse Purchaser from completing payment of the Purchase Price or performing all of Purchaser's other obligations hereunder or be the basis of any claim against, or liability of, Sponsor, provided that any such mortgage is subordinated to the Declaration and the Unit is released from the lien of such mortgage at closing.

27. Entire Agreement

This Purchase Agreement, together with the Plan, as the Plan may be amended from time to time, constitutes the entire agreement between the parties as to the subject matter hereof and supersedes all prior understandings and agreements.

28. Agreement May Not Be Assigned

Purchaser does not have the right to assign this Agreement without the prior written consent of Sponsor nor shall Purchaser be permitted to advertise or otherwise offer or promote the availability of the Unit for sale. Any purported assignment by Purchaser in violation of this Agreement shall be voidable at the option of Sponsor. Sponsor's refusal to consent to an assignment shall not entitle Purchaser to cancel this Agreement or give rise to any claim for

damages against Sponsor. Sponsor may assign this Agreement without the consent of Purchaser, but in accordance with the Plan.

29. Joint Purchasers

The term "Purchaser" shall be read as "Purchasers" if the Unit is being purchased by more than one person, in which case their obligations under this Agreement shall be joint and several.

30. Liability of Sponsor

Sponsor or its designee shall be excused from performing any obligation or undertaking provided for in this Agreement for so long as such performance is prevented, delayed, or hindered by an act of God, fire, flood, explosion, war, riot, sabotage, inability to procure or, general shortage of, energy, labor, equipment, facilities, materials, or supplies in the open market, failure of transportation, strike, lock-out, action of labor unions or any other cause (whether similar or dissimilar to the foregoing) that is not within the reasonable control of Sponsor. Sponsor's time to perform such obligation or undertaking shall be tolled for the length of the period during which such performance was excused pursuant to this Paragraph.

31. Further Assurances

Either party shall execute, acknowledge and deliver to the other party such instruments and take such other actions, in addition to the instruments and actions specifically provided for herein, as such other party may reasonably request in order to effectuate the provisions of this Agreement or of any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

32. Severability

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

33. Strict Compliance

Any failure by Sponsor to insist upon strict performance by Purchaser of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions hereof, irrespective of the number of violations or breaches that may occur, and Sponsor, notwithstanding any such failure, shall have the right thereafter to insist upon strict performance by Purchaser of any and all of the provisions of this Agreement to be performed by Purchaser.

34. Governing Law

The provisions of this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York applicable to contracts made and to be performed in the State of New York, without regard to principles of conflicts of law.

35. Waiver of Jury Trial

EXCEPT AS PROHIBITED BY LAW, THE PARTIES SHALL, AND THEY HEREBY DO, EXPRESSLY WAIVE TRIAL BY JURY IN ANY LITIGATION ARISING OUT OF, CONNECTED WITH, OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP CREATED HEREBY OR IN THE PLAN. WITH RESPECT TO ANY MATTER FOR WHICH A JURY TRIAL CANNOT BE WAIVED, THE PARTIES AGREE NOT TO ASSERT ANY SUCH CLAIM AS A COUNTERCLAIM IN, NOR MOVE TO CONSOLIDATE SUCH CLAIM WITH, ANY ACTION OR PROCEEDING IN WHICH A JURY TRIAL IS WAIVED.

36. Gender

A reference in this Agreement to any one gender, masculine, feminine, or neuter, includes the other two, and the singular includes the plural, and vice versa, unless the context otherwise requires.

37. Certain References

The term "herein", "hereof" or "hereunder" or similar terms used in this Agreement refer to this entire Agreement and not to the particular provision in which the term is used. Unless otherwise stated, all references herein to Paragraphs, subparagraphs or other provisions are references to Paragraphs, subparagraphs or other provisions of this Agreement.

38. Captions

The captions in this Agreement are for convenience and reference only and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

39. Successors and Assigns

Subject to the prohibition against assignment by Purchaser in Paragraph 28 hereof, the provisions of this Agreement shall bind and inure to the benefit of Purchaser and Purchaser's heirs, legal representatives, successors and permitted assigns and shall bind and inure to the benefit of Sponsor and its successors and assigns.

40. No Oral Changes

This Agreement cannot be changed or any provision waived orally. ANY CHANGES OR ADDITIONAL PROVISIONS OR WAIVERS MUST BE SET FORTH IN A RIDER ATTACHED HERETO OR IN A SEPARATE WRITTEN AGREEMENT SIGNED BY THE PARTIES.

41. Acceptance of Purchase Agreement

A. On or prior to Purchaser's signing and delivering this Purchase Agreement together with the Downpayment, Purchaser agrees (if requested) to provide Sponsor with written information about Purchaser's employment, financial and rental/ownership history. Such information shall be used to determine Purchaser's qualification to purchase and own the Unit, but does not constitute a reservation or binding obligation on either the applicant or Sponsor.

B. Upon Purchaser signing and delivering this Purchase Agreement and Purchaser's Downpayment check to the Selling Agent, Purchaser shall be irrevocably bound to purchase the Unit. No binding obligation on the part of Sponsor to sell the Unit shall arise unless and until an original counterpart of this Purchase Agreement, signed by Sponsor or its duly authorized agent, is actually received by Purchaser. If, within twenty (20) days after Sponsor receives this Purchase Agreement signed by Purchaser and Purchaser's Downpayment check, an original counterpart of this Agreement signed by Sponsor or its authorized agent is not sent or delivered to Purchaser, then it shall be deemed rejected and of no force or effect, and all monies paid by Purchaser hereunder shall be promptly refunded, without interest. Upon such refund being made, neither party shall have any further rights, obligations or liabilities hereunder. Sponsor has the right, without incurring any liability, to reject this Agreement without cause or explanation to Purchaser. This Agreement may not be rejected due to Purchaser's sex, race, creed, color, national origin, ancestry, disability, marital status or other ground proscribed by law.

42. No Sponsor Financing No Financing Contingency

THIS AGREEMENT IS NOT CONDITIONED ON PURCHASER OBTAINING FINANCING.

No financing is offered by Sponsor. No representation or warranty is made and no assurance is given with respect to the cost or availability of financing from any other source.

43. Lead-Based Paint

A. Purchaser's obligations under this Agreement are contingent upon Purchaser's exercising its option to obtain, on or before 5:00 P.M. on the tenth calendar day after the day a fully executed copy of this Agreement is given to Purchaser, an "Inspection" of the Premises to determine whether there exist lead-based paint and/or lead-based paint hazards in the Unit (the "Inspection"). If Purchaser fails to deliver the Inspection report to Sponsor within the aforementioned ten-day period, Purchaser shall be deemed to have ratified the terms of this Agreement. If the Inspection indicates that there is "lead based paint" or "lead based paint hazards," Sponsor shall notify Purchaser within ten days after receipt of the Inspection report whether Sponsor will, at Sponsor's expense, correct any conditions noted in the Inspection report prior to the closing or whether Sponsor elects to cancel the Agreement. If Sponsor elects to cancel this Agreement pursuant to this Paragraph, Purchaser may, by notice to Sponsor within five days after receipt of Sponsor's notice to cancel, elect to complete the purchase of the Unit without remediation by Sponsor of any conditions which may have been noted in the Inspection report and without any offset or credit against the Purchase Price. If Purchaser shall fail to

respond in such five day time period, Sponsor shall, thereafter promptly refund the Downpayment to Purchaser. Upon such refund, this Agreement shall be canceled and neither party shall have any further claim against the other hereunder.

B. The Inspection shall be performed by a lead-based paint investigator certified by the State of New York or in such other State as is acceptable to Sponsor. No invasive testing of any surface in the Unit shall be permitted without the prior written consent of Sponsor, and only in such situations, if any, as to which non-invasive testing is "inconclusive" within the meaning of 10 NYCRR §67-2.4(a)(2)(ii). If limited invasive testing is performed in the Unit, all affected surfaces and finishes shall be restored to the same condition as existed prior to the testing. Purchaser hereby indemnifies and holds Sponsor harmless from any and all damages Sponsor incurs as a result of any testing.

C. The terms "lead-based paint," "lead-based paint hazards" and "Inspection" as used in this Paragraph shall be defined as set forth in 40 CFR §745.

D. Purchaser may at any time waive any contingency or rights Purchaser may have under this Paragraph.

44. Legal Occupancy of Unit

A. Purchaser acknowledges it is aware that the Unit may be lawfully occupied only as "Joint living-work quarters for artists" and that pursuant to applicable local laws, at least one resident of the Unit must be certified by the New York City Department of Cultural Affairs in order to qualify for occupancy of joint living-work quarters in the zoning district in which the Building is located.

B. The acceptance by Sponsor of this Purchase Agreement or the Downpayment shall not be deemed a representation or warranty by Sponsor that Purchaser is now qualified or will be qualified at any time in the future to occupy its Unit as joint living-work quarters under applicable legal requirements. Purchaser shall be solely responsible for obtaining any certification or approval lawfully required as a condition to occupancy of the Unit prior to occupancy.

C. Purchaser further acknowledges and agrees that the temporary or permanent certificate of occupancy for the Building (the "Certificate of Occupancy") will list the uses permitted in the Building pursuant to law. Occupancy of the Unit that fails to comply with the Certificate of Occupancy may constitute a violation of the New York City Zoning Resolution and the Certificate of Occupancy and may constitute the basis for denial or revocation of the Certificate of Occupancy. Compliance with all laws, rules and regulations concerning the lawful use and occupancy of any Unit will be the sole responsibility of Purchaser and Purchaser agrees to indemnify and hold Sponsor, the Board of Managers and all other Unit Owners (each an "Indemnified Party") harmless from and against any liability, costs, claims or expenses (including, without limitation, legal fees) that any Indemnified Party may incur due to the failure of Purchaser to comply with such laws, rules and regulations. All of the provisions of this Paragraph 44 shall survive closing.

45. Special Work (If Any)

Sponsor shall have no obligation to make or perform any improvements, alterations, additions, decorations or other work with respect to the Unit other than as expressly set forth in the Plan under "Rights and Obligations of the Sponsor" unless, in Sponsor's sole and absolute discretion, such Special Work is agreed to in writing by the parties and described in a separate written agreement to be attached as Schedule C to this Purchase Agreement. Any and all Special Work shall be performed at Purchaser's sole cost and expense in accordance with the terms of the written agreement between the parties. Any advances made by Purchaser to Sponsor on account of Special Work to be performed by Sponsor shall initially be held by the Escrow Agent in a separate escrow account but may, pursuant to the written agreement, be released by Escrow Agent for Sponsor's use in performing such Special Work.

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

SPONSOR:

81 SPRING REALTY LLC

By: 81 Spring Realty Corp., Manager

_____

By:

DATE ACCEPTED:

PURCHASER:

_____

Name:

* (Purchaser)

_____

* (Co-Purchaser)

(*Please sign on line and print or type name under line.)

Purchaser's Social Security Number:

(Purchaser) (Co-Purchaser)

Purchaser acknowledges:

Receipt of Offering and Amendments

at _____ (A.M.)(P.M.)

on _____, 200___ ; and

Initials:

Purchaser ____

Co-purchaser ____

Delivery of Purchase Agreement and Downpayment Check

at _____(A.M.)(P.M.)

on _____, 200__;

Initials:
Purchaser ____

Co-purchaser ____

SCHEDULE A

Property Description

All that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the northwesterly corner of Spring and Crosby Streets:

RUNNING THENCE along the northerly side of Spring Street, 50 feet;

THENCE northerly along a line parallel with Crosby Street, 117 feet 2-1/4 inches;

THENCE easterly along the line forming an angle of 90 degrees, 29 minutes 10 seconds on its southerly side of with the last described line, 49 feet 10-3/4 inches to the westerly side of Crosby Street;

THENCE southerly along the westerly side of Crosby Street, 114 feet 2-3/4 inches to the corner aforesaid at the point or place of BEGINNING.

SCHEDULE B

PERMITTED ENCUMBRANCES

1. Building and zoning laws and other regulations, resolutions and ordinances and any amendments thereto now or hereafter adopted.

2. State of facts shown on survey by George C. Hollerith dated December 22, 1919 and last redated by visual examination on June 22, 1999 by Earl B. Lovell, S.P. Belcher, Inc. including:

A) Projections over and encroachments on Spring Street by vault lights, water table, standpipe, cornices, trim, sign bracket and alarm bell box.

B) The brick area wall on the westerly line of the described premises encroaches up to ½ inches on to the premises adjoining on the west; policy insures said wall may remain so located so long a same shall stand.

C) The northerly wall of the builidng on the described premises encroaches up to 1 inch on th epremises adjoining on the north; policy insures said wall may remain so located so long as same shall stand.

D) The easterly independent wall of the builidng as the described premises encroaches up to 1-1/2 inches on to Crosby Street; policy insures said wall may remain so located so long as same shall stand.

E) Projections over and encroachments on Crosby Street by iron plates over vault lights, water table, door over cellar opening, canopy, terim, cornices, fire escapes, standpipe, vent pipe, and iron cover in sidewalk.

3. As to the Unit, any state of facts which an accurate survey and inspection would show, but this policy insures that any encroachment of a portion of the unit structure upon other units or upon the common elements may remain undisturbed as long as same shall stand.

4. Premises lie within area designated as a Historic District, by an instrument recorded on August 17, 1973 in Reel 288, Page 1059, and are subject to the restrictions of use as provided in Chapter 21 of the New York City Charter and Title 25, Chapter 3 of the New York City Administrative Code.

5. Terms, burdens, provisions, covenants, restrictions, conditions and options contained in and rights and easements established by the Declaration of Condominium and By-Laws as they are subsequently filed or recorded and the Plan and Purchase Agreement and any amendments thereto, so long as Policy insures against loss or damage occasioned by the premises not being part of a condominium validly created pursuant to Article 9-B of the Real Property Law, as amended.

6. Power of Attorney as set forth in the Purchase Agreement from the insured to the Members of the Board of Managers of the Condominium and their successors in office dated

7. Consents by Sponsor or any former owner of the Land for the erection of any structure or structures on, under or above any street or streets on which the Property may abut.

8. Any easement or right of use in favor of any utility company for construction, use, maintenance or repair of utility lines, wires, terminal boxes, mains, pipes, cables, conduits, poles, connections and other equipment and facilities on, under and across the Property.

9. Any easement or right of use required by Sponsor or its designee to obtain a temporary, permanent or amended certificate of occupancy for the Building or any part of same.

10. Revocability of licenses for vault space, if any, under the sidewalks and streets and the lien of any unpaid vault tax.

11. Encroachments of trim, copings, retaining walls, bay windows, balconies, sidewalk elevators, fences, fire escapes, cornices, foundations, footings, chutes, fuel oil lines, drainage and standpipes, and similar projections, if any, on, over or under the Property or the streets, sidewalks or premises abutting the Property, and the rights of governmental authorities to require the removal of any such projections, and variations between record lines of the Property and retaining walls and the like, if any.

12. Leases and service, maintenance, employment, concessionaire and license agreements, if any, of other Units or portions of the Common Elements.

13. The lien of any unpaid Common Charges, real estate tax, water charge or sewer rent, provided the same are adjusted at the closing of title.

14. The lien of any unpaid assessment payable in installments (other than assessments levied by the Board), except that Sponsor shall pay all such assessments due prior to the closing date and Purchaser shall pay all assessments due from and after such date.

15. Franchise taxes and New York City Business Corporation taxes of any corporation in the chain of title, provided that Royal would be willing in a fee policy issued by it to Purchaser, to insure that such taxes will not be collected out of the Unit.

16. Standard printed exceptions contained in the form of fee title insurance policy then issued by Royal (or the title insurance company insuring Purchaser's title to the Unit).

17. Any encumbrance as to which Royal (or the title insurance company that insures Purchaser's title to the Unit) would be willing to insure, at its regular rates and without additional premium, in a fee policy issued by it to Purchaser, that such encumbrance will not be collected out of or enforced against the Unit if it is a lien, or that such encumbrance is not a blanket lien encumbering the Common Elements.

18. Any Certificate of Occupancy for the Building, so long as the same permits, or does not prohibit, use of the Unit f or its stated purposes.

19. Any lease or other occupancy agreement for the Unit made by Sponsor and Purchaser.

20. Any violations against the Property (other than the Unit) that are the obligation of the Condominium Board or another Unit Owner to correct.

21. Variations between tax map and premises described in Schedule A.

22. Restrictive Declaration by 81 Spring Realty LLC in favor of the New York City Landmarks Preservation Commission, dated as of December 1, 2000 and recorded at Reel 3222, Page 748 in the Office of the Register of New York on January 23, 2001.

23. Zoning Lot Certification dated December 6, 2000 and recorded at Reel 3222, Page 803 in the Office of the Register of New York on January 12, 2001.

24. Rights of tenants or occupants in possession under any Interim Lease [if any].

SCHEDULE C

INSPECTION REPORT

Date:_____

81 Spring Realty LLC c/o Horizon Realty and Development Corp., 950 Third Avenue, 28th Floor, New York, New York 10028

Re: The Bayard House
81 Spring Street a/k/a 76 Crosby Street
New York, New York

Unit _____

Gentlemen:

This is to confirm that based on the undersigned's personal inspection of the above referenced Unit, I (we) have found the Unit, its floors, walls, doors, fixtures, appliances, equipment, hardware and all other items listed below, to be in good and satisfactory condition, free of chips, mars, scratches, breaks or other defects, except for those matters (if any) expressly noted below under "Exceptions" requiring repair, adjustment or correction:

Item		Exceptions (if any)	Purchaser's Initials
1.	Unit Interior:		
(a)	Walls:		
(b)	Floors:		
(c)	Ceilings:		
(d)	Windows: (glass, sash, pane, sill, etc.)		
(e)	Doors:		
(f)	Electrical fixtures:		
(g)	Painted surfaces:		
(h)	Kitchen cabinets:		
(i)	Appliances:		

(j) Kitchen sink:

(k) Medicine cabinets: (doors & mirror)

(l) Vanities:

(m) Bathroom sinks:

(n) Water closet:

(o) Bathtubs:

(p) Shower door:

(q) Bathroom tile:

(r) Hardware: (doorbell, doorknob, faucets, locks, etc.)

(s) Other:

2. General Operating Condition:

(a) All Doors:

(b) All Windows:

(c) All Plumbing:

(d) All Hardware:

(e) Other:

I (we) understand that to prevent pilferage, certain items such as medicine cabinet doors, shower heads, toilet seats, and towel bars will be installed just prior to the date I (we) move in.

I (we) understand that the full Balance of the Purchase Price of the Unit must be paid at closing under the Purchase Agreement, without provision for escrow, notwithstanding your obligation to complete or correct the items noted above after the closing.

The undersigned will sign and deliver to you a separate statement signifying my (our) satisfaction with each item excepted above (if any), immediately upon the completion of the repair, adjustment or correction of same. The undersigned understands and agrees that you shall not be obligated to make any repairs, adjustments or corrections to the Unit or any portion thereof or its fixtures, appliances, equipment, etc., contained therein, from and after the date of

delivery of possession of the Unit to the undersigned, except as to those items (if any) expressly excepted above (and your obligation regarding any such excepted items shall cease upon the completion of the repair, adjustment or correction of same). Nothing contained herein shall be construed to excuse Sponsor from its obligations to correct defects in construction to the extent required in the section entitled "Rights and Obligations of Sponsor" contained in the Offering Plan for Condominium ownership of the captioned premises.

Very truly yours,

_____

Purchaser's Signature

Agreed To:

81 SPRING REALTY LLC

By: 81 Spring Realty Corp., Manager

By:_____

Authorized Representative

SCHEDULE D - LEAD-BASED PAINT DISCLOSURE

Disclosure of Information on Lead-Based Paint
and/or Lead-Based Paint Hazards
(Sales)

LEAD WARNING STATEMENT:

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

* * * * * * * * * *

NOTE: The use of this form and the preparation of its contents may have significant legal consequences. Consult your attorney as to the proper use and preparation of this form. Retain this record and copies of all documents to which it refers for at least three) years.

Seller's Disclosure

(a) Presence of lead-based paint and/or lead-based paint (check (i) or (ii) below):

(i) X Known lead-based paint and/or lead-based paint hazards are present in the housing. (Explain below. If the space provided is not adequate, attach additional sheets).

Environmental Phase 1 Inspection performed on March 3, 1999 included a visual inspection only of the condition of the paint at the premises. Due to the age of the building it is presumed that there is lead paint on the premises.

(ii) __ Seller has no knowledge of lead-based paint.

(b Records and reports available to the seller (check (i) or (ii) below):

(i) X Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).

Testing reports are attached _____

_____

(ii)__ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

_____

Purchaser's Acknowledgement (initial the appropriate statement)

(c)__ Seller has received copies of all information listed above.

(d)__ Purchaser has received the pamphlet Protect Your Family from Lead in Your Home

(e)__ Purchaser has (check (i) or (ii) below):

(i)__received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards, or

(ii)__waived the opportunity to conduct a &k assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

Agent's Acknowledgement (initial)

(f)__ Agent has informed the seller of the seller's obligations under 42 U.S.C 4852d and is aware of his/her responsibility to ensure compliance.

CERTIFICATION OF ACCURACY

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

_____	_____	_____
Seller	***(Print Name)***	*Date*
_____	_____	_____
Seller	***(Print Name)***	*Date*
_____	_____	_____
Purchaser	***(Print Name)***	*Date*
_____	_____	_____
Purchaser	***(Print Name)***	*Date*
_____	_____	_____
Agent	***(Print Name)***	*Date*

_____	_____	_____
Agent	*(Print Name)*	*Date*

Disclosure of Information on Lead-Based Paint
and/or Lead-Based Paint Hazards
(Sales)

DOCUMENT NUMBER 2

UNIT OWNER'S POWER OF ATTORNEY

DOCUMENT NUMBER 2

UNIT OWNER'S POWER OF ATTORNEY

THE BAYARD HOUSE
81 Spring Street a/k/a 76 Crosby Street
New York, New York 10012
UNIT #_____

County:	New York
Block:	497
Lot:	31

Record and Return To:

GREENBERG TRAURIG, LLP
200 Park Avenue
New York, New York 10169
Attention: Robert J. Ivanhoe, Esq.

UNIT OWNER'S POWER OF ATTORNEY

All terms used in this Unit Owner's Power of Attorney that are used (a) in the Declaration establishing a plan for condominium ownership of the premises known both as The Bayard House (the **"Condominium"**) and by the street number 81 Spring Street a/k/a 76 Crosby Street, New York, New York 10012, under Article 9-B of the Real Property Law of the State of New York, dated as of _____, 200__, and recorded in the New York County office of the Register of the City of New York on _____, 1999, in Reel ____, at page ___ (hereinafter referred to as the "Declaration"), or (b) in the By-Laws of the Condominium (hereinafter referred to as the "By-Laws") attached to, and recorded together with, the Declaration, shall have the same meanings in this Unit Owner's Power of Attorney as in the Declaration or the By-Laws.

The undersigned _____ (having an office) (residing)* at_____ the owner of the Condominium Unit (hereinafter referred to as the "Undersigned's Unit") known as Unit No. ____ at The Bayard House, said Unit being designated and described as Unit No. in the Declaration and also designated as Tax Lot ____ in Block 497 of Section 2of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of The City of New York and on the Floor Plans of the Condominium ("Floor Plans") filed with that department, (does) (do)* hereby irrevocably nominate, constitute and appoint the persons who may from time to time constitute the Condominium Board, true and lawful attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, in their own names, as members of the Condominium Board or in the name of their designee (corporate or otherwise), on behalf of all Unit Owners in accordance with the Unit Owners' respective Common Interests, subject to the provisions of the By-Laws then in effect:

1. (a) to acquire any Unit, together with its [Appurtenant Interests], whose owner elects to surrender the same pursuant to the terms of paragraph (C) of Section 6.2 of the By-Laws, (b) to acquire any Unit, together with its Appurtenant Interests, that becomes the subject of a foreclosure or other similar sale, (c) to acquire a Unit, together with its Appurtenant Interests, for the use and occupancy of a superintendent or otherwise, (d) to acquire or lease a Residential Unit pursuant to the terms of Article 7 of the By-Laws, and (e) to acquire or lease any Unit, together with its Appurtenant Interest, in accordance with Section 2.4(xv) of Article 2 of the By-Laws, all on such terms, including (without limit) price or rental (with respect to any transfer pursuant to the terms of subdivision (b), (c), (d) or (e) of this paragraph) as said attorneys-in-fact shall deem proper, and thereafter to convey, sell, lease, mortgage, or otherwise deal with (but not vote the interest appurtenant to) any such Unit so acquired by them, or to sublease any Unit so leased by them, on such terms as said attorneys-in-fact may determine, granting to said attorneys-in-fact the power to do all things in said premises that the undersigned could do if the undersigned were personally present; and

2. to execute, acknowledge and deliver, and, if necessary, to cause to be recorded in the Office of the Register of New York County, (a) any declaration or other

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* Delete whichever is inapplicable

instrument affecting the Condominium that the Condominium Board deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution, or requirement of the Department of Buildings, the Landmarks Preservation Commission, the City Planning Commission, the Board of Standards and Appeals, or any other public authority, applicable to the maintenance, demolition, construction, alteration, repair, or restoration of the Condominium or (b) any agreement, consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Condominium or the Common Elements that the Condominium Board deems necessary or appropriate, including, without limitation, all documents or instruments relating to or constituting that certain Restrictive Declaration made by 81 Spring Realty LLC and dated as of December 1, 2000, in favor of the New York City Landmarks Preservation Commission and recorded at Reel 3222, page 748 in the office of the Register of New York County on January 23, 2001 including any amendment, modification, termination or cancellation thereof.

The acts of a majority of such persons constituting the Condominium Board shall constitute the acts of said attorneys-in-fact.

The undersigned (does) (do)* hereby irrevocably nominate, constitute and appoint 81 Spring Realty LLC ("Sponsor") as attorney-in-fact for the undersigned, coupled with an interest, with power of substitution, to amend from time to time said Declaration, By-Laws, Rules and Regulations and Floor Plans of the said Condominium, or any of said documents, when such amendment (1) shall be required to reflect any changes in Unsold Units and/or the reapportionment of the Common Interests of the affected Unsold Units resulting therefrom made by Sponsor or its designee in accordance with Article 12 of the Declaration or (2) shall be required by (a) any governmental agency having regulatory jurisdiction over the Condominium, or (b) any title insurance company selected by Sponsor to insure title to any Unit, provided, however, that any amendment made pursuant to the terms of subdivision (1) or (2) of this paragraph shall not (i) change the Common Interest of the Undersigned's Unit, (ii) require a physical modification to the Undersigned's Unit, or (iii) adversely affect the priority or validity of the lien of any purchase money mortgage or any mortgage held by an Institutional Lender covering the Undersigned's Unit unless the undersigned (in the event described in subdivision (i) or (ii) of this paragraph) or the holder of such mortgage (in the event described in subdivision (iii) of this paragraph) shall consent thereto by joining in the execution of such amendment. The terms, covenants and conditions contained in, and the powers granted pursuant to, this paragraph shall remain in full force and effect until such time as the Sponsor and Sponsor's designee (if any) shall cease to own any of the Units in The Bayard House.

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* Delete whichever is inapplicable

IN WITNESS WHEREOF, the undersigned (has) (have)* executed this Unit Owner's Power of Attorney as of the _____day of _____,200__.

_____
Unit Owner

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the _____ day of _____ in the year ____ before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to in 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.

_____
Signature and Office of individual taking acknowledgment

* Delete whichever is inapplicable

DOCUMENT NUMBER 3

CONDOMINIUM UNIT DEED

DOCUMENT NUMBER 3

81 SPRING REALTY LLC,
Grantor

TO

_____, Grantee

CONDOMINIUM UNIT DEED

THE BAYARD HOUSE

81 Spring Street a/k/a 76 Crosby Street
New York, New York
UNIT #____

County:	New York
Section:	2
Block:	497
Lot:	___

Record and Return To:

GREENBERG TRAURIG, LLP
200 Park Avenue
New York, New York 10166
Attention: Robert J. Ivanhoe, Esq.

CONDOMINIUM UNIT DEED

THIS INDENTURE, made the _____ day of _____, by and between 81 Spring Realty LLC, a New York limited liability company, having an office c/o Horizon Realty & Development Corp., 950 Third Avenue, 28th floor, New York, New York, 10028 hereinafter referred to as the "Grantor") and _____ (having an office)(residing)* at _____(hereinafter referred to as the "Grantee").

W I T N E S S E T H:

That the Grantor, in consideration of Ten ($10.00) Dollars and other valuable consideration paid by the Grantee, does hereby grant and release unto the Grantee, and the heirs or successors and assigns of the Grantee, forever:

The Condominium Unit in the building (hereinafter referred to as the "Building") known as The Bayard House and by the street number 81 Spring Street a/k/a 76 Crosby Street, Borough of Manhattan, City, County and State of New York, said Unit being designated and described as Unit No. _____ (hereinafter referred to as the "Unit") in that certain Declaration dated _____, 2001 made by 81 Spring Realty LLC, pursuant to Article 9-B of the Real Property Law of the State of New York (hereinafter referred to as the "Condominium Act") establishing a plan for condominium ownership of the Building and the land (hereinafter referred to as the "Land") upon which the Building is situate (which Land is more particularly described in Exhibit A annexed hereto and by this reference made a part hereof), which Declaration was recorded in the New York County Office of the Register of The City of New York on _____, 2001, in Reel ____, page _____ (which declaration, and any amendments thereto are hereinafter collectively referred to as the "Declaration").

This Unit is also designated as Tax Lot _____ in Block 497 Section 2 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of The City of New York and on the Floor Plans of the Building, certified by Arpad Baksa Architect, P.C., on _____ _____, 2001 and filed with the Real Property Assessment Department of The City of New York on _____, 2001, as Condominium Plan No. ____ and also filed in the City Register's Office on _____ 2001, as Condominium Map No. _____.

Together with an undivided _____ percent (__%) interest in the Common Elements (as such term is defined in the Declaration);

Together with the appurtenances and all the estate and rights of the Grantor in and to the Unit;

Together with an easement for the continuance of all encroachments by the apartment unit on any adjoining units or Common Elements or Limited Common Elements now existing as a result of construction of the Building or which may come into existence hereafter as a result of settling or shifting of the Building, or as a result of repair or restoration of the Building or of the unit after damage or destruction by fire or other casualty, or after taking in condemnation or

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* Delete whichever is inapplicable.

eminent domain proceedings, or by reason of an alteration or repair to the Common Elements, so that any such encroachments may remain so long as the Building shall stand;

Together with an easement in common with the owners of other units to use any pipes, wires, ducts, cables, conduits, utility lines, flues and other Common Elements located in any of the other Units or elsewhere on the Property, and serving the Unit;

Together with and subject to, all easements of necessity in favor of the Unit or in favor of other units or the Common Elements;

Together with the exclusive right to the use of any terrace or balcony to which the Unit has sole access subject to easements in favor of adjoining units and in favor of the Common Elements and Limited Common Elements for the continuance of all encroachments of such adjoining units or Common Elements or Limited Common Elements on the Unit now existing as a result of construction of the Building, or which may come into existence hereafter as a result of settling or shifting of the Building, or as a result of repair or restoration of the Building or of any adjoining unit or of the Common Elements or Limited Common Elements after damage or destruction by fire or other casualty, or after a taking in condemnation or eminent domain proceedings, or by reason of an alteration or repair to the Common Elements, so that any such encroachments may remain so long as the Building shall stand;

Subject also to an easement in favor of the other Units to use the pipes, wires, ducts, conduits, cables, utility lines, flues and other Common Elements located in the Unit or elsewhere on the Property and serving such other units;

Subject also to easements for ingress and egress for construction, installation, operation and maintenance of municipal service facilities and utilities;

Together with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration, Floor Plans and the By-Laws of The Bayard House, as each of the same may be amended from time to time (said By-Laws and any amendments thereto are hereinafter collectively referred to as the "By-Laws"), all of which shall constitute covenants running with the Land and shall bind any person having at any time any interest or estate in the Unit, as though recited and stipulated at length herein;

Subject also, to such other liens, agreements, covenants, easements, restrictions, consents and other matters of record as pertain to the Unit, to the Land and/or to the Building (which Land and Building are hereinafter collectively referred to as the "Property").

Subject also, to that certain Restrictive Declaration made by 81 Spring Realty LLC and dated as of December 1, 2000 in favor of the New York City Landmarks Preservation Commission and recorded at Reel 3222, page 803, in the office of the Register of New York County, on January 23, 2001.

TO HAVE AND TO HOLD the same unto the Grantee, and the heirs or successors and assigns of the Grantee, forever.

If any provision of the Declaration or the By-Laws is invalid under, or would cause the Declaration or the By-Laws to be insufficient to submit the Property to the provisions of the Condominium Act, or if any provision that is necessary to cause the Declaration and the By-Laws to be sufficient to submit the Property to the provisions of the Condominium Act is missing from the Declaration or the By-Laws, or if the Declaration and the By-Laws are insufficient to submit the Property to the provisions of the Condominium Act, the applicable provisions of Article 17 of the Declaration shall control.

Except as otherwise specifically permitted by the Condominium Board (as such term is defined in the Declaration) or provided in the Declaration or in the By-Laws, the Unit is intended for all legal uses permitted subject to applicable governmental regulations and restrictions contained in the Declaration and the Property's certificate of occupancy.

The Grantor covenants that the Grantor has not done or suffered anything whereby the Unit has been encumbered in any way whatever, except as set forth in the Declaration and the By-Laws (and any Rules and Regulations adopted under the By-Laws). This covenant is for the personal benefit of Grantee only and cannot be assigned to, or exercised by, or inure to the benefit of anyone else, including (without limitation) any insurer of Grantee's title or any successor to Grantee's interest.

The Grantor, in compliance with section 13 of the Lien Law of the State of New York, covenants that the Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund for the purpose of paying the cost of the improvements at the Property and will apply the same first to the payment of the cost of such improvements before using any part of the same for any other purposes.

By accepting this Deed, the Grantee accepts and ratifies the provisions of the Declaration and the By-Laws (and any Rules and Regulations adopted under the By-Laws) and agrees to comply with all the terms and provisions thereof.

This conveyance is made in the regular course of business actually conducted by the Grantor.

The term "Grantee" shall be read as "Grantees" whenever the sense of this indenture so requires.

IN WITNESS WHEREOF, the Grantor has duly executed this indenture as of the day and year first above written.

81 SPRING REALTY LLC,
GRANTOR

By: 81 Spring Realty Corp.,
Manager

By: _____
John Jacobson, President

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the _____ day of _____ in the year ____ before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to in 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.

_____
Signature and Office of individual taking acknowledgment

EXHIBIT "A" TO

CONDOMINIUM UNIT DEED

LEGAL DESCRIPTION OF THE LAND

The Condominium Unit (in the Building located at and known as and by street number 81 Spring Street a/k/a 76 Crosby Street, New York, New York), designated and described as Unit ____ (hereinafter called the "Unit") in the Declaration made by the Sponsor under the Condominium Act of the State of New York (Article 9-B of the Real Property Law of the State of New York), dated _____ and recorded on _____ in the office of the Register of the City of New York, County of New York, in Reel ___, page ___ establishing a plan for condominium ownership of said Building and the land upon which the same is erected (hereinafter sometimes collectively called the "Property") and also designated and described as Tax Lot No.__ , Block 497, Section 2, Borough of Manhattan on the Tax Map of the Real property assessment department of the City of New York and on the floor plans of said Building certified by Arpad Baksa, R.A. on _____ and filed as Condominium Plan No. ___ on _____ in the aforesaid Register's Office.

The land upon which the Building containing the Unit is erected as follows:

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the northwesterly corner of Spring and Crosby Streets:

RUNNING THENCE along the northerly side of Spring Street, 50 feet;

THENCE northerly along a line parallel with Crosby Street, 117 feet 2-1/4 inches;

THENCE easterly along the line forming an angle of 90 degrees, 29 minutes 10 seconds on its southerly side of with the last described line, 49 feet 10-3/4 inches to the westerly side of Crosby Street;

THENCE southerly along the westerly side of Crosby Street, 114 feet 2-3/4 inches to the corner aforesaid at the point or place of BEGINNING.

DOCUMENT NUMBER 4

DESCRIPTION OF PROPERTY AND BUILDING CONDITION

ARPAD BAKSA
ARCHITECT, P.C.

25 West 43rd Street, suite 1616
New York, New York 10036-7406
phone 212.768.4191
fax 212.768.4473
e-mail:
a.baksa.arch@worldnet.att.net

DESCRIPTION OF PROPERTY AND BUILDING CONDITION

PREPARED BY THE OFFICE OF

ARPAD BAKSA ARCHITECT, P.C.
(WITH THE AIDE OF CONSULTANTS BELOW)

ADDRESS:	81 Spring Street New York, New York 10012
	Block: 497 Lot: 31 Zoning: M1-5b Map: 12c
REQUESTING PARTY:	81 Spring Realty LLC c/o Horizon Realty & Development Corp. 650 Fifth Avenue, 24th Fl. New York, NY 10019
STRUCTURAL ENGINEER:	Chen Engineering Services, P.C. 28 Deepdale Drive Great Neck, NY 11020
MEP ENGINEER:	SGT Consulting Engineers 1430 Broadway, 7th Floor New York, NY 10018
ELEVATOR ENGINEER:	D.T.M., Inc. 120-02 14th Road College Point, NY 11356

ADDENDUM

II. Describe the condition of the following items:

A. Masonry:

. sub-cellar floor, walls & ceilings: There are no bulges, spalling, cracks, deteriorated mortar, mositure penetration or any other sign of distress. The sub-cellar floor, walls and ceilings are in good condition.

. cellar floor, walls and ceilings: There are no bulges, spalling, cracks, deteriorated mortar, mositure penetration or any other sign of distress. The cellar floor, walls and ceilings are in good condition.

. chimneys, location and materials: There are existing, abandoned chimneys along the west parapet wall and a chimney which is part of the elevator shaft. The parapet wall chimneys are being removed as part of the remedial work for that parapet. The chimney in the elevator is remaining. The chimney is steel and in good condition.

. other; materials and location of the fireplace flues: Five new fire places are being installed along the west parapet wall, the flues are steel, and the surrounds are made of stucco at the roof level. A new fire place is going to be installed at the south face of the parapet, the surround is brick and the flue is steel.

No hazardous conditions exist in any of the above.

B. Windows:

. make and model numbers: The windows are custom windows to duplicate the existing historic windows, there is no make and model since it is not being purchased from a catalog.

D. Plumbing and drainage:

. overall condition: The plumbing and drainage is new.

. are leaks frequent? No leaks were observed, system is new.

. are there active leaks? No leaks were observed, system is new.

. materials of the water and sprinkler pipes: Water: copper supply, no hub cast iron waste, cast iron vent. Sprinkler: Full weight galvanized steel.

E. Electrical wiring:

. adequacy of the public area lighting: Exceeds code and is new in good condition.

. note defects, if any: None, the system is new.

. condition of intercom system: None, the system is new.

F. Elevators:

F(1) . whether architectural plans have been approved by the appropriate local agencies: Plans have been filed, but not approved as of this date.

G. Heating system:

. condition of all aspects of heating system, including boiler(s), burner(s), pump(s),valve(s), regulating devices(s), radiator(s), oil tank, convertors, piping, etc.; note all defects: Boilers are existing and well maintained in good condition. Burners, valves, pumps, etc. are all new.

. capacity of the boilers:

(1) Number of boilers and description: One existing oil fired steam boiler.

(2) Manufacturer and age of boiler(s) (model, capacity; alternatively, give type, approximate age and approximate remaining useful life): Existing H.B. Smith, #44-14.

(3) Manufacturer and age of burners (model; alternatively, give type and approximate remaining useful life): Existing PowerFlame, #W4AH.

(4) Type of controls: New Honeywell, McDonnel & Miller, low water cut-off, back flow preventer, heat timer.

(5) Radiators, piping, insulation, valves, pumps: Fin-tube elements are new with aluminum fins and copper tubes.

(6) Fuel (for oil give type and grade): Oil - No. 4

(7) Location of oil tank, materials, enclosure: Subcellar. The boiler room is enclosed in concrete block in a rated enclosure. The floor of the room is concrete and will contain any spills.

(8) Capacity of oil tank: 3,000 gallons, existing oil tank.

. state whether system is out of service frequently: The system is in good working order and is not out of service frequently.

. age and remaining useful life of the boiler and burners: 10-years.

H. Apartment interiors:

. make and model numbers of the appliances and bath fixtures: All appliances are stainless steel GE Monogram line.

ZDP36N4RWSS 36" Professional Range (natural gas)
ZBD5900DSS Stainless Steel Dishwasher
ZISB36DY 36" Built-in Refrigerator with Black Dispenser
ZISB36DY Black Dispenser Model Accepts Kit ZWSP36D
ZEM200SY Stainless Compact Microwave Oven with Greystone Case
ZV370YSS 36" Professional Straight-Sided Hood
ZDB24ABB Beverage Center with Black Case and Toekick

. condition of finishes: New

. condition of appliances and/or fixtures: New

. condition of plumbing (provide details on leaks): All plumbing is new and no leaks were observed.

. are there leaks through windows or walls and ceilings? (provide details): None observed.

. location, make and model numbers of the fireplaces: Along the west side of the building, Majestic BFC36

I. Other

. condition of interior doors and frames: New

. condition of yard area pavement: Existing and in good condition.

. submit copies of the approved building plans: Noted

J(1) . describe alteration work done/to be done: Work has not commenced. Work is anticipated to commence in March 2000. Work includes: new MEP systems, new elevators, new baths, kitchens and finishes to create finished units. A new lobby.

K. Condition and adequacy of the A/C units: New, meets and exceeds code requirements.

L. Condition of the ventilation system: New

M. Furnish details of the fire alarm system: A new system "mini system" for elevator recall and sprinkler alarms only.

N. Condition of the common areas: New

O. Delete not applicable items on page #189, 190 & 191: Noted

III. Special Risks:

L. Other

. Landmark status of the building: Building is in a Landmark district. It is not an individual Landmark.

V. State whether the following conditions have stabilized and state the basis for the statement made.

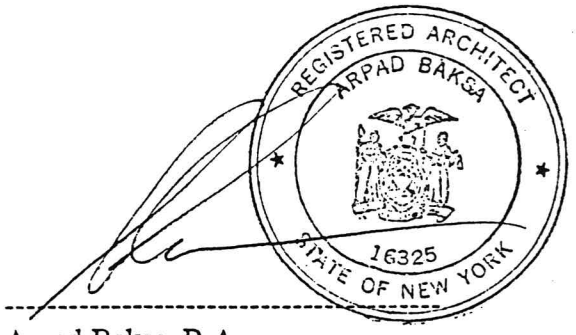
. leaning south/west wall: The wall is being removed and totally rebuilt.

. leaning parapets: The wall is being removed and totally rebuilt.

VII. Other

. sponsor to obtain CO. prior to closing: The sponsor will obtain a TCO prior to closing.

. compliance with Local Law 58 (Handicapped-Access Law): The building is in full compliance with Local Law 58.



Arpad Baksa, R.A.

ORIGINAL

ARPAD BAKSA

ARCHITECT, P.C.

25 West 43rd Street, Suite 1616
New York, New York 10036-7406
phone 212.768.4191
fax 212.768.4473
e-mail:
a.baksa.arch@worldnet.att.net

DESCRIPTION OF PROPERTY AND BUILDING CONDITION

PREPARED BY THE OFFICE OF

ARPAD BAKSA ARCHITECT, P.C.
(WITH THE AIDE OF CONSULTANTS BELOW)

ADDRESS:	81 Spring Street New York, New York 10012
	Block: 497 Lot: 31 Zoning: M1-5b Map: 12c
REQUESTING PARTY:	81 Spring Realty LLC c/o Horizon Realty & Development Corp. 650 Fifth Avenue, 24th Fl. New York, NY 10019
STRUCTURAL ENGINEER:	Chen Engineering Services, P.C. 28 Deepdale Drive Great Neck, NY 11020
MEP ENGINEER:	SGT Consulting Engineers 1430 Broadway, 7th Floor New York, NY 10018
ELEVATOR ENGINEER:	D.T.M., Inc. 120-02 14th Road College Point, NY 11356

INTRODUCTION

This Report was prepared for the Sponsor for inclusion in an offering plan for conversion of the property to condominium units. The Report is based on (a) a visual inspection of the existing spaces and mechanical equipment and a description of the proposed work to be performed as deemed necessary, but not, unless otherwise stated herein, any tests or penetration into existing walls, ceilings, floors, etc. or removal of any remaining structural or mechanical elements. It is understood that not all aspects of the physical condition of the Property can be ascertained from a visual inspection alone, and (b) information provided by the Sponsor and/or his representatives.

This Report fairly describes the condition of the building and proposed improvements on the Property as of the date of the inspection with respect to those facts which could be ascertained from a visual inspection at that time, except as noted herein. This Report provides a general description of the Property, interior spaces and mechanical equipment and a fair summary of their general condition, but is not intended to be a complete detailed list of every piece of equipment or of their condition. Emphasis is on their condition at the time of the inspection including deficiencies probably unknown to occupants, rather than description of material make-up usually obvious to residents.

The scope of this Report does not include estimates of costs of repairs which would be required to correct the defects brought to light by this Report. In order to obtain such estimates it would be necessary to engage an engineer and/or architect for preparation of detailed plans and specifications for each trade and to secure competitive bids from contractors in that trade.

The contents of this Report are correct to the best of my knowledge and belief. This Report and the conclusions stated herein are, however, limited to actual knowledge based upon visual inspection, undertaken with due diligence, of visible portions of the Property and information voluntarily supplied by the Sponsor. No representation is made, however, as to the truth, completeness or accuracy of this information.

This Report is not to be construed as a guarantee or warranty. It is not intended or prepared for the purpose of fixing a value to the Property or as an option as to the advisability or inadvisability to purchase the Property or acquire share(s) in the condominium units being offered pursuant to the Sponsor's Offering Plan.

DESCRIPTION OF PROPERTY AND BUILDING

81 Spring Street
New York, New York

Date of Inspection: 1 July, 1999
Date of Report: 7 July, 1999
Revised: 20 September, 1999

(a) Location and Use of Property. State whether this property and proposed use will comply with all zoning and use requirements at closing: The property's proposed use will comply with all zoning and use requirements at closing. Also included in the discussion:

(1) Address: 81 Spring Street
New York, New York

(2) Block and lot number:
Block #497
Lot #31

(3) Zoning: M1-5b

(4) Permissible use: Commercial on sub-cellar, cellar, and 1st floor, floors 2 thru 6 light manufacturing, offices and storage.

(b) Status of construction. State:

(For existing building's state): The building is existing Construction.

(1) Year built: Approximately 1884
(2) Class of construction: II B
(3) Certificate of Occupancy, type and number: #6689 issued 08/30/23.
(4) Alteration permit numbers and description of work done: Alt. Type 1 #102080686. Renovation of an existing storage warehouse to commercial use on floors sub-cellar, cellar, 1st and "JLWQA" on floors 2 through 6 and a new roof top addition is being proposed. After all the work is completed an amended Certificate of Occupancy will be obtained.

(c) Site. Discuss:

(1) Size: The lot is approximately 5,769 square feet and the lot coverage is 5,607 square feet.

(2) Number of buildings and use: There is one (1) building used for both commercial and "JLWQA".

(3) Streets owned or maintained by the project: The building has a 50'-0" frontage on Spring Street and 114'-4 1/2" frontage on Crosby Street.

(i) Paving (material and condition): The street paving is Belgium Block as provided by the City of New York on Crosby Street and asphalt on Spring Street and is in fair to good condition.

(ii) Curbing (material and condition): The existing curbing is granite and is integral with the existing granite pavers and in good condition. The corner is steel and will be removed and new handicap access will be provided.

(iii) Catch basins, drainage (location and condition): There are catch basins at the two (2) corners of Spring and Crosby Streets as provided by the City of New York, in good condition. No visable puddling occurs.

(iv) Street lighting (material, type, location and condition): There are two (2) standards, one at the corner of the property and one at the opposite diagonal corner formed by the intersection of Spring and Crosby Streets as provided by the City of New York, and they are in good condition.

(v) State whether these items are in conformity with local fire district, town or municipal building codes: All the items above are in conformity with local fire district, town and municipal building codes.

(4) Drives, sidewalks and ramps:

(i) Paving (material and condition): Existing granite paver and cast iron vault lights are installed along Spring and Crosby Streets. The existing sidewalk is in fair condition. Existing sidewalk vault lights will be refurbished.

(ii) Curbing (material and condition): See (3) (ii) above.

(iii) Catch Basins, drainage (location and condition): See (3) (iii) above.

(iv) Street lighting (material, type, location and condition): See (3) (iv) above.

(v) State whether these items are in conformity with local fire district, town or municipal building codes: All the items above are in conformity with local fire district, town and municipal building codes. ADA compliance is going to be achieved by means of two (2) new elevators. The commercial elevator will stop at all the commercial levels while the residential elevator will make all the stops from sub-cellar to penthouse.

(d) Utilities. Identify source or provider of each utility. Specifically identify which are public utilities or regulated companies and which are solely the obligation of the board of managers of the condominium. Indicate whether water, sewer (or septic tank), gas, electric and telephone are metered individually, collectively or by any other method of billing: Con Edison provides electric and gas service. The City of New York provides water and sewer service. Telephone service is provided by New York Telephone. Electric and gas service in units is individually metered. Water is metered by one meter for the entire building. An individual electrical meter is provided for the common spaces. Electric is individually metered for the commercial areas.

(e) Sub-soil conditions. Describe (including water conditions):

(1) Whether uneven foundation movement or settling has occurred (cracking, mortar joint decay, etc.): The subsoil conditions of the building have not been tested. However, the soil appears to be of sufficient capacity to support the building, there are no signs of settlement, cracking or mortar joint decay. It is concluded that the foundation is sound since it has been for over one-hundred years.

(2) Whether there is any evidence of moisture or seepage or ground water infiltration and, if any, indicate whether corrective action is needed: No moisture or seepage was observed in the existing cellar above the existing level slab.

(3) Whether there is any danger from flooding, either due to water table in area or overflow from other bodies of water. Note potential for mudslides or erosion and what preventive action is appropriate: The building is in a "built up" urban area. No mudslides or erosion danger is present.

(f) Landscaping and enclosures. Describe:

(1) Grass cover (type, location): None
(2) Plantings (type, location): None
(3) Trees (location): None
(4) Fencing (type, location): None
(5) Gates (type, location): None
(6) Garden walls (type, location): None
(7) Retaining walls (type, location): None
(8) Display pools and fountains (location, materials): None

(g) Building size. Specify:

(1) Total height (approximate total feet from ground level to highest part of roof): The total height of the building is approximately 84'-6" from the ground level to the main roof. A new penthouse approximately 12'-0" high will be constructed increasing the building height to 97'-6". The building will have to comply with Local Law 10 after the construction of the penthouse.

(2) Crawl spaces (floor to ceiling, height): None

(3) Number of Sub-cellars and cellars: One sub-cellar and a cellar.

(4) Number of floors (actual including penthouses): There are 6 floors with a sub-cellar, cellar and a new proposed penthouse which will be constructed.

(5) Equipment rooms (location and use): There are gas, electric, boiler, and elevator equipment rooms in the sub-cellar.

(6) Parapet (height above roof): The existing brick parapet height is approximately 0'-0" - 3'-6" high, in fair condition. The parapet is covered with tar and roof paper. A new

steel handrail 3'-6" high is being installed along the entire perimeter by the sponsor.

(h) Structural system. Describe materials used, include type of foundation(s) and method of installation. Specify: The existing foundation wall is brick. Footings could not be observed. The building is constructed of brick bearing walls with wood joists and wood floor.

The building floor construction is wood flooring supported on wood joists. The joists are spaced at approximately 18" on center. They are supported on the exterior east and west brick bearing walls and on wood girders along the center of the building. The wood girders span in the north-south direction and are supported on interior columns spaced at approximately 14'-6" on center. The interior columns are wood at the 4th through 6th floors and cast iron below the 4th floor. The front facade (Spring and Crosby Streets) are cast iron on the 1st floor and brick above. The back and rear facades are brick. The inner court is brick.

Foundations could not be observed and subsoil conditions at the building have not been tested. However, althought the building is approximately 100 years old, no sign of excessive differential settlements has been observed.

(1) Exterior of buildings:

(i) Walls: List materials, type of construction, method of construction. For New York City buildings, if Local Law 10 applies, include the entire report of the results of the inspection. If Local Law 10 is inapplicable, so state. If such inspection is required, but not performed, specify as a violation. If insulated, describe material, type, size and insulating value where available: The front facade is masonry supported by cast iron columns along Spring and Crosby Streets and masonry bearing everywhere else. The storefront is wood and glass infill. The facade is in good condition and will be restored as part of the renovation. The side walls are brick masonry bearing. The rear wall is brick. The floors are not insulated except for the roof.

The existing south/west brick wall and parapet is leaning inward 4" to 6". This wall shall be removed and rebuilt from 6th floor up.

