

# **AMENDED SEE INSIDE COVER**

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## **OFFERING PLAN FOR THE HIGH VIEW CONDOMINIUM II 850 Howard Avenue**

**Borough of Staten Island  
Richmond County,  
City and State of New York**

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|                                                               |                    |
|---------------------------------------------------------------|--------------------|
| Purchase Price (66 Apartment Units and 1 Medical Office Unit) | \$4,846,330        |
| 30 Parking Spaces (Limited Common Elements) .....             | 80,400             |
| Total Purchase Price .....                                    | <u>\$4,926,730</u> |

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**Name and Address of Sponsor:**

**Henry Gabbay  
245 Fifth Avenue  
New York, New York 10016**

**Name and Address of Selling Agent:**

**Lane Realty  
112-45 Queens Boulevard  
Forest Hills, New York 11375**

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**The date of first offering of this Plan is October 30, 1981**

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**This Offering Plan may not be used after May 30, 1982  
unless extended by duly filed amendment.**

**THE PRICES AND TERMS OF SALE FOR THESE CONDOMINIUM UNITS  
MAY BE CHANGED SO THAT PURCHASERS MAY PAY DIFFERENT  
PRICES FOR SIMILAR INTERESTS.**

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**THE ATTORNEY GENERAL OF THE STATE OF NEW YORK DOES NOT  
PASS ON THE MERITS OF THIS OFFERING.**

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# TABLE OF CONTENTS

## PART I

|                                                                                                                                | Page |
|--------------------------------------------------------------------------------------------------------------------------------|------|
| Introduction.....                                                                                                              | 1    |
| The Condominium .....                                                                                                          | 2    |
| Schedule A (Purchase Prices and Related Information) .....                                                                     | 5    |
| Schedule B (Estimated Receipts and Common Charges for<br>the First Full Year of Operations Based upon Full Occupancy) .....    | 9    |
| Letter of Adequacy .....                                                                                                       | 15   |
| The Building .....                                                                                                             | 16   |
| Transit, Schools, Religious Facilities, Shopping Facilities, Public<br>Recreation Facilities, Municipal Services, Zoning ..... | 18   |
| The Units and Their Dimensions.....                                                                                            | 19   |
| Changes in Prices, Layouts and Sizes .....                                                                                     | 20   |
| Common Elements .....                                                                                                          | 21   |
| Limited Common Elements.....                                                                                                   | 21   |
| Effective Date of the Condominium Plan .....                                                                                   | 22   |
| Recordation of Documents .....                                                                                                 | 22   |
| Expenses of Forming Condominium.....                                                                                           | 22   |
| Sponsor Financing .....                                                                                                        | 23   |
| Sponsor's Conveyance of Title to Units.....                                                                                    | 24   |
| Purchase Agreement and Payments .....                                                                                          | 26   |
| Trust Funds .....                                                                                                              | 27   |
| Closing of Title to Units .....                                                                                                | 27   |
| Title Insurance .....                                                                                                          | 28   |
| Closing Costs and Expenses .....                                                                                               | 29   |
| Closing Adjustments.....                                                                                                       | 30   |
| Obligations of the Sponsor .....                                                                                               | 30   |
| Sponsor's Right to Lease Units.....                                                                                            | 32   |
| Estimated Real Estate Taxes .....                                                                                              | 32a  |
| Real Estate Tax Opinion Letter .....                                                                                           | 33   |
| Unsold Units.....                                                                                                              | 39   |
| Sale or Lease of Units by Unit Owners .....                                                                                    | 39   |
| Mortgaging of Units by Unit Owners .....                                                                                       | 40   |

|                                                                                  | Page |
|----------------------------------------------------------------------------------|------|
| Board of Managers .....                                                          | 40   |
| Control of Board of Managers by Sponsor .....                                    | 41   |
| Officers of Condominium .....                                                    | 41   |
| Meetings and Votes of Unit Owners .....                                          | 41   |
| Estimated Common Charges and Expenses .....                                      | 42   |
| Liens for Nonpayment of Common Charges .....                                     | 43   |
| Termination of Liability of Unit Owners for Common Charges<br>and Expenses ..... | 43   |
| Repairs .....                                                                    | 44   |
| Insurance .....                                                                  | 44   |
| Damage by Fire or Other Casualty .....                                           | 46   |
| Additions, Alterations and Improvements by Board of Managers .....               | 46   |
| Additions, Alterations and Improvements by Unit Owners .....                     | 46   |
| Liability of Board of Managers and Unit Owners .....                             | 47   |
| Units Acquired or Leased by Board of Managers .....                              | 47   |
| Termination of Condominium .....                                                 | 48   |
| Use of Units .....                                                               | 48   |
| Mechanics' Liens .....                                                           | 49   |
| Contractual Agreements .....                                                     | 49   |
| Income Tax Opinion .....                                                         | 50   |
| Parties .....                                                                    | 51   |
| Sponsor's Profit .....                                                           | 51   |
| General .....                                                                    | 51a  |

|                                                         | Page |
|---------------------------------------------------------|------|
| <b>PART II</b>                                          |      |
| Purchase Agreement.....                                 | 53   |
| Form of Unit Deed.....                                  | 61   |
| Form of Power of Attorney.....                          | 67   |
| Declaration .....                                       | 69   |
| Condominium By-Laws.....                                | 85   |
| Sponsor's Statement of Present Building Condition ..... | 123  |
| General Description (Inspection Report) .....           | 125  |
| Income Tax Opinion .....                                | 133  |
| Exhibit A—3 Dimensional Drawings.....                   | 137  |
| Exhibit B—Floor Plans .....                             | 139  |
| Exhibit C—Site Plan.....                                | 141  |
| Exhibit D—Area Map.....                                 | 143  |
| Form of Note .....                                      | 145  |
| Form of Mortgage.....                                   | 149  |



## INTRODUCTION

Henry Gabbay ("the Sponsor") presents herewith an offering plan ("the Plan") for condominium ownership of 66 apartment units and 1 medical office ("the Units") in a seven story brick building located at 850 Howard Avenue on Staten Island, New York (the "Building") to be known as The High View Condominium II (hereinafter sometimes referred to as "the Condominium").

The Condominium will be organized pursuant to Article 9-B of the Real Property Law of the State of New York, as amended, commonly known as the New York State Condominium Act. The land, appurtenances and Units are hereinafter sometimes referred to collectively as "the Property".

The owner of a Unit is referred to in this Plan as a "Unit Owner".

The building, classified as a Class A multiple dwelling, has been renovated and contains 13 two-bedroom apartments, 50 one-bedroom apartments, 4 studio apartments and 1 medical office. A one-bedroom apartment (Apt. Lobby-K) is designated a superintendent's apartment. It is not a condominium Unit and is not offered for sale.

Beneath the ground floor level (basement level) of the Building is an indoor garage containing 16 unattended parking spaces, and an additional 14 outdoor parking spaces are located on the grounds of the Property. The spaces are not all uniform in size but each will be separately numbered and be sufficiently large to park a standard size automobile. The right to use each of the 30 parking spaces as a limited common element is being offered for sale (see Schedule A) to a purchaser of a condominium Unit. A purchaser of a parking space will be required to pay an additional amount (which will be added to his common charges) for the cost of maintaining and repairing his space and will be permitted to use the space only to park his car (or the car of his lessee, guest or invitee) and must keep the space free of all debris and foreign matter. Although the Sponsor intends that no Unit Owner will be able to purchase more than one parking space, in the event of an insufficient demand for parking spaces, additional parking spaces may be offered to a Unit Owner who may already have purchased a space.

The Sponsor anticipates that tax exemption and abatement will be granted for the Property pursuant to Section J-51 of the Administrative Code of the City of New York so that no real estate taxes will be payable by Unit Owners for approximately twelve years commencing with the tax year July 1, 1982. However, no assurance can be given that tax abatement and exemption will in fact be granted or, if granted, the amount thereof. Schedule A (pages 5-8) has been computed on the expectation that no real estate taxes will be payable by Unit Owners (other than the owner of the medical office). If abatement or exemption is not allowed or is granted in less than the expected amount, Unit Owners may be required to make payment of real estate taxes accruing from the date of taking title to a Unit.

Although the Condominium is adjacent to The High View Condominium at 830 Howard Avenue, the two Condominiums are independent, will be

operated separately and will not share any common elements, private facilities or private services.

## THE CONDOMINIUM

The ownership of a condominium Unit is similar in many respects to the ownership of a private home. Each Unit Owner owns title to his Unit, is entitled to exclusive possession of it and is privileged to mortgage his Unit, or not, as he sees fit, and in such amount as he chooses. His Unit is not subject to the lien of any mortgages placed by his neighbors on their Units.

A Unit Owner may sell or lease his Unit (together with his or her parking space, if any) to anyone, subject to a right of first refusal by the Board of Managers of the Condominium (see page 39). He will be responsible for the maintenance of his Unit and he may decorate the interior as he desires. His Unit will be a separate tax lot, the same as a private home, and he will incur no liability for his neighbors' failure to pay their taxes. Under present income tax laws, a Unit Owner may deduct from his income, for Federal, New York State and New York City income tax purposes, his real estate taxes and the interest paid on the mortgage on his Unit (see "Estimated Real Estate Taxes" at page 32 and "Income Tax Opinion" at page 50).

In addition, a Unit Owner will own, in common with the owners of all other Units, an undivided interest in all parts of the Condominium other than the Units (the "common elements"). As a Unit Owner, he will have the right to vote annually for the election of members of the Board of Managers, who will supervise and manage the affairs of the Condominium.

The Board of Managers will assess against every Unit Owner, in proportion to his interest in the common elements, charges for the maintenance of the common elements and for the operating costs of the Condominium (herein referred to as "common charges" or "common expenses").

The City of New York will supply water and the Brooklyn Union Gas Company will supply gas for each Unit, and the cost will be included in the common charges payable by each Unit Owner. Electricity for each Unit will be separately metered by Consolidated Edison Company of New York, Inc., and each Unit Owner will pay the utility directly for the electricity which he uses for lighting and electrical appliances.

Under the New York State Condominium Act, a condominium Unit may be owned by an individual, a corporation, a partnership or a fiduciary.

The prices for the Units are listed in Schedule A at pages 5 through 8. THESE PRICES HAVE BEEN SET BY THE SPONSOR AND ARE NOT SUBJECT TO APPROVAL BY ANY GOVERNMENTAL AGENCY. The estimated common charges and expenses and the estimated real estate taxes for each Unit for the first year of operation of the Condominium are also set forth in Schedule A.

The Agreement to purchase a Unit is called a "Purchase Agreement" and may be found in Part II hereof.

The Declaration (the instrument which will create the Condominium) and the By-Laws governing the operation of the Condominium will be found in Part II.

A general description and the outline specifications of the Building, its equipment, furnishings and facilities, are contained in Part II.

Parts I and II together constitute the entire Plan. All the documents referred to in this Plan are important. A prospective purchaser may wish to consult his own attorney or financial advisor before purchasing and provide him with a copy of this Plan.



**SCHEDULE A**

**THE HIGH VIEW CONDOMINIUM II  
SCHEDULE OF PURCHASE PRICES OF UNITS AND ESTIMATED  
COMMON CHARGES FOR THE FIRST FULL YEAR OF OPERATIONS**

