THIS PLAN HAS BEEN AMENDED. SEE INSIDE FRONT COVER

THIS IS A "NON-EVICTION" PLAN.
SEE "RIGHTS OF EXISTING TENANTS".
NO NON-PURCHASING TENANT WILL BE EVICTED BY REASON OF CONVERSION TO COOPERATIVE OWNERSHIP.

COOPERATIVE OFFERING PLAN

FOR

PREMISES AT

325 EAST 201 STREET
BRONX, NEW YORK 10458

Total cash amount of offering (2,640 Shares, 72 Apartments)	$3,168,000
Mortgage Indebtedness	825,000
Total Purchase Price	$3,993,000
Less Working Capital to be retained by Apartment Corporation*	6,000
Less Reserve Fund to be retained by Apartment Corporation†	63,360
Net Purchase Price of Property to Sponsor	$3,923,640

* This fund will be increased or reduced to the extent of the net closing adjustments. Said fund, however, will not be reduced to less than $1,000.
† Subject to adjustment; see section "Reserve Fund and Working Capital Fund."

NAME AND ADDRESS OF SPONSOR:

MODERN REALTY ASSOCIATES
POST OFFICE BOX 722
HARTSDALE, N.Y. 10530-0722

Tel. (718) 365-1439

NAME AND ADDRESS OF SELLING AGENT:

Joel T. Fishman, LLC.
325 E. 201 Street
Bronx, New York 10458

NAME AND ADDRESS OF APARTMENT CORPORATION WHOSE SHARES ARE OFFERED:

BAINBRIDGE HOUSE,INC.
c/o JOHN DANDOLA, ESQ
27-31 164TH STREET
FLUSHING, NEW YORK 11358

THE APPROXIMATE DATE OF THE FIRST OFFERING OF THIS PLAN IS AUGUST 15, 1985.
THIS PLAN MAY NOT BE USED AFTER 12 MONTHS FROM SUCH DATE UNLESS EXTENDED OR AMENDED.

SEE PAGE 1 FOR SPECIAL RISKS TO PURCHASERS.

THIS OFFERING PLAN IS THE ENTIRE OFFER TO SELL THESE COOPERATIVE UNITS. NEW YORK LAW REQUIRES THE SPONSOR TO DISCLOSE ALL MATERIAL INFORMATION IN THIS PLAN AND TO FILE THIS PLAN WITH THE NEW YORK STATE DEPARTMENT OF LAW PRIOR TO SELLING OR OFFERING TO SELL THE UNITS. FILING WITH THE DEPARTMENT OF LAW DOES NOT MEAN THAT THE DEPARTMENT OR ANY OTHER GOVERNMENT AGENCY HAS APPROVED THIS OFFERING.

EIGHTEENTH AMENDMENT TO
OFFERING PLAN - A PLAN TO CONVERT
TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458

The Offering Plan for the above premises dated August 15, 1985 (hereinafter referred to as the "Plan") is hereby amended as follows:

1. Purposes of Amendment

(a) Disclose 1998 certified financial statements and the most recent budget;
(b) Disclose the members and officers of the Board of Directors;
(c) Disclose financial information about the Sponsor and Holder of Unsold Shares; and
(d) Disclose the Reserve and Working Capital Funds.

2. Financial Statement and Budget

Annexed hereto as Exhibit 1 is the financial statement for the Cooperative for the year ending December 31, 1998. The budget for 2000 and that for 1999 are the same as that for 1998 and were not changed from the prior year's budget by the board of directors. Maintenance charges are now $10.01 per share per month.

3. Members and Officers of The Board of Directors

The officers and directors currently serving on the Board of Directors are as follows:

Connie Anestis, President
David Young, Vice President
Joel T. Fishman, Vice President
Tawnie McCray, Secretary
Margaret Collins, Treasurer
Marc Fishman, Director
Regina Beamer/Denike, Director

Joel T. Fishman, Regina Beamer/Denike and Marc Fishman were nominated and designated by the Holder of Unsold Shares. The Sponsor does not control the Board of Directors and surrendered such control in October 1991 in accordance with the terms of the Plan.

4. Schedule of Unsold Shares and Other Financial Information About the Sponsor and Holders of Unsold Shares

a) Annexed hereto as Exhibit 2 is a schedule of Unsold Shares, all of which are held by the Sponsor, Modern Realty Associates (approximately 41% of all shares in the building). The latest prices for these apartments are also listed in Exhibit 2.

b) The aggregate monthly maintenance charge payments allocable to all apartments owned by the holder of Unsold Shares is $9,759.75.

c) The aggregate monthly rents received from tenants of all apartments owned by the holder of Unsold Shares is currently $14,415.56.

d) The Sponsor and holder of Unsold Shares has no financial obligations (other than payment of maintenance charges) to the Cooperative which become due within twelve months from the date of this Amendment.

e) None of the Unsold Shares are subject to mortgages or financing commitments.

f) The monthly maintenance payments due to the Cooperative on all Unsold Shares owned by the Sponsor will be funded from rents received from the tenants of the apartments to which the Unsold Shares are allocated, proceeds of future sales, working capital of the Sponsor and income received by the Sponsor from other sources.

g) The Sponsor and holder of Unsold Shares is current on all its financial obligations under the Plan and was current on all such obligations during the year prior to the filing of this amendment.

h) The Sponsor owns more than ten (10%) percent of the Unsold Shares or Unsold Units in the buildings at 3200 Netherland Avenue, Riverdale, New York 10463, which offering plan was accepted for filing on May 24, 1983 and closed on May 15, 1984 and 5775 Mosholu Avenue, Riverdale, New York 10471, which offering plan was accepted for filing on July 1, 1983 and which closed on January 17, 1985. Offering plans for these buildings are on file with the Department of Law and are available for public inspection.

i) The Sponsor and holder of Unsold Shares is current on all its financial obligations in all other cooperatives or condominiums in which it owns shares or units except that real estate tax bills on the unsold units at 5775 Mosholu Avenue have not all been paid. These tax bills are being paid off on a regular basis pursuant to an agreement with New York City. The total amount outstanding is now $88,844.92. As each unit in that property is sold, the tax arrears on it are paid in full. No actions are now pending to place judgements against that property and the Holder of Unsold Shares does not expect any judgements to be so entered. As sales

progress, the tax arrears will be paid in full. These tax arrears do not impact on the ability of the Holder of Unsold Shares to remain current in all of its obligations on this property.

j) The Sponsor and holder of Unsold Shares does not control the Board of Directors of the Cooperative. The Sponsor surrendered such control of the Board of Directors in October of 1991 as provided above.

5. Reserve and Working Capital Funds

The Cooperative has several Reserve Fund accounts. The total of these funds as of October 31, 1999 was $83348.86. The Reserve Fund Accounts were: Account Number [redacted] and Account Number 230-11975 at Chase Manhattan Bank, 3775 Johnson Avenue, Riverdale, New York 10463 with balances of $1,887.55 and $5,112.41; and Vision Treasury Money Market Fund, P.O. Box 4556, Buffalo, New York 14240, Account Number [redacted] with a balance of $40,240.54. In addition, as part of its Reserve Fund, the Cooperative has a Vista Money Market Fund maintained at Vista Service Center, P.O. Box 419392, Kansas City, Missouri 64141. This account had a value of $36,108.36 as of October 31, 1999.

The Cooperative's Working Capital Fund (Account Number [redacted]) is at Chase Bank, 3775 Johnson Avenue, Riverdale, New York 10463 with a balance as of October 31, 1999 of $12,251.03.

6. Incorporation of Amended Plan

The Plan, as modified and supplemented hereby and in the first seventeen amendments to the Plan, is incorporated herein by reference with the same effect as if set forth at length. All terms used in this Eighteenth Amendment shall have the same meaning as ascribed thereto in the Plan.

9. No Material Changes

Except as set forth in this Eighteenth Amendment and in the first seventeen amendments to the Plan, there have been no material changes in the Plan.

Dated: December 23, 1999
Bronx, New York

EXHIBIT 1

(516) 759-0022
FAX (516) 759-0031

JEROME M. SOBEL
CERTIFIED PUBLIC ACCOUNTANT

40 RAILROAD AVENUE
GLEN HEAD, NEW YORK 11545

To The Board of Directors and
Shareholders of Bainbridge House, Inc.:

I have examined the accompanying Comparative Balance Sheets of Bainbridge House, Inc. as of December 31, 1998 and 1997 and the related Comparative Statements of Income for the years ended December 31, 1998 and 1997 and the Statement of Cash Flows for the year ended December 31, 1998. These Financial Statements are the responsibility of the Company's management. My responsibility is to express an opinion on these comparative financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall Financial Statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Management has indicated that there is no pending or threatened litigation against the corporation as of the statement date.

As discussed in Note 5 the Corporation has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented the estimates of future costs of major repairs and replacements that will be required in the future that the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be a part of the basic financial statements.

In my opinion, the Comparative Financial Statements referred to above present fairly, in all material respects, the financial position of Bainbridge House, Inc. as of December 31, 1998 and 1997, the results of its operations for the years ended December 31, 1998 and 1997 and cash flows for the year ended December 31, 1998 in conformity with generally accepted accounting principles.

Respectfully submitted,

Jerome M. Sobel

JEROME M. SOBEL

April 26, 1999
Glen Head, NY

BAINBRIDGE HOUSE, INC.

COMPARATIVE BALANCE SHEETS

DECEMBER 31,

EXHIBIT "A"

ASSETS

CURRENT ASSETS	1998	1997
Cash-Management Account	$ 7,701	$ -0-
Cash-Special Account	18,525	18,281
Cash-Money Market	76,390	82,909
Accounts Receivable-Maintenance	5,572	4,797
Mortgage Escrow	8,911	8,334
Prepayments (Schedule 1)	27,267	30,119
TOTAL CURRENT ASSETS	144,366	144,440
FIXED ASSETS		
Land	90,699	90,699
Building	1,172,620	1,172,620
Improvements	149,454	143,913
	1,412,773	1,407,232
LESS: Accumulated Depreciation (Note 2)	785,383	728,803
TOTAL FIXED ASSETS	627,390	678,429
OTHER ASSETS		
Mortgage Acquisition Costs	7,250	7,250
Closing Costs	27,460	27,460
	34,710	34,710
LESS: Accumulation Amortization (Note 2)	7,521	5,207
TOTAL OTHER ASSETS	27,189	29,503
TOTAL ASSETS	$ 798,945	$ 852,372

The accompanying notes are an integral part of these financial statements.

BAINBRIDGE HOUSE, INC.

