

SCHEDULE "B"
Avenue Condominium
Projected Budget for First Full Year of Condominium Operation
December 1, 2022 - November 30, 2023

PROJECTED INCOME

Common Charges (1).....	
Residential Units' Common Charges.....	\$ 2,812,852
Rental Unit's Common Charges	\$ 3,249,326
Retail Units Common Charges	\$ 251,222
CU1 Common Charges	\$ 49,668
CU2 Common Charges	\$ <u>229,390</u>
TOTAL PROJECTED INCOME	\$ 6,744,129

PROJECTED EXPENSES

Salary, Payroll Taxes & Benefits (2)	\$ 2,072,096
Heat & Hot Water (3)	\$ 537,506
Cooking Gas (4).....	\$ 41,825
Electricity (5).....	\$ 930,011
Water & Sewer (6).....	\$ 300,391
Repairs & Maintenance (7).....	\$ 125,000
Services & Supplies (8)	\$ 790,000
CU3 Expenses (9)	\$ 380,000
Insurance (10)	\$ 550,000
Management Fee (11)	\$ 200,000
Legal & Auditing Fees (12).....	\$ 22,000
Resident Manager Unit Cost (13).....	\$ 130,000
Amenity Usage Fee (14).....	\$ 450,000
Administration (15).....	\$ 40,000
Reserve Fund (16).....	\$ 145,300
Contingency (17)	\$ <u>100,000</u>
TOTAL PROJECTED FIRST YEAR EXPENSES (18)	\$ 6,744,129

{v.2}The accompanying notes are an integral part of this Schedule B and should be read in conjunction herewith

Notes to Schedule B

(1) COMMON CHARGES - (Budget - \$6,744,129)

The estimated Common Charges to be collected from Unit Owners during the first year of Condominium operation are based upon the assumption that the first year of Condominium operation will be the twelve months commencing December 1, 2022. The actual first year of operation may be earlier or later, therefore, the actual costs may vary.

The allocation for the General Common Expenses to be borne by Residential Units, Rental Unit, Retail Units, CU1, CU2, and CU3 have been allocated on the basis of their respective Percentage of Common Interest: Residential Units 37.4721%, Rental Unit 40.8586%, Retail Units 9.6186% (collectively), CU1 2.8149%, CU2 6.5591%, and CU3 2.6767% and in certain cases based on each Unit's usage of a particular expense line item. All CU3 Common Charges (Projected Income) and CU3 Expenses (Projected Expenses) will be borne by the Residential Units and Rental Unit owners based upon each Unit's relative Common Interest allocation.

		Residential Units	Rental Unit	Retail Units	CU1	CU2	CU3
		37.4721%	40.8586%	9.6186%	2.8149%	6.5591%	2.6767%
Projected Income							
Common Charges							
Residential Units Common Charges	2,812,852	2,812,852					
Rental Unit Common Charges	3,249,326		3,249,326				
Retail Unit Common Charges	251,222			251,222			
CU1 Unit Common Charges	49,668				49,668		
CU2 Unit Common Charges	229,390					229,390	
CU3 Unit Common Charges	151,671	72,557	79,114				0
Total Projected Income	6,744,129	2,885,409	3,328,440	251,222	49,668	229,390	0
Projected Expenses							
Salary	2,072,096	984,639	1,073,624	6,140	1,797	4,187	1,709
Heat & Hot Water	537,506	170,917	248,332	83,598	2,367	18,315	13,977
Cooking Gas	41,825	20,008	21,817	0	0	0	0
Electricity	930,011	350,232	415,810	40,387	10,064	65,528	47,990
Water & Sewer	300,391	64,429	175,796	1,335	391	22,614	35,826
Repairs & Maintenance	125,000	46,840	51,073	12,023	3,519	8,199	3,346
Services & Supplies	790,000	336,864	367,306	12,504	3,659	45,604	24,063
CU3 Expenses	380,000	181,786	198,214	0	0	0	0
Insurance	550,000	206,097	224,722	52,902	15,482	36,075	14,722
Management Fee	200,000	74,945	81,717	19,237	5,630	13,118	5,353
Legal & Auditing Fees	22,000	8,244	8,989	2,116	619	1,443	589
Resident Manager Unit Costs	130,000	60,842	66,341	1,250	366	853	348
Amenity Usage Fee	380,000	181,786	198,214	0	0	0	0
Administration	40,000	14,989	16,343	3,847	1,126	2,624	1,071
Reserve Fund	145,300	72,763	60,169	6,264	1,833	4,271	0
Contingency	100,000	37,471	40,859	9,619	2,815	6,559	2,677
Total Projected First Year Expenses	6,744,129	2,812,852	3,249,326	251,222	49,668	229,390	151,671