| Apt. No.          | Approximate<br>Square Feet<br>(1) | Percentage<br>of<br>Common<br>Interest | Sales Price<br>(2) | Minimum<br>Cash Down<br>Payment 10% | Maximum<br>Mortgage 90% | Estimated<br>Monthly<br>Mortgage<br>Charges<br>(3) | Estimated<br>Monthly<br>Common<br>Charges<br>(4) | Estimated<br>Monthly<br>Real Estate<br>Taxes<br>(5) | Estimated<br>Monthly<br>Mortgage<br>Payments<br>and Monthly<br>Common<br>Charges<br>(6) | Estimated<br>Sum of<br>Amount<br>Deductible for<br>Federal, State<br>and City Taxes<br>in the First<br>Year<br>(6) |
|-------------------|-----------------------------------|----------------------------------------|--------------------|-------------------------------------|-------------------------|----------------------------------------------------|--------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| LOBBY-D P28       | 563                               | 0.9738%                                | \$ 47,310          | \$ 4,731.00                         | \$ 42,579.00            | \$ 397.47                                          | \$ 60.94                                         | \$ 0                                                | \$ 458.42                                                                               | \$ 4,567.51                                                                                                        |
| LOBBY-E P10       | 485                               | 0.8389                                 | 43,890             | 4,389.00                            | 39,501.00               | 368.73                                             | 52.50                                            | 0                                                   | 421.24                                                                                  | 4,237.25                                                                                                           |
| LOBBY-F           | 505                               | 0.8734                                 | 46,075             | 4,607.50                            | 41,467.50               | 387.09                                             | 54.66                                            | 0                                                   | 441.76                                                                                  | 4,448.23                                                                                                           |
| LOBBY-G P25       | 485                               | 0.8389                                 | 45,125             | 4,512.50                            | 40,612.50               | 379.11                                             | 52.50                                            | 0                                                   | 431.62                                                                                  | 4,356.53                                                                                                           |
| LOBBY-H           | 1,026                             | 1.7746                                 | 83,600             | 8,360.00                            | 75,240.00               | 702.35                                             | 111.06                                           | 0                                                   | 813.42                                                                                  | 8,071.03                                                                                                           |
| LOBBY-J           | 808                               | 1.3976                                 | 71,250             | 7,125.00                            | 64,125.00               | 598.59                                             | 87.47                                            | 0                                                   | 686.06                                                                                  | 6,878.68                                                                                                           |
| LOBBY-K P17       | SUPT                              |                                        |                    |                                     |                         |                                                    |                                                  |                                                     |                                                                                         |                                                                                                                    |
| LOBBY-L Med. Off. | 640                               | 1.1070                                 | 52,250             | 5,225.00                            | 47,025.00               | 438.97                                             | 69.28                                            | 65                                                  | 508.26                                                                                  | 5,824.41                                                                                                           |
| 1-A               | 832                               | 1.4392                                 | 68,875             | 6,887.50                            | 61,987.50               | 578.64                                             | 90.07                                            | 0                                                   | 668.71                                                                                  | 6,649.42                                                                                                           |
| 1-B               | 836                               | 1.4461                                 | 73,625             | 7,362.50                            | 66,262.50               | 618.55                                             | 90.50                                            | 0                                                   | 709.05                                                                                  | 7,108.05                                                                                                           |
| 1-C               | 1,087                             | 1.8803                                 | 85,215             | 8,521.50                            | 76,693.50               | 715.92                                             | 117.68                                           | 0                                                   | 833.60                                                                                  | 8,226.97                                                                                                           |
| 1-D               | 831                               | 1.4375                                 | 71,250             | 7,125.00                            | 64,125.00               | 598.59                                             | 89.96                                            | 0                                                   | 688.55                                                                                  | 6,878.68                                                                                                           |
| 1-E               | 710                               | 1.2282                                 | 64,125             | 6,412.50                            | 57,712.50               | 538.74                                             | 76.86                                            | 0                                                   | 615.60                                                                                  | 6,190.91                                                                                                           |
| 1-F               | 710                               | 1.2282                                 | 64,125             | 6,412.50                            | 57,712.50               | 538.74                                             | 76.86                                            | 0                                                   | 615.60                                                                                  | 6,190.91                                                                                                           |
| 1-G               | 827                               | 1.4305                                 | 71,250             | 7,125.00                            | 64,125.00               | 598.59                                             | 89.53                                            | 0                                                   | 688.12                                                                                  | 6,878.68                                                                                                           |
| 1-H               | 1,087                             | 1.8803                                 | 85,215             | 8,521.50                            | 76,693.50               | 715.92                                             | 117.68                                           | 0                                                   | 833.60                                                                                  | 8,226.97                                                                                                           |
| 1-J P49           | 854                               | 1.4772                                 | 73,625             | 7,362.50                            | 66,262.50               | 618.55                                             | 92.45                                            | 0                                                   | 711.00                                                                                  | 7,108.05                                                                                                           |
| 1-K P32           | 832                               | 1.4392                                 | 68,875             | 6,887.50                            | 61,987.50               | 578.64                                             | 90.07                                            | 0                                                   | 668.71                                                                                  | 6,649.42                                                                                                           |
| 2-A P14           | 832                               | 1.4392                                 | 69,540             | 6,954.00                            | 62,586.00               | 584.23                                             | 90.07                                            | 0                                                   | 674.30                                                                                  | 6,713.66                                                                                                           |
| 2-B               | 836                               | 1.4461                                 | 74,290             | 7,429.00                            | 66,861.00               | 624.13                                             | 90.50                                            | 0                                                   | 714.63                                                                                  | 7,172.17                                                                                                           |
| 2-C               | 1,087                             | 1.8803                                 | 85,880             | 8,588.00                            | 77,292.00               | 721.51                                             | 117.68                                           | 0                                                   | 839.19                                                                                  | 8,291.21                                                                                                           |
| 2-D               | 831                               | 1.4375                                 | 71,915             | 7,191.50                            | 64,723.50               | 604.18                                             | 89.96                                            | 0                                                   | 694.14                                                                                  | 6,942.91                                                                                                           |
| 2-E               | 710                               | 1.2282                                 | 64,790             | 6,479.00                            | 58,311.00               | 544.32                                             | 76.86                                            | 0                                                   | 621.18                                                                                  | 6,255.03                                                                                                           |
| 2-F               | 710                               | 1.2282                                 | 64,790             | 6,479.00                            | 58,311.00               | 544.32                                             | 76.86                                            | 0                                                   | 621.18                                                                                  | 6,255.03                                                                                                           |
| 2-G P21           | 827                               | 1.4305                                 | 71,915             | 7,191.50                            | 64,723.50               | 604.18                                             | 89.53                                            | 0                                                   | 693.71                                                                                  | 6,942.91                                                                                                           |
| 2-H               | 1,087                             | 1.8803                                 | 85,880             | 8,588.00                            | 77,292.00               | 721.51                                             | 117.68                                           | 0                                                   | 839.19                                                                                  | 8,291.21                                                                                                           |
| 2-J P21           | 854                               | 1.4772                                 | 74,290             | 7,429.00                            | 66,861.00               | 624.13                                             | 92.45                                            | 0                                                   | 716.58                                                                                  | 7,172.17                                                                                                           |
| 2-K P11           | 832                               | 1.4392                                 | 69,540             | 6,954.00                            | 62,586.00               | 584.23                                             | 90.07                                            | 0                                                   | 674.30                                                                                  | 6,713.66                                                                                                           |

Footnotes appear on page 8.

# SCHEDULE A

## THE HIGH VIEW CONDOMINIUM II SCHEDULE OF PURCHASE PRICES OF UNITS AND ESTIMATED COMMON CHARGES FOR THE FIRST FULL YEAR OF OPERATIONS

| Apt. No. | Approximate<br>Square Feet<br>(1) | Percentage<br>of<br>Common<br>Interest | Sales Price<br>(2) | Minimum<br>Cash Down<br>Payment 10% | Maximum<br>Mortgage 90% | Estimated<br>Monthly<br>Mortgage<br>Charges (3) | Estimated<br>Monthly<br>Common<br>Charges (4) | Estimated<br>Monthly<br>Real Estate<br>Taxes (5) | Estimated<br>Sum of<br>Monthly<br>Mortgage<br>Payments<br>and Monthly<br>Common<br>Charges | Estimated<br>Amount<br>Deductible for<br>Federal, State<br>and City Taxes<br>in the First<br>Year<br>(6) |
|----------|-----------------------------------|----------------------------------------|--------------------|-------------------------------------|-------------------------|-------------------------------------------------|-----------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| 3-A      | 832                               | 1.4392%                                | \$ 70,205          | \$7,020.50                          | \$63,184.50             | \$ 589.82                                       | \$ 90.07                                      | \$ 0                                             | \$ 679.89                                                                                  | \$6,777.90                                                                                               |
| 3-B      | 836                               | 1.4461                                 | 74,955             | 7,495.50                            | 67,459.50               | 629.72                                          | 90.50                                         | 0                                                | 720.22                                                                                     | 7,236.40                                                                                                 |
| 3-C      | 1,087                             | 1.8803                                 | 86,545             | 8,654.50                            | 77,890.50               | 727.09                                          | 117.68                                        | 0                                                | 844.77                                                                                     | 8,355.33                                                                                                 |
| 3-D      | 831                               | 1.4375                                 | 72,580             | 7,258.00                            | 65,322.00               | 609.77                                          | 89.96                                         | 0                                                | 699.73                                                                                     | 7,007.15                                                                                                 |
| 3-E      | 710                               | 1.2282                                 | 65,455             | 6,545.50                            | 58,909.50               | 549.91                                          | 76.86                                         | 0                                                | 626.77                                                                                     | 6,319.27                                                                                                 |
| 3-F      | 710                               | 1.2282                                 | 65,455             | 6,545.50                            | 58,909.50               | 549.91                                          | 76.86                                         | 0                                                | 626.77                                                                                     | 6,319.27                                                                                                 |
| 3-G      | 827                               | 1.4305                                 | 72,580             | 7,258.00                            | 65,322.00               | 609.77                                          | 89.53                                         | 0                                                | 699.30                                                                                     | 7,007.15                                                                                                 |
| 3-H      | 1,087                             | 1.8803                                 | 86,545             | 8,654.50                            | 77,890.50               | 727.09                                          | 117.68                                        | 0                                                | 844.77                                                                                     | 8,355.33                                                                                                 |
| 3-J      | 836                               | 1.4461                                 | 74,955             | 7,495.50                            | 67,459.50               | 629.72                                          | 90.50                                         | 0                                                | 720.22                                                                                     | 7,236.40                                                                                                 |
| 3-K      | 832                               | 1.4392                                 | 70,205             | 7,020.50                            | 63,184.50               | 589.82                                          | 90.07                                         | 0                                                | 679.89                                                                                     | 6,777.90                                                                                                 |
| 4-A      | 832                               | 1.4392                                 | 70,870             | 7,087.00                            | 63,783.00               | 595.40                                          | 90.07                                         | 0                                                | 685.47                                                                                     | 6,842.02                                                                                                 |
| 4-B      | 836                               | 1.4461                                 | 75,620             | 7,562.00                            | 68,058.00               | 635.31                                          | 90.50                                         | 0                                                | 725.81                                                                                     | 7,300.64                                                                                                 |
| 4-C      | 1,087                             | 1.8803                                 | 87,210             | 8,721.00                            | 78,489.00               | 732.68                                          | 117.68                                        | 0                                                | 850.36                                                                                     | 8,419.57                                                                                                 |
| 4-D      | 831                               | 1.4375                                 | 73,245             | 7,324.50                            | 65,920.50               | 615.36                                          | 89.96                                         | 0                                                | 705.32                                                                                     | 7,071.39                                                                                                 |
| 4-E      | 710                               | 1.2282                                 | 66,120             | 6,612.00                            | 59,508.00               | 555.50                                          | 76.86                                         | 0                                                | 632.36                                                                                     | 6,383.51                                                                                                 |
| 4-F      | 710                               | 1.2282                                 | 66,120             | 6,612.00                            | 59,508.00               | 555.50                                          | 76.86                                         | 0                                                | 632.36                                                                                     | 6,383.51                                                                                                 |
| 4-G      | 827                               | 1.4305                                 | 73,245             | 7,324.50                            | 65,920.50               | 615.36                                          | 89.53                                         | 0                                                | 704.89                                                                                     | 7,071.39                                                                                                 |
| 4-H      | 1,087                             | 1.8803                                 | 87,210             | 8,721.00                            | 78,489.00               | 732.68                                          | 117.68                                        | 0                                                | 850.36                                                                                     | 8,419.57                                                                                                 |
| 4-J      | 836                               | 1.4461                                 | 75,620             | 7,562.00                            | 68,058.00               | 635.31                                          | 90.50                                         | 0                                                | 725.81                                                                                     | 7,300.64                                                                                                 |
| 4-K      | 832                               | 1.4392                                 | 70,870             | 7,087.00                            | 63,783.00               | 595.40                                          | 90.07                                         | 0                                                | 685.47                                                                                     | 6,842.02                                                                                                 |
| 5-A      | 832                               | 1.4392                                 | 71,535             | 7,153.50                            | 64,381.50               | 600.99                                          | 90.07                                         | 0                                                | 691.06                                                                                     | 6,906.25                                                                                                 |
| 5-B      | 836                               | 1.4461                                 | 76,285             | 7,628.50                            | 68,656.50               | 640.90                                          | 90.50                                         | 0                                                | 731.40                                                                                     | 7,364.88                                                                                                 |
| 5-C      | 1,087                             | 1.8803                                 | 87,875             | 8,787.50                            | 79,087.50               | 738.27                                          | 117.68                                        | 0                                                | 855.95                                                                                     | 8,483.80                                                                                                 |
| 5-D      | 831                               | 1.4375                                 | 73,910             | 7,391.00                            | 66,519.00               | 620.94                                          | 89.96                                         | 0                                                | 710.90                                                                                     | 7,135.51                                                                                                 |
| 5-E      | 710                               | 1.2282                                 | 66,785             | 6,678.50                            | 60,106.50               | 561.08                                          | 76.86                                         | 0                                                | 637.94                                                                                     | 6,447.63                                                                                                 |
| 5-F      | 710                               | 1.2282                                 | 66,785             | 6,678.50                            | 60,106.50               | 561.08                                          | 76.86                                         | 0                                                | 637.94                                                                                     | 6,447.63                                                                                                 |
| 5-G      | 827                               | 1.4305                                 | 73,910             | 7,391.00                            | 66,519.00               | 620.94                                          | 89.53                                         | 0                                                | 710.47                                                                                     | 7,135.51                                                                                                 |
| 5-H      | 1,087                             | 1.8803                                 | 87,875             | 8,787.50                            | 79,087.50               | 738.27                                          | 117.68                                        | 0                                                | 855.95                                                                                     | 8,483.80                                                                                                 |
| 5-J      | 836                               | 1.4461                                 | 76,285             | 7,628.50                            | 68,656.50               | 640.90                                          | 90.50                                         | 0                                                | 731.40                                                                                     | 7,364.88                                                                                                 |
| 5-K      | 832                               | 1.4392                                 | 71,535             | 7,153.50                            | 64,381.50               | 600.99                                          | 90.07                                         | 0                                                | 691.06                                                                                     | 6,906.25                                                                                                 |

Footnotes appear on page 8.

**SCHEDULE A**

**THE HIGH VIEW CONDOMINIUM II  
SCHEDULE OF PURCHASE PRICES OF UNITS AND ESTIMATED  
COMMON CHARGES FOR THE FIRST FULL YEAR OF OPERATIONS**