COMPARATIVE BALANCE SHEETS

DECEMBER 31,

EXHIBIT "A" CONTINUED

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	1998	1997
Cash Overdraft-Management Account	$ -0-	$ 1,517
Accounts Payable (Schedule 2)	6,145	10,152
Security Deposit Payable	-0-	250
Current Portion of Mortgage Payable (Note 3)	31,162	28,419
TOTAL CURRENT LIABILITIES	37,307	40,338
LONG TERM DEBT (NOTE 3)		
Mortgage Payable	645,154	673,574
LESS: Current Portion	31,162	28,419
TOTAL LONG TERM DEBT	613,992	645,155
TOTAL LIABILITIES	651,299	685,493
STOCKHOLDERS' EQUITY		
Paid in Capital		
Capital Stock (2,640 Shares Issued @ $1 Par Value)	2,640	2,640
Additional Paid in Capital	790,249	761,830
TOTAL PAID IN CAPITAL	792,889	764,470
Retained Earnings		
Balance-Beginning of Year	(597,591)	(561,519)
Net Loss for Period	(47,652)	(36,072)
Balance-End of Year	(645,243)	(597,591)
TOTAL STOCKHOLDERS' EQUITY	147,646	166,879
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 798,945	$ 852,372

The accompanying notes are an integral part of these financial statements.

BAINBRIDGE HOUSE, INC.

COMPARATIVE INCOME STATEMENTS

FOR THE YEARS ENDED DECEMBER 31,

EXHIBIT "B"

	1998	1997
INCOME FROM OPERATIONS		
Shareholders' Maintenance	$ 317,117	$ 307,434
LESS: Portion for Mortgage Amortization Credited to Additional Paid-in-Capital	28,419	25,917
Real Estate Tax Abatement (Note 6)	5,915	-0-
Parking Income	282,783	281,517
Laundry Income	23,040	23,029
	3,900	3,900
TOTAL INCOME FROM OPERATIONS:	309,723	308,446
OPERATING EXPENSES		
Repairs & Maintenance (Schedule 3)	32,991	18,376
Supplies	2,078	2,467
Fuel Oil & Utilities	26,995	35,159
Real Estate Taxes (Note 6)	71,991	59,087
Mortgage Interest	61,121	63,622
Management Fees	17,730	16,812
Insurance	19,095	18,750
Union Welfare & Pension	4,813	4,458
Professional Fees	3,455	5,705
Water & Sewer Charges	25,504	24,514
Fees, Permits & Licenses	232	43
NYS & NYC Corporation Taxes	1,591	3,694
Office & Administrative Expense	4,656	3,972
Payroll Expense	34,420	34,895
Other Interest	-0-	1,371
TOTAL OPERATING EXPENSES	306,672	292,925
Net Income (Loss) From Operations	3,051	15,521
OTHER INCOME		
Interest and Dividend Income	3,729	4,333
Assignment, Flip Tax, Late Charges, Other	3,200	2,000
Sublet Income	1,262	1,440
TOTAL OTHER INCOME	8,191	7,773
NET INCOME (LOSS) BEFORE DEPRECIATION	11,242	23,294

BAINBRIDGE HOUSE, INC.

COMPARATIVE INCOME STATEMENTS

FOR THE YEARS ENDED DECEMBER 31,

EXHIBIT "B" CONTINUED

	1998	1997
NET INCOME (LOSS) BEFORE DEPRECIATION	$ 11,242	$ 23,294
Depreciation and Amortization (Note 2)	58,894	59,366
NET (LOSS)	$ (47,652)	$ (36,072)

The accompanying notes are an integral part of these financial statements.

BAINBRIDGE HOUSE, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1998

EXHIBIT "C"

CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss		$ (47,652)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization	$ 58,894	
Increase in Accounts Receivable	(775)	
Increase in Mortgage Escrow	(577)	
Decrease in Prepayments	2,852	
Decrease in Accounts Payable	(4,007)	
Decrease in Security Deposit Payable	(250)	
TOTAL ADJUSTMENTS		56,137
NET CASH PROVIDED BY OPERATING ACTIVITIES		8,485
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Capital Expenditures	(5,542)	
Increase in Paid-in-Capital	28,419	
NET CASH (USED) IN INVESTING ACTIVITIES		22,877
CASH FLOWS (USED) IN FINANCING ACTIVITIES		
(Decrease) in Long Term Liability		(28,419)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,943
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		99,673
CASH AND CASH EQUIVALENTS AT END OF YEAR		$ 102,616
Supplemental Disclosure of Cash Flow Information		
Interest Paid in 1998		$ 61,121
Income Taxes Paid in 1998		$ 1,591

The accompanying notes are an integral part of these financial statements.

JEROME M. SOBEL
CERTIFIED PUBLIC ACCOUNTANT

BAINBRIDGE HOUSE INC.

COMPARATIVE SCHEDULES

DECEMBER 31,

SCHEDULE 1 - PREPAYMENTS	1998	1997
Insurance	$ 1,480	$ 1,991
Water & Sewer	12,723	12,233
Real Estate Taxes	13,064	15,895
TOTAL	$ 27,267	$ 30,119

SCHEDULE 2 - ACCOUNTS PAYABLE		
Improvements	$ -0-	$ 5,000
Utilities	1,622	-0-
Repairs & Maintenance	1,561	826
Office	85	68
Professional Fees	283	390
Insurance	1,404	-0-
Fuel	987	3,489
Union Welfare and Pension	-0-	379
Licenses and Permits	105	-0-
Sales Tax	98	-0-
TOTAL	$ 6,145	$ 10,152

SCHEDULE 3 - REPAIRS & MAINTENANCE		
Heat & Air Conditioning	$ 8,207	$ 4,420
Decorating & Painting	7,690	983
Electrical Repairs	398	-0-
Garage Door	362	-0-
Elevator	6,919	7,737
Plumbing	4,146	1,515
Exterminator	909	942
Roof Repairs	1,066	-0-
Sprinkler System	622	622
Repairs & Maintenance-General	1,813	1,922
Intercom	516	197
Grounds	60	38
Locksmith	283	-0-
TOTAL	$ 32,991	$ 18,376

JEROME M. SOBEL
CERTIFIED PUBLIC ACCOUNTANT

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998

NOTE 1 - ORGANIZATION

The Corporation was organized in 1984 for the purpose of owning and operating the building at 325 East 201st Street, Bronx, NY as a cooperative apartment house pursuant to a plan of conversion which became effective on October 30, 1986. The Corporation qualifies as a cooperative housing corporation under Section 216 (b)(1) of the Internal Revenue Code. At December 31, 1998, 1,152 shares of the Corporation's common stock were sponsor owned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

DEPRECIATION

Depreciation is provided on the straight-line and accelerated methods over the estimated useful lives of the assets. Additions and betterments are capitalized, whereas costs of maintenance and repairs are charged to expense when incurred.

NOTE 3 - LONG-TERM DEBT

On October 3, 1995 the Corporation refinanced its mortgage with East New York Savings Bank in the principal sum of $725,000 for a term of fifteen (15) years. The loan secured by a Mortgage at 325 East 201st Street, Bronx, New York, bears interest at the rate of 9.25% per annum. Monthly payments of principal and interest are $7,461.65 commencing on December 1, 1995. The loan matures on November 1, 2010.

The existing mortgage was in the remaining principal sum of $682,456.37, held as of record by Harvey Sorkin, Seymour Moslin, Paul Maslin and Henry Moses was assigned to East New York Savings Bank. A "gap" note and mortgage were executed and delivered in the sum of $42,543.63 and thereafter consolidated with the prior mortgage to form a single lien.

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998

NOTE 3 - LONG-TERM DEBT (continued)

Maturities of long-term debt for the next five years are as follows:

Year Ending December 31,	Amount
1999	$ 31,162
2000	34,170
2001	37,468
2002	41,085
2003	45,051
	$188,936

NOTE 4 - FEDERAL INCOME TAXES

Prior to 1998, the Internal Revenue Service had taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code.

Section 277 of the Internal Revenue Code provides that a membership organization that is operated to provide services to members is permitted to deduct expenses attributable to the furnishing of services to the members only to the extent of the income derived during such year from its members. Section 277 permits a membership organization to reduce income from non-membership sources only by expenses incurred in generating this income. Accordingly, income from non-membership sources such as interest, commercial rental, professional apartment rental, etc.in excess of expenses properly attributable thereto, may be subject to federal tax.

In 1998, the Internal Revenue Service changed its policy with regard to Section 277. The new position states that all kinds of housing corporations are covered by Sub-chapter T, and therefore not subject to Section 277.

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998

NOTE 5 - COMMON INTEREST REALTY ASSOCIATIONS

The co-op corporation has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The board has also not developed a plan to fund those needs.

When replacements funds are needed to meet future needs for major repairs and replacements, the co-op has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

NOTE 6 - REAL ESTATE TAXES

Real Estate Taxes are shown net of tax abatements granted by New York City which were passed on to eligible shareholders in 1998.

In addition, SCRIE credits in the amount of $8,472 were passed on to eligible shareholders in the form of a credit to maintenance fees.

THE BAINBRIDGE HOUSE

Budget Report

2000

	BUDGET
INCOME	
Maintenance	317,117.00
Laundry	3,900.00
Parking	23,040.00
Other	2,500.00
Total Operating Income	346,557.00
OPERATING EXPENSES	
Payroll	34,285.00
Health & Welfare	5,088.00
Payroll Taxes	4,478.00
Mort./Interest/Principle	165,135.00
Insurance	17,914.00
Management Fee	18,750.00
Water & Sewer Charges	26,463.00
Admin, General & Other	2,830.00
Professional Fees	5,500.00
Licenses & Permits	1,123.00
Gas & Electric	11,000.00
Fuel Oil	22,811.00
Telephone/Beeper	180.00
Corporation Taxes	2,000.00
Repairs & Maintenance	26,499.96
Supplies & Equipment	2,500.00
TOTAL OPERATING EXPENSES	346,556.96
NET OPERATIONS CASH FLOW	0.04
Total Operating Receipts	346,557.00
Total Operating Disburse.	(346,556.96)
Cash-Ending Bal/Operating	0.04

SEVENTEENTH AMENDMENT TO
OFFERING PLAN - A PLAN TO CONVERT
TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458

The Offering Plan for the above premises dated August 15, 1985 (hereinafter referred to as the "Plan") is hereby amended as follows:

1. Purposes of Amendment

(a) Disclose 1997 certified financial statements and the most recent budget;
(b) Disclose the members and officers of the Board of Directors;
(c) Disclose financial information about the Sponsor and Holder of Unsold Shares;
(d) Disclose the Reserve and Working Capital Funds; and
(e) Disclose New Law Regarding Right of Apartment Corporation to Collect Rents Directly From Subtenants If Non Occupying Shareholders Default in Their Payment Obligations to The Apartment Corporation.