A Local Law 10 facade inspection report has never been filed at Department of Buildings since it is not required because the building is not six (6) stories high. After the construction a Local Law 10 facade inspection will have to occur.

The new proposed wood framed penthouse is supported on wood beams and girders. The new penthouse roof is plywood on wood joists. The new exterior partitions are wood/steel stud bearing walls with stucco/glass/corrugated metal finish.

(ii) Windows: Specify type and materials in all part of the building including sills, screens, window guards, lintels, storm sash, hardware, single or double glazing and caulking. Indicate whether lot line windows exist and describe any potential future problems: First floor commercial storefront is wood and glass. The upper floor windows are double hung one (1) over one (2) wood windows. The windows will be new. No lot line windows exist.

(iii) Landmark status: State whether building has landmark status and discuss consequences: The building is in a landmark district. The building is not an individual landmark. All exterior work visible from the street has been approved by Landmarks Preservation Commission.

(2) Parapets and copings: State type of materials, how firmly secured in place and whether there is any indication of problems e.g., leakage, spalling, deterioration of mortar, cracking, etc.: The existing parapets are masonry covered with roof paper. The existing coping stones along the side of the building are covered with tar. The parapets will be restored as part of the renovation.

(3) Chimneys and caps: Indicate number, location and material of each chimney for boilers, incinerators, compactors and fireplaces. If fireplaces are not usable for wood fires, this fact must be conspicuously disclosed: There is one existing boiler flue which will remain. There will be five (5) new woodburning fireplaces and flues installed during the renovation and one (1) on the penthouse floor.

(4) Balconies and terraces. Describe: A new terrace is being installed as part of the new penthouse.
(i) Deck finish (material): Concrete pavers
(ii) Balustrade (type, material): Steel
(iii) Railings (material): Steel
(iv) Copings (material): N.A.
(v) Soffits (material): N.A.
(vi) Doors to balconies and terraces (type, material): Wood painted

(5) Exterior Entrances. Describe:
(i) Exterior doors and frames (material, type, lock): The main building entrances, transom, doors and frames are new wood and glass. The first floor commercial entrances are new wood and glass. Electric door releases are located at the Crosby Street residential entrance doors and are controlled from intercoms located in each unit. There is a new banner for the commercial space along Spring Street and a restored canopy along Crosby Street.

(ii) Vestibule doors and frames (material, type, lock): None

(iii) Exterior stairs (material, location): N.A.

(iv) Railings (material, location): N.A.

(v) Mail boxes (type, location): Mail boxes are for the residential units only, located in the lobby of the building. Mail boxes are U.S. Government approved. Mail boxes are front loading, vertical type.

(vi) Lighting (type, location): There will be four (4) new incandescent mounted lights under the building canopy at the building entrance.

(6) Service entrances. Describe:

(i) Doors and frames (material, type, lock): N.A.
(ii) Gates (material, type, lock): N.A.
(iii) Exterior stairs (material, location): N.A.
(iv) Railings (materials, location): N.A.

(7) Roof and roof structures. Describe:

(i) Type roofs for all areas:

(a) Material: A new EPDM roof (rubber roof) over rigid insulation and protection board will be installed by the sponsor. The roof will have a 10-year guarantee.

(b) Insulation (size, type and insulating value if available): 6" minimum, rigid with an R 19 value.

(c) Surface finish: N.A.

(d) Bond or guarantee: 10 years, which will be assignable to the condominium.

(e) Flashing materials including counter flashing: EPDM flashing at base of parapet walls comparable to roofing material.

(ii) Drains:

(a) Location, material and type: There are 2 roof drains. The roof drains are new cast iron and will be installed as part of the work.

(b) Gutters and leaders (type, material): There is one new aluminum gutter and leader at the penthouse and one new aluminum gutter at the elevator bulkhead.

(iii) Skylights (location, type, material): There is one (1) new aluminum skylights with wire glass panes on the penthouse roof.

(iv) Bulkheads:

(a) Stairs (material): There is one (1) new stair bulkhead built of steel studs covered with stucco. The roof is steel deck covered with a built up roofing and painted steel coping.

(b) Elevator (material): One existing, brick and stucco structure which will be pointed and brought up to good condition.

(c) Other: None

(v) Metal work at roof levels:

(a) Exterior, metal stairs (material): None

(b) Vertical ladders, including gooseneck (material): One new steel painted at the roof.

(c) Railings (material): There are new steel pipe rails around the parapet. The handrails and the parapet heights meet minimum code requirements.

(d) Hatches to roof (type, material): None

(e) Other: None

(vi) Rooftop facilities (describe in detail): None

(8) Fire escapes. Describe at each floor and specify any unusual access situations: One six story fire escape. The fire escape is being extended to the roof. The extension is a steel ladder. The fire escape is being scraped and painted and will remain as a protected Landmark feature.

(i) Location (describe how attached and supported): Located at the Crosby Street face of building and is attached with metal anchors.
(ii) Floors covered: Wrought iron slates
(iii) Drop ladder: Yes, wrought iron
(iv) Type: Wrought iron painted
(v) Materials: Wrought iron painted

(9) Yard and courts. Describe each yard of court including front, rear and interior areas, listing methods of access: Rear yard accessed through sub-cellar window.

(i) Paving (material): Concrete
(ii) Drainage (type and material): Floor drain in fair condition
(iii) Railings (material): N.A.
(iv) Stairs (material): N.A.
(v) Fencing (type and material): N.A.
(vi) Walls (type and material): Brick in fair condition

(10) Interior stairs. Describe:

(i) Number of stairs of each type: There is one public stair. The stair extends from the sub-cellar floor to the main roof. There will be two (2) new concrete and steel pan stair from the sub-cellar to the 1st floor, and from the 6th floor to the penthouse level. The existing stair is wood. The sponsor will repair the ballustrades, handrails, treads and risers and paint same. After the renovation the stairs will be in good condition.

(ii) Enclosure (construction and interior finishes): The stair walls are gypsum board and/or plaster.

(iii) Stair construction (steel, concrete, wood): The stair from 1st to 5th floor is wood, and between sub-cellar and 1st floor and 6th floor and penthouse is a concrete and steel pan stair.

(iv) Stringers (material): 1st thru 6th: wood
sub-cellar to 1st floor: steel
6th to penthouse: steel

(v) Treads (material): 1st thru 6th: wood
sub-cellar to 1st floor: steel and concrete
6th to penthouse: steel and concrete

(vi) Risers (material): 1st thru 6th: wood
sub-cellar to 1st floor: steel
6th to penthouse: steel

(vii) Guard rails (material): 1st thru 6th: wood
sub-cellar to 1st floor: steel pipe rail
6th to penthouse: steel pipe rail

(viii) Balustrade (material): 1st thru 6th: wood
sub-cellar to 1st floor: none
6th to penthouse: none

(11) Interior doors and frames. Describe material, type and location for each, and state whether fireproof or exceeds fire/safety standards:

(i) Unit entrance and interior doors and frames: Entrance doors and frames are hollow metal and 1 1/2 hrs. Fire Proof Self Closing. Interior doors are solid core with steel frames.

(ii) Corridor doors and frames: None

(iii) Stair hall doors and frames: Hollow metal fireproof self closing 1 1/2 hrs. rated.

(iv) Roof doors, basement doors and frames: Roof, cellar and sub-cellar doors are hollow metal 1 1/2 hrs. Fire Proof Self Closing.

(12) Elevators. Describe: There is one elevator in the building. The elevator will be new and installed by the sponsor. All related components but not limited to cab, motor, rails, etc. will be new.

(i) Number of passenger and service elevators: 1 passenger.

Passenger:

(ii) Manufacturer, age of each and capacity (in pounds and number of passengers): Dover, new, capacity 2500 lbs.

(iii) Type of operation for each elevator by elevator number or location in building (for large numbers of elevators describe by class-passenger/freight): Automatic passenger

(iv) Automatic (type of controls): Automatic

(v) Floors served: Sub-cellar through 6th

(vi) Type (hydraulic, gearless): Gearless

(vii) Doors (sliding, swinging, manual, automatic): Automatic single slide

(viii) Location of machine rooms: Sub-cellar

(ix) DC motor (manufacturer): N.A.

(x) AC motor-generator set (manufacturer): Dover

(xi) Other: None

Commercial:

(ii) Manufacturer, age of each and capacity (in pounds and number of passengers): Dover, new, capacity 3500 lbs.

(iii) Type of operation for each elevator by elevator number or location in building

(for large numbers of elevators describe by class-passenger/freight): Automatic

(iv) Automatic (type of controls): Automatic
(v) Floors served: Sub-cellar through 1st
(vi) Type (hydraulic, gearless): Hydraulic
(vii) Doors (sliding, swinging, manual, automatic): Automatic single slide
(viii) Location of machine rooms: Sub-cellar
(ix) DC motor (manufacturer): N.A.
(x) AC motor-generator set (manufacturer): Dover.
(xi) Other: None

(13) Elevator cabs - Passenger. Describe:
(i) Kind (manufacturer): Manufactured by Dover
(ii) Floor (material): Reinforced vinyl tile
(iii) Walls (material): Stainless steel #4 finish/mastic laminated
(iv) Ceiling (material): Suspended with plastic diffuser in baked enamel frame
(v) Lighting (describe): Fluorescent.
(vi) Alarm, safety system: Standard stop and alarm button

Elevator cabs - Commercial. Describe:
(i) Kind (manufacturer): Manufactured by Dover
(ii) Floor (material): Reinforced vinyl tile
(iii) Walls (material): Plastic laminate
(iv) Ceiling (material): Suspended with plastic diffuser in baked enamel frame
(v) Lighting (describe): Fluorescent.
(vi) Alarm, safety system: Standard stop and alarm button

(i) Auxiliary Facilities:

(1) Laundry rooms. Describe: None
(i) Location and number of rooms: N.A.
(ii) Clothes washers, number and type (e.g., heavy duty, coin operated, electric, gas): N.A.
(iii) Clothes dryers (number and type): N.A.
(iv) Kitchen and bathroom ventilation (method and final exhaust): Mechanical through the roof.
(v) Dryer ventilation (method and final exhaust): Mechanical through the roof for the 2nd, 3rd, 4th, 5th, 6th and penthouse floors.

(2) Refuse Disposal. Describe, including:
(i) Incinerator(s) (number, location, capacity, type, manufacturer): None

(ii) Compactor(s) (number, location, capacity, type, manufacturer): None

(iii) Approvals by Authority Having Jurisdiction (date of each approval): N.A.

(iv) Initial storage location (ultimate storage location): On 1st floor

(v) Pick-up schedule and whether public or private provider: The pick-up is by the

New York City Department of Sanitation on a regular basis. Refuse from commercial space will be removed by commercial haulers at the commercial tenants' expense.

(j) Plumbing and drainage:

(1) Water supply. Describe system, pumps, storage and location: Water supplied by the City of New York from a new 3" water service provided by the sponsor from the street. Metered water feeds to the new house pumps located in the subcellar, water is protected by a new backflow prevention device located in the subcellar. The new domestic cold water distribution main goes to risers feeding the individual units. Domestic hot water is supplied from a central gas fired A.O. Smith hot water heater located in the cellar.

(2) Fire protection system. Describe:
- (i) Standpipes (material, size, location): 6" black steel schedule 40 located in stairs.
- (ii) Hose racks, hoses and nozzles (location): Capped and valved outlet at each floor. Central fire hose cabinet in residential lobby, 1st floor.
- (iii) Sprinkler heads (type system, location): The building is fully sprinklered with an automatic wet sprinkler system. Sprinkler water supplied by the City of New York from a new two (2) 6" water service provided by the sponsor from the street. Water is protected by a new backflow prevention device located in the sub-cellar. Sprinkler and standpipe water service feeds a new fire pump Paterson Company located in the subcellar. The system will be drained, cleaned and tested. All appropriate drawings and forms and permits and sign offs will be obtained.
- (iv) Siamese connection (type, location): One free standing siamese connection is located at the building facade.

(3) Water storage tank(s) and enclosures. Describe:
- (i) Number, type, location of each: None
- (ii) Material (interior, exterior and roof of tank): N.A.
- (iii) Access to tank (e.g., vertical gooseneck ladder): N.A.
- (iv) Capacity (total gallons): N.A.
- (v) Capacity (fire reserve): N.A.

(4) Water pressure and how maintained: To maintain a required pressure at plumbing fixtures, a constant pressure booster system (house pumps) Federal Pump Co. Model SP-8060 80 GPM @ 60 psi are being added and are located in the subcellar.

(5) Sanitary sewage system. Describe, including:
- (i) Sewage piping (materials): No-Hub cast iron sanitary system inside the building is connected to hub and spigot building drain with connection to the house sewer to the street.
- (ii) Sewage pumps (if any): None
- (iii) Sewage disposal (public/private; treatment; drainfield sewer): City of New York.

(6) Permit(s) required. List and include date(s) obtained: Plumbing permit

(7) Storm drainage system. Describe system, adequacy, method of disposal and materials including: Storm drainage system is connected to combined building drain inside the building with connection to the house sewer to the street.

(i) Catch basins (location): None

(ii) Yard and roof drains (location): See above, (i) (9).

(iii) Piping (materials): Internal and exterior leaders are cast iron. Drains are cast iron.

(iv) Eject or sump pumps (describe in detail and describe conditions requiring pumps): There is an existing sump pump in the boiler room in sub-cellar. Two (2) sump pumps are being added and are located in water meter room and fire pump room in sub-cellar.

(k) Heating. Describe including space heating and domestic hot water heating:

(1) Heating and distribution of domestic hot water and whether capable of providing peak required services. Describe heating system's ability to maintain legally required conditions under anticipated weather conditions, specifying internal temperature and ambient temperature used in calculations: Steam is generated by existing oil fired steam boiler. Steam is converted to hot water, hot water is distributed through new two pipe hot water system to fin-tube elements located in each apartment. The heating system will be extended to the penthouse unit. Fin-tube radiation will be provided as the heat source. The heating system is adequate and maintains comfortable conditions under anticipated weather conditions. The internal temperature and base is calculated at 72 degrees.

(2) Number of boilers and description: One existing oil fired steam boiler.

(3) Manufacturer and age of boiler(s) (model, capacity; alternatively, give type, approximate age and approximate remaining useful life): Existing H.B. Smith, #44-14.

(4) Manufacturer and age of burners (model; alternatively, give type and approximate remaining useful life): Existing PowerFlame, #W4AH.

(5) Type of controls: New Honeywell, McDonnel & Miller, low water cut-off, back flow preventer, heat timer.

(6) Radiators, piping, insulation, valves, pumps: Fin-tube elements are new with aluminum fins and copper tubes.

(7) Fuel (for oil give type and grade): Oil - No. 4

(8) Location of oil tank, materials, enclosure: Subcellar. The boiler room is enclosed in concrete block in a rated enclosure. The floor of the room is concrete and will contain any spills.

(9) Capacity of oil tank: 3,000 gallons, existing oil tank.

(10) For gas (details on type and supply system): N.A.

(l) Gas supply (if not described above). Describe:

(1) Type: Natural
(2) Meters: One for common spaces, one for commercial tenants and one for all unit cooking provided by the utility company.
(3) Piping: Standard weight black steel.

(m) Air conditioning. Describe cooling system's adequacy to maintain comfortable conditions under anticipated weather conditions, specifying internal temperature and base ambient temperature used in calculations. Describe:

(1) Type of system: Air cooled self contained systems.

(2) Central system (give manufacturer, model and capacity): Each apartment is served by individual A.C. system consisting of air conditioning units. Each unit is located in the apartment it serves. Units are controlled by wall mounted thermostats. By Coolair - 15 tons, VA15G. Penthouse - Rooftop Carrier 5 tons, 50HJ006.

(3) Cooling towers, condensers (roof top, self-contained units, including number, location and description): N.A.

(4) Individual units covered by the offer (window/sleeve - specify number, capacity, amperage and efficiency): N.A.

(n) Ventilation. Describe system in kitchens, fireplaces and all windowless areas such as corridors, garages, laundries, baths, etc.: Kitchens are mechanically ventilated. Apartment bathrooms are mechanically ventilated. Bathroom ventilation is maintained from 6 am to midnight as required by the New York Multiple Dwelling Law. Apartments are provided with clothes dryer exhaust system.

(o) Electrical system. Specify:
(1) Service from main service switchgear (amperes, voltage, phases, wire, protective equipment): 900 amp, 208 V, 3 ph, 4 wire, main 1000 A switch fused at 900 amp. All equipment will be new.

2	1 x 200 amp - 3 phase
3	1 x 200 amp - 3 phase
4	1 x 200 amp - 3 phase
5	1 x 200 amp - 3 phase
6	1 x 200 amp - 3 phase
PH	1 x 125 amp - 1 phase, 3 wire

(2) Service to individual units (risers, etc.): Service to individual units are as follows:

Apt.	Amp.	Entrance Wire	No Circuits
2	14 x 15 amp 7 x 20 amp 1 x 2P/40 amp 1 x 3P/150 amp	3 phase	23
3	14 x 15 amp 7 x 20 amp 1 x 2P/40 amp 1 x 3P/150 amp	3 phase	23
4	14 x 15 amp 7 x 20 amp 1 x 2P/40 amp 1 x 3P/150 amp	3 phase	23
5	14 x 15 amp 7 x 20 amp 1 x 2P/40 amp 1 x 3P/150 amp	3 phase	23
6	14 x 15 amp 7 x 20 amp 1 x 2P/40 amp 1 x 3P/150 amp	3 phase	23
PH	5 x 15 amp 5 x 20 amp 1 x 2P/40 amp 1 x 3P/100 amp	3 phase, 208 V	12

(3) Compartment switch gear (location and floor of sectional meter boards and transformers supplying power to the meter boards): N.A.

(4) Unit service (ratings of fuses and circuit breakers); adequacy of electrical system to handle modern usage and appliances such as air conditioners, dishwashers and dryers: See (2) above.

(5) Adequacy:

(i) Service - average number of circuits per apartment and capacity to handle modern appliances - specifically air conditioners, dishwashers and electric dryers: Apartment service has been designed to accommodate appliances, air conditioners, lighting and miscellaneous household electrical requirements. The service meets and exceeds code.

(ii) Lighting and fixtures: Bathrooms, some halls and foyers have ceiling or wall mounted incandescent fixtures. The lighting meets and exceeds code.

(iii) Convenience outlets, appliance outlets: There is one outlet per appliance and each room having an average of four convenience outlets except bathrooms which have at least one each. Kitchen has at least ten (10) outlets each. The outlets meet and exceed code.

(p) Intercommunication and/or door signal systems, security closed circuit TV. Specify mode of operation and condition. Describe television reception facilities (master antennae, cable TV, antennae by tenants): There is an audio/video intercom and door release from the apartment to the building entrance doors and video camera in elevator cab transmits pictures to apartment intercom panel. Wiring for individual units for cable television and telephone will be the responsibility of each tenant.

(q) Public area lighting. Describe and state adequacy (entrances, halls and stairs, corridors, basements, courts and yards): Building entrance and roof bulkhead are wall mounted fluorescent lights on a timer. Public stairs, lobby, sub-cellar and cellar public halls have fluorescent lighting fixtures on the wall or ceiling.

(r) Garages and parking areas. Describe:

(1) Location of garages (description of facility): None
(2) Location of parking areas (number of spaces in each): None
(3) Surfaces (materials used, lighting, fencing, etc.): N.A.
(4) Parking (attended or not attended): N.A.
(5) Garage ventilation (method and equipment): N.A.
(6) Garage fire protection (method and equipment): N.A.
(7) Drainage: N.A.

(s) Swimming pool(s). Describe in detail:

(1) Type (concrete, material composition) and location on property: N.A.
(2) Size, including length, width, depth, and approximate number of bathers permitted at any time: N.A.
(3) Enclosure (material including roof): N.A.
(4) Pumping and filter system (describe material): N.A.
(5) Water heating equipment or usage of building's hot water (feed or heat exchangers): N.A.
(6) If on building roof, specify structural support system: N.A.

(t) Tennis courts, playgrounds and recreation facilities.

(1) Tennis courts. Describe:
(i) Type (clay, macadam, turf): N.A.
(ii) Number and size: N.A.
(iii) Lighting (number and type): N.A.

(iv) Fencing or enclosure (including distance between fence or enclosure and all sides of court): N.A.

(2) Playgrounds. Describe location and size(s) of playground(s), fencing (if any), equipment types and sand bed or safety padding: None

(3) Other recreation facilities. Describe any beach or lake front, boating facilities, golf course(s), handball, basketball or other game courts: None

(u) Permits and certificates. List all applicable permits which must be obtained and inspections which are to be done. List type of inspection, authority inspecting and duration of approval once obtained. Include all compactors, incinerators, boilers, oil storage, tanks, elevators, etc. In New York City include Department of Air Resources, Elevator Safety, Boiler Safety, Fire Department and Buildings Department permits:

(1) Department of Air Resources: Yearly permit is up to date.
(2) Elevator Safety: Two (2) new elevators will be installed, see above. Annual inspections and 5-year tests will have to occur.
(3) Boiler Safety: A new boiler was installed and signed off. Annual inspections will have to occur.
(4) Fire Department: Fire alarm and oil tank - filed and approved. A new fire alarm will be installed, filed, permitted and signed off. Fire protection plan will be filed and approved. Fuel oil tank will be registered with the Fire Department. Local Law 10 facade inspections.
(5) Buildings Department: Alteration Type 1 was filed for a new Certificate of Occupancy which included architectural work. Sign off will have to be obtained.
(6) Permits: Construction, plumbing, fire protection, electrical, landmark, mechanical, structural, elevator, boiler, City Planning.
(7) Inspections: Construction, plumbing, fire protection, electrical, landmark, elevator, and boiler prior to obtaining a new C of O.

(v) Violations. List all violations outstanding as of the date of this report and the agency imposing the violation, the condition involved, the date violation issued, and work required by violation notice to cure. If no violations are outstanding, so state: Violation print-out and certificates provided, as part of the overall construction all violations will be removed prior to issuance of a new Certificate of Occupancy.

(w) Unit Information. Specify the number of units inspected. Specify the unit designations for each typical unit or line of units, including the number and type of rooms. Give criteria for calculations of the number of rooms. For lofts give useable residential space in square feet. Describe (include foyers, living rooms, dining areas, kitchen, bedrooms, bathrooms, etc.): All units and commercial spaces were inspected. Square footages for usable square feet are provided on drawings.

Unit No.	Type	Rooms	Description
Sub-cellar	Comm	NA	Storage, utility
Cellar	Comm	NA	Retail, Storage, utility
1st fl	Comm	NA	Retail/bldg lobby

2nd fl	1 "JLWQA"	NA	NA
3rd fl	1 "JLWQA"	NA	NA
4th fl	1 "JLWQA"	NA	NA
5th fl	1 "JLWQA"	NA	NA
6th fl	1 "JLWQA"	NA	Duplex
PH	1 "JLWQA"	NA	Duplex

Penthouse will be newly constructed.

(1) Type and grade of finish material used in each type of unit and the number of coverings given. Include paint, wall and floor coverings, as well as specifying the type of flooring, walls and ceiling used: Floors in apartments are existing strip 3" T&G oak except for the 2nd floor which is concrete. Ceramic tiles in kitchens and in baths. There is paint on room walls, ceilings and bases. Room walls and ceilings are type "X" gypsum board or gypsum plaster; bath walls and ceilings are either water resistant type "X" gypsum board and wonderboard around tubs/showers and plaster. Wall bases are wood.

(2) Describe presence, type and condition of all bathroom fixtures:

<u>Floors 2 - 6</u>

Bath 1:
W.C. (1) - Vitrious China
Lavatory (1) - Vitrious China
Tub (1)

Bath 2:
W.C. (1) - Vitrious China
Lavatory (1) - Vitrious China
Tub (1)

M.Bath:
W.C. (1) - Vitrious China
Lavatory (2) - Vitrious China Pedestal type
Shower (1)
Tub (1)

Powder room:
W.C. (1) - Vitrious China
Lavatory (2) - Vitrious China

<u>Penthouse</u>

Powder room:
W.C. (1) - Vitrious China
Lavatory (2) - Vitrious China

M.Bath:
W.C. (1) - Vitrious China
Lavatory (1) - Vitrious China
Shower (1)
Tub (1)

In each bathroom, accessories included:

Towel bars
Toilet paper holder
Shower rod/Glass shower door
Medicine cabinet

(3) Describe presence, type and condition of kitchen and laundry equipment:

(i) If data is substantially the same for all units, a single narrative may be substituted for this schedule: Floors 2 through penthouse - Kitchen equipment provided for the units will be GE Profile Line, which includes refrigerator, oven/stove, microwave and dishwasher. Kitchen sinks will be stainless steel sinks.

(ii) If any equipment or fixtures described are not included in the offering price, or the offering price is conditioned on the equipment and fixtures selected, such fact must be conspicuously noted in the body of the plan.

In each kitchen or kitchenette: Floors 2 through penthouse - Kitchen cabinets and counters are made of wood. Counters are stone. Kitchens and cabinets are new as provided by the sponsor.

Laundry Equipment: No equipment, hook-ups only which include water supply and waste and dryer vent.

(x) Finish schedule of spaces other than units. The following is a form of schedule to be given for each floor. Include all common rooms and spaces including but not limited to: Sub-sub cellar, sub-cellar, basement, cellar, first floor, penthouse floor, public and service halls, corridors, lobbies):

Rooms	Floor	Walls	Ceiling	Remarks
SUB-CELLAR				
Boiler room	Conc	Conc block	Plaster	
Gas meter	Conc	Conc block	Plaster	
Public halls	Wood	Plaster/Gyp bd	Plaster	
Public stairs	Conc	Plaster	Plaster	
Comm. stor	Wood	Brick/Gyp bd	Plaster	
Res. storage	Wood	Brick/Gyp bd	Plaster	
Electric meter	Conc	Conc block	Gypboard	
Hot water heater rm	Grating	Conc block	Gypboard	
Fire pump assembly rm	Conc	Conc block	Gypboard	
CELLAR				
Public halls	Wood	Gypboard	Plaster	
Public stairs	Conc	Gypboard	Plaster	
Commercial	Wood	Gyp bd/brick	Gypboard	
Retail	Wood	Gypboard	Gypboard	

FIRST FLOOR

Retail	Wood	Gypboard	Gypboard
Lobby/Mail rm.	Wood	Gypboard	Gypboard

RESIDENTIAL FLOORS

2	Conc	Gyp bd	Gypboard
3	Wood	Gyp bd	Gypboard
4	Wood	Gyp bd	Gypboard
5	Wood	Gyp bd	Gypboard
6	Wood	Gyp bd	Gypboard
PH	Wood	Gyp bd	Gypboard

STAIR BULKHEAD

Public stair	Wood	Gypboard	Gypboard

(y) Safety and warning devices. Describe any fire or smoke safety devices installed in units and common areas. State what devices are required by law, and whether any required devices have not been installed: Smoke detectors are located at sleeping areas, elevator machine rooms, boiler rooms. Smoke detectors are located in all units and the elevator shaft. All required devices will be installed.

(z) Additional information required. Include the following in the Description of Property and Building Condition section of the plan:

(1) A site plan showing landscape features, roads, the outside dimensions of the building(s) and designated common areas, including recreation and refuse disposal areas, and all privately owned access roads. The site plan may be omitted if the building covers the entire lot. See SK-1.

(2) An area map showing the location of the condominium with respect to its surroundings, if the condominium is not located in a highly urban area. The building is located in a highly urban area.

(3) Floor Plans for each unit drawn to scale and showing room dimensions: See plans enclosed.

(4) Floor to ceiling heights of units: See plan enclosed

(5) Approximate total area of each unit: Approximate total areas are located on each floor plan.

(6) A master floor plan showing unit boundaries and the relationship of units to each other. The master floor plan may be omitted if the site plan clearly shows unit boundaries and appropriate unit designations: Full floors illustrating unit boundaries are enclosed.

(aa) In the event that certain conditions in the building(s) cannot be adequately evaluated by a visual examination, the Department of Law may, in its discretion, direct that an independent engineer or testing laboratory be retained to perform such tests or monitoring as may be necessary in order to make adequate disclosure. Conditions which may require additional testing or monitoring include, but are not limited to: settlement, masonry cracks, rusting of structural steel, adequacy of concrete cover, firestopping, etc. Test results must be reported in the offering plan or in an amendment thereto.

(ab) Further development: If the sponsor intends to add additional units to the building, either above the existing roof, outside the existing building development, or by altering space within the building, it must make disclosure about the new units to conform to 13 NYCRR Section 20.7. In addition:

(1) If the additional units are to be added, sponsor must submit plans and specifications approved by all necessary local governmental agencies before the offering plan may be accepted for filing. A new penthouse is being proposed. Approved plans have been submitted to Landmarks Preservation Commission and Department of Buildings for approval.

(2) If the additional units will be on top of an existing structure, state:

(i) Whether the existing structure has sufficient capacity to support the additional load, and, if not, what steps are being taken to support the increased load. Additional structural work is proposed for the new penthouse addition. Structural drawings have been submitted to Landmarks Preservation Commission and Department of Buildings.

(ii) What the resulting building height will be: 97'-6"

(3) Describe the components which will be removed, relocated, or extended, e.g., parapet, bulkheads, roof, tanks, elevators, service rooms, landscaping, etc.: See above in report.

(4) Describe the effect the additional structure will have on existing systems and state the adequacy of all existing systems which will be affected by the addition, including heat and hot water, water pressure, sewage, elevators, electricity, air conditioning, parking and sprinklers: Existing systems have not been affected by the new penthouse.

(5) Include a list of facilities that will be shared by the existing and new structures, e.g., laundry room, intercom, garage, etc.: Shared facilities - intercom, stairs, elevator.

(6) State the effect that the renovation or construction will have on tenants in occupancy. Specifically:

(i) State the manner in which construction debris will be handled and its effect on common areas used by tenants: Mini-containers, no effect on common areas.

(ii) Give the schedule for renovation and construction work, e.g., Monday-Friday, 8:00 am to 5:00 pm, except holidays: Monday - Friday, 8:00 am to 5:00 pm except holidays.

(iii) Describe any measures that will be taken to protect the security of the building during the construction or renovation process. Include a statement of the manner in which tenants and construction workers will gain access to the building: Construction workers have access through front entrance with keys, controlled by construction super.

(iv) State whether there will be any interruption of services during construction or renovation and, if so, provide details. This includes water, electricity, elevator service, and laundry rooms: The building is vacant.

(v) State whether new piping will be added to existing piping and whether such work may cause breaks in existing piping. If so, state whether precautions will be taken to minimize damage and state who will be responsible for any such damage: Maximum precautions will be taken to prevent any damages. Subcontractors responsible for damages.

(vi) State whether the sponsor and/or contractors will have liability insurance in effect during construction: The sponsor and contractor will maintain insurance during construction.

(ac) Asbestos. State whether Asbestos Containing Material (ACM) is present in insulating or fireproofing material anywhere in the building(s). Sponsor shall perform such tests as are necessary to make such determination. In the event that ACM is present, sponsor shall have a person who is qualified to render an opinion on asbestos prepare a report on the asbestos in the building(s) (the "asbestos report"). Such asbestos report shall contain at least the following information: Asbestos and Lead Paint Report enclosed.

(1) The qualifications of the person preparing the report.

(2) A detailed inventory of the asbestos in each apartment and in all other areas of the property, including the location, amount of ACM, type and concentration of asbestos in ACM, and condition. At least ten (10) percent of all apartments must be inspected in an initial inspection. If ACM is found in any of these apartments, a second inspection, with notice to tenants and at least partially during non-business hours, must be performed in all remaining accessible apartments. List apartments inspected.

(3) Recommendations for handling each and every item of the asbestos inventory, i.e. removal, enclosure, encapsulation, or leaving undisturbed.

Arpad Baksa, R.A.



Revised:
20 September, 1999

```
07/08/99          PUBLIC ACCESS PROPERTY PROFILE OVERVIEW              BISPIQ70
81.......... SPRING STREET..................... 1 MANHATTAN      10012 BIN# 1007568

SPRING STREET          79 - 81          HEALTH AREA : 68      TAX BLK: 497..
CROSBY STREET          74 - 76          CENSUS TRACT:   43    TAX LOT: 31...
                                        COMMUNITY BD: 102     CONDO  :
                                        MULTI STRUCT: 1       CUI NO :
================================================================================
                                                    2   PROPERTY RECORD(S)
DOB SPECIAL PLACE NAME :
DOB BUILDING REMARKS   :
FINANCE OCCUPANCY CODE : L9-LOFT BUILDING      LANDMARK STATUS: L - LANDMARK

                                                    RECORD VERIFIED : NO
  COUNTS FOR THIS BIN                             SPECIAL STATUS :
  ACTIONS          : 33    , 11   JOBS/FILINGS (PF4)      LOCAL LAW : NO
  VIOLATIONS DOB : 16      , 5    OPEN                          SRO : NO
             ECB : 4       , 0    OPEN     (PF12)
  COMPLAINTS       : 3     , 0    OPEN     (PF11)
--------------------------------------------------------------------------------
                                    PF 5/6/7 = NEW    ADDR/BIN/BLK-LOT
ENTER KEY= ACTIONS, (TYPE : ....  )  PF 9/10  = BROWSE  BIN/BLK-LOT
  PF  3  = ELEVATORS   PF8 = BOILERS PF 15    = BROWSE 2   PROPERTY RECORDS
  PF 14  = LPC/HPD/LOFT USE ONLY     PF 16    = ADDTN'L PROPERTY INFO

07/08/99    49    ACTIONS AT 81 SPRING STREET MANHATTAN          BISPOCV3
                        BLOCK: 00497   LOT: 00031                 PAGE 1

A . ALT  2109-14*        ALT  331-23      ALT  291-62*
B . BN   2063-35         BN   701-47      BN   250-65P
C . BN   3114-67         BN   772-73E     CO   6689
D . COM  1168-58         COM  5625-60     DP   435-02
E . ELV  1-A-1255        ELV  126-23      ELV  321-6E
F . ELV  133-67          FO   2164-49     FO   385-70
G . FO   3174-88         NB   500-84*     NB   786-84*
H . P    312-23          P    1383-35     PER  1003-23E
I . PER  1082-23G        PER  1992-23G    PER  824-23P
J . PRS  68-65           SR   2427-23     SR   2827-23
K . SR   3217-23         SR   4960-23     SR   3024-40
L . V    040578E1225A1   V    033084E145021  V*  62-74
M . V*   090182E133521   V*   032084E145021  V*  121384E137051
N . V*   111287E13161003 V*   052987E110622  V   082995LL629106041
O . V*   020389E11332/2  V*   020389E11332/3  V   020389E113302/02
P . V*   020389E113302/03 V*   121190E1374A02  V   071697E8021B
Q . V*   012899E9011/103567 VEC* 072292LL163A01 VEC* 070192E5Y1179A01
R . VEC* 092597E668A04    VEC* 092597E668A05

 PF1-PREV SCREEN   PF6-REFRESH(ENTR TYPE .... )  COL. NO. TO ZOOM
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07/08/99 PUBLIC ACCESS BISPPRA3

OVERVIEW OF NEW JOBS AT - 81 SPRING STREET - MANHATTAN

ITEM #	FILE DATE	S	JOB NUMBER	DOC #	JOB TYPE	JOB STATUS	STATUS DATE	APPLICANT	FILING REP
1	/ /		101702187	01	SG	A PRE-FILED	06/11/97		
2	/ /		102080695	01	SC	A PRE-FILED	04/16/99		
3	/ /		102091601	01	A2	A PRE-FILED	04/21/99		
4	/ /		102083344	01	A3	A PRE-FILED	04/23/99		
5	/ /		102099177	01	A2	A PRE-FILED	05/10/99		

TO START OVERVIEW AT NEW DATE, ENTER YYYYMMDD _____ & PRESS ENTER.
TO DISPLAY JOB DETAILS ENTER ITEM # 0 AND PRESS PF3. ÷ =GAS CARD
PF1 =PREVIOUS PF2 =MAIN PF3 =DETAILS ENTER =CONTINUE * =SIGNOFF

07/08/99 PUBLIC ACCESS BISPPRA3

OVERVIEW OF NEW JOBS AT - 81 SPRING STREET - MANHATTAN

ITEM #	FILE DATE	S	JOB NUMBER	DOC #	JOB TYPE	JOB STATUS	STATUS DATE	APPLICANT	FILING REP
1	09/23/97		101613489	01	A2	ROF J P/E DISAPPROVED	01/07/98	VOGEL	BLACK
	REMOVAL OF PRESSURE AND GRAVITY TANKS FR OM SERVICE.INSTALLATION OF 6" W								
2	05/05/99		102080677	01	A2	SC1 J P/E DISAPPROVED	05/20/99	BAKSA	
	INTERIOR DEMO WORK ONLY								
3	05/18/99		102081578	01	A2	SC1 P APPROVED	06/24/99	TUROVSKY	
	INTERIOR MECHANICAL WORK. NO CHANGE IN USE, EGRESS OR OCCUPANCY								
4	05/18/99		102081587	01	A2	SC1 J P/E DISAPPROVED	06/24/99	TUROVSKY	
	INTERIOR PLUMBING WORK. NO CHANGE IN US E, EGRESS OR OCCUPANCY								
5	05/28/99		102080666	01	A1	SUB F ASSIGNED TO P/E	06/01/99	BAKSA	
	ZONING REVIEW & GENERAL CONSTRUCTION.								

TO START OVERVIEW AT NEW DATE, ENTER YYYYMMDD _____ & PRESS ENTER.
TO DISPLAY JOB DETAILS ENTER ITEM # 0 AND PRESS PF3. + =GAS CARD
PF1 =PREVIOUS PF2 =MAIN PF3 =DETAILS ENTER =CONTINUE * =SIGNOFF

07/08/99 PUBLIC ACCESS BISPPRA3

OVERVIEW OF NEW JOBS AT - 81 SPRING STREET - MANHATTAN

ITEM #	FILE DATE	S	JOB NUMBER	DOC #	JOB TYPE	JOB STATUS	STATUS DATE	APPLICANT	FILING REP
1	06/08/99		102081596	01	A2	SC1 J P/E DISAPPROVED	06/12/99	TUROVSKY	
	SPRINKLER & STANDPIPE WORK. NO CHANGE IN USE,EGRESS OR OCCUPANCY.								

```
TO START OVERVIEW AT NEW DATE, ENTER YYYYMMDD _________      & PRESS ENTER.
TO DISPLAY JOB DETAILS ENTER ITEM # 0 AND PRESS  PF3.          + =GAS CARD
PF1 =PREVIOUS   PF2 =MAIN   PF3 =DETAILS   ENTER =CONTINUE     * =SIGNOFF
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DOCUMENT NUMBER 5

ASBESTOS REPORT

NYC DEPARTMENT OF ENVIRONMENTAL PROTECTION
ASBESTOS INSPECTION REPORT

FOR OFFICE PURPOSE ONLY

Building Dept. or TRU No.

ONLY TYPEWRITTEN APPLICATIONS WILL BE ACCEPTED

NOTE: ASBESTOS INSPECTION REPORT SHALL BE SUBMITTED TO NYC DEP NOT LESS THAN ONE WEEK IN ADVANCE OF START OF THE WORK (ABATEMENT ACTIVITIES)

1. 1200.00 (SEE ITEM 27)

I. FACILITY

2. ADDRESS 79-81 Spring Street BORO Manhattan ZIP CODE 10012

AKA 74-76 Crosby Avenue 3. BLOCK 573 4. LOT # 27

5. *TYPE OF FACILITY Commercial

NAME OF BUILDING _____

6. APPROXIMATE AGE OF BUILDING 75+ YEARS OLD

7. DESCRIPTION OF PROPOSED WORK Renovation
(e.g. Removing and replacing Old Boiler, Demolishing Building, Replacing Plumbing in Building, Installing Fire Sprinklers, Major Alterations, ACM Removal only)

II. BUILDING OWNER

8. NAME 81 Spring Realty, LLC 9. CONTACT PERSON FOR THIS PROJECT Mr. John Jacobson

10. TEL. # (212) 397-0518 FAX # (_____)_____

11. ADDRESS 650 5th Avenue, 4th Floor CITY New York STATE NY ZIP 10019

III. GENERAL CONTRACTOR

12. NAME _____ TEL. # (_____)_____

IV. ASBESTOS ABATEMENT CONTRACTOR

13. NAME Certified Asbestos Removal 14. CONTACT PERSON FOR THIS PROJECT Joseph Maffucci

15. FEDERAL EMPLOYER IDENTIFICATION # 11-2925088

16. TEL. # (718) 331-4160 FAX # (718) 331-4204

17. ADDRESS 2279 65th Street CITY Brooklyn STATE NY ZIP 11204

V. THIRD PARTY AIR MONITOR

18. NAME ACS Environmental Services, Inc. 19. TEL. # (718) 339-1984

20. ADDRESS 2081 Homecrest Avenue CITY Brooklyn STATE NY ZIP 11229

VI. LABORATORY FOR SAMPLE ANALYSIS

21. NAME South Mall Environmental Services 22. NYS DOH ELAP # 11349

VII. ASBESTOS PORTION OF PREMISES BEING ABATED/ALTERED/DEMOLISHED

23. ASBESTOS COVERED STRUCTURE(S) BEING WORKED ON pipe insulation, floor tiles, ceiling tile glue
(Boiler, Ceilings, Pipes, Storage Tanks, Plenum Ducts, Decking, Ceiling Tiles, etc.)

24. STARTING DATE FOR THIS PORTION OF WORK ____/____/____ PROJECTED COMPLETION DATE ____/____/____

ASBESTOS WORK SCHEDULE ☐ DAY (8am-5pm) ☐ EVENING (5pm-12am) ☐ NIGHT (12am-8am) ☐ WEEKENDS ☐ WEEKDAYS

25. TOTAL AMOUNT OF ASBESTOS CONTAINING MATERIAL (ACM) WHICH IS FRIABLE, OR MAY BECOME FRIABLE DURING ABATEMENT /ALTERATION/DEMOLITION (ESTIMATED)

8930 SQUARE FEET, AND/OR 559 LINEAR FEET ON PIPE

26. ASBESTOS HAULER

COMPANY NAME IESI NY Corporation NYS DEC PERMIT # JA-462 TEL. # (718) 522-2263

DISPOSAL SITE(S) Blue Ridge Landfill Corporation

PO Box 399, Scotland, PA 17254

27. FILING FEE SCHEDULE

FOR PROJECT DISTURBING:	FILING FEE IS
1000 Linear Feet or more or 1000 Square Feet or more of friable ACM	$1200
At least 260 Linear Feet and less than 1000 Linear Feet or At least 160 Square Feet and less than 1000 Square Feet of friable ACM	$800
At least 100 Linear Feet and less than 260 Linear Feet or At least 50 Square Feet and less than 160 Square Feet of friable ACM	$400
More than 25 Linear Feet and less than 100 Linear Feet or More than 10 Square Feet and less than 50 Square Feet of friable ACM	$200

Circle appropriate Filing Fee and write it in Item 1. Complete this report and submit it to:

A) The NYC Buildings Department with application for permit and filing fee. Check should be made payable to: NYC Department of Buildings.
If no Dept. of Buildings permit is required complete this report and submit to:

B) The NYC DEP Asbestos Control Program with filing fee. Check should be made payable to NYC Department of Environmental Protection.

* Type of Facility - Hospital, Theater, Warehouse, Commercial Office Spaces, Apartment Building, etc.
ACM - Asbestos Containing Material means Material Containing Greater Than 1% Asbestos

Form Handling
Do not detach any sheets. Insert carbon paper between the 4 pages and complete this side, fold this sheet and the tab over the perforation so that all original entries are made on the white page. Reverse the carbon paper appropriately.

FORM ACP 7
2/94

ASBESTOS INSPECTION REPORT (con't.)

28. Methods of ACM Abatement *(Check all appropriate boxes)*

a) ☒ Full Containment b) ☐ Repair c) ☐ Enclosure g) ☐ Clean up
d) ☒ Glovebag e) ☐ Encapsulation f) ☒ Tent
g) ☒ Other, *Specify* Proposed Variance Application (Attachment T & R)

29. This asbestos abatement is part of a *(Item a through e requires filing of this form with NYC Department of Buildings)*

a) ☐ Demolition b) ☐ Boiler Replacement c) ☐ Sprinkler Replacement
d) ☒ Renovation/Alteration e) ☐ Fire proofing Replacement
f) ☐ Other, *(Describe)* _____

30. **LOCATIONS WHERE SUBJECT ABATEMENT TAKING PLACE**

Actual Floor(s)	DESCRIBE SECTION OF FLOOR (e.g. entire, east wing, room #, boiler room lobby, etc.)	AFFECTED SURFACES CONTAINING FRIABLE ACM (e.g. Pipe lagging, ceiling, plenum ducts, storage tanks, decking, etc.)	AMOUNT OF FRIABLE ACM		DESCRIPTION OF WORK BEING PERFORMED (e.g. running cable, installing fire sprinklers, removing and replacing boilers, etc.)	
			SQUARE FEET	LINEAR FEET		
Basement	Pipe Insulation	Pipe Insulation		400	Renovation/Alteration	
1st Floor	Throughout	Pipe Insulation		15	"	"
		Floor Tiles Ceiling Tile Mastic	800 400		" "	" "
2nd Floor	Throughout	Pipe Insulation Floor Tiles	5750	12	"	"
3rd Floor	Throughout	Pipe Insulation Floor Tiles	650	12	"	"
4th Floor	Throughout	Floor Tiles	100		"	"
5th Floor	Throughout	Floor Tiles	780		"	"
6th Floor	Throughout	Pipe Insulation Floor Tiles	450	120	" "	" "

Attach additional sheet if necessary

31. I hereby declare that the information provided herein is true and complete to the best of my knowledge and that the air monitor is independent of the asbestos contractor. I am familiar with Federal, State and NYC laws and regulations applicable to asbestos related work.

ACS Environmental Services	Certified Asbestos Removal	81 Spring Realty, LLC
Print Name of Air Monitor	Print Name of Asbestos Contractor	Print Name of Applicant
Signature	Signature	Signature
Sept. 12, 1997	Sept. 17, 1997	Sept. 19, 1997
Date	Date	Date

If Applicant is not the owner:

32. Authorization of Owner: I hereby declare that I have authorized the applicant to file the Application for the work specified herein and I have independently hired the air monitor in accordance with the NYC Asbestos Control Regulations.

81 Spring realty, LLC		Sept 14 1997
Print Name of Owner	Signature	Date

NOTE: Storage, Transportation and Disposal of Asbestos Contaminated Wastes is regulated by the NYC Department of Sanitation (LL 70/85)

A validated photocopy of this form shall be kept at the worksite.

Any modification(s) of information provided on this form shall be reported immediately in writing directly to the NYC Department of Environmental Protection Asbestos Control Program 59-17 Junction Blvd., 8th Floor

DOCUMENT NUMBER 6

DECLARATION OF CONDOMINIUM

DOCUMENT NUMBER 6

DECLARATION OF CONDOMINIUM

Establishing a Plan for Condominium Ownership
of the Premises known as
The Bayard House
81 Spring Street,
New York, New York
Pursuant to Article 9-B of the Real Property Law
of the State of New York

Name:	The Bayard House
Declarant:	81 Spring Realty LLC c/o Horizon Realty & Development Corp. 950 Third Avenue, 28th Floor New York, New York 10028
Date of Declaration:	_____, 2001
Prepared by:	Greenberg Traurig, LLP 200 Park Avenue New York, New York 10166 Joseph Kishel, Esq.

The land affected by the within instrument
lies in Block 497, Lot 31, on the Tax Map of the
Borough of Manhattan, City, County and State of New York.

Record and Return To:

GREENBERG TRAURIG, LLP
200 Park Avenue
New York, New York 10166
Attention: Robert J. Ivanhoe, Esq.

INDEX TO DECLARATION

Definitions 1
Submission of the Property 1
Name of Condominium 1
The Land 1
The Building 2
The Units 2
Common Elements 3
Determination of Common Interests 4
Use of Units 5
Easements for the Enjoyment of the Common Elements 6
Other Easements 7
Changes in Units 8
Acquisition of Units by the Condominium Board 11
Power of Attorney to Sponsor and the Condominium Board 12
Termination of Condominium 13
Covenant of Further Assurances 13
Covenants to Run With the Land 14
Amendments to this Declaration 15
Restrictive Declaration 17
Consent of Sponsor 18
Designation of Agent to Receive Service 18
Incorporation by Reference 19
Waiver 19
Severability 19
Successors and Assigns 19
Gender 20
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Exhibits

A. Description of the Land
B. Description of Individual Units
C. Definitions
D. By-Laws (with Rules and Regulations of the Condominium)
E. Unit Owner's Power of Attorney

DECLARATION OF THE BAYARD HOUSE

Pursuant to Article 9-B of the Real Property Law of the State of New York, 81 Spring Realty LLC, a New York limited liability company, having an office c/o Horizon Realty & Development Corp., 950 Third Avenue, 28th Floor, New York, New York 10028 (hereinafter referred to as "Declarant" or "Sponsor"), do hereby declare as follows:

Article 1

Definitions

All capitalized terms used in this Declaration that are not otherwise defined in the Articles hereof shall have the meanings set forth in Exhibit C annexed hereto, unless the context in which the same are used shall otherwise require. All capitalized terms used in this Declaration that are defined in any of the Articles hereof shall have the meanings ascribed to them in such Articles, unless the context in which the same are used shall otherwise require. Each of the capitalized terms shall be applicable to singular and to plural nouns, as well as to verbs of any tense.

Article 2

Submission of the Property

(a) Declarant hereby submits the Property to the provisions of the Condominium Act and, pursuant thereto, does hereby establish a regime for condominium ownership of the Property as more particularly set forth herein and in the By-Laws.

(b) Attached to this Declaration and made a part hereof are the By-Laws of The Bayard House which set forth detailed provisions governing the operation, use and occupancy of the Condominium (said By-Laws, as they may be amended from time to time, are hereinafter referred to as the "By-Laws"). All capitalized terms which are not separately defined herein shall have the meanings given to those terms in the By-Laws, which are annexed hereto as Exhibit D to this Declaration.

Article 3

Name of Condominium

The Condominium shall be known as The Bayard House.

Article 4

The Land

The Land, which is located in the Borough of Manhattan in the City, County and State of New York and is more particularly described in Exhibit A annexed hereto and made part hereof, is owned by Declarant in fee simple absolute and has an area of approximately 5,769 square feet. The Land is situated within the Soho Cast Iron Historic District.

Article 5

The Building

The Building was, built in approximately 1884. The existing foundation wall is brick. The Building is constructed of brick bearing walls with wood joists and wood floors. The joists are supported on the exterior east and west by brick bearing walls and on wood girders along the center of the building. The interior columns are wood at the 4th through 6th floors and cast iron below the 4th floor. The front facade is cast iron; the back facade is brick. As for the exterior of the Building, the front facade is masonry supported by cast iron columns along Spring and Crosby Streets, and masonry bearing everywhere else. The storefront is wood and glass infill. The facade is in good condition and will be restored as part of the renovation. The side walls are brick masonry bearing, the rear wall is brick, and the floors are not insulated. The new proposed wood framed Penthouse is supported on wood beams and girders. The new Penthouse roof is plywood on wood joists. The new exterior partitions are wood/steel stud bearing walls with stucco/glass/corrugated metal finish.

The Building has a sub-cellar which contains the Building's gas, electric, boiler and elevator equipment rooms, which, together with a cellar and a ground floor, are zoned for commercial use (the "Commercial Unit"). The second through sixth floors and a proposed Penthouse contain dwelling units to be used for joint living-work quarters for artists. All units are full floor units. The Building is a contributing building in the historic district. ADA compliance is going to be achieved by means of two (2) new elevators. The commercial elevator will stop at all the commercial levels while the residential elevator will make all the stops from the sub-cellar to the proposed Penthouse.

Article 6

The Units

(a) Exhibit B annexed hereto sets forth the following data with respect to each Unit necessary for the proper identification thereof: (i) its designation number; (ii) its tax lot number; (iii) its approximate location in the Building; (iv) its approximate area; (v) the portions of the Common Elements or Limited Common Elements (as hereinafter defined) to which such Unit has immediate access; and (vi) the Common Interest appurtenant to such Unit. The precise location of each Unit within the Building is shown on the Floor Plans.

(b) Unit boundaries are measured from the outside face of walls to the centerline of stud walls or masonry walls (demising walls) separating units and common areas or to the Unit side of interior structural walls. The area measured vertically is measured from the bottom unexposed surface of the wood floors to the top unexposed surface of the plaster ceiling. Common Elements located within Units are not part of Units. Common Elements shall include the centerline of demising walls separating units from common areas, all exterior walls measured from the inside face of stud or masonry wall to the exterior face of the Building (stud or masonry), above the bottom of ceilings to the underside of the floor's under-finishes, any chases (vertical or horizontal), including, but not limited to: gas, plumbing, ducts, risers, cut-off valves, individual duct branches, sprinkler system, standpipe, elevator shaft, electrical risers, and/or electrical panels.

