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GRAND ISLE VIEW CONDOMINIUM

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GRAND ISLE VIEW CONDOMINIUM

SPECIAL RISKS

Purchasers of units in the Grand Isle View Condominium (the “Condominium”) should be aware of the following factors which are more fully described in this Offering Plan (the “Plan” or “Offering Plan”) at the pages indicated (capitalized words or terms are defined beginning on page 9):

1. Gaughin LLC (the “Sponsor”) will retain voting control over the Board of Managers of the Condominium until the Transfer of Control Date. The Transfer of Control Date means the earliest to occur of the following: (a) the date on which the Sponsor has transferred title to all Units to the third-party purchasers; (b) the fifth (5th) anniversary of the date on which the Sponsor transfers title to the first Unit to a third-party purchaser; or (c) thirty (30) days after the Sponsor notifies the Board of Managers in writing that the Sponsor is relinquishing control of the Board (see page 44 of this Plan).
2. Pursuant to Section 17 of the Purchase Agreement set forth in Part II of this Offering Plan, in the event of purchaser’s default under the terms of his Purchase Agreement, the Sponsor shall be entitled to recover, as liquidated damages, the actual costs incurred by the Sponsor for any options, upgrades, extras or special requests (collectively, “Options”) to the Unit which were contracted for by the purchaser (either as a part of the Purchase Agreement or subsequent to the signing of the Purchase Agreement), plus the deposit which deposit is equal to ten percent (10%) of the base purchase price of the Unit, not including the costs of any such “Options” (see page 31 of this Offering Plan). There are no “time is of the essence” provisions in the Purchase Agreement.
3. The Condominium was, to the best of the Sponsor’s knowledge, built in 1924. Considering the age of the Building, the Sponsor is assuming that there are areas of lead-based paint. Therefore, the entire Building is being treated as though there is lead-based paint. A copy of a pamphlet approved by the United States Environmental Protection Agency on identifying and controlling lead-based paint hazards is included in Part II of this Plan. Like other sellers of homes which contain lead-based paint, the Sponsor is not required to remove the lead-based paint prior to selling the home. However, each purchaser has the right to conduct, at his own expense, a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards. If a purchaser desires to conduct such an assessment or inspection, he must conduct the same within ten (10) days of the date the Purchase Agreement is accepted by the Sponsor. A purchaser may, at his sole option agree, in writing, to a shorter time period and may waive the right to conduct such an assessment or inspection entirely. If a purchaser timely conducts such an inspection or assessment and promptly notifies the Sponsor in writing that the purchaser is dissatisfied with the results, then the Sponsor shall have the option of either (a) remedying the defect to purchaser’s reasonable satisfaction or (b) cancelling the Purchase Agreement and returning all deposits made by the purchaser. The Sponsor has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the Condominium. (See page 30 of this Plan.)

4. Unless a purchaser notifies the Sponsor in writing within twenty (20) days of the date of the acceptance of the Purchase Agreement by the Sponsor that the purchaser (or his attorney) will be obtaining title insurance for the Home, the Sponsor shall arrange, at purchaser's cost, for title insurance commitment for the Home. The coverage obtained by the Sponsor would protect only the lender. Assuming a mortgage of \$195,000, the estimated cost of this insurance would be approximately \$975.00, depending on the requirements of a given lender. (See Section 3 of the Purchase Agreement on page 74 of this Plan.)
5. Sponsor may seek specific performance of the Purchase Agreement (see page 31 of this Plan).
6. Deposits for all Units will be kept in the escrow account of Stafford, Piller, Murnane, Plimpton, Kelleher & Trombley, PLLC, Plattsburgh, New York 12901, which is acting as the escrow agent. The escrow account is maintained at NBT Bank. The account is an Interest-on-Lawyers-Account (an "IOLA"). The FDIC will insure all funds in such account, without limit, through December 31, 2010. However, on and after January 1, 2011, the maximum coverage provided by FDIC will be \$100,000.00. Purchasers should be aware that deposits in excess of \$100,000 will not be federally insured in excess of \$100,000. Purchasers should also note that monies they have on deposit in NBT Bank will count toward this \$100,000 limit. (See page 32 of this Plan.)
7. The square footages of the Units were calculated using measurements from exterior walls and significantly exceed the net usable area in the Unit (See page 20 of this Plan).
8. No bond or other security has been posted by the Sponsor to secure the performance of its construction, warranty or Common Charges obligations as set forth in this Plan. Accordingly, the Sponsor's ability to meet such obligations depends upon its financial condition at the time it is called upon to perform any or all of such obligations (see page 41 of this Plan).
9. While it does not intend to do so, the Sponsor may be dissolved or liquidated at any time. Accordingly, the Sponsor may be unable to meet its obligations under this Plan (see page 41 of this Plan).
10. The Sponsor shall have veto power over certain proposed expenditures by the Board of Managers (except expenses described in Schedule B [page 22], or other expenses required to comply with Applicable Laws, to remedy any notice of violation or to remedy any work ordered by an insurer) for a period of five (5) years from the Closing of the first Unit or whenever the Unsold Units constitute less than twenty-five percent (25%) of the Common Interest, whichever is less (see page 45 of this Plan).
11. A Unit Owner's right to vote may be suspended for violations of the Declaration, the By-laws or the Rules and Regulations, including but not limited to, the failure to timely pay Common Charges (see page 47 of this Plan).

12. Other than in the model, the purchase price of the Unit excludes all kitchen and laundry equipment and appliances. Each Unit will be fitted with connections for sinks, stoves and dishwashers. Additionally, each Unit will be equipped with washer/dryer hookups and dryer venting located in the laundry room/closet of the respective Unit. The location of the laundry/utility is shown on the respective Unit layout set forth in Part II of this Offering Plan. The City of Plattsburgh will not issue a Certificate of Occupancy for a Unit unless the Unit contains a stove and refrigerator. Each Unit Owner must purchase his or her own kitchen and laundry appliances and equipment, at his or her sole expense. Additionally, the purchaser must make arrangements with the Sponsor to have these appliances delivered to his Unit at each purchaser's cost and expense so that the appliances can be installed by the Sponsor. There is no charge for such installation (see page 15 and "Kitchen, Laundry Equipment" in the Description of Property in Part II of this Plan).
13. The transfer tax due and payable at the time of recording the deed with the Clinton County Clerk shall be paid by the purchaser. The tax is equal to \$2.00 per every \$500.00 of the purchase price of a Unit (or portion thereof), including Options. When paid by the purchaser, the tax is additional consideration upon which the tax is based. For example, based upon a purchase price of \$260,000 (including Options), the transfer tax would be \$1,046 (see page 40 of this Plan).
14. The Sponsor intends to finance the renovation of the Condominium and related work out of its own funds. Accordingly, the Sponsor has not applied for and does not intend to apply for construction financing (see page 39 of this Plan).
15. The Sponsor reserves the right to rent any Unit that is vacant before the closing to a purchaser or a non-purchaser. Accordingly, a purchaser may be buying a Unit that has been previously occupied (see page 28 of this Plan).
16. Sponsor is retaining the unconditional right to rent rather than sell Units. Because Sponsor is not limiting the conditions under which it will rent rather than sell Units, there is no commitment to sell more than the fifteen percent (15%) necessary to declare this Plan effective and owner-occupants may never gain effective control and management of the Condominium (see page 44 of this Plan).
17. Pursuant to existing law and regulations, the Sponsor may declare this Plan effective by entering into a binding purchase agreement for a minimum of fifteen percent (15%) of the Units (i.e., one Unit) in the Condominium. Additionally, purchasers should note that in the current real estate market, banks and other lenders are imposing various restrictions on loans. Such restrictions include requiring that a certain percentage (50% or more) of the units in a building be sold (or under contract) before the lender will consider making a loan. Thus, it may be possible for a purchaser to experience difficulty obtaining a loan in a building where the percentage of units purchased is lower than a lender's particular sales minimum (see page 35 of this Plan).
18. The Building was most recently used as a school. Owners may hear noise from Units above, below and adjacent to their Units (see page 16 of this Plan).

19. Pursuant to the Declaration, only eight (8) people may occupy a Unit at any one time (see page 54 of this Plan).
20. The Units are being sold with the Sponsor's Limited Warranty. The Limited Warranty offered by the Sponsor is set forth in Part II of this Plan. That Limited Warranty excludes all other warranties on the construction, renovation and sale of the Unit and its components, both express and implied. There are no warranties which extend beyond the face of that Limited Warranty. The Limited Warranty excludes all consequential and incidental damages except as required by New York State Law. (A copy of the Limited Warranty is set forth beginning on page 141.) **NOTWITHSTANDING ANYTHING STATED ABOVE, THE SPONSOR HAS THE ABSOLUTE DUTY TO CONSTRUCT THE PREMISES SUBSTANTIALLY IN ACCORDANCE WITH ALL APPLICABLE AND FILED PLANS AND SPECIFICATIONS.**
21. Neither Unit 1 nor Unit 6 will be assigned a storage locker (see page 5 of this Plan).
22. The Condominium will not have any employees. Accordingly, maintenance and repair items not included in the budget (such as painting the Common Areas) must be performed by Unit Owners or by outside contractors at an additional expense. If the Condominium chooses to hire a building superintendent in the future, said cost will increase the budget and the Common Charges (see page 23 of this Plan).

INTRODUCTION

Gaughin LLC, a New York limited liability company (the “Sponsor”), with offices at 19 Deer Ridge Drive, Morristown, New Jersey 07960, presents this Offering Plan (sometimes referred to as the “Plan”) for the sale of six (6) residential condominium units (the “Units”) in the Grand Isle View Condominium (the “Condominium”).

The purpose of this Offering Plan is to set forth all material terms of the offer. The Sponsor may amend this Plan at any time and from time to time by filing an amendment with the New York State Department of Law. After an amendment is filed, a copy of each amendment will be mailed or personally delivered to all purchasers whose Purchase Agreements are in effect and to all Unit Owners. Additionally, a copy of each filed amendment will be given to all prospective purchasers prior to their execution of a Purchase Agreement. However, if the Sponsor is no longer in control of the Board of Managers and the amendment is solely limited to price changes, then the Sponsor may deliver a copy to the Board instead of all Unit Owners.

The Condominium is located on an irregularly shaped parcel of land (the “Land”) containing approximately 0.847 acres located on a private drive known as “Grand Isle View Way” (formerly known as 38 U.S. Oval) located in the former United States Air Force Base in the City of Plattsburgh (Clinton County), New York. The Building was built circa 1924 by the U.S. Army Corps of Engineers and was last used as a school for children. The Sponsor has extensively renovated the Building. The Sponsor is the owner of the Land. The Sponsor obtained title to the property on or about July 26, 2005.

The Sponsor represents that it will endeavor in good faith to sell Units rather than rent or lease Units. However, the Sponsor is retaining the unconditional right to rent rather than sell the Units. If the Sponsor makes a bulk sale of all or some of its Unsold Units, the transferee successor Sponsor will be bound by Sponsor’s representations regarding its commitment to sell Units.

The Condominium is subject to, and complies with, the New York Condominium Act (Article 9-B of the Real Property Law).

None of the Units in the Condominium are occupied by residential or commercial tenants as of the date of this Offering Plan.

The Condominium will include the six (6) residential Units in one Building as shown on the Site Plan set forth in Part II of this Offering Plan. The Building is 2½ stories above-grade and has a partial sub-grade basement. The Building is approximately 106 feet long, 39 feet deep and 47 feet high. The front (easterly side) of the Building faces U.S. Oval Road, a public street and the rear (westerly side) faces Lake Champlain.

There will be a total of thirteen (13) parking spaces, including one (1) designated as handicap parking, located on the Land. Two (2) parking spaces are located in a newly constructed detached garage. One (1) of these spaces will be assigned to Unit 3 and the other to Unit 7. Three (3) parking spaces are located on the lower level of the Building. Units 4, 5 and 6 will each be assigned one (1) of those parking spaces. There are eight (8) outdoor parking spaces. Two (2) of those parking

spaces will be assigned to Unit 1; one (1) each will be assigned to Units 3, 4, 6 and 7. (The other outdoor parking space is reserved for handicap parking.) Accordingly, two (2) parking spaces will be assigned to each Unit as part of the purchase price of the Unit. The parking spaces assigned to the respective Units are shown on Schedule D-1 to the Declaration in Part II of this Plan.

Units 3, 4, 5 and 7 will each be assigned one (1) storage closet as part of the purchase price of the Unit. The storage closets assigned to each Unit are labeled on the floor plans in Part II of this Plan. No valuables or Hazardous Materials may be stored in any storage locker. It should be noted that if the Board of Managers decides to install an elevator in the Condominium, then the storage closet assigned to Unit 5 may be needed to accommodate the operation of the elevator. Accordingly, when and if the Board decides to install an elevator in the Condominium and when and if the Board determines that the storage closet originally assigned to Unit 5 is necessary or desirable for the operation of the elevator, then the Board shall have the right to take over such space as a Common Element, so long as: (1) the Board offers to the Owner of Unit 5 other reasonably suitable, in the Board's judgment, space the same size (or larger) as the storage closet originally assigned to Unit 5 in the Common Elements as a storage closet; or (2) the Board offers to pay the Owner of Unit 5 reasonable compensation for the Board's taking of the storage closet. If the Owner of Unit 5 chooses option (1) in the preceding sentence, then the space so chosen shall become a Limited Common Element restricted in use to the Owner of Unit 5.

The Board may permit the Owners of Units 1, 3 and 4 to erect a painted metal fence with gate on their respective terraces for privacy purposes. Any such fence shall be part of the Unit of the Owner making the request. Accordingly, all costs of erecting, maintaining, repairing, or replacing the fence shall be the responsibility of and shall be made at the sole cost and expense of the applicable Unit Owner.

Each Owner will receive a deed to his Unit, will own the Unit in fee simple and will be entitled to exclusive use and possession of his Unit as well as the exclusive use of two (2) assigned parking spaces for the purpose of parking licensed and registered passenger vehicles.

Additionally, each Unit Owner will own, in common with all other Unit Owners, an undivided interest in the Common Elements. The Common Elements include, but are not limited to, the Land, foundation, roof, columns, girders, beams, supports, exterior walls of the Building and of the Units, pipes, wires and conduits not owned by a Governmental Authority, public or private utility company or cable television company and which serve more than one Unit or the Common Elements, stairways, corridors, the electrical room, the plumbing room, the entranceways and all other apparatus and installations for common use necessary or convenient to the existence, maintenance or safety of the Property or normally in common use. Portions of the Common Elements are limited in use to particular Units. Such portions (the "Limited Common Elements") include, but are not limited to, assigned parking spaces, balconies, terraces, assigned storage closets and assigned mailboxes.

As required by the New York Condominium Act, Real Property Law Sections 339(i) and (m), each Unit Owner is required to pay Common Charges, as assessed from time to time (but at least annually) by the Board of Managers, to pay for the costs of operating, maintaining, repairing and replacing the Condominium and its Property (including reserves). All Owners will be assessed in

approximately the proportion that the square footage of their respective Units bears to the total amount of floor area of all Units, taking into account the substantially exclusive benefit enjoyed by certain of the Units in portions of the Common Elements (see page 19 of this Plan for the percentage of Common Charges each Unit Owner is required to pay).

Also as required by the New York Condominium Act (Real Property Law Article 9-B), the Condominium will operate under the Declaration, the By-Laws, and the Rules and Regulations, copies of which are set forth in Part II of this Offering Plan. Each Unit Owner is obligated to comply with the Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time, and any additional rules, regulations, decisions or resolutions that may be promulgated by the Board of Managers from time to time.

The Board of Managers of the Condominium does not have the right to approve or disapprove purchasers; there is no limit on the number of Owners who may purchase for investment rather than for personal occupancy and there may always be a substantial percentage of Owners who are non-residents.

After the Units are separately assessed, each Unit will be separately taxed for real estate purposes and may be separately mortgaged without restriction, other than that a Unit Owner must furnish the name and address of the mortgagee (if any) to the Condominium Board.

The cost of maintenance, repairs, replacements and improvements of the Common Elements will be a Common Expense. The cost of maintenance, repairs, replacements, improvements and decorations to the interior of a Unit (including without limitation, appliances in the Unit and pipes and lines servicing only that Unit) will be the responsibility of the particular Unit Owner.

There are no restrictions on the sale, leasing or mortgaging of any Unit, except that (1) Units may not be sold or leased to persons under the age of 18 years and (2) a Unit may not be sold, rented or mortgaged if the Owner owes money to the Condominium (for example, for delinquent Common Charges), unless the monies owed to the Condominium are paid out of the sale, lease or mortgage proceeds. Units may only be used for residential purposes and uses incidental and accessory thereto; provided however, that rental or use of a Unit by Guest of the Unit Owner will be deemed residential use and provided further that to the extent, if any, permitted by Applicable Law, a home office may be maintained in a Unit. Additionally, the Sponsor and the Sales Agent may maintain sales offices, model units and construction offices in the Buildings and elsewhere on the Property.

Pursuant to Article V of the By-Laws set forth in Part II of this Offering Plan, the affairs of the Condominium shall be governed and controlled by the Board of Managers. The Board of Managers shall consist of three (3) members. Initially, all members of the Board will be appointed by, and related to, the Sponsor. After the transfer of title to two (2) Units to third party purchasers or the second anniversary of the transfer of title to the first Unit, whichever first occurs, one of the members of the Board appointed by the Sponsor shall resign and his replacement shall be elected by the Unit Owners (other than the Sponsor). From and after the Transfer of Control Date, the Board members shall be elected by the Unit Owners, except that for so long as the Sponsor (or its designees) continues to own at least one (1) Unit, the Sponsor shall have the right to appoint one of the three (3) members of the Board.

The Board of Managers shall, pursuant to Article X of the By-Laws, obtain and maintain fire and casualty insurance for the full replacement cost of the Building and all Units (not including the contents of the Units), public liability insurance and a fidelity bond. Each Owner shall, at such Owner's cost and expense, obtain and maintain adequate insurance covering fixtures, installations or additions comprising a part of the Unit not initially installed in accordance with the original plans and specifications, as well as the Owner's personal property, together with personal liability insurance for occurrences arising from within the Owner's Unit and/or Limited Common Elements appurtenant to such Unit. Unit Owners generally are not prohibited from carrying other insurance for their own benefit so long as the insurance does not affect the insurance carried by the Board.

Transfer of title to a Unit will not take place until temporary or permanent Certification of Occupancy is issued by the City of Plattsburgh, New York permitting occupancy of that Unit.