| Apt. No.                           | Approximate<br>Square Feet<br>(1) | Percentage<br>of<br>Common<br>Interest | Sales Price<br>(2)  | Minimum<br>Cash Down<br>Payment 10% | Maximum<br>Mortgage 90% | Estimated<br>Monthly<br>Mortgage<br>Charges (3) | Estimated<br>Monthly<br>Common<br>Charges (4) | Estimated<br>Monthly<br>Real Estate<br>Taxes (5) | Estimated<br>Sum of<br>Monthly<br>Payments<br>and Monthly<br>Common<br>Charges | Estimated<br>Amount<br>Deductible for<br>Federal, State<br>and City Taxes<br>in the First<br>Year<br>(6) |
|------------------------------------|-----------------------------------|----------------------------------------|---------------------|-------------------------------------|-------------------------|-------------------------------------------------|-----------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| 6-A <i>P27</i>                     | 832                               | 1.4392%                                | \$ 72,200           | \$7,220.00                          | \$64,980.00             | \$ 606.58                                       | \$ 90.07                                      | \$ 0                                             | \$ 696.65                                                                      | \$6,970.49                                                                                               |
| 6-B <i>P20</i>                     | 836                               | 1.4461                                 | 76,950              | 7,695.00                            | 69,255.00               | 646.48                                          | 90.50                                         | 0                                                | 736.98                                                                         | 7,429.00                                                                                                 |
| 6-C                                | 1,087                             | 1.8803                                 | 88,540              | 8,854.00                            | 79,686.00               | 743.85                                          | 117.68                                        | 0                                                | 861.53                                                                         | 8,547.93                                                                                                 |
| 6-D <i>P28</i>                     | 831                               | 1.4375                                 | 74,575              | 7,457.50                            | 67,117.50               | 626.53                                          | 89.96                                         | 0                                                | 716.49                                                                         | 7,199.75                                                                                                 |
| 6-E                                | 710                               | 1.2282                                 | 67,450              | 6,745.00                            | 60,705.00               | 566.67                                          | 76.86                                         | 0                                                | 643.53                                                                         | 6,511.87                                                                                                 |
| 6-F                                | 710                               | 1.2282                                 | 67,450              | 6,745.00                            | 60,705.00               | 566.67                                          | 76.86                                         | 0                                                | 643.53                                                                         | 6,511.87                                                                                                 |
| 6-G <i>P13</i>                     | 827                               | 1.4305                                 | 74,575              | 7,457.50                            | 67,117.50               | 626.53                                          | 89.53                                         | 0                                                | 716.06                                                                         | 7,199.75                                                                                                 |
| 6-H <i>P24</i>                     | 1,087                             | 1.8803                                 | 88,540              | 8,854.00                            | 79,686.00               | 743.85                                          | 117.68                                        | 0                                                | 861.53                                                                         | 8,547.93                                                                                                 |
| 6-J <i>P16</i>                     | 836                               | 1.4461                                 | 76,950              | 7,695.00                            | 69,255.00               | 646.48                                          | 90.50                                         | 0                                                | 736.98                                                                         | 7,429.00                                                                                                 |
| 6-K <i>P28</i>                     | 832                               | 1.4392                                 | 72,200              | 7,220.00                            | 64,980.00               | 606.58                                          | 90.07                                         | 0                                                | 696.65                                                                         | 6,970.49                                                                                                 |
| <b>Total Apts.</b>                 | <b>56,076</b>                     | <b>97.0000</b>                         | <b>4,846,330</b>    | <b>484,633.00</b>                   | <b>4,361,697.00</b>     | <b>40,715.63</b>                                | <b>6,070.57</b>                               | <b>65</b>                                        | <b>46,786.26</b>                                                               | <b>468,662.24</b>                                                                                        |
| <b>Outdoor Parking<br/>Spaces*</b> |                                   | <b>0.1000</b>                          | <b>1,400</b>        | <b>140.00</b>                       | <b>1,260.00</b>         | <b>11.76</b>                                    | <b>6.26</b>                                   |                                                  | <b>18.02</b>                                                                   | <b>135.14</b>                                                                                            |
| <b>Indoor Parking<br/>Spaces*</b>  |                                   | <b>0.1000</b>                          | <b>3,800</b>        | <b>380.00</b>                       | <b>3,420.00</b>         | <b>31.93</b>                                    | <b>6.26</b>                                   |                                                  | <b>38.19</b>                                                                   | <b>366.92</b>                                                                                            |
| <b>Total Parking<br/>Spaces</b>    |                                   | <b>3.0000</b>                          | <b>80,400</b>       | <b>8,040.00</b>                     | <b>72,360.00</b>        | <b>675.52</b>                                   | <b>187.80</b>                                 |                                                  | <b>863.32</b>                                                                  | <b>7,762.68</b>                                                                                          |
| <b>TOTALS</b>                      | <b>56,076</b>                     |                                        | <b>\$4,926,730</b>  |                                     | <b>\$4,434,057.00</b>   |                                                 | <b>\$6,258.37</b>                             |                                                  | <b>\$47,649.58</b>                                                             | <b>\$476,424.92</b>                                                                                      |
|                                    |                                   | <b>100.00000%</b>                      | <b>\$492,673.00</b> |                                     | <b>\$41,391.15</b>      |                                                 |                                               | <b>\$65</b>                                      |                                                                                |                                                                                                          |

Footnotes appear on page 8.

## NOTES TO SCHEDULE A

- (1) See pages 82-83 for descriptions of individual Units. The Sponsor will not be responsible or liable for minor deviations from the square footages shown on the Architect's plans.
  - (2) The prices of Units are subject to change on an individual basis without amendment to the Plan. Any general change in prices of specific amount or percentage covering all Units will be made by duly filed amendment to the Plan.
  - (3) Estimated monthly mortgage charges are based on a mortgage of 90% of the purchase price of each Unit on the terms described in the section on Sponsor Financing. (See page 23.)
  - (4) Estimated monthly common charges are based upon the Selling Agent's estimate of the total common charges, as set forth in Schedule B. Common charges will not include electricity for Units, which will be separately metered by Consolidated Edison Company. Common charges do include gas, electricity and telephone services for the Superintendent's apartment, gas for each Unit and electricity for the common elements.
  - (5) See Section entitled Estimated Real Estate Taxes, beginning at page 32 for further information.
  - (6) Estimated deductions are based on interest payable in the first year on a mortgage of 90% of the purchase price on the terms described in the section on Sponsor Financing. (See page 23.) These amounts will vary after the first year with changes in the interest rates.
- \* There are a total of 16 indoor and 14 outdoor parking spaces, which will be limited common elements for the exclusive use of the purchaser. The right to use these parking spaces will initially only be sold by the Sponsor to purchasers of apartment units. Where appropriate, the amounts shown in Schedule A for parking spaces will be included in the calculation for the downpayment, the maximum mortgage amount, the estimated tax deductions and related amounts.

## SCHEDULE B

THE HIGH VIEW CONDOMINIUM II  
850 Howard Avenue  
Staten Island, New York

ESTIMATED RECEIPTS AND COMMON CHARGES  
FOR THE FIRST FULL YEAR OF OPERATIONS  
BASED UPON FULL OCCUPANCY

## RECEIPTS:

|                             |                 |
|-----------------------------|-----------------|
| Annual Common Charges ..... | \$75,100        |
| Laundry .....               | 4,800 (1)       |
| <b>TOTAL .....</b>          | <b>\$79,900</b> |

## EXPENSES OF OPERATIONS:

|                                         |                 |
|-----------------------------------------|-----------------|
| Labor .....                             | \$14,000 (2)    |
| Heating .....                           | 30,000 (3)      |
| Electricity and Gas .....               | 9,000 (4)       |
| Water and Sewer .....                   | 4,500 (5)       |
| Insurance .....                         | 6,000 (6)       |
| Management Fee .....                    | 3,200 (7)       |
| Repairs, Maintenance and Supplies ..... | 5,200 (8)       |
| Contingency .....                       | 8,000 (9)       |
| <b>TOTAL .....</b>                      | <b>\$79,900</b> |

Notes appear on the following page.

## NOTES TO SCHEDULE B

(1) See page 50 for details.

(2) Labor costs include the salary for a superintendent of at least \$200 per week together with payroll taxes, disability insurance and fringe benefits such as gas and telephone.

(3) Fuel for heating and hot water will be a combination of gas heating and #2 oil. This estimate is based on the actual experience of The High View Condominium at 830 Howard Avenue, a building of approximately the same size, which for the year July 1, 1980 to June 30, 1981 actually used approximately 6,823 gallons of #2 fuel oil (which at an estimated \$1.50 per gallon would cost approximately \$10,235) and gas for heating, costing approximately \$12,680 for a total heating cost of \$22,915, and on the opinion of Abraham Joselow, P.E., who designed the heating system. The estimated budget figure includes approximately an additional 30 percent above this figure. In view of the current energy situation, it is not possible to predict whether the budgeted figure will reflect the actual cost to be incurred during the first year of Condominium operation, which will vary with the level of consumption and the fuel rate. Consumption will be affected by the severity of the weather and conservation measures (such as staggering hours of heating, lowering the temperature of the hot water, etc.) if any, adopted by the Board of Managers. If current trends continue, it is likely that the cost of oil will increase, although it is not possible to forecast with certainty the actual amount of such increase.

(4) This figure includes the estimated cost of electricity for lighting public areas and superintendent's apartment, which will be provided by Consolidated Edison Company and gas supplied by Brooklyn Union Gas Company to all apartments for cooking. This item is based on the actual expenses of operation of the High View Condominium at 830 Howard Avenue for the year July 1, 1980 to June 30, 1981, and includes approximately 10 percent in addition.

(5) Water charges and sewer rent will be billed to the Condominium by the City of New York on a frontage basis.

(6) Insurance includes:

1. Condominium Package Policy:

a. Building - \$3,000,000 all risk - replacement cost basis - stipulated amount basis - \$1,000 deductible;

b. Liability - \$1,000,000 Comprehensive General Liability

(i) water damage legal liability—\$50,000.00

(ii) elevator collision—\$50,000.00

2. Boiler and Machinery Insurance  
Limit of Liability \$250,000  
Repair and replacement

3. Directors and Officers Liability  
Coverage for Condominium  
Limit - \$250,000

4. Workmen's Compensation - statutory

5. Fidelity Bond - \$25,000

(7) Management fee. (See page 49 for details.)

(8) Based on management experience with other properties and includes the estimated cost of an elevator maintenance contract. Decoration and repairs of the interiors of Units are the responsibility of Unit Owners.

(9) This sum may be used by the Board of Managers for any increases in operating expenses resulting from inflation or otherwise.



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LETTER OF ADEQUACY

LANE REALTY  
THE REAL ESTATE DEPARTMENT STORE  
112-45 Queens Boulevard  
Forest Hills, N.Y. 11375

October 30, 1981

Mr. Henry Gabbay  
245 Fifth Avenue  
New York, New York 10016

Dear Mr. Gabbay:

We have prepared the schedule of estimated income and expenses of High View Condominium II which is contained in Schedule B of the Offering Plan of Condominium Ownership. In our opinion the estimates are reasonable and adequate, under existing circumstances, and the estimated receipts shown thereon will be sufficient to meet the normal anticipated operating expenses of the first year of operation.

However, because of the current energy crisis and the possibility of unforeseeable changes in the economy, or increases or decreases in expenses of operation, our estimates are not intended to be taken as guarantees or warranties of any kind whatsoever, or as any assurance that the actual expenses or income of the Condominium for any period of operation may not vary from the amounts shown, or that the Condominium may not incur additional expenses, or that the Board of Managers of the Condominium may not provide for reserves not reflected in such schedules or that the annual maintenance charges for any period may not vary from the amounts shown thereon. Based on current trends, it may be expected that such items as gas, electricity, maintenance, repairs, labor and other related expenses will increase in future years.

Our estimate is based upon our experience with the operation of residential properties in Queens and Long Island for the past thirty (30) plus years.

You have advised us of your intention to reproduce this letter in the Offering Plan of Condominium Ownership and we hereby consent thereto.

Very truly yours,

LANE REALTY

/s/ Morton E. Licht  
Morton E. Licht

## THE BUILDING

The Building is located on a plot of land of approximately 30,000 square feet, bounded by Clove Road and Martha Street in the Borough of Richmond (Staten Island). A general description and outline specifications of the Units and the Building appear beginning at page 125.

The Sponsor will cause the Building to be renovated, rehabilitated and equipped substantially in accordance with the plans and general notes prepared by Joseph S. Riggio (the "Architect"), which will be available for inspection by prospective purchasers at the Sponsor's sales office at the Property. The Sponsor reserves the right to amend or change the plans and specifications, and to make changes in materials, appliances, equipment and fixtures if (a) required or approved or accepted by the governmental agencies or instrumentalities having jurisdiction, or by the Architect, or (b) required by job conditions or unavailability of materials or (c) ordered by a purchaser for his Unit without affecting Units which have previously been sold. Changes in materials, appliances, equipment and fixtures may be made only if substitutions are substantially of equal quality and design and will be described in a duly filed amendment.

In this Plan, reference to "plans and general notes" will mean the plans and general notes for the Building and site work, amended or changed in accordance with the provisions of the preceding paragraph.

Each Unit (except the medical office) will be equipped and delivered to the Unit Owner with a gas range with oven, automatic dishwasher, and no-frost two-door refrigerator-freezer, all installed as called for in the plans and specifications. The Sponsor will paint the interior of the Units with one coat of white paint and will also furnish vinyl asbestos tile in kitchens and ceramic tile in bathrooms. No carpeting will be provided in the Units, all of which have oak flooring. Each Unit will be heated by a central heating and an independent cooling system for bedrooms and living room. (See "General Description" beginning at page 125 for details.)

The Sponsor at its election may install additional items in a Unit or make changes within a Unit for the account of a purchaser at the purchaser's expense provided that (i) request therefor and payment in full for all additional items requested shall be made when the Purchase Agreement is signed; (ii) the installation or change will not be in violation of a certificate of occupancy for the Unit or the Building and (iii) the approval of all governmental agencies and instrumentalities having jurisdiction is obtained.

The rehabilitation of the Building has been substantially completed and the Sponsor anticipates full completion of minor construction details on or about November 30, 1981, unless delayed by weather, floods, epidemics, quarantine restrictions, strikes, lock-outs, acts of God, freight embargoes, shortages of or inability to obtain materials, equipment or labor, governmental restrictions or preemption, damage by fire or the elements or any other cause over which the Sponsor does not have any control ("*force majeure*"). If a Unit is not fully

completed by December 31, 1981, unless delayed by *force majeure*, the purchaser will have the right to cancel his Purchase Agreement by giving written notice to the Sponsor within ten days after said date, and upon receipt of notice of cancellation the Sponsor will cause all monies deposited under the Purchase Agreement, with the interest earned thereon, if any, to be refunded to the purchaser promptly. If the purchaser does not give such notice, then the Purchase Agreement shall remain in full force and effect for an additional 90 days. (See below for a definition of "completion".) If completion is delayed by *force majeure*, the time for completion will be extended for the period of such delay.

The Sponsor will not be obligated to reimburse any purchaser for expenses that the purchaser may have if there are delays that prevent the Sponsor from completing the purchaser's Unit.

The Building and the Units shall be deemed fully completed in accordance with the plans and general notes when the Architect so certifies in writing. The issuance of the Architect's Certificate shall be deemed and considered conclusive evidence that the Building and the Units have been fully completed in accordance with the plans and general notes, subject, however, to any rights which the Board of Managers or the Unit Owners may have under the Sponsor's obligation to cause defects in construction or materials to be corrected, as hereinafter set forth (see "Obligations of the Sponsor" at page 30).

#### *Parking*

There are 16 unattended indoor parking spaces in the basement garage which are available to purchasers of Units for \$3,800 each and 14 outdoor parking spaces which are available to purchasers of Units for \$1,400 each. As a limited common element, each space will be for the exclusive use of the Unit Owner to whom the space is assigned, his lessees, guests and invitees and other residents of the Unit. See "The Units and Their Dimensions" for effect of a limited common element on the percentage of common interest.

Parking is permitted by the City of New York on adjacent public streets according to posted signs.

**TRANSIT, SCHOOLS, RELIGIOUS FACILITIES,  
SHOPPING FACILITIES, PUBLIC RECREATION FACILITIES,  
MUNICIPAL SERVICES, ZONING**

*Location:*

The property is located in the Grymes Hill section of Staten Island, approximately 2 miles from the Verrazano Bridge (see page 143 for an Area Map).