(c) Each Unit includes the following areas in or bounding such Unit: (i) the front entrance door and any other entrance doors to such Unit; (ii) the interior walls, partitions and floor coverings and plastered ceilings affixed, attached, or appurtenant to such Unit; (iii) all windows (including, without limitation, their panes, casements and frames) located within, or opening from, such Unit; (iv) any and all equipment, fixtures and appliances (including, without limitation, heating and cooling equipment, plumbing facilities, sinks, bathtubs, waterclosets, refrigerators, ovens, ranges, dishwashers and any other appliances) affixed, attached, or appurtenant to such Unit; and (v) all other Facilities affixed, attached, or appurtenant to such Unit and benefiting only that Unit.

(d) Notwithstanding anything contained in this Article 6 to the contrary, each Unit Owner shall have the right, exercisable at any time and from time to time, to install, at such Unit Owner's sole cost and expense, such decorations, fixtures and coverings (including, without limitation, painting, finishing, wall papering, carpeting, pictures, mirrors, shelving and lighting fixtures) on the surfaces of the walls, ceilings and floors that face the interior of such Unit Owner's Unit and to a depth of one inch behind such surfaces for the purposes of installing nails, screws, bolts and the like, provided that no such installation shall impair the structural integrity of such Unit or of the Building.

Article 7

Common Elements

(a) The Common Elements are comprised of (i) the General Common Elements, which are described in paragraph (b) of this Article 7 and (ii) the Limited Common Elements, which are described in paragraph (c) of this Article 7. The Common Elements shall remain undivided and no Unit Owner or any other Person shall bring, or shall have the right to bring, any action for partition or division thereof, except as is expressly permitted pursuant to the terms of Article 15 hereof and Section 5.5 of the By-Laws.

(b) The General Common Elements consist of the entire Property including the Land and all parts of the Building and improvements thereon other than the Units and those rooms, areas, corridors and other portions of the Building (other than the Units), as well as those Facilities therein or elsewhere, either currently or hereafter existing for the common use of the Units or of the Unit Owners or necessary for, or convenient to, the existence, maintenance, management, operation, or safety of the Property. Without intending to limit the generality of the foregoing in any respect, the General Common Elements include:

(i) the Land (as more particularly described in Exhibit A hereto);

(ii) the foundations, columns, beams, supports, girders, joints, exterior walls, interior load-bearing walls, partitions, floors, roofs and ceilings in, on, or under the Building, to the extent that the same are not expressly included as a part of a Unit pursuant to the terms of Article 6 hereof or are a Limited Common Element;

(iii) all hallways, corridors, lobbies, vestibules, sub-cellar, cellars, stairs, stairways, mechanical and electrical equipment spaces and ventilation shafts, and entrances to,

and exits from, the Building, to the extent same are not expressly included as part of a Unit pursuant to the terms of Article 6 hereof or a Limited Common Element;

(iv) all central and appurtenant installations and Facilities for services such as power, light, telephone, gas, sewer, plumbing, drainage, sprinkler system, standpipes and standpipe risers, hot and cold water distribution, heat, ventilation, air-conditioning and other mechanical and electrical systems to the extent that the same are not expressly included as a part of a Unit pursuant to the terms of Article 6 hereof or a Limited Common Element;

(v) all other parts of the Property, including boiler room, oil storage tank room, domestic water booster and pump system, elevator machine room, electric and gas meter room, and all apparatus and installations now existing or hereafter constructed in the Building or on the Property, for the common use of the Units or the Unit Owners or necessary for, or convenient to, the existence, maintenance or safety of the Property to the extent same are not expressly included as part of a Unit pursuant to the terms of Article 6 hereof or a Limited Common Element.

(c) The Limited Common Elements consist of all portions of the Land and Building (other than the General Common Elements and the Units) which serve or benefit exclusively a Unit or group of Units, but not all Units, and are referred to as Residential Limited Common Elements, Commercial Limited Common Elements or Penthouse Limited Common Elements.

(i) The Residential Limited Common Elements exclusively serve and benefit all Residential Unit Owners and include: the residential elevator which makes all stops from the sub-cellar to the Penthouse, the storage area in the sub-cellar, the stairway located at the east side of the Building which connects the sub-cellar and the first floor, the stairway located at the north side of the Building which connects the first floor and the roof; the Building lobby located on the first floor and the fire escape located on the exterior of the building running from the second floor to the sixth floor;

(ii) The Commercial Limited Common Elements exclusively serve and benefit the Commercial Unit and include: the commercial elevator which makes stops at the sub-cellar, cellar and first floor and the stairway located at the north side of the Building connecting the sub-cellar and the first floor;

(iii) The Penthouse Limited Common Elements exclusively serve and benefit the Penthouse and include the exterior surface of the Building's roof surrounding the proposed Penthouse but does not include the roof membrane itself, which is a General Common Element appurtenant to all Units.

Article 8

Determination of Common Interests

The percentage interest in the Common Elements of each Unit has been determined based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the condominium, the uniqueness of the unit, the availability of

common elements for exclusive or shared use, and the overall dimensions of the particular unit, on the date of filing the Declaration. The Common Interest of the Commercial Unit has been determined by adding 20% of the total square footage of the cellar not all of which is demised to the commercial user, to the interior floor area of the Commercial Unit located on the ground floor.

Article 9

Use of Units

(a) Each Residential Unit may be used subject to the following limitations:

(i) 81 Spring Realty LLC (collectively, the "Sponsor") or its designee shall have the right, without permission of the Board or payment of a fee, (i) to use any one or more of its Unsold Units as model units and offices for selling, renting, management, operation and promotion of the Unsold Units owned by it or for any other lawful purpose, subject only to compliance with the Law, which right includes changing the use of a Unit (i.e. residential to commercial and vice-versa) as long as the zoning for the Property and the then existing Certificate of Occupancy permits the proposed use of Sponsor, or its designee obtains a zoning variance or other zoning relief and/or a new or amended Certificate of Occupancy to authorize such proposed use. However, no Unsold Unit shall be used as an adult entertainment use as defined in the New York City Zoning Resolution or for illegal, noxious or immoral purposes; and

(ii) Under current zoning regulations, the lawful residential use of all Residential Units is restricted to use as Joint Living-Work Quarters for Artists ("JLWQA"), and at least one occupant of each residential unit must be certified as an artist by the New York City Department of Cultural Affairs. Subject to the above, any Residential Unit may be used for any lawful home occupation provided such use is permitted by Law and does not violate the terms and conditions of the then existing Certificate of Occupancy, if any, for such Residential Unit or the Building. Not more than one family may occupy a Residential Unit at one time.

(b) (i) Within thirty (30) days after a person, other than a natural person, becomes the owner of a Residential Unit, such non-individual owner shall notify the Managing Agent, in writing, of the name of the officer, director, stockholder, partner or individual designated by such owner to occupy its Residential Unit. The non-individual owner may change such designee from time to time by similar written notice to the Managing Agent. All designees must be bona fide officers, directors, stockholders, partners or employees of such corporate or partnership owner and, under no circumstance, may more than one family occupy a Residential Unit at one time.

(ii) The foregoing restrictions in this paragraph (b) do not apply to Unsold Units or a Commercial Unit or the owners thereof. Such units may be leased to any Persons (whether individuals, corporations, partnerships, fiduciaries, sovereign government, consulates or other entities) and, in the case of Unsold Units, occupied by any Person authorized by such lessee and approved by the owner of such Unsold Units, who is not required to comply with the designation notice requirement set forth in the preceding paragraph.

(c) The Commercial Unit may be used for any purpose permitted under the Law, provided such use is not an adult entertainment use as defined in the New York City Zoning Resolution or is not illegal, noxious or immoral. For as long as the Sponsor or its designee owns the Commercial Unit, the Sponsor or its designee, as the case may be, shall have the right to change the use thereof as long as the zoning for the Property and the then existing Certificate of Occupancy permits the proposed use or Sponsor or its designee obtains a zoning variance and/or a new or amended Certificate of Occupancy to permit the proposed use. All rights which Sponsor or its designee has with respect to the use of the Unsold Units under this Article 9, the Commercial Unit owner shall also have with respect to the Commercial Unit.

Article 10

Easements for the Enjoyment of the Common Elements

(a) Subject to the terms of the By-Laws and the Rules and Regulations, the Unit Owners (including Sponsor or its designee, as long as it owns any Unit), all other permitted tenants and occupants of the Building, the Selling Agent, the Managing Agent, the Condominium Board, and all officers, partners, employees, agents, guests, invitees and licensees of the foregoing, shall have, in common with all of the others, an easement for ingress and egress through, as well as for the use and enjoyment of, all of the General Common Elements, and the General Common Elements shall be subject to such easement. Notwithstanding the foregoing, no person shall use or enjoy the General Common Elements except in accordance with the reasonable purposes for which they are intended and without encroaching upon the rights of other persons to do so.

(b) The Penthouse Unit Owner whose Unit is appurtenant to the Penthouse Limited Common Elements, as indicated in Exhibit B, will have an exclusive easement for the use thereof. All Residential Unit Owners will have an easement for the use of the Residential Limited Common Elements, as indicated in Exhibit B. The Commercial Unit Owner will have an exclusive easement for the use of the Commercial Limited Common Elements, as indicated in Exhibit B.

(c) If the Sponsor is successful in obtaining approval to construct a proposed Penthouse on the roof of the Building, the purchaser of the proposed Penthouse shall have the right to exclusive use of the Building's roof, the surface of which is a Limited Common Element, subject only to such easements as are necessary to permit emergency ingress and egress to General Common Elements which are located in, on or through the roof or for such access for repair of General Common Elements as may be required by the Condominium. The purchaser of the proposed Penthouse shall be entitled to erect decking on so much of the roof as is permitted be law and it shall be the obligation of such purchaser to erect such decking and maintain it in a manner which shall not cause damage to the roof. Maintenance of the roof itself, however, shall remain the obligation of the Condominium and each of the Unit Owners shall be deemed to hold a proportional interest in the roof as a Common Element, without having a right of access or use.

(d) Notwithstanding anything to the contrary contained in paragraph (a) hereof, Sponsor and its successors, assignees, invitees, licensees, contractors, employees, agents and

tenants shall have an easement in, over, under, through and upon the Common Elements to use the same, without being subject to any fee or charge, for all purposes and activities in connection with the sale or renting of Unsold Units. In addition, Sponsor shall have the right, to the extent not prohibited by Law, to use one or more portions of the Common Elements, as designated by Sponsor, in its sole discretion, for sales, rental, or display purposes, which right shall include, without limitation, the right to place "for sale," "for rent" and other signs and promotional materials, of such size and content as Sponsor shall determine, in, on, about and adjacent to the Building (including on the exterior walls thereof) and the Property.

(e) The Commercial Unit Owner (including the Sponsor or its designee) shall have an easement, to the extent permitted by Law, to erect, maintain, repair and replace, from time to time, one or more signs and/or canopies, of such size and content as the Commercial Unit Owner shall determine, on, about, or adjacent to the Property (including on the exterior walls of the Building) for the purpose of advertising the name of the tenant(s) or occupant(s) or the business(es) conducted in the Commercial Unit and/or any portion thereof.

Article 11

Other Easements

(a) Subject to the terms of the By-Laws and the Rules and Regulations and to the terms of this Declaration, each Unit Owner shall have, in common with all other Unit Owners, an easement to use any of the Common Elements and all pipes, wires, ducts, cables, conduits, public utility lines and all other utility distribution systems, whether or not Common Elements, located in, over, under, through, adjacent to, or upon any other Unit or the Common Elements to the extent that such Common Elements and utility distribution system serves, or is necessary to the service of, such Owner's Unit, and each Unit and all of the Common Elements shall be subject to such easement. In addition, the Condominium Board shall have an easement and a right of access to each Unit and to the Common Elements to inspect the same, to remove violations therefrom and to install, operate, maintain, repair, alter, rebuild, restore and replace any of the Common Elements located in, over, under, through, adjacent to, or upon the same, and each Unit and the Common Elements shall be subject to such easement and right of access. The easements and the rights of access granted in this paragraph shall be exercised in such a manner as will not unreasonably interfere with the use of the Units for their permitted purposes or the business of any tenant or occupant of the Commercial Unit. Such entry shall be permitted on not less than one day's notice, except that no such notice shall be necessary in the event of repairs or replacements immediately necessary or required for the preservation or safety of the Building, for the safety of the occupants of the Building or other Persons, or to avoid the suspension of any necessary service in the Building.

(b) Sponsor or its designee (for so long as either owns any Unit) reserves for itself and to the Commercial Unit Owner (as to the Commercial Unit), and grants to the Condominium Board, on behalf of all Unit Owners, the right to grant such additional electric, gas, telephone, water, storm drainage, sewer and other utility easements in, or to relocate any existing utility easements to, any portion of the Property as Sponsor or its designee, the Commercial Unit Owner, or the Condominium Board, as the case may be, shall deem necessary or desirable for the

proper operation and maintenance of the Building or any portion thereof including (as to the Commercial Unit owner) the Commercial Unit or for the general health or welfare of the owners, tenants and occupants of the appropriate Units, provided, however, that the grant of such additional utility easements, or the relocation of existing utility easements, shall not unreasonably interfere with the use of the Units for their permitted purposes. Any utility company, as well as its officers employees and agents, shall have a right of access to each Unit and to the Common Elements in furtherance of such easement. However, such right of access shall be exercised in such a manner as will not unreasonably interfere with the use of the Units for their permitted purposes.

(c) Each Unit and the Common Elements shall have easements of subjacency, support and necessity, and the same shall be subject to such easements in favor of all of the other Units and the Common Elements.

(d) If (i) any portion of the Common Elements now encroaches upon any Unit or upon any other portion of the Common Elements, (ii) any Unit now encroaches upon any other Unit or upon any portion of the Common Elements, or (iii) any such encroachment shall hereafter occur as a result of (x) the settling or shifting of the Building, (y) any repair or alteration made to the Common Elements in accordance with the terms of this Declaration and the By-Laws by, or with the consent of, the Condominium Board, by Sponsor or Sponsor's designee or by the Commercial Unit Owner or (z) any repair or restoration made to the Building or any portion thereof, to any Unit, or to the Common Elements, in accordance with the terms of this Declaration and the By-Laws after damage by fire or other casualty or after any taking by condemnation or eminent domain proceedings, then, in any such event, a valid easement shall exist for such encroachment and for the maintenance of the same for so long as the Building or the affected Unit or Common Elements, shall stand.

(e) In addition to the specific easements set forth in this Article 11 and in Article 10 hereof, the Property and every portion thereof shall be subject to all easements and rights of access prescribed in the Condominium Act.

Article 12

Changes in Units

(a) Sponsor or its designee shall have the right, to the extent not prohibited by Law, without obtaining the consent or approval of the Condominium Board, the Unit Owners, or Mortgage Representatives (if any):

(i) to make alterations, additions and/or improvements (whether structural or nonstructural, interior or exterior, ordinary or extraordinary) in, to and upon Unsold Units, provided and on condition that:

(A) no physical modification shall be made to any other Units and the Common Interests and interior dimensions of any other Units shall not be changed by reason thereof, unless the owner of any such other affected Unit shall consent thereto;

(B) Sponsor or its designee (as the case may be) shall comply with the Law;

(C) Sponsor or such designee (as the case may be) shall indemnify and hold harmless the Condominium Board and all other Unit Owners from any liability arising therefrom; and

(D) such alteration, addition or improvement shall not jeopardize the soundness or structural integrity of any part of the Building or the safety of any tenant or other Persons at the Property; and

(ii) to change the layout of, or number of rooms in, any Unsold Units, provided and on condition that:

(A) Sponsor or its designee (as the case may be) shall comply with the Law; and

(B) Sponsor or its designee (as the case may be) shall indemnify and hold harmless the Condominium Board and all other Unit Owners from any liability arising therefrom; and

(iii) to change the size and/or number of Unsold Units by (w) further subdividing such Commercial Unit into two or more Commercial Units, (x) combining two or more separate Commercial Units (including, without limitation, those resulting from such subdivision or otherwise) into one or more Unsold Units, (y) altering the boundary walls of any Unsold Unit (including, without limitation, incorporating in the Unsold Unit a wall, space, hallway or other area forming a part of the Common Elements which services or benefits only such Unsold Unit and does not affect access to any other Unit), or (z) otherwise, provided and on condition that the Plan is amended and:

(A) the Common Interest of any Unsold Unit affected by a change in size or number as a result of a combination of Unsold Units or subdivision of an Unsold Unit shall be appropriately reapportioned in accordance with the formula set forth in this Declaration (however, the Common Interest shall not change if an Unsold Unit's size is changed by altering its boundary walls);

(B) the Declaration and Floor Plans shall be appropriately amended to reflect the changes made to such affected Unsold Units and the reapportionment of the Common Interest for each, all in accordance with the Condominium Act;

(C) Sponsor or its designee (as the case may be) shall comply with the Law;

(D) Sponsor or its designee (as the case may be) shall indemnify and hold harmless the Condominium Board and all other Unit owners from any liability arising therefrom;

(E) if required by Section 339-(i) of the Condominium Act, the consent of all Unit Owners affected by such changes is obtained; and

(F) the total Common Interests of all Unsold Units shall remain unchanged, the Common Interest of any other Unit not owned by Sponsor or its designee shall not be changed without such Unit Owner's consent and the Common Interests of all Units shall total 100%.

(b) The Commercial Unit Owner (including Sponsor or its designee) shall have the right, to the extent not prohibited by Law, without obtaining the consent or approval of the Condominium Board, other Unit Owners, or Mortgage Representatives (if any),

(i) to make alterations, additions and/or improvements (whether structural or nonstructural, interior or exterior, ordinary or extraordinary) in and to such Commercial Unit, provided and on condition that:

(A) no physical modification shall be made to any other Units and the Common Interests and interior dimensions of any other Units shall not be changed by reason thereof, unless the owner of any such other affected Unit shall consent thereto;

(B) the owner of such Commercial Unit shall comply with the Law;

(C) the owner of such Commercial Unit shall indemnify and hold harmless the Condominium Board and all other Unit owners from any liability arising therefrom; and

(D) such alteration, addition or improvement shall not jeopardize the soundness or structural integrity of any part of the Building or the safety of any tenant or other Persons at the Property; and

(ii) to change the layout of, or number of rooms in, any Commercial Unit, provided and on condition that:

(i) the owner of such Commercial Unit shall comply with the Law; and

(ii) the owner of such Commercial Unit shall indemnify and hold harmless the Condominium Board and all other Unit owners from any liability arising therefrom; and

(iii) to change the size and/or number of such Commercial Unit by (w) subdividing such Commercial Unit into two or more commercial Units, (x) combining two or more separate Commercial Units (including without limitation, those resulting from such subdivision or otherwise) into one or more Commercial Units, (y) altering the boundary walls of any Commercial Unit (including, without limitation, incorporating in such Commercial Unit a wall, space, hallway or other area forming a part of the Common Elements and does not affect access to any other Unit), or (z) otherwise, provided and on condition that:

(A) the Common Interest of any Commercial Unit affected by such change in size or number shall be appropriately reapportioned in accordance with the formula set forth in this Declaration; however the Common Interest shall not change if such Commercial Unit's size is changed by altering its boundary walls;

(B) the Common Interests of all newly established Commercial Units shall equal the Common Interest of the original Commercial Unit being so subdivided;

(C) the Common Interest of the Residential Units shall not be changed by reason thereof without the consent of the affected Residential Unit Owners;

(D) the Common Interest of all Units shall equal 100%;

(E) the Declaration and Floor Plans shall be appropriately amended to reflect the changes made to such affected Commercial Units and the reapportionment of the Common Interest for each, all in accordance with the Condominium Act;

(F) the Commercial Unit Owner shall comply with the Law;

(G) the Commercial Unit Owner shall indemnify and hold harmless the Condominium Board and all other Unit Owners from any liability arising therefrom; and

(H) if required by Section 339-(i) of the Condominium Act, the consent of all Unit Owners affected by such changes is obtained.

Article 13

Acquisition of Units by the Condominium Board

If (i) any Unit Owner surrenders his Unit, together with its Appurtenant Interest, the interest of such Unit Owner in any Units theretofore acquired by the Condominium Board or the proceeds of the sale or lease thereof and such Unit Owner's interest, if any, in a Limited Common Element, to the Condominium Board pursuant to the terms of the By-Laws or of Section 339-x of the Condominium Act or (ii) the Condominium Board, pursuant to the terms of the By-Laws or otherwise, either (x) acquires a Unit, together with its Appurtenant Interests, or (y) purchases a Unit, together with its Appurtenant Interests, at a foreclosure or other similar sale, then, in any such event, title to such Unit and such Appurtenant Interests shall be held by the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners, in proportion to their respective Common Interests. Any lease or sublease of any Unit owned or leased by the Condominium Board or its designee, corporate or otherwise, shall be held by the Condominium Board or such designee on behalf of all Unit Owners, in proportion to their respective Common Interests.

Article 14

Power of Attorney to Sponsor and the Condominium Board

(a) Each Unit Owner, by acceptance of a deed or otherwise succeeding to title to a Unit, shall be deemed to have irrevocably nominated, constituted and appointed as such Unit Owner's attorney-in-fact, coupled with an interest and with power of substitution, (i) Sponsor or its designee, to amend the Condominium Documents pursuant to the terms of Article 18 hereof and (ii) the Persons who shall from time to time constitute the Condominium Board, jointly:

(A) to acquire any Unit, together with its Appurtenant Interests, whose owner elects to surrender the same pursuant to the terms of paragraph (C) of Section 6.2 of the By-Laws, (B) to acquire any Unit, together with its Appurtenant Interests, that becomes the subject of a foreclosure or other similar sale, (C) to acquire a Unit, together with its Appurtenant Interests, for the use and occupancy of a superintendent or otherwise, (D) to acquire or lease a Residential Unit pursuant to the terms of Article 7 of the By-Laws, and (E) to acquire or lease any Unit, together with its Appurtenant Interest, in accordance with Section 2.4(xv) of Article 2 of the By-Laws, all on such terms, including (without limit) price or rental (with respect to any transfer pursuant to the terms of subdivision (B), (C), (D) or (E) of this paragraph) as said attorneys-in-fact shall deem proper, and thereafter to convey, sell, lease, mortgage, or otherwise deal with (but not vote the interest appurtenant to) any such Unit so acquired by them, or to sublease any Unit so leased by them, on such terms as said attorneys-in-fact may determine, granting to said attorneys-in-fact the power to do all things in said premises that the undersigned could do if the undersigned were personally present; and (F) to execute, acknowledge and deliver, and, if necessary, to cause to be recorded in the Office of the Register of New York County, (1) any declaration or other instrument affecting the Condominium that the Condominium Board deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution, or requirement of the Department of Buildings, the Landmarks Preservation Commission, the City Planning Commission, the Board of Standards and Appeals, or any other public authority, applicable to the maintenance, demolition, construction, alteration, repair, or restoration of the Condominium or (2) any agreement, consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Condominium or the Common Elements that the Condominium Board deems necessary or appropriate, including, without limitation, all documents or instruments relating to or constituting that certain Restrictive Declaration made by 81 Spring Realty LLC, and dated as of December 1, 2000 in favor of the New York City Landmarks Preservation Commission and recorded on January 23, 2001 at Reel 3222, page 748, including any amendment, modification or cancellation thereof. The acts of a majority of the Persons constituting the Condominium Board shall constitute the acts of such attorneys-in-fact.

(B) In confirmation of the foregoing power of attorney, each Unit Owner, upon the request of either Sponsor or the Condominium Board, shall duly execute, acknowledge and deliver to the requesting party, for recording in the Register's Office, a Unit Owner's Power of Attorney in the form set forth as Exhibit E to this Declaration.

Article 15

Termination of Condominium

The Condominium shall continue until terminated by (i) casualty, loss, condemnation, or eminent domain, as more particularly provided in the By-Laws or (ii) withdrawal of the Property from the provisions of the Condominium Act by a vote of at least eighty percent (80%) of all Unit Owners, both in number and in aggregate Common Interests. No such vote under clause (ii) in the preceding sentence shall be effective without the written consent of the Mortgage Representatives, if any, which consent shall not be unreasonably withheld or delayed. Sponsor will not vote the aggregate Common Interest appurtenant to the Unsold Units for such withdrawal unless at least eighty percent (80%), both in number and in aggregate Common Interests, of all other Unit owners so elect for such withdrawal, at which time Sponsor may choose to vote either in favor of, or against, withdrawal from condominium ownership, as it sees fit. In the event that said withdrawal is authorized as aforesaid, but only in such event, the Property shall be subject to an action for partition by any Unit Owner or lienor as if owned in common, in which event the net proceeds of sale shall be divided among all Unit Owners in proportion to their respective Common Interests, provided, however, that no payment shall be made to a Unit Owner until there has first been paid, out of such Unit Owner's share of such net proceeds, all liens on the Unit Owner's Unit, in the order of priority of such liens.

Article 16

Covenant of Further Assurances

(a) Any Person subject to the terms of this Declaration, whether such Person is a Unit Owner, a lessee or a sublessee of a Unit Owner, an occupant of a Unit, a member of the Condominium Board, an officer of the Condominium, the Sponsor or otherwise, shall, at the expense of any such other Person requesting the same, execute, acknowledge and deliver to such other Person such instruments, in addition to those specifically provided for herein, and take such other action, as such other Person may reasonably request to effectuate the provisions of this Declaration or of any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

(b) If any Unit owner or any other Person who is subject to the terms of this Declaration fails or refuses to execute, acknowledge, or deliver any instrument, or fails or refuses, within ten days after request therefor, to take any action that such Unit Owner or Person is required to take pursuant to this Declaration, then the Condominium Board is hereby authorized as attorney-in-fact for such Unit owner or other Person, 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 such Unit Owner or other Person, and such document or action shall be binding on such Unit Owner or other Person.

(c) If any Unit Owner or the Condominium Board or any other Person who is subject to the terms of this Declaration fails or refuses to execute, acknowledge, or deliver any instrument, or fails or refuses, within ten days after request therefor, to take any action that the Condominium Board, Unit Owner, or other Person is required to take pursuant to this

Declaration at the request of Sponsor or its designee, then Sponsor or its designee is hereby authorized as attorney-in-fact for the Condominium Board, such Unit Owner, or other Person, 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 Condominium Board, such Unit Owner, or other Person and such document or action shall be binding on the Condominium Board, such Unit Owner, or other Person, as the case may be.

(d) Nothing contained in this Article 16 shall be in derogation of Section 339-i of the Condominium Act.

Article 17

Covenants to Run With the Land

(a) All provisions of this Declaration, the By-Laws and the Rules and Regulations, including, without limitation, the provisions of this Article 17, shall, to the extent applicable and unless otherwise expressly herein or therein provided to the contrary, be perpetual and be construed to be covenants running with the Land and with every part thereof and interest therein, and all of the provisions thereof shall be binding upon, and shall inure to the benefit of, the owner of all or any part thereof, or interest therein, and his heirs, executors, administrators, legal representatives, successors and assigns, but the same are not intended to create, nor shall they be construed as creating, any rights in, or for the benefit of, the general public. All present and future owners, tenants and occupants of Units shall be subject to, and shall comply with, the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time. The acceptance of a deed or conveyance or the succeeding to title, the entering into a lease, or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time, are accepted and ratified by such owner, tenant, or occupant, and all of such provisions shall be deemed and taken to be covenants running with the Land and shall bind any person having, at any time, any interest or estate in such Unit as though such provisions were recited and stipulated at length in each and every deed, conveyance, or lease.

(b) If any provision of this Declaration or of the By-Laws is invalid under, or would cause this Declaration and the By-Laws to be insufficient to submit the Property to, the provisions of the Condominium Act, such provision shall be deemed deleted from this Declaration or the By-Laws, as the case may be, for the purpose of submitting the Property to the provisions of the Condominium Act, but shall nevertheless be valid and binding upon, and shall inure to the benefit of, the owners of the Property and their heirs, executors, administrators, legal representatives, successors and assigns, as covenants running with the Land and with every part thereof and interest therein under other applicable Law to the extent permitted under such applicable Law with the same force and effect as if, immediately after the recording of this Declaration and the By-Laws, all Unit Owners had signed and recorded an instrument agreeing to each such provision as a covenant running with the Land. If any provision that is necessary to cause this Declaration and the By-Laws to be sufficient to submit the Property to the provisions of the Condominium Act is missing from this Declaration or the By-Laws, then such provision

shall be deemed included as a part of this Declaration or the By-Laws, as the case may be, for the purposes of submitting the Property to the provisions of the Condominium Act.

(c) Subject to the terms of paragraph (b) of this Article 17, if this Declaration and the By-Laws are insufficient to submit the Property to the provisions of the Condominium Act, the provisions of this Declaration and the By-Laws shall nevertheless be valid and binding upon, and shall inure to the benefit of, the owners of the Property and their heirs, executors, administrators, legal representatives, successors and assigns, as covenants running with the Land and with every part thereof and interest therein under other applicable Law to the extent permitted under such applicable Law with the same force and effect as if, immediately after the recording of this Declaration and the By-Laws, all Unit Owners had signed and recorded an instrument agreeing to each such provision as a covenant running with the Land.

Article 18

Amendments to this Declaration

(a) Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions, or deletions affecting Sponsor or its designee, any provision of this Declaration may be amended, modified, added to, or deleted by the vote of at least sixty-six and two-thirds (66-2/3%) percent of all Unit Owners, both in number and in aggregate Common Interests, taken in accordance with the provisions of the By-Laws. However, no amendment, modification, addition, or deletion pursuant to the preceding sentence shall be effective without the written consent of the Mortgage Representatives, if any, which consent shall not be unreasonably withheld or delayed. In addition, such amendment, modification, addition, or deletion: (i) shall not be effective until recorded in the Register's Office and (ii) shall be executed by the Condominium Board as attorney-in-fact for the Unit Owners, which power shall be deemed to be coupled with an interest, and the Condominium Board is hereby authorized by the Unit Owners so to act as their attorney-in-fact. Subject to the rights of Sponsor or its designee under Articles 9, 10, 11, 12, 14, 15 and 16 of this Declaration and the Commercial Unit Owner under Articles 9, 10 and 12 of this Declaration, and subject further to obtaining the consent of Sponsor or its designee or the Commercial Unit Owner as provided in subparagraph (d) of this Article, Articles 9, 10, 11, 12, 14, 15 and 16 of this Declaration may not be amended, modified, added to, or deleted unless (in addition to the consent, if required, of the Mortgage Representatives, if any, as set forth above) eighty (80%) percent, both in number and in aggregate Common Interests, of all Unit Owners affected thereby approve such amendment, modification, addition, or deletion.

(b) Sponsor or its designee shall have the right, at its sole cost and expense and without the vote or consent of any other Unit Owners, the Condominium Board, or the Mortgage Representatives (if any), unless such consent is required under Section 339-i of the Condominium Act, to execute, acknowledge and record (or, at the Sponsor's or such designee's sole option, to require the Condominium Board or any other Unit Owners to execute, acknowledge and record) in the Register's Office and elsewhere, if required by Law, one or more amendments to this Declaration, together with such documents, plans and maps as the Sponsor or such designee deems appropriate to effectuate the same:

(i) to reflect any changes in Unsold Units, including any reapportionment of the Common Interest resulting therefrom made by the Sponsor or its designee in accordance with the terms of Article 12 hereof; or

(ii) if required by (x) an Institutional Lender designated by the Sponsor to make a loan secured by a mortgage on any Unit, (y) any governmental agency having regulatory jurisdiction over the Condominium, or (z) any title insurance company selected by Sponsor to insure title to any Unit; provided, however, that any amendment made pursuant to the terms of subparagraph (i) or (ii) of this paragraph shall not (1) change the Common Interest of any other Unit not then owned by Sponsor or its designee (2) require a physical modification of any other Unit not then owned by Sponsor, or (3) adversely affect the priority or validity of the lien of any purchase money mortgage or any mortgage held by an Institutional Lender unless the owner of the affected Unit (in the event described in subparagraph (1) or (2) of this paragraph) or the holder of such mortgage (in the event described in subparagraph (3) of this paragraph) shall consent thereto by joining in the execution of such amendment.

(c) The Commercial Unit owner (including Sponsor or its designee), shall have the right, at its sole cost and expense and without the vote or consent of any other Unit Owner, the Condominium Board, or the Mortgage Representatives (if any), to execute, acknowledge and record (or, at the Commercial Unit owner's sole option, to require the Condominium Board or any other Unit Owners to execute, acknowledge and record) in the Register's Office and elsewhere, if required by Law, one or more Amendments to this Declaration, together with such documents, plans and maps as a Commercial Unit Owner deems appropriate to effectuate same, to reflect any changes in the Commercial Unit, including any reapportionment of the Common Interest resulting therefrom, made by a Commercial Unit owner in accordance with the terms of Article 12 hereof; provided, however, that any such Amendment shall not (i) change the Common Interest of any other unit, (ii) require a physical modification of any other Unit not owned by such Commercial Unit Owner, or (iii) adversely affect the priority or validity of the lien of any purchase money mortgage or any mortgage held by an Institutional Lender unless the owner of the affected Unit (in the event described in subparagraph (i) or (ii) of this paragraph) or the holder of such mortgage (in the event described in subparagraph (iii) of this paragraph) shall consent thereto by joining in the execution of such Amendment.

(d) Any amendment to this Declaration may be executed: (i) if on behalf of the Sponsor pursuant to the terms of paragraph (b) hereof, by a principal thereof or (ii) if on behalf of the Unit Owners or by the Condominium Board, by the President or Vice President and the Secretary or an Assistant Secretary of the Condominium or (iii) if on behalf of a Commercial Unit Owner, by any partner, officer or other authorized Person of such owner. If the amendment requires the approval of a specified percentage of Unit Owners pursuant to the terms of this Declaration or the ByLaws, then there shall be attached to such amendment an original executed Secretary's Certification, certifying that the requisite number and percentage of Unit Owners approved the amendment at a duly constituted meeting or (when permitted in this Declaration or the By-Laws) in writing without a meeting, in which Certification shall be described the number and percentage of Unit Owners so consenting and (if voted upon at a meeting) the date and time of the meeting.

(e) Notwithstanding anything contained in the Condominium Documents to the contrary, but subject to any limitation imposed by the Condominium Act, no amendment to the Condominium Documents shall be adopted which would:

(i) (A) unreasonably interfere with the sale, lease or other disposition of an Unsold Unit;

(B) abridge, modify, suspend, eliminate or otherwise affect any right, power, easement, privilege or benefit reserved to Sponsor or its designee (as owner of a Unit); or

(C) impose any discriminatory charge or fee against Sponsor or its designee, unless Sponsor or such designee shall consent thereto, by joining in the execution of such amendment;

(ii) abridge, modify, suspend, eliminate or otherwise affect any right, power, easement, privilege or benefit reserved to Sponsor or its designee or the Commercial Unit Owner unless Sponsor or its designee or the Commercial Unit Owner (as the case may be) shall consent thereto by joining in the execution of such amendment; or

(iii) change the permitted use of any Unit or such Unit's Common Interest, unless the owner of such affected Unit shall consent thereto by joining in the execution of such Amendment.

Article 19

Restrictive Declaration

(a) The Property is subject to a Restrictive Declaration dated as of December 1, 2000, in favor of the New York City Landmarks Preservation Commission (the "LPC") which has been recorded in the Office of the Register of New York County at Reel 3222 page 748 (the "Restrictive Declaration") on January 23, 2001. The Condominium's continuing compliance with the obligations imposed by the Restrictive Declaration is a condition to the right of the Commercial Unit Owner to use the Commercial Unit for retail purposes, if it chooses, and to the right of the owner of the proposed Penthouse Unit to occupy the proposed Penthouse as joint living-work quarters for artists. The Restrictive Declaration was executed by the Sponsor as a condition to the grant by the New York City Planning Commission of Zoning Approvals permitting or authorizing such uses under Sections 74-711 and 42-142 of the Zoning Resolution, respectively.

(b) Pursuant to the Restrictive Declaration, the Sponsor (or the Condominium Board as its successor in interest), is obligated:

(1) to establish a program for the continuing maintenance of the Building that will result in its preservation;

(2) to perform certain work more particularly described in the Restrictive Declaration as Landmark Work pursuant to a Certificate of Appropriateness issued by the LPC

on November 4, 1999 prior to occupying the proposed Penthouse or obtaining a certificate of occupancy legalizing retail use on the Building's ground floor;

(3) to preserve, repair and maintain the Building in first class condition even though such work exceeds the requirements of the Landmark Preservation Law of the City of New York;

(4) to perform periodic inspections every five (5) years on or within two weeks of the anniversary of the issuance by the LPC of a notice of completion of the Restoration Work by a preservation architect, engineer or other qualified person acceptable to the LPC to inspect the exterior and those parts of the interior of the Building which, if not maintained, could affect the condition of the exterior, including all of the Landmark Work and report to the LPC the results of the inspection (the "Periodic Report");

(5) to perform all work identified as required in the Periodic Report, after obtaining necessary permits and approvals from the LPC; and

(6) to use all reasonable means to save, protect and preserve the Building in the event of a fire and to reconstruct and repair the Landmark Work thereafter.

(c) In the event the Sponsor, or the Board, as the Sponsor's successor, fails to perform its obligations under the Restrictive Declaration, the LPC may perform them and, thereafter, the LPC shall have a lien on the Building for materials and labor provided under Article 2 of the New York State Lien Law.

(d) Each Unit Owner shall grant to the persons who shall from time to time constitute the Board, an irrevocable power of attorney, coupled with an interest, to perform the obligations of the Restrictive Declaration as well as to execute, deliver and record such modifications, amendments, cancellations or terminations thereof as the Board in its sole discretion shall deem appropriate, in the form set forth as Exhibit E to this Declaration.

Article 20

Consent of Sponsor

Wherever the consent, approval, satisfaction, or permission of Sponsor or its designee is required under this Declaration or the By-Laws, such consent, approval, satisfaction, or permission shall not be required when Sponsor or such designee no longer owns any Units.

Article 21

Designation of Agent to Receive Service

The Secretary of State, as agent of the Board of Managers, and any successor to the jurisdiction thereof, is hereby designated to receive service of process in any action that may be brought against the Condominium.

Article 22

Incorporation by Reference

The terms, covenants, conditions, descriptions and other information contained in (i) the Property description annexed hereto as Exhibit A; (ii) the description of the Units annexed hereto as Exhibit B; (iii) the table of definitions annexed hereto as Exhibit C; (iv) the By-Laws annexed hereto as Exhibit D; (v) the Unit Owner's Power of Attorney annexed hereto as Exhibit E; and (vi) the Floor Plans are, by this reference, each incorporated herein and made a part of this Declaration as if the same were set forth at length in the text hereof.

Article 23

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, regardless of the number of violations or breaches that may occur.

Article 24

Severability

Subject to the provisions of paragraphs (b) and (c) of Article 17 hereof, if any provision of the Condominium Documents is invalid or unenforceable as against any Person or under certain circumstances, the remainder of the Condominium Documents and the applicability of such provision to other Persons or circumstances shall not be affected thereby. Each provision of the Condominium Documents shall, except as otherwise provided herein, be valid and enforced to the fullest extent permitted by Law. Any conflict between any provision of the Condominium Documents and the Condominium Act, or any questions regarding the interpretation of any of the Condominium Documents, shall be governed by the Condominium Act.

Article 25

Successors and Assigns

The rights and/or obligations of, and limitations imposed on, Sponsor or its designee as set forth herein shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of Sponsor or its designee (as the case may be), but a Unit Owner who is not so designated by Sponsor or its designee in writing shall not exercise any of the special rights, powers or privileges reserved to Sponsor or its designee in this Declaration or the By-Laws. Subject to the foregoing, Sponsor or its designee (as the case may be) shall each have the right, at any time, in its sole discretion, to assign or otherwise transfer its interest herein, whether by merger, consolidation, lease, assignment, or otherwise. Notwithstanding the foregoing, any Permitted Mortgagee of a Unit or a purchaser at a foreclosure sale of a Permitted Mortgage who succeeds to the interest of a Unit Owner shall be responsible only for the obligations of such Unit Owner arising from or after the effective date of succession to title to such Unit and shall not be liable for any unpaid Common Charges or Special Assessments owing prior thereto.

Article 26

Gender

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.

Article 27

Captions

The index hereof and the captions herein inserted are included 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.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed as of the _____ day of _____, 200__.

81 SPRING REALTY LLC

By: 81 Spring Realty Corp.,
Manager

By:_____
Name: John Jacobson
Title: President

STATE OF NEW YORK)

)SS.:

COUNTY OF NEW YORK)

On the _____ day of _____ in the year 2001 before me, the undersigned, a Notary Public in and for said State, personally appeared John Jacobson, 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.

_____

Signature and Office of individual taking acknowledgment

EXHIBIT A TO
THE DECLARATION OF CONDOMINIUM FOR
THE BAYARD HOUSE

DESCRIPTION OF THE LAND

All that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the northwesterly corner of Spring and Crosby Streets:

RUNNING THENCE along the northerly side of Spring Street, 50 feet;

THENCE northerly along a line parallel with Crosby Street, 117 feet 2-1/4 inches;

THENCE easterly along the line forming an angle of 90 degrees, 29 minutes 10 seconds on its southerly side of with the last described line, 49 feet 10-3/4 inches to the westerly side of Crosby Street;

THENCE southerly along the westerly side of Crosby Street, 114 feet 2-3/4 inches to the corner aforesaid at the point or place of BEGINNING.

EXHIBIT B TO THE DECLARATION OF CONDOMINIUM FOR THE BAYARD HOUSE

DESCRIPTION OF INDIVIDUAL UNITS

UNIT DESIGNATION	TAX LOT NO.	LOCATION IN BUILDING	APROX. AREA IN SQ. FT. (GROSS)	COMMON ELEMENTS TO WHICH UNIT HAS IMMEDIATE ACCESS	LIMITED COMMON ELEMENTS TO WHICH UNIT HAS IMMEDIATE ACCESS	PERCENT AGE OF COMMON INTEREST
1A (Commercial Unit)	1101	subcellar, cellar and 1st floor	14,437	mechanical rooms, boilers, elevator equipment room, and utility rooms	CLCE: elevator and fire stairs	14.0304%
2	1102	2nd floor	5,341		RLCE: residential elevator, fire stairs and floor lobby	15.3082%
3	1103	3rd floor	5,292		RLCE: residential elevator, fire stairs and floor lobby	15.1678%
4	1104	4th floor	5,226		RLCE: residential elevator, fire stairs and floor lobby	15.3531%
5	1105	5th floor	5,226		RLCE: residential elevator, fire stairs and floor lobby	15.7276%
Penthouse	1106	6th floor and penthouse	9,865		RLCE: residential elevator, fire stairs and floor lobby PLCE: main roof	24.4129%

PLCE = Penthouse Limited Common Elements
CLCE = Commercial Limited Common Elements
RLCE = Residential Limited Common Elements

EXHIBIT C TO THE DECLARATION OF CONDOMINIUM FOR THE BAYARD HOUSE

DEFINITIONS

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

(2) "Board" shall mean the Condominium Board.

(3) "Building" shall mean the building situated on the Land and known as 81 Spring Street a/k/a 76 Crosby Street, New York, New York.

(4) "By-Laws" shall mean the By-Laws of the Condominium, which are annexed as Exhibit D to this Declaration, as the same may be amended from time to time pursuant to the terms thereof.

(5) "Commercial Unit" shall mean the Commercial Unit, as such term is defined in the Condominium Act, constituting the Unit located in the sub-cellar, the cellar and the ground floor of the Building.

(6) "Commercial Unit Owner" shall mean a Person who holds fee title, of record, to the Commercial Unit at the time in question or such Person's designee, or, with the consent of such Person, any transferee, lessee, or sublessee of all such Person's right, title, or interest in or to the Commercial Unit or any portion thereof at the time in question.

(7) "Common Charges" shall mean the charges allocated and assessed by the Condominium Board to the Unit owners, pro-rata in accordance with their respective Common Interests (except as otherwise provided in the Declaration or in the By-Laws), to meet the Common Expenses.

(8) "Common Elements" shall mean the General Common Elements and Limited Common Elements as created pursuant to Article 7 of the Declaration.

(9) "Common Expenses" shall mean all costs and expenses to be incurred generally by (i) all Unit Owners pursuant to this Declaration and/or the By-Laws in connection with: (i) the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the Common Elements; (ii) the establishment and/or maintenance of a general operating reserve or a reserve fund for working capital, for replacements with respect to the Common Elements or to make up any deficit in the common charges for any prior year(s); or (iii) the purchase, lease, or sublease by the Condominium Board or its designee, corporate or

otherwise of any Unit in accordance with the By-Laws and the Declaration; and (iv) generally, the conduct of the affairs of the Condominium.

(10) "Common Interest" shall mean the proportionate, undivided percentage interest in fee simple absolute of each Unit in the Common Elements.

(11) "Condominium" shall mean The Bayard House, which is being established pursuant to the terms of the Declaration and is to be governed pursuant to the terms of the By-Laws.

(12) "Condominium Act" shall mean Article 9-B of the Real Property Law of the State of New York, as the same may be amended from time to time.

(13) "Condominium Board" shall mean the governing body of the Condominium, the members of which shall be elected pursuant to the terms of Articles 2 and 4 of the By-Laws.

(14) "Condominium Documents" shall mean the Declaration, the By-Laws and the Rules and Regulations as the same may be amended from time to time, and all exhibits thereto.

(15) "Declarant" shall mean 81 Spring Realty LLC, a New York limited liability company, having an office at c/o Horizon Realty & Development Corp., 950 Third Avenue, 28th Floor, New York, NY 10028.

(16) "Declaration" shall mean the declaration executed by Declarant for the purposes of submitting the Property to the provisions of the Condominium Act and establishing a regime for the condominium ownership thereof.

(17) "Facilities" shall mean all personal property and fixtures now or hereafter existing in, on, or under the Land or the Building and either existing for the common use of the Units or the Unit Owners or necessary or convenient for the existence, maintenance, or safety of the Property. For purposes of illustrating the broad scope of such term and without intention to limit the generality of the foregoing in any respect, the term "Facilities" shall include all systems, equipment, apparatus, boilers, convectors, radiators, heaters, converters, heat exchangers, mechanisms, devices, machinery, induction units, fan coil units, motors, pumps, controls, tanks, tank assemblies, installations, condensers, compressors, fans, dampers, blowers, thermostats, thermometers, coils, vents, sensors, shut-off valves, other valves, gongs, panels, receptacles, outlets, relays, alarms, sprinkler heads, electric distribution facilities, wiring, wireways, switches, switchboards, circuit breakers, transformers, fittings, siamese connections, hoses, plumbing fixtures, lighting fixtures, other fixtures, bulbs, signs, antennae, telephones, meters, meter assemblies, scaffolding, piping, lines, ducts, conduits, cables, risers, mains, shafts, pits, flues, locks, hardware, racks, screens, strainers, traps, drains, catch basins, leaders, filters, incinerators, compactors, canopies, closets, cabinets, doors, railings, copings, steps, furniture, mirrors, furnishings, appurtenances, urns, baskets, mail chutes, mail boxes, carpeting, tiles, floor coverings, draperies, shades, window coverings, wallpaper, wall coverings, trees, shrubbery, flowers, plants, horticultural tubs and horticultural boxes.

(18) "Family Members" shall mean the spouse, children (natural and adopted), stepchildren, grandchildren, siblings, parents, parents-in-law and grandparents of a Unit owner who reside in such Unit Owner's Unit.

(19) "First Closing" shall mean the first date upon which title to one of the Residential Units is conveyed to a purchaser pursuant to the terms of the Plan.

(20) "Floor Plans" shall mean the floor plans of the Units certified by Arpad Baksa Architect, P.C., and filed in the Register's Office simultaneously with the recording of this Declaration, together with any supplemental floor plans thereto.

(21) "General Common Elements" shall have the meaning set forth in Article 7 of the Declaration.

(22) "Initial Control Period" shall mean the period ending on the earlier of: (i) five years after the First Closing or (ii) the closing of title with purchasers under the Plan to Residential Units having more than fifty (50%) percent of all Residential Units both in number and in aggregate common Interests.

(23) "Institutional Lender" shall mean (i) a savings bank, savings and loan association, bank or trust company, credit union, insurance company, real estate investment trust, or mortgage trust or (ii) a federal, state, municipal, teacher's or union employee, welfare, pension or retirement fund or system.

(24) "Institutional Mortgage" shall mean any first mortgage covering one or more Units that is a Permitted Mortgage and the initial holder of which is either Sponsor or its designee or an Institutional Lender.

(25) "Insurance Trustee" shall mean a bank or a trust company, in either event having both an office in the City of New York and a capital surplus and undivided profits of $50,000,000 or more, from time to time appointed to serve as such by the Condominium Board.

(26) "Land" shall mean all that certain tract, plot, piece and parcel of land situate, lying and being in the City, County and State of New York, as more particularly described in Exhibit A to this Declaration.

(27) "Law" shall mean the applicable laws and ordinances of any or all of the Federal, New York State, New York City, New York County and Borough of Manhattan governments, the rules, regulations, orders and directives of any or all departments, subdivisions, bureaus, agencies, or offices thereof or of any other governmental, public, quasi-governmental or quasi-public authorities having jurisdiction over the Property and/or the Condominium, and/or the direction of any public officer pursuant to law.

(28) "Limited Common Elements" shall have the meaning set forth in Article 7 of the Declaration.

(29) "Managing Agent" shall mean a Person employed by the Condominium Board pursuant to paragraph (C) Section 2.6 of the By-Laws, who shall undertake to perform the

duties and services that the Condominium Board shall direct and who shall have whatever powers the Condominium shall delegate, subject to the limitations contained in paragraph (D) of Section 2.6 of the By-laws.

(30) "Majority of Unit Owners" shall mean those Unit Owners having more than 50% in common interest and in aggregate number of units, qualified to vote (as determined in accordance with the terms of Section 4.8 of the By-Laws) who are present, in person or by proxy, and voting at any duly constituted meeting of the Unit Owners, at which a quorum is present.

(31) "Mortgage Representatives" shall mean the representatives of the holders of all mortgages encumbering Units, designated by the holders of Institutional Mortgages in accordance with the terms of paragraph (B) of Section 8.6 of the By-Laws.

(32) "Permitted Mortgage" shall mean any mortgage covering one or more Units that is placed thereon in compliance with the terms contained in Article 8 of the By-Laws.

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

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

(35) "Plan" shall mean that certain offering plan for condominium ownership of the Property filed with the Department of Law of the State of New York pursuant to Section 352-eeee of the General Business Law of the State of New York.

(36) "Property" shall mean the Land, the Building, all other improvements erected or to be erected on the Land, all easements, rights and appurtenances belonging thereto and all other property, real, personal, or mixed, used or intended to be used in connection therewith.

(37) "Register's Office" shall mean the New York County office of the Register of the City of New York.

(38) "Residential Unit" shall initially mean any of the 5 Units located on the second through sixth floors of the Building. Such term shall also mean the proposed Penthouse unit to be constructed upon the roof of the Building, should the Sponsor be successful in obtaining approval for such construction. These Units are more particularly described in Article 6 of, and Exhibit B to, the Declaration and in the Floor Plans. The term "Residential Units" shall mean more than one or all of the Residential Units, as hereinabove described, all of which Units are permitted to be occupied only as joint living-work quarters for artists.

(39) "Residential Unit Owner" shall mean any Person who holds fee title, of record, to a Residential Unit at the time in question.

(40) "Rules and Regulations" shall mean the rules and regulations of the Condominium, which are annexed as an addendum to the By-Laws, as any of the same may be amended, modified, added to, or deleted from time to time pursuant to the terms of the By-Laws, provided that they are not in conflict with the terms of the Condominium Act, the Declaration, or the By-Laws.

(41) "Selling Agent" shall mean any Person employed by Sponsor or its designee in connection with the sale, renting, management, operation and/or promotion of the Unsold Units.

(42) "Special Assessments" shall mean the charges allocated and assessed by the Condominium Board to the Unit Owners, prorata in accordance with their respective Common Interests (except as otherwise provided in the Declaration or in the By-Laws), in accordance with paragraph (C) of Section 6.1 of the By-Laws.

(43) "Sponsor" shall mean 81 Spring Realty LLC, having an office c/o Horizon Realty & Development Corp. 950 Third Avenue, 28th Floor, New York, New York 10028.

(44) "Unit" shall have the same meaning as is given in the Condominium Act, and shall refer initially to the Commercial Unit or any one of the 5 Residential Units (including the proposed Penthouse Unit).

(45) "Units" shall mean more than one Unit or all of the Units.

(46) "Unit Owners" shall mean the owners of all Units at the time in question.

(47) "Unsold Unit" shall mean any Residential Unit or Commercial Unit owned by Sponsor or its designee at the time in question.

(48) "Unsold Units" shall mean more than one Unsold Unit.