The purchase prices set forth in Schedule A of this Offering Plan have been set by the Sponsor, and are not subject to approval by the Department of Law or any other governmental agency.

This Offering Plan, including all Schedules, contains all of the material terms of this transaction. Copies of this Offering Plan, all documents referred to in this Offering Plan and Parts A, B and C of the Exhibits submitted to the Department of Law in connection with the filing of this Offering Plan will be available for inspection without charge and for copying at a reasonable charge to prospective purchasers and their attorneys at the Condominium, whenever the sales office is operating, at the office of the Sponsor, 19 Deer Ridge Drive, Morristown, New Jersey and at the Office of the Department of Law, 120 Broadway, 23rd Floor, New York, New York 10271.

THE PURCHASE OF A CONDOMINIUM UNIT HAS MANY SIGNIFICANT LEGAL AND FINANCIAL CONSEQUENCES. THE ATTORNEY GENERAL STRONGLY URGES YOU TO READ THIS OFFERING PLAN CAREFULLY AND TO CONSULT WITH AN ATTORNEY BEFORE SIGNING A PURCHASE AGREEMENT.

DEFINITIONS

For convenience of reference, general definitions of certain terms used in Part I of this Plan (including the Introduction) are set forth below, which definitions are subject to the more particular definitions of such terms set forth in the Declaration (as hereinafter defined) included in Part II of this Plan:

- (a) **APPLICABLE LAW** means all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all Governmental Authorities, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to or affect the Property or any part thereof or the conduct of work on the Property or any part thereof or to the operation, use, manner of use, occupancy or condition of the Property of any part thereof, including but not limited to: (1) Article 9-B of the New York State Real Property Law, as amended; (2) applicable building, zoning, environmental, planning and subdivision laws, ordinances, rules and regulations of Governmental Authorities having jurisdiction over the Property; (3) restrictions, conditions or other requirements applicable to any permits, licenses or other governmental authorizations issued with respect to the foregoing; (4) judgments, decrees or injunctions issued by any court or other judicial or quasi-judicial Governmental Authority and (5) Environmental Laws.
- (b) **AUTHORIZED VOTING OWNER** means, with respect to a Unit, the person named in a certificate signed by all Owners of the Unit and filed with the secretary of the Board of Managers. If no such certificate is on file, the person or entity first named on the deed by which title to the Unit is obtained shall be the person considered the Authorized Voting Owner.
- (c) **BOARD OF MANAGERS** or **BOARD** means the Board of Managers of the Condominium as elected or appointed pursuant to Article V of the By-Laws.
- (d) **BOOK OF MORTGAGEES** means the book maintained by the Board as provided in Section 12.02 of the By-Laws setting forth the names and addresses of Mortgagees, as the same have been reported to the Board by the Owners or the Mortgagees.
- (e) **BUILDING** means the structure which is located on the Land in which are located all the Units of the Condominium. A description of the Building, including the number of stories and the principal materials used in the construction of the Building is contained in Part II of this Offering Plan.
- (f) **BY-LAWS** mean the By-Laws of the Condominium, as the same may be amended from time to time (a copy of the By-Laws is included in Part II of this Plan).
- (g) **COMMON CHARGES** shall have the meaning ascribed to the term in Article IX of the By-Laws and generally means each Unit's proportionate share of the Common Expenses.

- (h) COMMON ELEMENTS means all of the Property comprising the Condominium, except the Units, including, without limitation:
- (1) the Land together with all easements, rights, and appurtenances belonging thereto;
 - (2) the foundation, columns, joints, girders, beams and supports of the Building;
 - (3) all roofs, exterior walls, perimeter walls and common walls between Units (but not including doors from the Unit to the Common Elements, which shall be deemed to be part of the Unit), excluding any drywall or insulation installed on the Unit side of any of such walls; the ceilings and floors, windows and window glass, the corridors, stairs, stairways, common lobby areas, the janitor's closet, the fire/plumbing room, machine (optional elevator) room, the electrical/telephone room, the entrance and exit areas of the Building, and the terrace off the rear (easterly side) of the Building;
 - (4) all utility or other lines, pipes, wires, conduits, tanks, motors, vents, fans, coils, condensers, ducts, signs and appurtenances thereto and other similar materials which are not part of the Units and not owned by public utility companies, but which service more than one of the Units or the Common Elements;
 - (5) all central and appurtenant installations and equipment for power, lights, and air conditioning, heating, ventilation, and other service and utility lines which are utilized for, serve, or pass through more than one Unit;
 - (6) all fire pumps and standpipes, sprinkler systems, fire hose cabinets, fire detection alarm systems and appurtenances thereto which are not contained within individual Units;
 - (7) the elevator (if installed), including without limitation, the shaft, elevator equipment, elevator pit and entrances, and appurtenances thereto;
 - (8) The detached two (2) car garage;
 - (9) All other equipment, apparatus, improvements and installations on the Condominium Property for common use; and
 - (10) all Limited Common Elements (including, without limitation, the parking spaces assigned to each Unit, the storage closets assigned to Units 3, 4, 5 and 7 and any balcony or terrace/porch contiguous to each Unit).
- (i) COMMON EXPENSES means: (1) the expense of administering, operating, maintaining, repairing and replacing the Property (other than the Units); and (2) any

other sums designated as “Common Expenses” pursuant to the Declaration, the By-Laws or Article 9-B of the Real Property Law, as amended.

- (j) COMMON INTEREST means the undivided proportionate ownership interest of each Unit Owner appertaining to the Common Elements and, subject to Sections 3.07 and 5.01 of the Declaration, shall be in the approximate proportion that the floor area of the Unit bears to the aggregate floor area of all the Units, taking into account the substantially exclusive advantage enjoyed by certain of the Units in portions of the Common Elements.
- (k) CONDOMINIUM means Grand Isle View Condominium, City of Plattsburgh, New York.
- (l) CONDOMINIUM PROPERTY or PROPERTY means the Land, the Building, all other improvements existing to be erected on the Land (including the Units and the Common Elements), all easements, rights and appurtenances belonging thereto, and all other property, real, personal or mixed, intended for use in connection therewith, all of which are intended to be (and by the Declaration are) submitted to the provisions of Article 9-B of the Real Property Law of the State of New York.
- (m) DECLARATION means the Declaration establishing the Condominium, as it may be supplemented, extended or amended, from time to time, in the manner provided therein (a copy of the Declaration is included in Part II of this Plan).
- (n) ENVIRONMENTAL LAWS means all laws, statutes, ordinances, rules, regulations, orders, decrees or requirements of all Governmental Authorities regulating, relating to or imposing liability or standards of conduct concerning the use, storage, treatment, transportation, manufacture, release, refinement, handling, production and/or disposal of Hazardous Materials, or otherwise pertaining to environmental protection, as now or at any time hereafter in effect, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9604; the Superfund Amendment and Reauthorization Act of 1986, Public Law 99-499, 100 Stat. 1613; the Resource Conservation and Recovery Act, 42 U.S.C. 6901; the Occupational Safety and Health Act, 29 U.S.C. 655 and 657; the Clean Air Act, 42 U.S.C. 7401; the Clean Water Act, 33 U.S.C. 1251; the New York State Environmental Quality Review Act, the New York State Environmental Conservation Law; together with all amendments thereto and all substitutions therefore, and all rules and regulations promulgated thereunder and all amendments to and substitutions for the rules and regulations.
- (o) FIRST MORTGAGE means the first mortgage or record (as shown on the Book of Mortgages or as otherwise determined by the Board) granted by an Owner to a bank, federal savings and loan association, life insurance company, pension fund, trust company or other institutional lender, licensed mortgage banker or broker, or the Sponsor.

- (p) **FIRST MORTGAGEE** means the holder of a First Mortgage on a Unit, its successors or assigns.
- (q) **GOVERNMENTAL AUTHORITY** means the United States, the State of New York and any political subdivision of either of them, and any agency, department, commission, board, bureau, district or instrumentality of any of them.
- (r) **GUEST** means any family member, employee, agent, independent contractor, tenant, licensee, customer or invitee of an Owner and any family member, employee, agent, independent contractor, tenant, licensee, customer or invitee of a lessee or invitee of an Owner.
- (s) **HAZARDOUS MATERIALS** means any pollutants, contaminants, hazardous or toxic substances, materials or wastes (including, without limitation, petroleum, petroleum by products, under-ground storage tanks, radon, asbestos and asbestos containing materials, polychlorinated biphenyls ("PCBs"), PCB-containing equipment, radioactive elements, infectious agents and urea formaldehyde), and soil vapor intrusion, as such terms are used in any Environmental Laws.
- (t) **LAND** means the real property described in Schedule A attached to the Declaration.
- (u) **LIMITED COMMON ELEMENTS** means those portions of the Common Elements which pursuant to Section 4.02(f) of the Declaration are restricted in use to the Owner of a particular Unit, including, without limitation, assigned parking spaces, assigned storage closets, assigned mailboxes, driveways, balconies and terraces/porches.
- (v) **MANAGING AGENT** or **MANAGER** means the Person (if any) hired by the Board to act as the Managing Agent or Manager of the Condominium in accordance with Section 5.13 of the Condominium's By-Laws.
- (w) **MORTGAGEE** means the holder of a recorded mortgage on a Unit.
- (x) **PERSON** means an individual, a corporation, a partnership, a limited liability company, a trust, an estate, an unincorporated association and any other legally formed and existing entity.
- (y) **RULES AND REGULATIONS** means the Rules and Regulations promulgated by the Board of Managers pursuant to Section 5.12(o) of the By-Laws, as the same may be amended from time to time.
- (z) **SPONSOR** means Gaughin LLC, a New York limited liability company, having an office at 19 Deer Ridge Drive, Morristown, New Jersey, 07960, its designees, successors and assigns.

- (aa) TRANSFER OF CONTROL DATE means the earliest to occur of the following: (1) the date which is the fifth (5th) anniversary of the transfer of title by the Sponsor to the first Unit to a third-party purchaser; or (2) the date on which title to one hundred percent (100%) of the Units has been transferred by the Sponsor to third-party purchasers; or (3) the date on which the Sponsor notifies the Board in writing that the Sponsor has relinquished control of the Board.
- (bb) UNIT means any space designated as a Unit in the Declaration, consisting, generally, of a specific Unit of the Building and an appurtenant undivided interest in the Common Elements. All of such Units are collectively referred to as the “Units”.
- (cc) UNIT OWNER or OWNER means an owner of a Unit in the Condominium in fee simple. A Unit Owner may be one or more Persons. All such Owners are collectively called “Unit Owners”.
- (dd) UNSOLD UNITS means any Unit owned by Sponsor or its designee other than any Unit purchased by and for the use of any affiliate of the Sponsor or any Unit held and utilized by the Sponsor for purposes other than sale.

DESCRIPTION OF THE CONDOMINIUM PROPERTY AND IMPROVEMENTS

The Condominium is located on an irregularly shaped parcel of land containing approximately 0.847 acres located on Grand Isle View Way (formerly known as 38 U.S. Oval) located in the former United States Air Force Base in the City of Plattsburgh (Clinton County), New York. The Building was built by the U.S. Army Corps of Engineers and was last used as a school for children. The Sponsor has substantially renovated the Building.

The Building was constructed circa 1924. Considering the age of the Building, the Sponsor is assuming that there are areas of lead-based paint in the Building. Therefore, the entire Building is being treated as though there is lead-based paint. The Sponsor has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the Condominium. A copy of a pamphlet approved by the United States Environmental Protection Agency (“EPA”) on identifying and controlling lead-based paint hazards is included in Part II of this Plan. The EPA required disclosure form is attached to the Purchase Agreement in Part II of this Plan. Each purchaser will be required to initial and sign the form in the spaces provided.

As indicated in the EPA pamphlet, lead-based paint is not usually harmful if it is in good condition. However, deteriorating lead-based paint (peeling, chipping, chalking, cracking or damaged) does present a hazard. The Sponsor has mechanically removed all loose lead-based paint on flat surfaces and has painted all flat surfaces with acrylic paint. To the best of Sponsor’s knowledge, no governmental agency has ruled as to whether such repainting is or is not an effective interim measure for treating areas painted with lead-based paint. However, each purchaser has the right to conduct, at his own expense, a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards. If a purchaser desires to conduct such an assessment or inspection, he must conduct the same within ten (10) days of the date the Purchase Agreement is accepted by the Sponsor. A purchaser may, at his sole option agree, in writing, to a shorter time period and may waive the right to conduct such an assessment or inspection entirely.

If a purchaser timely conducts such an inspection or assessment and notifies the Sponsor, in writing, that the purchaser is dissatisfied with the results, the Sponsor shall have the option of either (a) remedying the defect to purchaser’s reasonable satisfaction or (b) cancelling the Purchase Agreement and returning all deposits made by the Purchaser. The notice from the purchaser to the Sponsor must include a copy of the inspection or assessment performed by purchaser’s contractor and must be delivered to Sponsor no later than five (5) days of purchaser’s receipt of the report and, in all events, no later than twenty (20) days after the Purchase Agreement is accepted by Sponsor (or shorter period of time as agreed to in writing).

The Condominium will include the six (6) residential Units in one Building as shown on the Site Plan set forth in Part II of this Offering Plan. The Building is 2½ stories above-grade and has a partially sub-grade basement. The Building is approximately 106 feet long, 39 feet deep and 47 feet

high. The front (easterly side) of the Building faces U.S. Oval Road, a public street and the rear (westerly side) faces Lake Champlain.

There will be a total of thirteen (13) parking spaces, including one (1) designated as handicap parking, located on the Land. Two (2) parking spaces are located in a newly constructed detached garage. One (1) of these spaces will be assigned to Unit 3 and the other to Unit 7. Three (3) parking spaces are located on the lower level of the Building. Units 4, 5 and 6 will each be assigned one (1) of those parking spaces. There are eight (8) outdoor parking spaces. Two (2) of those parking spaces will be assigned to Unit 1 and one (1) each will be assigned to Units 3, 4, 6 and 7. (The other outdoor parking space is reserved for handicap parking.) Accordingly, two (2) parking spaces will be assigned to each Unit as part of the purchase price of the Unit. The parking spaces will be assigned to the respective Units as shown on Schedule D-1 to the Declaration in Part II of this Plan.

Units 3, 4, 5 and 7 will each be assigned one (1) storage closet as part of the purchase price of the Unit. The storage closets assigned to each Unit are labeled on the floor plans in Part II of this Plan. No valuables or Hazardous Materials may be stored in any storage closet.

Other than in the model, the purchase price of the Unit excludes all kitchen and laundry equipment and appliances. Each Unit will be fitted with connections for sinks, stoves and dishwashers. Additionally, each Unit will be equipped with washer/dryer hookups and dryer venting located in the laundry room/closet of the respective Unit. The location of the laundry/utility is shown on the respective Unit layout set forth in Part II of this Offering Plan. Each Unit Owner will have the option of selecting his or her own kitchen and laundry appliances and equipment, at his or her sole expense (see "Kitchen, Laundry Equipment" in the Description of Property in Part II of this Plan).

All Units, except Unit 1, have balconies. Additionally, there is one porch for use by all Owners. Units 1, 3 and 4 each have terraces. The Owners of Units 1, 3 and 4 may, with the prior written approval of the Board of Managers and at their own cost and expense, fence in their respective terraces. The fences must be metal vertical balusters of painted metal or comparable painted tube steel railings similar to the existing fencing along the easterly facing decks and retaining walls.

All Units have access to the outside by means of the common hallways and interior stairways. Wheel chair accessible sidewalks will lead from the paved parking lot to both the common indoor area and to Unit 1.

The Building will feature an automatic sprinkler system for fire suppression.

Unit 1 is handicap accessible.

The common areas inside the Building will be illuminated with emergency back-up lights. The lights in the common areas outside the Building, for example the parking lot, the sidewalks and

the pedestrian walkways, will be controlled by automatic timers. The entrance to each Unit will be lighted by an exterior electrical light.

Each Unit will be heated by electric baseboard heat. There are accommodations for air conditioning in all but Units 1 and 7 (i.e., Units 3, 4, 5 and 6) and for additional heating options and an option for a gas fireplace for Units 3, 4, 5 and 6. There would be an additional charge for these Options.

Vehicular access to the Condominium is via Oval Drive, which is a publicly owned and maintained street.

Restoration of the exterior of the Building will include adding three (3) dormer windows, two (2) roof windows (Units 5 and 6), five (5) balconies and two (2) basement window wells for Unit 1.

Major interior alterations will include the installation of new insulation, new plumbing, new wiring, new baseboard heating and new natural gas lines and the construction of four (4) storage closets, the Units, a detached two-car garage and the common areas, as shown on the Site Plan.

The Building was most recently used as a school. Owners may hear noise from Units above, below and adjacent to their Units.

Site work will include re-grading, paving and striping access/egress and parking areas and landscaping and installing wheelchair accessible sidewalk to Unit 1.

Approximately 50% of the Land consists of grass and landscaped areas.

Renovation of the Condominium has already commenced and was substantially completed on or about June 30, 2010. All Units were remodeled in accordance with the applicable New York State and City of Plattsburgh, New York, building codes and ordinances and City of Plattsburgh zoning laws.

The Sponsor is not aware of the presence of radon gas in any of the Units; however, the Sponsor has not tested for the presence of radon gas. The Environmental Protection Agency recommends that purchasers test for the presence of radon gas prior to purchasing a home.

The Condominium does not contain any recreational facilities. However, the rear yard ends at the City's bike and pedestrian trail. This trail leads to two (2) footbridges that lead to small park areas on Lake Champlain.

LOCATION AND AREA INFORMATION

The Condominium is located in the City of Plattsburgh, on the former site of the Plattsburgh Air Force Base.

The Condominium is located in the RC-2 Zoning District and in the old Plattsburgh Air Force Base Historic District. Permitted uses in the RC-2 Zone include single family, multi-family and professional service building. A variance to permit the construction of the two car detached garage was granted by the City of Plattsburgh Zoning Board of Appeals on December 19, 2005. The immediate area around the Condominium is a mixture of multi-family buildings, office buildings and government owned facilities. An affiliate of the Sponsor owns a separate parcel of the land on the southerly boundary line of the Condominium. The affiliate has received approval, and expects (but is not obligated), to renovate the existing building on such parcel as an 11 unit residential condominium. However, the affiliate is reserving its rights to develop such parcel in any manner consistent with the zoning. The parking lot in the Condominium is subject to an easement for ingress and egress by vehicles and on foot to such other parcel.

The Condominium is approximately 100 yards from Lake Champlain. A boat landing is located approximately one-quarter mile from the Condominium. Other recreational opportunities include the City-owned park immediately across the street from the Condominiums. The park includes playing fields and a gazebo which may be rented for private occasions.