In the event the projected commencement date of the first year of Condominium operation is to be delayed more than six (6) months from the anticipated date of the First Closing, the Plan will be amended to include a revised budget disclosing the then current budget projections. Sponsor will not declare the plan effective if any material changes to the budget are not yet disclosed in an amendment to the plan.

If the Common Charges in the revised budget projections exceed the budget projections by twenty-five percent (25%) or more, the Sponsor will offer all Purchasers (other than Purchasers who are in default beyond any applicable grace period, if the Plan has been declared effective) the right to rescind their Purchase Agreements and have their Deposits refunded to them, whether or not the Sponsor offers to guarantee the earlier budget projections.

(2) SALARIES, PAYROLL TAXES & BENEFITS - (Budget - \$2,072,096)

The budgeted amount includes base wages, worker’s compensation and disability insurance, welfare and pension costs, payroll taxes and the cost of sick days, holidays and vacation pay for a projected shared building staff of 1 Resident Manager; 1 Assistant Manager, 2 handymen; 1 concierge, 24 hour per day, 7 days per week; 1 lobby attendant, 7 days per week, 16 hours per day; and 8 porters. The full staff may not be employed until certain Building occupancy levels are achieved. The projected level of staffing for the Building complies with all applicable housing and labor laws. The labor costs described below are computed in accordance with the current contract rates of Local 32B-32J of the Service Employees International Union, AFL-CIO, expiring April 20, 2026.

<u>Position</u>	<u>Base Wage Rate</u>
(1) Resident Manager	\$135,000 per annum
(1) Assistant Manager	\$ 80,000 per annum
(2) Handymen	\$1,192.03 for 20 weeks \$1,227.03 for 32 weeks
4.2 Concierges (1 at 24 hrs per day, 7 days a week), 8 Porters, 2.8 Lobby attendant (16 hrs per day/7 days per week)	\$1,085.03 for 20 weeks \$1,118.03 for 32 weeks

The projections allow for 28 sick days, holidays and vacation pay and miscellaneous payroll expenses.

Total Base Wages	\$1,295,375
FICA @ 7.65% of Base Wages	\$ 99,140
Worker’s Compensation @ 5.5% of total wages	\$ 71,227
FUI and FUTA-NYS Unemployment, @ \$600 per employee	\$ 11,400
NYS Disability @ \$60 per employee	\$ 9,500
Union welfare (health) @ \$23,110 per year per employee	\$ 439,097
Union pension @ \$6,781 per year per employee	\$ 128,845
Legal Fund/Training School fund @ \$ 369.12 per employee	\$ 7,015
Union annuity plan @ \$10 per employee x 52 weeks	<u>\$ 9,880</u>
Total Benefit	<u>\$ 776,154</u>
TOTAL WAGES, TAXES, BENEFITS & HIRING	\$2,072,096

The employees will be devoting a substantial portion of their time and effort to service the Residential Units and the Residential/Rental Limited Common Elements, except that a small portion of the Resident Manager,

Assistant Resident Manager, one handyman and two porter's time (estimated at ten percent (10%) or four (4) hours per week per man) will be devoted to the General Common Elements. Accordingly, salaries and related expenses have been primarily allocated to the Residential Units and Rental Unit, except for the time charged to the General Common Elements (\$63,836) has been apportioned to all of the Units within the Condominium based upon each Unit's percentage of Common Interest.