2. Financial Statement and Budget

Annexed hereto as Exhibit 1 is the financial statement for the Cooperative for the year ending December 31, 1997. The budget for 1998 is the same as that for 1997 and was not changed from the prior year's budget by the board of directors.

3. Members and Officers of The Board of Directors

The officers and directors currently serving on the Board of Directors are as follows:

Connie Anestis, President
David Young, Vice President
Joel T. Fishman, Vice President
Tawnie McCray, Secretary
Margaret Collins, Treasurer
Marc Fishman, Director
Regina Beamer/Denike, Director

Joel T. Fishman, Regina Beamer/Denike and Marc Fishman were nominated and designated by the Holder of Unsold Shares. The Sponsor does not control the Board of Directors and surrendered such control in October 1991 in accordance with the terms of the Plan.

4. Schedule of Unsold Shares and Other Financial Information About the Sponsor and Holders of Unsold Shares

a) Annexed hereto as Exhibit 2 is a schedule of Unsold Shares, all of which are held by the Sponsor, Modern Realty Associates (approximately 41% of all shares in the building).

b) The aggregate monthly maintenance charge payments allocable to all apartments owned by the holder of Unsold Shares is $10,120.71.

c) The aggregate monthly rents received from tenants of all apartments owned by the holder of Unsold Shares is currently $16,143.31.

d) The Sponsor and holder of Unsold Shares has no financial obligations (other than payment of maintenance charges) to the Cooperative which become due within twelve months from the date of this Amendment.

e) None of the Unsold Shares are subject to mortgages or financing commitments.

f) The monthly maintenance payments due to the Cooperative on all Unsold Shares owned by the Sponsor will be funded from rents received from the tenants of the apartments to which the Unsold Shares are allocated, proceeds of future sales, working capital of the Sponsor and income received by the Sponsor from other sources.

g) The Sponsor and holder of Unsold Shares is current on all its financial obligations under the Plan and was current on all such obligations during the year prior to the filing of this amendment.

h) The Sponsor owns more than ten (10%) percent of the Unsold Shares or Unsold Units in the buildings at 3200 Netherland Avenue, Riverdale, New York 10463, which offering plan was accepted for filing on May 24, 1983 and closed on May 15, 1984 and 5775 Mosholu Avenue, Riverdale, New York 10471, which offering plan was accepted for filing on July 1, 1983 and which closed on January 17, 1985. Offering plans for these buildings are on file with the Department of Law and are available for public inspection.

i) The Sponsor and holder of Unsold Shares is current on all its financial obligations in all other cooperatives or condominiums in which it owns shares or units except that real estate tax bills on the unsold units at 5775 Mosholu Avenue have not all been paid. These tax bills are being paid off on a regular basis pursuant to an agreement with New York City. The total amount outstanding is now $38,844.92. As each unit in that property is sold, the tax arrears on it are paid in full. No actions are now pending to place judgements against that property and the Holder of Unsold Shares does not expect any judgements to be so entered. As sales progress, the tax arrears will be paid in full. These tax arrears

do not impact on the ability of the Holder of Unsold Shares to remain current in all of its obligations on this property.

j) The Sponsor and holder of Unsold Shares does not control the Board of Directors of the Cooperative. The Sponsor surrendered such control of the Board of Directors in October of 1991 as provided above.

5. Reserve and Working Capital Funds

The Cooperative has several Reserve Fund accounts. The total of these funds as of August 31, 1998 was $56,676.56. The Reserve Fund Accounts were: Account Number [redacted] and Account Number [redacted] at Chase Manhattan Bank, 3775 Johnson Avenue, Riverdale, New York 10463 with balances of $2,627.01 and $12,102.93; and Vision Treasury Money Market Fund, P.O. Box 4556, Buffalo, New York 14240, Account Number [redacted] with a balance of $38,439.97. In addition, as part of its Reserve Fund, the Cooperative has a Vista Money Market Fund maintained at Vista Service Center, P.O. Box 419392, Kansas City, Missouri 64141. This account had a value of $3,506.65 as of August 31, 1998.

The Cooperative's Working Capital Fund (Account Number [redacted]) is at Chemical Bank, 3775 Riverdale Avenue, Riverdale, New York 10463 with a balance as of September 30, 1998 of $13,105.13.

6. New Law Regarding Right of Apartment Corporation to Collect Rents Directly From Subtenants If Non Occupying Shareholders Default in Their Payment Obligations to The Apartment Corporation

A new law has recently been adopted which permits the apartment corporation to collect rents directly from subtenants of any apartment where the non occupying owner of such apartment fails to make payments of maintenance, assessments or late fees to the apartment corporation. A copy of this new law is appended hereto as Exhibit 3.

7. Incorporation of Amended Plan

The Plan, as modified and supplemented hereby and in the first sixteen amendments to the Plan, is incorporated herein by reference with the same effect as if set forth at length. All terms used in this Seventeenth Amendment shall have the same meaning as ascribed thereto in the Plan.

8. No Material Changes

Except as set forth in this Seventeenth Amendment and in the first sixteen amendments to the Plan, there have been no material changes in the Plan.

Dated: December 22, 1998
Bronx, New York

EXHIBIT 1

(516) 759-0022
FAX (516) 759-0031

JEROME M. SOBEL
CERTIFIED PUBLIC ACCOUNTANT

40 RAILROAD AVENUE
GLEN HEAD, NEW YORK 11545

To The Board of Directors and
Shareholders of Bainbridge House, Inc.:

I have examined the accompanying Comparative Balance Sheets of Bainbridge House, Inc. as of December 31, 1997 and 1996 and the related Comparative Statements of Income for the years ended December 31, 1997 and 1996 and the Statement of Cash Flows for the year ended December 31, 1997. These Financial Statements are the responsibility of the Company's management. My responsibility is to express an opinion on these comparative financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall Financial Statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Management has indicated that there is no pending or threatened litigation against the corporation as of the statement date.

As discussed in Note 7 the Corporation has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented the estimates of future costs of major repairs and replacements that will be required in the future that the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be a part of the basic financial statements.

In my opinion, the Comparative Financial Statements referred to above present fairly, in all material respects, the financial position of Bainbridge House, Inc. as of December 31, 1997 and 1996, the results of its operations for the years ended December 31, 1997 and 1996 and cash flows for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

Respectfully submitted,

Jerome M. Sobel

JEROME M. SOBEL

March 22, 1998
Glen Head, NY

BAINBRIDGE HOUSE, INC.

COMPARATIVE BALANCE SHEETS

DECEMBER 31,

EXHIBIT "A"

ASSETS

CURRENT ASSETS	1997	1996
Cash-Management Account	$ -0-	$ 301
Cash-Special Account	18,281	-0-
Cash Reserve Fund	-0-	22,501
Cash Money Market	82,909	71,814
Cash-Repair Escrow	-0-	5,138
Accounts Receivable-Maintenance	4,797	7,435
Mortgage Escrow	8,334	8,870
Prepayments (Schedule 1)	30,119	43,089
TOTAL CURRENT ASSETS	144,440	159,148
FIXED ASSETS		
Land	90,699	90,699
Building	1,172,620	1,172,620
Improvements	143,913	125,768
	1,407,232	1,389,087
LESS: Accumulated Depreciation (Note 2)	728,803	671,751
TOTAL FIXED ASSETS	678,429	717,336
OTHER ASSETS		
Mortgage Acquisition Costs	7,250	7,250
Closing Costs	27,460	27,460
	34,710	34,710
LESS: Accumulation Amortization (Note 2)	5,207	2,893
TOTAL OTHER ASSETS	29,503	31,817
TOTAL ASSETS	$ 852,372	$ 908,301

The accompanying notes are an integral part of these financial statements.

BAINBRIDGE HOUSE, INC.

COMPARATIVE BALANCE SHEETS

DECEMBER 31,

EXHIBIT "A" CONTINUED

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	1997	1996
Cash Overdraft-Management Account	$ 1,517	$ -0-
Accounts Payable (Schedule 1)	10,152	31,277
Security Deposit Payable	250	500
Current Portion of Mortgage Payable (Note 3)	28,419	25,917
TOTAL CURRENT LIABILITIES	40,338	57,694
LONG TERM DEBT (NOTE 3)		
Mortgage Payable	673,574	699,491
LESS: Current Portion	28,419	25,917
TOTAL LONG TERM DEBT	645,155	673,574
TOTAL LIABILITIES	685,493	731,268
STOCKHOLDERS' EQUITY		
Paid in Capital		
Capital Stock (2,640 Shares Issued @ $1 Par Value)	2,640	2,640
Additional Paid in Capital	761,830	735,912
TOTAL PAID IN CAPITAL	764,470	738,552
Retained Earnings		
Balance-Beginning of Year	(561,519)	(509,640)
Net Loss for Period	(36,072)	(51,879)
Balance-End of Year	(597,591)	(561,519)
TOTAL STOCKHOLDERS' EQUITY	166,879	177,033
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 852,372	$ 908,301

The accompanying notes are an integral part of these financial statements.

BAINBRIDGE HOUSE, INC.

COMPARATIVE INCOME STATEMENTS

FOR THE YEARS ENDED DECEMBER 31,

EXHIBIT "B"

INCOME FROM OPERATIONS	1997	1996
Shareholders' Maintenance	$ 307,434	$ 307,434
LESS: Portion for Mortgage Amortization Credited to Additional Paid-in-Capital	25,917	25,917
	281,517	281,517
Parking Income	23,029	22,615
Laundry Income	3,900	3,900
TOTAL INCOME FROM OPERATIONS:	308,446	308,032
OPERATING EXPENSES		
Repairs & Maintenance (Schedule 2)	18,376	37,902
Supplies	2,467	3,477
Fuel Oil & Utilities	35,159	39,081
Real Estate Taxes	59,087	60,225
Mortgage Interest	63,622	65,866
Management Fees	16,812	16,749
Insurance	18,750	22,098
Union Welfare & Pension	4,458	4,299
Professional Fees	5,705	5,410
Water & Sewer Charges	24,514	22,536
Fees, Permits & Licenses	43	2,071
NYS & NYC Corporation Taxes	3,694	1,383
Office & Administrative Expense	3,972	2,463
Payroll Expense	34,895	33,929
Other Interest	1,371	588
TOTAL OPERATING EXPENSES	292,925	318,077
Net Income (Loss) From Operations	15,521	(10,045)
OTHER INCOME		
Interest and Dividend Income	4,333	3,999
Assignment, Flip Tax, Late Charges, Other	2,000	391
Sublet Income	1,440	1,905
Other Income-Workers Compensation (Note 4)	-0-	10,800
TOTAL OTHER INCOME	7,773	17,095
NET INCOME (LOSS) BEFORE DEPRECIATION	23,294	7,050

BAINBRIDGE HOUSE, INC.