Additionally, the site is within walking distance or a short drive of many restaurants and services, including two major grocery stores, banks, pharmacies, dry cleaners, medical facilities, a service station, and convenience stores. Downtown Plattsburgh is approximately 1.5 miles away with its stores, restaurants and college.

Educational resources in the area are plentiful. Plattsburgh City School District serves approximately 2,000 students in five schools – three elementary schools, a middle school and a high school. The closest elementary school is approximately one mile from the site. Additionally, SUNY Plattsburgh has approximately 5,400 undergraduate, 600 graduate students and is located approximately one mile from the site.

In addition to Lake Champlain, the Condominium is located approximately 40 miles south of Montreal. The Condominium is also within 90 minutes drive of several ski resorts and within one (1) hour drive of the Adirondack Park.

There are houses of worship of many denominations in the City of Plattsburgh.

The nearest fire station is located approximately one (1) mile from the Condominium.

911 Emergency System is established in the City of Plattsburgh.

The Property is serviced by a postal station approximately one (1) mile away.

Police protection is provided by the City of Plattsburgh Police Department. The nearest station is located approximately one (1) mile away.

The CVPH Medical Center is located approximately two (2) miles from the Condominium.

Water and sanitary sewer service are provided by the City of Plattsburgh municipal systems. Water usage is individually metered and will be a Unit Owner's individual expense. Additionally sanitary sewer service will be a Unit Owner's individual expense. Sanitary sewer service is also billed individually and will be a Unit Owner's individual expense.

Electricity is provided by the City of Plattsburgh. Natural gas is supplied by New York State Electric & Gas Corporation, a regulated public utility to Units 3 – 7 (Unit 1 does not have natural gas service). Each Unit is individually metered for gas and electric usage and will be the Unit Owner's individual expense.

Unit Owners must make their own individual arrangements at their costs for refuse removal and recycling services.

Telephone service will be provided by Verizon or Prime Link. Each Unit will be pre-wired for telephone service, with outlets in at least five (5) places. Each Unit Owner will be responsible for contracting for the installation of the desired service and will be billed individually for that service by Verizon or Prime Link.

Cable television service will be provided by Charter Communications, a private entity. Each Unit will be pre-wired for cable television service with outlets in at least five (5) places. Each Unit Owners will be responsible for contracting for the installation of the desired service, and will be billed individually for the service by Charter Communications.

SCHEDULE A

**GRAND ISLE VIEW CONDOMINIUM
SELLING PRICES AND ESTIMATED COMMON CHARGES, ASSESSMENTS AND
REAL ESTATE TAXES
FOR THE FIRST YEAR OF OPERATIONS
Estimated to Commence on or about January 15, 2011**

(A)	(B)	(C)	(D)	(E)	(F) Est.	(G) Est.	(H) Est.	(I) Est.
<u>Unit Desg.</u>	<u>No. Bedrooms & Baths</u>	<u>Approx. Sq. Ft.</u>	<u>Percentage of Common Interest</u>	<u>Selling Price</u>	<u>Monthly Common Charges</u>	<u>Monthly Real Estate Taxes</u>	<u>Est. Total Monthly Charges</u>	<u>Annual Real Estate Taxes</u>
1	2/1.5	1,340	13%	\$185,000	\$313	\$572	\$885	\$6,860
3 ¹	2/2	1,630	16%	\$220,000	\$386	\$680	\$718	\$8,158
4	3/3	2,007	18%	\$260,000	\$434	\$803	\$1,237	\$9,641
5	3/3	1,999	18%	\$260,000	\$434	\$803	\$1,237	\$9,641
6	3/3	1,986	20%	\$275,000	\$482	\$850	\$1,372	\$10,197
7	2/2	1,435	15%	\$210,000	\$362	\$649	\$1,011	\$7,787
TOTAL	N/A	10,397	100%	\$1,410,000	\$2,411	\$4,357	\$6,460	\$52,284

1 There is no Unit 2.

SCHEDULE A FOOTNOTES

Each Unit will be billed individually for the use of gas and electricity consumed by Owner and /or occupant. See Schedule B-1 on page 26 of this Offering Plan for the estimated cost of gas and electricity for each Unit.

- (A) **UNIT DESIGNATION:** There are six (6) Units in one (1) Building. Limited Common Elements include, but are not limited to, two (2) assigned parking spaces for each Unit balconies, terraces (Units 1, 3 and 4) and one (1) storage closet for each of Units 3, 4, 5 and 7.
- (B) **NO. ROOMS / BATHS:** The number of rooms was determined in accordance with the Board of Realtor standards. See floor plans included in Part II of this Offering Plan.
- (C) **APPROXIMATE SQUARE FOOTAGE:** Square footages of the Units are based on architect's drawings and include the net usable floor space in the Units. Floor plans for each Unit are set forth in Part II of this Offering Plan. The dimensions are from interior walls and are approximate.
- (D) **PERCENTAGE OF COMMON INTEREST:** As permitted by Section 339-i-1(ii) of the New York Condominium Act, the percentage of Common Interest of each Unit in the Common Elements shall be in the approximate proportion that the floor area of the Unit at the date of the Declaration bears to the then aggregate floor area of all the Units, taking into account the substantially advantages enjoyed by one or Units in a part or parts of the Common Elements.
- (E) **SELLING PRICES:** The selling prices set forth in this Schedule A may be changed by a duly filed amendment to the Offering Plan when the change in price is an across the board increase or decrease affecting one or more lines of Units or Unit models, or is to be advertised, or is a price increase for an individual purchaser. The prices and terms of sale are negotiable and the Sponsor may enter into an agreement with an individual purchaser to sell one or more Units at prices lower than those set forth in this Schedule A without filing an amendment. See page 28 of this Plan. In addition to paying the purchase prices of their Units, purchasers will be responsible for paying certain closing adjustments and closing costs as discussed in the section of this Plan entitled "Unit Closing Costs and Adjustments" at page 39 of this Offering Plan.
- (F) **ESTIMATED MONTHLY COMMON CHARGES:** Includes estimated expenses outlined in Schedule B of this Offering Plan. All Unit Owners will be assessed for Common Charges based upon their percentage of Common Interest (as in Column D of Schedule A). Common Charges do not include maintenance and decorating costs of the interior of the Units or the costs of utilities for the Units such as gas, electric, water, sanitary sewer, telephone and cable

service or costs of refuse removal. Estimated individual heating and electricity costs are set forth in Schedule B-1 at page 27 of this Offering Plan. If a purchaser obtains a mortgage in connection with the purchase of his or her Unit, the monthly mortgage payment will also be an additional expense.

- (G) and (I) **ESTIMATED MONTHLY AND ANNUAL REAL ESTATE TAXES:** After the Condominium is divided into individual tax lots, each Unit will be taxed as a separate tax lot for real estate tax purposes and each Unit Owner will be responsible for the payment of said real estate tax assessed to the Owner's Unit. A Unit Owner will not be responsible for payment of real estate taxes of other Units and therefore will not be subject to any lien arising out of non-payment of real estate taxes on other Units. Estimated real estate taxes are based on estimated assessed valuation of the Units provided by Duley & Associates, Plattsburgh, New York, a licensed real estate broker and assumes the Units are renovated in accordance with the approved plans and specifications on file with the City. The estimated assessed value of the Building is \$1,410,000. The projected real estate taxes are based an equalization rate of 100% of the assessed full value as determined by the Assessor of the Unit at time of completion and closing, in accordance with current (2010) City of Plattsburgh assessment practices. As of the date of this Plan, the combined real estate tax rate (City, Clinton County and school) in this City is \$37.08 per \$1,000 of assessed valuation. Tax exemption benefits (veterans, senior citizens and STAR) are available to eligible persons upon timely application to the City Tax Assessor for the same. The estimated real estate taxes herein are based on the selling price as set forth in Column E of Schedule A. It is projected that the first closing will occur on or about January 15, 2011. See "Opinion of Counsel" on page 58 of this Offering Plan for a discussion of the deductibility of real estate taxes for income tax purposes. Any tax deduction available by a Unit Owner may vary in future years for a variety of reasons, including changes in the tax law, changes in the interest rate on the Unit Owner's mortgage (if any), changes in the allocation of constant debt service payments to interest and principal and changes in the assessed value, the applicable tax rate or the method of assessing real property.
- (H) **ESTIMATED TOTAL MONTHLY CHARGES:** This is the total of columns (F) and (G).

**SCHEDULE B
 GRAND ISLE VIEW CONDOMINIUM
 PROJECTED SCHEDULE OF RECEIPTS AND EXPENSES FOR
 FIRST YEAR OF OPERATION PROJECTED TO BE JANUARY 15, 2011 THROUGH
 DECEMBER 31, 2011**

	<u>Estimated</u>
PROJECTED INCOME:	
Common Charges (1)	\$28,922
PROJECTED EXPENSES:	
Labor (2)	0
Gas (3)	0
Electric (4)	5,890
Water and Sewer (5)	4,632
Repairs and Maintenance (6)	
Repairs & Maintenance	2,000
Plowing	2,400
Landscaping	1,080
Cleaning/Janitorial	2,600
Service Contracts (7)	
Fire Sprinkler	350
Supplies (8)	500
Refuse (10)	0
Insurance (11)	4,165
Management Fees (12)	3,600
Accounting (13)	2,000
Legal Fees (14)	0
Federal Income Taxes (15)	0
NYS Franchise Taxes (16)	100
Miscellaneous (17)	495
Reserves (18)	4,000
TOTAL PROJECTED EXPENSES:	\$28,922

SCHEDULE B - FOOTNOTES

- (1) Projected Income is based on the total amount of Common Charges that will be paid by all Units (see Schedule A of this Offering Plan). Common Charges will be assessed to each Unit based upon each Unit's Common Interest in the Common Elements, as shown on Schedule A.
- (2) Labor: It is anticipated that the Condominium will not have any employees. Accordingly, maintenance and repair items not included in the budget (such as painting the Common Areas) must be performed by Unit Owners or by outside contractors at an additional expense. If the Condominium chooses to hire a building superintendent in the future, that cost will increase the budget and the Common Charges.
- (3) Gas: None of the Common Areas will require gas service.
- (4) Electric: Based upon an estimate from Hynes Electrical Supply, Plattsburgh, New York. Electric service to be obtained by the Board of Managers for operating the outdoor lighting, heating and lighting of the lobbies, hallways, stairways, heating of the stairwells with electric cabinet heaters and a 10-gallon hot water tank with a 10-gallon per hour recovery rate to provide hot water for Building maintenance. The projections are based on 2010 rate of a monthly charge of \$6.23 plus \$.0518 per KWH, with a total estimate of 9,200 KWH annually, based on an estimate by Hynes Electric Supply, located at 2 Hammond Lane, Plattsburgh, New York 12901, based on 2010 rates plus tax. Each Unit will be separately metered for gas and electric usage by the occupants of the respective Units and each Unit will be billed directly by Plattsburgh Municipal Lighting (see Schedule B-1 on page 26 for cost estimates for individual Units).
- (5) Water and Sewer: No common areas will require water or sewer service.
- (6) Repairs and Maintenance: The projections are based on an estimate by Commercial Site Services located at 14 LaTour Avenue, Plattsburgh, New York to cover unanticipated maintenance and repair costs not budgeted for in the Service Contracts. Projections are based upon this management company's experience with comparable properties. See Footnote 7 below.
- (7) Service Contracts based on estimates as listed below. As of the date of this Offering Plan, contracts have not been executed:

Sprinkler System: Based on an estimate from Bob Evans Fire Sprinkler Services, Inc., Plattsburgh, New York, for annual testing and inspection including testing of the mechanical alarms, testing of the electrical alarms, main drain flow tests,

lubricate valve stems, complete test and inspection report and provide such reports to the Board of Managers and tag and date the sprinkler system.

Common Area Cleaning: Based on an estimate by Commercial Site Services located at 14 La Tour Avenue, Plattsburgh, New York for hallway and stairway cleaning and vacuuming, common area glass cleaning, cleaning of common area floors and doors and outdoor sweeping of walkways.

- (8) Supplies: Based on an estimate by Commercial Site Services.
- (10) Refuse Collection: Unit Owners must make their own individual arrangements for refuse and recycling services at their own expense. These services are not provided by the Condominium.
- (11) Insurance: Based on a written quote by Rose and Kiernan, Inc., East Greenbush, New York, an independent insurance agency, at full replacement cost in the amount of \$1,934,522 with no co-insurance, and a \$2,500.00 deductible, in accordance with Article X of the Condominium By-Laws, and the following additional coverages:

- \$2,000,000.00 General Liability \$1,000,000.00 per occurrence;
 - \$ 50,000.00 Fidelity Bond; and
 - \$1,000,000.00 Umbrella Liability.

The general liability will provide: (i) each Unit Owner will be an additional insured party; (ii) there will be no cancellation without notice to the Board of Managers; (iii) a waiver of subrogation; (iv) a waiver of invalidity because of the acts of the insured and Unit Owners; and (v) a waiver of pro-rata reduction if Unit Owners obtain additional coverage.

The following coverages may be available at extra cost: rent insurance; water damage; boiler and machinery; excess liability; and garage keeper's liability.

Each Owner shall, at such Owner's expense, obtain adequate insurance covering fixtures, installation or additions comprising a part of the Unit not initially installed in accordance with the original plans and specifications, as well as their personal liability insurance for occurrences arising from within the Owner's Unit and/or Limited Common Elements appurtenant to such Unit.

Article X of the By-Laws, in Part II of the Offering Plan, sets forth complete details of insurance to be obtained by the Condominium.

- (12) Management: Based on a written agreement by Commercial Site Services, located at 14 LaTour Avenue, Plattsburgh, an independent professional management company. Management services will include, but not necessarily be limited to, maintaining a full set of

accounting records on a modified accrual basis, billing Unit Owners and collection Common Charges and assessments, receive all invoices and prepare checks for Board signatures, provide the Board with quarterly financial statements and bank reconciliations, provide the CPA retained by the Condominium to prepare tax returns and annual financial statements, assist the Board in the preparation of annual budgets, maintain all files and records of Owners and the Condominium, conduct periodic property inspections, prepare service specifications and oversee contractor services, respond to resident inquiries, attend quarterly Board meetings and provide a report to attendees. The Sponsor believes that the management fee is in accordance with the generally prevailing rate which would be charged by other management companies for a condominium of the same size as the Condominium.

- (13) Accounting: Based on a quotation by Rick Martindale, CPA of Martindale, Keyser & Co., CPAs, located at P.O. Box 2986, 24 Margaret Street, Suite 4, Plattsburgh, New York, an independent certified public accounting firm, to prepare an independent audit, prepare an annual financial statement based on such audit, provide copies of the annual financial statement to the members of the Board of Managers and prepare and file the required federal and New York State tax returns.
- (14) Legal: It is not anticipated that legal services will be required during the first year of the Condominium's operation. If Common Charge collection or enforcement proceedings are successful, the Owner of the Unit occupied by the offender shall be responsible for the legal fees and other expenses resulting from such proceedings. Other types of actions or the filing of amendments to the Condominium's legal documents could result in legal fees and a special assessment.
- (15) Federal Income Taxes: It is anticipated that the Condominium will qualify under Internal Revenue Code Section 528. See "Opinion of Counsel" on page 58 of this Offering Plan.
- (16) NYS Franchise Taxes: It is anticipated that only the minimum franchise tax shall be due during the first year of operation.
- (17) Miscellaneous: For unanticipated expenses. An allocation has been provided for unforeseen or miscellaneous expenses based on Sponsor's experience.
- (18) Reserves: Cost estimates prepared by Sponsor based upon actual cost estimates (2009 prices) assuming a useful life for the roof of 30 years.

It is not expected that major capital repairs or replacements will likely be needed within the first five (5) years of the Condominium's operation.

Note: It is the opinion of the Sponsor that the projected income is reasonably adequate to meet the projected expenses for the operations of the Condominium during the first year of

operation. The foregoing Schedule B, however, is not intended to be, and should not be taken as, a guaranty that the actual annual income or expenses for the period budgeted will be as set forth in said Schedule.

SCHEDULE B-1

BUDGET FOR INDIVIDUAL ENERGY COSTS

COMPLIANCE WITH REAL PROPERTY LAW SECTION 339-i

In accordance with the provisions of Section 339-i(1)(ii) of the Real Property Law of the State of New York, the Sponsor has set forth in the Declaration the Common Interest of each Unit. As permitted by Section 339-i of the New York Real Property Law the percentage is in the approximate proportion that the floor area of the Unit bears to the aggregate floor area of all Units, taking into account the exclusive advantage enjoyed by one or more Units in parts of the Common Elements.

CHANGES IN PRICES AND UNITS

The selling prices set forth in Schedule A of this Plan may only be changed by a duly filed amendment to this Offering Plan when the change in price is an across the board increase or decrease affecting one or more lines of Units or Unit models, or is to be advertised, or is a price increase for an individual purchaser. The prices and specified terms of sale are negotiable and the Sponsor may enter into an agreement with an individual purchaser to sell one or more Units at prices lower than those set forth in Schedule A without filing an amendment.

No change will be made in the size or number of Units and/or their respective percentages of Common Interest and no material change will be made in the size or quality of Common Elements, except by amendment to this Offering Plan and, when applicable, to the Declaration.

Unless an affected purchaser consents, no material change will be made in Unit size, layout or percentage of Common Interest if a Purchase Agreement has been executed and delivered to the Sponsor for such Unit and the purchaser is not in default.

Unless all purchasers consent, no material change will be made in the size and no material adverse change will be made in the quality of Common Elements.

INTERIM LEASES

The Sponsor reserves the right to rent any Unit that is vacant before the closing to a purchaser or non-purchaser. Accordingly, a purchaser may be buying a Unit that has been previously occupied. There are no rental protection laws applicable to interim leases. The purchaser of such a Unit, if not the lessee, shall purchase subject to the terms of the interim lease.

An uncured default under the Purchase Agreement is a default under the lease and an uncured default under the lease is a default under the Purchase Agreement. If an uncured default under the lease results in a default under the Purchase Agreement, before the Sponsor may utilize the default under the lease to declare a default under the Purchase Agreement, the Sponsor must either obtain an order of eviction or other judgment or order from a court or agency of competent jurisdiction against the lessee unless the lessee has vacated the Unit.

The lessee will have fifteen (15) days to vacate the Unit after a default under the Purchase Agreement or rescission of the Purchase Agreement by the lessee.