(3) HEAT & HOT WATER - (Budget - \$537,506)

The budgeted amount is based upon a letter from JB&B, Sponsor's consulting engineers, located at 80 Pine Street, New York, NY 10005 dated January 14, 2021. It is anticipated that the annual consumption of gas for heat and hot water for the Residential Units will be approximately 68,532 therms of gas at \$1.35 per therm for a total cost of \$ 92,518. The Rental Unit will consume approximately 116,455 therms of gas at \$1.35 per therm for heat and hot water for a total cost of \$157,214. CU3 will consume approximately 7,896 therms of gas at \$1.35 per therm for heat and hot water for a total cost of \$10,660. CU2 will consume approximately 8,619 therms of gas at \$1.35 per therm for heat and hot water for a total cost of \$11,636. CU1's share of the budgeted line item is indicated on the table at Note 1 above. The Residential/Rental Limited Common Elements will consume approximately 52,973 therms of gas at \$1.35 per therm for heat for a total cost of \$71,514. The General Common Elements will consume approximately 56,635 therms of gas at \$1.35 per therm for heat for a total cost of \$ 76,457. The Retail Units will consume approximately 50,847 therms of gas at \$1.35 per therm for heat for a total cost of \$ 68,643. A 10% inflation factor has been added over current rates. All other Retail and Commercial Units will be separately metered or submetered for heat and hot water gas used within the Units.

It is not possible to predict how closely the budgeted figure will reflect the actual cost of gas for heat and hot water during the first year of Condominium operation, because such cost will vary with the level of consumption and the price of gas. Consumption will be affected by the severity of the weather and by any conservation measures adopted by the Condominium Board or individual unit owners.

(4) COOKING GAS (Budget - \$41,825)

The Residential Units will not be separately metered for gas to be used for cooking. Based on a letter dated January 14, 2021 from JB&B, Residential Units will use approximately 7,672 therms of gas at \$1.35 per therm for a total cost of \$10,357. Rental Unit will use approximately 20,493 therms of gas at \$1.35 per therm for a total cost of \$27,666. All other Retail and Commercial Units will be separately metered or submetered for cooking gas.

A 10% inflation factor has been added over current rates.

(5) ELECTRICITY - (Budget - \$ 930,011)

The electricity consumption for the first year of Condominium operation for the Residential Common Elements was estimated by JB&B, LLP, in a letter dated January 14, 2021. It is anticipated that the annual consumption of electricity for the Residential Units will be approximately 113,400 kwh of electricity at \$0.25 per kwh for a total cost of 28,350. The Rental Unit will consume approximately 228,596 kwh of electricity at \$0.25 per kwh for a total cost of \$57,149. CU3 will consume approximately 139,709 kwh of electricity at \$0.25 per kwh for a total cost of \$34,927. CU2 will consume approximately 136,112 kwh of electricity for a total cost of \$34,028. CU1's share of the budgeted line item is indicated on the table at Note 1 above. The Residential/Rental Limited Common Elements will consume approximately 1,442,105 kwh of electricity at \$0.25 per kwh for a total cost of \$360,526. The General Common Elements will consume approximately 1,300,128 kwh of electricity at \$0.25 per kwh for a total cost of \$325,032. The Retail Units, collectively, will consume approximately 21,807 kwh of electricity at \$0.25 per kwh for a total cost of

\$5,452.

This is based on common area loads being supplied through a single house meter at Con Edison SC9-1 and the rates are based on the currently effective rates.

This estimate includes costs for the common area air conditioning units, amenities facility, distribution pumps, miscellaneous floor loads, elevators and lighting. Electricity costs can vary depending upon consumption and demand factors.

Each Unit will be individually metered or submetered for consumption of electricity within that Unit.

A 10% inflation factor has been added over current rates.

(6) WATER & SEWER – (Budget - \$300,391)

The Building will have a single main water meter, which will measure actual water usage. The following, based upon a letter from JB&B, dated January 14, 2021 will be the water and sewer charges for the various units of the Condominium based upon a combined water and sewer rate of \$10.33 per ccf:

It is anticipated that the annual use of water for the Residential Units will be approximately 3,050 ccf. for a total cost of \$31,504. The Rental Unit will use approximately 10,296 ccf for a total cost of \$106,359. CU3 will use approximately 2,795 ccf for a total cost of \$28,867. CU2 will use approximately 1,666 ccf for a total cost of \$17,207. CU1's share of the budgeted line item is indicated on the table at Note 1 above. The Residential/Rental Limited Common Elements will use approximately 976 ccf for a total cost of \$10,081.