COMPARATIVE INCOME STATEMENTS

FOR THE YEARS ENDED DECEMBER 31,

EXHIBIT "B" CONTINUED

	1997	1996
NET INCOME (LOSS) BEFORE DEPRECIATION	$ 23,294	$ 7,050
Depreciation and Amortization (Note 2)	59,366	58,929
NET (LOSS)	$ (36,072)	$ (51,879)

The accompanying notes are an integral part of these financial statements.

BAINBRIDGE HOUSE, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1997

EXHIBIT "C"

CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss		$ (16,072)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization	$ 59,366	
Decrease in Accounts Receivable	2,638	
Decrease in Mortgage Escrow	536	
Decrease in Repair Escrow	5,138	
Decrease in Prepayments	12,970	
Decrease in Accounts Payable	(21,124)	
Decrease in Security Deposit Payable	(250)	
TOTAL ADJUSTMENTS		59,274
NET CASH PROVIDED BY OPERATING ACTIVITIES		43,202
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Capital Expenditures	(18,145)	
Increase in Paid-in-Capital	25,917	
NET CASH (USED) IN INVESTING ACTIVITIES		7,772
CASH FLOWS (USED) IN FINANCING ACTIVITIES		
(Decrease) in Long Term Liability	(25,917)	(25,917)
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,057
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		94,616
CASH AND CASH EQUIVALENTS AT END OF YEAR		$ 99,673

The accompanying notes are an integral part of these financial statements.

BAINBRIDGE HOUSE INC.

COMPARATIVE SCHEDULES

DECEMBER 31,

SCHEDULE 1 - PREPAYMENTS	1997	1996
Interest	$ -0-	$ 474
Insurance	1,991	17,702
Water & Sewer	12,233	11,750
Real Estate Taxes	15,895	12,528
Corporate Taxes	-0-	635
TOTAL	$ 30,119	$ 43,089

SCHEDULE 2 - ACCOUNTS PAYABLE		
Improvements	$ 5,000	$ 7,330
Supplies	-0-	397
Repairs & Maintenance	826	3,083
Office	68	64
Professional Fees	390	1,022
Insurance	-0-	17,326
Fuel	3,489	2,055
Union Welfare and Pension	379	-0-
TOTAL	$ 10,152	$ 31,277

SCHEDULE 3 - REPAIRS & MAINTENANCE		
Heat & Air Conditioning	$ 4,420	$ 9,086
Decorating & Painting	983	2,546
Electrical Repairs	-0-	1,633
Garage Door	-0-	609
Elevator	7,737	5,506
Plumbing	1,515	2,688
Exterminator	942	1,137
Roof Repairs	-0-	1,066
Sprinkler System	622	-0-
Repairs & Maintenance-General	1,922	3,107
Intercom	197	2,329
Grounds	38	4,514
Side Walk Repair	-0-	3,681
TOTAL	$ 18,376	$ 37,902

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1997

NOTE 1 - ORGANIZATION

The Corporation was organized in 1984 for the purpose of owning and operating the building at 325 East 201st Street, Bronx, NY as a cooperative apartment house pursuant to a plan of conversion which became effective on October 30, 1986. The Corporation qualifies as a cooperative housing corporation under Section 216 (b)(1) of the Internal Revenue Code. At December 31, 1997, 1,232 shares of the Corporation's common stock were sponsor owned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION
The financial statements are presented on the accrual basis of accounting.

DEPRECIATION
Depreciation is provided on the straight-line and accelerated methods over the estimated useful lives of the assets. Additions and betterments are capitalized, whereas costs of maintenance and repairs are charged to expense when incurred.

NOTE 3 - LONG-TERM DEBT

On October 3, 1995 the Corporation refinanced its mortgage with East New York Savings Bank in the principal sum of $725,000 for a term of fifteen (15) years. The loan secured by a Mortgage at 325 East 201st Street, Bronx, New York, bears interest at the rate of 9.25% per annum. Monthly payments of principal and interest are $7,461.65 commencing on December 1, 1995. The loan matures on November 1, 2010.

The existing mortgage was in the remaining principal sum of $682,456.37, held as of record by Harvey Sorkin, Seymour Moslin, Paul Maslin and Henry Moses was assigned to East New York Savings Bank. A "gap" note and mortgage were executed and delivered in the sum of $42,543.63 and thereafter consolidated with the prior mortgage to form a single lien.

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1997

NOTE 3 - LONG-TERM DEBT (continued)

Maturities of long-term debt for the next five years are as follows:

Year Ending December 31,	Amount
1998	$ 28,419
1999	31,162
2000	34,170
2001	37,468
2002	41,085
	$172,304

NOTE 4 - WORKERS COMPENSATION CLAIM

In 1996 the Corporation received $10,800 from Public Service Mutual Insurance Company for wages paid from a Workers' Compensation claim.

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1997

NOTE 5 - FEDERAL INCOME TAXES

The Internal Revenue Service has taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code.

Section 277 of the Code provides that a membership organization that is operated to provide services to members is permitted to deduct expenses attributable to the furnishing of services to the members only to the extent of the income derived during such year from its members. Section 277 permits a membership organization to reduce income from non-membership sources only by expenses incurred in generating this income. Accordingly, income from non-membership sources such as interest, commercial rental, professional rental, etc. in excess of expenses properly attributable thereto, may be subject to federal tax.

Income tax liability that may result from the above is not reflected in the attached financial statements. If the position of the Internal Revenue Service is sustained by the courts, such liability will be reflected in future financial statements.

NOTE 6 - COMMON INTEREST REALTY ASSOCIATIONS

The co-op corporation has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The board has also not developed a plan to fund those needs.

When replacements funds are needed to meet future needs for major repairs and replacements, the co-op has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

EXHIBIT 2

SEVENTEENTH AMENDMENT TO OFFERING PLAN
TO CONVERT TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458
SCHEDULE OF UNSOLD SHARES

Apt. No.	No. of Shares
1A	34
1B	44
1F	34
2A	34
2B	44
2C	24
2D	24
2F	34
2J	34
2L	44
3A	35
3C	25
3E	45
3F	35
3J	35
3M	35
4B	45
4E	45
4J	35
5C	36
5D	26
5H	46
5L	46
5M	36
6C	26
6D	26
6F	36
6G	36
6K	36
6L	46

EXHIBIT 3

S4141-A LEIBELL Chapter 422

STATE OF NEW YORK

4141--A
Cal. No. 395
1997-1998 Regular Sessions

IN SENATE

April 3, 1997

Introduced by Sens. LEIBELL, GOODMAN, MONTGOMERY -- (at request of the Attorney General) -- read twice and ordered printed, and when printed to be committed to the Committee on Housing, Construction and Community Development -- recommitted to the Committee on Housing, Construction and Community Development in accordance with Senate Rule 6, sec. 8 -- reported favorably from said committee to third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the general business law and the real property law, in relation to cooperatives and condominiums where non-occupying owners default on payments due; and to repeal subdivision 2-d of section 352-e of the general business law, relating thereto

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Subdivision 2-d of section 352-e of the general business law is REPEALED.

§ 2. The general business law is amended by adding a new section 352-1 to read as follows:

§ 352-1. Cooperative corporations. 1. For the purposes of this section, "non-occupying owner" shall mean the owner of shares in a cooperative corporation who does not occupy the dwelling units to which his or her shares are allocated.

2. If a non-occupying owner rents any dwelling unit to a tenant and then fails to make payments due for maintenance, assessments or late fees for such unit within sixty days of the expiration of any grace period after they are due, upon notice in accordance with subdivision three of this section, all rental payments from the tenant shall be directly payable to the cooperative corporation.

3. If the maintenance, assessments or late fees due for any unit have not been paid in full within sixty days after the expiration of any grace period of the earliest due date, the board of directors shall

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

LBD04255-07-8

provide written notice to the rental tenant and the non-occupying owner providing that, commencing immediately and until such time as all payments for maintenance, assessments or late fees are made current, all rental payments due subsequent to the issuance of such notice are to be made payable to the cooperative corporation at the address listed on the notice. Where a majority of the board of directors has been elected by and from among the owners who are in occupancy, the board may elect not to require that rental payments be made payable to the cooperative corporation. At such time as payments for maintenance, assessments and late fees from the non-occupying owner are once again current, notice of such fact shall be given within three business days to the rental tenant and non-occupying owner. Thereafter all rental payments for such unit shall be made payable to the non-occupying owner or to a designated agent. A non-occupying owner who disputes the cooperative corporation's claim to rental payments pursuant to this section shall be entitled to present facts supporting such owner's position at the next scheduled meeting of the board of directors, which must be held within thirty days of the date that such board receives notice that such owner seeks to dispute such claim.

4. Nothing in this section shall limit any rights of shareholders or of the board of directors existing under any other law or agreement.

5. Payment by a rental tenant to the cooperative corporation made in connection with this section shall relieve that rental tenant from the obligation to pay such rent to the non-occupying owner and shall be an absolute defense in any non-payment proceeding commenced by such non-occupying owner against such tenant for such rent.

§ 3. The real property law is amended by adding a new section 339-kk to read as follows:

§ 339-kk. Rents. (a) For the purposes of this section, "non-occupying owner" shall mean a unit owner in a condominium association who does not occupy the dwelling unit.

(b) If a non-occupying owner rents any dwelling unit to a rental tenant and then fails to make payments due for common charges, assessments or late fees for such unit within sixty days of the expiration of any grace period after they are due, upon notice in accordance with subdivision (c) of this section, all rental payments from the tenant shall be directly payable to the condominium association.