*Shopping:*

The Staten Island Mall and the Korvette Shopping Plaza are situated within approximately five miles from the Property.

*Houses of Worship:*

Churches and Synagogues are within a radius of 5 miles of the site.

*Transportation:*

Public buses to the New York City Rapid Transit System, which connects to the Staten Island Ferry, are available on Victory Boulevard, within six blocks of the Property. Express bus service to Manhattan is available on Marsh Avenue within one block of the Property.

*Recreation:*

Silver Lake Golf Course and Park are within one mile of the Property. There are recreational and cultural facilities, including a public library, and a number of parks (containing marinas, horse back riding, ice skating and roller skating) within a 15 mile radius of the Property.

*Schools:*

- 1) Within a radius of two miles of the property are P.S. 12, 29, 53 - Elementary Schools (grades 1 through 6): Marymont Street and Travis Avenue within one-half mile of the Property (approximately 7 minutes by school bus).
- 2) I.S. 72 - Junior High School (grades 7 through 9): Marymont Street and Travis Avenue (approximately 5 minutes by school bus).
- 3) Port Richmond High School (grades 10 through 12) - within 5 miles of the Property (approximately 15 minutes by school bus).

Although these schools will probably be the schools that children residing at the site will be permitted to attend, no representation to that effect can be made by the Sponsor.

The following Colleges and Universities are within approximately 1 mile of the site:

College of Staten Island (formerly Staten Island Community College)

Wagner College

St. John's University

*Hospitals:*

Doctor's Hospital is within one mile of the site.

*Surrounding Area and Zoning:*

The site is zoned R3-2 (general residence)

The areas immediately adjacent to the site are zoned as follows:

to the west — R3-1 (general residence)

to the north — R4 (general residence)

to the east — R3-1 and 5 (general residence)

to the south — R1-1 (single family detached)

The Sponsor makes no representation as to the future development of any adjacent area.

### THE UNITS AND THEIR DIMENSIONS

The percentages of interest in the common elements applicable to each Unit as shown on Schedule A were determined by the Sponsor, based upon the approximate proportion that the area of each Unit will bear to the aggregate area of all the Units, reflecting, however, the substantially exclusive advantages, if any, enjoyed by one or more but not all Units in a part or parts of the common elements. The percentage of interest in the common elements of a Unit with parking space assigned to it as a limited common element will be increased by .001 to reflect the substantial exclusive advantage enjoyed by him in such space. See Schedule A.

As shown on the floor plans prepared by the Architect, which will be filed in the Office of the Richmond County Clerk concurrently with the filing of the

Declaration, each Unit will consist of the area contained within the horizontal boundaries of the interior face of the outside walls of the Unit, and the hidden face of the interior plasterboard of the walls separating such Unit from the other Units or common elements; and within the vertical boundaries of the top of the wood floor joists to the hidden face of the ceiling plasterboard supported by the wood joists forming the floor of the unit above or forming the support of the roof above the sixth floor. Entrance doors, exterior glass sliding doors, their glass, frames and casings, and windows and their frames and panes and entrance sidelights within a Unit will be included as part of the Unit.

The Sponsor shall have no liability or responsibility to purchasers, nor will any purchaser be relieved from his Purchase Agreement, by reason of any minor difference in the aforesaid floor plans, provided the layouts or dimensions conform substantially to such floor plans as modified or supplemented in accordance with this Plan.

#### CHANGES IN PRICES, LAYOUTS AND SIZES

In order to meet the possible varying demand for number and type of Units, or to meet the particular requirements of prospective purchasers, the Sponsor reserves the right, at any time and from time to time, without prior notice or prior amendment to the Plan and without the consent of the Board of Managers or other Unit Owners, (i) to change the price (including the terms of sale and manner of payment) and the layout of or the number of rooms in any Unit; (ii) to change the size and/or number of Units by subdividing one or more Units into separate Units, combining separate Units into one or more Units, altering any boundary walls between Units, or otherwise; and (iii) to reapportion among the Units affected by any such change, subdivision, combination or alteration, their appurtenant interests in the common elements. No such change shall be made with respect to a Unit for which a Purchase Agreement has been accepted and is not in default. No reapportionment may be made except by a duly filed amendment to this Plan. Purchasers of Units affected by any such change may pay more or less than other purchasers under this Plan for similar Units.

After the Declaration of Condominium has been filed, no change may be made in the number of Units or number of rooms within a Unit, nor may the size of any Unit be changed by subdivision or combination or alteration of boundary walls or otherwise, nor may the percentage interest in the common elements of the Unit or Units affected thereby be reapportioned, unless the Declaration is amended and such amendment is duly recorded. Unless prohibited by law, the Sponsor shall have the right to amend or cause the Board of Managers to amend the Declaration to reflect any such change, subdivision, combination or alteration and reapportionment of the percentage interests in the common elements and to file such amendment and any necessary plans and maps in connection therewith.

### COMMON ELEMENTS

Each Unit Owner will have an undivided interest in the common elements in the respective percentages set forth on Schedule A.

The common elements consist of the land and all other parts of the Condominium except the Units, including, without limitation, the following:

- A. All roofs, foundations and concrete floors;
- B. All columns, girders, joists, beams and supports;
- C. All portions of the exterior walls beyond the horizontal boundaries of the interior face of the outside walls of the Units; all portions of the walls and partitions separating a Unit from other Units or common elements located beyond the hidden face of the interior plasterboard; the space between the hidden face of the ceiling plasterboard and the hidden face of the floor above and on the sixth floor between the hidden face of the ceiling plasterboard and the roof of the Building;
- D. All central and appurtenant installations for services such as compactor, power, light, elevator, telephone, television, water, waste piping and roof drains (including all pipes, ducts, flues, wires, cables and conduits used in connection therewith, whether located in common areas or in the Units);
- E. The parking spaces, pedestrian walks and landscaped areas;
- F. Apartment Lobby-K (superintendent's apartment); and
- G. All other parts of the Condominium and all apparatus and installations existing in the Building or on the site for common use or necessary or convenient to the existence, maintenance or safety of the Property.

### LIMITED COMMON ELEMENTS

The following portions of the common elements will be limited common elements:

Parking spaces, which will be for the exclusive use of the Unit Owners purchasing the right to use them, their guests, lessees, and invitees and other residents of the Units.

The Board of Managers will have the responsibility of maintaining and repairing the limited common elements and the cost thereof will be included in the common charges. If the maintenance or repair is occasioned by damages caused by a Unit Owner or a guest or invitee of the Owner or the result of their negligence, said Unit Owner will be assessed for the cost thereof.

### EFFECTIVE DATE OF THE CONDOMINIUM PLAN

The Sponsor will declare the Plan effective when Purchase Agreements have been executed for the sale to purchasers of 35 Units. The Sponsor, at his election, may declare the Plan effective sooner, but in no event before Purchase Agreements and mortgage commitments, if required, have been executed for at least 10 Units.

If the Plan has not been declared effective, the Sponsor may, in his sole discretion, declare the Plan abandoned. If the Plan is declared abandoned, all monies paid by purchasers will be returned to them, with the interest earned thereon, if any, and neither the Sponsor nor the purchasers will have any further liability or obligation hereunder.

Once the Plan has been declared effective, it cannot be abandoned by the Sponsor unless there is a defect in the title which cannot be timely cured. The Sponsor will not be obligated to engage in litigation to cure title defects.

The Plan will be declared effective by written notice to all purchasers and an amendment disclosing the declaration of effectiveness will be submitted within two business days thereafter.

The Plan will be deemed abandoned upon the happening of either of the following events:

- (a) The Plan is not declared effective on or before October 1, 1982; or,
- (b) The first closing of title to a Unit does not take place on or before December 31, 1982.

### RECORDATION OF DOCUMENTS

Prior to or contemporaneously with the first closing of title to a Unit, the Declaration and By-Laws of the Condominium, the site plan and floor plans for the Building showing the layouts, locations and approximate dimensions of the Units and the Unit designations certified by the Assessor of the City of New York as conforming to the official tax lot numbers, will be recorded or filed in the Office of the Richmond County Clerk and elsewhere if required by law.

### EXPENSES OF FORMING CONDOMINIUM

The Sponsor will bear all costs and expenses incurred in connection with the creation of the Condominium and the initial sale of Units, including, but not limited to, selling expenses, advertising and printing expenses, architect's fees, organization costs, engineering and surveying costs.

### SPONSOR FINANCING

The Sponsor has agreed to take back from each creditworthy purchaser a purchase money mortgage for up to 90% of the purchase price on the following terms and conditions:

The annual interest rate will be 10¾% during the first two years of the mortgage; 11¾% during the third year; 12¾% during the fourth year and 13¾% during the fifth year. Thereafter the rate of interest shall be adjusted semi-annually based upon the then prevailing rate of Citibank, N.A. for condominium loans to borrowers who are not "preferred customers" of Citibank, N.A., but in no event shall the rate be increased or decreased more than 1% at the time of each adjustment.

Each of the mortgages will be for a term not exceeding 30 years and will be payable in monthly installments, each in an amount equal to 1/360 of the original mortgage principal plus interest. Adjustments in the interest rate will result in changes in the amount of the monthly installments.

In addition to the monthly installments of principal and interest, the holder of the mortgage (the "Mortgagee") will require monthly payment of a sum, to be held in escrow, equal to one-twelfth of the estimated annual real estate taxes assessed against the Unit as determined by the Mortgagee. Any such escrow fund will bear interest for the Unit Owner at the rate prescribed by law.

Each such mortgage may be prepaid in whole or in part, without penalty, on or after the first year following the date on which the loan is made, and may be prepaid in its entirety during the first year together with a sum equal to 3% of the outstanding principal obligation. The entire principal will become due at the Mortgagee's option on resale of the Unit by a Unit Owner. The Sponsor may, in his sole discretion, sell or assign the mortgages.

The forms of the documents which the Sponsor will require a borrower to execute are set forth in Part II.

All loans are subject to the Sponsor's investigation into the purchaser's credit, income and ability to repay. The Sponsor shall have no liability or responsibility to any applicant if his loan application is not accepted.

The borrower shall secure and pay the premiums on mortgage guarantee insurance for the benefit of the Sponsor issued by Verex Assurance Inc., of Madison, Wisconsin, a private mortgage insurance company licensed to do business in the State of New York, in the amount of 25% of the loan. Premiums for mortgage insurance for the first year will be .5% of the purchase price for a loan of 80.4% to 85.4% of the purchase price and .65% of the purchase price for a loan of 85.5% to 90% of the purchase price. The first year premium is payable at the closing of title. The renewal premium will be .25% of the unpaid balance for each subsequent year payable annually, to be collected monthly with the principal and interest payment. The premiums will be paid by the purchaser to the Mortgagee or its designated servicing agent.

A purchaser desiring financing will be required to submit an application therefor and a non-refundable application fee of \$100 concurrently with the execution of his Purchase Agreement and to furnish promptly all information requested by the Sponsor, who shall be the sole judge of the creditworthiness of the applicant.

The Sponsor will, within 45 days after the execution of a Purchase Agreement and mortgage application, issue a mortgage commitment or notify the purchaser that none will be issued. Failure to respond within 45 days shall not be deemed the issuance of a commitment. In the event that the purchaser is informed that a commitment will not be issued, the Purchase Agreement will be deemed cancelled without further liability by either party to the other, except that all monies paid by purchaser shall be returned, with interest thereon, if any is earned, unless, within five days after notice denying a commitment is mailed to the purchaser, the purchaser notifies the Sponsor that no mortgage loan is required and that he elects to close title without mortgage financing.

Each initial mortgage loan, whether made by the Sponsor or by another lender, will close simultaneously with the closing of title to the Unit and the proceeds thereof will be applied on account of the purchase price.

#### SPONSOR'S CONVEYANCE OF TITLE TO UNITS

Title to each Unit and its appurtenant interest in the common elements will be conveyed by the Sponsor by bargain and sale deed with covenant against grantor's acts in the form set forth in Part II of this Plan, free and clear of all liens and encumbrances other than:

1. The terms, conditions, easements, covenants and provisions of the Declaration and By-Laws of the Condominium.
2. State of facts shown on the completion survey to be made by a licensed land surveyor, provided such state of facts does not render title unmarketable.
3. Zoning regulations and ordinances and any amendments thereto, provided that neither the Unit nor its proposed uses would be prohibited thereby.
4. Easements in favor of the owners of other Units to use the pipes, flues, wires, conduits, cables, utility lines and other common elements, including those located in the Unit itself or elsewhere on the site serving such other Units, and easements of necessity in favor of the other Units and/or the common elements.
5. Easements for the continuance of encroachments on the Unit and on the common elements by other Units or portions of the common elements then existing by reason of the construction of the Building or thereafter occurring by reason of the settling or shifting of the Building, or by reason of the repair and/or restoration by the Board of Managers of the Building, such other Units or such common elements after damage 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 made by the Board of Managers, so that any such encroachments may remain as long as the Building stands.

6. Franchise taxes of any corporation in the chain of title, provided that The Title Guarantee Company and Pioneer National Title Insurance Company are willing to insure that such taxes will not be collected out of the Unit.

7. Current real estate taxes not yet due and payable, which shall be apportioned as hereinafter set forth.

8. Utility easements and consents, if any, then or thereafter recorded, including the right to maintain and operate lines, wires, cables, amplifiers, transformers, pipes, conduits, poles, meters and distribution boxes in, over, under and upon the Property and the Building.

9. The lien of any purchase money mortgage obtained by the purchaser.

10. Easements for ingress and egress, for construction work, and for the installation, operation and maintenance of municipal service facilities and utilities.

11. Easements in favor of other Units for the use of the parking spaces.

12. Rights of other Unit Owners through the common elements to the public streets.

13. Covenants and limitations in deeds from the City of New York recorded in Liber 1461, cp. 146, Liber 1461, cp. 140, Liber 1460, cp. 411, Liber 1460, cp. 405 and Liber 1471, cp. 440.

14. The standard printed exceptions contained in title insurance policies issued by The Title Guarantee Company and Pioneer National Title Insurance Company.