PROCEDURE TO PURCHASE

A prospective purchaser desiring to purchase a Unit must execute two (2) copies of the Purchase Agreement in the form set forth in Part II of this Plan and return them, together with a check for a down payment equal to the sum of (a) ten percent (10%) of the purchase price (exclusive of the cost of any options, extras or special requests (collectively, "Options") listed on Schedule A of the Purchase Agreement) plus (b) the cost of any "Options" listed on Schedule A of the Purchase Agreement, to the office of the Sponsor. The Sponsor may, at its discretion, from time to time, require an additional deposit or deposits for the cost of Options. The amount of the additional deposit will depend upon the nature of the Option and may be equal to 100% of the cost of such "Option." The check or checks should be drawn to the order of "Stafford, Piller, Murnane, Plimpton, Kelleher & Trombley, PLLC, as Escrow Agent."

The Sponsor will have ten (10) days after receipt of the Purchase Agreement and down payment check to execute the Purchase Agreement and thereafter, return one (1) fully executed duplicate original to the purchaser, or to reject the Purchase Agreement and, thereafter, refund the deposit tendered. If the Sponsor does not accept the Purchase Agreement within such 10-day period, the Purchase Agreement will be deemed to have been rejected. When, and if, accepted by the Sponsor, the Purchase Agreement becomes binding upon the Sponsor and the purchaser.

The Sponsor will comply with the escrow and trust fund requirements of General Business Law Sections 352-e(2)b and 352-h and the Attorney General's regulations promulgated pursuant thereto, and all funds paid by purchasers shall be handled in accordance with those statutes and regulations.

At closing, the purchaser will be required to execute and deliver to the Sponsor a Power of Attorney (a form of which is set forth in Part II of this Plan) granting the Board of Managers the authority to act, with regard to (a) the acquisition of any Unit that is abandoned by its owner, subject to foreclosure or otherwise available for purchase by the Board of Managers; (b) the conveyance, sale, lease, mortgage or voting right of such a Unit; and (c) the leasing of portions of the Common Elements. Failure to execute and deliver a Power of Attorney constitutes a breach by the purchaser under the Purchase Agreement.

Generally, a purchaser will be afforded no fewer than three (3) business days to review this Plan (including all fixed amendments) prior to signing a Purchase Agreement. However, for the convenience of some purchasers, the Sponsor may, at its option, permit a purchaser to sign a Purchase Agreement prior to the expiration of such three (3) day period. In such event, and only in such event, the purchaser will be afforded seven (7) days after delivering an executed Purchase Agreement and the required down payment to have the full deposit promptly refunded. The purchaser must either personally deliver a written notice of rescission to the Sponsor or the Selling Agent within the seven (7) day period or mail the notice of rescission to the Sponsor or the Selling Agent and have the mailing postmarked within the seven (7) day period. Purchaser to whom this option is given will, prior to signing a Purchase Agreement, be given a copy of the lead-based paint information pamphlet in Part II of this Plan and an opportunity to read the pamphlet.

The risk of loss to the Unit by fire or other casualty remains with the Sponsor, unless or until a purchaser taking actual possession of the Unit pursuant to a lease or written agreement or title to the Unit is conveyed to the purchaser.

If a Purchase Agreement is contingent upon the purchaser obtaining a mortgage loan commitment, the purchaser shall make application for such loan within five (5) days of the date of receipt of notice of the Sponsor's acceptance of the Purchase Agreement. The purchaser will notify the Sponsor, within thirty (30) days of the date of the Sponsor's acceptance of the Purchase Agreement, whether or not such loan has been obtained and shall provide the Sponsor with a copy of the commitment letter promptly thereafter. In the event a mortgage loan commitment lapses or expires prior to closing, and the purchaser has made a good-faith effort to extend the commitment, the Sponsor must grant to such purchaser a right of rescission and a reasonable period of time to exercise such right.

The Building was constructed circa 1924. Considering the age of the Building, the Sponsor is assuming that there are areas of lead-based paint in the Building. Therefore, the entire Building is being treated as though there is lead-based paint. The Sponsor has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the Condominium. A copy of a pamphlet approved by the United States Environmental Protection Agency ("EPA") on identifying and controlling lead-based paint hazards is included in Part II of this Plan. The EPA required disclosure form is attached to the Purchase Agreement in Part II of this Plan. Each purchaser will be required to initial and sign the form in the spaces provided.

As indicated in the EPA pamphlet, lead-based paint is not usually harmful if it is in good condition. However, deteriorating lead-based paint (peeling, chipping, chalking, cracking or damaged) does present a hazard. The Sponsor has mechanically removed all loose lead-based paint on flat surfaces and has painted all flat surfaces with acrylic paint. To the best of Sponsor's knowledge, no governmental agency has ruled as to whether such repainting is or is not an effective interim measure for treating areas painted with lead-based paint. However, each purchaser has the right to conduct, at his own expense, a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards. If a purchaser desires to conduct such an assessment or inspection, he must conduct the same within ten (10) days of the date the Purchase Agreement is accepted by the Sponsor. A purchaser may, at his sole option agree, in writing, to a shorter time period and may waive the right to conduct such an assessment or inspection entirely.

If a purchaser timely conducts such an inspection or assessment and notifies the Sponsor, in writing, that the purchaser is dissatisfied with the results, the Sponsor shall have the option of either (a) remedying the defect to purchaser's reasonable satisfaction or (b) cancelling the Purchase Agreement and returning all deposits made by the Purchaser. The notice from the purchaser to the Sponsor must include a copy of the inspection or assessment performed by purchaser's contractor and must be delivered to Sponsor no later than five (5) days of purchaser's receipt of the report and, in all events, no later than twenty (20) days after the Purchase Agreement is accepted by Sponsor (or shorter period of time as agreed to in writing).

The Sponsor is not offering financing to prospective purchasers. Prospective purchasers must secure their own financing, if desired.

Any conflict between the terms of the Purchase Agreement and the terms of this Plan shall be resolved according to the terms of this Plan.

After this Offering Plan has been declared effective (see page 35), the Sponsor will fix dates for the closing of title to all Units for which Purchase Agreements have been executed by mailing or personally delivering notice on each purchaser stating the date of the first closing and setting such purchaser's closing date no less than thirty (30) days before the date set for the closing of the Unit. Purchasers may waive this thirty (30) day provision by sending written notice to the Sponsor after receiving written notice from the Sponsor declaring the Offering Plan effective. Notwithstanding the foregoing, no closing shall occur until a temporary or permanent Certificate of Occupancy is issued by the City of Plattsburgh for such Unit and/or the entire Building.

In the event a purchaser defaults, the Sponsor shall give the defaulting purchaser at least thirty (30) written days to cure such default before forfeiture of the purchaser's deposit may be declared.

The Sponsor anticipates the first closing to occur on or about January 15, 2011. If such date is delayed twelve (12) months or more, purchasers will be offered rescission.

Pursuant to Section 17 of the Purchase Agreement, if the purchaser fails to perform any of the purchaser's obligations set forth in the Purchase Agreement, the Sponsor may, at its option: (1) charge the purchaser interest on the unpaid balance of the purchase price at the annual percentage rate equal to prime rate as published in The Wall Street Journal, (2) seek specific performance by purchaser of purchaser's obligations under the Purchase Agreement, or (3) cancel the Purchase Agreement upon written notice to the purchaser, provided, however, the Sponsor shall afford the purchaser at least thirty (30) days to cure the purchaser's default before the forfeiture of the purchaser's deposit may be declared. Additionally, the Sponsor shall be entitled to recover, as liquidated damages, the actual costs incurred by the Sponsor for any Options to the Unit which were contracted for by the purchaser either initially as a part of the Purchase Agreement or subsequent to the signing of the Purchase Agreement, plus the deposit which deposit is equal to ten percent (10%) of the base purchase price of the Unit, not including the costs of any Options. There are no "time of the essence" provisions in the Purchase Agreement.

The Purchase Agreement and this Plan may not contain, or be modified to contain, a provision waiving purchaser's rights or abrogating the Sponsor's obligations under Article 23-A of the New York State General Business Law.

A Purchase Agreement may not be assigned by the purchaser without the Sponsor's prior written consent, which may be withheld in the Sponsor's sole discretion.

ESCROW TRUST FUND PROVISIONS

The Account/Escrow Agent:

All deposits, down payments, or advances made by purchasers prior to closing of each individual transaction will be placed, within five (5) business days after the Purchase Agreement is signed by the Sponsor and the purchaser, in a segregated, special escrow account of Stafford, Piller, Murnane, Plimpton, Kelleher & Trombley, PLLC, the Escrow Agent, whose address is One Cumberland Avenue, Plattsburgh, New York 12901 and whose telephone number is (518) 565-4400. Escrow Agent is a law firm with attorneys duly admitted to practice in the State of New York.

The signatories of this account authorized to withdraw funds are Susanna S. Piller, Thomas M. Murnane, Thomas W. Plimpton, Jacqueline M. Kelleher and Heather Deore West.

The escrow account is an Interest-On-Lawyers Account (“IOLA”). Interest earned on the account is paid directly to New York State. Accordingly, neither the Purchaser nor the Sponsor will receive any interest on the deposit.

The name of the account is “Stafford, Piller, Murnane, Plimpton, Kelleher & Trombley IOLA Trust Account.” The escrow account is maintained with NBT Bank. A branch of NBT Bank is located at 83 Margaret Street, Plattsburgh, New York. As of the date of this Plan, the Federal Deposit Insurance Corp. (“FDIC”) insures all monies in IOLA accounts, without limit. However, on and after January 1, 2011, the maximum insurance protection provided by FDIC will be \$100,000 for all deposits in the Escrow Account from each purchaser. Deposits in excess of \$100,000 will not be federally insured. Purchasers should also note that monies they have on deposit in NBT Bank will count toward this \$100,000 limit.

Payments:

All funds received from purchasers, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be made payable to or endorsed to the order of “Stafford, Piller, Murnane, Plimpton, Kelleher & Trombley, PLLC, as Escrow Agent.”

A copy of the escrow agreement referred to herein, which incorporates the terms of the Attorney General's regulations set forth in 13 NYCRR §20.3(o), is included in Part II of this Offering Plan.

Notification to Purchaser:

Within ten (10) business days after tender of the deposit submitted with the Purchase Agreement, the Escrow Agent will notify the purchaser that such funds have been deposited into the escrow account and will provide the account number for said account. If the purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the deposit, the purchaser may either cancel the purchase and rescind his contract, so long as the right to rescind is exercised within ninety (90) days after tender of the deposit, or apply to the Attorney General for relief. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted

establishing that the escrowed funds were timely deposited and requisite notice was timely mailed to the purchaser in conformity with the Attorney General's regulations.

Escrow Revisions/Alternatives to Escrow Account:

Before funds are transferred to a new escrow account, or if the Escrow Agent is replaced, this Offering Plan must be amended to provide the same full disclosure with respect to the new account, the escrow agent and the escrow agreement as was originally provided. A bond, letter of credit or other security may be substituted for the escrow account only after the Department of Law approves in writing the use of such alternate form of security in accordance with 13 NYCRR §20.3(o)(3), (4) or (5). At this time, the Sponsor has no intention to arrange for a substitute for the escrow account, but reserves the right to amend this Plan to provide for an alternative to escrow.

Release of Funds:

Under no circumstances shall Sponsor apply for release of the escrowed funds of a defaulting purchaser until after consummation of this Plan. Consummation of this Offering Plan does not relieve the Sponsor of its obligations pursuant to GBL Section 352-h.

The Escrow Agent will hold funds in escrow until otherwise directed in:

- (a) a writing signed by both Sponsor and purchaser; or
- (b) a determination of the Attorney General pursuant to the dispute resolution procedures contained in the Attorney General's regulations; or
- (c) a judgment or order of a court of competent jurisdiction.

However, if there is no written agreement between the parties to release the escrowed funds, the Escrow Agent will not pay the funds to the Sponsor until the Escrow Agent has given the purchaser written notice of not fewer than ten (10) business days of the Escrow Agent's intention to release the deposit. Thereafter, the funds may be paid to the Sponsor, unless the purchaser has already made application to the Department of Law pursuant to the dispute resolution provisions of the Attorney General regulations and has so notified the Escrow Agent in accordance with such provisions.

Notwithstanding the foregoing provisions of this Section entitled "RELEASE OF FUNDS" to the contrary, the Escrow Agent shall, without notice to the purchaser, release that portion of the escrow funds which were received by the Sponsor for a particular upgrade, extra or special request (collectively, "Options") upon receipt by the Escrow Agent of written notice from the Sponsor stating that such portion will be applied or has been applied by the Sponsor to pay, in whole or in part, for such Options.

The Sponsor will not object to the release of the escrowed funds to:

- (1) a purchaser who timely rescinds in accordance with an offer of rescission contained in this Plan or an amendment to this Plan;
- (2) all purchasers after an amendment abandoning this Plan is accepted for filing by the Department of Law.

Disputes:

In the event of a dispute, the purchasers and the Escrow Agent may apply to the Attorney General for a determination on the disposition of the down payment. Sponsor must make such an application if there is a dispute that needs to be resolved. A form for this purpose is set forth in Part II of this Offering Plan. The party applying for a determination shall contemporaneously send to all other parties a copy of such application.

Pending the determination of the Attorney General to grant or deny the application, the Sponsor, the purchaser and the Escrow Agent shall abide by any interim directive issued by the Attorney General.

If the application permitting release of funds is granted, the deposit shall be disposed of in accordance with the determination of the Attorney General, subject to any court action in which preliminary relief is granted.

The Attorney General shall act upon the application within 30 days after its submission to the Department of Law, by either making a determination or notifying the parties that an extension of time in which to do so is necessary for stated reasons.

If the application seeking release of funds is denied, the Escrow Agent shall continue to hold the deposit and any interest earned, if any, thereon until:

- (a) both the Sponsor and purchaser direct payment to a specified party in accordance with a written direction signed by both the Sponsor and purchaser;
- (b) a judgment or order of a court of competent jurisdiction is served on the escrow agent; or
- (c) the Escrow Agent deposits the disputed amount into court.

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

Records on File:

The Escrow Agent will maintain all records concerning the escrow account for seven (7) years after the release of funds. Upon the dissolution of any law firm which was the Escrow Agent, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of them or by the successor firm and shall notify the Department of Law of such transfer.

Waiver Void:

Any provision of any contract or agreement, whether oral or in writing, by which a purchaser purports to waive or indemnify any obligation of the Escrow Agent holding trust funds is absolutely void.

Trust Obligation of Sponsor:

The Sponsor has entered into an Escrow Agreement with Stafford, Piller, Murnane, Plimpton, Kelleher & Trombley, PLLC, as Escrow Agent, to hold all monies received by the Sponsor, directly, or through its agents or employees, in an IOLA account in the name of “Stafford, Piller, Murnane, Plimpton, Kelleher & Trombley IOLA Trust Account.” The escrow account is maintained at NBT Bank. NBT Bank has a branch located at 83 Margaret Street, Plattsburgh, New York. All funds will be held until after consummation of the Offering Plan and shall continue to be held until closing. Additionally, Section 71-a(3) of the Lien Law provides, in part, that, if requested by the purchaser, purchaser’s down payments are to be placed in an interest-bearing account. However, the costs of establishing and maintaining this account shall be charged and deducted from the interest accrued.

EFFECTIVE DATE

The offering by the Sponsor under this Offering Plan is contingent upon this Plan being declared effective and upon compliance with the relevant conditions and time periods described in this Offering Plan. This Plan may, at Sponsor’s option, be declared effective when *bona-fide* purchasers, including investors, have signed Purchase Agreements with respect to one (1) Unit, representing more than fifteen percent (15%) of the Units, and must be declared effective when purchasers, including investors, have signed Purchase Agreements with respect to five (5) Units, representing more than eighty percent (80%) of the Units. However, purchasers should note that in the current real estate market, banks and other lenders are imposing various restrictions on loans. Such restrictions include requiring that a certain percentage (for example, 50% or more) of the Units in a building be sold or under contract before the lender will consider making a loan. Thus, it may be possible for a purchaser to experience difficulty obtaining a loan in a building where the percentage of Units purchased is lower than a lender’s particular sales minimum.

This Offering Plan will be declared effective (if at all) either by: (a) an amendment to this Offering Plan, or (b) personal service of a notice on each purchaser or by commencement of service by mail in the manner required by Section 20.3 of Title 13 NYCRR stating that this Offering Plan was declared effective on a particular date, the percentage used to declare this Offering Plan effective

and a list of the Units being counted to meet the minimum percentage to declare it effective. The first closing may not occur until the Offering Plan is declared effective and the effectiveness amendment is accepted for filing by the Department of Law.

This Offering Plan will not be declared effective based on Purchase Agreements:(1) signed by purchasers who have been granted a right of rescission that has not yet expired or been waived; or (2) if the purchaser was not afforded the protection required by Section 20.3(o)(15) of Part 20 of Title 13 NYCRR (see below); or (3) with any purchaser who is the Sponsor, selling agent or managing agent or is a principal of the Sponsor, selling agent or managing agent by blood, marriage or adoption or as a business associate, an employee, a shareholder of a limited partner, except that such a purchaser, other than the Sponsor or a Principal of the Sponsor may be included if the Sponsor has submitted proof satisfactory to the Department of Law establishing that the purchaser is *bona-fide*.

Section 20.3(o)(15) of Part 20 of Title 13 NYCRR requires that, at Sponsor's option, purchasers will be afforded: (i) not fewer than three (3) business days to review this Offering Plan and all filed amendments prior to executing a Purchase Agreement; or (ii) at Sponsor's option, not fewer than seven (7) days after delivering an executed Purchase Agreement, together with the required deposit, to rescind the Purchase Agreement and have the full deposit refunded promptly. The purchaser must either personally deliver a written notice of rescission to the Sponsor or selling agent within the seven (7) day period or mail the notice of rescission to the Sponsor or selling agent and have the mailing postmarked within the seven (7) day period.

This Offering Plan may be withdrawn or abandoned by the Sponsor for any reason whatsoever at any time prior to its being declared effective. If this Offering Plan is abandoned, within ten (10) days after abandonment, all monies paid by purchasers shall be refunded in full, to each such purchaser. Written notice thereof shall be served simultaneously by the Sponsor with the Department of Law and all purchasers in the manner referred to above for serving amendments.

The Sponsor may not abandon this Offering Plan after declaring it effective for any reason other than: (i) a defect in title which cannot be cured without litigation or cannot be cured for less than \$7,050.00; or (ii) substantial damage or destruction of the Building by fire or other casualty which cannot be cured for less than \$7,050.00; or (iii) the taking of any material portion of the Property by condemnation or eminent domain. The \$7,050.00 figure excludes any attorney's fees or any such title defects or determinations of any authority or regulatory association which existed on the date of presentation of this Offering Plan and are either known to the Sponsor or are a matter of public record.