EXHIBIT D TO
THE DECLARATION OF CONDOMINIUM FOR
THE BAYARD HOUSE

THE BY-LAWS

EXHIBIT E TO
THE DECLARATION OF CONDOMINIUM FOR
THE BAYARD HOUSE

UNIT OWNERS POWER OF ATTORNEY

DOCUMENT NUMBER 7

CONDOMINIUM BY-LAWS

DOCUMENT NUMBER 7

EXHIBIT D to the Declaration

BY-LAWS of

THE BAYARD HOUSE

Borough of Manhattan, City, County and State of New York

_____ __, 2001

Prepared by:

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New York, New York 10166

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BY-LAWS

OF

THE BAYARD HOUSE

ARTICLE 1

GENERAL

Section 1.1 **Purpose**. The purpose of these By-Laws is to set forth the rules and procedures concerning the conduct of the affairs of The Bayard House (the "Condominium"). The Condominium covers the Property, which consists of: (i) the Land, which lies in Block 497, Lot 31 on the Tax Map of the Borough of Manhattan, City, County and State of New York; (ii) the Building, which includes, without limitation, the Units and the Common Elements and all easements, rights and appurtenances belonging thereto; and (iii) all other property, real, personal, or mixed, intended for use in connection therewith. The Property has been submitted to the provisions of the Condominium Act by the recording of the Declaration in the Register's Office, of which Declaration these By-Laws form a part.

Section 1.2 **Definitions**. All capitalized terms used in these By-Laws that are not otherwise defined in any of the Articles hereof shall have the meanings set forth in Exhibit C to the Declaration, unless the context in which the same are used shall otherwise require. All capitalized terms used in these By-Laws that are defined in any of the Articles hereof shall have the meanings ascribed to them in such Articles, unless the context in which the same are used shall otherwise require. Each of the aforedescribed capitalized terms shall be applicable to singular and plural nouns, as well as to verbs of any tense.

Section 1.3 **Applicability of By-Laws**. These By-Laws are applicable to the Property and to the use and occupancy thereof.

Section 1.4 **Application of By-Laws**. All present and future Unit Owners, mortgagees, lessees, sublessees and occupants of Units, and employees and guests of Unit Owners, as well as all other Persons who may use the Property, are and shall be subject to the Declaration, these By-Laws and the Rules and Regulations annexed hereto, as each of the same may be amended from time to time. The acceptance of a deed or other instrument of conveyance, or the succeeding to title to, or the execution of a lease or sublease for, or the act of occupancy of, a Unit shall constitute an agreement that the provisions of the Declaration, these By-Laws and the Rules and Regulations, as each of the same may be amended from time to time, are accepted, ratified and will be complied with.

Section 1.5 **Principal Office of the Condominium**. The principal office of the Condominium shall be located either at the Property or at such other place in the Borough of Manhattan reasonably convenient thereto as may be designated from time to time by the Board (as hereinafter defined).

ARTICLE 2

THE BOARD OF MANAGERS

Section 2.1 **General**. The affairs of the Condominium shall be managed by the Board of Managers (the "Board") as provided herein. In exercising its powers and performing its duties under the Declaration and these By-Laws, the Condominium Board shall act as, and shall be, the agent of all the Unit Owners.

Section 2.2 **Status of the Board**. Unless and until the Board shall incorporate in accordance with the terms of Section 2.4 hereof, the Board shall have, to the extent permitted by Law, the status conferred upon unincorporated associations under, or pursuant to, the terms of the General Association Law of the State of New York. If the Board shall incorporate in accordance with the terms of Section 2.4 hereof, the Board shall have, to the extent permitted by Law, the status conferred upon it under, or pursuant to, the terms of the applicable statutes of the State of New York. In either event, however, the Board shall also have the status conferred upon it under, or pursuant to, the terms of the Condominium Act.

Section 2.3 **Principal Office of the Board**. The Principal office of the Board shall be located either at the Property or at such other place in the Borough of Manhattan reasonably convenient thereto as may be designated from time to time by the Board.

Section 2.4 **Powers and Duties of the Board**. The Board shall have all of the powers and duties necessary for, or incidental to, the administration of the affairs of the Condominium, provided, however, that the Board shall not have such powers and duties that by Law, or pursuant to the terms of the Declaration and these By-Laws, may not be delegated to the Board by the Unit Owners. Without intention to limit the generality of the foregoing in any respect, the Board shall have the following specific powers and duties:

(i) to operate, maintain, repair, restore, add to, improve, alter and replace the Common Elements, including, without limitation, as the Board shall deem necessary or proper in connection therewith: (a) the purchase and leasing of supplies, equipment and material and (b) the employment, compensation and dismissal of personnel (including the Managing Agent);

(ii) to acquire, in the name of the Board or its designee, corporate or otherwise, and on behalf of the Unit Owners, all rights, titles and interests in real and personal property deemed necessary or proper by the Board for use in connection with the ownership and operation of the Property as a mixed use Condominium including a Unit for a superintendent if the Board believes such an acquisition is necessary;

(iii) to maintain complete and accurate books and records with respect to the finances and operation of the Condominium, including, without limitation: (a) detailed accounts, in chronological order, of receipts and expenditures affecting the Property; (b) detailed books of account of the Board; (c) other financial records, as well as other books of account of the Condominium, as may be required to be kept pursuant to the terms of these By-Laws; and (d) minutes and other records of all meetings held pursuant to the terms of these By-Laws;

(iv) to prepare and adopt a budget for the Condominium for each fiscal year thereof, setting forth, without limitation: (a) a detailed accounting of the anticipated Common Expenses for the ensuing fiscal year and (b) a detailed projection of all sources and amounts of income necessary to discharge the same;

(v) to determine the amount and establish the means and methods of payment of, and to collect, the Common Charges and Special Assessments from the Unit Owners;

(vi) to borrow money and to incur debt on behalf of the Condominium in connection with any of the powers enumerated in this Article, provided, however, that:

(a) when such debt is to be incurred in connection with (1) major and minor maintenance, repairs, additions, restorations, improvements, alterations and replacements in and to the Property, including the Common Elements and the Units, of the Building; or (2) providing for working capital, bad debts and unpaid Common Charges or for depreciation, obsolescence or other similar purposes (A) such debt may be incurred no earlier than the fifth anniversary of the First Closing; and (B) the affirmative vote of at least two-thirds of the members of the Board shall be required for the borrowing of any sum in excess of $10,000 in any one fiscal year (regardless of the balance of any loans outstanding from previous fiscal years); and (C) the affirmative vote of all Unit Owners (in the case of maintenance, repairs, alterations, additions, improvements restorations and replacements of the Common Elements only); (D) the affirmative consent of at least two-thirds of all Residential Unit Owners shall be required for the borrowing of any sum in excess of $100,000 in any one fiscal year (regardless of the balance of any loans outstanding from previous fiscal years); (E) in all other cases, the affirmative consent of a Majority of all Unit Owners shall be required; and

(b) with respect to any debt incurred by the Board on behalf of all the Unit Owners: (1) no lien to secure repayment of any sum borrowed under this subparagraph (vi) may be created on any Unit or its Appurtenant Interests without the consent of the Unit Owner of such Unit; (2) the documentation executed in connection with any borrowing hereunder shall provide that, if any sum borrowed by the Board pursuant to this subparagraph (vi) shall not be repaid by the Board in accordance with the terms of the loan agreement, any Unit Owner who pays the creditor thereunder such proportion of the then outstanding indebtedness represented or secured thereby as such Unit Owner's Common Interest bears to the aggregate Common Interests of all Unit Owners shall be entitled and authorized by the Board to obtain from the creditor a release of any judgment or other lien that the said creditor shall have filed, or shall have the right to file, against such Unit Owner's Unit; (3) the Board may assign its rights in and to receive future income and Common Charges; (4) the Board may create a security interest in, assign, pledge, mortgage or otherwise encumber funds or other real or personal property that it holds; (5) the Board may agree that to the extent of the amount of any indebtedness incurred hereunder, all Common Charges received and to be received by such Board, and the right to receive such funds, shall constitute trust funds for the purpose of paying such debt and shall be used for the purpose of paying such debt before expending any part of the same for any other purpose, except that to the extent that such indebtedness relates to any labor performed on or materials furnished to the Common Elements, performed or furnished at the express request of the Managing Agent or the Board, all Common Charges received and to be received by the Board, and the right to receive such funds, shall constitute trust funds for the purpose of paying the cost of such labor or

materials performed or furnished and the same shall be expended first for such purpose before expending any part of the same for any other purpose; and (6) the Board may agree that, if required by the lender and at the lender's direction, it will increase the amount of the Common Charges to the extent necessary to pay any amount when due pursuant to the loan agreement;

(vii) to open and maintain bank accounts on behalf of the Condominium and to designate the signatories required therefor;

(viii) to use the Common Charges and Special Assessments collected from Unit Owners, as well as all other funds held by the Board or received in connection with the operation of the Property, for the administration of the Condominium, including, without limitation: (a) the payment of Common Expenses, and (b) the making of restorations, additions, alterations and improvements, repairs and maintenance to the Common Elements; provided, however, that the Common Charges and Special Assessments collected from the Commercial Unit Owner, as well as any income earned thereon and other funds (if any) received by the Board in connection with the operation of the Common Elements, shall be used only for the administration, operation, restoration, addition, alteration, improvement, repair and maintenance of the Common Elements;

(ix) to obtain insurance for the Property, including the Units, pursuant to the terms of Section 5.4 hereof;

(x) to adjust and settle claims under insurance policies obtained pursuant to the terms of Section 5.4 hereof or in connection with any other litigation, and to execute and deliver releases upon such adjustment and settlement on behalf of: (a) all Unit owners; (b) all holders of mortgages and other liens on Units; and (c) all holders of any other interest in the Property;

(xi) to make, or to contract with others for the making of, repairs, maintenance, additions and improvements to, and alterations, restorations and replacements of the Property after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings, all in accordance with the terms of these By-Laws;

(xii) to obtain and keep in force fidelity bonds, in amounts deemed appropriate by the Board, but in no event less than $100,000.00, for: (a) all members of the Board; (b) all officers and employees of the Condominium; and (c) the Managing Agent, and the premiums on all such fidelity bonds shall constitute a part of the Common Expenses;

(xiii) to accept the surrender of any Unit pursuant to the terms of paragraph (C) of Section 6.2 hereof, in the name of the Board or its designee, corporate or otherwise, and on behalf of all Unit Owners;

(xiv) to purchase Units at foreclosure or other judicial sales or for the use of a superintendent or otherwise, in the name of the Board or its designee, corporate or otherwise, on behalf of all Unit Owners and, in connection therewith, to borrow money on behalf of all Unit Owners; provided that, except for Units purchased in connection with a foreclosure of a lien for unpaid Common Charges pursuant to Section 6.4 hereof or the purchase of a superintendent's Unit and any note and mortgage given by the Board to Sponsor or other lender in payment of the purchase price thereof, any other purchase and/or borrowing is first approved by a Majority of Unit Owners, and provided further that the borrowing for this purpose shall require the

affirmative consent of at least two-thirds of the members of the Board (in the case of a sum in excess of $10,000) or at least, two-thirds, both in number and in aggregate Common Interests, of all Unit Owners (in the case of a sum in excess of $100,000);

(xv) to purchase, lease, or otherwise acquire Units offered for sale or lease by their owners, in the name of the Board or its designee, corporate or otherwise, and on behalf of all Residential Unit Owners and, in connection therewith, to borrow money on behalf of all Residential Unit Owners; provided, however that as to each such Unit so purchased, leased or otherwise acquired (a) the affirmative consent of at least two thirds of the members of the Board shall be required, for the borrowing of any sum in excess of $10,000 in connection with such purchase, lease or acquisition and (b) the affirmative consent of at least two-thirds, both in number and in aggregate Common Interests, of all Residential Unit Owners shall be required for the borrowing of any sum in excess of $100,000 in connection with such purchase, lease or acquisition;

(xvi) to sell, lease, mortgage and otherwise deal with Units acquired by, and to sublease Units leased by, the Board or its designee, corporate or otherwise, on behalf of all Unit Owners, provided, however, that the Board or its designees shall in no event be entitled to vote the votes appurtenant to any such Unit;

(xvii) to adopt and amend the Rules and Regulations and to levy and collect fines against Unit Owners for violations of the same, provided, however, that in no event shall the amount of such fines exceed $25.00 per day for each day such violation continues;

(xviii) to enforce by legal means the terms, covenants and conditions contained in the Condominium Documents and to bring or defend against any proceedings that may be instituted on behalf of, or against, the Unit Owners;

(xix) to incorporate, to the extent and in the manner provided in the Condominium Act, provided, however, that: (a) the certificate of incorporation and by-laws of any such resulting corporation shall conform as closely as practicable to the terms of the Declaration and these By-Laws and (b) the terms of the Declaration and these By-Laws shall prevail in the event of any inconsistency or conflict between the terms thereof and the terms of such certificate of incorporation and By-Laws;

(xx) to organize corporations to act as the designees of the Board in acquiring title to, or leasing of, Units and in acquiring rights, titles and interests in real and personal property for use in connection with the ownership and operation of the Property as a residential-commercial Condominium;

(xxi) to execute, acknowledge and deliver: (a) any declaration or other instrument affecting the Property that the Board deems necessary or appropriate to comply with any Law applicable to the maintenance, demolition, construction, alteration, repair, or restoration of the Building; (b) any consent, covenant, restriction, easement, or declaration affecting the Property that the Board deems necessary or appropriate; and (c) any modification, amendment or cancellation of the Restrictive Declaration;

(xxii) to prepare, execute, acknowledge and record on behalf of all Unit Owners, as their attorney-in-fact, coupled with an interest, a restatement of the Declaration or these By-Laws, whenever, in the Board's estimation, it is advisable to consolidate and restate all amendments, modification, additions and deletions theretofore made to the same;

(xxiii) subject to any Unit Owner's right to rescind such authorization by giving ten (10) days' written notice of such rescission to the Board, by certified or registered mail, return receipt requested, to act as agent for all Residential Unit Owners and (if so authorized in writing) the Commercial Unit Owner(s): (a) to protest, complain or apply to the appropriate taxing authority to correct the tax assessments of the Units for any year by filing a single complaint on behalf of all such Unit Owners; (b) to commence and prosecute a special proceeding for the review of assessments of real property as an aggrieved person under the Real Property Tax Law; (c) to seek administrative and judicial review of the tax assessments for any year; (d) to negotiate and settle with the taxing authority the tax assessments and any resulting proceedings and litigation; (e) to execute and acknowledge in the name of each Unit Owner for which it is acting as agent, as such Unit Owner's attorney in-fact, all applications, certifications, petition and complaints, settlement agreements and other documents in furtherance of the foregoing; (f) to retain legal counsel on behalf of the Unit Owners for which it is acting as agent to represent such Unit Owners in connection with the foregoing;

(xxiv) to carry out any other duties imposed upon the Board pursuant to the Declaration and these By-Laws;

(xxv) to provide for and establish, through the allocation of Common Charges or Special Assessment, such reserve funds as the Board, in its discretion, believes are prudent to provide for the periodic repair, replacement and maintenance of the Building's capital plant;

(xxvi) employing and dismissing such personnel as the Condominium Board determines, from time to time may be necessary to assist the Board in the performance of its functions, including a Managing Agent; and

(xxvii) acting as an agent of each Unit Owner who has given its written authorization to complain or apply to the local and county real estate tax assessment agency or board of review by filing a single complaint on behalf of all such Unit Owners pursuant to the applicable sections of the Real Property Tax Law. The Board of Managers may retain legal counsel on behalf of all Unit Owners for which it is acting as agent and assess as a Common Expense against all such Unit Owners a pro rata share of expenses, disbursements, and legal fees paid or incurred in connection with any such complaint or application.

The Board shall be responsible for carrying out the duties imposed upon it under the Condominium Documents regardless of whether a Unit is vacant or occupied by the owner thereof or by a permitted lessee or other permitted occupant.

Section 2.5 **Certain Limitations on the Powers of The Board**. (A) Notwithstanding anything to the contrary contained in these By-Laws, until the sooner to occur of the fifth anniversary of the First Closing or the closing of title to Residential Units representing fifty

(50%) percent or more in number and in aggregate Common Interests of all Residential Units, the Board may not, without Sponsor's or its designee's prior written consent:

(i) make any addition, alteration, or improvement to the Common Elements, or to any Unit, unless the same shall be required by Law or necessary for the health or safety (but not the general comfort and welfare) of the Unit Owners;

(ii) The aggregate amount of all reserve, contingency, or surplus funds maintained by the Board shall not exceed five (5%) percent of the aggregate projected Common Expenses for the first year of Condominium operation (the "Reserve Limit") and the Board shall not assess any Common Charges or Special Assessments for the creation or replacement of, or the addition to, all or any part of a reserve, contingency, or surplus fund in excess of the Reserve Limit;

(iii) increase the number or change the type of employees from that described in "Schedule B - Projected Budget for First Year of Condominium Operation" set forth in the Plan;

(iv) enter into any service or maintenance contracts relating to operation, maintenance, repair or management of the Common Elements, for any service not included in "Schedule B-Projected Budget for First Year of Condominium Operation"; or

(v) borrow money on behalf of the Condominium, except to acquire a Residential Unit for the use and occupancy of a superintendent; and except as this right is further limited pursuant to the provisions of Section 2.4 set forth above.

(B) Notwithstanding anything to the contrary contained in these By-Laws, the Board may take any of the actions enumerated in clauses (i) through (v) above, under the following conditions: (1) if the cost of such actions, when added to all other budgeted operating expenses, shall not result in increasing the Common Charges for any year of operation by more than five (5%) percent above the previous year's Common Charges, (2) to comply with applicable Laws or regulations, (3) to remedy any notice of violations (4) to remedy any proper work order of an insurer of the Building, or (5) if all the owners of Unsold Units consent thereto.

Section 2.6 **Exercise and Delegation of Powers and Duties** (A) Any act within the power of the Board to perform, and deemed necessary or desirable to be performed by the Board, shall be performed by the Board or shall be performed on its behalf and at its direction by the agents, employees, or designees of the Board.

(B) The Board may appoint an Executive Committee by duly adopted resolution, which Executive Committee shall have, and may exercise, all of the powers of the Board, subject to both the exceptions and limitations contained in paragraph (D) of this Section 2.6 and elsewhere in these By-Laws and such additional exceptions and limitations as the Board may from time to time deem appropriate, during the intervals between the meetings of the Board. In addition, the Board may from time to time appoint, by duly adopted resolutions, such other committees as the Board may deem appropriate to perform such duties and services as the Board shall direct, each of which committees shall have, and may exercise, all of the powers delegated to it in its enabling resolution, subject, however, to the exceptions and imitations contained in paragraph (D) of this Section 2.6 and elsewhere in these By-Laws. The Executive Committee and each other committee shall consist of three or more members of the Board, at least one of

whom shall be a member designated by Sponsor for so long as Sponsor shall have the right to designate or elect one or more members of the Board.

(C) The Board may employ a Managing Agent to serve at a compensation to be established by the Board and to perform such duties and services as the Board shall direct. Subject to the exceptions and limitations contained in paragraph (D) of this Section 2.6 and elsewhere in these By-Laws, the Board may delegate to the Managing Agent any of the powers granted to the Board in these By-Laws.

(D) Notwithstanding anything to the contrary contained in this Section 2.6, the Executive Committee, any other committee appointed by the Board and the Managing Agent shall neither have nor be entitled to exercise, and the Board shall not delegate to either of them or to any other committee, the powers or duties described in subparagraphs (ii), (iv), (v), (vi), (vii), (x), (xiii), (xiv), (xv), (xvi), (xvii), (xix), (xx), (xxi), (xxii), (xxv) and (xxvi) of Section 2.4 hereof or duties affecting directly or indirectly the Commercial Unit unless the Commercial Unit Owner consents thereto. In addition, neither the Managing Agent nor any of the committees described in paragraph (B) of this Section 2.6 shall have, or be entitled to exercise, any of the powers that may be delegated to either of them by the Board to the extent such delegation is prohibited by Law.

Section 2.7 **Number, Election and Qualification of Members**. (A) Until the first annual meeting of the Unit Owners held pursuant to the terms of Section 4.1 hereof, the Board shall consist of three (3) individuals to be designated from time to time by Sponsor. From and after the first annual meeting of the Unit Owners, the Board shall consist of five (5) individuals, of whom four (4) shall be elected pursuant to the terms of Section 4.9 hereof at the annual meeting of the Residential Unit Owners, and one (1) individual shall be designated by the Commercial Unit Owner. If the Commercial Unit Owner fails to designate a Board member at or prior to an annual meeting at which the election of the Board is on the agenda, the fifth Board member shall be elected by the Unit Owners at such annual meeting.

(B) Except for members of the Board designated or elected by Sponsor, its designee or by the Commercial Unit Owner pursuant to the terms of this Section 2.7 or of Sections 2.10 or 4.9 hereof (who may serve without qualification), all other members of the Board shall be either: (i) individual Unit Owners; (ii) individual Permitted Mortgagees; (iii) officers, directors, shareholders, partners, principals, employees, or beneficiaries of corporations, partnerships, fiduciaries, or any other entities that are Unit Owners or Permitted Mortgagees; (iv) adult Family Members of any of the foregoing; or (v) individuals designated by a sovereign government, consulate or other entity. No Unit Owner may be elected to serve on the Board if the Board has perfected a lien against such Unit Owner's Unit and the amount necessary to release such lien has not been paid at the time of such election.

(C) Members elected or designated by Sponsor or the Commercial Unit Owner or their designees need not be Unit Owners and need not reside in the Building. Other than members elected or designated by Sponsor the Commercial Unit Owner or their designees, no member shall continue to serve on the Board after he ceases to be a Unit Owner or an "interested party" in a Unit Owner, as specified in paragraph (C) of this Section 2.7.

Section 2.8 **Term of Office of Members**. The term of office of each of the five (5) individuals elected (or designated as the case may be) and qualified at the first annual meeting of the Unit Owners shall be one (1) year. Each member of the Board shall serve until his or her successor shall be elected and qualified. There shall be no limit on the number of terms of office successive or otherwise, that a member of the Board may serve.

Section 2.9 **Removal and Resignation of Members**. (A) Any member of the Board who was elected thereto either by the Unit Owners, pursuant to the terms of Section 4.9 hereof, or by the Board, pursuant to the terms of Section 2.10 hereof, may be removed from office, with or without cause, by a vote of a Majority of Unit Owners. Any member of the Board who was designated as such or elected by Sponsor (or its designee) or by the Commercial Unit Owner pursuant to the terms of Sections 2.7, 2.8, 2.10, or 4.9 hereof, may be removed (i) with cause by a Majority of Unit Owners or (ii) without cause, only by Sponsor (or the said designee) or the Commercial Unit Owner, respectively. Any member of the Board whose proposed removal is to be acted upon at a meeting of the Unit Owners shall be given prior written notice thereof and an opportunity to be present and heard thereat.

(B) Any member of the Board may resign his membership at any time by giving written notice thereof to the Board and, with respect to members of the Board designated as such or elected by Sponsor (or its designee) or the Commercial Unit Owner, by giving written notice thereof to Sponsor (or such designee) or the Commercial Unit Owner, respectively. In addition, any member of the Board who shall cease to be qualified for membership pursuant to the terms of Section 2.7 hereof shall be deemed to have resigned his membership effective as of the date upon which such qualification shall cease.

(C) The Board member designated by the Commercial Unit Owner may not be removed from office without cause.

Section 2.10 **Vacancies**. (A) Any vacancy on the Board that is caused by the removal, resignation, or death of a member who was elected thereto by the Unit Owners (other than Unsold Unit Owners) shall be filled by an individual who is qualified to be a member pursuant to the terms of Section 2.7 hereof and who is elected by a vote of the majority of the members of the Board then in office. A special meeting of the Board shall be held for the purpose of filling any such vacancy promptly after the occurrence thereof, and the election held thereat shall be effective to fill such vacancy at a meeting where a quorum is present.

(B) Any vacancy on the Board that is caused by the removal, resignation, or death of a member who was designated as such or elected by Sponsor, its designee or other Unsold Unit Owner, or the Commercial Unit Owner, shall be filled by an individual designated by Sponsor or such designee or other Unsold Unit Owner or the Commercial Unit Owner, respectively.

(C) Each member of the Board who is elected thereto or designated as such to fill a vacancy pursuant to the terms of paragraph (A) or (B), respectively, of this Section 2.10 shall serve as a member of the Board for the remainder of the term of the member he replaced and until his successor shall be elected and qualified at the appropriate annual meeting of the Unit Owners pursuant to the terms of Section 4.9 hereof.

Section 2.11 **Organizational Meeting of the Board**. The first meeting of the Board following each annual meeting of the Unit Owners shall be held within approximately thirty (30) days of such annual meeting, at such time and place in the Borough of Manhattan as shall be both fixed informally by a majority of the members of the Board and designated in a written notice given to all members thereof by personal delivery, mail, overnight delivery or facsimile transmission not later than five (5) business days prior to such date.

Section 2.12 **Regular Meetings of the Board**. (A) Regular meetings of the Board may be held at such time and place in the Borough of Manhattan as shall be determined from time to time by a majority of the respective members thereof, provided that at least four (4) such meetings of the Board shall be held during each fiscal year.

(B) Written notice of all regular meetings of the Board shall be given to each member by personal delivery, mail, overnight delivery or facsimile transmission at least five (5) business days prior to the day named for such meeting.

Section 2.13 **Special Meetings of the Board**. (A) The President may call a special meeting of the Board whenever he deems the same to be necessary or desirable. However, the President shall call such a meeting: (i) upon the written request of three (3) or more members of the Board; or (ii) upon the request of a non-occupying Unit Owner who has received notice that rents payable with respect to this Unit shall hereafter be paid directly to the Condominium, as provided in Section 6.4(D) of these By-Laws.

(B) Written notice of all special meetings shall be given to each member of the Board by personal delivery, mail, overnight delivery or facsimile transmission at least five days prior to the day named for such meeting, which notice shall state the time, place (in the Borough of Manhattan) and purpose of the meeting.

Section 2.14 **Waiver of Notice of Meetings** Any member of the Board may, at any time, waive notice of any meeting thereof in writing, and such waiver shall be deemed equivalent to the giving of notice. Attendance by a member of the Board at any meeting thereof shall constitute a waiver by him of notice of the time and place thereof. If all of the members of the Board are present at any meeting thereof, no notice of such meeting shall be required and any business authorized pursuant to these By-Laws may be transacted at such meeting.

Section 2.15 **Quorum of the Board** For purposes of all meetings of the Board, a majority of such Board shall constitute a quorum for the transaction of business by that Board. In connection therewith, one or more members of the Board may participate in any meeting thereof by means of a conference telephone call or similar communications equipment permitting all individuals participating in the meeting to hear each other at the same time, and such participation shall constitute presence at a meeting for all purposes. If, at any meeting of the Board there shall be less than a quorum present, a majority of the Board members in attendance may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting originally called but for the lack of a quorum may be transacted without further notice.

Section 2.16 **Conduct of Meetings** (A) The President, or in his absence, the Vice-President, shall preside at all meetings of the Board and the Secretary shall faithfully record the minutes thereof. The minutes shall include the full text of all resolutions duly adopted by the Board and a record of all transactions and proceedings occurring thereat.

(B) The then current edition of Robert's Rules of Order, or any other rules of procedure from time to time acceptable to a majority of the members of the Board shall govern the conduct of the meetings of each such Board unless the same shall be in conflict with the terms of the Declaration, these By-Laws, or the Condominium Act.

Section 2.17 **Decisions by the Board**. (A) Except as otherwise expressly provided in the Declaration or these By-Laws, the vote of a majority of the members of the Board present at a meeting thereof at which a quorum is present shall constitute the decision of the Board. Alternatively, any decision that is required or permitted to be made by the Board may be made without a meeting thereof if all of the members of the Board shall individually or collectively consent in writing to such decision, and all such written consents shall be duly filed by the Secretary of the Condominium in the minutes of the Board.

(B) Notwithstanding the above, the following decisions cannot be made by the Board without the consent of the Board member designated by the Commercial Unit Owner:

(i) A voluntary discontinuation of the Condominium;

(ii) Amendment of the Declaration or By-Laws which would affect the rights of the Commercial Unit Owner (or Sponsor or Sponsor designee) to lease the Commercial Unit or increase or decrease the percentage of Common Elements allocated to the Commercial Unit;

(iii) Reallocation or alteration of the Common Elements, which would affect or interfere with rights of access to the Commercial Unit;

(iv) Amendment of the Declaration or By-Laws which would change the uses permitted in the Commercial Unit; and

(v) Amendments of the Declaration or By-Laws which would deprive the Commercial Unit Owner of the right to designate a member of the Board.

Section 2.18 **Compensation of Members** No member of the Board or any Committee shall receive any compensation from the Condominium for acting as such.

Section 2.19 **Common or Interested Members of the Board**. Each member of the Board shall perform his duties, and shall exercise his powers, in good faith and with a view to the interests of the Condominium. To the extent permitted by Law, no contract or other transaction between the Board and either (i) any of its members or (ii) any corporation, partnership, fiduciary, firm, association, or other entity in which any of the members of the Board are officers, directors, employees, partners, fiduciaries, beneficiaries, or principals, or are otherwise interested, pecuniarily or otherwise, shall be deemed either void or voidable because either (a) any such member of the Board was present at the meeting or meetings of said Board during

which such contract or transaction was discussed, authorized, approved, or ratified, or (b) the vote of any such member was counted for such purpose, provided, however, that either:

(x) the fact thereof is disclosed to, or known by, such Board or a majority of the members thereof or noted in the minutes thereof, and the Board shall authorize, approve, or ratify such contract or transaction in good faith by a vote of a majority of the entire Board, less the number of such members;

(y) the fact thereof is disclosed to, or known by, a Majority of Unit Owners, and a Majority of Unit Owners shall authorize, approve, or ratify such contract or transaction; or

(z) the contract or transaction is commercially reasonable to the Board at the time that the same is authorized, approved, ratified, executed, or otherwise consummated.

Any such member of the Board may be counted in determining the presence of a quorum of any meeting of the Board that authorizes, approves, or ratifies any such contract or transaction, but no such member shall be entitled to vote thereat to authorize, approve, or ratify such contract or transaction.

Section 2.20 **Liability of the Board**. (A) The members of the Board shall have no liability to the Unit Owners for errors of judgment, negligence, or otherwise, except that each member of the Board shall be liable thereto for his own bad faith or willful misconduct. In connection therewith, members of the Board designated as such by Sponsor shall not be deemed either to have acted in bad faith or to have committed willful misconduct by reason of any self-dealing in connection with any contract made, or other transaction entered into, between the Board and Sponsor or its agents, provided that any compensation paid, or to be paid, to Sponsor or its agents in connection with any such contract or transaction is disclosed in the Plan in an amendment thereto or is at competitive rates for goods sold or services rendered in the Borough of Manhattan.

(B) Every contract made, and other document executed, by or on behalf of the Board or the Managing Agent shall expressly state (if obtainable and in addition to the limitation of liability of the officers of the Condominium and the Unit Owners pursuant to the terms of Sections 3.10 and 4.12 hereof, respectively) that the same is made or executed by or on behalf of such Board or the Managing Agent solely as agent for the Unit Owners and that the members of the Board or the Managing Agent shall have no liability thereon, except to the extent of their liability, if any, as Unit Owners pursuant to the terms of Section 4.12 hereof.

(C) Neither the Board nor any member thereof, nor the Managing Agent shall be liable for either:

(i) any failure or interruption of any utility or other services to be obtained by, or on behalf of, the Board or to be paid for as a Common Expense; or

(ii) any injury, loss, or damage to any individual or property, occurring in or upon either a Unit, or the Common Elements which: (a) was caused by the elements, by any Unit Owner, or by any other person; (b) resulted from electricity, water, snow, or ice that may leak or

flow from a Unit, or any portion of the Common Elements; or (c) arising out of theft or otherwise.

(D) The Unit Owners shall jointly and severally indemnify and hold each member of the Board harmless from and against any claim or liability to others arising from his acts or omissions as, or by reason of the fact that such individual is or was, a member of the Board, except, however, to the extent that such claim or liability shall be due to, or shall arise out of, the bad faith or willful misconduct of such member.

ARTICLE 3

OFFICERS

Section 3.1 **General**. The principal officers of the Condominium shall be the President, the Vice President, the Secretary and the Treasurer. The Board may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as in its discretion may be necessary or desirable. All agreements, contracts, deeds, mortgages, leases, checks and other instruments of the Condominium shall be executed, upon the direction of the Board, by any two officers of the Condominium or by such lesser number of officers or by such other Person or Persons as may be designated from time to time by the Board.

Section 3.2 **President**. The President shall be the chief executive officer of the Condominium and shall preside at all meetings of the Unit Owners of the Board. The President shall have all of the general powers and duties that are incident to the office of president of a stock corporation organized under the Business Corporation Law of the State of New York (hereinafter referred to as the "BCL"), including, but not limited to, the power to appoint the members of all committees created by the Board from amongst the Unit Owners from time to time as he may decide, in his discretion, are appropriate to assist in the conduct of the affairs of the Condominium.

Section 3.3 **Vice President**. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If both the President and the Vice President are unable to act, the Board shall appoint some other member of the Board to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall be imposed upon him from time to time by the Board or by the President.

Section 3.4 **Secretary**. The Secretary shall keep the minutes of all meetings of the Unit Owners, and of the Board. The Secretary shall have charge of such books and papers as the Board shall direct and, in general, shall perform all of the duties that are incident to the office of secretary of a stock corporation organized under the BCL.

Section 3.5 **Treasurer**. The Treasurer shall have the care and custody of the funds and securities of the Condominium and shall be responsible for keeping full and accurate financial records and books of account thereof, showing all receipts and disbursements necessary for the preparation of all required financial data. The Treasurer shall be responsible for the deposit of all funds and other securities in the name of the Board or in the name of the Managing

Agent in such depositories as may from time to time be designated by the Board and, in general, shall perform all of the duties incident to the office of treasurer of a stock corporation organized under he BCL.

Section 3.6 **Election, Term of Office and Qualifications of Officers**, Each of the officers of the Board shall be elected annually by a majority vote of the Board taken at the organizational meeting of each new Condominium Board or at the first meeting of the Board first succeeding the annual meeting of the Unit Owners, and shall serve at the pleasure of the Board. The President and the Vice President shall be elected from amongst the members of the Board. The other officers of the Condominium, however, need not be Unit Owners or members of the Board and need not have any interest in the Condominium.

Section 3.7 **Removal and Resignation of Officers**. Any officer of the Condominium may be removed from office, with or without cause, by an affirmative vote of a Majority of the Unit Owners. In addition, any officer may resign at any time by giving written notice to the Board. Finally, if the President or the Vice President of the Condominium shall cease to be a member of the Board during his term of office, such officer shall be deemed to have resigned his office effective upon the date upon which his membership shall cease.

Section 3.8 **Vacancies**. Any vacancy in an office shall be filled by a majority vote of the Board at any regular meeting of the Board or at a special meeting thereof called for such purpose.

Section 3.9 **Compensation of Officers**, No officer of the Condominium shall receive any compensation from the Condominium for acting as such.

Section 3.10 **Liability of the Officers of the Condominium**. (A) The officers of the Condominium shall have no liability to the Unit Owners for errors of judgment, negligence, or otherwise, except that each officer of the Condominium shall be liable thereto for his own bad faith or willful misconduct. In addition, every contract made, and other document executed, by one or more officers or other Persons on behalf of the Condominium shall expressly state (if obtainable and in addition to the limitation of liability of the members of the Board and the Unit Owners pursuant to the terms of Sections 2.20 and 4.12 hereof, respectively) that the same is made or executed by such officers or Persons on behalf of the Condominium solely as agent for the Unit Owners and that such officers or Persons shall have no liability thereon, except to the extent of their liability, if any, as Unit Owners pursuant to the terms of Section 4.12 hereof.

(B) None of the officers of the Condominium shall be liable for either:

(i) any failure or interruption of any utility or other services to be obtained by any such officer on behalf of the Condominium or to be paid for as a Common Expense; or

(ii) any injury, loss, or damage to any individual or property, occurring in or upon either a Unit, or the Common Elements, which is (a) caused by the elements, by any Unit Owner or by any other person; (b) results from electricity, water, snow, or ice that may leak or flow from a Unit, or any portion of the Common Elements; or (c) arises out of theft or otherwise.

(C) The Unit Owners shall jointly and severally indemnify and hold each officer of the Condominium harmless from and against any claim or liability to others arising from his acts or omissions as, or by reason of the fact that such individual is or was, an officer of the Condominium, except, however to the extent that such claim or liability shall be due to or shall arise out of, the bad faith or willful misconduct of such officer.

ARTICLE 4

UNIT OWNERS

Section 4.1 **Annual Meetings of the Unit Owners** (A) The first annual meeting of the Unit Owners shall be held approximately six (6) months after the First Closing, at which meeting the incumbent three (3) member Condominium Board shall resign and a successor five (5) member Condominium Board shall be elected and shall consist of one (1) member elected by the Commercial Unit Owner and four (4) members elected by the Residential Unit Owners as provided both in this Article 4 and in Article 2 hereof. Thereafter, annual meetings of the Unit Owners shall be held within approximately thirty (30) days after the anniversary of the first meeting of Unit Owners in each year. At each such subsequent meeting, the Unit Owners shall elect successors to the members of the Board whose term of office expires on the day of such meeting and shall transact such other business as may properly come before such meeting.

(B) The provisions of the preceding paragraph (A) and any other provisions of these By-Laws to the contrary notwithstanding, so long as there is only one owner of the Commercial Unit, the owner of such Commercial Unit may elect its member and its successor by written designation given to the Managing Agent or the President or Secretary of the Condominium at, or in advance of, the annual meeting of such Unit Owners. In such event, the owner of the Commercial Unit need not attend said annual meeting and, if not present, the Common Interests of the Commercial Unit shall be excluded when computing the aggregate Common Interests of all Unit Owners for quorum or voting purposes.

Section 4.2 **Special Meetings of the Unit Owners**, The President shall call a special meeting of the Unit Owners whenever so directed by a duly adopted resolution of the Board or upon receipt by the Secretary of a petition calling for such a meeting signed by Unit Owners having, in the aggregate, not less than twenty-five (25%) percent of the Common Interests of all Unit Owners. Each such resolution or petition shall set forth, in reasonable detail, the purposes for calling such a meeting, and no business shall be transacted at such special meeting except business reasonably related to the stated purposes.

Section 4.3 **Place of Meetings**, Meetings of the Unit Owners shall be held at the principal office of the Condominium or at such other suitable and convenient place in the Borough of Manhattan as may be designated by the Board.

Section 4.4 **Notice of Meetings.** (A) The Secretary of the Condominium shall give notice of each annual or special meeting of the Unit Owners to all Unit Owners then of record entitled to vote at such meeting, which notice shall set forth the purpose, time and place of such meeting. Such notice may be given to any Unit Owner by personal delivery, mail, overnight

delivery or facsimile transmission not later than five (5) business days prior to the day fixed for the meeting; however, the mailing of such notice to any Unit Owner, addressed to his address at the Property, at least ten (10) days prior to the day fixed for the meeting shall be conclusively deemed the giving of notice to such Unit Owner of such meeting. Any Unit Owner may designate an address for the giving of notice other than such Unit Owner's address at the Property by giving written notice thereof to the Secretary of the Condominium not less than ten (10) days prior to the giving of notice of the applicable meeting.

(B) If the business to be conducted at any meeting of the Unit Owners shall include the consideration of a proposed amendment to the Declaration or to these By-Laws, the notice of such meeting shall be mailed to all Unit Owners at least thirty (30) days prior to the day fixed for such meeting and shall be accompanied by a copy of the text of such proposed amendment.

Section 4.5 **Quorum of the Unit Owners**. Except as otherwise provided in these By-Laws, the presence, in person or by proxy, of Unit Owners owning Units to which thirty-five (35%) percent or more of the aggregate Common Interests appertain shall constitute a quorum at all meetings of the Unit Owners. If, at any meeting of the Unit Owners, there shall be less than a quorum present, a Majority of the Unit Owners present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than 48 hours from the time fixed for the original meeting.

Section 4.6 **Conduct of Meetings**. The President shall preside at all meetings of the Unit Owners and the Secretary shall faithfully record the minutes thereof, which minutes shall include the full text of all resolutions duly adopted by the Unit Owners and a record of all transactions and proceedings occurring thereat. The then current edition of Robert's Rules of Order, or any other rules of procedure acceptable to a Majority of the Unit Owners present at any meeting, in person or by proxy shall govern the conduct of the meetings of the Unit Owners unless the same shall be in conflict with the terms of the Declaration, these By-Laws, or the Condominium Act. All votes of the Unit Owners shall be tallied by the Persons appointed for such purpose by the presiding officer of the meeting.

Section 4.7 **Order of Business**. The order of business at all meetings of the Unit Owners shall be as follows:

(i) Roll call;

(ii) Proof of notice of meeting;

(iii) Reading of the minutes of the preceding meeting (unless waived);

(iv) Reports of officers of the Condominium;

(v) Reports of members of the Board;

(vi) Reports of committees;

(vii) Election of inspectors of election (when so required);

(viii) Election of members of the Board (when so required);

(ix) Unfinished business; and

(x) New business.

Section 4.8 **Voting.** (A) Subject to the terms of Section 4.9 hereof, each Unit Owner (including Sponsor or its designee, for so long as Sponsor or such designee shall own Unsold Units) shall be entitled to cast one vote at all meetings of the Unit Owners for each .01 of the percentage of Common Interest attributable to his Unit(s).

(B) Notwithstanding the terms contained in paragraph (A) hereof, no Unit Owner may vote at any meeting of the Unit Owners if the Board has perfected a lien against such Unit Owner's Unit and the amount necessary to release such lien has not been paid at the time of such meeting. In addition, neither the Board nor any designee thereof shall be entitled to vote the Common Interest appurtenant to any Unit owned by the Board or such designee. The Common Interests of all Units whose owners are precluded from voting pursuant to the terms of this paragraph (B) will be excluded when computing the aggregate Common Interests of all Unit Owners for quorum and voting purposes.

(C) A fiduciary shall be the voting member with respect to a Unit owned in a fiduciary capacity. In addition, if two or more Persons own a Unit, they shall designate one Person amongst them to vote the Common Interest appurtenant to their Unit in a writing given to the Secretary of the Condominium, and the vote of such designee shall be binding upon all of such Persons. Failing such a designation, all of such Persons shall mutually vote such Common Interest under one ballot without division, and the concurrence of all such Persons shall be conclusively presumed if any one of them purports to vote such Common Interest without protest being contemporaneously made to the Individual presiding over the meeting at which such vote is taken. If protest is made, the Common Interest appurtenant to such Unit shall be counted solely for the purpose of determining whether a quorum is present for such voting.

(D) The owner of any Unit may designate any Person to act as a proxy on his behalf. The designation of any such proxy shall be made in writing both signed and dated by the designer and delivered to the Secretary of the Condominium at or before the appointed time for the meeting(s) during which the same is to be effective. Any such designation shall be revocable at any time upon written notice given to the Secretary of the Condominium; however, no revocation of such a designation shall be effective with respect to any votes cast by such proxy prior to the receipt of such revocation notice by the Secretary of the Condominium or, if such revocation is made at a meeting of the Unit Owners during which the Secretary of the Condominium is not in attendance, by the individual acting as the secretary of such meeting. Except with respect to the designation of a Permitted Mortgagee to act as the proxy of its mortgagor(s), no designation to act as a proxy shall be effective for a period in excess of six (6) months after the date thereof.

(E) Except when otherwise required by Law or otherwise provided in the Declaration or in these By-Laws, the affirmative vote of a Majority of the Unit Owners at a

meeting at which a quorum is present shall be binding upon all such Unit Owners for all purposes.

Section 4.9 **Election of Members of the Board**. (A) The Board of Managers shall be elected by the Unit Owners at the annual meeting of Unit Owners. Subject to the terms of Section 2.7 hereof, when voting for members of the Board, each Unit Owner (including Sponsor or its designee, for so long as Sponsor or such designee shall own Unsold Units) shall be entitled to cast one vote for each .01 of the percentage of Common Interest attributable to his Units per member to be elected. However, nothing contained herein shall be deemed to permit any Unit Owner to accumulate the votes attributable to the ownership of any one Unit in favor of any one or more members to be elected. In addition, the terms of paragraphs (B), (C), (D) and (E) of Section 4.8 hereof shall apply to all elections of members of the Board.

(B) Subject to the terms of Section 4.1 hereof, elections of members of the Board shall be by written ballot and each ballot cast shall state: (i) the name of the owner and, if such ballot is cast by proxy, the name of the proxy; (ii) the designation number(s) of the Unit voting Unit Owner; (iii) the amount of the Common Interest(s) appurtenant to such Unit(s); and (iv) the names of the candidates for whom such ballot is cast (the number of which names shall not exceed the number of members to be elected). Any ballot that is not cast in conformity with this paragraph (B) shall be discounted. All election ballots shall be retained in the records of the Condominium appropriately segregated by election.

(C) Subject to the terms of paragraph (D) of this Section 4.9, all elections of members of the Board shall be determined by plurality vote.

(D) Not more than three (3) members of the Board shall serve by reason of the votes cast by Sponsor or its designee as owner of Unsold Residential Units at any election held during the Initial Control Period (following the resignation of the first Board at the first annual meeting). During the Initial Control Period, Sponsor or its designee as owner of Unsold Residential Units shall have the right to elect or designate three (3) of the four (4) residential members to be elected (regardless of the number of votes Sponsor has the right to cast). Thereafter, Sponsor or its designee as owner of Unsold Residential Units shall have the right to elect not less than the following minimum number of members of the Board: (a) one (1) member, for so long as the Common Interests attributable to any Unsold Residential Units owned by Sponsor or its designee equals, in the aggregate, ten (10%) percent or more of the Common Interests of all Residential Units and the Commercial Unit; and (b) one (1) member for so long as Sponsor or its designee owns only the Commercial Unit. At all times, the Commercial Unit owner shall be entitled to elect one (1) member of the Board of Managers.

Section 4.10 **Action Without a Meeting**. Any action required or permitted to be taken by the Unit Owners at a duly constituted meeting may be taken without such a meeting if Unit Owners sufficient in number (both in absolute number and in aggregate Common Interests) to approve such an action at a duly constituted meeting of such Unit Owners pursuant to the Declaration or to these By-Laws, consent in writing to the adoption of a resolution approving such action. All written consents given by such Unit Owners pursuant to this section 4.10 shall be retained in the records of the Condominium together with a true copy of the resolutions to which they relate.

Section 4.11 **Title to Units**. Title to any Unit may be taken by any Person or by any two or more Persons as joint tenants, tenants in common, or tenants by the entirety, as may be appropriate, but not as owners in severalty.

Section 4.12 **Contractual Liability of Unit Owners.** Every contract made by the Board, by any officer of the Condominium or by any superintendent or Managing Agent of the Building shall state (if obtainable and in addition to the limitation of liability of the members of the Board and the officers of the Condominium pursuant to the terms of Section 2.20 and 3.10 hereof, respectively) that the liability of any Unit Owner with respect thereto shall be limited to: (i) such proportionate shares of the total liability thereunder as the Common Interests of such Unit Owner bears to the aggregate Common Interests of all Unit Owners and (ii) such Unit Owner's interest in his Unit and its Appurtenant Interests, unless otherwise provided by Law.

ARTICLE 5

OPERATION OF THE PROPERTY

Section 5.1 **Maintenance and Repairs**. (A) Except as otherwise provided in the Declaration or in these By-Laws, all painting, decorating, maintenance, repairs and replacements, whether structural or non-structural, ordinary or extraordinary:

(i) in or to any Residential Unit, any Limited Common Element related thereto and all portions thereof (including, but not limited to, the walls, ceilings and floors in the Unit, kitchen and bathroom fixtures and appliances, windows and their frames, sills and sashes, all doors (entrance and terrace, if any) and their frames and saddles, exposed plumbing, gas and heating fixtures excluding any Common Elements contained therein) shall be performed by the owner of the Unit at his cost and expense;

(ii) in or to the Common Elements shall be performed by the Board as a Common Expense;

(iii) in or to the Commercial Unit and all portions thereof excluding any other Common Elements contained therein, shall be performed by the owner of such Unit, at the Commercial Unit Owner's sole cost and expense.

Promptly upon obtaining knowledge thereof, each Unit Owner shall use reasonable efforts to report promptly to the Board or to the Managing Agent any defect or need for repairs for which the Board is responsible pursuant to the terms hereof. All painting, decorating, maintenance, repairs and replacements performed hereunder or otherwise, whether by or at the behest of a Unit Owner or the Board, shall be performed in such a manner as shall not unreasonably disturb or interfere with any Unit Owners or the tenants and occupants of any Units.

(B) Notwithstanding anything to the contrary provided in paragraph (A) of this Section 5.1, however, the exterior glass surfaces of all windows of each Unit are to be washed and cleaned by the owner of such Unit at such Unit Owner's sole cost and expense. In addition, if any painting, decorating, maintenance, repairs, or replacements to the Property or any part

thereof, whether structural or non-structural, ordinary or extraordinary, is necessitated by the negligence, misuse, or abuse of (i) any Unit Owner, the entire cost and expense thereof shall be borne by such Unit Owner, or (ii) the Board, the entire cost and expense thereof shall be borne (a) by the Residential Unit Owners only as a Common Expense if involving only the Residential Units, or (b) by all Unit Owners (including the Commercial Unit Owner) as a Common Expense if involving the Common Elements of both the Commercial Unit and the Residential Units or (c) by the Commercial Unit Owner alone if involving only the Commercial Unit, except, in all events, to the extent that such cost and expense is covered by the proceeds of any insurance maintained pursuant to the terms of these By-Laws. Similarly, each Unit Owner shall be responsible for any and all damage to any Unit or to the Common Elements resulting from such Unit Owner's failure to maintain, repair, or replace his Unit or any portion thereof as required herein.

(C) Each Unit and all portions of the Common Elements shall be kept in first-class condition, order and repair (and free of snow, ice and accumulation of water and all drains kept clear and unclogged with respect to any roof terrace, roof, or other part of the Property exposed to the elements) by the Unit Owner or the Board, whichever is responsible for the maintenance thereof as set forth herein, and such Unit Owner or the Board shall promptly make or perform, or cause to be made or performed, all maintenance work (including, without limitation, painting, repairs and replacements) that is necessary in connection therewith. In addition, the public areas of the Building and those areas exposed to public view shall be kept in good appearance, in conformity with the dignity and character of the Building, by (i) the Board with respect to such parts of the Building required to be maintained by such Board, and (ii) each Unit Owner, with respect to such parts of the Building required to be maintained by such Unit Owner.

Section 5.2 **Alterations, Additions, Improvements or Repairs in and to Units and the Limited Common Elements**. (A) Subject to the terms of paragraph (B) and (F) of this Section 5.2, no Residential Unit Owner shall make any structural alteration, addition, improvement or repair in or to his Unit or a Limited Common Element without the prior written approval of the Board in each instance, which approval shall not be unreasonably withheld. No Unit Owner shall paint, decorate or enclose any portion thereof which is visible from the ground or street surrounding the Building without the prior written approval of the Board. In the event, however, that the Board shall fail to answer any written, reasonably detailed request for such approval within sixty (60) days after such request is received, such failure to respond shall constitute the Board's consent thereto. Prior to, and as a condition of, the granting of any such approval, the Board may, at its sole option, require the Residential Unit Owner to procure and agree to maintain during the course of such work such insurance as the Board may reasonably prescribe and to execute an agreement, in form and substance satisfactory to the Board, setting forth the terms and conditions under which such alteration, addition, improvement, or repair may be made, including, without limitation, the indemnity referred to in paragraph (D) hereof and the days and hours during which any such work may be done. The Board may impose fees upon the Unit Owner to reimburse the Board for its costs incurred in reviewing or supervising the aforesaid work. If a Residential Unit Owner shall desire to make any structural alteration, addition, improvement or repair in or to his Unit or Limited Common Elements prior to the issuance of a permanent certificate of occupancy then such Residential Unit Owner shall designate an architect (the "Designated Architect") selected by the Condominium Board (or

Sponsor's architect, if Sponsor then controls the Condominium Board) to coordinate and file any applications for the licenses, permits or approvals (including permits issued by the New York City Department of Buildings) necessary to perform such work. Such Residential Unit Owner shall be responsible for payment of such Designated Architect's fees, which fees shall not exceed $3,500.00.

(B) Any approval granted by the Board shall be subject to regulation by the Board as to any one or more of the following aspects of construction:

(i) such addition, alteration or improvement is permitted by and is performed in accordance with the requirements of law;

(ii) all the terms and conditions contained in paragraphs (D) and (E) of this paragraph 5.2 are complied with by the Unit Owner,

(iii) such Unit Owner procures and agrees to maintain during the course of any such work such insurance as the Board may reasonably prescribe;

(iv) the work is performed on the days and hours as may be reasonably prescribed by the Board;

(v) the work is subject to the Board's right to regulate and limit any interruption of services provided to Unit Owners while such work is being performed;

(vi) the Board has the right to take appropriate measures necessary to preserve the security of the Building during the performance of the work; and

(vii) the Board has the right to determine the manner in which debris of any sort arising from performance of the work shall be removed.