The following, based upon a letter from JB&B, dated January 14, 2021 will be the cooling tower water makeup charges for the various units of the Condominium based upon water rate of \$3.99 per ccf. It is anticipated that the annual use of water for the Residential Units will be approximately 3,584 ccf. for a total cost of \$14,299. The Rental Unit will use approximately 9,908 ccf for a total cost of \$39,532. CU3 will use approximately 843 ccf for a total cost of \$3,364. CU2 will use approximately 632 ccf for a total cost of \$2,523. The Residential/Rental Limited Common Elements will use approximately 1,686 ccf for a total cost of \$6,729. The General Common Elements will utilize approximately 3,162 ccf for a total cost of \$12,616.

All other Retail and Commercial Units will be separately metered or submetered for water usage used within the Units.

A 10% inflation factor has been added over current rates.

(7) REPAIRS & MAINTENANCE – (Budget - \$125,000)

Since the Building will be newly constructed, it has no operating history upon which to project future costs of repairs and maintenance. No major capital repairs are included in the First Year's Budget since all major construction and mechanical systems will be new. Future major capital repairs to the Common Elements will be borne by all Unit Owners. The budgeted figure for this item includes the cost of normal maintenance and repairs to the Common Elements of the Building that are the responsibility of the Condominium. Each Unit Owner will be responsible for the cost of the interior maintenance, repairs, decoration and painting of their respective units, including the appliances, incremental heating/air-conditioning units and any Residential Common Elements appurtenant thereto.

Repairs and Maintenance have been allocated to all Units based upon each Unit's percentage of Common Interest.

(8) SERVICES & SUPPLIES - (Budget - \$790,000)

The budgeted amount includes the cost of cleaning equipment and miscellaneous supplies for the Common Elements, as well as the anticipated cost of service contracts during the first year of Condominium operation.

All of the mechanical systems within the Building will be new, and some will be under a full service maintenance contract for the first year of Condominium operation from the contractor who installed the system. No maintenance or service contracts have been entered into as of the date of the Plan. The budgeted amounts are based upon the experience of the Sponsor's budget expert in operating similar buildings. While this Schedule B includes a reasonable allowance for possible increases in cost that may occur prior to and during the first year of Condominium operations, no warranty is made that the actual cost for these or other services will be in accordance with this projection.

It is projected that the Condominium will enter into maintenance agreements for the following services:

Heating and Cooling System	\$ 110,000
Elevator Maintenance	\$ 85,000
Sprinkler System/Fire Protective Alarm System	\$ 40,000
Exterminator	\$ 15,000
Uniform Cleaning & Maintenance	\$ 25,000
Water Treatment	\$ 30,000
Miscellaneous Supplies	\$ 100,000
Building Link	\$ 10,000
Submetering Contracts	\$ 20,000
Residential Window Washing	\$ 200,000
Residential Window Washing Rig Maintenance	\$ 100,000
BMS	\$ 30,000
Emergency Generator (including fuel oil)	\$ 25,000

The cost for services relating to the sprinkler system/fire protection alarm system, exterminator, emergency generator, water treatment, and \$10,000 of the submetering contract, \$10,000 of the \$100,000 of supplies (totaling \$ 130,000) have been allocated to all Units within the Condominium based upon each Unit's percentage of Common Interest. The Residential Units and the Rental Unit will bear the costs of the remainder of the supplies and submetering contract, as well as all costs related to uniform cleaning and maintenance; Building Link. The heating/cooling, elevator maintenance and window washing costs will be borne by all units except for CU1 and the Retail Units based upon each Unit's relative Common Interest allocation.

(9) CU3 EXPENSES - (Budget - \$380,000)

CU3 will be amenity space shared by the Residential Units' Owners and the Rental Unit Owner. Costs associated with the operation and maintenance of CU3 will be borne by the Residential Units' Owners and the Rental Unit Owner as hereinafter described.