TERMS OF SALE

The Sponsor will transfer title to a Unit by means of a bargain and sale deed, with covenant against grantor's acts, a copy of which is set forth in Part II of this Offering Plan.

A complete copy of the Purchase Agreement is set forth in Part II of this Offering Plan. If a Purchase Agreement is contingent upon the purchaser obtaining a mortgage loan commitment, the

purchaser shall make application for such loan within five (5) days of the date of receipt of notice of the Sponsor's acceptance of the Purchase Agreement. The purchaser will notify the Sponsor, within thirty (30) days from the date of the Sponsor's acceptance of the Purchase Agreement whether or not such loan has been obtained and shall provide the Sponsor with a copy of the commitment letter promptly thereafter. In the event a mortgage loan commitment lapses or expires prior to closing, and the purchaser has made a good-faith effort to extend the commitment, the Sponsor must grant to such purchaser a right of rescission and a reasonable period of time to exercise such right.

The Building was constructed circa 1924. Considering the age of the Building, the Sponsor is assuming that there are areas of lead-based paint in the Building. Therefore, the entire Building is being treated as though there is lead-based paint. The Sponsor has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the Condominium. A copy of a pamphlet approved by the United States Environmental Protection Agency ("EPA") on identifying and controlling lead-based paint hazards is included in Part II of this Plan. The EPA required disclosure form is attached to the Purchase Agreement in Part II of this Plan. Each purchaser will be required to initial and sign the form in the spaces provided.

All loose paint on flat surfaces is being mechanically removed and all flat surfaces will be repainted with acrylic latex paint. As indicated in the EPA pamphlet, lead-based paint is not usually harmful if it is in good condition. However, deteriorating lead-based paint (peeling, chipping, chalking, cracking or damaged) does present a hazard. The Sponsor has mechanically removed all loose lead-based paint on flat surfaces and has painted all flat surfaces with acrylic paint. To the best of Sponsor's knowledge, no governmental agency has ruled as to whether such repainting is or is not an effective interim measure for treating areas painted with lead-based paint. However, each purchaser has the right to conduct, at his own expense, a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards. If a purchaser desires to conduct such an assessment or inspection, he must conduct the same within ten (10) days of the date the Purchase Agreement is accepted by the Sponsor. A purchaser may, at his sole option agree, in writing, to a shorter time period and may waive the right to conduct such an assessment or inspection entirely.

If a purchaser timely conducts such an inspection or assessment and notifies the Sponsor, in writing, that the purchaser is dissatisfied with the results, the Sponsor shall have the option of either (a) remedying the defect to purchaser's reasonable satisfaction or (b) cancelling the Purchase Agreement and returning all deposits made by the Purchaser. The notice from the purchaser to the Sponsor must include a copy of the inspection or assessment performed by purchaser's contractor and must be delivered to Sponsor no later than five (5) days of purchaser's receipt of the report and, in all events, no later than twenty (20) days after the Purchase Agreement is accepted by Sponsor (or shorter period of time as agreed to in writing).

Pursuant to Section 19 of the Purchase Agreement, if between the date of the Agreement and the Closing date the Unit is damaged by fire or other casualty, the following shall apply:

1. The risk of loss to the Unit by fire or other casualty is assumed by the Sponsor (unless and until the purchaser takes possession of same, at which time such risk shall be automatically assumed by the purchaser), but without any obligation by the Sponsor to repair or restore the Unit, except that if the Sponsor elects to repair or

restore the Unit, the Purchase Agreement shall continue in full force and effect and the purchaser shall not have the right to reject title or receive a credit against, or abatement of, the purchase price. If the Sponsor so elects to repair or restore the Unit, the Sponsor shall be entitled to a reasonable period of time within which to complete the repair or restoration. Any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss shall, subject to the rights of the Board of Managers and other Owners if the Declaration has theretofore been recorded, being entirely to the Sponsor. The provisions of the preceding sentence shall survive the delivery of the deed to the purchaser.

2. In the event the Sponsor notifies the purchaser that it does not elect to repair or restore the Unit, or, if the Declaration has been recorded prior thereto and the Owners do not resolve to make such repairs or restoration pursuant to the By-Laws, the Agreement shall be deemed cancelled and of no further force or effect and the Sponsor shall promptly return to the purchaser all sums deposited under the Purchase Agreement, with interest if any. Upon such payment, the parties shall be released and discharged from all obligations and liability under the Agreement and this Offering Plan. Notwithstanding the foregoing, if the purchaser is in default under the Agreement (beyond the applicable grace period, if any), the Sponsor shall retain all such sums as and for liquidated damages.

A closing may take place concurrently with the issuance of a temporary or permanent certificate of occupancy for the entire Building or a partial temporary or permanent certificate of occupancy for the Unit scheduled for closing or for the entire Building.

Title to each Unit and the appurtenant interest in the Common Elements for such Unit will be conveyed at the closing free and clear of all liens, encumbrances and title exceptions other than those described in the Declaration and this Offering Plan and the proposed Unit Deed. Title exceptions include, but are not limited to, (1) a permanent easement for ingress and egress by vehicles and by foot across the Land in favor of the owners of the property on the westerly boundary line of the Condominium and their guests and visitors, (2) any state of facts shown on the "Existing Easements" survey of the Property prepared by AES Northeast, PLLC dated February 8, 2006 (Sheet V-101) and (3) any additional state of facts a subsequent survey would show, provided that such additional state of facts does not render title unmarketable.

The Sponsor is financing the renovation of the Condominium with its own funds and does not intend to obtain any financing from other sources which would require that a mortgage be placed on the Condominium. If the Sponsor's plan of financing changes and the Sponsor obtains a loan which is secured by a mortgage on the Condominium, then at the time of the conveyance of title to the first Unit, the mortgagee will either:

1. Consent to the formation of the condominium and acknowledge that its lien will be limited to the Unsold Condominium Units and their appurtenant Common Interests in the Common Elements;
2. Subordinate the lien of its mortgage to the Declaration of the Condominium; or

3. Release its lien on the Unit being conveyed and on the associated Common Interest in the Common Elements.

All personal property located in a Unit (other than the model Unit or the sales office) on the date the Purchase Agreement is signed or located within the Common Elements (other than construction equipment) on the date the Declaration is filed that is owned by the Sponsor is included in the conveyance unless specifically excluded in the Purchase Agreement or the Declaration. Personal property owned by the Sponsor in the model Unit or the sales office is excluded from the conveyance unless expressly included in the Purchase Agreement.

The Units are being sold with the Sponsor's Limited Warranty. The Limited Warranty offered by the Sponsor is set forth in Part II of this Plan. That Limited Warranty excludes all other warranties on the construction, renovation and sale of the Unit and its components, both express and implied. There are no warranties which extend beyond the face of that Limited Warranty. The Limited Warranty excludes all consequential and incidental damages except as required by New York State Law. (A copy of the Limited Warranty is set forth beginning on page 141.) **NOTWITHSTANDING ANYTHING STATED ABOVE, THE SPONSOR HAS THE ABSOLUTE DUTY TO CONSTRUCT THE PREMISES SUBSTANTIALLY IN ACCORDANCE WITH ALL APPLICABLE AND FILED PLANS AND SPECIFICATIONS.**

In accordance with the New York Condominium Act (Real Property Law Article 9-B), prior to the first transfer of title to a Unit, the Sponsor shall record the Declaration and By-Laws, together with such other documents as may be required by law, in the office of the Clinton County Clerk.

UNIT CLOSING COSTS AND ADJUSTMENTS

Pursuant to Sections 5 and 6 of the Purchase Agreement set forth in Part II of this Offering Plan, as of the date of closing, each purchaser will be responsible to pay the following costs (among others): adjusted real estate taxes computed on a yearly basis, Common Charges prorated for the month of closing and in full for the month following the month in which the closing occurs, payment to the Sponsor for a portion of the mortgage recording tax paid by the Sponsor, and repayment to the Sponsor for a portion of the Sponsor's loan to the Condominium Working Capital Fund. Estimated monthly Condominium Common Charges and estimated monthly real estate taxes, are set forth in Schedule A of this Offering Plan.

Additional *estimated* closing costs based on the price of a Unit costing \$260,000, with a mortgage equal to seventy-five percent (75%) of the purchase price (i.e., \$195,000) would be:

Mortgage Recording Tax (1)	\$ 1,950.00
Mortgage Recording Fee (2)	\$ 115.00
Deed Recording Fee (2)	\$ 65.00
Power of Attorney Recording Fee (2)	\$ 60.00
Capital Gains Tax Affidavit Filing Fee (3)	\$ 5.00
Real Property Transfer Report Filing Fee (3)	\$ 125.00

Mortgagee Title Insurance (if required by the Lending Institution)(4)	\$ 975.00
Transfer Taxes (5)	\$ 1,046.00
Bank Attorney's Fees (6)	\$ 650.00
TOTAL	\$ 4,991.00

(1) Mortgage Recording Tax. The purchaser's portion of the mortgage tax rate for Clinton County is approximately 1% of the principal amount of the mortgage (\$195,000 x 1% = \$1,950). If the principal amount of the mortgage is higher or lower than the example above, the amount of the mortgage recording tax would change proportionately. For example, the mortgage recording tax on a mortgage of \$206,000 would be approximately \$2,060 (\$206,000 x 1%).

(2) Recording Fees. Recording fees are calculated at \$5.00 per page plus \$45.00 for the instrument to be recorded. The estimated fees above are based upon a fourteen (14) page mortgage, a four (4) page deed and a three (3) page Power of Attorney.

(3) Statutory Fees. The statutory fee for filing the Combined Real Property Capital Gains Tax Affidavit and Credit Line Mortgage Affidavit (New York State Form TP-584) is \$5.00 and for the filing the Real Property Transfer Tax form (New York State Form RP-5217) is \$125.00.

(4) Title Insurance. The rates for fee title insurance and mortgage title insurance are based upon quotations from standard rate tables. The example shown above is based upon the sales prices for Units 4 and 5 (\$260,000) and assumes a mortgage equal to 75% of the sales price (\$195,000).

Set forth below is a chart showing the title insurance premiums for a fee policy, purchased separately, a mortgage policy, purchased separately, and a fee policy and a mortgage policy purchased simultaneously. The premiums are based upon the sale prices for the Units set forth in Schedule A and assume that the amount of the mortgage is equal to 75% of the sales price.

<u>Unit</u>	<u>Fee Policy Purchased Separately</u>	<u>Mortgage Policy Purchased Separately</u>	<u>Fee Policy and Mortgage Policy Purchased Simultaneously</u>
1	\$ 746.00	\$ 732.00	\$ 966.00
3	\$ 834.00	\$ 818.00	\$ 1,079.00
4	\$ 1,155.00	\$ 918.00	\$ 1,430.00
5	\$ 1,195.00	\$ 918.00	\$ 1,470.00
6	\$ 976.00	\$ 957.00	\$ 1,263.00
7	\$ 810.00	\$ 795.00	\$ 1,049.00

The cost of tax searches and standard endorsements generally add about \$50-75 to the amount of the premium. The foregoing rates are those in effect on May 1, 2010 and are subject to change.

(5) Transfer Tax. The tax is equal to \$2.00 for each \$500 of the purchase price (or any fraction thereof) of the Unit (excluding personal property, but including Options). The tax shown in the example above is based upon the selling price for Units 4 and 5 (\$260,000) as shown on

Schedule A of this Plan. Based upon the selling prices shown on Schedule A for the other Units, the transfer tax would be \$744 for Unit 1, \$889 for Unit 3, \$1,106 for Unit 6 and \$844 for Unit 7. Although this tax is in the first instance an obligation of the Sponsor, pursuant to the Purchase Agreement and as allowed by New York law, the purchaser is obligated to pay the transfer tax due on the sale. When paid by the purchaser, the tax is additional consideration upon which the tax is computed.

(6) Bank Attorney's Fees. THIS FEE IS AN ESTIMATE ONLY. Each purchaser who obtains a mortgage will be responsible for the banking institution's attorney's fees, which will vary from lender to lender and from attorney to attorney.

Additional costs may be:

1. Origination fees as may be required by the lender.
2. Purchaser's own attorneys' fees.
3. Any other lender's fee associated with the obtaining of a mortgage.

There is no guarantee or warranty that any of the above costs and/or rates will not change by the time of closing on any Unit.

If Units have not been separately assessed for real estate tax purposes prior to the closing of title to the first Unit, the Sponsor will place in escrow, in the name of the Board of Managers, an amount equal to the real estate taxes which will be levied against each Unit for the six-month period following the first closing and may collect from each purchaser at each Unit closing the estimated amount of taxes attributable to such Unit for the balance of the six-month period. The Board of Managers will pay the real estate taxes from the escrow account when taxes are due and payable and the funder of the escrow account will be entitled to reimbursement from Unit Owners to the extent of the actual assessments. Real estate taxes for each Unit as estimated by Donald Duley & Associates, a licensed real estate broker, are set forth in Schedule A, Columns (G) and (I), of this Offering Plan.

Purchasers are not required to pay any portion of the Sponsor's attorneys' fees.

RIGHTS AND OBLIGATIONS OF THE SPONSOR

The following are the rights and obligations of the Sponsor under this Plan and Applicable Law with respect to this Plan:

- a. Sponsor intends to rehabilitate the existing building located at Grand Isle View Way, Plattsburgh, New York into six (6) residential Units and related improvements. The Condominium has frontage on U.S. Oval which is a public street maintained by the City of Plattsburgh. The Condominium will be completed within two (2) years following the filing of this Plan with the New York State Department of Law.
- b. All representations made by Sponsor under this Offering Plan, together with all obligations of Sponsor pursuant to the General Business Law, and any additional

obligations contained in this Offering Plan which are to be performed subsequent to the closing date will survive delivery of the deed.

- c. The Sponsor agrees to pay all Common Charges, special assessments and real estate taxes with respect to the Unsold Units. The Sponsor has the financial resources to meet its obligations with respect to the Unsold Units. The source of such resources is from the projected sales of the Units. The Sponsor has not and will not post any bond or security to secure Sponsor's obligations under this Plan. Accordingly, the Sponsor may not be able to meet its obligations under this Plan (including without limitation, its obligation with respect to the Unsold Units).
- d. The Sponsor will build and complete the Condominium substantially in accordance with the plans and specifications set forth in this Offering Plan. However, in the event the Sponsor is unable to obtain the exact materials specified on the plans and in the specifications through Sponsor's ordinary and usual source of supplies, the Sponsor has the right to substitute materials of equal (or better) pattern, design, color and quality. In no event will Sponsor substitute equipment or materials of lesser quality or design. The Sponsor also has the right to: (1) determine the grading, elevation and design (including reversal of Building layout) of the Unit to fit into the general pattern of the Condominium; (2) alter interior layout to meet the requirements of individual purchasers; (3) substitute equipment and materials; and (4) alter location on the site if the grade and/or contour of the land so requires; provided, however, that the Sponsor may not substitute equipment or materials of a lesser quality or design or change the size or location of the Building, the Units, or Common Elements if such changes would affect the percentage of Common Interests or adversely affect the value of any Unit to which title has closed or for which a purchase agreement has been executed and is in effect unless all affected Unit Owners and contract vendees consent in writing to such change.
- e. The Sponsor will pay, or cause to be paid, all contractors, subcontractors and materialmen and all others involved, for authorized and proper work performed and fixtures, material and equipment supplied or installed in connection with the improvements of the Common Elements and will cause any and all mechanics liens arising out of such construction and equipment to be discharged or bonded promptly after the filing of any such lien.
- f. Prior to the transfer of title to the first Unit, Sponsor will record the Condominium's Declaration in the Clinton County Clerk's Office.
- g. The Sponsor has the obligation to defend any suits or proceedings directly arising out of Sponsor's acts or omissions and to indemnify the Board of Managers against any claims or losses directly arising therefrom.
- h. Prior to closing title to any Unit, Sponsor shall obtain a permanent Certificate of Occupancy for the Building, or, alternatively, shall obtain a partial or temporary Certificate of Occupancy for the particular Unit. The Sponsor will obtain a

permanent Certificate of Occupancy for the Property within two (2) years of the closing on the first Unit. The first closing may occur concurrently with the issuance of a temporary or partial certificate of occupancy for the Unit and/or the Building. If the certificate of occupancy is temporary or partial, the Sponsor is required to maintain all deposits and funds in the special escrow account required by General Business Law Section 352-e(2-b) unless the Sponsor's engineer, architect or other qualified expert certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain a permanent certificate of occupancy, in which case the sum exceeding the amount so certified by the Sponsor's engineer, architect or other qualified expert may be released from the special escrow account. Alternatively, the Sponsor must deposit with the escrow agent an unconditional, irrevocable letter of credit, post a surety bond in the amount so certified or provide other collateral acceptable to the Department of Law.

- i. Units are being sold with the Sponsor's Limited Warranty. The Limited Warranty offered by the Sponsor is set forth in Part II of this Plan. That Limited Warranty excludes all other warranties on the construction, renovation and sale of the Unit and its components, both express and implied. There are no warranties which extend beyond the face of that Limited Warranty. The Limited Warranty excludes all consequential and incidental damages except as required by New York State Law.
- j. To the extent permitted by law, the Sponsor, upon completion of the construction and installation of the Common Elements constructed or installed by the Sponsor, shall deliver to the Board of Managers a set of "as built" plans and specifications for such Common Elements.
- k. Sponsor has retained certain rights in the Declaration including, without limitation, the right (1) of access to complete construction of the Common Elements and the Units, (2) to grant easements to allow for the development and sale of the Condominium (including, without limitation, all parking spaces in the Condominium), and (3) to maintain sales and construction offices on the Condominium Property (including without limitation in one or more Units)(see Section 6.03 of the Declaration), and (4) to grant utility easements to its affiliate to develop property contiguous to the Condominium which is owned on the date of this Plan by an affiliate of the Sponsor. As discussed more fully on page 17 of this Plan, the affiliate intends (but is not obligated to) develop such property as an 11 Unit residential Condominium. With respect to the exercise of the right set forth in Section 6.03 of the Declaration, the Sponsor agrees to (i) repair any damages negligently caused by it within a reasonable period of time after completion of the Condominium or when such rights are no longer needed, whichever first occurs; (ii) to hold the Condominium harmless from all liabilities directly caused by the Sponsor's willful misconduct or negligent exercise of such rights; and (iii) to use reasonable efforts to minimize interference with the use of the Property by other Unit Owners.