(C) Notwithstanding anything to the contrary contained in paragraph (A) of this Section 5.2, however, Sponsor (or its designee) (as to Unsold Units) and the Commercial Unit Owner (as to the Commercial Unit) shall have the right pursuant (and subject) to the terms of Article 12 of the Declaration, without the approval of the Board to (i) make any alteration, additions, improvements, or repairs in or to any Unsold Units and the Commercial Unit respectively, whether structural or nonstructural, interior or exterior, ordinary or extraordinary, and (ii) subdivide, combine and change the boundary walls of Unsold Units or the Commercial Unit.

(D) All alterations, additions, improvements and repairs by Unit Owners shall be made in compliance with Law. In connection therewith, the Board shall execute applications to any departments of the City of New York or to any other governmental agencies having jurisdiction thereof, for any and all permits required in connection with the making of alterations, additions, improvements, or repairs in or to a Unit, provided that, with respect to all such work of a structural nature (other than that of the nature described in paragraph (B) hereof), the same was

approved by the Board if such approval is required pursuant to the terms of paragraph (A) hereof.

(E) Neither the Board nor any Unit Owner (other than the Unit Owner(s) making any alterations, improvements, additions, or repairs, or causing any of the same to be made, in or to his or their Unit(s) or a Limited Common Element and appurtenant General Common Elements) shall incur any liability, cost, or expense either (i) in connection with the preparation, execution, or submission of the applications referred to in paragraph (C) hereof; (ii) to any contractor, subcontractor, materialman, architect, or engineer on account of any alterations, improvements, additions, or repairs made or caused to be made by any Unit Owner; or (iii) to any Person asserting any claim for personal injury or property damage arising therefrom. Any Unit Owner(s), including the Sponsor (or its designee) and the Commercial Unit Owner, making any alterations, improvements, additions, or repairs, or causing any of the same to be made, in or to his or their Unit(s) shall agree (in a writing executed and delivered to the Board, if the Board shall so request), and shall be deemed to agree (in the absence of such writing), to indemnify and hold the Board, the members of the Board, the officers of the Condominium, the Managing Agent and all other Unit Owners harmless from and against any such liability, cost and expense.

(F) Notwithstanding anything to the contrary contained in paragraph (A) of this paragraph 5.2, the Unit Owner of the Penthouse will have the right to erect decking on the area of the roof directly adjacent to the Penthouse which is designated as a Limited Common Element pursuant to Article 7(c) of the Declaration without the Board's prior written approval; provided that (i) such right to erect decking on the roof shall be suspended during the period commencing on March 1, 2002 and ending on September 30, 2002, and (ii) if such work is to be performed prior to the issuance of a permanent certificate of occupancy the Penthouse Unit Owner shall designate an architect (the "Designated Architect") selected by the Condominium Board (or Sponsor's architect, if Sponsor then controls the Condominium Board) to coordinate and file any applications for the licenses, permits or approvals (including permits issued by the New York City Department of Buildings) necessary to erect such decking. The Penthouse Unit Owner shall be responsible for payment of such Designated Architect's fees, which fees shall not exceed $3,500.00.

(G) At the request of the Penthouse Unit Owner, the Board will execute any application or other document required to be filed with any governmental authority having or asserting jurisdiction in connection with any addition, alteration, improvement or repair proposed to be made by the Penthouse Unit Owner provided:

(i) such application is limited to performing the additions, alterations or improvements set for the above;

(ii) such addition, alteration or improvement is permitted by and will be performed in accordance with the requirements of law;

(iii) the Penthouse Unit Owner indemnifies and holds the Board and all other Unit Owners harmless from and against any and all liability, cost and expense, including reasonable attorneys' fees, which may be incurred in connection with such applications.

(H) Under no circumstances shall a Unit Owner be granted written approval by the Condominium Board to make any alteration, addition, or improvement that would require a construction permit issued by the New York City Department of Buildings in or to such Unit Owner's Unit during the period from March 1, 2002 to September 30, 2002. Any Unit Owner (including the Penthouse Unit Owner) who does not properly complete construction work and obtain all necessary sign-offs in accordance with approved plans not later than February 28, 2002 or who performs any construction without a reqired construction permit or who otherwise performs construction during the period commencing March 1, 2002 and ending September 30, 2002, shall be liable to the Sponsor, the Condominium Board and all other Unit Owners for any costs, expenses and liabilities due to any delay in the issuance of a permanent certificate of occupancy arising therefrom. Without prejudice to any other rights, the Condominium Board will have the right to charge any Unit Owners who violate this requirement a fee of $200.00 per day for each and every day after February 28, 2002 that they are not in compliance. Such fee shall, for all purposes constitute Common Charges payable by such Unit Owner.

Section 5.3 **Alterations, Additions, or Improvements to the General Common Elements**. Except as otherwise provided in the Declaration or in these By-Laws, all necessary or desirable alterations, additions, or improvements in or to any of the Common Elements shall be made by the Board, and the cost and expense thereof shall constitute a Common Expense to all Unit Owners. Notwithstanding the foregoing, however, whenever the cost and expense of any such alterations, additions or improvements would, in the judgment of the Board, exceed $100,000 in the aggregate in any calendar year, such proposed alterations, additions, or improvements shall not be made unless first approved by a Majority of all Unit Owners (if involving the Common Elements) or a majority of all Residential Unit Owners only, including Sponsor or its designee, if Sponsor or such designee then owns any Unsold Unit, at a duly constituted meeting of the Unit Owners or Residential Unit Owners, respectively, and by the Mortgage Representatives, if any. Except as otherwise provided in the Declaration and in these By-Laws, all such alterations, additions, or improvements costing $100,000 or less in the aggregate in any calendar year may be made as aforesaid without the approval of either the Unit Owners or any Mortgage Representatives, and the cost thereof shall constitute a Common Expense to be paid by all Unit Owners. Notwithstanding anything herein to the contrary, any alterations, additions or improvements (regardless of the cost thereof) that will necessitate an increase in the Common Charges or require the imposition of a special assessment greater than five (5%) percent of the previous year's Common Charges shall not be undertaken unless approved by fifty (50%) percent of all Unit Owners (in number and in Common Interest) in accordance with Section 2.5(A) of these By-Laws.

Section 5.4 **Insurance**. (A) If the same shall be obtainable, the Board shall obtain, and shall maintain in full force and effect, fire insurance policies with all risk extended coverage, vandalism and malicious mischief endorsements, insuring the Building (including all Units and the bathroom and kitchen fixtures installed therein on the date of recording the Declaration and all service machinery contained therein, but not including appliances or any furniture, furnishings, decorations, belongings, or other personal property supplied or installed by Unit Owners or the tenants of Unit Owners) and covering the interests of the Condominium, the Board, all of the Unit Owners and all Permitted Mortgagees, as their interests may appear. Each of the said policies shall contain, if available:

(i) waivers of (a) subrogation, (b) any defense based upon co-insurance or other insurance, (c) invalidity arising out of any acts of the insured, and (d) pro-rata reduction of liability;

(ii) a provision that any adjustment of loss will be made by the Board and that all proceeds thereof shall be paid to either the Board or the Insurance Trustee, as provided in Section 5.5 hereof;

(iii) a New York standard mortgagee clause in favor of each Permitted Mortgagee, which shall provide that the proceeds thereof shall be paid to such Permitted Mortgagee, as its interest may appear, subject, however, to the loss payment provisions in favor of the Board and the Insurance Trustee set forth in subparagraph (ii) above and in Section 5.5 hereof; and

(iv) a provision that such policy may not be either canceled or substantially modified except upon at least ten (10) days' prior written notice to all of the insureds, including all Permitted Mortgagees.

Duplicate originals or certificates of all such policies and of all renewals thereof, together with proof of payment of premiums, shall be sent to those Unit Owners and Permitted Mortgagee who request same. Renewals of such policies shall be obtained at least ten (10) days prior to the expiration of the current term.

(B) The Board shall also obtain and maintain, to the extent practicable:

(i) commercial general liability insurance, including, in the discretion of the Board, umbrella liability, covering all claims for personal injury or property damage arising out of any occurrence on the Property and listing as co-insureds (a) the Board and each member thereof, (b) the Managing Agent or manager (if any) (c) each officer and employee of the Condominium and (d) each Unit Owner (except, however, that such insurance shall not cover any liability of a Unit Owner arising from occurrences within his own Unit);

(ii) workmen's compensation and New York State disability benefits insurance;

(iii) boiler and machinery insurance;

(iv) water damage legal liability insurance;

(v) elevator liability and collision insurance; and

(vi) such other insurance as the Board shall from time to time determine.

Each of the aforementioned policies of insurance shall also cover cross-liability claims of one insured against another.

(C) All policies of insurance to be maintained by the Board shall contain such limits as the Board shall from time to time determine, provided, however, that:

(i) with respect to insurance policies maintained by the Board pursuant to paragraph (A) hereof, the coverage shall be not less than an amount which is sufficient for the insurance company providing the insurance to waive any co-insurance requirement or is based on an "agreed amount replacement cost" (or comparable term) and, until the first regular meeting of the first five (5) member Condominium Board elected by the Unit Owners, such coverage shall be at least in the amount of $4,505,000.00; and

(ii) with respect to insurance policies maintained by the Board pursuant to subparagraph (i) of paragraph (B) hereof, such policies shall contain single limits of not less than $1,000,000 per occurrence until the first regular meeting of the first five (5) member Condominium Board elected by the Unit Owners.

Any insurance policies maintained by the Board may also provide for such deductible amounts as the Board shall determine. The Board shall review the limits of each insurance policy, as well as the amount of any deductible sum thereunder, at least once each year.

(D) The cost of all insurance maintained by the Board pursuant to this Section 5.4, together with the fees and disbursements of any Insurance Trustee appointed by the Board pursuant to the terms of these By-Laws, shall be borne by the Unit Owners as a Common Expense.

(E) Unit Owners shall not be prohibited from carrying other insurance for their own benefit, provided that all such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing the insurance maintained by the Board shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

Section 5.5 **Casualty or Condemnation**. (A) In the event that either (i) the Building or any part thereof is damaged or destroyed by fire or other casualty (hereinafter referred to as a "Casualty Loss") or (ii) the Common Elements or any art thereof is taken in condemnation or by eminent domain (hereinafter referred to as a "Taking"), the net insurance proceeds payable under the insurance policies maintained by the Board pursuant to the terms of Section 5.4 hereof by reason of such Casualty Loss or the net condemnation awards receivable by reason of such Taking, as the case may be, shall be payable either to the Board, if the same shall be $100,000 or less in the aggregate, or to the Insurance Trustee, if one is appointed, if the same shall exceed $100,000 in the aggregate. In either instance, all such monies actually received (hereinafter referred to as the "Funds") shall be held in trust for the benefit of all Unit Owners and their Permitted Mortgagee and shall be disbursed pursuant to the terms of this Section 5.5. Notwithstanding anything to the contrary contained either in this paragraph (A) or elsewhere in this Section 5.5, however, no Unit Owner whose Unit, or any portion thereof is taken in condemnation or by eminent domain (whether or not all or a part of the Common Elements are contemporaneously taken) shall be deemed to have waived whatever rights that he may have to pursue a separate claim against the condemning authority by reason thereof, provided that the award to other Unit Owners or Condominium Board, or any other Unit Owner is not reduced thereby.

(B) Subject to the terms of paragraph (D) hereof, the Board (as to all parts of the Property other than the Commercial Unit) and the Commercial Unit Owner (as to the

Commercial Unit and Commercial Limited Common Elements, if any) shall arrange for the prompt repair or restoration (hereinafter referred to as the "Work") of: (i) in the event of a Casualty Loss, the portion(s) of the Building (including all Units and the bathroom and kitchen fixtures initially installed therein on or about the date of recording the Declaration and all service machinery contained therein, but not including appliances or any furniture, furnishings, decorations, belongings, or other personal property supplied or installed by a Unit Owner or the tenant of a Unit Owner) affected by such Casualty Loss or (ii) in the event of a Taking, the portion(s) of the Common Elements affected by such Taking. If, pursuant to the immediately preceding sentence, Work is to be performed in or to Units, Common Elements that service or enclose Units and other Common Elements or any combination of the foregoing, the Work shall be performed, to the extent practicable, first in or to the Units, next in or to the Common Elements that service or enclose Units and then in or to the balance of the Common Elements. In addition, each Residential Unit Owner whose Unit, or any portion thereof shall be the subject of all or part of any Work shall have the right, subject to the terms of Section 5.2 hereof, to supervise any redecorating of his Unit.

(C) In the event that Work shall be performed pursuant to the terms of paragraphs (B) and (D) of this Section 5.5 the Board or the Insurance Trustee or the Commercial Unit Owner as the case may be, shall disburse the Funds to the contractors engaged in the Work in appropriate progress payments. If the Funds shall be less than sufficient for the Board to discharge the cost and expense of performing the Work, the Board shall levy a Special Assessment as a Common Expense against all Unit Owners for the amount of such deficiency in proportion to their respective Common Interests (if involving the Common Elements or both the Residential Units or the Commercial Unit) or shall levy a Special Assessment against the Commercial Unit Owner alone (if involving only the Commercial Unit and the Commercial Unit Owner shall fail to repair and restore same), and all proceeds of such Special Assessment shall become part of the Funds. If, conversely, the Funds shall prove to be more than sufficient to discharge the cost and expense of performing the Work, such excess shall be paid to all Unit Owners in proportion to their respective Common Interests, except that no payment shall be made to a Unit Owner until there has first been paid, out of such Unit Owner's share of such excess, such amounts as may be necessary to reduce unpaid liens on the Unit Owner's Unit (other than those that are not Permitted Mortgagee) in the order of priority of such liens. Notwithstanding the foregoing, however, in the event that the Unit Owners are assessed pursuant to the terms of the second sentence of this paragraph (C) for any projected deficiency in the amount of the Funds available to the Board and, after the payment of all costs and expenses incurred in connection with the Work, any portion of the Funds remains unspent, such excess Funds shall, to the extent of such Special Assessment, be deemed to be, and shall constitute, all unspent Special Assessment and shall be paid to the Unit Owners so assessed in proportion to their respective Common Interests, free of any claim of any lienor (including, without limitation, any Permitted Mortgagee).

(D) If either seventy-five (75%) percent or more of the Building is destroyed or substantially damaged by fire or other casualty or seventy-five (75%) percent or more of the Common Elements are taken in a Taking, the Work shall not be performed unless seventy-five (75%) percent or more of all Unit Owners (including Sponsor or its designee, if Sponsor or such designee shall then own any Units), both in number and in aggregate Common Interests, shall promptly resolve to proceed with the same. In the event that a sufficient number of Unit Owners

shall so resolve, the Work shall be performed pursuant to the terms of paragraphs (B) and (C) hereof. Conversely, in the event that a sufficient number of Unit Owners shall either fail or refuse to so resolve, the Work shall not be performed and the Property shall be subject to an action for partition by any Unit Owner or lienor, as if owned in common, in which event the net proceeds of the resulting sale, together with any Funds, shall be paid to all Unit Owners in proportion to their respective Common Interests, except that no payment shall be made to a Unit Owner until there first has been paid, out of such Unit Owner's share of such Funds, such amounts as may be necessary to reduce unpaid liens on the Unit Owner's Unit (other than mortgages that are not permitted Mortgages) in the order of priority of such liens.

(E) In the event that the damage resulting from a Casualty Loss shall (i) render one or more Units wholly or partially unusable for the purposes permitted herein and in the Declaration or (ii) destroy the means of access to one or more Units, the installments of Common Charges otherwise payable by the owner of any Unit so affected thereby shall proportionately abate until such Unit shall again he rendered useable for such purposes and/or until the means of access thereto shall be restored, as the case may be. Notwithstanding the foregoing, however, if such Casualty Loss shall be caused by the act, the omission to act, or the negligence of the owner of a Unit so affected thereby, by a Family Member of such Unit Owner, or by a tenant or licensees, invitees and/or workmen or other occupant of such Unit, such installments of Common Charges shall abate only to the extent of any proceeds of rent insurance actually collected by the Board with respect to such Unit.

(F) If (i) a portion of any Unit shall be taken in condemnation or by eminent domain and (ii) the Condominium shall not be terminated by reason of a simultaneous Taking pursuant to the terms of paragraph (D) hereof, the Common Interest appurtenant to such Unit shall be adjusted in the proportion that the total floor area of such Unit prior to such taking bears to the total floor area of such Unit after the Taking. The Board shall promptly prepare and record an amendment to the Declaration reflecting the new Common Interest appurtenant to such Unit, which amendment shall be executed by the owner of such Unit together with the holders of record of any liens thereon (or, in lieu of execution by such Unit Owner and lienors, the same may execute a consent to such amendment in recordable form). Following the Taking of a portion of a Unit and the recording of the aforementioned amendment to the Declaration or said consent to such amendment, the votes appurtenant to such Unit shall be based upon the new Common Interest of such Unit, and, in the event of a Taking of an entire Unit, the right to vote appurtenant to such Unit shall wholly terminate. In either event, the Common Interests of the other or remaining Units shall be adjusted accordingly and reflected in an amendment to the Declaration duly executed and acknowledged by the Board and the Unit Owners, together with the holders of record of all liens upon all of the other or remaining units, or a consent to such amendment in recordable form.

(G) As used in this Section 5.5, the terms:

(i) "prompt repair or restoration" shall mean that the Work is to be commenced not more than either: (a) sixty (60) days after the date upon which the Insurance Trustee, if any, notifies the Board and the Unit Owners that it has received Funds sufficient to discharge the estimated cost and expense of the Work, or (b) ninety (90) days after the date upon which the Insurance Trustee, if any, notifies the Board and the Unit Owners that it has received Funds

insufficient to discharge the estimated cost and expense of the Work, or (c) in the event that the Funds are payable to the Board pursuant to the terms of paragraph (A) of this Section 5.5, sixty (60) days after the date upon which the Board notifies the Unit Owners that it has received the Funds, whether or not the same are sufficient to discharge the cost and expense of the Work; and

(ii) "promptly resolve" shall mean that a resolution shall be duly made not more than sixty (60) days after the date upon which the Board or the Insurance Trustee, as the case may be, notifies the Unit Owners that it has received Funds and that the same are or are not sufficient to discharge the estimated cost and expense of the Work, as the case may be.

(G) Any dispute that may arise under this Section 5.5 between Unit Owners or between any Unit Owner(s) and the Board shall be resolved by arbitration pursuant to the terms of Article 10 hereof.

Section 5.6 **Use of the Property**. (A) No nuisance shall be allowed on the Property, nor shall any use or practice be allowed in any Residential Unit that either is a source of annoyance to its residents or interferes with the peaceful possession or proper use of the Property by its residents or occupants. The Unsold Residential Units and the Commercial Unit may be used for any purpose permitted by Law provided that no illegal noxious, immoral, improper, offensive, or unlawful use shall be made of any portion thereof. Neither the Unsold Residential Units nor the Commercial Unit nor any portion thereof may be used as an adult entertainment use as defined in the New York City Zoning Resolution. All valid Laws, zoning ordinances, restrictive declarations and regulations of all governmental bodies with jurisdiction, relating to any portion of the Property shall be complied with at the full cost and expense of the respective Unit Owners or the Board, whoever shall have the obligation to maintain or repair such part of the Property.

(B) Nothing shall be done or kept in any Unit or in any of the Common Elements that would increase the rate of insurance for the Property, except upon the prior written consent of the Board. The foregoing shall not apply to the Commercial Unit, provided, however, the owner of such Commercial Unit pays for any such increase in insurance rates. No Unit Owner shall permit anything to be done or kept in a Unit or in the Common Elements that will result in the cancellation of insurance on the Property or the contents thereof, or that would be in violation of any Law. No waste shall be committed in the Common Elements.

(C) Nothing shall be done in any Unit or in, or to the Common Elements that will impair the structural integrity of the Property or that will structurally change the Building, except as is otherwise provided in the Declaration or in these By-Laws. In no event shall interior partitions contributing to the support of any Unit or the Common Elements be altered or removed.

Section 5.7 **Use of the Units**. (A) In order to provide for congenial occupancy of the Property and for the protection of the values of the Units, the use of Units shall be restricted to, and shall be in accordance with, the terms contained in the balance of this Section 5.7.

(B) Subject to the terms of paragraph (D) and of this Section 5.7, the use of each Residential Unit shall be restricted in conformity with the provisions of the New York City

Zoning Resolution regarding Joint Living-Work Quarters for Artists ("JLWQA"). Notwithstanding the foregoing, however, the Board may, in its sole discretion, consent to the use of a Residential Unit for any purpose, provided that the nature and manner of such use complies with Law and does not violate the then existing certificate of occupancy covering such Residential Unit or the Rules and Regulations of the Condominium. Any such consent shall be in writing and shall be personal to such Residential Unit Owner. Any lessee of, or successor in title to, such Residential Unit Owner shall be required to obtain the prior written consent of the Board before using such Unit for any purpose other than that set forth in the first sentence of this paragraph (B).

(C) A Unit owned or leased by an individual, co partnership, limited liability company, fiduciary, sovereign government, consulate or any other entity may be occupied only by said individual, or by an officer, director, stockholder employee of such corporation, or by a partner or employee partnership, or by a member of such limited liability company, or by said fiduciary (including directors, officers, stockholders, or employees of corporate fiduciaries and partners or employees of partnership fiduciaries), or by the beneficiary of said fiduciary, or by a principal or individual designee of such sovereign government, consulate or other entity, respectively, or by Family Members or guests of any of the foregoing or a tenant named in a lease of the Unit entered into in accordance with Article 7 of the By-Laws or, in the case of an individual Unit Owner only, one additional occupant who is not a Family Member and his dependent children (however, nothing contained in this sentence shall be deemed to prohibit the exclusive occupancy of any Unit by such Family Members or guests). Additionally, in no event shall a portion of a Unit (as opposed to the entire Unit) be sold, conveyed, leased, or subleased, and no transient occupant (other than a guest permitted under this paragraph (C)) may be accommodated therein.

The foregoing restrictions in subparagraphs (B) and (C) (except as to lawful uses) shall not apply to the Commercial Unit or any Unsold Unit owned by Sponsor or its designee.

(D) Notwithstanding anything to the contrary contained in this Section 5.7, Sponsor may, without the consent of either the Board or the Unit Owners, use any one or more Unsold Units as model units and offices for the sale, promotion, rental, management and operation of the Unsold Units or for any other purpose, subject only to compliance with Law.

(E) The Commercial Unit may be used for any purpose permitted by Law and any existing certificate of occupancy provided such use is not an Adult Entertainment or Adult Eating or Drinking Establishment as defined in the New York City Zoning Resolution or for any noxious or immoral use.

Section 5.8 **Use of the Common Elements** (A) Subject to the terms of paragraph (B) of this Section 5.8, the Common Elements (including, without limitation, the electrical, heating, gas, plumbing and other mechanical systems and equipment of the Building and the Facilities) may be used only for the furnishing of the services and Facilities, and for the other uses, for which they are reasonably suited and capable. In addition, no furniture, packages, or objects of any kind shall be placed in the lobbies, vestibules, public halls, stairways, public elevators, or any other part of the Common Elements (except for those areas designated as storage areas) without the prior written consent of the Board. The lobbies, vestibules, public halls, stairways

and public elevators shall be used only for normal passage through them. Accordingly, all Residential Unit Owners shall require their tradesmen to utilize exclusively the elevator and entrance designated by the Board for transporting packages, merchandise, or other objects.

(B) The terms of paragraph (A) of this Section 5.8 shall not apply to Sponsor or its designee for so long as there are any Unsold Units. Sponsor or its designee shall have the right, without charge or limitation, to: (i) have its employees, contractors, subcontractors and sales agents present on the Property; and (ii) do all things necessary or appropriate, including the use of the Common Elements, to sell, lease, manage, or operate Unsold Units, to complete any work or repairs to the Building expressly undertaken by Sponsor and to comply with Sponsor's obligations under the Plan and the Condominium Documents. In no event, however, shall Sponsor or such designee be entitled to use any Common Elements in such a manner as will unreasonably interfere with the use of any Unit for its permitted purposes.

Section 5.9 **Rights of Access** (A) Subject to the rights of existing tenants and other occupants of Unsold Units, each Unit Owner shall grant to the Board, to the Managing Agent or manager (if any), to the superintendent and/or to any other Person authorized by any of the foregoing a right of access to his Unit for the purposes of:

(i) making inspections of, or removing violations noted or issued by any governmental authority against, the Common Elements, or any other part of the property;

(ii) curing defaults hereunder or under the Declaration or violations of the Rules and Regulations committed by such Unit Owner or correcting any conditions originating in his Unit and threatening another Unit or all or a portion of the Common Elements;

(iii) performing maintenance, installations, alterations, repairs, or replacements to the mechanical or electrical services, or other portions of the Common Elements within his Unit or elsewhere in the Building;

(iv) reading, maintaining, or replacing utility meters relating to the Common Elements to his Unit, or to any other Unit; or

(v) correcting any condition that violates the provisions of any Permitted Mortgage encumbering another Unit.

Except in cases of an emergency (that is, a condition requiring repairs or replacements immediately necessary for the preservation or safety of the Building or for the safety of the occupants of the Building or other individuals, or required to avoid the suspension of any necessary service in the Building), the foregoing rights of access shall be exercised only upon not less than one day's advance notice and only in such manner as will not unreasonably interfere with the business of any tenants or occupants of the Units or the use or operation of the Units for their permitted purposes. In cases of emergency, however, such rights of access may be exercised immediately without advance notice and whether or not the Unit Owner is present.

Section 5.10 **Modification of the Rules and Regulations**. The Board shall have the right to amend, modify, add to, or delete any of the Rules and Regulations from time to time, provided, however, that any such amendment, modification, addition, or deletion may be

overruled by a vote of a Majority of Unit Owners. Copies of the text of any amendments, modifications, additions, or deletions to the Rules and Regulations shall be furnished to all Unit Owners to whom same relate not less than thirty (30) days prior to the effective date thereof.

Sections 5.11 **Real Estate Taxes, Water Charges and Sewer Rents.** (A)Water for the Building shall be supplied by the City of New York and consumption thereof shall be measured by a single meter for the Building. Unless and until all real estate taxes, water charges and sewer rents are billed directly to the Residential Unit Owners by the City Collector, the Board shall promptly pay any such taxes, charges and rents as a Common Expense. In consideration of the Commercial Unit's limited use of water, the Commercial Unit Owner's proportionate share of the metered water charges shall not exceed one percent of the total metered charge for the entire Building, unless the use of such Unit shall change to result in a material increase in water consumption by such Unit Owner and such Unit Owner shall not be charged (and its Common Charges shall not include) for the water charges and sewer rents payable by the Residential Units.

(B) In the event of a proposed sale of any Unit, the Board shall (for so long as the Board is paying real estate taxes and or water charges and sewer rents), upon the written request of the selling Residential Unit Owner, execute and deliver to the purchaser of such Residential Unit or to such purchaser's title company, a letter agreeing to promptly pay (as a Common Expense to all Unit Owners, including the selling Residential Unit Owner) all such taxes, charges and rents affecting such owner's Residential Unit to the date of the closing of title to such Residential Unit.

(C) Until such time as each Unit is separately assessed for purposes of real estate taxes, water charges and sewer rents (or any of the foregoing), same shall be collected by the Board as part of the Common Charges in proportion to the Unit Owner's Common Interest and forwarded to the appropriate taxing authority on behalf of the Unit Owners.

(D) Each Residential Unit Owner shall be deemed to have appointed the Board to act as his agent in connection with tax certiorari proceedings, as discussed above in Section 2.4 (xxiii) and the Commercial Unit Owner may at its option so appoint the Board.

Section 5.12 **Electricity and Gas**. (A) Electric and gas service in all Units are individually metered. Accordingly, all charges for electricity and gas consumed or used in each Unit shall be paid by the Unit Owner directly to Con Edison as and when billed.

Section 5.13 **Utilities Serving the Common Elements**. The cost and expense of water, electricity and gas serving or benefiting any Common Element shall be (i) considered part of the expense of maintaining such Common Element, (ii) determined by the Board and (iii) charged as a Common Expense to all Unit Owners only in the proportion that each Unit's Common Interest bears to the aggregate Common Interest of all Units.

Section 5.14 **Vault Charges**. All license fees, and all periodic taxes and charges, for vaults or other protrusions beyond the Building line shall be paid by the Board as a Common Expense.

Section 5.15 Records and Audits. (A) The Treasurer of the Condominium, or the Managing Agent under the supervision of such Treasurer, shall keep full, detailed and accurate records and books of account with respect to the financial affairs of the Condominium, which records and books of account shall include, without limitation, (i) a listing of all receipts of and expenditures by the Board and the Managing Agent and (ii) a separate listing for each Unit, setting forth, among other things, the amount of each assessment of Common Charges, real estate taxes, if applicable, and, as the case may be, Special Assessments levied against such Unit, the date when due, the amounts paid thereon and the date thereof and the balance, if any, remaining unpaid.

(B) Within four (4) months after the end of each fiscal year of the Condominium, the Board shall submit to each Unit Owner, and, if so requested, to any Permitted Mortgagee, an annual report of the receipts and expenditures of the Condominium prepared and certified by an independent certified public accountant. The cost of preparing and distributing each such report shall be borne by the Board as a Common Expense to all Unit Owners.

ARTICLE 6

COMMON CHARGES; RESERVE FUND AND WORKING CAPITAL

Section 6.1 Determination of Common Expenses and Fixing of Common Charges. (A) From time to time, but not less frequently than once a year, the Board shall: (i) prepare and adopt a budget for the Condominium, subject, in all respects, to the limitations set forth in Section 2.5 hereof; (ii) determine the aggregate amount of Common Charges necessary to be charged to all Unit Owners in order to meet the Common Expenses relative to the Common Elements, including the annual amount to be paid by the Commercial Unit Owner. Common Expenses may also include such amounts as the Board may deem necessary and proper for a general operating reserve or for a reserve for working capital or for replacements with respect to the Common Elements; (iii) allocate and assess such Common Charges to be paid pro rata by the Residential Unit Owners in accordance with their respective Common Interests and Common Charges payable by the Commercial Unit owner as applicable, in accordance with its Common Interest and (iv) determine and assess the allocable shares of expenses for water, heating, gas and electricity payable by the Commercial Unit Owner (except as otherwise provided in the Declaration or in these By-Laws).

(B) (1) The annual amounts to be paid by the Commercial Unit Owner in connection with shared expenses shall include all of the categories of expense set forth in "Schedule B - Projected Budget for First Year of Condominium Operation" in the Plan or any different expenses which at some time in the future re-established in lieu of the foregoing expenses. The allocable share of the foregoing categories of expenses paid by the owner of the Commercial Unit shall be based upon the Common Interest of the Commercial Unit, except for the water expense, which shall be allocated at one (1%) percent of the total for so long as the use of the Commercial Unit existing on the date of recording the Declaration shall continue.

(2) If at any time after the first year of Condominium Operation, either the Commercial Unit Owner or the Board shall dispute the foregoing basis for allocating the Common Charges payable by the Commercial Unit Owner, the parties shall select a licensed

engineer, real estate broker or management firm with expertise in surveys or allocations pertinent to the Common Expense in controversy to make such determination. If the Commercial Unit Owner and the Board are unable to agree on an expert or disagree with the expert's determination the matter shall be submitted to arbitration in accordance with the provisions of Article 10.

(3) If the Commercial Unit is subdivided and such subdivision results in an increase in shared expenses attributable to the Commercial Unit or the use is changed so as to increase the extent to which the Commercial Unit uses any Common Elements or services which are paid for as Common Expenses, then, the Commercial Unit Owner shall pay any increase in shared expenses resulting from such subdivision or change in use. Additionally, if insurance premiums are increased as a result of the use or a change in the use of the Commercial Unit or any portion thereof, then the Commercial Unit Owner shall pay any increase in such premium attributable to such use or change in use of the Commercial Unit.

(4) If in the future, any categories of Common Expense other than those provided for at the date of recording of the Declaration are assessed by the Board as Common Charges, then the Commercial Unit Owner will pay its allocable share of the expense fairly attributable to the Commercial Unit (based on its Common Interest). However, if the Commercial Unit Owner uses or incurs a disproportionate portion of the expense relative to its Common Interest (whether too low or too high), then such Commercial Unit Owner shall be required to pay only its fair share of such expense as determined by a licensed engineer, real estate manager or management firm selected by the Commercial Unit Owner and Board or in the event the Commercial Unit Owner and the Board cannot agree upon a real estate manager or management firm, as determined by arbitration in accordance with the provisions of Article 10.

(C) The Board may, in its sole discretion, from time to time increase or decrease the amount of Common Charges allocated to the Units and payable by the Unit Owners and may modify its prior determination of the Common Expenses for any fiscal year so as to increase or decrease the amount of Common Charges payable for such fiscal year or portion thereof. In the event of a change in the amount payable as Common Charges for each individual Unit Owner, the Board shall advise all such Unit Owners in writing promptly after same are determined of the amount of Common Charges payable by each of them. The Board shall, not later than ten (10) days next preceding the date upon which the first installment of newly determined Common Charges is due, furnish copies of the budget (in a reasonably itemized form) upon which such Common Charges are based to all Unit Owners and to their respective Permitted Mortgagees Notwithstanding the above, no such revised determination of Common Expenses shall have a retroactive effect on the amount of Common Charges payable by Unit Owners for any period prior to the date of such new determination nor shall the Board reduce the Common Charges payable by the Residential Unit Owners during any year occurring within the Initial Control Period solely as a result of a reduction in the number of employees of the Condominium below the number employed for the Property on the date of recording the Declaration, or eliminating or reducing any service or reducing the insurance coverage below that provided for the Property on such date, except with the concurrence of a majority of those members of the Board elected by Residential Unit Owners other than Sponsor or its designee.

(D) The failure or delay of the Board to prepare or adopt a budget or to determine the Common Expenses for any fiscal year or portion thereof shall not be deemed a waiver or

modification in any respect of the covenants and provisions hereof or a release of any Unit Owner from the obligation to pay Common Charges. In such event, the Common Charges that were computed on the basis of the Common Expenses last determined for any fiscal year or portion thereof shall continue thereafter to be the Common Charges payable by the Unit Owners until a new determination of the Common Expenses shall be made.

(E) (1) In addition to the foregoing duty to determine the amount of and assess Common Charges, the Board shall have the right, subject, in all respects, to the limitations contained in Section 2.5 hereof, to levy Special Assessments to meet the Common Expenses. All Special Assessments shall be levied against all Unit Owners (if involving the Common Elements only), the Residential Unit Owners only (if involving the Residential Units only) and the Commercial Unit Owner only (if involving the Commercial Unit only), in proportion to their respective common Interests. Until such time as each Unit has a separate tax lot for purposes of real estate taxes, water charges and sewer rents (or any of the foregoing), the Board shall collect such taxes, charges or rents (as the case may be) in the form of a Special Assessment or additional Common Charges for forwarding same to the appropriate taxing authority on behalf of Unit Owners (subject to Section 5.11).

(2) Special Assessments may be payable either in one lump sum or in installments, as the Board shall determine, provided, however that the Board shall give each Unit Owner not less than fifteen (15) days' written notice prior to the date upon which such Special Assessment, or the first installment thereof, shall be due and payable, which notice shall set forth, in reasonable detail, the nature and purpose thereof. The Board shall have all rights and remedies for the collection of Special Assessments as are provided herein for the collection of Common Charges (including, without limitation, the provisions of Section 6.4 hereof).

(F) The excess of all rents, profits and revenues derived from the rental or use of any space forming a part of, or included in, any Common Element remaining after deduction of all expenses incurred in connection with generating the same shall constitute income of the Unit Owners and shall be collected on behalf of the Unit Owners by the Board and applied against the Common Expenses respectively, for the year in which collected. In the event that such net rents, profits and revenues, together with the Common Charges and any Special Assessments collected from the Unit Owners (other than any Common Charges or Special Assessments segregated from other funds of the Condominium and earmarked for reserves to make capital repairs, replacements, improvements and/or additions to the Common Elements as provided in Section 6.5 hereof), for any year of operation shall exceed the Common Expenses for such year, then such excess shall be applied by the Board against the Common Expenses for the next succeeding year(s) of operation, and no Unit Owner shall be entitled to a distribution of any portion of such excess unless the Board shall determine to distribute all or part of such excess to all Unit Owners pro-rata, in proportion to their respective Common Interests. Notwithstanding any provision contained in these By-Laws or in the Declaration to the contrary, however, in no event shall any rent, profit, or revenue derived from the rental or use of any space in the Building be deemed to be derived from the rental or use of any floor slabs, ceilings, or walls delineating or enclosing such space or the incidental use of any portion of any Common Elements appurtenant to such space.

Section 6.2 **Payment of Common Charges**. (A) All Unit Owners (including Sponsor or its designee with respect to Unsold Units, for so long as the same are owned thereby) shall be obligated to pay Common Charges and Special Assessments assessed by the Board pursuant to the terms of Section 6.1 hereof at such time or times (but not less than annually) as the Board shall determine. Unless otherwise determined by the Board, Common Charges shall be payable in equal installments on the first day of every month in advance. To the extent permitted by Law, the Board shall have a lien on each Unit, on behalf of all Unit Owners, for unpaid Common Charges and Special Assessments assessed against such Unit. Such lien, however, shall be subordinate to any liens for unpaid real estate taxes assessed against such Unit to the extent required by Law) and to any lien of a prior recorded permitted first mortgage pursuant to the following subparagraph B.

(B) No Unit Owner shall be liable for the payment of any part of the Common Charges and any Special Assessments assessed against his Unit subsequent to a sale, transfer, or other conveyance by him of such Unit, together with its Appurtenant Interests made in compliance with the terms of Article 7 hereof. A purchaser or other successor-in-title to the owner of a Unit shall be liable for the payment of all Common Charges and any Special Assessments accrued and unpaid against such Unit prior to his acquisition thereof, except that, a permitted first mortgagee acquiring title to a mortgaged Unit or a purchaser at a mortgage foreclosure sale held with respect to a permitted first mortgage shall not be liable, and such mortgaged Unit shall not be subject to a lien, for the payment of any Common Charges and Special Assessments assessed subsequent to the recording of such permitted first mortgage and prior to the acquisition of title to such Unit by the permitted first mortgagee or by such purchaser. However, in the event of a foreclosure of a permitted first mortgage (whether by sale, deed in lieu of foreclosure, or otherwise), the defaulting Unit Owner shall remain fully liable for the payment of all unpaid Common Charges and Special Assessments that accrued prior to such foreclosure. Any unpaid Common Charges and Special Assessments that are not collected from such defaulting Unit Owner shall be deemed a Common Expense, collectible from all those who are Unit Owners at the time that the same is levied.

(C) Subject to the terms and conditions contained in these By-Laws, any Unit Owner (except Sponsor or Sponsor's designee) may convey his Unit, together with its Appurtenant Interests to the Board or to its designee, corporate or otherwise, on behalf of all Unit Owners, without being compensated therefore and, in such event, be exempt from the payment of Common Charges and Special Assessments thereafter accruing, provided, however, that: (i) all Common Charges and any Special Assessments then due and payable with respect to such Unit have been paid; (ii) such Unit is free and clear of all liens and encumbrances other than a permitted first mortgage and the statutory lien for unpaid Common Charges and Special Assessments (provided no monies are then owing under such statutory lien); and (iii) no violation of any provision of the Condominium Documents then exists with respect to such Unit.

(D) No Unit Owner shall be exempted from liability for the payment of Common Charges or Special Assessments by waiving the use or enjoyment of any or all of the Common Elements or by abandoning his Unit (except with respect to a conveyance of the same to the Board, without compensation, pursuant to the terms of paragraph (C) hereof). Except as expressly provided to the contrary in paragraph (E) of Section 5.5 hereof, no Unit owner shall be entitled to a diminution or abatement in the Common Charges or Special Assessments payable

thereby for any inconvenience or discomfort arising from: (i) the failure or interruption of any utility or other services; (ii) the making of repairs or improvements to the Common Elements, or any Unit (including, without limitation, such Unit Owner's Unit) pursuant to the terms of Section 5.1, 5.2, or 5.3 hereof; or (iii) any action taken by the Board or the officers of the Condominium to comply with Law.

Section 6.3 **Statement of Common Charges**. The Board shall promptly provide a written statement of all unpaid Common Charges due from any Unit Owner upon its receipt of a written request therefor from such Unit Owner. In addition, each Unit Owner shall be permitted to examine the books of account of the Condominium at reasonable times on business days, but not more frequently than once a month.

Section 6.4 **Default in Payment of Common Charges**. (A) The Board shall take prompt action to collect any Common Charges and any Special Assessments due to the Board that remain unpaid for more than thirty (30) days after the due date. In connection therewith, the Board shall have the right and obligation to cause liens for all sums due and owing to the Board to be filed in the Register's Office pursuant to the terms of Section 339-z of the Condominium Act, to cause such liens to be foreclosed in the manner provided in Section 339-aa of the Condominium Act and/or to institute all other proceedings deemed necessary or desirable by the Board to recover all such unpaid Common Charges, together with all additional sums of money collectible by the Board by reason of such nonpayment pursuant to the terms of paragraph (B) hereof. A suit to recover a money judgment for unpaid Common Charges, however, shall be maintainable without foreclosing or waiving the lien securing such charges.

(B) In the event that any Unit Owner shall fail to make payment within ten (10) days from the due date of Common Charges or Special Assessments, such Unit Owner shall be obligated to pay a late charge of $.04 for each dollar of such amounts remaining unpaid for more than fifteen (15) days from their due date (although nothing herein shall be deemed to extend the period within which such amounts are to be paid), together with all costs and expenses paid or incurred by the Board, the Managing Agent, or the manager (if any) in connection with collecting such unpaid Common Charges with said interest or late change (as the case may be) and/or in foreclosing the aforementioned lien, including, without limitation, reasonable attorneys' fees, disbursements and court costs. In addition, if the Board shall bring an action to foreclose the aforementioned lien, the defaulting Unit Owner will be required to pay a reasonable rental for the use of his Unit, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. All such late charges, interest, costs and expenses and rentals shall be added to and shall constitute Common Charges payable by such Unit Owner.

(C) In any action brought by the Board to foreclose a lien on a Unit because of unpaid Common Charges or Special Assessments on the Unit, the Board shall have, on behalf of all Unit Owners, the power to purchase such Unit at the foreclosure sale thereof and to acquire, hold, lease, mortgage, convey, or otherwise deal with such Unit (but not to vote the votes appurtenant to the same). In the event that the net proceeds received or such foreclosure (after deduction of all legal fees and disbursements, advertising costs, brokerage commissions, court costs and other costs and expenses paid or incurred in connection therewith) shall be insufficient to satisfy the defaulting Unit Owner's obligations to the Condominium, such Unit Owner shall remain liable for the deficit. Any surplus on such foreclosure sale shall be paid to the defaulting

Unit Owner after first paying all liens on such Unit Owner's Unit in the order of priority of such liens.

(D) If the Common Charges due with respect to any Unit which is not occupied by its owner and is leased to third parties, including Unsold Units owned by the Sponsor, shall remain due and unpaid for more than sixty (60) days after the same became due and, after the expiration of all applicable grace periods, then the Board may demand that the tenants of such Units pay their rent directly to the Board. The Board's demand shall be in a writing delivered to both the tenant of the Unit and the non-occupying Owner and shall state the date as of which such direct rent payments to the Board shall commence and the address at which such payments shall be made. Such direct payment shall continue for so long as any arrears of Common Charges, late fees and Special Assessments affecting the Unit shall remain unpaid. If the non-occupying Unit Owner disputes the basis upon which the Board exercises its rights hereunder, such non-occupying Unit Owner may request an opportunity to present the facts pertaining to his claim at a special meeting of the Board which shall be held within thirty (30) days after such Unit Owner delivers a written request for such a meeting.

Section 6.5 **Working Capital Fund** (A) The Board may, in its sole discretion, but subject to the provisions of the Declaration, these By-Laws and the Rules and regulations, from time to time assess Common Charges for the creation of, addition to or replacement of all or any part of any reserve or working capital or similar fund.

(B) In the case of any reserve fund, the Common Charges so assessed and allocated shall be used solely for the purchase or performance of goods or services for the repair, replacement or improvement of the capital plant of the Building and no portion of such funds shall be used for the payment of expenses associated with the day-to-day maintenance, repair or operation of the Building.

ARTICLE 7

SELLING AND LEASING OF UNITS

Section 7.1 **General**. Subject to the terms of Section 7.5 hereof, no Residential Unit Owner may sell or lease his Residential Unit except in compliance with the applicable provisions of this Article 7. Any purported sale or lease consummated in breach of this Article shall be voidable at the election of the Board, and, if the Board shall so elect, the breaching Residential Unit Owner shall be deemed to have authorized and empowered the Board to institute legal proceedings to eject the purported purchaser (in the event of an unauthorized sale) or to evict the purported tenant (in the event of an unauthorized leasing) in the name of the said Residential Unit Owner as the owner or landlord, as the case may be. The said Residential Unit Owner shall reimburse the Board for all costs and expenses paid or incurred in connection with such proceedings, including, without limitation, reasonable attorneys' fees and disbursements and court costs.

Section 7.2 **Right of First Refusal**. (A) Subject to the terms of Sections 7.5 and 7.9, any contract to sell a Residential Unit together with its Appurtenant Interests and any lease of a Residential Unit (hereinafter collectively referred to as a "Sale or Lease Agreement") shall

contain the following language: "THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER ARE HEREBY MADE EXPRESSLY SUBJECT TO THE RIGHT OF FIRST REFUSAL IN FAVOR OF THE CONDOMINIUM BOARD OF THE BAYARD HOUSE WITH RESPECT TO THE TRANSACTION EMBODIED HEREIN, PURSUANT TO THE TERMS OF SECTIONS 7.2 AND 7.3 OF THE BY-LAWS OF THE BAYARD HOUSE AS THE SAME MAY HAVE BEEN AMENDED". Promptly after any such Sale or Lease Agreement shall have been fully executed, the Residential Unit Owner executing the same (hereinafter referred to as the "Offeree Unit Owner") shall send written notice thereof to the Board by certified or registered mail, return receipt requested, with a fully executed, original counterpart of the Sale or Lease Agreement, containing all of the terms offered in good faith by the prospective purchaser or tenant (hereinafter referred to as the "Outside Offeror").

(B) The sending of the notice referred to in paragraph (A) of this Section 7.2 shall constitute an offer by the Offeree Unit Owner to sell his Residential Unit together with its Appurtenant Interests or to lease his Residential Unit, as the case may be, to the Board or to its designee, corporate or otherwise, on behalf of all Unit Owners, upon the same terms and conditions as are contained in such Sale or Lease Agreement, subject, however, to any variance therefrom provided in Section 7.3 hereof. The giving of such notice shall further constitute a representation and warranty by the Offeree Unit Owner to the Board, on behalf of all Unit Owners, that such Offeree Unit Owner believes the Sale or Lease Agreement to be bona fide in all respects. Thereafter, upon the written demand of the Board the Offeree Unit Owner shall submit to the Board, in writing, such further information with respect to the Outside Offeror and the Sale or Lease Agreement as the Board may reasonably request.

(C) The Board may elect, by sending written notice thereof to the Offeree Unit Owner by certified or registered mail not later than thirty (30) business days after receipt of the notice referred to in paragraph (A) hereof together with such further information as may have been requested pursuant to the terms of paragraph (B) hereof, to purchase such Residential Unit together with its Appurtenant Interests (or to cause the same to be purchased by its designee, corporate or otherwise) on behalf of all Residential Unit Owners upon the same terms and conditions as were contained in the Sale or Lease Agreement and stated in the response(s) by the Offeree Unit Owner to any requests for additional information pursuant to the terms of paragraph (B) hereof.

Section 7.3 **Acceptance of Offer**. (A) In the event that the Board shall elect, within the time and in the manner provided in Section 7.2 hereof, to purchase a Residential Unit together with its Appurtenant Interests, or to cause the same to be purchased by its designee, or to lease the Residential Unit, title shall close or a lease shall be executed, in either event, in accordance with the terms of the Sale or Lease Agreement, at the office of the attorneys for the Condominium within ninety (90) days after the day upon which the Board shall give notice of its election to accept such offer.

(B) The purchase price and all costs and expenses incurred in connection therewith will be assessed to all Residential Units only. If such Residential Unit and its Appurtenant Interests are to be purchased by the Board or its designee on behalf of all Residential Unit Owners, such purchase may be made from the funds deposited in the capital

and/or expense accounts of the Condominium exclusive of any funds deposited by the Commercial Unit Owner. If the funds in such accounts are insufficient to effectuate such purchase, the Board may levy a Special Assessment against each Residential Unit Owner (other than the Offeree Unit Owner) in accordance with the terms of paragraph (C) of Section 6.1 hereof and/or the Board may, in its discretion, finance the acquisition of such Unit provided, however, that no such financing may be secured by an encumbrance on or a hypothecation of any portion of the Property other than the Residential Unit to be purchased together with its Appurtenant Interests. In addition, if the Outside Offeror was to assume or to take title to the Residential Unit subject to the Offeree Unit Owner's existing mortgage or mortgages, in the case of a sale, the Board may purchase the Residential Unit and assume or take title thereto subject to such mortgage or mortgages, as the case may be. At the closing of title, the Offeree Unit Owner shall convey the Residential Unit, together with its Appurtenant Interests to the Board or to its designee, on behalf of all Residential Unit Owners, by deed in the form required by Section 339-o of the Condominium Act with all tax and/or documentary stamps affixed at the expense of the Offeree Unit Owner, who shall also pay all other transfer taxes arising out of such sale notwithstanding any terms of the Sale or Lease Agreement to the contrary, real estate taxes (including water charges and sewer charges, if separately assessed), mortgage interest (if applicable) and Common Charges shall be apportioned between the Offeree Unit Owner and the Board or its designee as of the closing date, notwithstanding any terms of the Sale or Lease Agreement to the contrary. Thereafter, such Residential Unit shall be held, so long as the same is owned by the Board or its designee, on behalf of all Residential Unit Owners, and all such Residential Unit Owners shall be deemed to have waived all rights of partition with respect to such Unit and the entire Property, as herein provided.

(C) In the event that such Residential Unit is to be leased by the Board or its designee, the Offeree Unit Owner shall execute and deliver to the Board or such designee a lease covering such Unit by and between the Offeree Unit Owner, as landlord, and the Board or such designee, as tenant. Such lease shall be in the then current form of apartment lease recommended by the Real Estate Board of New York, Inc. or the Bar Association of the City of New York, and shall contain all of the terms and conditions of the Sale or Lease Agreement not in conflict with any such form of lease, including, without limitation, the rental and term provided for therein. Notwithstanding anything to the contrary set forth hereinabove or in the Sale or Lease Agreement, however, such lease shall expressly provide that the Board or such designee may enter into a sublease of the premises demised thereunder without consent of the landlord.

(D) Until such Residential Unit is no longer owned by the Board, all costs and expenses of owning, maintaining, repairing, altering, improving, operating, leasing and managing same (including, but not limited to, purchase price, finance payments and charges, brokerage commissions and legal fees) shall be assessed solely to all remaining Residential Unit Owners as a Common Expense. In the event such Residential Unit is used by the Board, the aforesaid costs plus rent and additional rent, if any, shall be assessed to all Residential Unit Owners as a Common Expense. Likewise, all income, revenue and profit derived from such Residential Unit shall be collected in behalf of all Residential Unit Owners and used to defray the Common Charges.

(E) All Units acquired by the Board or its designee in connection with the enforcement of its lien for unpaid Common Charges shall be held by the Board or its designee on behalf of all Unit Owners (including the Commercial Unit Owner). The purchase price and all costs and expenses incurred in connection therewith shall be assessed to all Unit Owners as a Common Expense. Such Units shall not be subject to partition or occupancy by other Unit Owners and until no longer owned or leased by the Board, all costs and expenses shall be assessed to all Unit Owners as a Common Expense.

Section 7.4 **Failure to Accept Offer**. (A) If the Board fails to accept an offer made pursuant to the terms of Section 7.2 hereof within the times set forth in paragraph (C), the Offeree Unit Owner shall be free to consummate the transaction embodied in the Sale or Lease Agreement within ninety (90) days after (i) notice of refusal is sent to the Offeree Unit Owner by the Board or (ii) the expiration of the period within which the Board or its designee might have accepted such offer, as the case may be. If the Offeree Unit Owner shall fail to consummate the transaction embodied in the Sale or Lease Agreement within such ninety (90) day period, then, should the Offeree Unit Owner thereafter elect to sell such Residential Unit together with its Appurtenant Interests or to lease such Unit, the Offeree Unit Owner shall be required again to comply with all of the terms and provisions of Sections 7.2, 7.3 and 7.4 hereof.

(B) Any deed of a Residential Unit and its Appurtenant Interests to an Outside Offeror shall expressly provide that the acceptance thereof by the grantee constitutes an assumption of all of the terms of the Condominium Documents, and, in the absence of such express language, the same shall be conclusively deemed to have been included therein.