The Sponsor will reserve the right to grant easements for additional underground utility, sewer and drainage lines and appurtenances in, under and through the Condominium, to relocate any existing utility, sewer and drainage easements and to dedicate any or all of such facilities to any governmental body, public benefit corporation or utility company, if the Sponsor shall deem it necessary or desirable for the proper operation and maintenance of the Condominium or any portion thereof, or for the general health and welfare of any Unit Owner or the residents of any Unit, provided that such additional utilities or the relocation of existing utilities will not prevent or unreasonably interfere with the use of the Units for dwelling purposes. Any utility company or public benefit corporation furnishing services to the Condominium and its employees and agents shall have the right of access to any Unit, to the common elements or the limited common elements in furtherance of such easements provided such right of access is exercised in such a manner as not unreasonably to interfere with the use of the Units.

At the date of this Plan, the Property is encumbered by a first mortgage held by Reliance Federal Savings and Loan Association. The Sponsor will be obligated to obtain a release of this mortgage from the Property prior to recordation of the Declaration of Condominium and the first closing of title to a Unit.

The Sponsor has been advised by its counsel that in counsel's opinion none of the exceptions to title hereinbefore set forth is of a nature which should materially affect the use, enjoyment, lease or sale of any Unit.

### PURCHASE AGREEMENT AND PAYMENTS

A form of Purchase Agreement is contained in Part II. When a prospective purchaser has decided to purchase a Unit, a Purchase Agreement similar in form will be executed in triplicate. Such Agreement will not be binding upon the Sponsor until a copy executed by the Sponsor is delivered to the purchaser. If a copy executed by the Sponsor is not delivered to the purchaser within ten days after it has been signed by the purchaser, the Purchase Agreement will be deemed cancelled, the purchaser will have no liability thereunder and all monies paid by the purchaser together with the interest earned thereon, if any, will be refunded to him.

Before acquiring title to his Unit each purchaser must pay the full purchase price set forth in the Purchase Agreement. Subject to the Sponsor's right to change the terms of sale (see page 20), the purchase price shall be payable as follows:

A. 10% of the purchase price will be payable on the signing of the Purchase Agreement by check drawn on a New York bank or trust company to the order of "High View Condominium II Escrow Account"; and

B. The balance will be payable on the closing of title by the execution and delivery to the Sponsor of a note of purchaser and a purchase money first mortgage on the Unit and/or by certified check of the purchaser drawn on, or a cashier's check of, a bank or trust company which is a member of the New York Clearing House Association to the order of the Sponsor.

All monies paid by a purchaser prior to the closing of title will be deposited with Manufacturers Hanover Trust Company at 40 Wall Street, New York, New York in a special account entitled "High View Condominium II Escrow Account". The funds in the High View Condominium II Escrow Account, excluding interest earned thereon, will be disbursed only upon the instructions of Wien, Lane & Malkin, Sponsor's counsel, as follows: (i) to the Sponsor if the Plan is declared effective and title closes or if the purchaser defaults under his Purchase Agreement; or (ii) to the purchaser if the Plan is abandoned or withdrawn or if title does not close because of the Sponsor's default.

In compliance with Sec. 71-a of the Lien Law, the Escrow Account will be an interest-bearing account. Each purchaser will be entitled to his proportionate

share of interest on the monies paid by him prior to the closing of title at the rate established from time to time by Manufacturers Hanover Trust Company from the date of deposit in the Escrow Account to the date of withdrawal, unless he defaults under his Purchase Agreement, in which event the Sponsor will be entitled to the interest.

The terms of sale and other provisions of an actual Purchase Agreement entered into between the Sponsor and any given purchaser may vary from the provisions contained in the form in Part II of this Plan, but such variations shall have no effect on the provisions of any other Purchase Agreement theretofore or thereafter entered into by the Sponsor and any other purchaser.

### TRUST FUNDS

The Sponsor will hold all monies received by it, directly or through its agents or employees, in trust, pursuant to Section 352(h) and Section 352-e(2)(b) of the General Business Law, in a special interest-bearing escrow account at Manufacturers Hanover Trust Company, 40 Wall Street, New York, New York, until actually employed in connection with the consummation of the Plan as herein described. In the event that the Plan is abandoned or withdrawn for any reason, then such monies shall be fully returned to the purchasers, with the interest earned thereon, within ten days of abandonment or withdrawal.

If a purchaser fails to pay any portion of the purchase price when due, fails to close title to his Unit on the date specified by the Sponsor pursuant to the Purchase Agreement or otherwise defaults, the Sponsor may elect to cancel the Purchase Agreement by giving thirty days' written notice of such proposed cancellation to the purchaser. If within this thirty-day period the purchaser shall fail to cure his default, the Sponsor may, at his option, cancel the Purchase Agreement by written notice to the purchaser and shall thereupon be entitled to liquidated damages in an amount equal to 10% of the purchase price of the Unit (plus the interest earned thereon and any monies paid by the purchaser for the cost of optional extras or changes within the Unit). The failure of a purchaser desiring financing to submit an application therefor or to furnish the Sponsor promptly with such information as the Sponsor may require or to accept a commitment on the terms set forth in the Purchase Agreement shall constitute an event of default under the Purchase Agreement.

### CLOSING OF TITLE TO UNITS

The closing of title to each Unit will take place only after or concurrently with the following events:

1. The Architect certifies that the Unit has been fully completed in accordance with the plans and general notes and any necessary permits for the Unit or the Building have been issued.

2. Recordation and filing of the Declaration, By-Laws, site plan and floor plans as required by law.

3. The closing of such purchase money mortgage loan as the purchaser has elected to obtain from the Sponsor.

4. Assignment by the Sponsor to the purchaser of any manufacturers' warranties covering the appliances in the Unit, to the extent assignable. (See Part II for details.)

The purchaser shall accept title (without abatement in, or credit against, the purchase price or provision for escrow) notwithstanding that construction of (a) minor details of the Unit or the Building or (b) other Units or (c) the parking spaces or (d) the landscaped areas or (e) other portions of the common elements has not been completed.

A purchaser will be required to examine his Unit with the Sponsor's representative during normal business hours prior to title closing and will be obligated to sign and deliver to the Sponsor at or before the closing an Inspection Statement in the form set forth in Part II acknowledging the condition in which he has received his Unit.

If the Purchase Agreement is executed after the certification by the Architect that the Unit has been fully completed in accordance with the plans and general notes, the purchaser will accept the Unit and all fixtures, machinery, equipment, appliances, installations and personal property contained therein, in their condition on the date of the Purchase Agreement, subject to reasonable use, wear, tear and natural deterioration between the date of the Purchase Agreement and the closing of title.

The Sponsor will give each purchaser not less than fifteen days' prior written notice of the date on which title is to close.

#### TITLE INSURANCE

The Sponsor will, on request of any purchaser and at the purchaser's expense, obtain, as of the closing of title to his Unit, a policy of title insurance from The Title Guarantee Company and Pioneer National Title Insurance Company insuring that (a) the purchaser has good and marketable fee title to his Unit free and clear of all liens and encumbrances except as hereinbefore stated at pages 24 to 25 and except any purchase money mortgage which the purchaser obtains to pay part of the purchase price of the Unit and (b) the Condominium has been validly created pursuant to Article 9-B of the Real Property Law of the State of New York, as amended. Title insurance will be in the amount of the purchase price for the Unit. The purchaser may at his election obtain title insurance at his own expense from any other company licensed to do business in New York, but no exception to title raised by such other title insurance company shall give the purchaser the right to cancel his Purchase Agreement if

The Title Guarantee Company and Pioneer National Title Insurance Company will issue a policy to the purchaser insuring title without such exception.

### CLOSING COSTS AND EXPENSES

The Sponsor will pay the following closing costs and expenses:

1. Documentary stamps to be affixed to the deed.
2. New York City real property transfer tax.
3. If a purchaser elects Sponsor Financing, such portion of the mortgage recording tax as required by law to be paid by a mortgagee.

In addition to the purchaser's own legal fees, the purchaser will also pay the following closing costs and expenses at the time of the closing of title to his or her unit:

a. If the purchaser obtains fee title insurance, a premium which will vary depending upon the price of a Unit. If ordered simultaneously with a mortgage title policy from The Title Guarantee Company and Pioneer National Title Insurance Company, the premium will be \$131.14 for the first \$25,000 of fee insurance plus \$1.99 for each \$1,000 or fraction thereof of additional fee insurance up to the amount of the policy;

b. A fee for recording the deed and power of attorney, being \$10.00 for each instrument plus \$1.00 per page;

c. If the purchaser obtains a mortgage loan, the purchaser will pay a mortgage recording tax at the rate of 1¼% on the amount of the mortgage loan; and

d. If the purchaser obtains a mortgage loan, the purchaser will be required to obtain mortgage title insurance for the lender and to pay the premium therefor which will vary depending on the amount of the mortgage loan and on whether or not the purchaser has simultaneously obtained fee title insurance.

A purchaser to whom a loan of more than 80.4% of the purchase price is made by the Sponsor will be required to pay the premiums on the mortgage guarantee insurance for the mortgagee's benefit (see page 23 for details).

Each purchaser will also be obligated to make an initial contribution to the working capital of the Condominium in an amount equal to two months' estimated common charges for his Unit (as shown in Schedule A). Such an initial contribution to the working capital of the Condominium will not be made by the Sponsor (or any other holder of an unsold Unit) as to a Unit owned by him, but will be the obligation of the bona fide purchaser of such a Unit at the time of closing of title to the Unit. The funds contributed as working capital will

be deposited in a separate special bank account and may be used for such appropriate purposes as the Board of Managers shall determine.

As an example of the costs and expenses to be paid by a purchaser at closing, following are the approximate expenses based on current rates that could be anticipated by the purchaser of a Unit with a Sales Price of \$71,915 and a 1.4284% common interest who receives Sponsor financing for 90% of the sales price and who obtains fee title and mortgage title policies from The Title Guarantee Company and Pioneer National Title Insurance Company:

1. \$225.00 for fee title insurance;
2. \$176.00 for mortgage title insurance;
3. \$784.04 for mortgage recording tax;
4. \$467.45 for mortgage guarantee insurance premium for the first year of the loan;
5. \$162.12, which is two months estimated common charges, as an initial contribution to the working capital of the Condominium; and
6. Recording charges for the deed, power of attorney and mortgage of \$10 for each instrument plus \$1.00 per page.

### CLOSING ADJUSTMENTS

Real estate taxes, if any, for each Unit for the year in which title closes and the common charges and expenses for each Unit for the month in which title closes will be apportioned between the Sponsor and the purchaser as of midnight preceding the date of closing of title. In the event that a Unit has not been separately assessed on the closing date for the then current tax fiscal year, or if the tax abatement and exemption have not yet been granted by the City of New York, the apportionment of taxes shall be based upon the assessment for the land and Building and the percentage of interest in the common elements appurtenant to the Unit, provided, however, that the Sponsor will pay any real estate taxes due prior to July 1, 1982 with respect to the Units (other than the medical office).

### OBLIGATIONS OF THE SPONSOR

Subject to the terms and conditions of this Plan, the Sponsor has the following obligations for the performance of which no bond or other security will be furnished:

1. To cause the Building and its facilities to be rehabilitated and renovated and the equipment to be installed therein substantially in accordance with the plans and general notes as hereinbefore set forth at his sole cost and expense.

2. If at the time of the closing of title to any Unit any work remains to be done to complete such Unit substantially in accordance with the plans and general notes, promptly to complete or cause such work to be completed and paid for and promptly to discharge any and all mechanics' liens which may be filed in connection therewith.

3. To deliver title to each Unit free and clear of the existing first mortgage on the Property held by Reliance Federal Savings and Loan Association and all other liens and encumbrances except those set forth on pages 24 to 25 hereof.

4. To obtain a Board of Fire Underwriters Certificate and all other required permits for the Building or the Units with due diligence and to cause all work and all materials necessary therefor to be performed and supplied at his sole expense and to discharge mechanics' liens, if any, resulting therefrom.

5. To bear and pay all costs and expenses in connection with the creation of the Condominium.

6. To pay all expenses in connection with the operation of the Property incurred prior to the first closing of title to a Unit.

7. To be responsible for and pay all common charges for any Unit which he owns commencing on the day of the first conveyance of title to a Unit.

8. To correct or cause to be corrected promptly any defects in the construction or materials of the Building and the Units therein or in the installation or operation of any mechanical equipment therein (other than appliances, equipment or fixtures for which manufacturers' warranties are assigned to purchasers or to the Board of Managers) provided that (a) in the case of common elements it is notified of such defects in writing by the Board of Managers within fourteen months from the date of the first closing of title to a Unit, or (b) in the case of a Unit, it is notified in writing by the Unit Owner within one year from the date of closing of title to the Unit or its first leasing. Commencing three months after the first closing of title to a Unit and every three months thereafter until 15 months after the first closing, the Sponsor will furnish to the Board of Managers a written report stating whether it has been notified or has otherwise become aware of any defects in the common elements and identifying any such defects. The Sponsor will deliver to the Board of Managers copies of any notices received while it has voting control of the Board alleging defects in the common elements.

The obligation of the Sponsor set forth in this paragraph 8 shall not be applicable to, and the Sponsor shall have no responsibility to repair, any of the following: (1) nail pops and ridging on walls and ceilings, (2) doors and windows sticking because of weather, (3) door and floor warpage less than 1/2", (4) adjustment of doors, (5) bath tile, (6) slight separation in joints of kitchen flooring, and oak flooring expansion and contraction, (7) slight separation between base and floor in all rooms, including bathrooms, (8) normal settlement and deflection or any consequential damage resulting therefrom, (9) plumbing, heating and air conditioning noises, and transmission of noises from other Units

and public areas, (10) repair of chips, scratches, mars, breaks or other blemishes in windows, doors, screens, electric fixtures and globes, painted surfaces, sinks, tubs, basins, kitchen cabinets and counter tops, vanity tops and cabinets, medicine cabinets, ceramic tile, saddles, flooring, appliances, public area wall paper, woodwork and doors, (11) seepage through masonry walls and (12) the partial or total death of any trees, shrubs, bushes, ground cover, grass or other landscape improvements. Subsequent to the conveyance of title to a Unit or the completion of the common elements, as the case may be, the Sponsor shall not be responsible for paint touch-ups, repair of appliances, or carpet stretching or shrinkage; nor shall Sponsor be responsible for replacement of fluorescent light ballasts. The quality of construction shall be comparable to local standards customary in the particular trade and substantially in accordance with the plans and general notes.

9. To defend at its sole expense any claim made against the Condominium arising from the acts of the Sponsor.

10. To pay any real estate taxes due prior to July 1, 1982, with respect to the Units (other than the medical office.)

11. Upon completion of construction, to remove any rubbish and debris from the site and repair any damage to the Units or the Building resulting from the construction work and to repair any damage resulting from the use by the Sponsor of the land or other areas which are subject to easements in favor of the Sponsor.