- l. As long as Sponsor has Unsold Units that are offered for sale pursuant to this Offering Plan, Sponsor shall amend this Offering Plan whenever there is a change in the budget or when one (1) year has passed since the budget was last updated. The prior year's reviewed financial statements for the Condominium must be included in said annual disclosure amendments. The financial statements shall comply with 13 NYCRR §20.3 and be submitted within three months of the end of the latest fiscal year of operation of the Condominium.
- m. At or prior to the first closing of the Unit, Sponsor will assign to the Board of Managers manufacturer's warranties, if any, with respect to equipment and appliances installed in the Common Elements, and will assign to the applicable Unit Owner manufacturer's warranties, if any, with respect to equipment and appliances installed in the Unit.
- n. In the event of dissolution or liquidation of Sponsor or the transfer of ten (10) or more Units or twenty percent (20%) or more of the total number of Units in the Condominium, whichever is less, the principal of Sponsor will provide financially responsible entities or individuals who will assume the status and all of the obligations of the Sponsor for those Units under the Offering Plan, applicable laws or regulations.
- o. The Sponsor has not sought construction financing for the renovation of the Condominium. Instead, the Sponsor is financing such costs with its own funds.
- p. As provided in the Purchase Agreement, the Sponsor is not obligated to repair any damage to a Unit resulting from fire or other casualty prior to the closing of the Unit.
- q. All personal property located in a Unit (other than the model Unit or the sales office) on the date the Purchase Agreement is signed or located within the Common Elements (other than construction equipment) on the date the Declaration is filed that is owned by the Sponsor is included in the conveyance unless specifically excluded in the Purchase Agreement or the Declaration. Personal property owned by the Sponsor in the model Unit or the sales office is excluded from the conveyance unless expressly included in the Purchase Agreement.
- r. The Sponsor will procure fire and casualty insurance in an agreed replacement amount.
- s. The Sponsor represents that it will endeavor in good faith to sell the Units rather than rent or lease Units. However, the Sponsor is retaining the unconditional right to rent rather than sell the Units.

CONTROL BY SPONSOR

The Sponsor will retain voting control over the Condominium until the Transfer of Control Date. The Transfer of Control Date is defined as the date on which title to 100% of the Units has been transferred by the Sponsor to individual Purchasers, the date which is the fifth anniversary of the transfer of title to the first Unit, or the date on which the Sponsor notifies the Board in writing that the Sponsor has relinquished control of the Board, whichever first occurs. Section 5.02 of the By-Laws provides that within thirty (30) days of the Transfer of Control Date, a meeting of Unit Owners will be held to elect new board members, a majority of whom must be Owner occupants or members of an owner occupant's household who are unrelated to the Sponsor. However, Section 5.01 of the By-Laws also provides that for so long as the Sponsor or its designees continue to own one (1) or more Units, the Sponsor shall have the right to appoint one (1) member to the Board.

Until the Transfer of Control Date, the Sponsor will, through its control of the Board, be able to manage the affairs of the Condominium, including, without limitation, the maintenance and operation of the Condominium and the amount of Common Charges to be paid by Unit Owners.

Section 5.02 of the Condominium By-Laws provides that the Sponsor shall have veto power over certain proposed expenditures by the Board of Managers of the Condominium for a period of five (5) years after the closing of the first Unit or whenever the Unsold Units constitute less than twenty-five percent (25%) of the Common Interests, whichever is less. However, Sponsor may not, at any time, exercise veto power over expenses described in Schedule B of this Offering Plan or over expenses required:

- (a) to comply with applicable laws or regulations;
- (b) to remedy any notice of violation; or
- (c) to remedy any work order by an insurer.

While Sponsor is in control of the Board of Managers, no mortgage liens will be placed on the Common Elements without the consent of at least fifty-one percent (51%) of the Owners, excluding Sponsor or Sponsor's nominees.

BOARD OF MANAGERS OF THE CONDOMINIUM

Pursuant to Section 5.01 of the By-Laws, as set forth in Part II of this Offering Plan, the affairs of the Condominium shall be governed and controlled by a Board of Managers.

Initially, the three (3) members of the Board of Managers shall be Peter Allen, the sole principal of the Sponsor, his wife, Rhonda Allen, and his brother, Judd Allen. Peter Allen will also serve as President of the Condominium. It is anticipated that, initially, the other officers of the Condominium will also be related to, or associates of, the principal of the Sponsor.

The first meeting of the Board shall be held within thirty (30) days of the sale of the first Unit. After the sale of two (2) Units or the second anniversary of the sale of the first Unit (whichever first occurs), the Sponsor shall notify all Unit Owners that the first meeting of Unit Owners will be held within sixty (60) days of such notice. At such meeting, one of the Board members appointed by the Sponsor shall resign and the Owners (other than the Sponsor) shall elect his replacement.

Within thirty (30) days after the Transfer of Control Date, the members appointed by the Sponsor shall resign and the first annual meeting of Owners will be called to elect a new three (3) member Board independent of the Sponsor; however, for so long as the Sponsor (or its designee) continues to own one (1) or more Units, the Sponsor shall have the right to appoint one (1) member to the Board. Pursuant to Section 5.01 of the By-Laws, from and after such election, a majority of the Board must be owner-occupants or members of an owner-occupant's household who are unrelated to the Sponsor and its principals and, the Sponsor's right to appoint members shall cease (subject to its right to appoint one (1) member as discussed above).

All members of the Board shall be (1) Unit Owners, (2) members of a Unit Owner's immediate family, (3) First Mortgagees, (4) partners or employees of a partnership Owner or First Mortgagee, (5) officers, directors, shareholders, employees or agents of a corporate Unit Owner or First Mortgagee, (6) members or managers of a limited liability company Unit Owner or First Mortgagee, (7) fiduciaries or officers, agents or employees of such fiduciaries or (8) members, managers or designees of the Sponsor.

In no event shall any Unit Owner (or any member of his immediate family or any officer, director, shareholder, employee, agent, partner, member, manager, fiduciary or designee of such Unit Owner) be eligible for election by the Unit Owners to the Board if such Unit Owner is then in default, beyond any applicable grace period, in the payment of Common Charges or any other amounts required by the Board to be paid. In addition, no member of the Board elected by the Unit Owners may continue to participate as a member thereof after the Board has perfected a lien against his or her Unit, for so long as such lien remains unsatisfied.

All members of the Board to be elected by the Unit Owners shall be determined by plurality of the votes cast by the Unit Owners (excluding Sponsor and its designee, for so long as Sponsor or such designee shall own a Unit) who are present (in person or by proxy or absentee ballot) and voting at a meeting at which a quorum of all Unit Owners is present.

A majority of the Board constitutes a quorum. Generally, the vote of a majority of the members of the Board present at a meeting of which a quorum is present constitutes a decision of the Board. Additionally, the Board may reach a decision without a meeting if all members of the Board consent in writing.

Pursuant to Section 7.01 of the By-Laws, the members of the Board of Managers shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for such member's own individual willful misconduct or bad faith. Further, pursuant to Section 7.02 of the By-Laws, the Unit Owners shall severally indemnify and hold harmless the members of the Board of Managers and officers of the Condominium from suits or claims brought against such member or officer arising out of or related to his status as a member of the Board or officer of the Condominium

(as the case may be) to the fullest extent permitted by Applicable Law, unless the suit or claim arises out of or relates to the member's or officer's willful misconduct or bad faith. Additionally, members of the Board of Managers shall have no personal liability (except as Unit Owners) with respect to any contract made by them on behalf of the Condominium within the scope of their authority. The liability of any Owner arising out of any contract made by the Board shall be limited to such proportion of the total liability thereunder as his or her interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements.

Pursuant to Sections 5.11 and 6.09 of the By-Laws, no member of the Board of Managers or officer of the Condominium, respectively, shall receive any compensation from the Condominium for acting as such. Any member or officer may be reimbursed for his or her actual reasonable expenses incurred in the performance of his or her duties, so long as prior approval has been granted by resolution of the Board of Managers.

Pursuant to Section 5.05 of the By-Laws, any member of the Board of Managers elected by the Owners may be removed with or without cause by a majority of the Authorized Voting Owners (other than the Sponsor) and any such Board member shall be given an opportunity to be heard at a meeting called for such purpose. The Board may remove a member of the Board for failure to be in good standing with regard to payment of Common Charges or other charges and/or absence from three (3) consecutive duly called Board meetings, unless at least one (1) of such absences is due to illness. However, Board members appointed by the Sponsor may only be removed by the Sponsor.

Annual meetings of Unit Owners will be held on or about the anniversary of the Transfer of Control Date, or at such other time as the Board of Managers may determine. A special meeting of Owners may be called by resolution of the Board of Managers or upon a petition presented to the Secretary of the Board of Managers, signed by Unit Owners having not less than twenty-five percent (25%) of the Common Interest.

Pursuant to Section 3.01 of the By-Laws, the Authorized Voting Owner of each Unit in good standing shall be entitled to one (1) vote for each one percent of Common Interest apportioned to his Unit. A Unit Owner's right to vote may be suspended, by a majority of the entire Board, for violations of the Declaration, the By-Laws, or the Rules and Regulations (including the failure to pay Common Charges when due).

Generally, the presence, in person or represented by proxy or absentee ballot, of more than fifty percent (50%) of the Authorized Voting Owners in percentage of Common Interests constitutes a quorum of Unit Owners. A vote by a majority of Unit Owners (based upon Common Interest) at a meeting at which a quorum is present is sufficient to pass an action proposed to be taken by the Unit Owners.

Pursuant to Section 13.01 of the Declaration and Section 13.01 of the By-Laws, the Declaration and By-Laws may each be modified, altered or amended at any duly called meeting of Owners by at least sixty-seven percent (67%) in number and Common Interest voting to approve the modification, alteration or amendment except that no amendment may be made as to the ownership of the Common Elements or the percentage of Common Interests without the unanimous consent of all Unit Owners affected. Additionally, until the Transfer of Control Date, all amendments require

the consent of the Sponsor to be effective. Further, the Sponsor has the unilateral right to amend the Declaration and the By-Laws (1) for any reason, prior to the transfer of title to any of the Units, (2) to file floor plans, at anytime, and (3) prior to the Transfer of Control Date, to comply with the provisions of certain governmental entities (such as the Federal National Mortgage Association). Also, the Board has the right to amend the Declaration and the By-Laws at any time if the amendment is necessary or desirable, in the Board's judgment, to cure any ambiguity or to correct or supplement any provisions of the By-Laws or the Declaration or to comply with Applicable Laws.

RIGHTS AND OBLIGATIONS OF THE UNIT OWNERS AND THE BOARD OF MANAGERS

1. Selling and Leasing of Units by Unit Owners. A Unit Owner may sell or otherwise dispose of his Unit without restrictions, so long as all Common Charges, special assessments and any other charges are paid in full prior to (or out of the closing proceeds of) the sale; however, a Unit Owner must notify the Board of any proposed sale, must obtain a signed Power of Attorney from the purchaser in the same form signed by the Owner or as otherwise approved by the Board and must supply the purchaser with certain information, including copies of the Declaration, By-Laws and the current budget for the Condominium. The Sponsor may sell a Unit without complying with the foregoing provisions.

A Unit Owner may lease his Unit so long as all Common Charges, special assessments and any other charges then due and owing by the Owner are paid in full prior to the lease; provided, however, that a Unit may be leased only once each calendar year. The Sponsor has the right to lease any Unsold Unit (for any period of time) and to lease a Unit to a purchaser prior to closing without obtaining the approval of the Board or any other Person.

Pursuant to Section 9.05 of the Declaration, the Unit Owner is responsible for the full compliance of the tenant (and any other Guest) with the Declaration, the By-Laws and the Rules and Regulations. An Owner leasing his or her Unit has the responsibility to provide all "landlord services" to the tenant.

2. Mortgaging of Units by Unit Owners. Pursuant to Section 12.04 of the By-Laws, an Owner shall have the right to mortgage his or her Unit without restriction except that no Owner shall mortgage his or her Unit unless and until all unpaid Common Charges, special assessments, and any other charges against his or her Unit which are due and payable, have been paid or are paid out of the proceeds of the mortgage. An Owner who mortgages his or her Unit shall notify the Board of Managers, in writing, of the name and address of the Mortgagee. The foregoing provisions do not apply to the Sponsor.

3. Common Charges.

Pursuant to Section 9.01 of the By-Laws, the Board of Managers shall, from time to time, but at least annually, fix and determine the budget representing the sum or sums necessary and adequate for the continued operation, maintenance, repair and replacement (including reserves) of the Property (excluding the Units, except for required insurance).

Pursuant to Section 9.01 of the By-Laws, Common Charges and special assessments for all Units, will be charged to all Unit Owners based upon the applicable Common Interest applicable to the Units. Schedule A on page 19 of this Plan sets forth the Common Interest applicable to each Unit. However, the Board has the right to assess the costs relating to the maintenance, repair and replacement of Limited Common Elements to the Unit Owners. For example, the Board may assess the costs of maintaining and repairing the terraces restricted in use to Units 1, 3 and 4 solely to those Units on an individual basis.

The Condominium shall not be obligated in any fiscal year to spend all sums collected in such year by way of Common Charges, assessments or otherwise, and may carry forward as surplus any balances remaining, nor shall the Condominium be obligated to apply any such surpluses to the reduction of the amount of the Common Charges in the succeeding year, but may carry forward from year to year such surplus as the Board of Managers, in its sole discretion, may determine to be desirable for the greater financial security and more efficient effectuation of the purposes of the Condominium. The Board may also, in its sole discretion deposit such surpluses in the reserve fund account.

Any funds collected or designated by the Board of Managers as reserves for the replacement of capital item, shall be segregated from all other Condominium funds in one or more separate interest-bearing accounts. This shall not preclude the Board from segregating other portions of the Condominium funds in separate accounts for specific purposes (*e.g.* reserves for non-capital items) or otherwise.

Every Unit Owner, including the Sponsor, shall pay the Common Charges assessed against him or her when due. Pursuant to Section 339-z of the Real Property Law and Section 9.05 of the By-Laws, no Owner may exempt himself or herself from the liability for the payment of Common Charges assessed against him or her by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his or her Unit. However, no Owner shall be liable of the payment of any Common Charges accruing subsequent to a sale, transfer or other conveyance by him or her of such ownership made in accordance with the provisions of the Declaration and By-Laws. An Owner may, by conveying his or her Unit to the Board of Managers, on behalf of all other Owners, exempt himself or herself from Common Charges thereafter accruing.

In seeking to collect Common Charges, the Board of Managers may take any and all actions to the fullest extent permitted by Applicable Law, including, without limitation: (1) foreclosing the lien on the Unit and selling the Unit at a foreclosure sale, (2) imposing late charges and interest on delinquent payments of Common Charges and (3) directing that a tenant of the delinquent Owner send his rent payments directly to the Board of Managers as provided in Section 339-kk of the Real Property Law. Section 339-kk of New York State Real Property Law provides, in general, that if a non-occupying Owner is renting his Unit to a tenant and that Owner falls behind in the payment of Common Charges, then the Board may direct the tenant to pay the rental due under the lease directly to the Board until the Common Charges are made current. At least one court has ruled that the Board's rights under Section 339-kk are subject to the rights of a First Mortgagee.

Pursuant to Section 339-z of the Real Property Law and Sections 9.02 and 9.03 of the By-Laws, 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. Pursuant to Section 339-z of the Real Property Law, the lien for past due Common Charges and/or assessments will be effective from and after the filing in the Office of the Clinton County Clerk of a certified notice of lien stating the Unit number, the Liber and Page of record of the Condominium's Declaration and By-Laws, the name and address of the Unit Owner of record, the amount and purpose for which sums are due and the date when due and shall continue in effect until all sums secured thereby, with the interest and late charges thereon, together with reasonable attorneys' fees, shall have been fully paid or until expiration six (6) years from the date of filing, whichever first occurs. The Board of Managers, acting on behalf of all Owners shall have the power to bid in the Unit at a foreclosure sale and to acquire and hold, lease, mortgage and convey the same. A suit to recover a money judgment for unpaid Common Charges and other assessments may be maintained without foreclosing or waiving the lien securing the same and a foreclosure action may be maintained notwithstanding the pendency of suit to recover a money judgment.

So long as the Sponsor is in control of the Board of Managers, the Sponsor will cause the Board to file a lien as provided in Section 339-aa of the Real Property Law on Units in which the Sponsor is more than thirty (30) days in arrears in the payment of Common Charges.

4. Repairs

Responsibility of the Board of Managers: Pursuant to Section 7.01 of the Declaration, all maintenance, repairs and replacement to the Common Elements, including but not limited to, the Limited Common Elements (except as otherwise provided in the next paragraph), the exterior sides of the Unit entrance doors, the common stairways, doors leading to and from common areas, the entry areas, walls, floors and ceilings, elevator (if any) and elevator shaft, exterior walls of the Building, roof members, the vents, fans and air-intake area, the water meter, foundations, sidewalks and steps, if any, shall be the responsibility of the Board of Managers and shall be a Common Expense, except to the extent caused by the negligence or willful act or omission of a Unit Owner.

Responsibilities of the Owners: Pursuant to Section 7.02 of the Declaration, each Unit Owner shall, at his sole cost and expense, (1) maintain his Unit and all portions thereof in first class, sanitary and neat condition and repair and in compliance with all Applicable Laws; (2) maintain, repair and replace damage caused by, or resulting from, leakage from the roof windows (if any) in his Unit; (3) paint, wallpaper, decorate and maintain the interior surfaces of all walls, ceilings and floors within his Unit; (4) maintain, repair and replace all air conditioning and heating units, all appliances and all telephone, cable, gas, electrical, heating, plumbing and other utilities, fixtures, pipes, wires, ducts, lines, meters, valves, pumps, conduits, and appurtenances thereto servicing only his Unit; (5) clean the interiors and exteriors of the glass surfaces of the windows in his Unit; (6) refrain from repairing, altering, replacing, painting, decorating or changing the exterior of the Unit or any exterior appendages whether exclusively used by the Unit Owner or otherwise without obtaining the Board of Managers' prior written consent; and (7) perform his responsibilities in such a manner and at such reasonable hours so as not to unreasonably disturb other Unit Owners in the Building. Notwithstanding the foregoing, each Unit Owner shall be responsible for removing ice and snow from the balcony or terrace (or both) which is restricted in use to that Owner. Additionally, if the

Owner of Unit 1, 3 or Unit 4, as the case may be, erects a privacy fence on the terrace restricted in use to his Unit, the maintenance, repair and replacement of that fence shall be the applicable Unit Owner's responsibility and shall be performed at such Owner's sole cost and expense.