(C) Each lease of a Residential Unit to an Outside Offeror shall be in the then current form of apartment lease recommended by the Real Estate Board of New York, Inc., subject to such modifications as may be approved in writing by the Board. Notwithstanding the foregoing, however, each such lease shall be consistent with the Condominium Documents and shall expressly provide, and be deemed to expressly provide, that:

(i) such lease may not be amended, modified, or extended without the prior written consent of the Board in each instance;

(ii) the tenant thereunder shall not assign his interest in such lease or sublet the premises demised thereunder or any part thereof without the prior written consent of the Board in each instance; and

(iii) the Board 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 (a) a default by the tenant in the performance of its obligations under such lease or (b) a foreclosure of the lien granted by Section 339-z of the Condominium Act.

Section 7.5 **Termination of, and Exceptions to, the Right of First Refusal** (A) A certificate executed and acknowledged by an officer of the Condominium stating that the provisions of section 7.2 hereof have been met by a Residential Unit Owner or that the right of first refusal provided for therein has been duly released or waived by the Board and that, as a result thereof, the rights of the Board thereunder have terminated, shall be conclusive upon the

Board and all Unit Owners in favor of all Persons who rely upon such certificate in good faith. After the due issuance of such a certificate, the Residential Unit to which the same shall relate, together with its Appurtenant Interests may be sold, conveyed, or leased free and clear of the terms and conditions contained in Section 7.2 hereof. The Board shall furnish or cause the Managing Agent to furnish, such certificate upon written request to any Residential Unit Owner in respect to whom the provisions of Section 7.2 hereof have, in fact, been terminated. In no event, however, shall the right of first refusal described in Section 7.2 hereof be deemed released or waived by the Board (as opposed to satisfied pursuant to the express terms of Sections 7.2, 7.3 and 7.4 hereof) in the absence of a certificate that has been duly executed, acknowledged and issued by the Board or the Managing Agent as aforesaid.

(B) The terms and conditions contained in Sections 7.2, 7.3 and 7.4 hereof shall not apply with respect to any sale, lease, or conveyance of a Residential Unit, together with its Appurtenant Interests by:

(i) the owner of such Residential Unit to any of his adult Family Members, to any combination of the same or to a trust for the benefit of any of them or, with respect to a Residential Unit Owner that is not an individual, to any entity or individual that owns more than fifty percent of the legal and beneficial interests of such Residential Unit Owner or to any entity with respect to which such Residential Unit Offer (individual or otherwise) owns more than fifty percent of the legal and beneficial interests thereof;

(ii) sponsor, or its designee, with respect to the Unsold Units;

(iii) the Board;

(iv) any proper officer conducting the sale of a Residential Unit in connection with the foreclosure of a mortgage or other lien covering such Residential Unit or delivering a deed in lieu of such foreclosure; or

(v) any Permitted Mortgagee, or his nominee who has acquired title to any Residential Unit at any foreclosure sale of, his or her Permitted Mortgage or by deed in lieu thereof delivered in a bona fide transaction; provided, however that each succeeding Residential Unit Owner shall be bound by, and his Unit shall continue to be subject to, all of the terms and conditions of this Article 7. In addition, the terms and conditions contained in Section 7.2 hereof shall in no event apply to a sale, lease, or conveyance of (i) a Residential Unit to a Permitted Mortgagee or a purchaser at a foreclosure sale of a Permitted Mortgage in connection with a foreclosure or a sale in lieu of foreclosure or (ii) either all or a portion of the Commercial Unit, together with its Appurtenant Interests.

Section 7.6 **No Severance of Ownership**. No Unit Owner shall execute any deed or other instrument conveying title to his Unit without including therein its Appurtenant Interests it being the intention to prevent any severance of such combined ownership. Any deed or other instrument purporting to affect one or more of such interests shall be taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the Appurtenant Interests of any Unit may be sold, conveyed, or otherwise disposed of, except as part of a sale, conveyance, or other disposition of the Unit to which such

interests, are appurtenant or as part of a sale, conveyance, or other disposition of such part of the Appurtenant Interests of all Units. Nothing contained in this Section 7.6, however, shall prohibit the lease of any Unit without the simultaneous lease of its Appurtenant Interests.

Section 7.7 **Payment of Common Charges**. No Unit Owner shall be permitted to convey or lease his Unit unless he shall have paid in full to the Board all unpaid Common Charges and Special Assessments theretofore assessed against such Unit and shall have satisfied all unpaid liens, other than that of Permitted Mortgages, levied against such Unit. A letter from an officer of the Board or the Condominium's Managing Agent stating the amount of any Common Charges and Special Assessments, if with respect to such Unit may be relied upon as conclusive evidence of such fact. Notwithstanding the foregoing, any conveyance or lease of an Unsold Unit without complying with the provisions of this Section 7.7 shall not affect the validity of such conveyance or lease.

Section 7.8 **Power of Attorney**. At the time of acquiring title to a Unit and as a condition thereof, the new Unit Owner shall duly execute, acknowledge and deliver to the representative of his title insurance company (or, if no such representative is present, to Sponsor or its designee, or, if Sponsor or its designee is not then the owner of any Unsold Unit, to the Board) for recording in the Register's Office, the Unit Owner's Power of Attorney required in Article 14 of the Declaration, in the form set forth as Exhibit E to the Declaration.

Section 7.9 **Gifts and Devises, Etc.**. Any Unit Owner shall be free to convey or transfer his Unit, together with its Appurtenant Interests by gift, or to devise the same by will or to have the same pass by intestacy, provided, however, that each succeeding Unit Owner shall be bound by, and his Unit shall be subject to, the provisions of this Article 7.

Section 7.10 **Charges Imposed on Sale or Lease of Residential Units**. If not prohibited by Law, the Board shall have the right and authority to fix by resolution and collect, before any sale or lease of a Unit (other than an Unsold Unit or the Commercial Unit) is consummated, a reasonable charge to cover its expenses, and any fees due the Managing Agent or any attorney retained by the Board, in connection with the sale or lease. If such charge is adopted, it shall be added to and constitute Common Charges payable by the transferor Unit Owner. Notwithstanding the foregoing, such charge shall not be collected from Sponsor or its designee, in the event Sponsor or its designee sells or leases an Unsold Unit, or from the Commercial Unit Owner in connection with a sale or lease of all or part of the Commercial Unit.

ARTICLE 8

MORTGAGING OF UNITS

Section 8.1 **General.** Each Unit Owner shall have the right to mortgage his Unit, subject only to the terms and conditions contained in Section 8.2 hereof. Any Unit Owner who mortgages his Unit, or the holder of such mortgage, shall supply the Board with the name and address of his mortgagee and, if requested by the Board, shall file a conformed copy of the note and mortgage with the Board. Any Unit Owner who satisfies a mortgage covering his Unit shall so notify the Board and, if requested by the Board, shall file a conformed copy of the satisfaction

of mortgage with the Board. The Secretary of the Condominium shall maintain such information in a book entitled "Mortgages of Units."

Section 8.2 **Restrictions on Mortgaging**. (A) No Residential Unit Owner (other than the owner of an Unsold Unit) shall be permitted to mortgage, pledge, or hypothecate his Unit unless and until he shall have paid in full to the Board all unpaid Common Charges and Special Assessments theretofore assessed against such Unit and shall have satisfied all unpaid liens, levied against such Unit except the liens of Permitted Mortgages. A letter from the Board or the Managing Agent stating the amount of unpaid Common Charges and Special Assessments, if any, with respect to such Unit may be relied upon as conclusive evidence of payment to its date.

(B) No Unit Owner shall execute any mortgage or other document mortgaging, pledging, or hypothecating title to his Unit without including therein its Appurtenant Interests it being the intention to prevent any severance of such combined ownership. Any mortgage or other instrument purporting to affect one or more of such interests without including all such interests shall be deemed and taken to include the interest or interest so omitted, even though the latter shall not be expressly mentioned or described therein.

Section 8.3 **Notice of Unpaid Common Charges and Default**. Whenever requested in writing by a Permitted Mortgagee, the Board shall promptly report to such Permitted Mortgagee any default by his mortgagor(s) in the payment of Common Charges or Special Assessments or in the observance or performance of any of the provisions of the Condominium Documents as to which the Board has knowledge. The Board shall, when giving notice to a Unit Owner of any such default, also send a copy of such notice to his Permitted Mortgagee if so requested. However, the Board shall have no liability for any failure, through oversight or negligence, in notifying a Permitted Mortgagee of such default by his mortgagor, provided that (i) the Board shall advise such Permitted Mortgagee of the default promptly after discovering such failure and (ii) if the Board shall foreclose a lien on such mortgagor's Unit pursuant to the terms of Section 6.4 hereof by reason of such default, the Board shall pay to such Permitted Mortgagee any net proceeds of any foreclosure sale of such Unit (subject to and in accordance with the lien priority) set forth in Article 6 above or such lesser sum as shall be due and owing to such Permitted Mortgagee.

Section 8.4 **Performance by Permitted Mortgagees**. Any sum of money to be paid or any act to be performed by a Unit Owner pursuant to the terms of the Condominium Documents may be paid or performed by his Permitted Mortgagee, and the Board shall accept such Permitted Mortgagee's payment or performance with the same force and effect as if the same were paid or performed by such Unit Owner.

Section 8.5 **Examination of Books**. Each Permitted Mortgagee shall be permitted to examine the books of account of the Condominium at reasonable times on business days, but not more frequently than once a month.

Section 8.6 **Consent of Mortgagees; Designation of Mortgage Representatives**. (A) Except as otherwise expressly provided for herein or in the Declaration, no consent or approval by any mortgagee shall be required with respect to any determination or act of the Board or any Unit Owner, provided, however, that nothing contained herein shall be deemed to limit or affect

the rights of any mortgagee against his mortgagor. In the event that any such consent or approval shall be expressly required pursuant to the terms of the Declaration or these By-Laws, the decision of a majority of the Mortgage Representatives, if any are designated pursuant to the terms of paragraph (B) of this Section 8.6, shall be deemed binding upon the holders of all Mortgages encumbering Units.

(B) The holders of Institutional Mortgages constituting a majority in principal amount of all Institutional Mortgages may, if they so elect, designate not more than two (2) Mortgage Representatives by giving written notice thereof to the Board, which Mortgage Representatives shall thereby be empowered to act as the representatives of the holders of all mortgages encumbering Units with respect to any matter requiring the consent or approval of mortgagees under the Declaration or these By-Laws. Any designation of a Mortgage Representative pursuant to the terms of this paragraph (B) shall be effective until any successor Mortgage Representative is designated pursuant to the terms hereof and written notice thereof is given to the Board. Unless otherwise required by Law, no holders of mortgages encumbering Units other than Permitted Mortgagees who hold Institutional Mortgages shall be entitled to participate in the designation of Mortgage Representatives, but all holders of mortgages encumbering Units shall be subject to all determinations made by the Mortgage Representatives pursuant to the terms of the Declaration or these By-Laws.

ARTICLE 9

CERTAIN REMEDIES

Section 9.1 **Self Help** If any Unit Owner shall violate or breach any of the provisions of the Condominium Documents on his part to be observed or performed, including, without limitation, any breach of his obligation to paint, decorate, maintain, repair, or replace his Unit or its appurtenant Limited Common Elements pursuant to the terms of Article 5 hereof, and shall fail to cure such violation or breach within five (5) days after receipt of written notice of the same from the Board, the Managing Agent, or any manager (or, with respect to any violation or breach of the same not reasonably susceptible to cure within such period, to commence such cure within such five day period and, thereafter, to prosecute such cure with due diligence to completion), the Board shall have the right to enter such Unit Owner's Unit and/or its appurtenant Limited Common Elements and summarily to abate, remove, or cure such violation or breach without thereby being deemed guilty or liable in any manner of trespass. In addition, in the event that the Board shall determine that the abatement, removal, or cure of any such violation or breach is immediately necessary for the preservation or safety of the Building or for the safety of the occupants of the Building or other individuals or is required to avoid the suspension of any necessary service in the Building, the Board may take such action immediately, without prior notice and without allowing the said Unit Owner any period of time within which to cure or to commence to cure such violation or breach.

Section 9.2 **Abatement and Injunction**. (A) In the event that any Unit Owner shall violate or breach any of the provisions of the Condominium Documents on his part to be observed or performed, the Board shall have the right to seek to enjoin, abate, or otherwise

remedy the continuance or repetition of any such violation or breach by appropriate proceedings brought either at Law or in equity.

(B) The violation or breach of any of the terms of the Condominium Documents with respect to any of the rights, easements, privileges, or licenses granted to Sponsor or its designee shall give to Sponsor or such designee the right to enjoin, abate, or remedy the continuation or repetition of any such violation or breach by appropriate proceedings brought. either at law or in equity.

Section 9.3 **Remedies Cumulative**, The remedies specifically granted to the Board or to Sponsor or its designee in this Article 9 or elsewhere in the Condominium Documents shall be cumulative, shall be in addition to all other remedies obtainable at law or in equity and may be exercised at one time or at different times, concurrently or in any order, in the sole discretion of the Board or Sponsor or such designee, as the case may be. Further, the exercise of any remedy shall not operate as a waiver, or preclude the exercise, of any other remedy.

Section 9.4 **Costs and Expenses**, All sums of money expended, and all costs and expenses incurred, by (i) the Board in connection with the abatement, enjoinment, removal, or cure of any violation, breach, or default committed by a Unit Owner pursuant to the terms of Section 9.1 or paragraph (A) of Section 9.2 hereof or (ii) Sponsor in connection with any abatement, enjoinment, or remedy of any violation or breach of the Condominium Documents pursuant to the terms of paragraph (B) of Section 9.2 hereof, shall be immediately payable by (a) in the event set forth in subparagraph (i) hereof, such Unit Owner to the Board or (b) in the event set forth in subparagraph (ii) hereof, the offending party (i.e., the Board or the Unit Owner) to Sponsor, which amount shall, in either event, bear interest (to be computed from the date expended) at the rate of two percent per month (but in no event in excess of the maximum rate chargeable to such Unit Owner pursuant to Law). All sums payable by a Unit Owner to the Board pursuant to the terms of this Section 9.4 shall, for all purposes hereunder, constitute Common Charges payable by such Unit Owner and the Board shall have such remedies with respect to their collection as are provided generally for Common Charges in Article 6.

ARTICLE 10

ARBITRATION

Section 10.1 **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 City of New York in accordance with the then existing rules of the American Arbitration Association or any successor organization thereto. In the event that the American Arbitration Association shall not then be in existence and has no successor organization, any such arbitration shall be held in the City of New York before one arbitrator appointed, upon the application of any party, by any Justice of the highest court of appellate jurisdiction then located in the City of New York. The decision of the arbitrator so chosen shall be given within ten (10) days after his selection or appointment. Any arbitrator appointed or selected in connection with any arbitration to be conducted hereunder shall be a member of a law firm having at least five (5) members whose principal office is located in the City of New York

Section 10.2 **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 10.1 hereof with respect to the arbitration of such dispute or may agree to resolve the dispute in any alternative 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 10.3 **Binding Effect**, The decision in any proceeding conducted pursuant to the terms of Sections 10.1 and/or 10.2 hereof shall be binding upon all of the parties thereto and may be entered in any court of appropriate jurisdiction. Notwithstanding the foregoing, however, any arbitration held pursuant to the terms of the Condominium Documents with respect to a matter that arose prior to the first annual meeting of all Unit Owners held pursuant to the terms of Section 4.1 hereof shall be non-binding.

Section 10.4 **Costs and Expenses**. (A) 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.

(B) All costs and expenses paid or incurred by the Board in connection with any arbitration held hereunder, including, without limitation, the fees and expenses of counsel and expert witnesses, shall constitute Common Expenses.

ARTICLE 11

NOTICES

Section 11.1 **General**. All notices required or desired to be given hereunder except for notices of meetings under Articles 2 and 4 shall be sent by registered or certified mail, return receipt requested, postage prepaid addressed:

(i) if to the Board, at its principal office as set forth in Section 1.5 hereof, with a photocopy sent to the Managing Agent (if any) at its principal office address;

(ii) if to a Unit Owner other than Sponsor or its designee, to such Unit Owner at his address at the Property;

(iii) if to Sponsor or its designee, to Sponsor or such designee, at c/o Horizon Realty and Development Corp., 950 Third Avenue, 28th Floor, New York, New York, 10028 **Attention: John Jacobson** (with a copy to Sponsor's attorney, Greenberg Traurig, LLP, 200 Park Avenue, New York, New York 10166, Attention: Robert J. Ivanhoe, Esq.); or

(iv) if to a Permitted Mortgagee, to such Permitted Mortgagee at its latest address designated in writing to the Board.

Any of the foregoing parties may change the address to which notices are to be sent, or may designate additional addresses for the giving of notice, by sending written notice to the other parties as aforesaid. All notices sent pursuant to the terms of this Section 11.1 shall be deemed given five (5) days after deposited in a branch or general post office or depository maintained by the United States Postal Service located in the State of New York enclosed in a sealed, postage prepaid wrapper, addressed as aforesaid.

Section 11.2 **Waiver of Service of Notice**. Whenever any notice is required to be given by Law or pursuant to the terms of the Condominium Documents, 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 of the proper giving of notice, except for any notice required to be given pursuant to Section 7.11.

ARTICLE 12

AMENDMENTS TO BY-LAWS

Section 12.1 **General**. (A) Subject to the terms of paragraph (B) hereof and subject, further, to any provisions contained in the Declaration or these By-Laws with respect to any amendments (hereinafter referred to as "Special Amendments") affecting or in favor of Sponsor or its designee, any Unsold Unit(s), the Commercial Unit Owner, the Commercial Unit and/or any Permitted Mortgagee, any provision of these By-Laws may be amended, modified, added to, or deleted by the affirmative vote of not less than 66 2/3% in number and aggregate Common Interests of all Unit Owners either taken at a duly constituted meeting thereof or given

in writing without a meeting as provided in Section 4.10 hereof. Each duly adopted amendment, modification, addition, or deletion hereof or hereto shall be effectuated in an instrument executed and recorded in the Register's Office by or on behalf of the Board as attorney-in-fact of all Unit Owners, which power-of-attorney shall be deemed irrevocable and coupled with an interest. Attached to each such instrument shall be an original, executed Secretary's Certification, certifying that the requisite number and percentage of Unit Owners approved the modification, addition, or deletion set forth therein either at a duly constituted meeting of Unit Owners or in writing without a meeting pursuant to the terms of Section 4.10 hereof, in which Secretary's Certification there shall be described the number and percentage of Unit Owners approving the same and, if voted at a meeting, the date, time and place of such meeting. No such amendment, modification, addition, or deletion shall be effective unless and until such an instrument shall be duly recorded in the Register's Office.

(B) Notwithstanding anything to the contrary contained in paragraph (A) hereof, but still subject to any provision contained in the Declaration or these By-Laws with respect to Special Amendments:

(i) the Common Interest appurtenant to any Unit, as set forth in the Declaration, shall not be altered without the consent of the Unit Owner thereof, except as otherwise provided in paragraph (F) of Section 5.5 hereof;

(ii) no amendment, modification, addition, or deletion agreed to pursuant to the terms of paragraph (A) hereof shall be effective without the prior written consent of the Mortgage Representatives, if any, provided, however, that no such consent shall be unreasonably withheld or delayed; and

(iii) the terms of Section 5.7 hereof may not be amended, modified, added to, or deleted unless (in addition to the consent, if required, of the Mortgage Representatives as provided above) not less than eighty percent (80%) in number and in aggregate Common Interests of all Unit Owners affected thereby shall approve such amendment, modification, addition or deletion in writing.

Section 12.2 **Special Amendments**. (A) Any amendment, modification, addition, or deletion of or to any of the provisions of these By-Laws that, pursuant to the terms of the Declaration or these By-Laws, may be effected by Sponsor or its designee without the consent of the Board or the Unit Owners, shall be embodied in an instrument executed and recorded in the Registers Office by Sponsor or such designee as attorney-in-fact of both the Board and all Unit Owners, which power-of-attorney shall be deemed to be irrevocable and coupled with an interest. Attached to each such instrument shall be an original, executed certification by Sponsor or such designee, certifying that the amendment, modification, addition, or deletion set forth therein was effectuated by Sponsor or such designee pursuant to the terms of the Declaration and/or these By-Laws, in which verification there shall be set forth the Article and/or Section of the Declaration or these By-Laws pursuant to which the same was effectuated. No such amendment, modification, addition deletion shall be effective unless and until such an instrument shall be duly recorded in the Register's Office.

(B) Notwithstanding any provision contained herein to the contrary, no amendment, modification, addition, or deletion of or to these By-Laws shall be effective in any respect against Sponsor or its designee, any Unsold Unit, any Commercial Unit Owner, and/or any Commercial Unit unless and until Sponsor, such designee, Unsold Unit Owner and/or the Commercial Unit Owner shall consent to the same in writing.

(C) Notwithstanding any provision contained herein to the contrary, no amendment, modification, addition, or deletion of or to Section 5.4 or 5.5, paragraph (B) of Section 6.2, or Article 8 hereof shall be effective with respect to the holder of any Permitted Mortgage theretofore made unless and until such Permitted Mortgagee shall have given its written content thereto.

ARTICLE 13

FURTHER ASSURANCES

Section 13.1 **General**. Any Person that is subject to the terms of these By-Laws, whether such Person is a Unit Owner, a lessee or sublessee of a Unit Owner, an occupant of a Unit, a member of the Board, an officer of the Condominium, or otherwise, shall, at the expense of any other Person requesting the same, execute, acknowledge and deliver to such other Person such instruments, in addition to those specifically provided for herein, and take such other action as such other Person may reasonably request in order either to effectuate the provisions of these By-Laws or any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

Section 13.2 **Failure to Deliver or Act**. (A) If any Unit Owner or other Person that is subject to the terms of these By-Laws fails to execute, acknowledge, or deliver any instrument, or fails or refuses, within ten (10) days after request therefor, to take any action that such Unit Owner or Person is required to execute, acknowledge and deliver or to take pursuant to these By-Laws, then the Board is hereby authorized, as attorney-in-fact for such Unit Owner or other person, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of such Unit Owner or other person, and such document or action shall be binding on such Unit Owner or other Person.

(B) If the Board, any Unit Owner, or other Person that is subject to the terms of these By-Laws fails to execute, acknowledge, or deliver any instrument, or fails or refuses, within ten (10) days after request therefor, to take any action that the Board, such Unit Owner, or Person is required to execute, acknowledge and deliver or to take pursuant to these By-Laws at the request of Sponsor or its designee, the Sponsor or its designee is hereby authorized, as attorney-in-fact for the Board, such Unit Owner, or other person, coupled with an interest, to execute, acknowledge and deliver such Instrument, or to take such action, in the name of the Board, such Unit Owner, or other person, and such document or action shall be binding on the Board, such Unit Owner, or other person.

ARTICLE 14

MISCELLANEOUS

Section 14.1 **Inspection of Documents**, Copies of the Declaration, these By-Laws, the Rules and Regulations and the Floor Plans, as the same may be amended from time to time, shall be maintained at the office of the Board and shall be available for inspection by Unit Owners and their authorized agents during reasonable business hours.

Section 14.2 **Waiver** No provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches that may occur.

Section 14.3 **Conflicts** In the event that any provision of these By-Laws or of the Rules and Regulations shall be construed to be inconsistent with any provision of the Declaration or of the Condominium Act, the provision contained in the Declaration or in the Condominium Act shall control.

Section 14.4 **Severability**, If any provision of these By-Laws is invalid or unenforceable as against any Person or under certain circumstances, the remainder of these By-Laws and the applicability of such provision to other Persons or circumstances shall not be affected thereby. Each provision of these By-Laws shall, except as otherwise provided herein, be valid and enforced to the fullest extent provided by Law.

Section 14.5 **Successors and Assigns.** Except as otherwise expressly provided below or elsewhere in these By-Laws, the rights and/or obligations of each Unit Owner as set forth herein shall inure to the benefit of, and shall be binding upon such Unit Owner's successors and assigns. The rights and/or obligations of Sponsor as set forth herein shall inure to the benefit of, and shall be binding upon, any successor or assignee of Sponsor or, with the consent of Sponsor, any transferee of all of the then Unsold Units. Notwithstanding the foregoing, any Permitted Mortgagee of a Unit or a purchaser at a foreclosure sale of a Permitted Mortgagee who succeeds to the interest of a Unit Owner shall be responsible only for the obligations of such Unit Owner arising from or after the effective date of succession to title to such Unit and shall not be liable for any unpaid Common Charges or Special Assessments accruing prior to the effective date of such succession.

Section 14.6 **Gender**. A reference in these By-Laws 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.

Section 14.7 **Captions**. The index hereof and the captions herein inserted are included only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-Laws or the intent of any provision hereof.

Addendum to the By-Laws of The Bayard House

RULES AND REGULATIONS OF THE BAYARD HOUSE

1. The sidewalks, entrances, passages, public halls, elevators, vestibules, corridors and stairways of or appurtenant to the Building shall not be obstructed or used for any purpose other than ingress to and egress from the Units. No vehicle belonging to a Unit Owner, to a Family Member of a Unit owner, or to a guest, tenant, subtenant, licensee, invitee, employee, or agent of a Unit Owner shall be parked in such a manner as to impede or prevent ready access to any entrance to, or exit from, the Building. No occupant of a Unit shall permit any of its agents, employees, contractors, licensees or invitees to congregate or loiter in any of the public areas of the Building.

2. No velocipedes, bicycles, scooters or baby carriages shall be allowed to stand in the public halls, passageways, or other public areas of the Building.

3. No article (including, but not limited to, garbage cans, bottles, mats, plants, vases, flower pots or flower boxes) shall be placed or stored in any of the halls, on any of the staircases or on the fire escape of the Building, nor shall any fire exit thereof be obstructed in any manner.

4. Any storage room for Residential Unit Owners shall be used by all Residential Unit Owners, in common, only for the storage of such articles as the Board, in its sole discretion, may determine. Supervision, management and control of the moving in, storing and removal of a Residential Unit Owner's property from the storage room is vested in the Board. The use of the storage rooms, if any, shall be at the sole risk of the Residential Unit Owner or other Person using the same, and the Board, its agents, or the Managing Agent shall not be liable for any injury to person, loss by theft or otherwise, or damage to property, whether due to the negligence of the Board, its agents, the Managing Agent, or otherwise.

5. No clothes, sheets, blankets, laundry, or other articles of any kind shall be hung on or out of a Unit or shall be dried or aired on any roof terrace in any manner visible from the street.

6. No awnings or other projections shall be attached to the outside walls or windows of the Condominium.

7. The Board or the Managing Agent shall have the right to prescribe the weight and position of safes and other objects of excessive weight and no safe or other object, the weight of which exceeds the lawful load for the area upon which it would stand, shall be brought into or kept upon the Units. All removals, the carrying in or out of the Building and the movement from floor to floor within the Building of any safes, freight, furniture, packages, boxes, crates or any other object or matter of any description, shall take place only during such hours, in such elevators and under such restrictions as the Board may from time to time reasonably determine, which may involve overtime work for the Board's employees. Each occupant shall reimburse the

Board for extra costs incurred by the Board in connection therewith. The Persons employed to move the same in and out of the Building shall be reasonably acceptable to the Board.

8. Trash and refuse from the Residential Units shall be disposed of only at such times and in such manner as the Board or the Managing Agent may direct. Nothing shall be hung or shaken from any doors, windows, or roof terraces, or placed upon the window sills, of the Building, and no Unit Owner shall sweep or throw, or permit to be swept or thrown, any dirt, debris or other substance therefrom.

9. There shall be no playing or lounging in the entrances, passages, public halls, elevator, vestibules, corridors, or stairways, of the Building, except in areas designated as recreational, if any, in the Declaration or by the Board.

10. The Board or the Managing Agent may, from time to time, curtail or relocate any portion of the Common Elements devoted to storage, recreation, or service purposes in the Building.

11. Nothing shall be done or kept in any Unit or in the Common Elements that will increase the rate of insurance of the Building, or the contents thereof, without the prior written consent of the Board. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Elements, that will result in the cancellation of insurance on the Building, or the contents thereof, or that would be in violation of any Law. No Unit Owner or any of his Family Members, agents, servants, employees, licensees, or visitors shall, at any time, bring into or keep in his Unit any inflammable, combustible, or explosive fluid, material, chemical, or substance, except as shall be necessary and appropriate for the permitted uses of such Unit.

12. There shall be no barbecuing in the Units, or in the Common Elements, except for those areas (if any) specifically designated for barbecuing by the Board.

13. No Unit Owner shall make, cause, or permit any unusual, disturbing, or objectionable noises or odors to be reduced upon or to emanate from his Unit or permit anything to be done therein that will interfere with the rights, comforts, or conveniences of the other Unit Owners. No Unit Owner shall play upon or suffer to be played upon any musical instruments or shall operate or permit to be operated a phonograph, radio, television or other loudspeaker in such Unit Owner's 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 Unit Owner practice or suffer to be practiced either vocal or instrumental music between the hours of 10:00 P.M. and the following 9:00 A.M. No construction, repair works 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.

14. No bird, reptile, or animal shall be permitted, raised, bred, kept, or harbored in the Units unless, in each instance, the same shall have been expressly permitted in writing by the Board or the Managing Agent. Any such consent, if given, shall be revocable at any time by the Board or the Managing Agent in their sole discretion. In no event shall any bird, reptile, or animal be permitted in any public elevator of the Building, unless carried or on a leash. No

pigeons or other birds or animals shall be fed from the window sills, terraces, or other public portions of the Building, or on the sidewalk or street adjacent to the Building.

15. No occupant of the Building shall send any employee of the Condominium or of the Managing Agent out of the Building on any private business.

16. No group tour or exhibition of any Residential Unit or its contents shall be conducted, nor shall any auction sale be held in any Residential Unit, without the consent of the Board or the Managing Agent in each instance. In the event that any Unit shall be used for home occupation or other permitted purposes in conformance with the Declaration and the By-Laws, no patients, clients, or other invitees shall be permitted to walk in any lobby, public hallway, or vestibule of the Building.

17. Unless expressly authorized by the Board in each instance, not less than eighty (80%) percent of the floor area of each Residential Unit (excepting only kitchens, pantries, bathrooms, closets and foyers) must be covered with rugs, carpeting, or equally effective noise-reducing material.

18. No window guards or other window decorations shall be used in or about any Residential Unit, except such as shall have been approved in writing by the Board or the Managing Agent, which approval shall not be unreasonably withheld or delayed. In no event, however, shall any exterior glass surface of any windows at the Property be colored or painted.

19. No ventilator or air conditioning device shall be installed in any Residential Unit without the prior written approval of the Board, which approval may be granted or refused in the sole discretion of the Board.

20. No radio or television aerial, satellite dish or cellular antennae shall be attached to or hung from he exterior of the Building, and no sign, notice, advertisement, or illumination (including, without limitation, "For Sale, "For Lease," or "For Rent" signs) shall be inscribed or exposed on or at any window or other part of the Building, except such as are permitted pursuant to the terms of the Declaration and/or the By-Laws or shall have been approved in writing by the Board or the Managing Agent. Nothing shall be projected from any window of a Residential Unit without similar approval.

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

22. Water-closets 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 water-closets or other apparatus in a Unit shall be repaired and paid for by the owner of such Unit.

23. Each Unit Owner shall keep his Unit and its appurtenant Limited Common Elements in a good state of preservation, condition, repair and cleanliness in accordance with the terms of the By-Laws.

24. The agents of the Board or the Managing Agent, and any contractor or workman authorized by the Board or the Managing Agent, may enter any room in the Building or Residential Unit at any reasonable hour of the day, on at least one day prior notice to the Unit Owner, for the purpose of inspecting such Unit for the presence of any vermin, insects, or other pets and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects, or their pests however, such entry, inspection and extermination shall be done in a reasonable manner so as not to unreasonably interfere with the use of such Unit for its permitted purposes.

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

26. If any key or keys are entrusted by a Unit Owner, by any Family Member thereof, or by his agent, servant, employee, licensee, or visitor to an employee of the Condominium or of the Managing Agent, whether for such Unit Owner's Unit or an automobile, trunk, or other item of personal property the acceptance of the key shall be at the sole risk of such Unit Owner, and neither the Board nor the Managing Agent shall (except as provided in Rule 25 above) be liable for injury, loss, or damage of any nature whatsoever, directly or indirectly resulting therefrom or connected therewith.

27. Any consent or approval given under these Rules and Regulations may be amended, modified, added to, or repealed at any time by resolution of the Board. Further, any such consent or approval may, in the discretion of the Board or the Managing Agent, be conditional in nature.

28. Unless the Board shall have consented to the same, the Board shall have the right to prohibit any advertising or identifying sign by any occupant, other than signage for the Commercial Unit which shall have been otherwise approved by the Landmarks Preservation Commission and the Board, which, in the reasonable judgment of the Board, tends to impair the appearance or reputation of the Building or the desirability of the Building, and upon written notice from the Board, such occupant shall refrain from and/or discontinue such advertising or identifying sign, unless the Board previously shall have consented to the same; provided, however, that the foregoing shall the prohibit the exhibition of any occupants' logo or trademark within its premises.

29. Canvassing, soliciting and peddling in the Building are prohibited and each occupant shall cooperate to prevent the same.

30. Any Persons employed by an occupant to perform any repair, maintenance or janitorial work within such occupant's premises shall, while in the Building and outside of such occupant's premises, be subject to and under the control and direction of the Board (but not as an agent, servant or employee of the Board) and such occupant shall be responsible for all acts of such Persons.

31. Whenever any occupant shall submit to the Board any plan, agreement or other document for the consent or approval of the Board, such Occupant shall pay to the Board on demand, a processing fee in the amount of the reasonable fees for the review thereof, including the services of any architect, engineer or attorney employed by the Board to review such plan, agreement or documents.

32. Occupants shall not cause or permit any Hazardous Materials (hereinafter defined) to be used, stored, transported, released, handled, produced or installed in, on or from the premises of the Building, except items that are customary in comparable buildings and households, provided that the quantity of such items in the premises shall not exceed the quantities customary for such use and provided further that the presence or use of such items shall not violate any legal requirements. "Hazardous Materials" means any flammables, explosives, radioactive materials, hazardous wastes, hazardous aid toxic substances or related materials, asbestos, or any material containing asbestos, or any other substance or matter as defined as hazardous or toxic in any Federal, state or local environmental law, ordinance, rule or regulations including, without limitation, the Comprehensive Environmental response compensations and Liability Act of 1980, as amended, the Hazardous Materials Transportation Act, as amended, the Resource Conservation and Recovery acts, as amended, and in the regulations adopted and publications promulgated pursuant to each of the foregoing. In the event of a breach of the provisions of this Rule 32, the Board shall have the right, in addition, to all other rights and remedies of the Board under the Declaration and By-Laws or at Law, to require the occupant to remove any such Hazardous Materials from the premises.

33. No occupant shall employ any contractor for the supplying of goods or services in or to his Unit or premises which shall be the cause of labor disharmony at the Building or involving the Unit of any other Unit Owner. Each occupant shall indemnify and hold harmless each unit owner from and against any loss, cost or liability (including reasonable attorneys' fees) incurred by such Unit Owner as a result of any labor disturbance caused by the failure of such occupant to comply with the provisions of this rule.

34. Complaints regarding the service of the Condominium shall be made in writing to the Board or to the Managing Agent.

DOCUMENT NUMBER 8

ESCROW AGREEMENT

DOCUMENT NUMBER 8

ESCROW AGREEMENT

AGREEMENT made this ____ day of _____, 2001, between 81 SPRING REALTY LLC, having an address c/o Horizon Realty & Development Corp., 950 Third Avenue, 28th Floor, New York, New York 10028 ("**Sponsor**") as Sponsor of the offering plan described below, and GREENBERG TRAURIG, LLP having an address at 200 Park Avenue, New York, New York 10166 ("**Escrow Agent**"), as escrow agent.

WHEREAS, SPONSOR is the sponsor of an offering plan (as same may be amended, the "**Plan**") to convert to condominium ownership the premises located at 81 Spring Street a/k/a 76 Crosby Street, New York, New York (the "**Premises**"); and

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

WHEREAS, SPONSOR desires that ESCROW AGENT act as escrow agent for deposits by purchasers on account of the purchase price of condominium units in the Premises (collectively "**Units**" and each a "**Unit**") under the Plan, pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby agree as follows:

1. ESTABLISHMENT OF THE ESCROW ACCOUNT.

1.1 SPONSOR and ESCROW AGENT hereby establish an escrow account with ESCROW AGENT for the purpose of holding deposits or payments made by purchasers on account of the purchase price under the Plan (collectively the "**Deposits**" and each a "**Deposit**"). An escrow account has been opened with Citibank, N.A. at its branch located at 153 East 53rd Street, New York, New York. The account number is _____ (the "**Escrow Account**").

1.2 The name of the Escrow Account is "Greenberg Traurig, LLP, The Bayard House Escrow Account."

1.3 Shareholders of the ESCROW AGENT are the sole signatories on the Escrow Account.

1.4 The Escrow Account shall be an interest-bearing account. The interest rate to be earned on the Deposits will be the rate paid from time to time by the bank in which such funds are deposited for the same type of account as the escrow account. Interest will begin to accrue when the check for a Deposit is collected, and provided there is no charge back or debit by such bank against the amount deposited.

1.5 The ESCROW AGENT may from time to time, upon notice to the SPONSOR and all purchasers who have made Deposits with ESCROW AGENT, change the depositary in which the DEPOSITS are held to another lending institution in New York City without the necessity of amending the Plan.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All Deposits received by ESCROW AGENT from each prospective purchaser of a Unit under the Plan, on account of the purchase price thereunder, prior to closing of such Unit, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payer, shall be deposited in the Escrow Account. All instruments to be deposited into the Escrow Account shall be made payable to, or endorsed by the purchaser to the order of "Greenberg Traurig, The Bayard House Escrow Account." Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such Escrow Account, shall be returned to the prospective purchaser promptly after receipt by ESCROW AGENT of such instrument following any attempts to deposit it; but, in any event, following such unsuccessful attempts to deposit it, ESCROW AGENT shall mail or otherwise send such instrument to such prospective purchaser within five (5) business days of such receipt of such instrument by ESCROW AGENT. In the event of such return of such instrument, then such instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

2.2 For purposes of this Section 2.2, an unconditional tender and delivery of a Deposit shall be deemed to have been made if a Deposit is delivered together with a purchase agreement in the form agreed to by SPONSOR without any request for a change in such form or the terms of such purchase agreement. Within ten (10) business days after unconditional tender and delivery to SPONSOR or the Selling Agent, if any, of a Deposit required to be submitted by a purchaser on account of the purchase of a Unit under the Plan, together with the purchase agreement for the purchase of such Unit, ESCROW AGENT shall notify such purchaser of the deposit of such funds in the bank indicated in the Plan, provide the account number, and disclose the initial interest rate. Subject to the provisions of the next sentence, if such purchaser does not receive notice of such deposit within fifteen (15) business days after unconditional tender and delivery to SPONSOR or the Selling Agent, if any, of such Deposit, then such purchaser may cancel the purchase and rescind such purchaser's purchase agreement so long as such right to rescind is exercised within ninety (90) days after such purchaser's unconditional tender and delivery of such Deposit to SPONSOR or the Selling Agent, if any, or such purchaser may apply to the New York State Department of Law (the "**Attorney General**") for relief. However, a purchaser shall not be entitled either to rescind such purchaser's purchase agreement or to receive a refund of such purchaser's Deposit where proof satisfactory to the Attorney General is submitted establishing that such Deposit was timely deposited and notice as provided above was timely mailed to such purchaser in accordance with all regulations of the Attorney General.

3. RELEASE OF FUNDS.

3.1 ESCROW AGENT shall not release the Deposit of a defaulting purchaser to SPONSOR until after consummation of the Plan. SPONSOR shall promptly, after consummation of the Plan, amend the Plan to disclose that consummation of the Plan has occurred. **"Consummation of the Plan"** shall mean the first closing of title for the sale of a Unit under the Plan has occurred in accordance with the requirements of the Plan. Consummation of the Plan shall not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.

3.2 ESCROW AGENT shall continue to hold a purchaser's Deposit in escrow until: (a) otherwise directed in one or more writings signed (whether on the same or separate counterparts) by each of SPONSOR and such purchaser, or (b) otherwise directed in a determination of the Attorney General, pursuant to the dispute resolution procedures contained in the Attorney General's regulations, or (c) a judgment or order of a court of competent jurisdiction permits or requires the release of such Deposit, or (d) such Deposit is paid by ESCROW AGENT into a court of competent jurisdiction, or (e) such Deposit is paid to SPONSOR as provided below, or (f) such Deposit is paid to such purchaser as provided below.

3.3 SPONSOR shall not object to the release of the Deposit of any purchaser to such purchaser, provided such purchaser has not defaulted and has timely and validly rescinded such purchaser's purchase agreement in accordance with an offer of rescission contained in the Plan or an amendment to the Plan.

3.4 If there is no written agreement between SPONSOR and a purchaser to release the Deposit paid by such purchaser, ESCROW AGENT shall not pay such Deposit to SPONSOR until after ten (10) business days following the date that ESCROW AGENT has given such purchaser written notice that ESCROW AGENT intends to pay to SPONSOR such Deposit. Thereafter, such Deposit may be paid to SPONSOR unless such purchaser has already made application to the Attorney General pursuant to the dispute resolution provisions contained in the Attorney General's regulations and ESCROW AGENT has received, within such ten (10) business day period, notice from such purchaser that such application has been made.

4. RECORD KEEPING.

4.1 ESCROW AGENT shall maintain all records concerning the escrow account for seven (7) years after release of the funds.

4.2 Upon the 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 Attorney General of such transfer.

4.3 ESCROW AGENT shall make available to the Attorney General, upon his request, all books and records of ESCROW AGENT relating to the funds deposited and disbursed hereunder.

5. GENERAL RIGHTS AND OBLIGATIONS OF ESCROW AGENT.

5.1 ESCROW AGENT shall maintain the Escrow Account under the direct supervision and control of ESCROW AGENT.

5.2 A fiduciary relationship, pursuant to this Agreement, shall exist between ESCROW AGENT and purchasers who have paid Deposits which are held by ESCROW AGENT, and ESCROW AGENT acknowledges such fiduciary obligations.

5.3 ESCROW AGENT undertakes to perform only such duties as are expressly set forth herein. If there is any conflict or inconsistency between the provisions of this Agreement and either the Plan or any Purchase Agreement (as defined in the Plan), the provisions of this Agreement shall be controlling.

5.4 If conflicting demands are made or notices are served upon ESCROW AGENT with respect to this Agreement, or if ESCROW AGENT shall hold a good faith belief that the rights of a claimant to any Deposit are not absolutely clear, the signatories hereto agree that ESCROW AGENT may refuse to comply with any such claim or demand and, except as hereinafter set forth in this Agreement, may withhold and stop all further proceedings in the performance of this Agreement so long as such disagreement shall continue. In so doing, ESCROW AGENT shall not be or become liable for damages or interest to any of the signatories hereto or to any other person for its failure to comply with such conflicting or adverse demands or notices. ESCROW AGENT may continue to so refrain and so refuse to act until (i) the rights of the adverse claimants have been finally adjudicated in a court having and assuming jurisdiction of the parties and/or the Deposit, as the case may be, or (ii) all differences, with respect to any Deposit, shall have been resolved by mutual agreement of SPONSOR and the purchaser who paid such Deposit, and ESCROW AGENT shall have been notified thereof in writing signed by both of said parties. In the alternative, ESCROW AGENT may, but shall not be obligated to, file a suit in interpleader for a declaratory judgment for the purpose of having the respective rights of the claimants adjudicated, and/or may deposit any Deposit with a court of competent jurisdiction, in which event SPONSOR agrees to pay all costs, expenses and attorneys' fees and expenses incurred by ESCROW AGENT in connection therewith. In the event that ESCROW AGENT shall deposit any Deposit with such court, the ESCROW AGENT shall be fully released and discharged from any and all further duties and obligations hereunder with respect to such Deposit.

5.5 ESCROW AGENT shall not be responsible for any interest on any Deposit except for such as is actually received by ESCROW AGENT.

5.6 SPONSOR hereby agrees to indemnify ESCROW AGENT from, and to hold it harmless against, any loss, liability or expense (including, without limitation, attorneys' fees and expenses) incurred without gross negligence, willful default, or bad faith on the part of ESCROW AGENT, arising out of or in connection with its entering into this Agreement and carrying out its duties hereunder, including the costs and expenses of defending itself against any claim or liability.

5.7 In any action or proceeding, ESCROW AGENT may represent SPONSOR, even if such action or proceeding relates to or involves any Deposit, at the same time as ESCROW AGENT is holding such Deposit pursuant to this Agreement.

6. RESPONSIBILITIES OF SPONSOR.

6.1 SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall deliver to ESCROW AGENT each Deposit on account of the sale of a Unit under the Plan which has been received by SPONSOR or such agents prior to closing of the sale of such Unit within one (1) business day of receipt thereof.

6.2 SPONSOR agrees that it shall not interfere with ESCROW AGENT's performance of its fiduciary duties and compliance with the Attorney General's regulations.

7. TERMINATION OF AGREEMENT.

7.1 This Agreement shall remain in effect unless and until it is canceled, by either:

(a) Written notice given by SPONSOR to ESCROW AGENT of cancellation of designation of ESCROW AGENT to act in said capacity, which cancellation shall take effect only upon the filing of an amendment to the Plan with the Attorney General providing for a successor ESCROW AGENT; or

(b) The resignation of ESCROW AGENT upon giving notice to SPONSOR of its desire to so resign, which resignation shall take effect only upon the filing of an amendment to the Plan with the Attorney General providing for a successor ESCROW AGENT; or

(c) All Deposits held by ESCROW AGENT have been paid by ESCROW AGENT from the Escrow Account as provided in this Agreement.

ESCROW AGENT shall not be responsible for any delay between either (i) any such cancellation by SPONSOR of the designation of ESCROW AGENT or (ii) the resignation of ESCROW AGENT, and, in either such case, the date on which an amendment to the Plan appointing a successor ESCROW AGENT has been filed by the Attorney General and notice thereof has been given to ESCROW AGENT. Once any such cancellation of the designation of ESCROW AGENT has been given to ESCROW AGENT, or once ESCROW AGENT has given to SPONSOR notice of resignation as ESCROW AGENT, then in either case ESCROW AGENT shall not be obligated to accept thereafter any new Deposits in the Escrow Account.

7.2 Upon termination of the duties of ESCROW AGENT as described in paragraph 7.1(a) or (b) above, ESCROW AGENT shall deliver any and all Deposits held by it in escrow to the new successor ESCROW AGENT set forth in such amendment to the Plan, provided ESCROW AGENT has received a copy of such amendment.

8. SUCCESSORS AND ASSIGNS.

8.1 This Agreement shall be binding upon SPONSOR and ESCROW AGENT and their successors and assigns.

9. GOVERNING LAW.

9.1 This Agreement shall be construed in accordance with and governed by the laws of the State of New York applicable to agreements wholly executed and performed therein without reference to conflicts of laws principles.

10. ESCROW AGENT'S COMPENSATION.

10.1 SPONSOR agrees that ESCROW AGENT's compensation shall not be paid from the Deposits nor from any interest accruing thereon (unless and to the extent SPONSOR is entitled to be paid such Deposits pursuant to this Agreement) and that compensation to ESCROW AGENT, if any, shall not be deducted from the Deposits (unless and to the extent SPONSOR is entitled to be paid such Deposits pursuant to this Agreement) by any financial institution under any circumstance. SPONSOR shall reimburse to ESCROW AGENT any fees or charges incurred in connection with the establishment and maintenance of the escrow account.

11. SEVERABILITY.

11.1 If any provision of this Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

12. ENTIRE AGREEMENT.

12.1 This Agreement, read together with GBL Section 352-e(2-b) and the Attorney General's regulations, constitutes the entire agreement between the parties with respect to the subject matter hereof.

13. NOTICES.

13..1 All notices and communications hereunder shall be in writing and shall be deemed to be duly given if personally delivered or sent by regular, certified or registered mail, with or without return receipt requested, postage prepaid, addressed as follows:

To SPONSOR:

81 SPRING REALTY LLC
c/o Horizon Realty and Development Corp.
950 Third Avenue, 28th Floor
New York, NY 10028
Attn: John Jacobson

To ESCROW AGENT:

GREENBERG TRAURIG, LLP
200 Park Avenue
New York, NY 10166
Attn: Robert J. Ivanhoe, Esq.

or at such other address as any of the above may have furnished, as the address of such party, to the other parties in a notice given in accordance with the provisions of this Section. All notices sent in accordance with this Section shall be deemed given upon personal delivery or five days after the date of mailing, as the case may be.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first written above

ESCROW AGENT:

GREENBERG TRAURIG, LLP

By:_____
Name:
Title: Shareholder of the Firm

SPONSOR:

81 SPRING REALTY LLC

By: 81 Spring Realty Corp.

By:_____
Name: John Jacobson
Title: President

DOCUMENT NUMBER 9

RESTRICTIVE DECLARATION

81 SPRING REALTY LLC

DECLARATION

Dated: December 1, 2000

Location: Block 497 Lot 31
New York County, New York

Record & Return to:

DeCampo, Diamond & Ash
805 Third Avenue, 6th Floor
New York, NY 10022
Attn: Francis R. Angelino, Esq.

FINAL 9/28/99 (Revised 12/4/00)

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DECLARATION

DECLARATION made as of the 1st day of December, 2000 by 81 SPRING REALTY LLC, having an address at 650 Fifth Avenue, New York, New York 10017 (the "Declarant", as further defined in Article I, Section 1.8 below):

W I T N E S S E T H:

WHEREAS, Declarant is the owner in fee simple of certain real property located in the Borough of Manhattan, City, County and State of New York, which property is designated as Block 497, Lot 31 on the Tax Map of the City of New York and by the street address 81 Spring Street, and is more particularly described on Exhibit A attached hereto (the "Subject Property") and on which is located one six-story building; and

WHEREAS, Declarant proposes to renovate the Designated Structure (as defined in Article I, Section 1.12 below); and

WHEREAS, the Subject Property together with the Designated Structure(s) constitute(s) the Subject Premises (the "Subject Premises"); and

WHEREAS, Royal Abstract of New York LLC ("Title Company"), a title company, has certified as of October 11, 2000, that Declarant is the sole party in interest ("Party in Interest"), as that term is defined in the zoning lot definition in Section 12-10 of the

Zoning Resolution of the City of New York (the "Zoning Resolution"), to the Subject Premises, a copy of which certification is attached hereto as Exhibit B; and

WHEREAS, as of the date hereof, Title Company has determined there has been no change in the certification attached as Exhibit B and Declarant represents and warrants that the Parties in Interest listed in Exhibit B are the only known Parties in Interest in the Subject Premises as of the date hereof; and

WHEREAS, the Parties in Interest to the Subject Property have executed this Declaration or waived their rights to execute this Declaration; and

WHEREAS, pursuant to the provisions of Section 3020 of the New York City Charter and Title 25, Chapter 3 of the Administrative Code of the City of New York (the "Landmark Preservation Law"), the Landmarks Preservation Commission (the "LPC") has designated an area which includes the Designated Structure as the Soho-Cast Iron District because of its special character or historical or aesthetic interest or value; and

WHEREAS, Declarant at the public hearing on July 27, 1999 requested the LPC issue a report (the "Report") to the City Planning Commission of the City of New York (the "CPC") for an application under Section 74-711 of the Zoning Resolution for a special permit (the "Special Permit") to modify Sections

42-14D(1)(b) and 42-14D(2)(b) of the Zoning Resolution, with respect to conforming uses within an M1-5B zoning district, so that (i) the second through sixth floors of the Subject Premises may be converted from a warehouse into five joint living-work quarters for artists ("JLWQA"), as well as the addition of a partial seventh floor penthouse as the sixth JLWQA, and (ii) Use Group 6 retail uses would be permitted to occupy the ground floor, cellar and subcellar; and

WHEREAS, at the public meeting on July 27, 1999, following said public hearing, the LPC voted (i) to issue the report to the CPC as requested for the special permit application (the "Application"), and (ii) to grant a Certificate of Appropriateness ("C of A"), which allows the alteration of the Designated Structure in the Soho-Cast Iron District in accordance with Section 25-307 of the Administrative Code of the City of New York. A copy of the C of A is annexed hereto as Exhibit C; and

WHEREAS, Section 74-711 requires, inter alia, that a program has been established for continuing maintenance (the "Continuing Maintenance Program") that will result in preservation of the Designated Structure by Declarant; and

WHEREAS, Declarant has agreed to certain obligations and restrictions contained in this Declaration for the protection, preservation, repair and maintenance of the Designated Structure; and

WHEREAS, Declarant desires to restrict the manner in which the Subject Premises may be developed, restored, and operated in order to assure the protection, preservation, repair and maintenance of the Designated Structure; and

WHEREAS, Declarant represents and warrants that there are no restrictions, liens, obligations, covenants, easements, limitations or encumbrances of any kind, the requirements of which have not been waived or subordinated, which would prevent or preclude, presently or potentially, the imposition of the restrictions, covenants, obligations, easements and agreements of this Declaration;

NOW, THEREFORE, Declarant does hereby declare and agree that the Subject Premises shall be held, sold, transferred, conveyed and occupied subject to the following restrictions, covenants, obligations, easements, and agreements, all of which are for the purpose of protecting the Subject Premises, which shall inure to the benefit of the City of New York, and which shall run with the Subject Premises and bind Declarant and its heirs, successors and assigns so long as they have a right, title or interest in the Subject Premises or any part thereof.