The costs associated with the operation of CU3 include, but are not limited to, cleaning staff and management of the outdoor pool and other amenities (approximately \$200,000) and the associated

real estate taxes (\$180,000). The total of these costs during the first year of condo operation are anticipated to be \$380,000. These costs will be paid for by the Residential Unit Owners and the Rental Unit Owner based upon the relative Common Interest allocations of these Units.

In addition, the Residential Units' Owners and the Rental Unit Owner are responsible for the CU3 Common Charges (\$151,671) based on this First Year's Budget) which amount is allocated separately in the schedule of Projected Income based upon the relative Common Interest allocations of these Units.

(10) INSURANCE – (Budget - \$550,000)

Based upon the proposal dated December 1, 2020, from Alliant Insurance Services having an address at 1050 Wilshire Dr., Troy, MI 48084, the following insurance coverage will be obtained for the Building for the first year of Condominium operation and will be in place at the first closing as applicable. Insurance coverage must meet the requirements of any mortgage lender procured by Sponsor. Notwithstanding, the Condominium will have public liability insurance at the First Closing.

A Comprehensive Condominium Package Policy, including Boiler & Machinery and Water Damage, with the following General Coverage and Limits:

Property Policy

\$300,000,000	Blanket Real & Personal Property/Building Ordinance “All Risk” No Co-insurance, Replacement Cost, with agreed amount clause - \$25,000 Deductible Terrorism Included; Named Windstorm - Included
\$ 5,000,000	Rental Income
\$ 10,000,000	Demolition/Increased Cost of Construction
\$ 50,000,000	Earthquake – Aggregate Deductible \$100,000
\$ 50,000,000	Flood – Aggregate Deductible \$100,000
\$100,000,000	Equipment Breakdown

Commercial Liability Insurance

\$ 1,000,000	Per Occurrence
\$ 2,000,000	General Aggregate
\$ 2,000,000	Products Completed Operation Aggregate
\$ 1,000,000	Personal & Advertising Injury Liability
\$ 5,000	Medical Payments- each Person
\$ 1,000,000	Fire Damage Legal Liability
\$ 1,000,000	Commercial Crime/Employee Theft (\$25,000 deductible)

\$ 1,000,000 Directors & Officers Liability – Combined Limit

\$ 1,000,000 Employer’s Liability

Commercial Umbrella Liability

\$ 100,000,000 – Per Occurrence/Aggregate

The annual premium for the above mentioned insurance policy is estimated to be \$550,000.

The insurance costs are for the entire Condominium and have been allocated to all Units within the Condominium based upon each Unit’s Common Interest.

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

Each individual Unit Owner will be required to obtain additional insurance at their own cost for the following coverage, which is not included in the above coverage:

- fire or casualty losses to the contents of his unit and any replacements, additions, upgraded fixtures and improvements therein; and
- their liability for personal injury or property damage as a result of occurrences in his Unit, including water damage legal liability to cover damage arising from leaks or other conditions within the Unit and Residential Limited Common Elements.

(11) MANAGEMENT FEE - (Budget - \$200,000)

At or prior to the first closing the Condominium Board is expected to enter into a management agreement with Halstead Management, LLC. have an office at 770 Lexington Avenue, New York, NY 10065, a real estate management firm. The managing agent will receive an annual fee of \$ 200,000 payable in equal monthly installments of \$16,666.66. The initial term of the management agreement will be for two years after which the agreement shall automatically renew on a month to month basis. The managing agent’s fee for the First Year of Condominium Operation is comparable to the “going rate” for similar services in comparable buildings.

This budgeted item will be allocated to all Units within the Condominium based upon each Unit’s Common Interest.

See the section of the Plan entitled “Management Agreement” for further details.

(12) LEGAL & AUDIT FEES – (Budget - \$22,000)

The Condominium will engage a law firm to act as the attorney for the Condominium. The estimated cost for these minor miscellaneous legal services for the First Year of Condominium Operation is \$7,000. It is anticipated that the Condominium will enter into an agreement with Cywiak & Company, LLP located at 19 West 44th Street, New York, New York 10036 to provide audited tax returns and financial statement preparation services for the Condominium. It is estimated that the First Year of Condominium Operation's cost for these services will be \$15,000.