(c) If the common charges, assessments or late fees due for any unit have not been paid in full, within sixty days after the expiration of any grace period of the earliest due date, the board of managers shall provide written notice to the tenant and the non-occupying owner providing that, commencing immediately and until such time as all payments for common charges, assessments or late fees are made current, all rental payments due subsequent to the issuance of such notice are to be made payable to the condominium association at the address listed on the notice. Where a majority of the board of managers has been elected by and from among the unit owners who are in occupancy, the board may elect not to require that rental payments be made payable to the condominium association. At such time as payments for common charges, assessments and late fees from the non-occupying owner are once again current, notice of such fact shall be given within three business days to the rental tenant and non-occupying owner. Thereafter all rental payments shall be made payable to the non-occupying owner or a designated agent. A non-occupying owner who disputes the association's claim to rental

payments pursuant to this section shall be entitled to present facts supporting such owner's position at the next scheduled meeting of the

board of managers, which must be held within thirty days of the date that such board receives notice that such owner seeks to dispute such claim.

(d) Nothing in this section shall limit any rights of unit owners or of the board of managers existing under any other law or agreement.

(e) Payment by a rental tenant to the condominium association made in connection with this section shall relieve that rental tenant from the obligation to pay such rent to the non-occupying owner and shall be an absolute defense in any non-payment proceeding commenced by such non-occupying owner against such tenant for such rent.

§ 4. This act may be enforced by any party by means of a special proceeding brought pursuant to article 4 of the civil practice law and rules.

§ 5. This act shall take effect immediately, and is applicable to all cooperative corporations and condominiums in existence on or after such date.

SIXTEENTH AMENDMENT TO
OFFERING PLAN - A PLAN TO CONVERT
TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458

The Offering Plan for the above premises dated August 15, 1985 (hereinafter referred to as the "Plan") is hereby amended as follows:

1. Purposes of Amendment

(a) Disclose 1996 certified financial statements and the most recent budget;
(b) Disclose the members and officers of the Board of Directors;
(c) Disclose financial information about the Sponsor and Holder of Unsold Shares; and
(d) Disclose the Reserve and Working Capital Funds.

2. Financial Statement and Budget

Annexed hereto as Exhibit 1 is the financial statement for the Cooperative for the year ending December 31, 1996. The budget for 1997 is the same as that for 1996 and was not changed from the prior year's budget by the board of directors.

3. Members and Officers of The Board of Directors

The officers and directors currently serving on the Board of Directors are as follows:

Nora Fuery, President
Joel T. Fishman, Vice President
Marc Fishman, Director
Regina Beamer/Denike, Director
Margaret Collins, Treasurer
David Young, Director
Connie Anestis, Secretary

Joel T. Fishman, Regina Beamer/Denike and Marc Fishman were nominated and designated by the Holder of Unsold Shares. The Sponsor does not control the Board of Directors and surrendered such control in October 1991 in accordance with the terms of the Plan.

4. Schedule of Unsold Shares and Other Financial Information About the Sponsor and Holders of Unsold Shares

a) Annexed hereto as Exhibit 2 is a schedule of Unsold Shares, all of which are held by the Sponsor, Modern Realty Associates.

b) The aggregate monthly maintenance charge payments allocable to all apartments owned by the holder of Unsold Shares is $11,509.61.

c) The aggregate monthly rents received from tenants of all apartments owned by the holder of Unsold Shares is currently $16,925.29.

d) The Sponsor and holder of Unsold Shares has no financial obligations (other than payment of maintenance charges) to the Cooperative which become due within twelve months from the date of this Amendment.

e) None of the Unsold Shares are subject to mortgages or financing commitments.

f) The monthly maintenance payments due to the Cooperative on all Unsold Shares owned by the Sponsor will be funded from rents received from the tenants of the apartments to which the Unsold Shares are allocated, proceeds of future sales, working capital of the Sponsor and income received by the Sponsor from other sources.

g) The Sponsor and holder of Unsold Shares is current on all its financial obligations under the Plan and was current on all such obligations during the year prior to the filing of this amendment.

h) The Sponsor owns more than ten (10%) percent of the Unsold Shares or Unsold Units in the buildings at 3200 Netherland Avenue, Riverdale, New York 10463, which offering plan was accepted for filing on May 24, 1983 and closed on May 15, 1984 and 5775 Mosholu Avenue, Riverdale, New York 10471, which offering plan was accepted for filing on July 1, 1983 and which closed on January 17, 1985. Offering plans for these buildings are on file with the Department of Law and are available for public inspection.

i) The Sponsor and holder of Unsold Shares is current on all its financial obligations in all other cooperatives or condominiums in which it owns shares or units except that real estate tax bills on the unsold units at 5775 Mosholu Avenue have not all been paid.

j) The Sponsor and holder of Unsold Shares does not control the Board of Directors of the Cooperative. The Sponsor surrendered such control of the Board of Directors in October of 1991. as provided above.

5. Reserve and Working Capital Funds

The Cooperative has several Reserve Fund accounts. The total of these funds as of August 31, 1997 was $92,455.63. The Reserve Fund Accounts were: Account Number [redacted] and Account Number [redacted] at Chase Manhattan Bank, 3775 Johnson Avenue, Riverdale, New York 10463 with balances of $15,501.10 and $2,822.17; and Vision Treasury Money Market Fund, P.O. Box 4556, Buffalo, New York 14240, Account Number [redacted] with a balance of $36,473.64. In addition, as part of its Reserve Fund, the Cooperative has a Vista Money Market Fund maintained at Vista Service Center, P.O. Box 419392, Kansas City, Missouri 64141. This account had a value of $37,658.72 as of August 31, 1997.

The Cooperative's Working Capital Fund (Account Number [redacted]) is at Chemical Bank, 3775 Riverdale Avenue, Riverdale, New York 10463 with a balance as of August 31, 1997 of $4,605.16.

6. Incorporation of Amended Plan

The Plan, as modified and supplemented hereby and in the first fifteen amendments to the Plan, is incorporated herein by reference with the same effect as if set forth at length. All terms used in this Sixteenth Amendment shall have the same meaning as ascribed thereto in the Plan.

7. No Material Changes

Except as set forth in this Sixteenth Amendment and in the first fifteen amendments to the Plan, there have been no material changes in the Plan.

Dated: November 4, 1997
New York, New York

EXHIBIT

JUN 20 1997

JEROME M. SOBEL
CERTIFIED PUBLIC ACCOUNTANT

(516) 759-0022
FAX (516) 759-0031

40 RAILROAD AVENUE
GLEN HEAD, NEW YORK 11545

To The Board of Directors and
Shareholders of Bainbridge House, Inc.:

I have examined the accompanying Comparative Balance Sheets of Bainbridge House, Inc. as of December 31, 1996 and 1995 and the related Comparative Statements of Income for the years ended December 31, 1996 and 1995 and the Statement of Cash Flows for the year ended December 31, 1996. These Financial Statements are the responsibility of the Company's management. My responsibility is to express an opinion on these comparative financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall Financial Statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Management has indicated that there is no pending or threatened litigation against the corporation as of the statement date.

As discussed in Note 7 the Corporation has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented the estimates of future costs of major repairs and replacements that will be required in the future that the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be a part of the basic financial statements.

In my opinion, the Comparative Financial Statements referred to above present fairly, in all material respects, the financial position of Bainbridge House, Inc. as of December 31, 1996 and 1995, the results of its operations for the years ended December 31, 1996 and 1995 and cash flows for the year ended December 31, 1996 in conformity with generally accepted accounting principles.

Respectfully submitted,

JEROME M. SOBEL

May 19, 1997
Glen Head, NY

BAINBRIDGE HOUSE, INC.

COMPARATIVE BALANCE SHEETS

DECEMBER 31,

EXHIBIT "A"

ASSETS

	1996	1995
CURRENT ASSETS		
Cash-Management Account	$ 301	$ 7,496
Cash Reserve Fund	22,501	35,754
Cash Money Market	71,814	60,323
Cash-Repair Escrow	5,138	5,019
Accounts Receivable-Maintenance	7,435	282
Mortgage Escrow	8,870	-0-
Prepayments (Schedule 1)	43,089	44,993
TOTAL CURRENT ASSETS	159,148	153,867
FIXED ASSETS		
Land	90,699	90,699
Building	1,172,620	1,172,620
Improvements	125,768	113,072
	1,389,087	1,376,391
LESS: Accumulated Depreciation (Note 2)	671,751	615,136
TOTAL FIXED ASSETS	717,336	761,255
OTHER ASSETS		
Mortgage Acquistion Costs	7,250	7,250
Closing Costs	27,460	27,460
	34,710	34,710
LESS: Accumulation Amortization (Note 2)	2,893	579
TOTAL OTHER ASSETS	31,817	34,131
TOTAL ASSETS	$ 908,301	$ 949,253

The accompanying notes are an integral part of these financial statements.

JEROME M. SOBEL
CERTIFIED PUBLIC ACCOUNTANT

BAINBRIDGE HOUSE, INC.

COMPARATIVE BALANCE SHEETS

DECEMBER 31,

EXHIBIT "A" CONTINUED

LIABILITIES AND STOCKHOLDERS' EQUITY

	1996	1995
CURRENT LIABILITIES		
Accounts Payable (Schedule 1)	$ 31,277	$ 23,133
Security Deposit Payable	500	-0-
Current Portion of Mortgage Payable (Note 3)	25,917	23,635
TOTAL CURRENT LIABILITIES	57,694	46,768
LONG TERM DEBT (NOTE 3)		
Mortgage Payable	699,491	723,126
LESS: Current Portion	25,917	23,635
TOTAL LONG TERM DEBT	673,574	699,491
TOTAL LIABILITIES	731,268	746,259
STOCKHOLDERS' EQUITY		
Paid in Capital		
Capital Stock (2,640 Shares Issued @ $1 Par Value)	2,640	2,640
Additional Paid in Capital	735,912	709,994
TOTAL PAID IN CAPITAL	738,552	712,634
Retained Earnings		
Balance-Beginning of Year	(509,640)	(487,123)
Net Loss for Period	(51,879)	(22,517)
Balance-End of Year	(561,519)	(509,640)
TOTAL STOCKHOLDERS' EQUITY	177,033	202,994
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 908,301	$ 949,253

The accompanying notes are an integral part of these financial statements.

BAINBRIDGE HOUSE, INC.

