

THE PROPERTY IS OFFERED IN ITS PRESENT CONDITION, AS MORE PARTICULARLY DESCRIBED IN THE INSPECTION REPORT SET FORTH IN PART II, WITHOUT ANY OBLIGATION ON THE PART OF SPONSOR OR SELLING AGENT TO MAKE ANY REPAIRS OR IMPROVEMENTS. NO GOVERNMENTAL AGENCY HAS PASSED UPON THE ADEQUACY OF THE RESERVE FUND AND/OR WORKING CAPITAL FUND OR UPON THE PHYSICAL CONDITION OF THE PROPERTY.

* PURCHASER RESERVE FOR WORKING CAPITAL CONTINGENCIES

In addition to regular monthly payments of Common Charges, at the closing of title the Purchaser of a Unit will be required to pay an amount equivalent to two months' Common Charges to the Board of Managers, which sum shall be available for working capital and future contingencies of the Condominium. This is not an advance payment for Common Charges; and it shall be in addition to the adjustments to be made with the Sponsor, as hereinabove set forth. No representation is made that said funds will be adequate for such reserves. Sponsor will not be required to make any such payment toward the reserve funds. Until control is turned over to the Unit Owners, the Board of Managers will not utilize said reserve funds except for the payment of prepaid expenses. Said funds shall not be used to reduce Sponsor's obligation to pay Common Charges for Unsold Units. Upon turnover of control, an accounting of the reserve fund and expenditures therefrom shall be made to the Board of Managers.

INCOME TAX OPINION

The Sponsor has been advised by its counsel, Cassin, Cassin & Joseph, 300 East 42nd Street, New York, New York 10017, that each Unit Owner will be entitled, under present law to deduct from his gross income for Federal and New York State income tax purposes, the real estate taxes assessed against his apartment Unit and paid by him and interest on any mortgage indebtedness covering his Unit.

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

The Sponsor has computed the maximum amount of the estimated income tax deductions under present tax laws and regulations applicable to each Unit and counsel to the Sponsor has not passed upon the accuracy of such computations. The actual amount of any income tax deduction may increase or decrease as the amount of real estate taxes or mortgage interest paid by the Unit Owner changes. The exact amount of any tax saving to each Unit Owner will depend upon his income tax bracket.