In the event an Owner fails to perform any maintenance, replacement or repair obligation, as set forth above, the Board shall have the right (but not the obligation) to have such maintenance, replacement or repairs performed upon ten (10) days of the Owner's receipt of written notice, or oral or written notice of shorter duration in the event of an emergency, and to charge the Owner for the cost of all such maintenance, replacement or repairs plus interest. The Board shall have a lien against the Owner's Unit for such costs

Any maintenance, repair or replacement which is necessary or desirable (in the Board's judgment) to preserve the appearance and/or the value of the Property made pursuant to Section 7.01 of the Declaration, but which is occasioned by a negligent or willful act or omission of a Unit Owner, or of any Guest of such Unit Owner shall be made (as between such Owner and the other Owners) at the cost and expense of such Unit Owner. If such maintenance, repair or replacement is performed by the Board of Managers, it shall not be regarded as a Common Expense, but shall rather be considered a special expense allocable to the specific Unit and such cost shall be added to that Unit Owner's Common Charges, and, as part of those Common Charges, shall constitute a lien on the Unit to secure the payment thereof.

Quality of Maintenance, Replacements and Repairs. All repairs, replacements and maintenance (including without limitation painting) whether made by the Unit Owner or by the Board of Managers, to the doors, windows, fences (if any), gates (if any) or the exterior surface of the Building, including roofs, or to any portion of the Common Elements or the Units which is generally visible to the Unit Owners, shall be carried out in such manner so as to conform as nearly as practicable to the materials, style and color initially provided by the Sponsor, unless the Board of Managers authorizes a variance from such materials, style and/or color prior to such repair, painting or maintenance. In determining whether to grant such a variance, the Board shall take into account, among other factors, the fact that, because of the passage of time or other reasons, it may not be possible or economically feasible to obtain the materials or quality of workmanship necessary to duplicate the materials and style of the structure as it was originally constructed.

Right of Access. The Board of Managers, Managing Agent and/or any other Person authorized by the Board of Managers, the Managing Agent and, so long as it owns any Unsold Units, the Sponsor, its agents, contractors, and employees, shall have the right of access to each Unit and the Common Elements (including Limited Common Elements) for any or all of the following purposes: making inspections and removing or correcting violations of the Declaration, the By-Laws or the Rules and Regulations; performing repairs, replacements or maintenance to or on the Common Elements in a Unit or elsewhere on the Property, or making repairs to the Unit if necessary or, in the Board's or the Sponsor's judgment, desirable to prevent damage to the Unit or the Common Elements or any other Unit; making any maintenance, repair, replacement or improvement which pursuant to the Declaration or the By-Laws an Owner is required to make and which such Owner has failed to make after ten (10) days written notice, or written or oral notice of shorter duration in the event of an emergency situation; or complying with any and all Applicable Laws.

When practicable, requests for entry will be made in advance and any such entry will be at a time reasonably convenient to the Unit Owner and the occupant if other than the Unit Owner. In case of an emergency, however, such right of entry shall be immediate, whether the Unit Owner or occupant is present at the time or not, whether or not advance notice has been given, and whether or not the time is reasonably convenient to the Unit Owner or occupant.

Each Owner shall provide a key or keys to the Board of Managers for use of entry in the event of an emergency. The Board shall be responsible for the safe-keeping of such key or keys in a locked key box located in a restricted area.

5. Additions, Alterations and Improvements: Pursuant to Article V of the Declaration, a Unit Owner, other than the Sponsor, must submit plans for all alterations, other than interior decorating, to his or her Unit or Limited Common Element to the Board of Managers and be subject to written approval or disapproval of the Board of Managers prior to any work commencing.

No Unit Owner may (1) install in his Unit any equipment (including without limitation any appliance) which because of its weight, noise, size or other factor may reasonably be deemed by the Board of Managers to materially and adversely affect the rest of the Condominium Property or other Unit Owners, or (2) make any structural addition, alteration or improvement on, in or to his Unit, or (3) make any changes on, in or to the Common Elements (including any changes on, in or to the Limited Common Elements including, without limitation, the assigned parking space restricted in use to his Unit), unless and until plans and specifications therefor, in such number, form and detail as the Board of Managers requires, shall have been submitted to, and reviewed and approved by, the Board of Managers. Among the factors to be considered by the Board of Managers in determining whether or not to consent to such plan are the adequacy of the size, shape and location of all Units after a proposed alteration, installation, improvement, combination, division or incorporation, the structural soundness of the Building during and after the performance of the necessary modifications, and any other factors which may affect the appearance or value of the Building. Plans may be disapproved by the Board for a variety of reasons, including the incompatibility of the plans with the existing Building. (See Section 5.05 of the Declaration.)

Any application to any Governmental Authority to make installations, additions, alterations or improvements to the Unit or Limited Common Elements appurtenant thereto, shall be at the sole cost and expense of the Owner, and shall in no case be construed to result in the Board of Managers incurring any liability whatsoever to any Owner, contractor, subcontractor, materialmen, architect or engineer resulting from such installations, additions, alterations or improvements or to any Person having any claim for injury to person or property arising therefrom. The Unit Owner agrees to defend, indemnify and forever hold the Board of Managers and all other Owners from liabilities or expenses incurred by the Board or such other Owners in connection with or relating to or arising out of such installation, addition, alteration or improvement, including reasonable attorneys' fees. Notwithstanding the foregoing, obtaining governmental approval of such application does not constitute approval by the Board of Managers and no work shall commence until plans are submitted to the Board of Managers and written approval received from the Board.

The Board of Managers may require the Owner to obtain such additional insurance coverage, in such amounts as the Board of Managers deems appropriate.

The Board of Managers shall have the right, at its option, to make or cause to be made such additions, alterations and improvements to the Common Elements as, in its opinion, may be beneficial or necessary subject however to the requirement that, if the addition, alteration or improvement is not required by Applicable Law and is estimated in good faith by the Board to cost more than five percent (5%) of the then current estimated annual budget (including reserves), such addition, alteration or improvement shall be approved by at least sixty-seven percent (67%) in Common Interest of the Unit Owners voting at a meeting duly called pursuant to the Condominium's By-Laws before such addition, alteration or modification is undertaken. No such addition, alteration, or improvement shall occur if any holder of a First Mortgage advises the Board of Managers in writing, prior to the date set for voting on the proposed addition, alteration or improvement, that it is opposed to such addition, alteration, improvement, which opposition shall not be unreasonable. The cost of such additions, alterations and improvements shall constitute Common Expenses. Prior to undertaking such work, the Board may require the consent in writing of such Unit Owners and the holders of mortgages thereon, whose rights, in the sole opinion of the Board, may be prejudiced by such addition, alteration or improvement. In all cases of addition, alteration or improvement, the Board of Managers shall comply with all Applicable Laws including, without limitation, the terms and provisions of the Real Property Law of the State of New York in effect at the time of the proposed addition, alteration or improvement.

6. Insurance:

Pursuant to Section 10.02 of the By-Laws, the Board of Managers is required to obtain and maintain: (1) fire and casualty insurance for full replacement cost of the Building and the Units, exclusive of the personal contents of the Units; (2) liability insurance with an initial limit of not less than \$2,000,000 per occurrence; (3) fidelity bond; and (4) workers' compensation insurance in the event the Condominium has employees. The Board may also obtain an umbrella liability policy. The premiums for the first year of condominium operation are set forth in Schedule B of this Offering Plan.

In the event of damage as a result of fire or other casualty, the insurance proceeds, if any, shall be payable to the Condominium or, if such proceeds are in excess of \$50,000, to an Insurance Trustee. The Board of Managers shall be responsible for promptly contracting for repairs and/or restoration of the damaged area(s). Any cost of such repair and/or restoration in excess of the insurance proceeds shall constitute a Common Expense and the Board of Managers shall assess all Owners for such deficit.

Pursuant to Section 10.09 of the By-Laws, each Owner is required, at such Owner's expense, to obtain and maintain adequate insurance covering fixtures, installations or additions comprising a part of the Unit not initially installed in accordance with the original plans and specifications, as well as their personal property, together with personal liability insurance for occurrences arising from within the Owner's Unit. Additionally, each Owner shall obtain not less than \$1,000.00 coverage, or such other amount as may, from time to time be the deductible for the Condominium insurance, for such Owner's share of any loss of assessment charged during the policy period against such Owner by the Condominium or any deductible on an insurance claim resulting from such Owner's or his Guest's negligence.

7. Additional Restrictions on Occupancy and Use of Units.

Pursuant to the Rules and Regulations, no more than eight (8) people may occupy a Unit at any one time.

No bird, reptile, dog, cat, or other animal shall be permitted, kept or harbored in the Building or on the Property, unless in each instance expressly permitted in writing by the Board or the managing agent. Such consent, if given, shall be revocable by the Board or such managing agent in their sole discretion, at any time. In no event may an Owner keep any pets in his or her Unit if such pets would constitute a health hazard, unsanitary condition or nuisance to any other Unit Owner or Guest. All Owners must submit an executed copy of the permission form attached to the Rules and Regulations as Schedule A to the Condominium Board of Managers not less than ten (10) days prior to bringing a pet into the Building or Property, and secure in advance the written permission of the Board of Managers for the keeping of the pet. Any pet constituting a nuisance shall be permanently removed from the Building within one week after notice from the managing agent or the Board. In no event shall any bird, reptile or animal be permitted in any public elevator in the Building, other than the elevator designated by the Board or the managing agent for that purpose, or in any of the public portions of the Building, unless carried or on a leash.

An Owner, having received the written permission of the Board of Managers to harbor a pet, shall keep such pet leashed when outside the Unit, shall not allow the pet to bark (inside or outside the Unit) or otherwise disturb other Owners or their Guests and shall abide by any conditions imposed by the Board of Managers with respect to the pet. Pets may not be walked on the Condominium Property. Owners and their Guests owning pets shall obey any and all leash/clean up laws enacted by the City of Plattsburgh or other municipality.

The Board of Managers may require an Owner or his Guest to permanently remove a pet if the Board, after giving the Owner or his Guest, as the case may be, a reasonable opportunity to appear and be heard, finds that the Owner or his Guest, as the case may be, has violated the Rules and Regulations applicable to pets.

Awnings shall not be permitted on any windows, doors or other Common Elements or Limited Common Elements.

The Units may be used only for private residences and uses accessory thereto; provided however, that rental or use of a Unit by Guests of the Unit Owner will be deemed residential uses and provided, further, that, to the extent, if any, permitted by Applicable Law, a home office may be maintained in a Unit.

No Unit Owner shall make or permit any disturbing or objectionable noises, odors or activity in the Building, or do or permit anything to be done therein, which will interfere with the rights, comforts or conveniences of other Unit Owners or their Guests.

Owners and their Guests are required to regularly remove refuse from their Units.

There are no limitations on Guest privileges, other than Owners are responsible for the actions of their Guests while within the Condominium premises.

No satellite dishes or telephone or radio aerial may be placed on or attached to the Common Elements (including without limitation the Limited Common Elements), without the prior written consent of the Board of Managers.

The parking spaces, as assigned at time of purchase, are appurtenant to the Unit and may not be otherwise separated from the ownership of the Unit as so assigned or otherwise transferred to any other Owner. The leasing of a parking space to another Owner will be permitted only by written permission of the Board of Managers. In any event, the use of parking spaces shall be limited in use only to the Unit Owners and their Guests (while the Guest occupies the Unit).

The parking spaces in the parking lot shall be used solely for the parking of currently licensed and registered passenger vehicles which fit in the parking spaces and may not be converted to, or used for, any other use. The two (2) parking spaces in the detached garage and the parking spaces in the Building shall be used solely for the parking of currently licensed and registered passenger vehicles and passenger boats (which fit inside with the doors closed) and the storing of typical household personal property and may not be converted to, or used for, any other use without the prior written consent of the Board of Managers as provided in Article V of the Declaration and in compliance with all Applicable Laws.

Prospective purchasers shall also refer to the Rules and Regulations beginning on page 241 of this Plan for additional restrictions on the use and occupancy of the Condominium and the Units.

REAL ESTATE TAXES

Separate assessments for each Unit will be prepared by the City of Plattsburgh Assessor. It is expected that the Units will be separately assessed for real property taxes arising on or after March 1, 2011.

After the Units are separately assessed, each Unit will be taxed as a separate tax parcel for real estate tax purposes and a Unit Owner will not be responsible for the payment of, nor will a Unit be subjected to, any lien arising from the non-payment of taxes on other Units.

If Units have not been separately assessed for real estate tax purposes prior to the closing of title to the first Unit, the Sponsor will place in escrow, in the name of the Board of Managers, an amount equal to the real estate taxes which will be levied against each Unit for the six-month period following the first closing and may collect at each Unit closing the estimated amount of taxes attributable to the purchaser's Unit for the balance of the six-month period. The Board of Managers will pay the real estate taxes from the escrow account when taxes are due and payable and the Sponsor will be entitled to reimbursement from Unit Owners to the extent of the actual assessments. The estimated monthly real estate taxes for each Unit are set forth in Schedule A at page 19 of this Offering Plan. The Sponsor will be required to supplement the purchasers' deposits in escrow with

the Sponsor's attorney, with deposits for the Unsold Units in amounts sufficient to pay all taxes in a timely manner. Such deposits will be held in the name of the Board of Managers.

Pursuant to New York law, the Assessor is required to assess the Units using an income approach. Such an approach would generally result in a lower assessed value on a Unit than if the Assessor used the purchase price of the Unit as a basis for the assessment. However, based upon conversations between representatives of the Sponsor and the Assessor's Office, the Sponsor believes that the Assessor may, in fact, at least initially, assess the Units based upon the purchase price of the Units. Accordingly, the estimated City of Plattsburgh, Plattsburgh City School District and Clinton County real estate taxes and assessments for each Unit are set forth in Schedule A, are based on the purchase price of the Unit and a City, County and School tax combined rate (for 2010) of 33.08 per \$1,000 of assessed valuation. If the assessor uses the sale prices of the Unit as the basis of the assessment for the Building, then the estimated assessed value of the Building would be \$1,410,000.00. As of the date of this Plan, the combined real estate tax rate (City, County and School) in the City of Plattsburgh is \$37.08 per \$1,000 of assessed value. Thus, the estimated tax on the building for the first year of operation would be \$52,284.00. The tax assessments for each Unit may be allocated on a basis that differs from the allocation of Common Interests.

There are no tax certiorari proceedings pending against the Property.

Pursuant to Section 5.12 of the By-Laws, the Board of Managers, acting as an agent of each Owner who has given written authorization to seek administrative and judicial review of a real estate tax assessment made pursuant to Title One-A of Article Five and Title One of Article Seven of the Real Property Tax Law of New York State, may retain legal counsel on behalf of all Owners for which it is acting as agent and to charge all such Owners a pro-rata share of expenses, disbursements and legal fees for which charges the Board of Managers shall have a lien pursuant to Section 339-z of Article 9-B of the Real Property Law.

Exemptions from all or a portion of the real estate taxes which would otherwise be assessed against a Unit are available for certain individuals such as veterans and senior citizens. Such eligible persons must apply for such exemptions in order to receive them. Purchasers are urged to contact the Assessor of the City of Plattsburgh for more information as to eligibility and filing requirements.

OPINION OF COUNSEL

June 28, 2010

Gaughin LLC
19 Deer Ridge Drive
Morristown, New Jersey 07960

Re: Grand Isle View Condominium
City of Plattsburgh, Clinton County, New York

Gentlemen:

You have requested our opinion concerning various income tax matters relating to individual purchasers who purchase units (each a “Unit” and collectively, the “Units”) in the above-referenced condominium (the “Condominium”) pursuant to the Offering Plan relating to the Condominium (the “Offering Plan”). You have asked us to render this opinion in accordance with 13 NYCRR Part 20.3(y).

In rendering this opinion, we have examined the following: the Offering Plan (including the exhibits thereto), the Declaration establishing the Condominium and the exhibits to the Declaration (collectively, the “Declaration”), a copy of a letter dated May 7, 2010 from the City of Plattsburgh, New York Building and Zoning Department to Thomas Murnane (the “Letter”), relevant sections of the Internal Revenue Code of 1986, as amended (the “Code”) and the New York State Tax Law, the regulations promulgated under the Code, various certifications by the Sponsor and such other material as we deemed relevant. The opinions expressed herein are based upon the assumptions that (1) the Offering Plan becomes effective and is consummated in accordance with its terms, (2) the Condominium is properly established under New York law, and (3) the legal consequences of the Offering Plan are as described therein.

We make no factual representations and we have relied up the information contained in the Letter, the Offering Plan and related exhibits without undertaking any investigation with respect

thereto. We have also relied upon the genuineness of the Sponsor's signature and all documents submitted to us and the authority of the member of the Sponsor to execute the certifications and Declaration.

Except where otherwise indicated, capitalized words and terms used in this opinion have the same meanings as given to them in the Offering Plan.

The Offering Plan provides for the establishment of condominium ownership of the Land and Building, and appurtenances thereto, comprising the Condominium. The Condominium will be comprised of (a) six (6) Units to be used and occupied for residential purposes (and purposes incidental thereto) and (b) the Common Elements. This opinion addresses the tax consequences that would result from the ownership of a Unit by an individual taxpayer for use as his or her own primary or secondary residence. This opinion does not address the tax consequences of the ownership of Units by corporations, limited liability companies, partnerships, trusts, other entities or foreign persons, nor does it discuss any potential credits which may be available to certain persons.

DEDUCTIBILITY OF REAL ESTATE TAXES AND MORTGAGE INTEREST

Each Owner of a Unit will own his or her Unit and an undivided interest in the Common Elements in fee simple and, under New York State law, each Unit (including its undivided interest in the Common Elements) will be taxed as a separate parcel for real estate tax purposes (with each Owner being separately liable to the local tax authority for the real estate taxes levied with respect to his or her Unit). Each Unit Owner may mortgage his or her Unit and become separately liable for the payment of the principal of, and any finance charges or interest on, such mortgage indebtedness. Under these circumstances, the Internal Revenue Service has ruled that the owner of a residential condominium unit who itemizes deductions in filing his or her Federal income tax returns may deduct interest paid on his or her mortgage indebtedness and the real estate taxes assessed and paid on his or her interest in the property. Rev. Rul. 64-31, 1964-1 (Part I) C.B. 300.

