

kers, showing unsold Units to brokers and prospective purchasers or their representatives, filing update amendments to the Plan and otherwise engaging in customary sales activity. If Sponsor makes a bulk sale of all or some of its unsold Units, the transferee successor Sponsor will be bound by Sponsor's representations regarding its commitments to sell Units.

15. **Majority of the Board of Managers Not Limited to Owner-Occupants.**

After the initial Sponsor voting control period expires, a majority of the Board of Managers may be comprised of both owner-occupants and non-owner-occupants (or members of their households unrelated to the Sponsor and its principal.) Owner-occupants and non-resident owners, including the Sponsor, may have inherent conflicts on how the Condominium should be managed because of their different reasons for purchasing. For example, an owner-occupant who is purchasing a Unit as a home may have views on repairs and capital expenditures which differ from a non-resident purchaser who has purchased for the purposes of an investment. See Section 19, entitled "Control by the Sponsor" for further details.

16. **Sponsor's Right with Respect to Sales of Units.**

Sponsor reserves the right to limit Purchasers to purchasing one (1) Residential Unit only, to determine the order in which vacant Residential Units are sold and to temporarily withdraw Units from sale without notice; and to reject any purchaser offer without cause or explanation, except from Tenants who elect to purchase in accordance with an exclusive right granted in this plan, or an amendment to this plan. No offer will be rejected based upon race, creed, color, national origin, sex, marital status, disability or other grounds prohibited by law.

17. **Condition of Windows and Piping in 4th and 5th floor units.**

There are old aluminum windows at some locations on the fourth floor and fifth floors, which are in fair condition. The older wooden windows, which tend to be in the existing fourth and fifth story units, are in poor condition. Some have deteriorating and rotting sills, although some have recently received minor cosmetic repairs. There are no signs of distress visible from the exterior of the Building. It is estimated that the cost to replace the old wooden windows located in the existing fourth and fifth story units is approximately \$2,500 per window.

The water system is in workable condition consistent with the age of the Building. The condition of the piping within the walls cannot be observed without invasive testing. In some cases, however, the piping appears to be considerably old and therefore must be inspected frequently. It is difficult to estimate, in general, the cost to replace the valves, piping and connections. As leaks occur, the valves, piping and connections may need to be replaced rather than repaired; the cost to replace same will be based on how extensive a leak is at the time in question.

18. **Two Elevator Entrances to Building.** The main public entrance to the Residential Units of the Building is located on Duane Street. This entry is a new wooden façade located between the two restaurants. The Thomas Street entry and the adjacent private elevator entry directly

abutting the street wall (a key is required in order to operate the elevator, which key is given to the occupants of the Units) serve as secondary entrances to the upper floors of the Building. The Thomas Street elevator serves floors 2 through 5 of the Building.

19. **Common Gas Meters on 4th and 5th Floors.** Gas for cooking is provided to the Premises by Consolidated Edison of New York. The five 5th floor tenants at the Building share a common gas meter, which is located in Unit 5E. The four 4th floor tenants at the Building share two gas meters, which are located in Unit 4D. Currently the tenants of Units 4D and 5E are legally responsible for consumption of gas shown on the meters, but collect from other tenants on their respective floors their pro rata shares of the cost of consumption. Pursuant to the Declaration of Condominium, the occupants of Units 5E and 4D are required to provide access to their Units to Consolidated Edison of New York and/or the Condominium, as required, to inspect, repair and maintain the common gas meters.

The Condominium reserves the right to change the method of billing of the two meters located in Units 4D and 5E such that Consolidated Edison of New York will bill the Condominium directly, as agent for the Unit Owners of the 4th and 5th floors respectively, for the gas consumed on the 4th and 5th floors of the Building. Should the Condominium exercise such right, the Condominium will allocate the cost of gas consumption to the individual Units on each such floor on a "per Unit" basis as additional Common Charges allocated to those Units.

20. **Adequacy of Electrical System; Condition of Electrical System.** The Units located on the 2nd through 5th floors have 100-200 amps per tenant typically, although some of the units on the 4th and 5th floor have less. The Penthouse Unit has 200 amps and is separately metered. The electrical power appears adequate for modern appliances such as air conditioning

The condition of the electrical wiring in the Units located on the 2nd through 5th floors and common areas and risers cannot be ascertained since such wiring is concealed behind the walls of the Units; ascertaining the condition of such electrical wiring shall be the responsibility of each Purchaser and the Purchaser's licensed electrician or engineer.

21. **Violations at Building.** The Sponsor is offering the Units in their "as is" condition as of the Closing Date. The Sponsor is not responsible for curing outstanding violations (if any) that may be issued against the Building prior to closing of title to individual Units. See the Description of Property and Building Condition attached hereto for a list of outstanding violations issued against the Building as of March 20, 2006.

22. **Reservation of Rights with respect to Tenants with Expired Leases.** The Sponsor will serve the Plan on all bona fide tenants in occupancy as of the date the Plan is accepted for filing. The Sponsor will also serve the Plan on all tenants of record under expired non-rent-regulated leases who remain in occupancy as of the date the Plan has been accepted for filing, even if such persons have not been offered new leases or holdover proceedings have been commenced against them. The Sponsor will further accord such persons the same rights to purchase under the Plan and amendments, and the same non-discriminatory inducements, as bona fide tenants in occupancy as of the date that the Plan has been accepted for filing. However, the Sponsor's actions shall not be construed to confer rights on such persons to be considered "non-purchasing tenants"