ARTICLE I.

DEFINITIONS

The following words, when used in this Declaration, shall have the following meanings:

1.1 "Application" shall mean the application to the City Planning Commission for the Special Permit.

1.2 "Buildings Department" shall mean the New York City Department of Buildings, or any successor to the jurisdiction thereof.

1.3 "Chairperson of the CPC" shall mean the Chairperson of the City Planning Commission of the City of New York or any successor to the jurisdiction thereof.

1.4 "Chairperson of the LPC" shall mean the Chairperson of the Landmarks Preservation Commission of the City of New York or any successor to the jurisdiction thereof.

1.5 "City" shall mean the City of New York.

1.6 "City Council" shall mean the New York City Council or any successor to the jurisdiction thereof.

1.7 "CPC" shall mean the New York City Planning Commission, or any successor to the jurisdiction thereof.

1.8 "Declarant" shall mean the named Declarant and the heirs, successors and assigns of the named Declarant including, without limitation, any owner of a condominium unit within the Designated Structure, except that Declarant shall not be deemed to include (i)

a mortgagee of all or any portion of the Subject Property until it succeeds to the interest or obligation of Declarant by purchase, assignment, foreclosure or otherwise, or (ii) a tenant of the Subject Premises, unless such tenant holds a lease to all or substantially all of the Subject Premises.

1.9 "DCP" shall mean the New York City Department of City Planning or any successor to the jurisdiction thereof.

1.10 "Designated Structure" shall mean the six-story structure located on Tax Block 497, Lot 31 in Manhattan, which is a contributing structure in Soho-Cast Iron District.

1.11 "Force Majeure" shall mean:

(a) strike, lockout or labor dispute(s);

(b) inability to obtain materials or reasonable substitutes therefor unless due to any act or failure to act by Declarant;

(c) acts of God;

(d) unforeseen governmental restrictions, regulations, omissions or controls;

(e) enemy or hostile government actions;

(f) civil commotion, insurrection, revolution or sabotage;

(g) fire or other casualty;

(h) inclement weather of such a nature as to make performance or completion of the Landmark Work not

feasible unless due to any act or failure to act by Declarant;

(i) any damage to the Subject Premises of such a nature as to make completion of the Landmark Work not feasible;

(j) a taking of the Subject Premises, or a portion thereof, by condemnation or eminent domain;

(k) failure of a public utility to provide power, heat or light;

(l) unusual delay in transportation;

(m) material delays by the City, State or United States Government, or any agency or instrumentality thereof, in the performance of any work or processing or approval of any applications required in order to permit Declarant to carry out its obligations pursuant to this Declaration unless due to any act or failure to act by Declarant;

(n) denial to Declarant by any owner of an enforceable interest in adjoining real property, including any private fee owner or ground lessee of adjoining real property, or any agency of the City or State having an enforceable interest in adjoining real property, including sidewalk or streets, of a

right to access to such adjoining real property, if such access is required to accomplish the obligations of the Declarant pursuant to this Declaration;

(o) the pendency of a litigation not initiated by Declarant or similar proceeding which suspends or materially and adversely affects the ability of the Declarant to accomplish the obligations of the Declarant pursuant to this Declaration; or

(p) other conditions similar in character to the foregoing which are beyond the control of Declarant. No event shall constitute a Force Majeure unless Declarant complies with the procedures set forth in Sections 2.1 and 6.2 hereof.

1.12 "Landmark Work" shall refer to the restoration work on the Designated Structure as described in the C of A which is attached hereto as Exhibit C.

1.13 "LPC" shall mean the Landmarks Preservation Commission of New York City or any successor to the jurisdiction thereof.

1.14 "Mortgagee" shall mean (a) the institutional first mortgagee of all or substantially all of the Subject Premises listed in Exhibit B or (b) the first mortgagee of a condominium unit within the Designated Structure.

1.15 "Party(ies) in Interest" shall mean any party-in-interest listed in Exhibit B and any other party-in-interest to the Subject Premises who has given written notice of its name and address to the CPC and the LPC.

1.16 "Special Permit" shall mean the special permit described on page 2 hereof.

1.17 "Special Permit Use" shall mean JLWQA and Group 6 retail uses. Notwithstanding the foregoing, no use shall be deemed a Special Permit Use if it is permitted as-of-right within the Subject Premises by the terms of the Zoning Resolution then in effect.

1.18 "Zoning Resolution" shall mean the Zoning Resolution of the City of New York.

ARTICLE II.

DEVELOPMENT, PRESERVATION, REPAIR AND MAINTENANCE OF THE SUBJECT PROPERTY

2.0 Joint Living-Work Quarters for Artists. Pursuant to the Special Permit, (a) Declarant may convert the Subject Property into joint living-work quarters for artists; and (b) Uses Group 6 retail uses shall be permitted on the ground floor, cellar and sub-cellar of the Subject Premises.

2.1 Certificate of Occupancy. (a) The issuance of the Special Permit is premised on, inter alia, the performance of the

construction of the following restoration work on the Designated Structure set forth in Exhibit D in conformity with the C of A and the requirements thereof (which restoration work shall be referred to as the "Landmark Work").

(b) No temporary certificate of occupancy ("TCO") or permanent certificate of occupancy ("PCO") which permits a Special Permit Use shall be granted by the Buildings Department or accepted by Declarant until the Chairperson of the LPC shall have given written notice to the Buildings Department that (i) the Landmark Work has been satisfactorily completed by Declarant or (ii) the Chairperson of the LPC has certified in writing, as provided in Section 2.1(d) hereof, that (A) a Force Majeure has occurred and (B) the Chairperson of the LPC has no objection to the issuance of a TCO or PCO for, as appropriate, all or part of the Subject Property. The Chairperson of the LPC shall issue said notice reasonably promptly after Declarant has made written request to the Chairperson of the LPC and has provided documentation to support such request, and the Chairperson of the LPC shall in all events endeavor to issue such written notice to the Buildings Department, or inform Declarant in writing of the reason for not issuing said notice, within twenty-one (21) calendar days after Declarant has requested such written notice. Upon receipt of the written notice from the Chairperson of the LPC that (i) the Landmark Work has been

satisfactorily completed or (ii) the Chairperson of the LPC has certified that a Force Majeure has occurred and that the Chairperson of the LPC has no objection to the issuance of a TCO or PCO, the Buildings Department may grant, and Declarant may accept, a TCO or PCO for the Designated Structure.

(c) Declarant shall permit inspection of the Designated Structure by the Chairperson of the LPC and representatives designated by the Chairperson of the LPC in connection with the notice described in Section 2.1(b) hereof.

(d) (i) Upon application by Declarant, notwithstanding anything contained in any other provision of this Declaration, the Chairperson of the LPC, in the exercise of his or her reasonable judgment, may certify that the performance or completion of the Landmark Work is delayed due to a Force Majeure as provided in paragraph (ii) below.

(ii) In the event that Declarant reasonably believes that full performance of its obligations to complete the Landmark Work has been delayed as a result of a Force Majeure, Declarant shall so notify the Chairperson of the LPC as soon as Declarant learns of such circumstances. Declarant's written notice shall include a description of the condition or event, its cause (if known to Declarant), its probable duration, and in Declarant's reasonable judgment, the impact it is reasonably anticipated to have on the completion of the Landmark Work. The

Chairperson of the LPC shall, within twenty-one (21) calendar days of its receipt of Declarant's written notice, (A) certify in writing that a Force Majeure has occurred, including a determination of the expected duration of such delay (the "Delay Notice"), and grant Declarant appropriate relief for such delay, including certifying in writing to the Buildings Department that the Chairperson of the LPC has no objection to the issuance of a TCO or PCO for, as appropriate, all or part of the Subject Property, or (B) notify Declarant that it does not reasonably believe a Force Majeure has occurred. With respect to any claim that a Force Majeure has delayed the Declarant's performance or completion of the Landmark Work, the LPC may require that Declarant post a bond or other security in a form and amount acceptable to the Chairperson of the LPC in order to ensure that the Landmark Work is completed. Such alternative security could include, without limitation, alternative or additional conditions on the issuance of any PCO or TCO. Any delay caused as the result of a Force Majeure shall be deemed to continue only as long as the Declarant shall be using reasonable efforts to minimize the effects thereof. Upon cessation of the events causing such delay, the Declarant shall promptly recommence the Landmark Work.

(e) Notwithstanding anything else to the contrary contained herein, this Declaration shall not be deemed to prohibit or restrict Declarant from

(i) applying for or receiving a TCO or a PCO for any floor area in the Designated Structure which is not to be used for a Special Permit Use; or

(ii) obtaining permits or building notices from the Building's Department to perform work, including tenant work, in the Designated Structure prior to the completion of the Landmark Work; or

(iii) entering into agreements affecting all or any portions of the space in the Designated Structure prior to completion of the Landmark Work.

2.2 Preservation, Repair and Maintenance. Declarant hereby covenants and agrees to preserve, repair and maintain the Designated Structure in sound first-class condition, at its own cost and expense, in accordance with this Declaration, the C of A and the Landmarks Preservation Law. It is understood that certain obligations and duties set forth in this Declaration are above and beyond the requirements of the Landmarks Preservation Law and do not in any way diminish Declarant's obligation and responsibility to comply with all provisions of the Landmarks Preservation Law.

2.3 Continuing Maintenance Program. Declarant shall comply with the obligations and restrictions of the continuing maintenance program (the "Continuing Maintenance Program") as set forth below:

(a) Periodic Inspections. Declarant shall establish and carry out a cyclical inspection and maintenance program for the Designated Structure which shall include, without limitation, the following:

(i) At Declarant's expense, an inspection (the "Periodic Inspection") shall be made every five years, on or within two weeks of the anniversary of the issuance by the LPC of the Notice of Compliance pursuant to the C of A , and thereafter, shall be made on or within every five years from the date of such initial inspection. In the event that Declarant has accepted a TCO or a PCO that permits a special permit use without having first received the Notice of Compliance, the first periodic inspection shall be made on or within the fifth anniversary date of the issuance of such TCO or PCO and every five years thereafter. The Periodic Inspection shall be done by a preservation architect, engineer or other qualified person knowledgeable about the preservation of historic structures (the "Preservation Architect") selected by Declarant from a list prepared by Declarant and approved by the Chairperson of the LPC as to their credentials, which approval shall not be unreasonably

withheld or delayed. Declarant shall update such listing upon the request of the Chairperson of the LPC. In addition, Declarant may periodically supplement the list of Preservation Architects, subject to the approval of the Chairperson of the LPC as to their credentials. The Preservation Architect shall make a thorough inspection of the exterior of the Designated Structure and those portions of the interior which, if not properly maintained, could affect the condition of the exterior. The Periodic Inspection shall include (but not be limited to) the following portions of the Designated Structure: See attached Exhibit D, Scope of Preservation Work.

(ii) The Preservation Architect shall, at the expense of Declarant, submit a report on each Periodic Inspection (the "Periodic Report") to Declarant and the LPC within 45 days after each Periodic Inspection. The Periodic Report shall outline the existing conditions of the Designated Structure and detail the work which should be performed in order to maintain the Designated Structure, including all architectural features and elements, in a sound first-class condition, including but not limited to caulking, painting, cleaning, repair of architectural features and elements, checking for rust and repointing of masonry.

(iii) Submission of Local Law 10 & 11 Facade Inspection Report: If the Designated Structure is subject to the

Facade Inspection Report requirements of Title 1 RCNY §32-03 et seq., a copy of any such Facade Inspection Report which is submitted to the Buildings Department, shall also be provided at the same time to LPC. In the event that the building is found to be unsafe pursuant to such inspection by a registered architect or licensed professional engineer, LPC shall be notified simultaneously with the Declarant and the Buildings Department, pursuant to Title 1 RCNY §32-03(b)(2)(vii).

(iv) Except as set forth below, Declarant shall perform all work which a Periodic Report, Facade Inspection Report or Emergency Incident Report (as defined below) identifies as necessary to maintain the Designated Structure, including architectural features and elements, in sound first-class condition. No work shall be performed except pursuant to a permit from the LPC if a permit is required under the Landmarks Preservation Law. If the LPC determines that a specific item of work or method of work as set forth in a Periodic Report or Emergency Incident Report would be inappropriate or inadequate, the determination of the LPC shall control and Declarant need not and shall not have such specific item performed. Declarant shall have the right to contest in a hearing before the LPC any work called for in a Periodic Report or Emergency Incident Report. Declarant's obligation to perform such contested work or to perform it by a method acceptable to the LPC shall be stayed

pending a decision in any such proceeding at the LPC. Declarant shall proceed with all work which is uncontested during the stay pursuant to a permit.

(v) Unless Declarant has notified the LPC in writing that it contests any work as set forth in the preceding paragraph, Declarant shall apply for all necessary permits or certificates from the LPC within 45 days of receiving the completed report from the Preservation Architect. Declarant shall use its best efforts to assure that all repairs, rehabilitation, repointing and restoration work detailed in the Periodic Report or Emergency Incident Report shall be completed at the earliest possible date, but no later than within nine months of the date of issue of the certificate or permit from the LPC, or, if no such certificate or permit is required, within nine months of the date of the Periodic Report or Emergency Incident Report. If for reasons beyond Declarant's control, as determined by the Chairperson of the LPC, such work cannot be completed within nine months, Declarant shall apply to the LPC for an extension of time within which to complete such work. Such extensions shall be for a stated additional period of time to be related to the period of delay and shall not be unreasonably withheld.

(b) Emergency Protection Program. Declarant shall establish and be prepared to carry out an emergency protection

program for the Designated Structure which shall include at the minimum, the following:

(i) If a fire, the elements or any other cause whatsoever damages or destroys the Designated Structure or any part thereof (the "Emergency Incident"), Declarant shall use all reasonable means to save, protect and preserve the Designated Structure at the time of and following the Emergency Incident, including, but not limited to, acting with an approval from the Chairperson of the LPC or his or her designated representatives to stabilize and prevent further damage to or deterioration of the structure, and to secure the Subject Premises from unauthorized access. Declarant shall not remove from the Subject Premises any debris consisting of exterior features of the Designated Structure without an approval from the Chairperson of the LPC or his or her designated representative. Unless necessitated as a safety precaution as ordered by the Departments of Buildings, Health, Fire or Police, or as an action taken in response to a life-threatening situation, the Declarant shall not remove any other debris or otherwise clear the Subject Premises without the approval of the LPC or its Chairperson.

(ii) Declarant shall give immediate written notice of such Emergency Incident to the LPC. Declarant shall also give timely notice to the LPC of the time or times when the New York City Departments of Buildings, Health and Fire will inspect the

Subject Premises following the Emergency Incident, in order that the LPC may have a representative present during such inspections.

(iii) Within sixty days of such Emergency Incident, a Preservation Architect shall, at the expense of Declarant, make a thorough inspection of the Designated Structure and submit a report (an "Emergency Incident Report") to Declarant and to the LPC outlining the condition of the structure, assessing the extent of damage, and recommending

(A) work, if any, which must be undertaken immediately, upon receipt of proper permits, in order to stabilize and prevent further damage to the Designated Structure, and

(B) work that should be performed to repair and restore the Designated Structure to a sound, first-class condition,

or, alternatively to (A) and (B),

(C) that Declarant make an application to the LPC for permission to demolish the remaining portions of the Designated Structure.

(iv) With regard to the work to be performed pursuant to subparagraph (iii)(A), Declarant shall immediately upon receipt of the Emergency Incident Report request and vigorously pursue all necessary permits and upon their issuance,

shall undertake all such work with alacrity. If no permits are required, work shall be undertaken as soon as possible after receipt of the Emergency Incident Report.

(v) With regard to the work to be performed pursuant to subparagraph (iii)(B), within ninety days of receiving the report of the Preservation Architect, Declarant shall apply for all necessary permits and certificates from the LPC to repair and restore or to demolish. No work on the exterior of the Designated Structure, and no work on the interior of the Designated Structure which would affect the exterior or which would require the issuance of a permit from the Department of Buildings shall be performed except pursuant to a permit from the LPC. If the LPC determines that a recommendation to demolish or to perform a specific item of work or method of work set forth in the report would be inappropriate, using the criteria set forth in the Landmarks Preservation Law, the determination of the LPC shall control and the Declarant shall not have such specific work performed or be entitled to have the Designated Structure demolished unless Declarant is obligated to perform such work or demolish the structure in accordance with an "Unsafe Building Notice" issued by the Department of Buildings. All repair, restoration, rehabilitation, repointing, and other work provided for in a certificate or permit shall be completed within nine months of the date of issue of such certificate or permit by the

LPC. If such work cannot be completed within nine months for reasons beyond Declarant's control, as determined by the Chairperson of the LPC, Declarant shall apply in writing to the LPC for an extension of time within which to complete such work. Such extensions shall be for a stated additional period of time which is related to the period of the delay and shall not be unreasonably withheld.

(c) Access to Designated Structure. Declarant agrees to provide access to the Designated Structure to the LPC and its designated representatives at reasonable times and upon reasonable written notice, except in cases of emergency, in which event the LPC or its representatives shall have access, if feasible, immediately and without notice, in order to insure that the preservation, repair and maintenance of the Designated Structure is carried out in accordance with this Declaration.

(d) Failure to Perform. In the event that the preservation, repair, or maintenance of the Designated Structure is not performed in accordance with the provisions of this Article, the LPC shall give written notice of such failure to perform to the Declarant. In the event that Declarant, its successors or assigns, fails after sixty days from receipt of written notice from the LPC to perform or shall commence to perform but fail diligently to prosecute to completion, any such repair and/or maintenance, or any obligations of Declarant set

forth in this Declaration, the City of New York may perform all of the necessary work at the sole cost and expense of the Declarant and shall have the right to enter onto the Subject Property and to charge said Declarant for all the actual cost of such work, together with actual administrative and legal fees incurred in the collection thereof. Such actual costs shall include, but not be limited to, payments by the City of New York to any lawyers, consultants, contractors, painters, engineers, architects and skilled artisans required to be hired to perform or supervise such work. To the extent such actual costs are expended by the City of New York, the LPC shall have a lien on the Subject Premises as if a lien had been filed, perfected and enforced for materials and labor under Article 2 of the Lien Law of the State of New York. Notwithstanding the foregoing, in the event that the Designated Structure is converted to a condominium, Declarant's right to notice and cure provided in this subsection shall apply only to the condominium board and to any owner of space occupied by retail uses in the Designated Structure; provided that the LPC has received notice by said parties in accordance with Section 6.2.

ARTICLE III.

CONDOMINIUM BOARD

3.1 General. In the event that the Designated Structure is converted to a condominium in accordance with Article 9B of the New York State Real Property Law ("RPL"), the condominium board ("Board") shall have the responsibility to carry out all of Declarant's obligations and the authority to exercise all of Declarant's rights under this Declaration and upon such assumption, 81 Spring Realty LLC shall be released from its liability thereunder.

The following provisions of this Article 3 shall be operative only in the event that the Board is formed as described in this Section 3.1.

3.2 Board. The Board shall require that each owner of a condominium unit (the "Unit Owner") appoint the Board as his Attorney-in-Fact with respect to modification, amendment, or cancellation of the Declaration.

3.3 Condominium Declaration. Every deed conveying title to, or a partial interest in, the Subject Premises and every lease of all or substantially all of the Subject Premises shall contain a recital that the grantee is bound by the terms of the Condominium Declaration and By-laws which shall incorporate an obligation by the Board to comply with the provisions of Article 3 of this Declaration.

ARTICLE IV.

EFFECT AND ENFORCEMENT

4.1 Effective Date. (a) This Declaration shall have no force and effect unless and until the date of final approval of the Special Permit pursuant to Section 197-d of the New York City Charter (the "Effective Date"). The Declaration shall become immediately effective upon the Effective Date. If, before the Effective Date, Declarant requests or causes the application for the Special Permit to be withdrawn or abandoned, or if final action has been taken having the effect of denying the Special Permit, then, upon notice to CPC and LPC, this Declaration shall not become effective, shall be automatically canceled and shall be of no force and effect.

(b) If the Special Permit is at any time declared invalid or is otherwise voided by final judgment of any court of competent jurisdiction from which no appeal can be taken or for which no appeal has been taken within the applicable statutory period provided for such appeal, then, upon entry of said judgment or the expiration of the applicable statutory period for such entry, as the case may be, this Declaration shall be automatically canceled without further action by Declarant and shall be of no further force or effect and the CPC shall, if requested by Declarant, provide Declarant with a letter in recordable form stating that the Declaration has been so canceled

and is of no further force and effect. In the event that Declarant has obtained a certificate of occupancy allowing any Special Permit Use in the Designated Structure, Declarant shall promptly, after receipt of such letter, obtain a revised certificate of occupancy from the Buildings Department reflecting the cessation of any such Special Permit Use in the Designated Structure.

4.2 Filing and Recording. Declarant shall file and record at its sole cost and expense this Declaration in the Register's Office of New York County, indexing it against the Subject Property, immediately upon the Effective Date. Declarant shall promptly deliver to the CPC and the LPC duplicate executed originals, promptly following the Effective Date and, following recordation, a true copy of this Declaration as recorded, as certified by the Register. If Declarant fails to so record this Declaration, the City may record this Declaration, at the sole cost and expense of Declarant, who shall promptly pay to the City such costs together with fees for purchase of a reasonable number of certified copies of the recorded Declaration.

4.3 Additional Remedies. Declarant acknowledges that the City is an interested party to this Declaration, and consents to enforcement by the City, administratively or at law or equity, of the restrictions, covenants, easements, obligations and agreements contained herein. Declarant also acknowledges that

the remedies set forth in this Declaration are not exclusive, and that the City and any agency thereof may pursue other remedies not specifically set forth herein including, but not limited to, the seeking of a mandatory injunction compelling Declarant, its heirs, successors or assigns, to comply with any provision, whether major or minor, of this Declaration.

4.4 Notice and Cure. (a) Before any agency, department, commission or other subdivision of the City of New York institutes any proceeding or proceedings to enforce the terms or conditions of this Declaration because of any violation hereof, it shall give Declarant forty-five (45) days written notice of such alleged violation, during which period Declarant shall have the opportunity to effect a cure of such alleged violation. If Declarant commences to effect a cure during such forty-five (45) day period and proceeds diligently towards the effectuation of such cure, the aforesaid forty-five (45) day period shall be extended for so long as Declarant continues to proceed diligently with the effectuation of such cure. In the event that title to the Subject Premises, or any part thereof, shall become vested in more than one party, the right to notice and cure provided in this subsection shall apply equally to all parties with a fee interest in the Subject Property, or any part thereof, including ground lessees; provided the LPC has received notice by said parties in accordance with Section 6.2. Notwithstanding the

foregoing, in the event that the Designated Structure is converted to a condominium, the right to notice and cure provided in this subsection shall apply only to the condominium board and to any owner of space occupied by retail uses in the Designated Structure; provided that the LPC has received notice by said parties in accordance with Section 6.2.

(b) If Declarant fails to observe any of the terms or conditions of this Declaration, and the Declarant fails to cure such violation within the applicable grace period provided in subparagraph 4.4(a) of this Declaration, then prior to the institution by any agency or department of the City of any action, proceeding, or proceedings against Declarant in connection with such failure, a Mortgagee who has given written notice of its name and address to the CPC and the LPC shall be given thirty (30) days written notice of such alleged violation, during which period such Mortgagee shall have the opportunity to effect a cure of such alleged violation. If such Mortgagee commences to effect a cure during such thirty (30) day period and proceeds diligently towards the effectuation of such cure, the aforesaid thirty (30) day period shall be extended for so long as such Mortgagee continues to proceed diligently with the effectuation of such cure.

(c) If after due notice as set forth in this Section 4.4, Declarant and the Mortgagee fail to cure such alleged

violations, the City may exercise any and all of its rights, including those delineated in this Section and may disapprove any amendment, modification, or cancellation of this Declaration on the sole grounds that Declarant is in default of any material obligation under this Declaration.

4.5 Acknowledgment of Covenants. Declarant acknowledges that the restrictions, covenants, easements, obligations and agreements in this Declaration, which are an integral part of the Special Permit, will protect the value and desirability of the Subject Premises as well as benefit the City of New York and all property owners within a one-half mile radius of the Subject Premises. Those restrictions, covenants, easements, obligations and agreements shall be covenants running with the land, and shall bind Declarant and its successors, legal representatives, and assigns.

4.6 No Other Enforceable Restrictions. Declarant represents and warrants that there are no enforceable restrictions of record on the use of the Subject Property or the Designated Structure, nor any present or presently existing future estate or interests in the Subject Property or the Designated Structure, nor any lien, obligation, enforceable covenant, limitation or encumbrance of any kind which precludes, directly or indirectly, imposition on the Subject Premises of the

restrictions, covenants, easements and obligations of this Declaration.

4.7 Governance. This Declaration shall be governed by and construed in accordance with the laws of the State of New York.

4.8 Severability. In the event that any provision of this Declaration shall be deemed, decreed, adjudged or determined to be invalid or unlawful by a court of competent jurisdiction and the judgment of such court shall be upheld on final appeal, or the time for further review of such judgment on appeal or by other proceeding has lapsed, such provision shall be severable, and the remainder of this Declaration shall continue to be of full force and effect.

4.9 Applicability to other City Agencies. Declarant covenants to include a copy of this Declaration as part of any application submitted to the LPC, CPC, Buildings Department, Board of Standards and Appeals ("BSA"), New York State Attorney General (in the event of a proposed conversion of the Designated Structure to condominium ownership) or any agency succeeding to their respective jurisdictions. The restrictions and obligations contained herein are a condition of any permit or Certificate of Occupancy to be issued by the Buildings Department and Declarant will take all reasonable steps to ensure that they are so listed. Failure to carry out such obligation beyond any applicable grace period shall constitute sufficient cause for the Commissioner of

the Buildings Department to revoke any building permit issued pursuant to the Special Permit or to apply to the BSA or to a court of competent jurisdiction for revocation of the Certificate of Occupancy or any permit issued by the Buildings Department.

4.10 Limitation of Liability. (a) Declarant shall be liable in the performance of any term, provision or covenant in this Declaration, subject to the following sentences and subject to Section 4.12 below. Notwithstanding anything to the contrary contained in this Declaration, the City and any other party or person relying on the Declaration will look solely to the fee estate and interest of Declarant in the Subject Property, on an in rem basis only, for the collection of any money judgment recovered against Declarant, and no other property of Declarant shall be subject to levy, execution or other enforcement procedure for the satisfaction of the remedies of the City or any other person or entity with respect to this Declaration, and Declarant shall have no personal liability under this Declaration. The liability of any Unit Owner under this Declaration shall be limited to the amount of such Unit Owner's prorated share, based on such Unit Owner's interest in the common element of the Condominium, of the costs of compliance with this Declaration. For the purposes of this Section 4.10, "Declarant" shall mean "Declarant" as defined in Article I hereof, as well as

any principals, disclosed or undisclosed, partners, affiliates, officers, employees, shareholders or directors of Declarant.

(b) The restrictions, covenants and agreements set forth in this Declaration shall be binding upon the Declarant and any successor-in-interest only for the period during which Declarant and any successor-in-interest is the holder of a fee interest in or is a party-in-interest of the Subject Premises and only to the extent of such fee interest or the interest rendering Declarant a party-in-interest. At such time as the named Declarant has no further fee interest in the Subject Premises and is no longer a party-in-interest of the Subject Premises, Declarant's obligations and liability with respect to this Declaration shall wholly cease and terminate from and after the conveyance of Declarant's interest and Declarant's successors-in-interest in the Subject Premises by acceptance of such conveyance automatically shall be deemed to assume Declarant's obligations and liabilities here-under to the extent of such successor-in-interest's interest.

4.11 Subordination. Declarant shall cause every individual, business organization or other entity that between the date hereof and the date of recordation of this Declaration becomes a Party-in-Interest to the Subject Property, to execute this Declaration or to subordinate such interest to the Declaration and waive its right to execution. Any mortgage or other lien

encumbering the Subject Property after the recording date of this Declaration shall be subject and subordinate hereto.

4.12 Right to Convey. Nothing contained herein shall be construed as requiring the consent of the CPC, the LPC, the City, any agency thereof or any other person or entity to any sale, transfer, conveyance, mortgage, lease or assignment of any interest in the Subject Property or the Designated Structure.

ARTICLE V.

AMENDMENTS, MODIFICATIONS AND CANCELLATIONS

5.1 Amendment or Cancellation. Except as provided in paragraph 4.1 above, this Declaration may be amended or canceled only upon application by LPC on behalf of Declarant and only with the express written approval of the CPC and of the City Council, but only in the event that the City Council reviewed the Special permit pursuant to Section 197-d, and no other approval or consent shall be required from any public body, private person or legal entity of any kind; provided, however, that no such approval shall be required in the case of any cancellation pursuant to paragraph 5.4.

5.2 Minor Modification. The Chairperson of the LPC and the Chairperson of the CPC may, by express written consent, administratively approve modifications to the Declaration that the CPC has determined to be minor. Such minor modifications shall not

be deemed amendments requiring the approval of the CPC, the LPC, the City Council or any other agency or department of the City of New York.

5.3 Recording and Filing. Any modification, amendment or cancellation of this Declaration, except pursuant to paragraph 5.4, shall be executed and recorded in the same manner as this Declaration. Following any modification, amendment or cancellation, Declarant shall immediately record it and provide one executed and certified true copy thereof to each of the CPC and the LPC and upon failure to so record, permit its recording by the CPC or the LPC at the cost and expense of Declarant.

5.4 Surrender or Nullification. In the event that Declarant does not use the Special Permit Restricted Space pursuant to the Special Permit, Declarant may surrender the Special Permit to the CPC and proceed with any use permitted by the Zoning Resolution and in accordance with the Landmarks Preservation Law as if such Special Permit had not been granted. This Declaration shall be rendered null and void upon recordation of an instrument filed by Declarant discharging it of record, with copies to LPC and CPC, the recordation of which instrument shall constitute a waiver of the right to use the Subject Property pursuant to the Special Permit.

ARTICLE VI.

MISCELLANEOUS

6.1 Exhibits. Any and all exhibits, appendices, or attachments referred to herein are hereby incorporated fully and made an integral part of this Declaration by reference.

6.2 Notices. All notices, demands, requests, consents, waivers, approvals and other communications which may be or are permitted, desirable or required to be given, served or deemed to have been given or sent hereunder shall be in writing and shall be sent

(a) if intended for Declarant to:

81 Spring Realty LLC
c/o Horizon Realty & Development Corporation
950 Third Avenue, 28th Floor
New York, NY 10022
Attn: President

(b) if intended for the CPC to:

New York City Planning Commission
22 Reade Street
New York, NY 10007
Att: Chairperson
(or then-official address),

(c) if intended for the LPC to:

New York City Landmarks Preservation Commission
100 Old Slip
New York, NY 10005
Attn: Chairperson
(or then-official address), and

(d) if intended for the City Council to:

The City Council at the Office of the Speaker,
City Council, City Hall
New York, New York 10007.

Declarant, or its representatives, by notice given as provided in this paragraph 6.2, may change any address for the purposes of this Declaration. Each notice, demand, request, consent, approval or other communication shall be either

(iv) sent by registered or certified mail, postage prepaid, or

(ii) sent by nationally recognized overnight delivery service, or

(v) delivered by hand,

and shall be deemed sufficiently given, served or sent for all purposes hereunder five (5) business days after it shall be mailed, or, one (1) business day if sent by nationally recognized overnight delivery service, or, if delivered by hand, when actually received.

6.3 Indemnification. Provided that Declarant is found by a court of competent jurisdiction to have been in default in the performance of its obligations under this Declaration after having received written notice of such default and opportunity to cure as provided above, and such finding is upheld on final appeal, or the time for further review of such finding on appeal or by other proceeding has lapsed, Declarant shall indemnify and

hold harmless the City from and against all of its reasonable legal and administrative expenses arising out of or in connection with the City's enforcement of Declarant's obligations under this Declaration.

IN WITNESS WHEREOF, Declarant has executed this Declaration as of the day and year first above written.

81 SPRING REALTY LLC

By: _____

Name: John Jacobson
Title: Pres.

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 5th day of December, 2000, before me, the undersigned, a Notary Public in and for said State, personally appeared John Jacobson, 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/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Sandra A. Harris
Notary Public

SANDRA A. HARRIS
Notary Public, State of New York
No. 01HA6020302
Qualified in Queens County
Commission Expires 03/01/2001

FINAL 9/28/99 (Revised 12/4/00)

SCHEDULE OF EXHIBITS

Exhibit A	-	Metes and Bounds of Subject Property
Exhibit B	-	Zoning Lot Certification
Exhibit C	-	Certificate of Appropriateness
Exhibit D	-	Scope of Preservation Work

EXHIBIT A

Metes and Bounds of Subject Property

EXHIBIT A

ALL THAT CERTAIN plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the northwesterly corner of Spring and Crosby Streets;

RUNNING THENCE westerly along the northerly side of Spring Street, 50 feet;

THENCE northerly along a line parallel with Crosby Street, 117 feet, 2-1/4 inches;

THENCE easterly along the line forming an angle of 90 degrees, 29 minutes 10 seconds on its southerly side of with the last described line, 49 feet 10-3/4 inches to the westerly side of Crosby Street;

THENCE southerly along the westerly side of Crosby Street, 114 feet, 2-3/4 inches to the corner aforesaid at the point or place of BEGINNING.

EXHIBIT B

Zoning Lot Certification

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

ROYAL ABSTRACT OF NEW YORK LLC, an abstract company having its principal place of business at 500 Fifth Avenue, New York, New York, 10110 hereby certifies that as to the land hereafter described being a tract of land either unsubdivided or consisting of two or more lots of record contiguous for a minimum of ten linear feet located within a single block in the single ownership of 81 Spring Realty, LLC, that all the parties in interest constituting a "party in interest" as defined in Section 12-10 subdivision (C) of the Zoning Resolution of The City of New York effective December 15, 1961, as amended, are the following:

NAMES	INTEREST
81 Spring Realty, LLC	FEE OWNER
Spring Funding LLC	Mortgagee

The subject tract of land with respect to which the foregoing parties are the parties in interest as aforesaid is known as Tax Lot 31 in Block 497 on the Tax Map of The City of New York, New York County, and more particularly described as follows:

BEGINNING at the northwesterly corner of Spring and Crosby Streets;

RUNNING THENCE westerly along the northerly side of Spring Street, 50 feet;

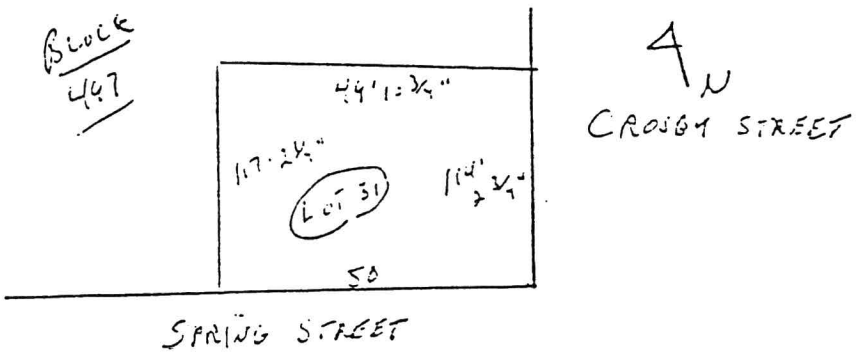
THENCE northerly along a line parallel with Crosby Street, 117 feet 2-1/4 inches;

THENCE easterly along the line forming an angle of 90 degrees, 29 minutes 1 seconds on its southerly side of with the last described line, 49 feet 10-3/4 inches to the westerly side of Crosby Street;

THENCE southerly along the westerly side of Crosby Street, 114 feet 2-3/4 inches to the corner aforesaid at the point or place of BEGINNING.

continued.....

That the said premises are known as and by street address 79-81 Spring Street, New York, New York, as shown on the following DIAGRAM:



CERTIFIED this December 6, 2000 to Greenberg, Traurig etal., the applicant for this certification.

NOTE: A Zoning Lot may or may not coincide with a lot as shown on the Official Tax Map of the City of New York, or on any recorded subdivision plot or deed. A Zoning Lot may be subdivided into two or more zoning lots provided all the resulting zoning lots and all the buildings thereon shall comply with the applicable provision of the zoning lot resolution.

THIS CERTIFICATE IS MADE FOR AND ACCEPTED BY THE APPLICANT UPON THE EXPRESS UNDERSTANDING THAT LIABILITY HEREUNDER IS LIMITED TO ONE THOUSAND ($1,000) DOLLARS.

ROYAL ABSTRACT OF NEW YORK LLC

BY: _____
MARTIN KRAVET
MANAGER

State of New York, County of New York, SS:

On the 6th day of December, in the year 2000 before me, the undersigned, personally appeared Martin Kravet, the undersigned, 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 he 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.

Edward J. Machinski

EDWARD J. MACHINSKI
Notary Public, State of New York
No. 4757103
Qualified in NEW YORK County
Commission Expires 5/31/02

EXHIBIT C

Certificate of Appropriateness

THE NEW YORK CITY LANDMARKS PRESERVATION COMMISSION
100 OLD SLIP NEW YORK, NY 10005 TEL: 212 487-6500 FAX: 212 487-6744

PERMIT

CERTIFICATE OF APPROPRIATENESS

ISSUE DATE: 11/04/99	EXPIRATION DATE: 07/27/2005	DOCKET #: 001285	COFA #: COFA 00-2798
ADDRESS: 81 SPRING STREET HISTORIC DISTRICT: SOHO-CAST IRON		BOROUGH: MANHATTAN	BLOCK/LOT: 497 / 31

Display This Permit While Work Is In Progress

ISSUED TO:

John Jacobson
81 Spring Realty LLC
c/o Horizon Realty & Development Corp.
650 Fifth Avenue
New York, NY 10017

Pursuant to Section 25-307 of the Administrative Code of the City of New York, the Landmarks Preservation Commission, at the Public Meeting of July 27, 1999 following the Public Hearing of the same date, voted to grant a Certificate of Appropriateness for the proposed work at the subject premises, as put forward in your application completed on July 1, 1999.

The proposal, as approved, consists of restorative work at the Spring and Crosby Street facades, including the removal of paint and graffiti from the brick facade and repointing the deteriorated brick mortar joints; repairing the delaminating bluestone lintels, sills, and belt courses; the repair of the cornice at the northern end of the Crosby Street facade and the replacement of the missing cornice at the corner of Spring Street and Crosby Street; the in kind replacement of the brown painted one-over-one double-hung wood windows; the removal of modern storefront infill and the installation of new wood and glass storefront infill to match the historic wood and glass storefronts; the installation of new corrugated metal covering on the metal canopy on the Crosby Street facade; and the restoration of the existing cast iron and glass vault lights and granite sidewalk. The proposal also includes the removal of a concrete portion of the sidewalk at the corner of the Spring and Crosby Streets and the installation of a new granite paver that will be sloped at the curb to create a ramp to the street; the installation of five plaques at the cast iron piers on the ground floor, and a flagpole and banner installed into the wood frame of a second floor window on the Spring Street facade; the removal the water tower and a mechanical bulkhead from the roof and the construction of a one-story penthouse addition with a light buff colored stucco finish; the installation of a non-visible set back railing at the roof; the installation of full-height flush-mounted louvers within a row of window openings at the rear elevation; and the installation of non-visible mechanical equipment at the roof of the new

penthouse, as shown in photographs, paint analysis dated May 11, 1999, prepared by Jablonski Berkowitz Conservation, Inc., an "Existing Conditions Survey" dated July 1999, prepared by Higgins & Quasebarth, copies of original (1884) drawings, and drawings LPC #4-LPC #12, LPC #14-LPC #17 and LPC #22 and LPC #23 dated revised July 16, 1999, LPC #13, LPC #19, LPC #20, LPC #24, LPC #26 and LPC #27 dated June 24, 1999, and LPC #25 and LPC #33 dated revised July 23, 1999, prepared by Arpad Baksa, Architect, all submitted as components of the application, and presented at the Public Hearing and Public Meeting.

In reviewing this proposal, the Commission noted that the SoHo-Cast Iron Historic District designation report describes 81 Spring Street as a store building built in 1884-85 designed by Richard Berger; and that the building's style, scale, materials and details are among the features that contribute to the special architectural and historic character of the SoHo-Cast Iron Historic District.

With regard to this proposal, the Commission finds that cleaning, removing paint and repointing the brick facade and repairing the bluestone belt courses will return the facade closer to its original appearance and will aid in the long term preservation of the building; that the new windows and doors will match the historic windows and doors in terms of configuration, operation, materials, details and finish; that the installation of a cornice at the corner of the building will return a significant missing architectural feature to the facade; that the restoration of the sidewalks and the cast iron vault lights will return the streetscape to its original appearance; that the corrugated metal covering at the metal canopy will be in keeping with the materials historically found on these canopies; that the installation of the flagpole into the wood window frame will not cause damage to any significant historic fabric; that the proposed plaques will be small and unobtrusive; that the removal of the visible rooftop bulkhead will eliminate a feature which detracts from the architectural character of the building; that the addition will not result in damage to any significant architectural features of the roof; that the proposed rooftop addition has been set back significantly from the street facades and will be minimally visible from only one block on Crosby Street and therefore, will not call undue attention to itself and away from the architectural character of the building; and that the proposed work will enhance the special architectural and historic character of the SoHo-Cast Iron Historic District. Based on these findings, the Commission determined the proposed work to be appropriate to the building and to the SoHo-Cast Iron Historic District. The work, therefore, is approved.

However, in voting to grant this approved, the Commission made its determination subject to the condition that written specifications for the restorative work, a copy of the Department of Buildings Objections Sheet, and two sets of the final signed and sealed drawings showing the approved proposal, all be submitted to the Landmarks Preservation Commission for review and approval.

Subsequently, on August 5, 1999, the Landmarks Preservation Commission received written specifications dated June 24, 1999, and drawings T-1, Z-1, DB-1-DB-4, DB-6, A-1-A-7, A-10-A-12, A-200-A0202, A-223 and A-205, dated received August 5, 1999, prepared by Arpad Baksa Architect, P.C.; and on November 1, 1999, the Commission received a copy of the Department of Buildings Objections Sheet. Accordingly, staff reviewed the material and finds that the proposal approved by the Commission has been maintained. Based on this and the above findings, the drawings have been marked approved by the Landmarks Preservation Commission with a perforated seal and Certificate of Appropriateness 00-2798 is being issued.

This permit is issued on the basis of the building and site conditions described in the application and disclosed during the review process. By accepting this permit, the applicant agrees to notify the Commission if the actual building or site conditions vary or if original or historic building fabric is discovered. The Commission reserves the right to amend or revoke this permit, upon written notice to the applicant, in the event that the actual building or site conditions are materially different from those described in the application or disclosed during the review process.

All approved drawings are marked approved by the Commission with a perforated seal indicating the date of approval. The approved work is limited to what is contained in the perforated documents. Other work or amendments to this filing must be reviewed and approved separately. The applicant is hereby put on notice that performing or maintaining any work not explicitly authorized by this permit may make the applicant liable for criminal and/or civil penalties; including imprisonment and fines. This letter constitutes the permit; a copy must be prominently displayed at the site while work is in progress. Please direct inquiries to Sarah Carroll.

File Copy

Jennifer J. Raab
Chairman

PLEASE NOTE: PERFORATED DRAWINGS AND A COPY OF THIS PERMIT HAVE BEEN SENT TO:
Elise Quasebarth, Higgins & Quasebarth

cc: Elise Quasebarth, Arpad Baksa, Frank Angelino, Esq., Ann I. Friedman, Acting Deputy Director of Preservation/LPC, Jon Bosse, Deputy Counsel/LPC

EXHIBIT D

Scope of Preservation Work

HIGGINS & QUASEBARTH

CONSULTANTS IN PRESERVATION AND REHABILITATION OF HISTORIC PROPERTIES

TELEPHONE
(212) 274-9468

270 LAFAYETTE STREET
NEW YORK, NEW YORK 10012

FAX
(212) 274-9350

4 August 1999

The restoration work for the Spring and Crosby Street facades of 81 Spring Street includes:

Brick Masonry (Spring and Crosby Street facades):
- Removal of paint and graffiti from all brick;
- Cleaning of brick;
- Removal of brick from infilled window openings;
- Removal of non-original metal attachments and embeds from brick and patch at removed elements (original iron shutter hinge anchors to be retained);
- Repointing as necessary;
- Removal of all incompatible cement patches;
- Filling of all pits, gouges, removed patch holes and spalled and cracked brick with brick masonry patching compounds.

Stone Masonry:
- Removal of paint and graffiti from all stone masonry;
- Cleaning of stone masonry;
- Repointing as necessary;
- Filling of all pits, gouges, and significantly spalled stone with masonry patching compounds;
- Patching or replacing with matching stone sills all significantly deteriorated sills.

Windows:
- Removal of existing wood and kalamein windows and surrounding frames;
- Installation of new one-over-one wood double-hung sash windows to match historic windows;
- Analysis of finish color of historic wood windows;
- Painting of replacement windows to match historic finish of wood windows;
- Scraping and painting of original iron shutter hinges.

Storefronts:
- Analysis of finish color of historic cast-iron and wood storefront elements;
- Repairing of pinhole cracks, etc. in cast iron;
- Removal of all non-original attachments from cast iron;
- Scraping and painting of all cast-iron elements to match historic finishes;
- Installation of replacement storefront cornice on Spring Street and Bays 1-3 of Crosby Street facade;
- Installation of new cast iron for repair of missing sections of storefront cornice at Bays 9-14 of Crosby Street facade;
- Installation of new cast-iron sill to match original;
- Painting of all new cast-iron elements to match original;

Installation of sealant at intersection of all cast-iron columns and brick masonry;
Installation of new wood/glass doors and transoms to match originals;
Installation of new wood storefront and bulkhead windows to match originals;
Painting of new wood elements to match historic finishes.

Metal Cornice:
Analysis of finish color of historic sheet-metal cornice;
Installation of new sheet metal matching original profiles at damaged and dented areas of cornice, to be attached with pop rivets and sealant;
Scraping and painting of new and existing sheet metal to match historic finishes.

Awning (Crosby Street):
Repairing or replacing damaged or missing awning components;
Installation of new flashing at juncture of awning and building;
Installation of new drainage leaders;
Preparation and repainting of all metal awning elements.

Metal Fire Escape:
Repairing or replacing damaged and missing fire escape elements;
Preparation and painting of all iron elements;
Inspection of fire escape to determine structural integrity.

Sidewalk Vault Covers:
Removal of all non-original vault covers;
Removal of metal plates covering iron-and-glass storefront risers;
Repairing existing iron-and-glass vault covers, including removal of all coatings;
Installation of new iron-and-glass vault covers to match originals.

Sidewalks:
Sealing of all granite slab joints;
Removal of concrete sidewalk and steel curb at corner of Spring and Crosby Streets;
Installation of new granite sidewalk, to match existing granite sidewalk, with handicapped curb cuts at corner of Spring and Crosby Streets.

Roof:
Removal of water tower and related structures as required for new work;
Removal of roofing cement from coping and installation of sealant with backer rod at all coping joints;
Repairing bluestone coping units with proprietary patching compounds to match existing stone in texture and color, or replacing units with pre-cast coping stones matching original in color and texture;
Removal of existing roofing and installation of new roofing/flashing system.

Brick Masonry (rear facades):
Repointing all open brick mortar joints.

CITY REGISTER RECORDING AND ENDORSEMENT PAGE

COUNTY OF ▶ New York

THIS PAGE FORMS PART OF THE INSTRUMENT

TOTAL NUMBER OF PAGES IN DOCUMENT INCLUDING THIS PAGE ▶ 55

Block ▼ 497

Lots - ONLY IF ENTIRE LOT ▼ 31

Partial ▼ P/O

Premises ▼ 81 SPRING STREET

Title Agent Company Name ▼

Title Company Number ▼

RECORD & RETURN TO

NAME ▼ FRANCIS R. ANGELINO, ESQ. DeCAMPO, DIAMOND & ASS

ADDRESS ▼ 805 THIRD AVENUE, 6TH FLOOR

CITY ▼ NEW YORK STATE ▼ NY ZIP ▼ 10022

NAME & ADDRESS

PARTY 1 ▶ 81 SPRING REALTY, LLC 950 THIRD AVENUE, 27th FLOOR NY, NY 10022

ADDITIONAL PARTY 1 ▶

PARTY 2 ▶

ADDITIONAL PARTY 2 ▶

CHECK THIS BOX IF THERE ARE MORE THAN 2 OF EITHER PARTY ☐

CITY REGISTER'S USE ONLY — DO NOT WRITE BELOW THIS LINE

Examined by (A): M

Mtge Tax Serial No.:

Mtge Amount: $

Taxable Amount: $

Exemption (✓): YES ☐ NO ☐

Type: [MORTGEE] [SEC 255] [OTHER]

Dwelling Type: [1 & 2] [3] [4 - 6] [over 6]

TAX RECEIVED ON ABOVE MORTGAGE ▼

County (basic)	$
City (Addl'l)	$
Spec Addl'l	$
TASF	$
MTA	$
NYCTA	$
TOTAL TAX	$

Apportionment Mortgage (✓) YES ☐ NO ☐

City Register Serial Number ▶

Indexed By (A):

Verified By (A):

Block(s) and Lot(s) verified by: M

Address ☐ Tax Map ☐

Extra Block(s) Lot(s)

Recording Fee	$
Affidavit Fee (C)	$
RPTT Fee (R)	$

HPD-A ☐ HPD-C ☐

New York State Real Estate Transfer Tax ▼

$

Serial Number ▶

New York City Real Property Transfer Tax Serial Number ▶

RECORDED IN THE OFFICE OF THE CITY REGISTER OF THE CITY OF NEW YORK

CRFINAL001.RPO 04/00

DOCUMENT NUMBER 10

CERTIFICATIONS

1. Sponsor and Principals
2. Sponsor's Architect
3. Sponsor's Expert Concerning the Adequacy of the Budget
4. Sponsor's Expert Concerning the Adequacy of Common Charges Payable by the Commercial Unit Owner

February 1, 2001

New York State Department of Law
120 Broadway, 23rd Floor
New York, New York 10271
Attention: Real Estate Financing Bureau

Re: Condominium Offering Plan for
81 Spring Street a/k/a 76 Crosby Street
New York, New York (the "Premises")

We are the sponsor and the principals of sponsor of the condominium offering plan for the captioned property.

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the 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:
81 SPRING REALTY LLC

By: 81 Spring Realty Corp.,
Manager

By: _____
Name: John Jacobson
Title: President

SPONSOR'S PRINCIPALS

By: 81 Spring Realty Corp.,
Manager

By: _____
Name: John Jacobson
Title: President

_____
John Jacobson

_____
Rod Raskin

_____
Steven N. Bobrow

Jointly and severally sworn
to before me this 1st day of
FEB, 2001

David W. McFarlane
Commissioner of Deeds
City of New York - 2-10799
Certified in New York County
Commission Expires Jan 1, 2002

ARPAD BAKSA
ARCHITECT, P.C.

25 West 43rd Street, suite 1616
New York, New York 10036-7406
tel: 212.768.4191
fax: 212.768.4473
e-mail:
abaksa@arpad-baksa-architect.com

ARCHITECT'S CERTIFICATION

CERTIFICATION OF THE AMENDMENT OF THE SPONSOR'S ARCHITECT PURSUANT TO SECTION 20.4 (C) OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A, AS AMENDED.

Department of Law of the State of New York
120 Broadway
New York, NY 10271

Attn: Real Estate Financing Bureau

Re: 81 Spring Street, New York, NY

The undersigned, an architect licensed to practice as a professional architect in New York State certifies as follows:

The Sponsor of the offering to convert the captioned property to condominium ownership retained Arpad Baksa Architect, P.C. (ABA) to prepare a report disclosing the condition of the property (the "Report"). ABA visually inspected the property on 1 July, 1999 and prepared the Report dated 7 July, 1999, and revised 20 September, 1999, supplemented by an Addendum dated 7 February, 2000, all of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the Report and the Addendum.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 23 insofar as they are applicable to the Report and the Addendum.

ABA has read the entire Report and the Addendum and investigated the facts set forth in the Report and the Addendum and the underlying facts and conducted the visual inspection referred to above with due diligence in order to form a basis for this certification. ABA certifies that the Report and the Addendum and all documents prepared by ABA disclose the material facts regarding the Building's infrastructure, windows, roof, copings, and general condition of the Building which were then discernible from a visual inspection of the property. This certification is made for the benefit of all persons to whom this offer is made.