These professional fees are for the entire Condominium and have been allocated to all Units within the Condominium based upon each Unit's Common Interest.

(13) RESIDENT MANAGER UNIT COSTS - (Budget - \$130,000)

Rental Apartment Unit 12A in the Rental Unit shall be rented by the Condominium to be used as the Resident Manager's Unit and will be occupied by the Resident Manager of the Building.

For the First Year of Condominium Operation, the estimated Rent will be approximately \$9,800 per month or \$117,600 per annum; and approximately \$12,400 for the cost of the electricity, cable and basic telephone service, and basic repairs for the Resident Manager's Unit, resulting in an estimated aggregate cost for the Resident Manager's Unit of approximately \$130,000.

Since the Resident Manager's time will be devoted mostly to the service of the Residential Units and the Residential Common Elements, with only a minor portion of the Resident Manager's time (estimated at four (4) hours a week in note 2 above) devoted to General Common Elements, the costs for the Resident Manager's Unit have been allocated in the same ratio as the wage and related payroll expenses of the Resident Manager in Note 2 above.

(14) AMENITY USAGE FEE – (Budget - \$450,000)

The Residential Units' Owners will pay an Amenity Usage Fee of \$450,000 to the CU3 Owner during the First Year of Condominium Operation pursuant to an agreement to be entered into with respect to the use of CU3.

(15) ADMINISTRATION – (Budget - \$40,000)

The budgeted amount includes anticipated expenses for telephone, cell phones, internet, postage, printing, miscellaneous office supplies, payroll processing costs, cable television in amenity areas, permits and fees.

These costs for administration have been allocated to each Unit within the Condominium based upon each Unit's percentage of Common Interest.

(16) RESERVE FUND – (Budget - \$145,300)

This reserve fund will be used towards future capital repairs, replacements and improvements of certain Common Elements and facilities of the Building. The budgeted amount for the Reserve Fund is a result of a Reserve Fund Study which provides for an annual reserve amount of \$145,300. This amount has been allocated by the Study to the Residential Units at \$72,762; Rental Unit at \$60,169 and the remaining Retail and Commercial Units (with the exception of CU3) at \$12,368.

No representation is made as to the actual or anticipated cost, or timing or nature of any such capital work or the adequacy of any such reserve.

(17) CONTINGENCY – (Budget - \$100,000)

This item is included in the Budget to provide funds for unforeseen increases in Common Expenses before or after the First Closing or to cover expenses not included in this Budget.

The contingency is for the entire Condominium and has been allocated to all Units within the Condominium based upon each Unit's Common Interest.

(18) TOTAL PROJECTED EXPENSES – (Budget - \$6,744,129)

The projections set forth in this Budget assume that the first year of Condominium operation will cover the period from December 1, 2022 through November 30, 2023.

IN THE OPINION OF PENMARK PROPERTY ADVISORS, LLC, HAVING AN ADDRESS AT 250 EAST 87th STREET, STE. 28G, NEW YORK, NY 10128, THE PROJECTED INCOME IS ADEQUATE TO MEET THE ESTIMATED GENERAL COMMON EXPENSES FOR THE FIRST YEAR OF CONDOMINIUM OPERATION. THE BUDGET, HOWEVER, IS NOT INTENDED AND SHOULD NOT BE TAKEN AS A GUARANTEE OR WARRANTY BY ANYONE THAT THE ANNUAL GENERAL COMMON CHARGES OR GENERAL COMMON EXPENSES FOR THE FIRST OR ANY SUBSEQUENT YEAR OF OPERATION OF THE PROPERTY BY THE CONDOMINIUM BOARD WILL BE AS SET FORTH IN THE BUDGET. IN FACT, IT IS LIKELY THAT THE ACTUAL INCOME AND EXPENSES FOR THE FIRST YEAR OF CONDOMINIUM OPERATION WILL VARY FROM THE AMOUNTS SHOWN IN THE BUDGET.