COMPARATIVE INCOME STATEMENTS

FOR THE YEARS ENDED DECEMBER 31,

EXHIBIT "B"

	1996	1995
INCOME FROM OPERATIONS		
Shareholders' Maintenance	$ 307,434	$ 307,434
LESS: Portion for Mortgage Amortization Credited to Additional Paid-in-Capital	25,917	20,508
	281,517	286,926
Parking Income	22,615	23,055
Laundry Income	3,900	3,900
TOTAL INCOME FROM OPERATIONS:	308,032	313,881
OPERATING EXPENSES		
Repairs & Maintenance (Schedule 2)	37,902	19,549
Supplies	3,477	1,248
Fuel Oil & Utilities	39,081	32,498
Real Estate Taxes	60,225	62,564
Mortgage Interest	65,866	80,863
Management Fees	16,749	15,750
Insurance	22,098	22,640
Union Welfare & Pension	4,299	4,146
Professional Fees	5,410	7,425
Water & Sewer Charges	22,536	21,517
Fees, Permits & Licenses	2,071	2,760
NYS & NYC Corporation Taxes	1,383	300
Office & Administrative Expense	2,463	2,243
Payroll Expense	33,929	33,268
Other Interest	588	534
TOTAL OPERATING EXPENSES	318,077	307,305
Net Income (Loss) From Operations	(10,045)	6,576
OTHER INCOME		
Interest Income	3,999	2,687
Assignment, Flip Tax, Late Charges, Other	391	1,885
Sublet Income	1,905	2,569
Real Estate Tax Refund (Note 4)	-0-	19,367
Other Income-Workers Compensation (Note 5)	10,800	-0-
TOTAL OTHER INCOME	17,095	26,508
NET INCOME (LOSS) BEFORE DEPRECIATION	7,050	33,084

BAINBRIDGE HOUSE, INC.

COMPARATIVE INCOME STATEMENTS

FOR THE YEARS ENDED DECEMBER 31,

EXHIBIT "B" CONTINUED

	1996	1995
NET INCOME (LOSS) BEFORE DEPRECIATION	$ 7,050	$ 33,804
Depreciation and Amortization (Note 2)	58,929	55,601
NET (LOSS)	$ (51,879)	$ (22,517)

The accompanying notes are an integral part of these financial statements.

BAINBRIDGE HOUSE, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1996

EXHIBIT "C"

CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss		$ (51,879)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization	$ 58,929	
Increase in Accounts Receivable	(7,152)	
Increase in Mortgage Escrow	(8,870)	
Increase in Repair Escrow	(119)	
Decrease in Prepayments	1,904	
Increase in Accounts Payable	8,144	
Increase in Security Deposit Payable	500	
Increase in Current Portion of Mortgage Payable	2,282	
TOTAL ADJUSTMENTS		55,618
NET CASH PROVIDED BY OPERATING ACTIVITIES		3,739
CASH FLOWS (USED) IN INVESTING ACTIVITIES		
Capital Expenditures	(12,696)	
Increase in Paid-in-Capital	25,917	
NET CASH (USED) IN INVESTING ACTIVITIES		13,221
CASH FLOWS (USED) IN FINANCING ACTIVITIES		
(Decrease) in Long Term Liability	(25,917)	(25,917)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(8,957)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		103,573
CASH AND CASH EQUIVALENTS AT END OF YEAR		$ 94,616

The accompanying notes are an integral part of these financial statements.

BAINBRIDGE HOUSE INC.

COMPARATIVE SCHEDULES

DECEMBER 31,

SCHEDULE 1 - PREPAYMENTS	1996	1995
Interest	$ 474	$ 529
Insurance	17,702	16,516
Water & Sewer	11,750	10,786
Real Estate Taxes	12,528	15,737
Corporate Taxes	635	1,425
TOTAL	$ 43,089	$ 44,993

SCHEDULE 2 - ACCOUNTS PAYABLE		
Improvements	$ 7,330	$ 5,500
Supplies	397	-0-
Repairs & Maintenance	3,083	-0-
Office	64	70
Professional Fees	1,022	484
Insurance	17,326	15,203
Fuel	2,055	1,876
TOTAL	$ 31,277	$ 23,133

SCHEDULE 3 - REPAIRS & MAINTENANCE		
Heat & Air Conditioning	$ 9,086	$ 6,283
Decorating & Painting	2,546	1,100
Electrical Repairs	1,633	379
Garage Door	609	557
Elevator	5,506	4,763
Plumbing	2,688	976
Exterminator	1,137	606
Roof Repairs	1,066	-0-
Compactor	-0-	536
Repairs & Maintenance-General	3,107	3,358
Intercom	2,329	991
Grounds	4,514	-0-
Side Walk Repair	3,681	-0-
TOTAL	$ 37,902	$ 19,549

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

1996

NOTE 1 - ORGANIZATION

The Corporation was organized in 1984 for the purpose of owning and operating the building at 325 East 201st Street, Bronx, NY as a cooperative apartment house pursuant to a plan of conversion which became effective on October 30, 1986. The Corporation qualifies as a cooperative housing corporation under Section 216 (b)(1) of the Internal Revenue Code. At December 31, 1994, 1,490 shares of the Corporation's common stock were sponsor owned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION
The financial statements are presented on the accrual basis of accounting.

DEPRECIATION
Depreciation is provided on the straight-line and accelerated methods over the estimated useful lives of the assets. Additions and betterments are capitalized, whereas costs of maintenance and repairs are charged to expense when incurred.

NOTE 3 - LONG-TERM DEBT

On October 3, 1995 the Corporation refinanced its mortgage with East New York Savings Bank in the principal sum of $725,000 for a term of fifteen (15) years. The loan secured by a Mortgage at 325 East 201st Street, Bronx, New York, bears interest at the rate of 9.25% per annum. Monthly payments of principal and interest are $7,461.65 commencing on December 1, 1995. The loan matures on November 1, 2010.

The existing mortgage was in the remaining principal sum of $682,456.37, held as of record by Harvey Sorkin, Seymour Moslin, Paul Maslin and Henry Moses was assigned to East New York Savings Bank. A "gap" note and mortgage were executed and delivered in the sum of $42,543.63 and thereafter consolidated with the prior mortgage to form a single lien.

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

1996

NOTE 3 - LONG-TERM DEBT (continued)

Maturities of long-term debt for the next five years are as follows:

Year Ending December 31,	Amount
1997	$ 25,917
1998	28,419
1999	31,162
2000	34,170
2001	37,468
	$157,136

NOTE 4 - REAL ESTATE TAX REFUND

A real estate tax refund of $19,367 net of legal fees was received in 1995.

NOTE 5 - WORKERS COMPENSATION CLAIM

In 1996 the Corporation received $10,800 from Public Service Mutual Insurance Company for wages paid from a Workers'Compensation claim.

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1996

NOTE 6 - FEDERAL INCOME TAXES

The Internal Revenue Service has taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code.

Section 277 of the Code provides that a membership organization that is operated to provide services to members is permitted to deduct expenses attributable to the furnishing of services to the members only to the extent of the income derived during such year from its members. Section 277 permits a membership organization to reduce income from non-membership sources only by expenses incurred in generating this income. Accordingly, income from non-membership sources such as interest, commercial rental, professional rental, etc. in excess of expenses properly attributable thereto, may be subject to federal tax.

Income tax liability that may result from the above is not reflected in the attached financial statements. If the position of the Internal Revenue Service is sustained by the courts, such liability will be reflected in future financial statements.

NOTE 7 - COMMON INTEREST REALTY ASSOCIATIONS

The co-op corporation has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The board has also not developed a plan to fund those needs.

When replacements funds are needed to meet future needs for major repairs and replacements, the co-op has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

EXHIBIT 2

SIXTEENTH AMENDMENT TO OFFERING PLAN
TO CONVERT TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458
SCHEDULE OF UNSOLD SHARES

Apt. No.	No. of Shares
1A	34
1B	44
1F	34
2A	34
2B	44
2C	24
2D	24
2F	34
2J	34
2L	44
3A	35
3C	25
3E	45
3F	35
3G	35
3J	35
3M	35
4B	45
4E	45
4G	35
4J	35
4L	45
4M	35
5C	36
5D	26
5H	46
5L	46
5M	36
6C	26
6D	26
6F	36
6G	36
6K	36
6L	46

FIFTEENTH AMENDMENT TO
OFFERING PLAN - A PLAN TO CONVERT
TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458

The Offering Plan for the above premises dated August 15, 1985 (hereinafter referred to as the "Plan") is hereby amended as follows:

1. Purposes of Amendment

(a) Disclose Refinancing of Building Mortgage;
(b) Disclose 1995 certified financial statements and the most recent budget;
(c) Disclose the members and officers of the Board of Directors;
(d) Disclose Information Regarding Lead Based Paint;
(e) Disclose financial information about the Sponsor and Holder of Unsold Shares; and
(f) Disclose the Reserve and Working Capital Funds.

2. Refinancing of Building Mortgage

The mortgage on the Building was refinanced on October 3, 1995. That mortgage is now held by East New York Savings Bank. The mortgage is for a period of ten years and matures on November 1, 2010 and bears interest at the rate of 9.25% per year for the entire term. The principal amount of this mortgage is $725,000.00. The mortgage is self liquidating. Refinancing the Building's mortgage resulted in reduction of monthly payments for principal and interest on the mortgage to $7,461.65. Monthly payments are $7,461.65 for interest and principal plus a monthly sum of $5,246.00 as an escrow for payment of real estate taxes and water and sewer charges on the building. Total monthly payments for the next year are therefore $12,707.65. This figure may be increased based on changes in real estate taxes and water and sewer charges. There is a prepayment penalty due on any early payments of this mortgage and no prepayment is permitted during the first five years.

3. Financial Statement and Budget

Annexed hereto as Exhibit 1 is the financial statement for the Cooperative for the year ending December 31, 1995. Also included herein as Exhibit 2 is the budget adopted by the board of directors for 1996.

4. Members and Officers of The Board of Directors

The officers and directors currently serving on the Board of Directors are as follows:

Nora Fuery, President
Joel T. Fishman, Vice President
Marc Fishman, Director
Regina Beamer/Denike, Director
Margaret Collins, Treasurer
David Young, Director
Connie Anestis, Secretary

Joel T. Fishman, Regina Beamer/Denike and Marc Fishman were nominated and designated by the Holder of Unsold Shares. The Sponsor does not control the Board of Directors and surrendered such control in October 1991 in accordance with the terms of the Plan.