ABA certifies that the Report and the Addendum based on our visual inspection most recently performed on 5 February, 2001:

(i) sets forth in narrative form the physical condition of the aspects of the property discussed in the Report and the Addendum and is current and accurate as of the date of inspection;

(ii) in ABA`s professional opinion affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the aspects of the property discussed in the Addendum;

(iii) does not omit any material fact;

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment or suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) does not contain any representation or statement which is false, where we:

(a) knew the truth;
(b) with reasonable effort could have known the truth;
(c) made no reasonable effort to ascertain the truth, or
(d) did not have knowledge concerning the representations or statement made.

It is to be understood that all aspects of the physical condition of the property cannot be determined by a visual inspection and that all statements contained in this certification are premised on and limited to such visual inspection.

ABA further certifies that ABA is not owned or controlled by the Sponsor and has no beneficial interest in the Sponsor and that ABA`s compensation for preparing the Report and the Addendum 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.

Sworn to before me this
5th day of FEB , 2001.

REGISTERED ARCHITECT
ARPAD BAKSA
16325
STATE OF NEW YORK

Notary Public

Arpad Baksa, R.A., #16325

condo#1.add

Brown Harris Stevens
Appraisal & Consulting, LLC

BROWN HARRIS STEVENS
Established 1873

New York State Department of Law
Bureau of Real Estate Financing
120 Broadway, 23rd Floor
New York, New York 10271

April 25, 2001

Re: **81 Spring Street**
New York, New York

The sponsor of the condominium offering plan for the captioned property retained our firm to prepare Schedule B, containing projections of income and expenses of the first year of condominium operation. We have also prepared a Schedule B-1 which sets forth the estimated first year electricity costs for the individual units as unit owners will be responsible for direct payment to the utility company. Our experience in this field includes current management of the operation of 200 comparable condominium and cooperative buildings in Manhattan. We have experience in this field for over 70 years.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 23 insofar as they are applicable to Schedules B and B-1.

We have prepared the Schedules and investigated the facts set forth in the Schedules and the facts underlying them with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in Schedules B and B-1 appear reasonable and adequate under existing circumstances, and the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of condominium operation.

We certify that the Schedules:

(i) set forth in detail the projected income and expenses for the first year of condominium operation;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of condominium operation;

(iii) do not omit any material fact;

(iv) do not contain any untrue statement of a material fact;

(v) do not contain any fraud, deception, concealment, or suppression;

(vi) do not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) do 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.

We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the income and expenses of the first year of condominium operation.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

By: Mark A Wasserman

Sworn to before me
this 25th day of April, 2001

Brenna E Clarke
Notary Public

BRENNA E. CLARKE
Notary Public, State of New York
No. 01CL5033053
Qualified in Westchester County
Commission Expires Sept. 25, 2002

Brown Harris Stevens
Appraisal & Consulting, LLC

BROWN HARRIS STEVENS
Established 1873

New York State Department of Law
120 Broadway, 23rd Floor
New York, NY 10271

April 25, 2001

Re: **81 Spring Street**
New York, New York

The sponsor of the condominium offering plan for the captioned property retained our firm to prepare Schedule B, containing projections of income and expenses of the first year of condominium operation payable by the owner of the commercial unit. We have also prepared a Schedule B-1 which sets forth the estimated first year electricity costs for the commercial unit as unit owners will be responsible for direct payment to the utility company. Our experience in this field includes current management of the operation of 200 comparable condominium and cooperative buildings in Manhattan. We have experience in this field for over 70 years.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 23 insofar as they are applicable to the commercial unit listed in Schedules B and B-1.

We have prepared the Schedules and investigated the facts set forth in the Schedules and the facts underlying them with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in Schedules B and B-1 for common charges payable by the owner of commercial unit appear reasonable and adequate under existing circumstances to meet the anticipated operating expenses fairly attributable to such commercial unit for the projected first year of condominium operation, and that the allocation of common charges attributable to the commercial unit also reflects special or exclusive use or availability or exclusive control or particular common areas.

We certify that the Schedules:

(i) set forth in detail the projected common charges for the commercial unit for the first year of condominium operation;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the common charges payable by the owners of the commercial units;

(iii) do not omit any material fact;

(iv) do not contain any untrue statement of a material fact;

(v) do not contain any fraud, deception, concealment or suppression;

(vi) do not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) do 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.

We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the common charges fairly attributable to the commercial unit for the first year of condominium operation.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

By: Mark A Lawsone

Sworn to before me
this 25th day of April, 2001

Brenna E Clarke
Notary Public

BRENNA E. CLARKE
Notary Public, State of New York
No. 01CL5033953
Qualified in Westchester County
Commission Expires Sept. 26, 2002

DOCUMENT NUMBER 11

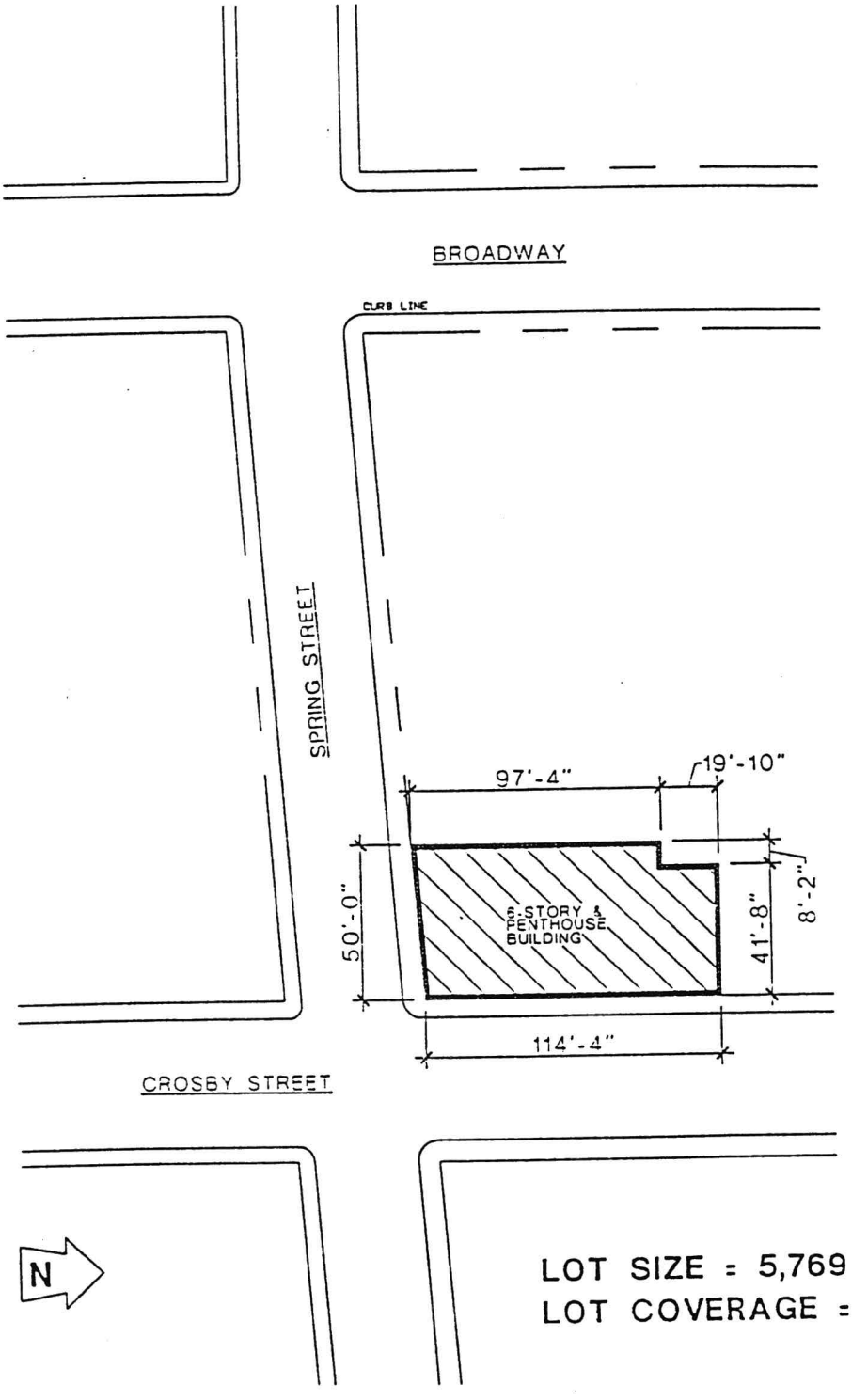
CONDOMINIUM FLOOR PLANS

LEGEND

B.	BATHROOM
B.R.	BEDROOM
C.	COMMON
CL.	CLOSET
COM.	COMMERCIAL
COR.	CORRIDOR
D.	DEN
D.A.	DINING AREA
E.	ELEVATOR
E.E.R.	ELEVATOR EQUIPTMENT RM
E.S.	ELEVATOR SHAFT
F.	FOYER
F.ST.	FIRE STAIR
G.	GARBAGE CHUTE
H.	HALL
K.	KITCHEN
L.	LOBBY
L.C.	LIMITED COMMON
L.R.	LIVING ROOM
M.R.	METER ROOM
O.	OFFICE
P.	WARMING PANTRY
PIT	ELEVATOR PIT
P.R	PUMP ROOM
PWD.	POWDER ROOM
R.	RAMP
S.	STORAGE
S.L.	SKYLIGHT
ST.	STAIR
U.	UTILITY ROOM
V.	VESTIBULE
W/D	WASHER/DRYER

C.		GENERAL COMMON
U.B.		UNIT BOUNDARY
P.C.		PENTHOUSE LIMITED COMMON
C.C.		COMMERCIAL LIMITED COMMON
R.C.		RESIDENTIAL LIMITED COMMON

1/23/01
11/6/00
6/24/99



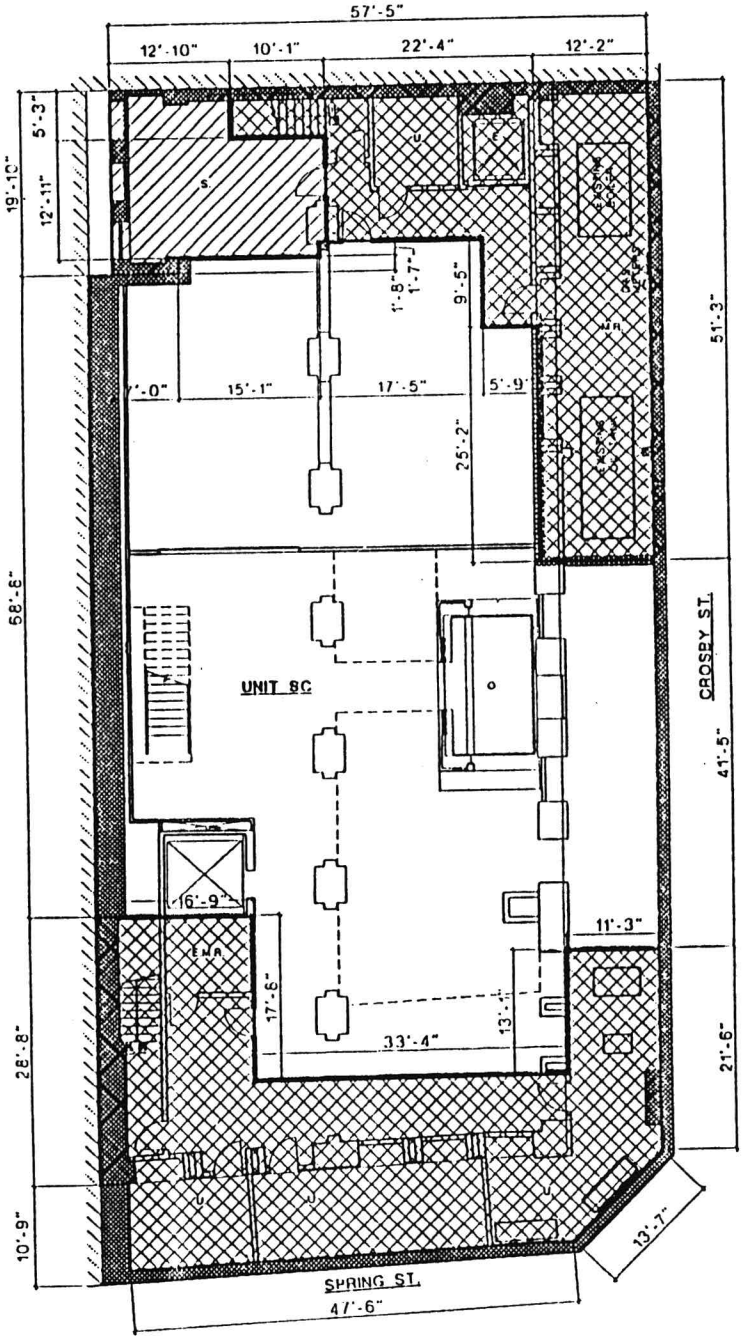
LOT SIZE = 5,769 SF
LOT COVERAGE = 5,607 SF

REVISION DATE

PROJECT	81 SPRING STREET NEW YORK, N.Y.10012
DRAWING TITLE	SITE PLAN

ARPAD BAKSA ARCHITECT, P.C.
25 West 43rd Street
New York, NY 10036-7406
Tel. (212) 768-4191
Fax (212) 768-4473
e-mail:a.baksa.arch@worldnet.att.net

PROJECT #	905
DATE	6/24/99
DRAWN BY	PR
SCALE	N.A.
SHEET NO	SK-1



SUB-CELLAR

UNIT SC : COMMERCIAL
APPROX. NET SF = 4,122 SF
APPROX. GROSS SF = 4,403 SF
TAX LOT NO. 1101
(PART OF UNIT C, UNIT 1)

RESIDENTIAL LIMITED COMMON:
APPROX. TOTAL SF = 374 SF

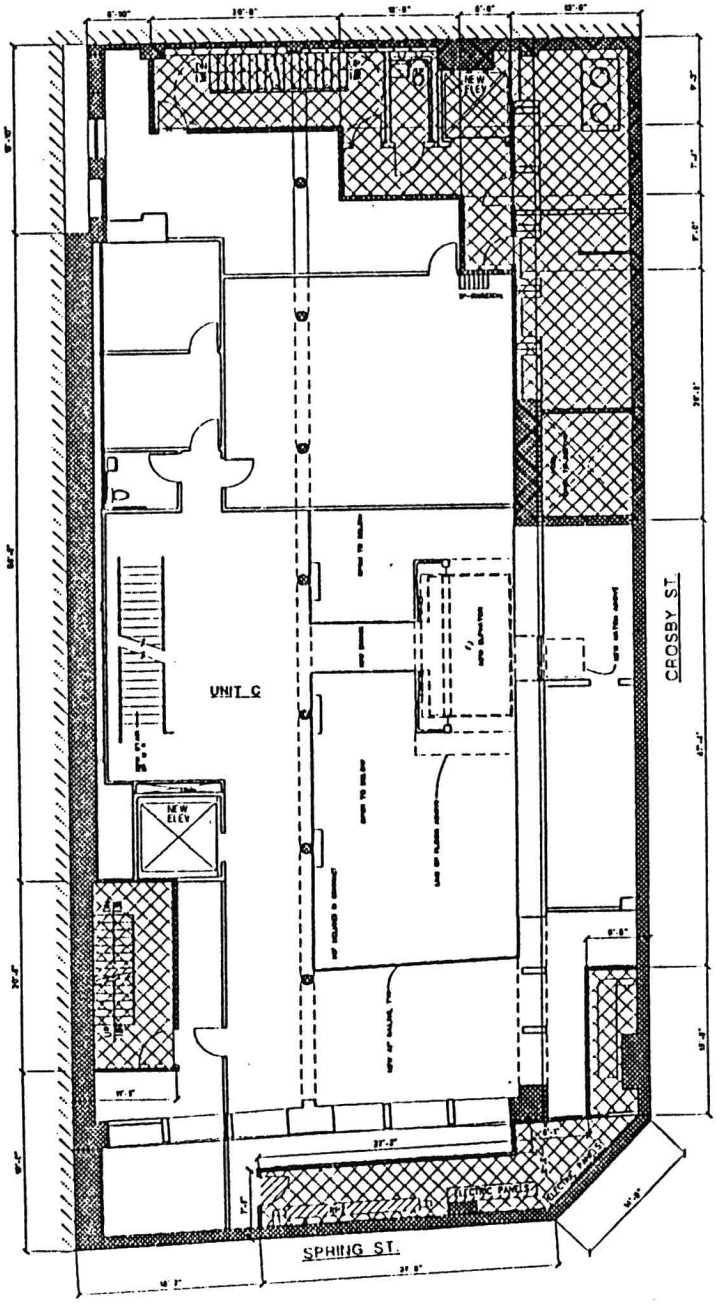
GENERAL COMMON:
APPROX. TOTAL SF = 2,589 SF

TOTAL GROSS AREA:
APPROX. TOTAL SF = 7,366 SF

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11/01/99 02/05/01
11/06/00

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CELLAR

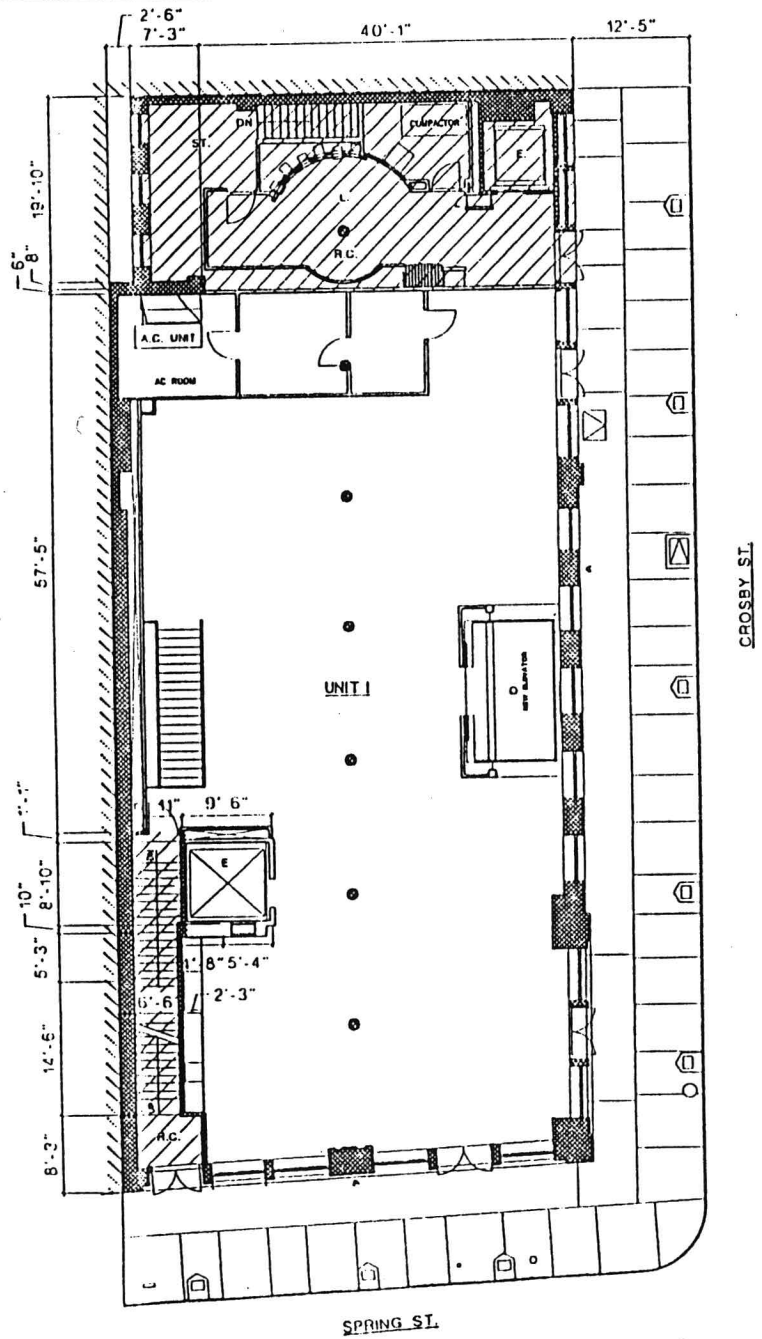
UNIT CA : COMMERCIAL
APPROX. NET SF = 5,328 SF
APPROX. GROSS SF = 5,643 SF
TAX LOT NO. 1101
(PART OF UNIT SC, UNIT 1)

GENERAL COMMON:
APPROX. TOTAL SF = 1,711 SF

TOTAL GROSS AREA:
APPROX. TOTAL SF = 7,354 SF

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11/06/00



IST FLOOR

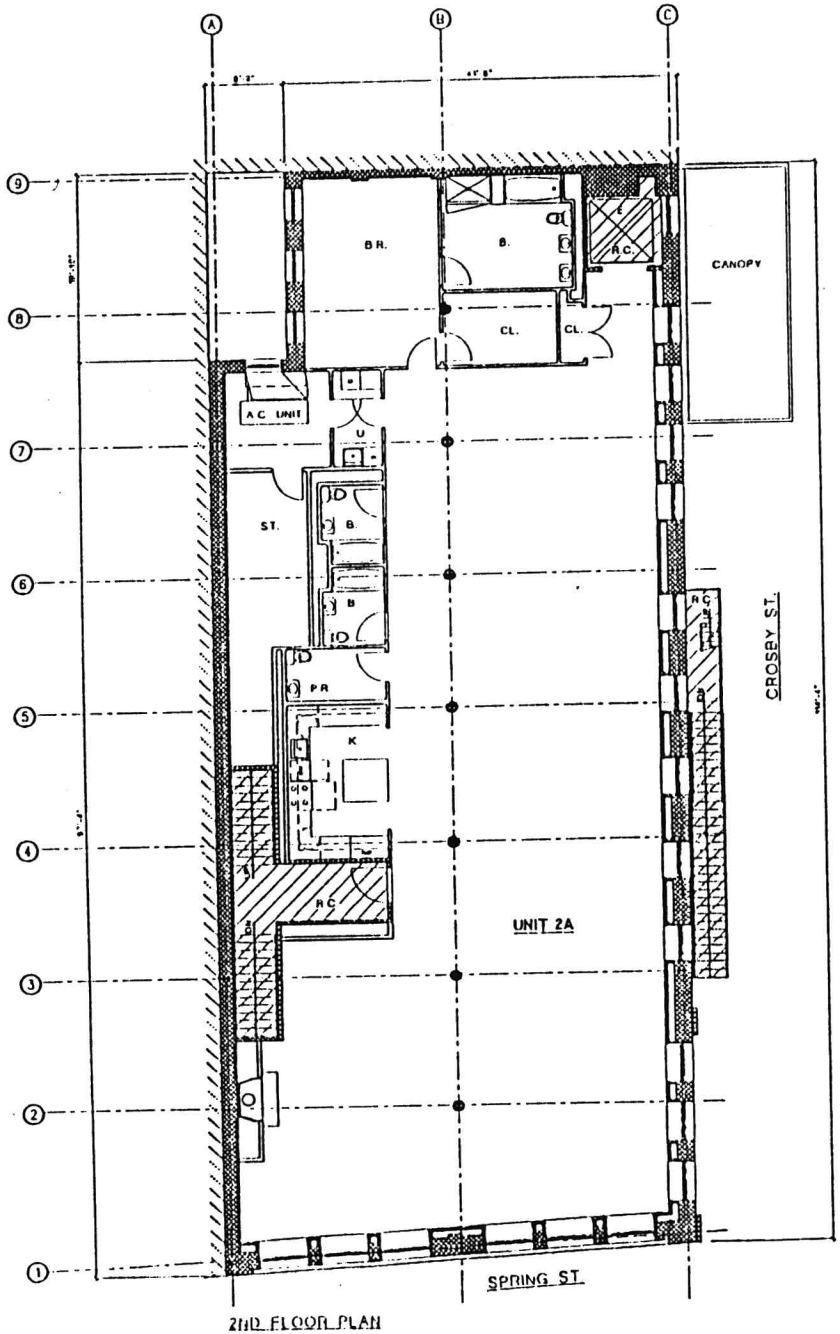
UNIT I : COMMERCIAL
APPROX. NET SF = 3,949 SF
APPROX. GROSS SF = 4,451 SF
TAX LOT NO. 1101
(PART OF UNIT SC, UNIT C)

RESIDENTIAL LIMITED COMMON:
APPROX. GROSS SF = 1,269 SF

TOTAL GROSS AREA:
APPROX. TOTAL SF = 5,720 SF

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2ND FLOOR PLAN

2ND FLOOR
TAX LOT NO. 1102

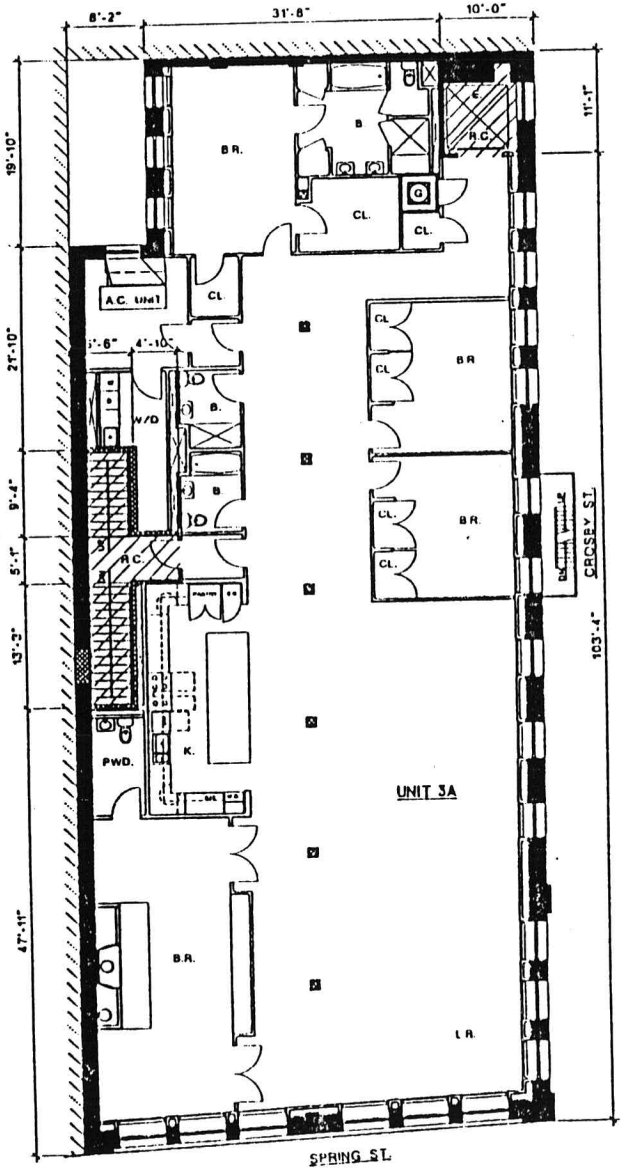
UNIT 2A RESIDENTIAL
APPROX. NET SF = 4,677 SF
APPROX. GROSS SF = 5,241 SF

RESIDENTIAL LIMITED COMMON:
APPROX. GROSS SF = 366 SF

TOTAL GROSS AREA:
APPROX. TOTAL SF = 5,607 SF

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3RD FLOOR PLAN

3RD FLOOR

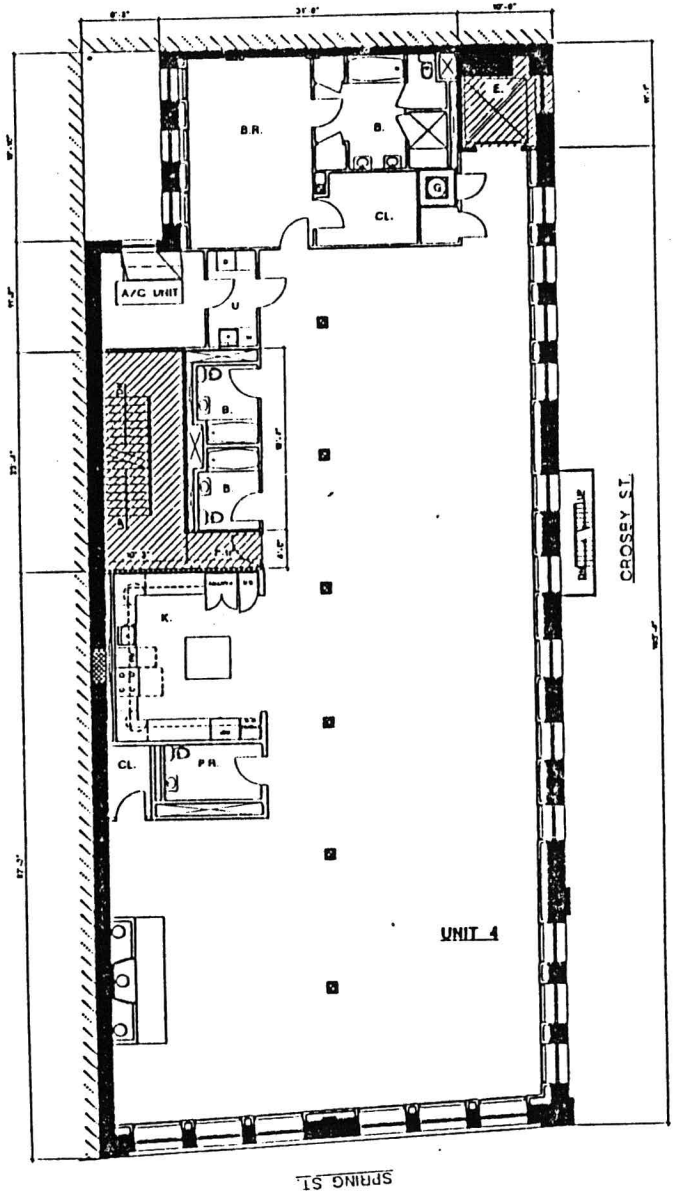
UNIT 3 : RESIDENTIAL
APPROX. NET SF = 4,762 SF
APPROX. GROSS SF = 5,292 SF
TAX LOT NO. 1103

RESIDENTIAL LIMITED COMMON:
APPROX. GROSS SF = 315 SF

TOTAL GROSS AREA:
APPROX. TOTAL SF = 5,607 SF

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4TH FLOOR

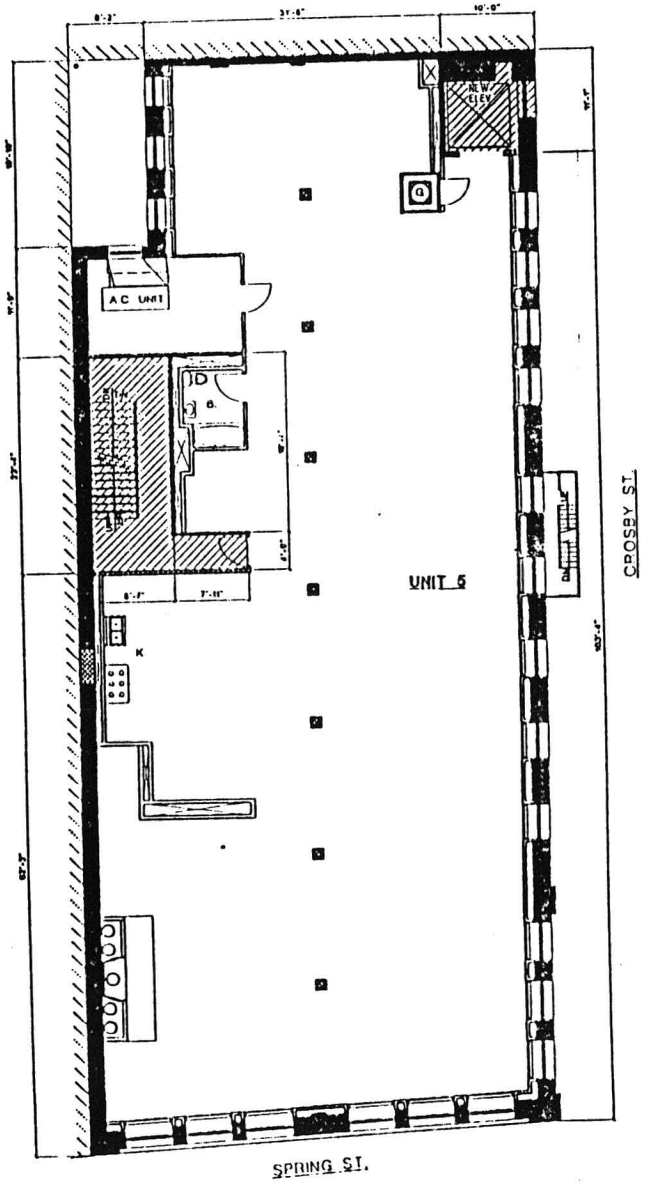
UNIT 4 : RESIDENTIAL
APPROX. NET SF = 4,654 SF
APPROX. GROSS SF = 5,226 SF
TAX LOT NO. 1104

RESIDENTIAL LIMITED COMMON:
APPROX. GROSS SF = 381 SF

TOTAL GROSS AREA:
APPROX. TOTAL SF = 5,607 SF

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11/06/00



5TH FLOOR

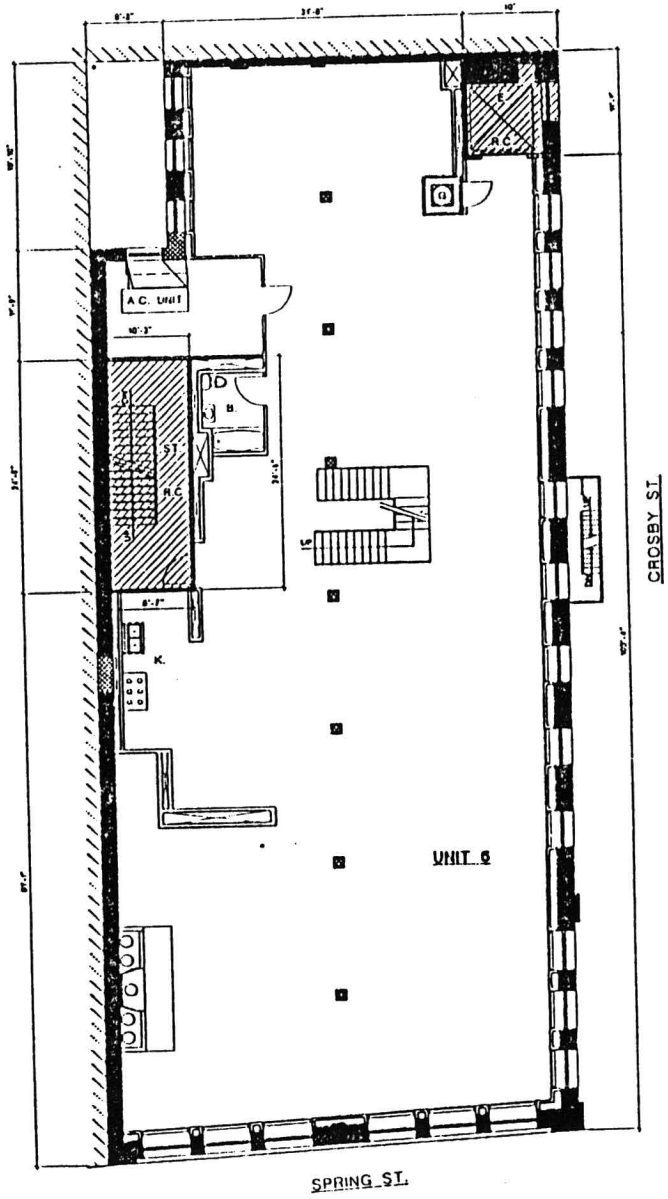
UNIT 5 : RESIDENTIAL
APPROX. NET SF = 4,668 SF
APPROX. GROSS SF = 5,226 SF
TAX LOT NO. 1105

RESIDENTIAL LIMITED COMMON:
APPROX. GROSS SF = 381 SF

TOTAL GROSS AREA:
APPROX. TOTAL SF = 5,607 SF

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6TH FLOOR

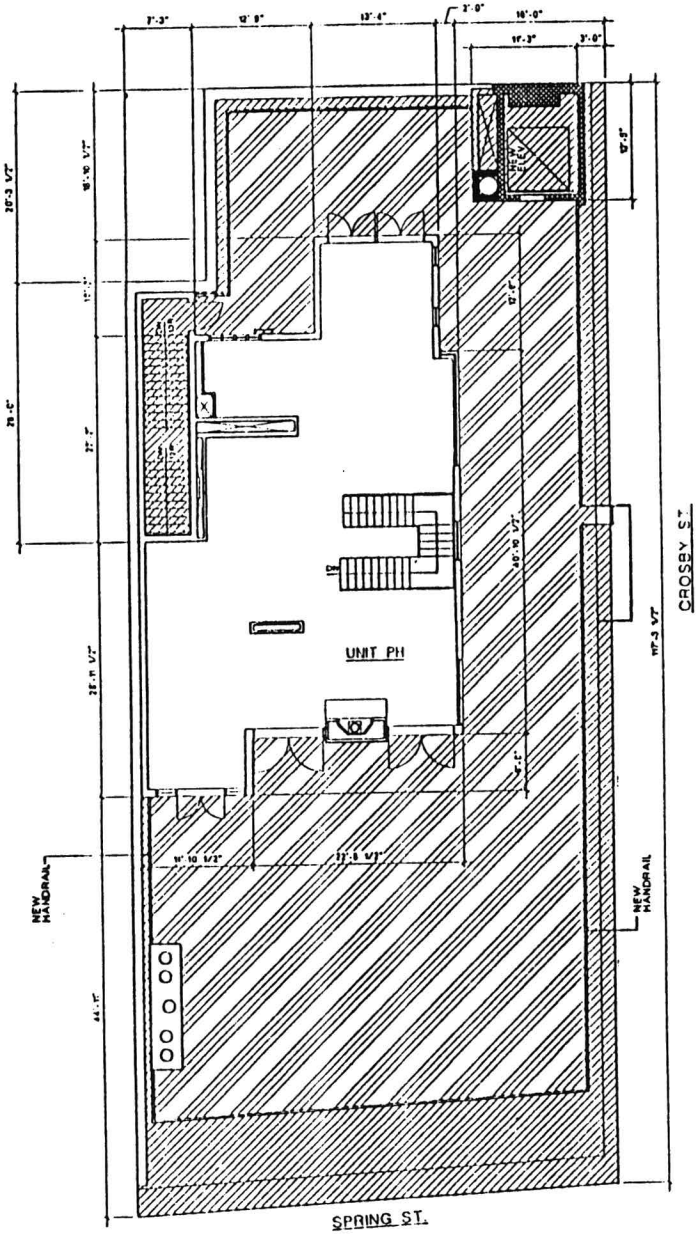
UNIT 6A : RESIDENTIAL
APPROX. NET SF = 4,721 SF
APPROX. GROSS SF = 5,244 SF
(PART OF PHA)
TAX LOT NO. 1106

RESIDENTIAL LIMITED COMMON:
APPROX. GROSS SF = 363 SF

TOTAL GROSS AREA:
APPROX. TOTAL SF = 5,607 SF

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PENTHOUSE

UNIT PHA : RESIDENTIAL
APPROX. NET SF = 1,410 SF
APPROX. GROSS SF = 1,548 SF
(PART OF UNIT 6)
TAX LOT NO. 1106

RESIDENTIAL LIMITED COMMON:
APPROX. GROSS SF = 1,301 SF

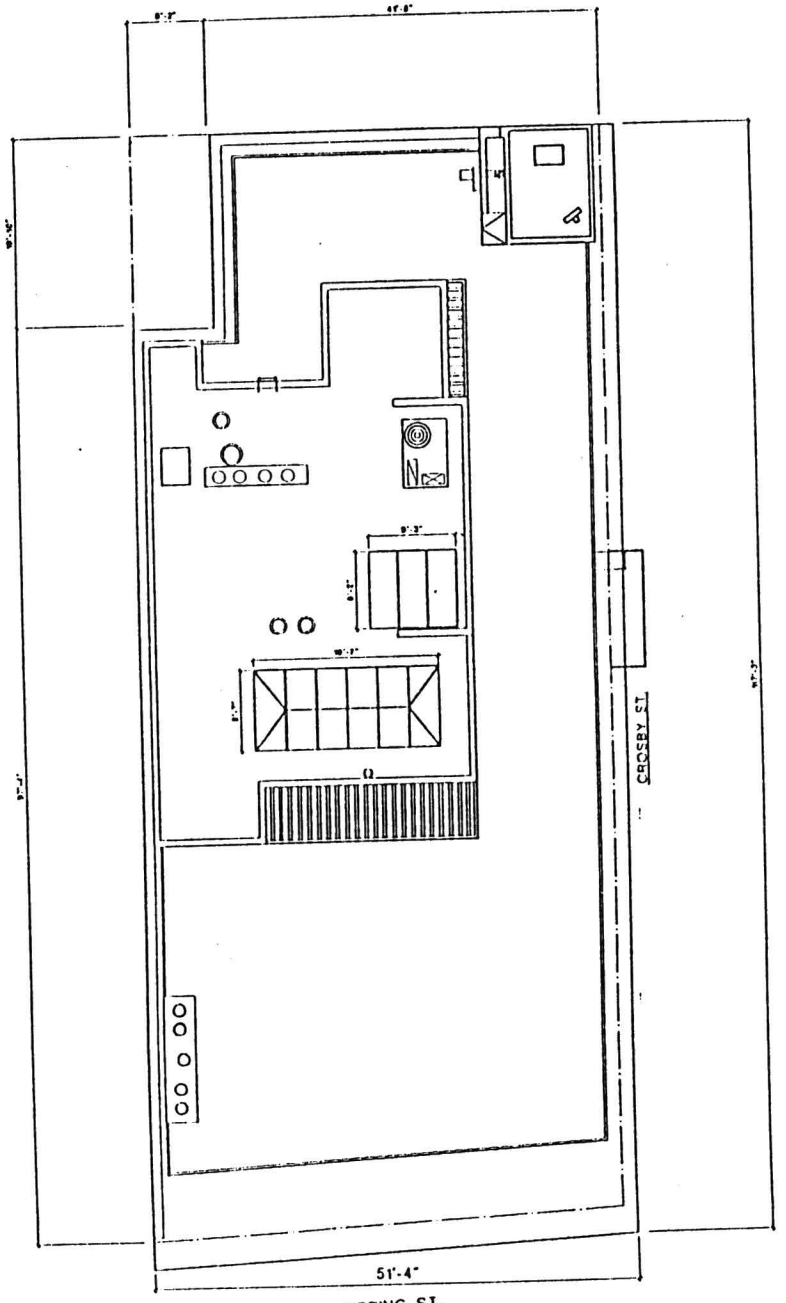
PENTHOUSE LIMITED COMMON:
APPROX. GROSS SF = 3,073 SF

TOTAL GROSS AREA:
APPROX. TOTAL SF = 5,922 SF

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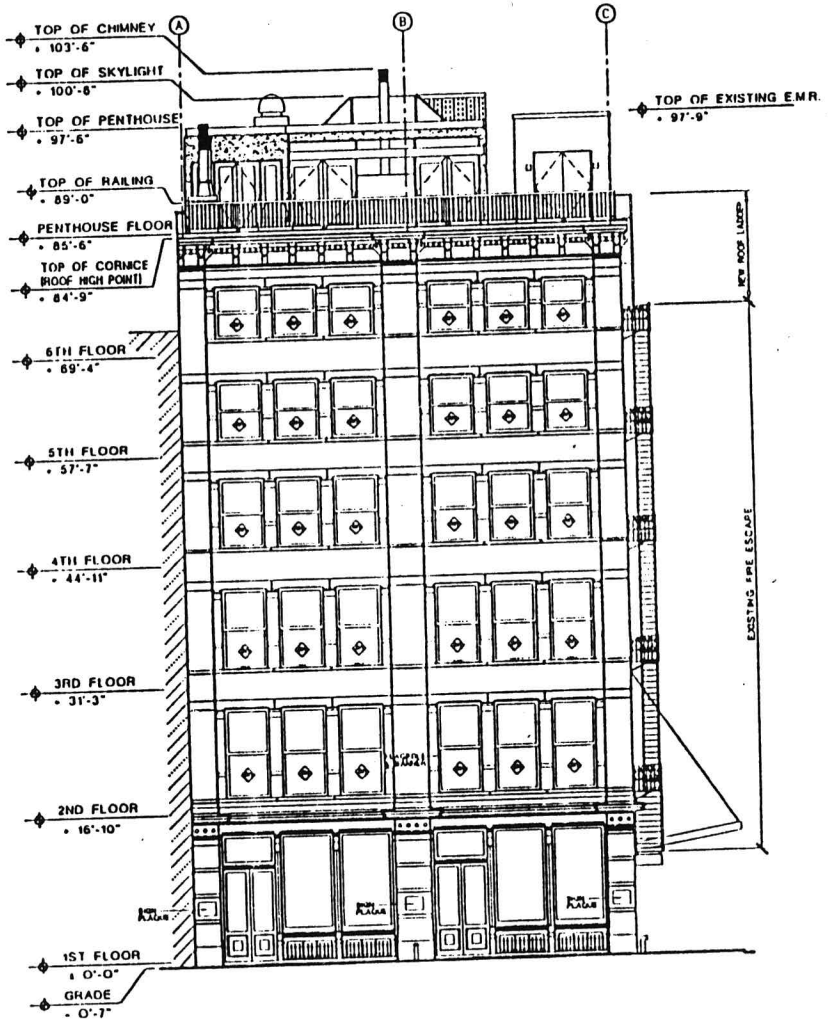
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PENTHOUSE ROOF PLAN

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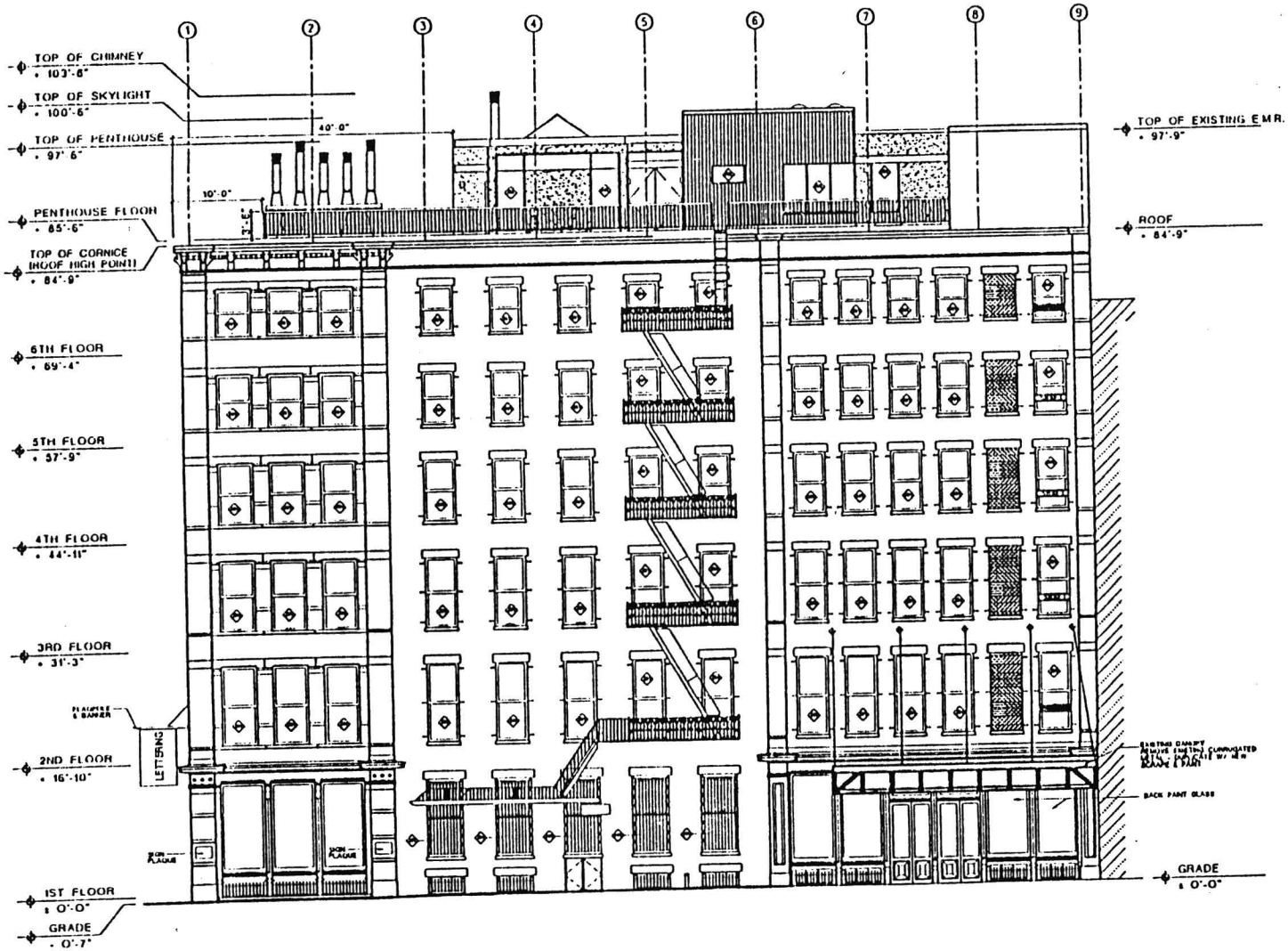
1 PROPOSED SPRING STREET ELEVATION

400

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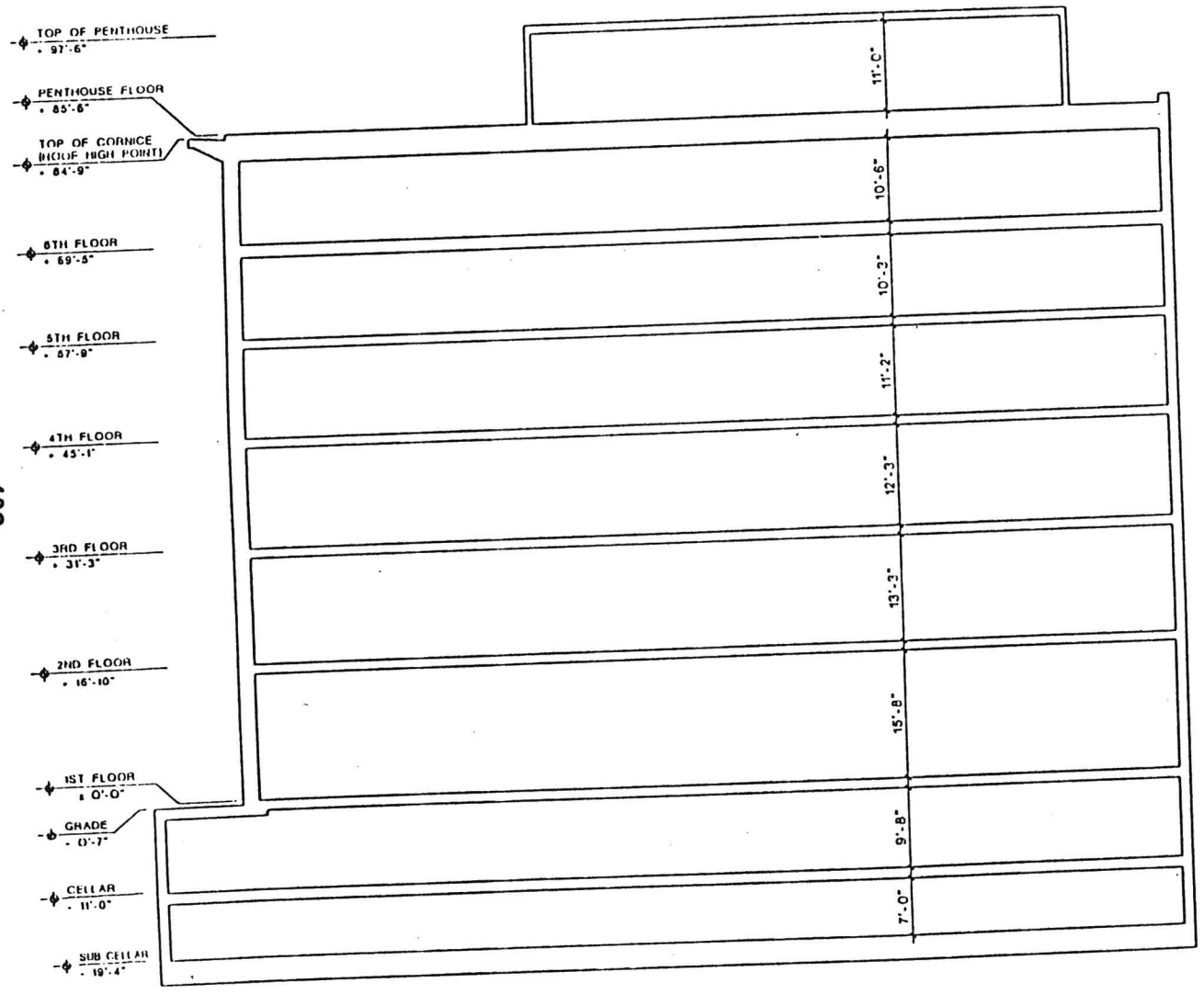
401



1 PROPOSED CROSBY STREET ELEVATION

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SCHEMATIC SECTION

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