The Sponsor's obligations set forth above shall be enforceable as to the common elements only by the Board of Managers on behalf of the Unit Owners and not by the Unit Owners individually.

The Sponsor makes no undertakings or warranties except as hereinabove set forth and none should be implied.

The Sponsor will assign to the Board of Managers on behalf of all Unit Owners all guarantees from subcontractors or suppliers of material in connection with construction of the Building to the extent that such guarantees are assignable and will provide the Board of Managers with a set of plans as approved by the Architect.

The undertakings of the Sponsor set forth herein shall not be deemed to limit the rights of Unit Owners under their Purchase Agreements.

#### SPONSOR'S RIGHT TO LEASE UNITS

The Sponsor reserves the right to lease Units to purchasers and other persons at any time and from time to time at the following rents: 2 bedroom apartments \$850.00 per month; 1 bedroom apartments \$650 per month; studio apartments \$490 per month. Persons purchasing Units previously leased will be buying a Unit which has been previously occupied. A prospective purchaser will

be advised prior to the execution of a Purchase Agreement if the Unit was previously occupied and, if so, its condition. Certification of completion by the Architect will be a precondition of residential occupancy of a Unit under lease. Any security deposit taken by the Sponsor under a lease will not exceed two months rent under the lease and will be held by the Sponsor pursuant to General Obligations Law Section 7-103.

#### ESTIMATED REAL ESTATE TAXES

Upon completion of the alterations, the Sponsor will apply for a certificate of real estate tax exemption and abatement for the Property pursuant to Section J-51 of the Administrative Code of the City of New York and will pay the cost of all expenses to obtain said certificate. The Sponsor has estimated that the cost of the alterations will be approximately \$700,000, of which approximately \$550,000 will qualify under Section J-51, but the actual cost may be more or less than that amount. On the assumption that \$550,000 of cost will qualify, Ribner, Kluft & Berger, P.C., special counsel to the Sponsor, have advised him that the Property will be eligible for the benefits of real estate tax abatement and exemption under Section J-51. A copy of counsel's opinion appears at page 33. Tax abatement and exemption, if granted, may not become effective until the tax year beginning July 1, 1982 and the Sponsor will pay any real estate taxes due prior to July 1, 1982, with respect to the Units (other than the medical office). If tax abatement and exemption are granted in the amounts estimated, taxes in future years may, nevertheless, become payable prior to the end of the abatement and exemption period if the assessments are increased for reasons other than the construction contemplated under this Plan or if the land assessment is increased or if the tax rate is increased. No warranty or guaranty is or can be made that tax abatement or exemption will be granted and if tax abatement or exemption is not allowed or is allowed in an amount less than estimated, Unit Owners will be responsible for the payment of real estate taxes on their Units actually due after June 30, 1982. Apartment Lobby-L, the medical office, will not be entitled to tax abatement or exemption.

REAL ESTATE TAX OPINION LETTER

RIBNER, KLUFT & BERGER, P.C.  
Attorneys at Law  
210 East 86th Street Suite 202  
New York, New York 10028  
(212) 744-7300

September 1, 1981

Mr. Henry Gabbay  
c/o Wien, Lane & Malkin  
60 East 42nd Street  
New York, New York 10165

Re: The Application of Section J-51 of  
the New York City Administrative  
Code to Premises 850 Howard Avenue,  
Staten Island, New York

Dear Mr. Gabbay:

You have requested our opinion as to whether a condominium which will be known as The High View Condominium II, organized under the laws of the State of New York, pursuant to an Offering Plan — A Plan to Convert to Condominium Ownership premises 850 Howard Avenue, Staten Island, New York ("the Plan") will qualify for real estate tax exemption and abatement benefits pursuant to section 489 of the Real Property Tax Law, section J51-2.5 of the New York City Administrative Code, chapter 61 of the New York City Charter and the Rules and Regulations promulgated pursuant thereto by the New York City Department of Housing Preservation and Development ("HPD") which became effective on July 1, 1980 ("J-51 Benefits").

The Sponsor of the Plan has advised us that it intends to rehabilitate the existing structure at 850 Howard Avenue, Staten Island, New York (the "Property" or the "Premises") in order to create sixty-six (66) condominium residential units containing bedrooms in a number which is at least equal to seventy-five (75%) percent of the number of dwelling units contained within the Property. In addition, there will be a superintendent's apartment which will be part of the common elements of the Property. Prior to rehabilitation, the Premises was occupied as a class "A" multiple dwelling.

In the event that the Property qualifies for J-51 Benefits (after having complied with all of the conditions and assumptions specified herein), the Property will be entitled to the following real property tax benefits or J-51 Benefits:

1. *Tax Exemption:*

Any increase in the assessed valuation resulting from or directly attributable to the alterations and improvements to the Property, except insofar as the gross cubic content of the existing building is increased, will be exempt from real property taxation for a period of twelve (12) years. The total tax exemption will be proportioned among each of the sixty-six residential condominium units pursuant to the percentage of interest in the common elements applicable to each unit as set forth in the Declaration of Condominium Ownership.

2. *Tax Abatement:*

The taxes which are attributable to the unexempt portion of the assessed valuation of each residential unit, including the land, may be abated or reduced, as a result of a tax credit against the accrued taxes. The tax abatement may be drawn upon by each residential condominium unit in an amount equal to 8.33% of the qualifying costs of the rehabilitation of the building proportioned among each of the sixty-six residential condominium units pursuant to the percentage of interest in the common elements applicable to each unit as set forth in the Declaration of Condominium Ownership. The qualifying costs of the rehabilitation which may be used to abate future real estate taxes are determined by HPD and are referred to herein as the "Certified Reasonable Costs" or "CRC". The abatement component of the J-51 Benefits may be applied annually against accrued real estate taxes, for a period of not more than 20 years, provided that the aggregate amount of the taxes which have been abated does not exceed ninety (90%) percent of the CRC. If in any year the credit against accrued taxes (the annual abatement) is greater than the taxes due, then the tax abatement will be available to each residential unit for future tax years. Any portion of the abatement benefits which has not been used by the end of the 20th year will be forfeited.

It is our opinion, based upon our experience in filing numerous applications for J-51 Benefits, that the Property will qualify for J-51 Benefits if you meet the following requirements:

(1) The Premises will be altered and improved as described in the Plan and will contain 4 studio apartments, 50 one-bedroom apartments and 13 two-bedroom apartments so as to adequately comply with the minimum bedroom requirement set forth in section 2.5 (2) of the J-51 Rules and Regulations;

(2) Prior to alterations and improvements, the Premises consisted of a class "A" Multiple Dwelling;

(3) Each residential unit contained in the Premises will have lawful sanitary facilities, a private bathroom and a private kitchen or kitchenette;

(4) An application pursuant to section J51-2.5 of the Administrative Code of the City of New York will be filed on behalf of the Condominium with HPD: (i) after alterations and improvements to the Premises have been completed and within thirty-six (36) months after the Attorney General of the State of New York has accepted the Plan for filing and (ii) within thirty-six months following the commencement of the alterations and improvements to the Premises. The commencement date is the date upon which DOB issues an alteration permit for the work required to be accomplished pursuant to the Plan. An alteration permit for the work was issued on May 19, 1981. The Sponsor anticipates all alterations and improvements to the Premises to be completed on or about October 30, 1981;

(5) The application made to HPD for J-51 Benefits will be completed within twenty-four (24) months of its initial date with HPD;

(6) The rehabilitation will cost approximately \$700,000;

(7) The Plan will be filed and accepted by the Attorney General and a copy of a first time enrollment application for membership in the Rent Stabilization Association ("RSA") will be filed on behalf of the condominium with RSA, which will be held in abeyance for one year and subsequently waived should the Plan become effective;

(8) At the completion of rehabilitation, the Premises will be structurally sound and will comply with the applicable laws, including but not limited to, the Building Code, the Multiple Dwelling Law, the Housing Maintenance Code and the Zoning Resolution; and

(9) A CRC, together with a certification from DOB, will be filed with the Staten Island Real Property Assessment Bureau of the New York City Department of Finance ("DOF") upon the completion of the rehabilitation of the Premises and the issuance of said documents and no real estate taxes, water or sewer charges, payments in lieu of taxes, emergency repair or relocation liens shall be due and owing or not satisfied of record as of the last day of the tax quarter preceding said filing with DOF.

Pursuant to section J51-2.5 of the Administrative Code and the other aforementioned statutory and/or regulatory sources, HPD is authorized to certify (i) the reasonable cost of conversions, alterations or improvements for purposes of tax abatement and (ii) the general eligibility of a building for purposes of tax exemption. As previously stated, J-51 Benefits consist, in general, of two components: tax exemption and tax abatement.

Section J51-2.5 of the Administrative Code provides in part that any increase in the assessed valuation of real property shall be exempt from taxation for local purposes to the extent such increase results from alterations or improvements to a class "A" multiple dwelling except insofar as the gross cubic content of the building is increased. The tax exemption is calculated by subtracting the assessed valuation of the building for the tax year during which

alterations are commenced from the assessed valuation of the building after the completion of alterations. It is the function of the Tax Commission of the City of New York to determine how much of the difference in assessed valuation is attributable to the alterations as opposed to extraneous factors. In this regard, counsel can only provide an educated guess as to what the tax exemption will be based upon past practice and filings.

In contrast to the tax exemption, the tax abatement or tax credit can be calculated more precisely pursuant to certain rules set forth in section J51-2.5 of the Administrative Code and the Rules and Regulations promulgated pursuant thereto by HPD.

The following is a breakdown of J-51 Benefits which should be obtained in the first full tax year after the completion of the rehabilitation. In addition to the requirements previously set forth in this opinion, the following assumptions have been used in expressing this opinion:

1. The assessed valuation for fiscal year 1980/81, the base year for calculating the exemption is:

Land    \$90,000    Total - \$500,000

2. The expected assessed valuation for fiscal year 1982/83 is:

Land    \$90,000    Total - \$800,000

Fiscal year 1982/83 is estimated to be the first tax year after the completion of the rehabilitation and is therefore determinative in calculating the tax exemption.

3. HPD will certify a CRC in the amount of approximately \$550,000 for the Premises. The estimate CRC is based upon construction figures provided to us by the Sponsor and takes into account the "dollar limit" set forth in section 7.3 of the J-51 Rules and Regulations which in effect establishes the maximum allowable CRC for the Premises;
4. The application for J-51 Benefits made to HPD on behalf of the Condominium will neither contain a false statement nor false information as to a material matter or omit a material matter so as to permit the Commissioner of the HPD to reduce or revoke tax exemption or tax abatement; and
5. While the Premises are receiving J-51 Benefits, the Premises will not be operated exclusively for commercial use or for hotel or transient uses so as to permit the Commissioners of HPD and/or DOF to withdraw tax exemption and tax abatement. In addition to the foregoing, said Commissioners may withdraw J-51 Benefits from any residential unit should: (i) the real estate or water or sewer charges with respect to said unit remain unpaid for one year after

the same are due and payable or (ii) the Board of Managers, or its employees or agents fail to appear and produce books, papers, records or other data subpoenaed by HPD pursuant to section 6.1 of the J-51 Rules and Regulations. The Breakdown set forth *infra* assumes that the aforementioned conditions will not occur so as to revoke, reduce or withdraw J-51 Benefits prematurely.

The following is a breakdown indicating real estate tax benefits which should be obtainable in the first full tax year subsequent to the completion of this renovation, i.e. fiscal year 1982/83.

#### J-51 TAX EXEMPTION TAX ABATEMENT BREAKDOWN

|    |                                                                                                                                                                 |                |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| A. | 1980/81 Assessed valuation (base year) .....                                                                                                                    | \$500,000      |
| B. | 1982/83 Estimated assessed valuation                                                                                                                            |                |
|    | 1. 1980/81 assessed valuation .....                                                                                                                             | \$500,000      |
|    | 2. Increased assessed valuation .....                                                                                                                           | 800,000        |
| C. | Subtract estimated tax exemption .....                                                                                                                          | <u>300,000</u> |
| D. | Estimated net assessed valuation for<br>tax purposes .....                                                                                                      | \$500,000      |
| E. | Estimated real estate taxes due on<br>net assessed valuation; 1982/83 tax<br>(estimated at \$9.00 per \$100) .....                                              | 45,000         |
| F. | Subtract estimated tax abatement for year.<br>To calculate tax abatement, take 8½% of<br>the estimate Certificate of Reasonable<br>Cost (8½% × \$550,000) ..... | 45,815         |
| G. | Estimated net 1981/82 real estate tax .....                                                                                                                     | -0-            |
| H. | Estimated tax abatement savings surplus<br>for 1982/83 .....                                                                                                    | 815            |
| I. | Total tax abatement credits<br>(90% of certified cost of \$550,000) .....                                                                                       | 495,000        |

In connection with the above breakdown, it should be noted that the tax exemption will be in effect for twelve (12) years or until tax year 1993/94. The tax abatement will be in effect until ninety (90%) percent of the Reasonable Cost as certified by HPD is credited against each residential unit's tax liability. Assuming the real property assessment on the premises remains the same and the tax rate also remains the same, tax abatement credits against the real estate taxes should continue until 1992/93, when all tax abatement credits are applied.

You have advised us of your intention to file this opinion with the Attorney General of the State of New York and to reproduce this letter in the Plan. We hereby consent to such use.

Very truly yours,

RIBNER, KLUFT & BERGER, P.C.

by: /s/ Paul J. Ribner

## UNSOLD UNITS

Title to all unsold Units will remain in the Sponsor until they are sold. The Sponsor shall be responsible for and will pay the common charges assessed against each unsold Unit from the date of the first conveyance of title to a Unit in the Building until such unsold Unit is sold by the Sponsor to a bona fide purchaser. If the Sponsor fails to pay common charges, the Board of Managers will have the same rights and remedies against it as against any other defaulting Unit Owner.