5. Information Regarding Lead Based Paint

Sponsor has no knowledge of whether there is any lead based paint in or on the Property. Prospective purchasers are advised that they may have an independent inspection of the Property made at their expense to verify this condition either prior to or within ten business days after executing a contract for the purchase of shares from the Sponsor. The contract for the sale of shares is hereby amended to add the following paragraph:

> Purchaser hereby acknowledges receipt of the pamphlet titled "Protect Your Family From Lead in Your Home" issued by the Environmental Protection Agency as well as a copy of a disclosure of information on lead based paint and lead based paint hazards for property as required by law and Purchaser understands that housing constructed before 1978 may contain lead based paint. This contract is contingent on a risk assessment of the Property for the presence of lead based paint and/or lead based paint hazards at Purchaser's sole cost and expense until ten business days after execution and delivery of a copy to Purchaser or Purchaser's attorney. This contingency shall automatically terminate unless during this ten day period, Purchaser delivers to Sponsor or Sponsor's attorney a copy of an inspection and/or assessment report detailing any evidence of lead based paint and requests, in writing, the cancellation of this contract of sale and return of the down payment hereunder. If such request is not made within said time period the provisions of this paragraph will be null and void and this

contract will remain in effect free of the provisions of this paragraph.

6. Schedule of Unsold Shares and Other Financial Information About the Sponsor and Holders of Unsold Shares

a) Annexed hereto as Exhibit 3 is a schedule of Unsold Shares, all of which are held by the Sponsor, Modern Realty Associates.

b) The aggregate monthly maintenance charge payments allocable to all apartments owned by the holder of Unsold Shares is $12,742.09.

c) The aggregate monthly rents received from tenants of all apartments owned by the holder of Unsold Shares is currently $16,420.46.

d) The Sponsor and holder of Unsold Shares has no financial obligations (other than payment of maintenance charges) to the Cooperative which become due within twelve months from the date of this Amendment.

e) None of the Unsold Shares are subject to mortgages or financing commitments.

f) The monthly maintenance payments due to the Cooperative on all Unsold Shares owned by the Sponsor will be funded from rents received from the tenants of the apartments to which the Unsold Shares are allocated, proceeds of future sales, working capital of the Sponsor and income received by the Sponsor from other sources.

g) The Sponsor and holder of Unsold Shares is current on all its financial obligations under the Plan and was current on all such obligations during the year prior to the filing of this amendment.

h) Annexed hereto as Exhibit 4 is a schedule of all buildings in which Sponsor owns more than ten (10%) percent of the Unsold Shares or Unsold Units. Offering plans for these buildings are on file with the Department of Law and are available for public inspection.

i) The Sponsor and holder of Unsold Shares is current on all its financial obligations in all other cooperatives or condominiums in which it owns shares or units except that real estate tax bills on the unsold units at 5775 Mosholu Avenue have not all been paid.

j) The Sponsor and holder of Unsold Shares does not control the Board of Directors of the Cooperative. The Sponsor surrendered such control of the Board of Directors in October of 1991 as provided above.

7. Reserve and Working Capital Funds

The Cooperative has several Reserve Fund accounts. The total of these funds as of August 31, 1996 was $100,361.19. The Reserve Fund Accounts were: Account Number [redacted] at Chase Manhattan Bank, 3775 Johnson Avenue, Riverdale, New York 10463 with a balance of $24,566.74; Vision Treasury Money Market Fund, P.O. Box 4556, Buffalo, New York 14240, Account Number [redacted] with a balance of $34,776.52; and Account Number [redacted] at East New York Savings Bank, 350 Park Avenue, New York, New York, with a balance of $5,107.92. In addition, as part of its Reserve Fund, the Cooperative has a Vista Money Market Fund maintained at Vista Service Center, P.O. Box 419392, Kansas City, Missouri 64141. This account had a value of $35,909.98 as of August 31, 1996. The Cooperative's Working Capital Fund (Account Number [redacted] is at Chemical Bank, 3775 Riverdale Avenue, Riverdale, New York 10463 with a balance as of August 31, 1996 of $25,297.42.

8. Incorporation of Amended Plan

The Plan, as modified and supplemented hereby and in the first fourteen amendments to the Plan, is incorporated herein by reference with the same effect as if set forth at length. All terms used in this Fifteenth Amendment shall have the same meaning as ascribed thereto in the Plan.

9. No Material Changes

Except as set forth in this Fifteenth Amendment and in the first fourteen amendments to the Plan, there have been no material changes in the Plan.

Dated: October 24, 1996
New York, New York

EXHIBIT 1

4H.

(516) 759-0022
FAX (516) 759-0031

JEROME M. SOBEL
CERTIFIED PUBLIC ACCOUNTANT

40 RAILROAD AVENUE
GLEN HEAD, NEW YORK 11545

To The Board of Directors and
Shareholders of Bainbridge House, Inc.:

I have examined the accompanying Comparative Balance Sheets of Bainbridge House, Inc. as of December 31, 1995 and 1994 and the related Comparative Statements of Income for the years ended December 31, 1995 and 1994 and the Statement of Cash Flows for the year ended December 31, 1995. These Financial Statements are the responsibility of the Company's management. My responsibility is to express an opinion on these comparative financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall Financial Statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the Comparative Financial Statements referred to above present fairly, in all material respects, the financial position of Bainbridge House, Inc. as of December 31, 1995 and 1994, the results of its operations for the years ended December 31, 1995 and 1994 and cash flows for the year ended December 31, 1995 in conformity with generally accepted accounting principles.

Respectfully submitted,

Jerome M. Sobel

JEROME M. SOBEL

March 20, 1996
Glen Head, NY

BAINBRIDGE HOUSE, INC.

COMPARATIVE BALANCE SHEETS

DECEMBER 31,

EXHIBIT "A"

ASSETS

	1995	1994
CURRENT ASSETS		
Cash-Management Account	$ 7,496	$ 22
Cash Reserve Fund	35,754	37,238
Cash Money Market	60,323	-0-
Treasury Bill (Matures 5-4-95)	-0-	24,324
Cash-Escrow	-0-	16,195
Cash-Repair Escrow	5,019	-0-
Accounts Receivable-Maintenance	282	3,330
Prepayments (Schedule 1)	44,993	43,881
TOTAL CURRENT ASSETS	153,867	124,990
FIXED ASSETS		
Land	90,699	90,699
Building	1,172,620	1,172,620
Improvements	113,072	104,572
	1,376,391	1,367,891
LESS: Accumulated Depreciation (Note 2)	615,136	560,114
TOTAL FIXED ASSETS	761,255	807,777
OTHER ASSETS		
Mortgage Acquistion Costs	7,250	-0-
Closing Costs	27,460	-0-
	34,710	-0-
LESS: Accumulation Amortization (Note 2)	579	-0-
TOTAL OTHER ASSETS	34,131	-0-
TOTAL ASSETS	$ 949,253	$ 932,767

The accompanying notes are an integral part of these financial statements.

JEROME M. SOBEL
CERTIFIED PUBLIC ACCOUNTANT

BAINBRIDGE HOUSE, INC.

COMPARATIVE BALANCE SHEETS

DECEMBER 31,

EXHIBIT "A" CONTINUED

LIABILITIES AND STOCKHOLDERS' EQUITY

	1995	1994
CURRENT LIABILITIES		
Accounts Payable (Schedule 1)	$ 23,133	$ 26,672
Current Portion of Mortgage Payable (Note 3)	23,635	25,227
TOTAL CURRENT LIABILITIES	46,768	51,899
LONG TERM DEBT (NOTE 3)		
Mortgage Payable	723,126	701,092
LESS: Current Portion	23,635	25,227
TOTAL LONG TERM DEBT	699,491	675,865
TOTAL LIABILITIES	746,259	727,764
STOCKHOLDERS' EQUITY		
Paid in Capital		
Capital Stock (2,640 Shares Issued @ $1 Par Value)	2,640	2,640
Additional Paid in Capital	709,994	689,486
TOTAL PAID IN CAPITAL	712,634	692,126
Retained Earnings		
Balance-Beginning of Year	(487,123)	(457,630)
Net Loss for Period	(22,517)	(29,493)
Balance-End of Year	(509,640)	(487,123)
TOTAL STOCKHOLDERS' EQUITY	202,994	205,003
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 949,253	$ 932,767

The accompanying notes are an integral part of these financial statements.

BAINBRIDGE HOUSE, INC.

COMPARATIVE INCOME STATEMENTS

FOR THE YEARS ENDED DECEMBER 31,

EXHIBIT "B"

	1995	1994
INCOME FROM OPERATIONS		
Shareholders' Maintenance	$ 307,434	$ 308,499
LESS: Portion for Mortgage Amortization Credited to Additional Paid-in-Capital	20,508	22,387
	286,926	286,112
Parking Income	23,055	22,364
Laundry Income	3,900	3,900
TOTAL INCOME FROM OPERATIONS:	313,881	312,376
OPERATING EXPENSES		
Repairs & Maintenance (Schedule 2)	19,549	24,432
Supplies	1,248	1,913
Fuel Oil & Utilities	32,498	29,664
Real Estate Taxes	62,564	65,230
Mortgage Interest	80,863	85,612
Management Fees	15,750	15,750
Insurance	22,640	22,039
Union Welfare & Pension	4,146	4,143
Professional Fees	7,425	3,702
Water & Sewer Charges	21,517	20,636
Fees, Permits & Licenses	2,760	686
NYS & NYC Corporation Taxes	300	2,473
Office & Administrative Expense	2,243	1,827
Payroll Expense	33,268	31,784
Other Interest	534	552
TOTAL OPERATING EXPENSES	307,305	310,443
Net Income (Loss) From Operations	6,576	1,933
OTHER INCOME		
Interest Income	2,687	1,273
Assignment, Flip Tax, Late Charges, Other	1,885	900
Sublet Income	2,569	2,165
Real Estate Tax Refund (Note 5)	19,367	23,145
TOTAL OTHER INCOME	26,508	27,483
NET INCOME (LOSS) BEFORE DEPRECIATION	33,084	29,416

BAINBRIDGE HOUSE, INC.

COMPARATIVE INCOME STATEMENTS

FOR THE YEARS ENDED DECEMBER 31,

EXHIBIT "B" CONTINUED

	1995	1994
NET INCOME (LOSS) BEFORE DEPRECIATION	$ 33,804	$ 29,416
Depreciation (Note 2)	55,601	58,909
NET (LOSS)	$ (22,517)	$ (29,493)

The accompanying notes are an integral part of these financial statements.