Based on the foregoing, it is our opinion that, under current law, each individual taxpayer who itemizes deductions will be entitled to deduct from his or her gross income, subject to an overall limitation on itemized deductions as set forth in Section 68 of the Code, for Federal and New York State income tax purposes, real estate taxes assessed against his or her Unit and paid to the local taxing authority. However, no deduction for real estate taxes is permitted for purposes of the Federal alternative minimum tax. Unit Owners should consult their tax advisors regarding the applicability of the overall limitation on itemized deductions to the deductibility of real estate taxes and the effect of the alternative minimum tax.

A taxpayer generally is entitled to a deduction for Federal income tax purposes for interest paid during the taxable year on “acquisition indebtedness” or “home equity indebtedness” with respect to a “qualified residence” of the taxpayer. A “qualified residence” means the principal residence of the taxpayer and one other residence of the taxpayer selected by the taxpayer for the taxable year. “Acquisition indebtedness” means any indebtedness, which is secured by any qualified residence of the taxpayer, and which is incurred in acquiring, constructing or substantially improving the qualified residence (or which constitutes a refinancing thereof, to the extent that such indebtedness does not exceed the amount of the refinanced debt). The aggregate amount treated as acquisition indebtedness for any period cannot exceed \$1,000,000 (\$500,000 in the case of a married individual filing a separate return). “Home equity indebtedness” means any indebtedness (other than acquisition indebtedness) secured by a qualified residence, up to the excess of the fair market value of such qualified residence over the amount of acquisition indebtedness with respect to such residence. The aggregate amount treated as home equity indebtedness for any period cannot exceed \$100,000 (\$50,000 in the case of a married individual filing a separate return).

Accordingly, it is our opinion, under current law, that an Owner of a Unit who itemizes deductions and who uses such Unit as a qualified residence will be entitled to deduct from his or her gross income, subject to an overall limitation on itemized deductions as set forth in Section 68 of the Code, for Federal income tax purposes, interest paid by him or her on (i) acquisition indebtedness incurred with respect to such Unit to the extent that such indebtedness, when added to the amount of acquisition indebtedness incurred with respect to a second qualified residence (if any), does not exceed \$1,000,000 (\$500,000 in the case of a married individual filing a separate return) and (ii) home equity indebtedness with respect to such Unit to the extent that such indebtedness, when added to the amount of home equity indebtedness incurred with respect to a second qualified residence (if any), does not exceed \$100,000 (\$50,000 in the case of a married individual filing a separate return). Since the rules and limitations regarding the deductibility of home mortgage interest are complex, purchasers are urged to consult their tax advisors regarding the application of such rules to them, as well as regarding the deductibility of interest with respect to their Units for alternative minimum tax purposes (which at present is subject to rules different from those described above for regular tax purposes). In addition, Owners of Units should consult their tax advisors regarding potential limitations on the deductibility of points and prepaid interest, if any, on their mortgage loans and on the overall limitation on the allowance of itemized deductions.

Each Owner of a Unit who uses such Unit as a residence will generally be entitled to the same deduction for interest and real estate taxes paid or accrued with respect to such Unit for New York State income tax purposes as is allowed for Federal (regular) income tax purposes. However,

although the overall limitation set forth in Section 68 of the Code does not apply, under New York State income tax law, itemized deductions, such as interest and real estate tax deductions, are subject to substantial reduction in the case of individuals having income exceeding certain prescribed levels.

Furthermore, purchasers should consult their tax advisors to determine the application, if any, of the New York State minimum tax to the deduction for interest and real estate taxes with respect to their Units.

REAL ESTATE TAX EXEMPTIONS

Exemptions from all or a portion of the real estate taxes which would otherwise be assessed against a Unit are available for certain individuals such as veterans and senior citizens. Such eligible individuals must timely apply for such exemptions in order to receive them. Purchasers are urged to contact the Assessor of the City of Plattsburgh, New York for more information as to eligibility and filing requirements.

ELIGIBILITY FOR TREATMENT UNDER SECTION 528 OF THE CODE

Under the Offering Plan, the Board of Managers will, from time to time, assess Common Charges against the Unit Owners based upon the applicable Common Interest appurtenant to the Units in order to pay the costs and expenses of operating, repairing, and maintaining the Common Elements.

Section 528 of the Code affords certain associations, “substantially all”² the units are used as residences, the opportunity to elect to be treated as “homeowner associations” under the Code. In order to qualify, the organization must meet certain criteria, including: sixty percent (60%) or more of the gross income of such association must consist of amounts received as membership dues, fees or assessments from the unit owners and ninety percent (90%) or more of the expenditures of each must be for the acquisition, construction, management, maintenance and care of the association property (as defined in the Code). A separate election must be made for each taxable year. Based upon our examination of the Offering Plan and subject to the Condominium actually satisfying the residency requirements and the minimum percentage income and expenditure criteria set forth above,

² Under the Code, “substantially all” of the Units will be considered used by individuals as residences if at least 85% of the total square footage of all Units within the Condominium are used by individuals for residential purposes. The regulations pertaining to Section 528 of the Code specifically provide, in part, that a unit will not be considered as being used for residential purposes if for more than one-half of the year, such unit is occupied by a person, or series of persons, each of which occupies the unit for less than thirty (30) days. Accordingly, a number of short-term rentals of a Unit may cause the Unit not be deemed a residential Unit for purposes of Section 528 of the Code.

it is our opinion that the Condominium would qualify for treatment as homeowners' association under Section 528 of the Code. Such an election will exempt from Federal and New York State income taxation all amounts received by the Condominium from the Unit Owners as membership dues, fees or assessments. We bring to your attention, however, the fact that the Condominium will be taxed on any excess of income over expenses from unrelated sources. Examples of unrelated sources of income include, but are not limited to, interest earned on reserve funds, income from concessions and income from dues or fees received from persons other than Unit Owners. There is, however, a one hundred and 00/100 dollar (\$100.00) deduction available to offset unrelated income. It may not be advantageous for the Condominium to be treated as a tax-exempt organization under Section 528. The Board of Managers should seek the advice of tax counsel on an annual basis.

The foregoing opinions are limited to an interpretation of Federal and New York State tax laws as they are in effect on the date of this opinion. We express no opinion concerning (a) any Federal or New York State tax consequences not explicitly discussed in this opinion, (b) any other aspects of the Offering Plan other than those consequences and aspects explicitly discussed in this opinion, or (c) the tax status and tax consequences of the Offering Plan under the laws of any other local or foreign jurisdiction. Except as explicitly provided, this opinion does not address (i) tax consequences that may result with respect to any Units held in connection with a trade or business, or any Units held for purposes of investment or for the production of income or (ii) tax consequences that may result to a foreign Unit Owner by reason of his or her foreign status. This opinion also does not discuss the tax consequences that may arise if Units or Common Elements are acquired and/or leased by the Board or the issue of whether a Unit Owner may be deemed to be a resident of the United States or New York State as a result of the ownership of a Unit and the attendant income, estate or other tax consequences. We advise, therefore, that each person contemplating the purchase of a Unit consult his or her own tax advisor concerning all such tax matters, as well as with respect to the matters discussed in this opinion.

This opinion is not a guarantee; it is based on existing rules of law applied to the facts and documents referred to above. We undertake no obligation to update, modify or supplement this opinion in the event of any such change in applicable law, although we have advised Sponsor that it is obligated to do so. No representations are made as to the truth or the facts that form the basis of this opinion. No assurances can be given that the tax laws upon which we have based this opinion will not change. In no event will Sponsor, the undersigned, the Condominium Board, the Managing Agent or any other person be liable if, by reason of future changes in fact or applicable law, regulations or decisional law or Internal Revenue Rulings on which we have relied, the tax status of the Condominium should cease to meet the requirements of Code Section 528 or the New York State Tax Law or cause the Unit Owners not to be entitled to income tax deductions or to further lessen or

Gaughin LLC
June 28, 2010
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restrict those deductions.

A copy of this opinion may be included in the Offering Plan.

Very truly yours,
WHITEMAN OSTERMAN & HANNA LLP

By: _____
J. Stephen Reilly

JSR/hjh

June 28, 2010

Gaughin LLC
19 Deer Ridge Drive
Morristown, New Jersey 07960

Re: *Grand Isle View Condominium*
City of Plattsburgh, Clinton County, New York

Gentlemen:

This opinion is being furnished to you in accordance with 13 NYCRR Part 20.3(y). In rendering this opinion we have reviewed the proposed Declaration of Grand View Isle Condominium (the Declaration”). Additionally, we have relied upon the calculations of the square footage of each of the Units in the Condominium as shown on the floor plans for Condominium prepared by Robert F. Krause, AIA, without undertaking to independently verify the calculation of the square footages. Capitalized words or terms not otherwise defined in this opinion have the meanings given to them in the Declaration.

The Declaration provides, in part, that the Common Interests appurtenant to the Units have been allocated to the Units based upon the approximate proportion of the floor areas of the Units as of the date of the Declaration bears to the then aggregate floor area of all the Units, taking into account the substantially exclusive advantages enjoyed by one or more but not all Units the parts of the Common Elements.

In our opinion, based upon the laws in effect on the date of this opinion and the calculations referred to above, that method of allocating percentage of common interests is in compliance with Section 339-i-1(ii) of Article 9-B of the New York State Real Property Law, as amended (the “Condominium Act”).

Gaughin LLC
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We hereby certify that we are not owned or controlled by, and have no beneficial interest in, the Sponsor or in the profitability of the development. We understand that a copy of this opinion is intended to be incorporated into the Offering Plan relating to Condominium.

Very truly yours,
WHITEMAN OSTERMAN & HANNA LLP

By: _____
J. Stephen Reilly

RESERVE FUND

There will be no advance contributions to the reserve fund. Reserves for capital improvements and/or replacements will be accumulated through annual Common Charges as set forth in Schedule B of this Offering Plan. The reserve funds will be segregated from the operating accounts of the Condominium in interest-bearing accounts pursuant to Section 9.16 of the By-Laws. There is no guarantee that these reserve funds will be sufficient to pay for the replacement of capital items likely to be needed within the first five (5) years of condominium operations; however, it is not anticipated that any such capital replacement will be required within such five (5) year period. Additionally, the Board of Managers has the authority to levy special assessments to pay for unexpected capital expenditures.

While the Sponsor is in control of the Board, the reserve funds accumulated from the Common Charges may not be used to reduce projected Common Charges.

Neither the Department of Law nor any other governmental agency has passed on the adequacy of the reserves.

WORKING CAPITAL FUND

No working capital fund has been established.

The Board of Managers has the authority to levy special assessments to meet unexpected Common Expenses.

While Sponsor is in control of the Board, monies on deposit in the Working Capital Fund (if any) may not be used to reduce projected Common Charges.

Neither the Department of Law nor any other governmental agency has passed upon the adequacy of the Working Capital Fund.

MANAGEMENT AGREEMENT, CONTRACTS AND LEASES

Commercial Site Services, Inc. (the “Managing Agent”), located at 14 Latour Avenue, Plattsburgh, New York 12901 has offered to manage the Condominium for two (2) years pursuant to the terms of a management agreement by and between the Condominium and Managing Agent (the “Management Agreement”), a copy of which is set forth in Part II of this offering plan.

The term of the Management Agreement is two (2) years commencing on the date the Sponsor turns over management which is anticipated to happen with the first closing of a Unit. On or after the first anniversary date of the Management Agreement, the agreement may be canceled without cause by either party before the termination date specified in the agreement by written notice to the other party.

As shown in Schedule B of this Offering Plan, the Managing Agent would receive an annual fee of \$3,600 (\$600 per Unit) for its services.

The major duties and services to be performed by the Managing Agent include the collection of all Common Charges and other fees from Owners or other sources and preparing a proposed budget for the Condominium with adequate substantiating data. The Managing Agent will provide the Board of Managers with financial reports for quarterly and annual periods. The Managing Agent shall assist and/or advise the Board and employees and/or contractors of the Condominium in matters related to the maintenance, repair and replacement of Common Elements and cause the common property to be maintained, repaired or replaced in accordance with the standards set by the Board, the State and/or local law and regulation and the governing documents.

The Managing Agent shall be responsible for the payment of compensation to its employees and the payment of all payroll taxes, workers' compensation and all other employee benefits required by law for such employees. No Owner, director, or officer of the Condominium and no member of any of the Condominium's committees shall be personally liable for the payment of the agent's fee or authorized disbursements. The Condominium shall defend promptly, at its own cost and expense, and indemnify and save the Managing Agent harmless from and against claims, causes of action, judgments, liabilities, losses, costs and expenses, including, but not limited to, reasonable attorneys fees, which may arise in connection with the management of the Condominium, unless any of the foregoing arise solely from the negligence or willful misconduct of the Managing Agent or the Managing Agent's employees. In addition, the Condominium agrees to have the Managing Agent named as an additional insured on all insurance of the Condominium at the Condominium's expense.

The Management Agreement may not be assigned by the Managing Agent without the prior written consent of the Board.

The footnotes to Schedule B of this Offering Plan summarize all agreements that shall be binding upon the Condominium. There are no contracts binding on the Condominium for a term of more than five (5) years after the anticipated Closing Date for the first Unit.

IDENTITY OF PARTIES

Sponsor

Gaughin LLC, the Sponsor, is a New York limited liability company, organized on July 21, 2004, with offices at 19 Deer Ridge Drive, Morristown, New Jersey 07960. Sponsor's only experience is the Condominium. The sole principal of the Sponsor is Peter Allen, with a business address of 19 Deer Ridge Drive, Morristown, New Jersey 07960. Mr. Allen has more than ten (10) years of experience in property development.

Neither the Sponsor nor its principal has taken part in any other condominium, homeowners association, or similar project within the last five (5) years.

Selling Agent

Duley & Associates Real Estate, 132 Cornelia Street, Plattsburgh, New York 12901 will be the Sales Agent for the Project. Duley & Associates has over 20 years of experience in selling residential property in the City of Plattsburgh and the rest of Clinton County.

Managing Agent

Commercial Site Services, Inc., with offices located at 14 Latour Avenue, Plattsburgh, New York 12901 has offered to manage the Condominium for two (2) years. Commercial Site Services, Inc.'s experience is outlined in its certificate regarding the adequacy of the budget appearing on page 266 of this Plan. The Managing Agent is not owned or controlled by, nor does it have a beneficial interest in, the Sponsor.

Attorneys

J. Stephen Reilly, Esq., a partner in Whiteman Osterman & Hanna LLP, One Commerce Plaza, Albany, New York 12260 has been retained and is representing the Sponsor in connection with all matters relating to this Offering Plan. In preparing this Plan, Mr. Reilly has relied upon information given to him by the member of the Sponsor and others. He has made no independent investigation of the facts and is not responsible for any statements or representations in this Plan, except with respect to the opinions set forth on pages 58 and 64 of this Plan.

Thomas Murnane, Esq. of Stafford, Piller, Murnane, Plimpton, Kelleher & Trombley, PLLC, One Cumberland Avenue, P.O. Box 2947, Plattsburgh, New York 12901 is representing the Sponsor in connection with the sale of the Units and is also acting as the Escrow Agent.

Architect

Robert F. Krause, 414 North Worchester Avenue, Dunellen, New Jersey 08812, an architect registered in New York prepared the building plans and specifications for the Condominium and prepared the Description of Property set forth beginning on page 95 of this Plan. Mr. Krause is not owned or controlled by, or has any beneficial interest in, the Sponsor.

Engineer

The Sponsor retained AES Northeast, LLC, 10-12 City Hall Place, Plattsburgh, New York 12907 to prepare the site plans. AES Northeast was founded in 1999 and has been providing architectural, engineering, land surveying, planning and construction management services for over 40 years. Neither AES Northeast nor any of its Principals are owned or controlled by, or have any beneficial interest in, the Sponsor.

Consultant

The Sponsor has retained Commercial Site Services, Inc., with offices located at 14 Latour Avenue, Plattsburgh, New York 12901, to advise and review the budgets for adequacy in relation to

the Condominium. Commercial Site Services' qualifications are separately set forth in the certification of the budgets made a part of this Plan. Commercial Site Services is not owned or controlled by, nor does it have any beneficial interest in, the Sponsor.

REPORTS TO UNIT OWNERS

The Board is obligated to give all Unit Owners annually:

1. A financial statement prepared by a certified public accountant or public accountant within four (4) months of the end of the Condominium's fiscal year. Financial statements will be certified so long as the Sponsor is in control of the Board;
2. Prior notice of the annual meeting of Unit Owners; and
3. A copy of the proposed annual budget of the Condominium not less than 30 days prior to the date set for adoption thereof by the Board of Managers. So long as Sponsor is in control of the Board of Managers, such budget shall be certified in compliance with Applicable Law (see 13 NYCRR §20.3).

DOCUMENTS ON FILE

Sponsor shall keep copies of this Plan, all documents referred to in this Plan, and Exhibits A, B and C submitted to the Department of Law in connection with the filing of this Plan on file and available for inspection without charge, and for copying at a reasonable charge, at Sponsor's office, for six (6) years from the date of the closing on the first Unit in the Condominium. The Sponsor will also deliver to the Board of Managers copies of all documents recorded in the Clinton County Clerk's Office relating to the Condominium at the time of the closing of the first Unit.

GENERAL

There are no lawsuits, administrative proceedings or other proceedings, the outcome of which may materially affect this offering, the Property, the Sponsor's ability to perform all of its obligations under this Plan, the Condominium or the operation of the Condominium.

The Property has not been the subject of prior offerings. There have been no preliminary binding agreements entered into between Sponsor and prospective purchasers, nor has money been collected from prospective purchasers.

Sponsor will not discriminate against any person on any basis prohibited by Civil Rights Laws.

If there is a material amendment to this Offering Plan that adversely affects the purchasers, Sponsor must grant purchasers a right of rescission and a reasonable period of time, not less than fifteen (15) days after the date of presentation, to exercise the right. Sponsor may condition return of the deposit to interim lessees upon their vacating the premises.

Sponsor is unaware of any circumstances that may affect the use or enjoyment of the Property.

As of the date of this filing, all of the Units in the Condominium are vacant.

This Offering Plan contains a fair summary of the pertinent provisions of the various documents referred to herein and does not knowingly omit any material fact relating to this Offering. Any information or representation which is not contained in this Offering Plan must not be relied upon. This Offering may not be modified orally. No person has been authorized to make any representations which are not expressly contained in this Plan.

SPONSOR'S STATEMENT OF BUILDING CONDITION

Sponsor has adopted the description of the Property set forth in Part II of this Plan. Sponsor represents that it has no knowledge of any material defects to the Common Elements, nor the need

for major repairs to the Condominium Property, except as set forth in the Description of Property set forth in Part II of this Plan.

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PART II

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