## SUMMARY OF PROVISIONS OF CONDOMINIUM BY-LAWS

### 1. Sale Or Lease of Units by Unit Owners

Each Unit Owner has the right to sell or lease his Unit (subject to the consent, if required, of his mortgagee) provided that he shall first give to the Board of Managers 30 days prior written notice of the terms of any bona fide sale or lease which he desires to make. The failure of the Board of Managers to act within such 30-day period shall be deemed to constitute approval. If the Board of Managers disapproves the transaction, it shall, within such 30-day period, either (a) produce a purchaser or lessee who will purchase or lease the Unit, upon the same terms as stated in the Unit Owner's notice to the Board of Managers or (b) purchase or lease the Unit on behalf of all other Unit Owners upon the same terms as stated in the Unit Owner's notice to the Board of Managers. The Board of Managers, however, may not purchase or lease a Unit without the approval of a majority of the Unit Owners (as such term "majority" is defined in the By-Laws). If the Board of Managers does not have sufficient funds on hand for the purchase or lease of a Unit which has been approved by the majority of the Unit Owners, the Board of Managers may either borrow such funds or may assess the Unit Owners therefor in proportion to their respective common interests. If the Board of Managers does not either produce a purchaser or lessee, as the case may be, for the Unit or purchase or lease the Unit on behalf of all other Unit Owners within the aforesaid 30-day period, the Unit Owner shall have the right to consummate the sale or lease on the terms submitted to the Board of Managers as more specifically set forth in the Declaration and By-Laws. The right to use a parking space cannot be transferred or leased without the approval of the Board of Managers as provided in the Declaration and By-laws. (The right to use parking spaces as limited common elements is initially being offered for sale by the Sponsor pursuant to this Plan for the prices shown in Schedule A at page 7.)

Any lease of a Unit shall be in the form recommended for apartments by The Real Estate Board of New York Inc., except as otherwise provided in the By-Laws.

The restrictions upon the sale and lease of Units set forth in this Section shall not apply to the Sponsor or to a mortgagee (including the Sponsor) acquiring title in foreclosure or by deed in lieu of foreclosure; both shall be free

to sell or lease without first notifying or obtaining the consent of the Board of Managers.

## 2. Mortgaging of Units by Unit Owners

Each Unit Owner has the right to mortgage his Unit without restriction, provided that the mortgage shall be substantially in the form of the mortgage contained in Part II of this Plan beginning at page 149 (except for such variations as may be necessary in order to permit a particular lending institution to make the loan).

## 3. Board of Managers

Under the By-Laws of the Condominium, until the first meeting of Unit Owners, the Board of Managers will consist of three members designated by the Sponsor. Within 60 days after the first closing of title to a Unit the Sponsor will call the first meeting of Unit Owners, at which Unit Owners other than the Sponsor will elect one member of the Board who is independent of the Sponsor to replace one of the Sponsor's designees.

Within 60 days after (i) the Sponsor's conveyance of title to all Units or (ii) the first anniversary of the first conveyance of title to a Unit, whichever shall first occur, or sooner at the Sponsor's option, the Sponsor shall call the second meeting of the Unit Owners at which a new nine-member board shall be elected (see page 41 for the Sponsor's right to elect members of the Board of Managers).

All members of the Board of Managers (other than the designees of the Sponsor) shall be Unit Owners, mortgagees of Units, partners or employees of a partnership owning a Unit or a mortgage covering a Unit, shareholders, officers, directors or employees of corporate owners or corporate mortgagees of Units, or fiduciaries or officers or employees of fiduciaries who are owners or mortgagees of Units.

The term of office of the members of the Board of Managers shall normally be three years except that (a) the term of office of the Unit Owner elected at the first special meeting of Unit Owners shall expire on the date of the second meeting of Unit Owners and (b) the term of office of three members elected at the second meeting of the Unit Owners shall be fixed at two years and the term of three members elected at such second meeting shall be fixed at one year. At the expiration of the initial term of office of each member of the Board of Managers elected at the second meeting of Unit Owners, his successor shall be elected to serve for a term of three years, and as a result, the terms of one-third of the Board of Managers will expire each year. The members receiving the highest number of votes will serve for the longest term.

All members of the Board of Managers shall serve without compensation and the Sponsor has agreed that the By-Laws will not be amended to provide otherwise while the Sponsor owns more than 50% of the Units.

## CONTROL OF BOARD OF MANAGERS BY SPONSOR

The Sponsor will have voting control of the Board of Managers until the second meeting of Unit Owners, at which time the existing three-member board will resign and the new nine-member board will be elected by all the Unit Owners. So long as the Sponsor shall continue to own: (i) Units representing 40% or more in common interest, the Sponsor shall have the right to elect four of the nine members of the Board of Managers; (ii) Units representing more than 20% but less than 40% in common interest, the Sponsor shall have the right to elect two of the nine members of the Board of Managers; or (iii) Units representing less than 20% in common interest or five Units, whichever is less, the Sponsor shall have the right to elect one of the nine members of the Board of Managers. Members of the Board of Managers elected by the Sponsor shall serve for a term of one year or until replaced by the Sponsor. All other members of the Board of Managers shall be elected by the Unit Owners and shall serve for the terms prescribed by the By-Laws. Until the Sponsor is no longer entitled to elect a majority of the Board of Managers, the Sponsor will, through his control of the Board, have control of the maintenance and operation of the Condominium and will determine the common charges to be paid by all Unit Owners, including the Sponsor.

So long as the Sponsor shall own a Unit, but not after two years following the first transfer of title to a Unit, the Board of Managers may not, without the prior written consent of the Sponsor (i) make any addition, alteration or improvement to the common elements or to any Unit or (ii) assess any common charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund or (iii) borrow money on behalf of the Condominium or (iv) hire any employee in addition to the employee referred to in Schedule B, or (v) enter into any service or maintenance contract for work not covered by contracts in existence on the date of the first closing of title to a Unit, except as required by the By-Laws or contemplated by this Plan or (vi) amend the Declaration or By-Laws of the Condominium. However, while the Sponsor has voting control of the Board, the Sponsor will not reduce or eliminate the services to be provided to the Condominium as set forth in this Plan. The Sponsor shall have the right to withhold consent to any of the foregoing actions.

### 4. Officers of Condominium

The officers shall consist of the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Managers. The President and the Vice President must be members of the Board of Managers. Each officer shall hold office at the pleasure of the Board of Managers. The Board may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in its judgment may be necessary. All officers shall serve without compensation.

## 5. Meetings and Votes of Unit Owners

The Unit Owners shall hold annual meetings on the first anniversary of the second meeting of Unit Owners and annually thereafter, unless such date shall occur on a Saturday, Sunday or legal holiday, in which event the meeting shall be held on the succeeding Monday. At each annual meeting the Unit Owners shall elect members of the Board of Managers. In addition, special meetings of Unit Owners may be held from time to time pursuant to the By-Laws whenever necessary for the affairs of the Condominium.

Each Unit Owner shall be entitled to cast one vote either in person or by proxy at all meetings of Unit Owners for each .001 percent of interest in the common elements applicable to his Unit with respect to all matters involving the affairs of the Condominium.

## 6. Estimated Common Charges and Expenses

The Board of Managers shall prepare a budget from time to time and at least once each year. Copies of each budget will be furnished to the Unit Owners. The common charges and expenses payable by each Unit Owner in accordance with his proportionate interest in the common elements shall be based upon such budget.

In addition to the normal operating expenses, the budget may, in the discretion of the Board of Managers, provide for reserves, working capital and other sums required for the affairs of the Condominium. Every Unit Owner shall be advised promptly after the adoption of each budget of the amount of common charges and expenses payable by him for the period covered by such budget.

### *Estimated Common Expenses for First Year of Operation*

Schedule B (at page 9) contains estimates of the expenses for the first year of operation of the Condominium. This schedule was prepared by Morton E. Licht, of Lane Realty, based upon his experience and knowledge of existing conditions. (See Letter of Adequacy at page 15.) In his opinion, the estimates are reasonable and adequate under existing circumstances, but because of the current energy crisis, the possibility of governmental restrictions or preemptions, shortages of materials or labor, increases in the expenses of operation or unforeseeable changes in the economy or because actual expenditures may differ from estimated expenditures, such estimates are not intended nor should they be considered as representations, guarantees or warranties of any kind whatsoever, or as any assurance that the actual expenses or income of the Condominium may not vary from the amounts shown, or that the Condominium may not incur additional expenses.

The Schedule is predicated upon a full year of operation after all the Units have been occupied. Until title to all Units has been conveyed the Board of Managers may reduce the amount of common charges payable by Unit Owners

(including the Sponsor as owner of any unsold Units) provided that so long as the Sponsor controls the Board of Managers, the common charges will not be reduced below the amount necessary to operate the Condominium with the services to be provided under this Plan.

It should be noted that the estimates of expenses in Schedule B do not include the cost of electricity to be consumed in the Units for lighting, air conditioning, and appliances. Each Unit will be separately metered for electricity and the Unit Owner will be billed directly by Consolidated Edison Company of New York, Inc.

#### **7. Liens for Nonpayment of Common Charges**

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

#### **8. Termination of Liability of Unit Owners for Common Charges and Expenses**

The liability of each Unit Owner for the payment of the common charges and expenses thereafter assessed or becoming due against his Unit shall terminate upon a sale, transfer or other conveyance thereof, together with the appurtenant interests in the common elements (as defined in the By-Laws), made by him in accordance with the applicable provisions of the By-Laws. In addition, any Unit Owner may, subject to the terms and conditions specified in the By-Laws, convey his Unit and its limited common element, if any, together with its appurtenant interests, to the Board of Managers or its nominee on behalf of all other Unit Owners without any compensation, and in such event shall be exempt from common charges and expenses thereafter assessed. A purchaser of a Unit shall be required by the Board of Managers to pay unpaid common charges and expenses assessed prior to his acquisition, except that a mortgagee acquiring title or a purchaser at a foreclosure sale shall not be liable and the Unit shall not be subject to a lien for payment of the common charges and expenses assessed prior to the acquisition of title thereto by a mortgagee or purchaser at a foreclosure sale, but such mortgagee or purchaser at a foreclosure sale shall be liable for payment of all common charges and expenses assessed after the acquisition of title. In the event of a foreclosure by the Board of Managers of a

statutory lien for unpaid common charges and expenses, if the proceeds of the foreclosure sale shall not be sufficient for the payment of such unpaid common charges and expenses, the unpaid balance shall be charged to all Unit Owners as a common expense.

#### 9. Repairs

All maintenance, repairs and replacements to the common elements of the Condominium, whether located inside or outside the Units (unless necessitated by the negligence, misuse or neglect of a Unit Owner), will be made by the Board of Managers and the cost thereof will be a common expense. All maintenance, repairs and replacements to the Units, whether structural or nonstructural, ordinary or extraordinary, other than to the common elements contained therein, will be made by the respective Unit Owners at their expense.

The Board of Managers shall have the right of access to any Unit for the purpose of making any repairs or replacements to any of the common elements contained therein or elsewhere in the Building or to remedy any condition which would result in damage to any other Unit or the common elements, or which would violate the provisions of any mortgage covering another Unit or for the purpose of complying with any laws, orders, rules or regulations of any governmental body having jurisdiction thereof. Such right of access shall be exercised in such manner as will not unreasonably interfere with the use of the Units, but no prior notice shall be required in the event the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the property of the Condominium or for the safety of residents of the Condominium or other persons or required to avoid the suspension of any necessary service to the Condominium.

#### 10. Insurance

The Board of Managers will be obligated to obtain and maintain, to the extent obtainable: (1) fire insurance, with extended coverage, vandalism and malicious mischief endorsements normal for a condominium of this type, including all of the Units and the equipment installed therein by the Sponsor, partitions, floors and ceilings within the Units (but not including wall, ceiling or floor decorations or coverings or furniture, furnishings, fixtures, equipment or other personal property supplied or installed by Unit Owners or replacement of initial carpet supplied by the Sponsor), together with all service machinery contained therein, covering the interests of the Condominium, the Board of Managers and all Unit Owners and their mortgagees as their interests may appear, in an amount equal to the full replacement value of the Building (exclusive of the cost of excavations and foundations) without deduction for depreciation; (2) water damage legal liability insurance; and (3) such other insurance as the Board of Managers may determine.

The proceeds of all policies of physical damage insurance will be payable to the Board of Managers if \$15,000 or less and to a bank, trust company or savings and loan association designated by the Board of Managers (with the

approval of the holders of 25 or more Unit first mortgages) as Insurance Trustee, if more than \$15,000, in accordance with the terms of the By-Laws, to be applied for the purpose of repairing, restoring or rebuilding the Building unless otherwise determined by the Unit Owners as hereinafter set forth. No portion of the insurance proceeds shall be applied to the payment of the mortgage indebtedness of any Unit Owner unless the Unit Owners determine not to repair, restore or rebuild the Building.

All policies of physical damage insurance shall contain waivers of subrogation and of any defense based on coinsurance or of pro rata reduction of liability or of invalidity arising from any acts of the Unit Owners, and shall provide that such policies may not be cancelled by the insurance carrier or substantially modified without at least ten days' prior written notice to all of the insureds, including all mortgagees of Units. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all mortgagees at least ten days prior to expiration of the then current policies and each Unit Owner shall receive a certificate of such insurance.

The cost of all such insurance shall be paid by the Board of Managers and shall constitute a common expense.

The amount of fire insurance to be maintained on the Building until the first meeting of the Board of Managers elected by the Unit Owners will be \$3,000,000.

The Board of Managers shall also obtain and maintain to the extent deemed desirable: (1) fidelity insurance covering the managing agent and all employees and members of the Board of Managers who handle funds of the Condominium; (2) workmen's compensation insurance; and (3) public liability insurance covering each member of the Board of Managers and each Unit Owner in such limits as the Board of Managers may deem proper, and covering all claims for bodily injury or property damage arising out of any occurrence in the common elements (but such policy will not cover liability of a Unit Owner arising from occurrences within his own Unit). The Board of Managers shall review such limits once each year. The public liability insurance will also cover cross-liability claims of one insured against another. Until the first meeting of the Board of Managers elected by the Unit Owners the public liability insurance will be in a limit of \$1,000,000 covering all claims for bodily injury in respect of any one occurrence and \$50,000 for each occurrence for property damage or water damage legal liability claims.

Unit Owners shall not be prohibited from carrying other insurance for their own benefit at their own expense, provided that such policies contain waivers of subrogation and further provided that the liability of the carriers issuing insurance procured by the Board of Managers shall not be affected or diminished by reason of any Unit Owner's other insurance.

### **11. Damage by Fire Or Other Casualty**

Except as hereinafter provided, in the event of a casualty loss to the Building, the Board of Managers shall arrange for repair and restoration, including any damaged Units and any equipment installed by the Sponsor in accordance with the plans and specifications and this Plan, but not including replacement of initial carpet supplied by Sponsor or wall, floor or ceiling decorations or coverings or furniture, furnishings, fixtures, appliances or equipment installed by Unit Owners. If the insurance proceeds are not sufficient for the repair or restoration, the Board of Managers must assess all of the Unit Owners for such deficit as part of the common expenses.

