

TERM SHEET
315 W 35th Equities LLC
Operating Agreement

Project: WEST SIDE CONDOS— located at 315 West 35th Street, NY, NY. Purpose: Purchase and conversion to condominiums for immediate sale.

315 W 35th Equities LLC formed to hold title to the Project. The LLC and the Project shall be owned 50% by Chitrik and 50% by Sorotzkin. Sorotzkin may act through of S&B West 35th LLC, and may divide his share with investors at his sole discretion and may divide the interest held by both partners in separate companies, to be formed at his sole discretion and controlled by Sorotzkin, provided that the interests do not vary from 50/50.

Funds in the amount of \$1.0M are due from the Sorotzkin on February 1, 2006 - TOE.

The non managing members of S&B West 35th LLC (or other Sorotzkin entity) shall contribute a total of \$3.7 Million (deemed \$4.1M) invested as capital by the non-managing members. Sorotzkin shall pay the net cost of a 30 day extension to close the purchase of the Project in the agreed additional amount of \$100,000. Ari Chitrik may use \$180,000 of the \$1,000,000 to pay for the extension. Ari Chitrik is to contribute \$1M, and will seek funding needed above the \$4.7 million to finance the Project. The balance of \$2.8M from S&B West 35th LLC (or other Sorotzkin entity) shall be due on February 28, 2006 TOE. In any event the funds required from Sorotzkin shall not exceed a total of \$3.7 Million (deemed \$4.1M.)

In any event Sorotzkin shall raise \$1.85 M (deemed \$2.05M). In the event Sorotzkin is unable raise the entire amount of \$3.7M (deemed \$4.1M) , upon seven day advance notice by Sorotzkin, either party shall have option to adjust Sorotzkin's share to match, on a prorated basis the percentage of the \$3.7(deemed \$4.1M) that he raises. Chitrik may extend a credit line at Sorotzkin's expense, to extend the time for the additional funds not later that April 30, 2006. Otherwise, Chitrik may bring another investor for the balance of the \$3.7 Million (deemed \$4.1M.)

Distributions shall be made upon the sell out of the Project and may be made upon the sale of the units after required expenses have been repaid, including the release fee (to be determined) as a prepayment of the first mortgage. Distribution of project profits shall commence only after S&B West 35th LLC (or other Sorotzkin entity) and Chitrik shall, have been reimbursed their invested capital in full. Profits shall be distributed as follows: 1st \$4.1M to S&B West 35th LLC(or other Sorotzkin entity) (or \$1.85 million (deemed\$2.05M) or larger deemed amount that is the total invested by Sorotzkin next amount until profit equals \$8.2M to Chitrik and, thereafter 30% to S&B 35th LLC and 70% to Chitrik(unless Sorotzkin invests less than the deemed \$4.1M, in which case the percentages shall be adjusted accordingly(for example in the event of a \$10.2 M profit , if Sorotzkin invests a deemed \$4.1.M, then S shall receive (\$4.1M + .3 X \$2M+ \$600K ,