Under certain circumstances damage to the property of the Condominium may terminate the Condominium and give a Unit Owner or lienor a right of partition. (See By-Laws beginning at page 104 in Part II.)

### **12. Additions, Alterations and Improvements by Board of Managers**

Whenever in the judgment of the Board of Managers the common elements shall require additions, alterations or improvements costing more than \$15,000 and the making of such additions, alterations or improvements shall have been approved by more than 50% in number and in common interest of those Unit Owners, including the Sponsor if then a Unit Owner (and by the holders of first mortgages on Units, if their approval is required), the Board of Managers shall proceed with such additions, alterations or improvements and shall assess each Unit Owner with his proportionate share of the cost as part of the common expenses. Additions, alterations or improvements costing \$15,000 or less may be made by the Board of Managers without approval of Unit Owners and the cost thereof shall constitute part of the common expenses.

### **13. Additions, Alterations and Improvements by Unit Owners**

No Unit Owner may make any structural addition, alteration or improvement in his Unit without the prior written approval of the Board of Managers (and, if required, of his mortgagee). No application shall be filed with any governmental authority for a permit covering an addition, alteration or improvement to be made in a Unit, unless approved and executed by the Board of Managers, without, however, incurring any liability on the part of the Board of Managers or any of them, to any contractor, sub-contractor, materialman, architect or engineer, by reason of such addition, alteration or improvement or to any person having any claim for injury to person or damage to property arising therefrom. The provisions of this paragraph shall not apply to Units owned by the Sponsor until a deed thereto has been delivered to a purchaser thereof.

The Board of Managers will execute any application or other document required to be filed with any governmental authority having or asserting

jurisdiction in connection with any structural addition, alteration or improvement made by the Sponsor to any Unit, provided, however, that neither the Board of Managers nor the Unit Owners shall be subjected to any expense or liability by virtue of the execution of the application or such other document.

Non-structural alterations and improvements to Units that do not affect the exterior of the Building or the value of other Units may be made without the prior approval of the Board of Managers.

#### **14. Liability of Board of Managers and Unit Owners**

In order to limit the liability of the Unit Owners and the members of the Board of Managers, any contract or other commitment made by the Board of Managers shall state that it is made by the Board of Managers only as agent for the Unit Owners, that the members of the Board of Managers shall have no personal liability on any such contract or commitment (except as Unit Owners), and that the liability of any Unit Owner on any such contract or commitment shall be limited to such 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. The Board of Managers shall have no liability to the Unit Owners for errors of judgment, negligence or otherwise, except for willful misconduct or bad faith. The Unit Owners shall severally indemnify the members of the Board of Managers against any liability or claims except those arising out of the bad faith or willful misconduct of the members of the Board of Managers, but the liability of any Unit Owner on account of such indemnification shall be limited to such proportionate share thereof as the common interest of such Unit Owner bears to the aggregate common interest of all Unit Owners.

#### **15. Units Acquired or Leased by Board of Managers**

The Board of Managers, with the approval of a majority of the Unit Owners (as such term "majority" is defined in the By-Laws) may purchase or lease a Unit from a Unit Owner desiring to sell or lease it, or at a foreclosure or other judicial sale. In the event the Board of Managers does not have sufficient funds on hand for the purchase or lease of a Unit which has been approved by a majority of the Unit Owners, the Board of Managers may either borrow such funds or may assess the Unit Owners therefor in proportion to their respective common interests.

Any Unit acquired or leased by the Board of Managers or its designee shall be held on behalf of all Unit Owners in proportion to their respective common interests. The votes appurtenant to the Units so acquired may not be voted by the Board of Managers or its designee.

Each Unit Owner, on the closing of title to his Unit, will be required to execute an instrument in the form set forth in Part II irrevocably constituting the Board of Managers and its successors his attorneys in fact, coupled with an interest, for the purpose of selling, conveying, mortgaging, leasing, or otherwise

dealing with any Unit acquired by or leasing any Unit leased by the Board of Managers or its designee on behalf of all Unit Owners.

#### 16. Termination of Condominium

The Condominium shall continue (unless terminated by casualty loss as provided by law, or by condemnation as described in the By-Laws) until such time as the Property shall be withdrawn from the provisions of Article 9-B of the Real Property Law of the State of New York as a result of the vote to do so of at least 80% in number and in common interest of the Unit Owners other than the Sponsor and the consent of the holders of not less than 25 Unit first mortgages, at which time the Property shall be subject to an action for partition by any Unit Owner or any lienor as if owned in common, and the net proceeds of the sale resulting therefrom shall be divided among all Unit Owners in proportion to their respective interests in the common elements, after first applying the share of the net proceeds of such sale otherwise payable to each Unit Owner to the payment of any liens on his Unit in the order of the priority of such liens.

#### 17. Use of Units

In order to provide for congenial occupancy of the Building and for the protection of the values of the Units, the By-Laws provide that the use of the Units shall be restricted to and be in accordance with the following provisions:

(a) The Units (other than those owned by the Sponsor) shall be used for residences only except that they may be used for professional offices by a resident thereof with the prior written consent of the Board of Managers, unless prohibited by law, and except that Unit Lobby-L, the medical office Unit, may only be used as a medical office unless the Unit Owner receives written consent of the Board of Managers for another use of that Unit and such other use is permitted by law. The Sponsor shall have the right, until sales are completed, without charge, (i) to maintain general and sales offices in one or more Units, to use one or more Units as models and for other promotional purposes and to erect and maintain signs on the Property; (ii) to have its employees, contractors and sales agents present on the Property; and (iii) to do all things necessary or appropriate, including the use of the common elements, to sell or lease Units, to complete renovation of the Building and to comply with its obligations under this Plan.

(b) The common elements shall be used only for the furnishing of the services and facilities for which they are reasonably intended and which are incident to the use and occupancy of Units. No Unit Owner shall make any addition, alteration, improvement or change in or to any common element without the prior written consent of the Board of Managers (and the holders of Unit first mortgages, if required).

(c) No nuisances shall be allowed nor shall any use or practice be allowed which unreasonably interferes with the peaceful possession or proper use of the Property by its residents or occupants.

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

(e) No portion of a Unit (other than the entire Unit) may be rented, and no transient tenant may be accommodated therein.

(f) Rules and regulations concerning the use of the Units and the common elements may be promulgated and amended from time to time by the Board of Managers in accordance with the By-Laws, provided that copies of such rules and regulations are furnished to each Unit Owner not less than 5 days prior to the time that they become effective. The initial rules and regulations are set forth in Part II. A rule or regulation may be rescinded by vote of 70% or more of the Unit Owners at a meeting duly called for that purpose.

### MECHANICS' LIENS

Under the provisions of Section 339(1) of the Real Property Law of the State of New York no lien of any nature may arise or be created against the common elements except with the unanimous consent of all Unit Owners. Liens may arise or be created only against the several Units and their respective common interests. A lien for labor performed on or materials furnished to a Unit may be filed against the Unit of a Unit Owner who has expressly requested or consented to such labor or materials but may not be filed against the Unit of any Unit Owner who has not expressly consented to or requested the same, except in the case of emergency repairs. No labor performed on or materials furnished to the common elements shall be the basis for a lien thereon, but all common charges received by the Board of Managers shall constitute trust funds for the purpose of paying the cost of the labor performed or materials furnished at the request or with the consent of the Board of Managers.

### CONTRACTUAL AGREEMENTS

#### *Management Agreement*

House World Realty, a company unaffiliated with the Sponsor, will act as managing agent for a period expiring one year from the second Unit Owners' meeting. For its services, the Managing Agent will receive annual compensation of \$3,200. The Management Agreement will not be assignable by the Managing Agent and may be cancelled by the Managing Agent on 60 days' notice to the Board of Managers or by the Board of Managers at any time for cause.

The services to be rendered by the Managing Agent will include (a) billing and collecting common charges and assessments; (b) hiring and discharging employees; (c) supervising repairs; (d) purchasing supplies; (e) maintaining payroll records and filing withholding tax statements for employees; and (f) furnishing monthly reports of receipts and disbursements to the Board of Managers.

The Managing Agent will not prepare the annual certified financial statements; such statements will be prepared by an independent certified public accountant employed by the Board of Managers at the expense of the Unit Owners.

All officers and employees and the Managing Agent who handle funds will be bonded at all times during the term of the management agreement under a fidelity bond in the amount of \$25,000 for each loss. The cost of the bond has been provided for in Schedule B (page 9) and will be included in the common charges payable by all Unit Owners.

*Laundry Machines Contract:* contract for two years with Coinmach Industries Corp., which is obligated to pay rent in the amount of 60% of the total gross receipts on a monthly basis until notice that the building is 90% occupied, and \$450 per month thereafter.

#### INCOME TAX OPINION

The Sponsor has been advised by its counsel, Wien, Lane & Malkin, that each Unit Owner will be entitled under present law to deduct from his gross income for federal, New York State and New York City income tax purposes any real estate taxes assessed against his Unit and paid to the taxing authorities and the amount paid by him for interest on any mortgage indebtedness covering his Unit. In the event that no real estate taxes are paid there can be no income tax deductions on this account.

In addition, the Sponsor has been advised by counsel that some Unit Owners, such as Veterans of the United States Armed Forces, may be entitled to exemptions covering part of the real estate taxes otherwise assessed against their respective Units.

A copy of the opinion of counsel appears at page 133.

Neither the Sponsor nor counsel for the Sponsor makes any warranty or representation that the United States Treasury Department or the New York State Department of Taxation and Finance or the New York City Director of Finance will allow the deductions, or that the tax law or the regulations or rulings issued thereunder, or any judicial interpretation thereof, may not change so as to disallow the deductions in whole or in part, and they shall not be liable if, for any such reason, it be held that the Unit Owners are not entitled to such income tax deductions or to special exemptions as aforesaid.

## PARTIES

Henry Gabbay, the Sponsor, has a principal place of business at 245 Fifth Avenue, New York, New York and is the contract vendee of the Property. Mr. Gabbay is also the sponsor of a proposed plan to convert the apartment building at 79 West 12th Street, New York, New York, to cooperative ownership and is otherwise involved in various aspects of real estate ownership, investment and management. Mr. Gabbay is also the principal of a carpet importing business.

The Selling Agent, Lane Realty, has no financial interest in the Property or the Sponsor. The Selling Agent will receive from the Sponsor selling commissions as set forth in an independent agreement.

Joseph A. Riggio, A.I.A. (the "Architect") has been engaged in the practice of architecture for over 20 years. Mr. Riggio has no financial interest in the Property or the Sponsor except as Architect.

The Sponsor is represented by the law firm of Wien, Lane & Malkin in all matters pertaining to this Plan except that Ribner, Kluft and Berger, P.C., represent the Sponsor in connection with the application to the City of New York for real estate tax abatement and exemption for the Property.

## SPONSOR'S PROFIT

Based upon the assumption that all the Units and parking spaces will be sold at the prices set forth in Schedule A of this Plan, the Sponsor has estimated his profit at approximately \$226,730 before the payment of income taxes, computed as follows:

|                                                   |                 |                |
|---------------------------------------------------|-----------------|----------------|
| Total Sales Price of all Units and Parking Spaces |                 | \$4,926,730.00 |
| Less:                                             |                 |                |
| Purchase Price Paid by                            |                 |                |
| Sponsor for the Property                          | \$ 4,340,000.00 |                |
| Advertising & Sales                               |                 |                |
| Promotion                                         | \$ 50,000.00    |                |
| Legal & Miscellaneous Fees                        | \$ 25,000.00    |                |
| Sales Commission                                  | \$ 65,000.00    |                |
| Mortgage Processing                               | \$ 25,000.00    |                |
| Interest and Maintenance on                       |                 |                |
| Unsold Apartments Until                           |                 |                |
| Sold                                              | \$ 140,000.00   |                |
| Transfer Taxes                                    | \$ 55,000.00    | \$4,700,000.00 |
| Net Anticipated Profit before                     |                 |                |
| Income Taxes                                      |                 | \$226,730.00   |

The exact amount of the Sponsor's profit cannot be determined at the date of presentation of the Plan because of such variable factors as the length of time required to sell all the Units and parking spaces, market conditions which will determine the actual prices paid by purchasers, the expenses incurred by reason of ownership of unsold Units and parking spaces and other unforeseeable liabilities incurred in connection with the consummation of the Plan. The Sponsor will not be the recipient of any of the expenses listed above.

#### GENERAL

A. Each Unit Owner shall be required to comply with and abide by the Declaration and the By-Laws of the Condominium and to pay the common charges and expenses to the Board of Managers. Each Unit Owner shall also be required to comply with the Rules and Regulations adopted pursuant to the By-Laws.

B. There are no lawsuits or other legal proceedings pending which could materially affect this offering, the purchasers of Units, the Property, the Condominium or the operation thereof.

C. There are no contractual undertakings or obligations of the Sponsor or other persons or bonds or other securities posted to insure payment of any obligation or undertaking, which would affect the ownership of Units by purchasers, except (i) such loans as the Sponsor may obtain, from which each Unit will be released prior to or concurrently with the closing of title and (ii) the easements, agreements and restrictive covenants referred to in this Plan.

D. In accordance with the provisions of the laws of the United States and the State of New York the Sponsor represents that the Sponsor will not discriminate against any person because of marital status, disability, race, creed, color, national origin, sex or ancestry in the sale of Units offered by the Plan or in the leasing of any Unit.

E. This Plan contains a fair summary of the material 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 Plan does not knowingly omit any material fact or contain any untrue statement of any material fact. In accordance with Section 352-e(9) of the General Business Law, copies of this Plan and all exhibits or documents referred to herein shall be available at the office of the Sponsor for inspection by prospective purchasers and by any person who shall have purchased Units offered by this Plan or who shall have participated in the offering thereof and shall remain available for such inspection for a period of six years.

F. If this Plan is modified by duly filed amendment so as to adversely materially affect the rights of a purchaser, such purchaser will have the right to rescind his Purchase Agreement prior to the closing of title by giving written notice to the Selling Agent of his election to do so on the terms and within the time set forth in the amendment.

G. No person has been authorized to make any representation which is not expressly contained herein. This Plan may not be changed or modified orally.

HENRY GABBAY

*Sponsor*

October 30, 1981