BAINBRIDGE HOUSE, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1995

EXHIBIT "C"

CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss		$ (22,517)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	$ 55,601	
Decrease in Accounts Receivable	3,047	
Decrease in Mortgage Escrow	16,195	
Increase in Repair Escrow	(5,019)	
Decrease in Prepayments	(1,113)	
Decrease in Accounts Payable	(3,539)	65,172
NET CASH PROVIDED BY OPERATING ACTIVITIES		42,655
CASH FLOWS (USED) IN INVESTING ACTIVITIES		
Mortgage Acquisition Costs	(7,250)	
Closing Costs	(27,460)	
Capital Expenditures	(8,500)	
NET CASH (USED) IN INVESTING ACTIVITIES		(43,210)
CASH FLOWS (USED) IN FINANCING ACTIVITIES		
Refinancing Mortgage	725,000	
Payoff of Existing Mortgage	(682,456)	
(Decrease) in Long Term Liability	(20,508)	
Increase in Paid-In-Capital	20,508	42,544
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		41,989
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		61,584
CASH AND CASH EQUIVALENTS AT END OF YEAR		$ 103,573

The accompanying notes are an integral part of these financial statements.

JEROME M. SOBEL
CERTIFIED PUBLIC ACCOUNTANT

BAINBRIDGE HOUSE INC.

COMPARATIVE SCHEDULES

DECEMBER 31,

SCHEDULE 1 - PREPAYMENTS	1995	1994
Interest	$ 529	$ 468
Insurance	16,516	16,833
Water & Sewer	10,786	10,309
Real Estate Taxes	15,737	14,682
Corporate Taxes	1,425	1,589
TOTAL	$ 44,993	$ 43,881

SCHEDULE 2 - ACCOUNTS PAYABLE		
Improvements	$ 5,500	$ 2,506
Supplies	-0-	270
Repairs & Maintenance	-0-	4,079
Office	70	96
Union, Pension & Welfare	-0-	3,150
Professional Fees	484	1,282
Utilities	-0-	514
Corporate Taxes	-0-	1,320
Insurance	15,203	13,455
Fuel	1,876	-0-
TOTAL	$ 23,133	$ 26,672

SCHEDULE 3 - REPAIRS & MAINTENANCE		
Heat & Air Conditioning	$ 6,283	$ 7,303
Decorating & Painting	1,100	1,435
Electrical	379	846
Garage Door	557	2,455
Elevator	4,763	5,104
Plumbing	976	5,537
Exterminator	606	909
Roof Repairs	-0-	843
Compactor	536	-0-
Repairs & Maintenance-General	3,358	-0-
Intercom	991	-0-
TOTAL	$ 19,549	$ 24,432

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

1995

NOTE 1 - ORGANIZATION

The Corporation was organized in 1984 for the purpose of owning and operating the building at 325 East 201st Street, Bronx, NY as a cooperative apartment house pursuant to a plan of conversion which became effective on October 30, 1986. The Corporation qualifies as a cooperative housing corporation under Section 216 (b)(1) of the Internal Revenue Code. At December 31, 1994, 1,490 shares of the Corporation's common stock were sponsor owned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

DEPRECIATION

Depreciation is provided on the straight-line and accelerated methods over the estimated useful lives of the assets. Additions and betterments are capitalized, whereas costs of maintenance and repairs are charged to expense when incurred.

NOTE 3 - LONG-TERM DEBT

On October 3, 1995 the Corporation refinanced its mortgage with East New York Savings Bank in the principal sum of $725,000 for a term of fifteen (15) years. The loan secure by a Mortgagor at 325 East 201st Street, Bronx, New York, bears interest at the rate of 9.25% per annum. Monthly payments of principal and interest are $7,461.65 commencing on December 1, 1995. The loan matures on November 1, 2010.

The existing mortgage was in the remaining principal sum of $682,456.37, held as of record by Harvey Sorkin, Seymour Moslin, Paul Maslin and Henry Moses was assigned to East New York Savings Bank. A "gap" note and mortgage were executed and delivered in the sum of $42,543.63 and thereafter consolidated with the prior mortgage to form a single lien.

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

1995

NOTE 3 - LONG-TERM DEBT (continued)

Maturities of long-term debt for the next five years are as follows:

Year Ending December 31,	Amount
1996	$ 23,636
1997	25,917
1998	28,419
1999	31,162
2000	34,170
	$143,304

NOTE 4 - REAL ESTATE TAX REFUND

A real estate tax refund was issued in 1993 the amount of $46,290. Legal fees of $23,145 were disbursed from this refund. The net amount received was $23,145. An additional real estate tax refund in the amount of $9,367 was received in 1995.

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1995

NOTE 5 - FEDERAL INCOME TAXES

The Internal Revenue Service has taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code.

Section 277 of the Code provides that a membership organization that is operated to provide services to members is permitted to deduct expenses attributable to the furnishing of services to the members only to the extent of the income derived during such year from its members. Section 277 permits a membership organization to reduce income from non-membership sources only by expenses incurred in generating this income. Accordingly, income from non-membership sources such as interest, commercial rental, professional rental, etc. in excess of expenses properly attributable thereto, may be subject to federal tax.

Income tax liability that may result from the above is not reflected in the attached financial statements. If the position of the Internal Revenue Service is sustained by the courts, such liability will be reflected in future financial statements.

NOTE 6 - COMMON INTEREST REALTY ASSOCIATIONS

The co-op corporation has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The board has also not developed a plan to fund those needs.

When replacements funds are needed to meet future needs for major repairs and replacements, the co-op has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

Budget Comparison Report
JULY 1996
Prepared for
Goodman Management Co., Inc.

	CURRENT ACTUAL	CURRENT BUDGET	CURR. VARIANCE	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	BUDGET BALANCE	1996 BUDGET
INCOME								
Maintenance	26,723.91	25,708.25	1,015.66	174,941.11	179,957.75	(5,016.64)	(133,557.89)	308,499.00
Laundry	325.00	325.00	0.00	2,275.00	2,275.00	0.00	(1,625.00)	3,900.00
Parking	2,116.80	2,028.58	88.22	14,641.20	14,200.06	441.14	(9,701.80)	24,343.00
Loan & Exchange	0.00	0.00	0.00	26,689.29	0.00	26,689.29	26,689.29	0.00
Security Deposits/Refunds	0.00	0.00	0.00	750.00	0.00	750.00	750.00	0.00
Other	277.34	250.00	27.34	4,909.75	1,750.00	3,159.75	1,909.75	3,000.00
Total Operating Income	29,443.05	28,311.83	1,131.22	224,206.35	198,182.81	26,023.54	(115,535.65)	339,742.00
OPERATING EXPENSES								
Payroll	3,924.00	2,665.42	(1,258.58)	18,547.40	18,657.94	110.54	13,437.60	31,985.00
Health & Welfare	358.00	353.00	(5.00)	2,509.00	2,471.00	(38.00)	1,727.00	4,236.00
Payroll Taxes	183.28	516.58	333.30	2,150.48	3,616.06	1,465.58	4,048.52	6,199.00
Mort./Interest/Princple	12,707.65	14,747.50	2,039.85	88,953.55	103,232.50	14,278.95	88,016.45	176,970.00
Insurance	1,900.43	1,666.67	(233.76)	13,765.01	11,666.69	(2,098.32)	6,234.99	20,000.00
Management Fee	1,395.83	1,395.83	0.00	9,769.98	9,770.81	0.83	6,980.02	16,750.00
Transfers	833.33	833.33	0.00	32,522.60 (1)	5,833.31	(26,689.29)	(22,522.60)	10,000.00
Security Deposits/Refunds	0.00	0.00	0.00	500.00	0.00	(500.00)	(500.00)	0.00
Admin, General & Other	145.34	198.08	52.74	1,225.11	1,386.56	161.45	1,151.89	2,377.00
Professional Fees	492.55	416.67	(75.88)	2,152.23	2,916.69	764.46	2,847.77	5,000.00
Sales Tax	0.00	207.92	207.92	1,182.04	1,455.44	273.40	1,312.96	2,495.00
Licenses & Permits	822.28	41.67	(780.61)	1,560.28	291.69	(1,268.59)	(1,060.28)	500.00
Gas & Electric	890.49	916.67	26.18	6,421.65	6,416.69	(4.96)	4,578.35	11,000.00
Fuel Oil	0.00	1,770.83	1,770.83	18,759.50	12,395.81	(6,363.69)	2,490.50	21,250.00
Telephone/Beeper	15.00	15.00	0.00	105.00	105.00	0.00	75.00	180.00
Corporation Taxes	9.00	125.00	116.00	224.00	875.00	651.00	1,276.00	1,500.00
Repairs & Maintenance	4,495.19	2,191.67	(2,303.52)	15,555.52	15,341.69	(213.83)	10,744.48	26,300.00
Supplies	383.85	250.00	(133.85)	1,817.55	1,750.00	(67.55)	1,182.45	3,000.00
TOTAL OPERATING EXPENSES	28,556.22	28,311.84	(244.38)	217,720.90	198,182.88	(19,538.02)	122,021.10	339,742.00
NET OPERATIONS CASH FLOW	886.83	(0.01)	886.84	6,485.45	(0.07)	6,485.52	6,485.45	0.00

Balance 01/01/96 7496.39
Balance 07/31/96 13981.84

(1) Reflects 26689.29 Transfer to Chemical Reserve

EXHIBIT 3

FIFTEENTH AMENDMENT TO OFFERING PLAN
TO CONVERT TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458
SCHEDULE OF UNSOLD SHARES

Apt. No.	No. of Shares
1A	34
1B	44
1F	34
2A	34
2B	44
2C	24
2D	24
2F	34
2J	34
2L	44
3A	35
3C	25
3E	45
3F	35
3G	35
3J	35
3K	35
3M	35
4B	45
4E	45
4G	35
4J	35
4L	45
4M	35
5A	36
5C	36
5D	26
5H	46
5L	46
5M	36
6B	46
6C	26
6D	26
6F	36
6G	36
6H	46
6K	36
6L	46

EXHIBIT 4

FIFTEENTH AMENDMENT TO OFFERING PLAN
TO CONVERT TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458

SCHEDULE OF BUILDINGS IN WHICH THE SPONSOR
OWNS MORE THAN TEN (10%) PERCENT OF THE SHARES OR UNITS

Address of Property	Date Plan Accepted For Filing	Date of Closing or First Closing
3200 Netherland Avenue Riverdale, New York 10463	May 24, 1983	May 15, 1984
5775 Mosholu Avenue Riverdale, New York 10471	July 1, 1983	January 17, 1985

FOURTEENTH AMENDMENT TO
OFFERING PLAN - A PLAN TO CONVERT
TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458

The Offering Plan for the above premises dated August 15, 1985 (hereinafter referred to as the "Plan") is hereby amended as follows:

1. Purposes of Amendment

(a) Disclose 1994 certified financial statements, the most recent budget and a property tax reduction;
(b) Disclose the members and officers of the Board of Directors;
(c) Disclose financial information about the Sponsor and Holder of Unsold Shares; and
(d) Disclose the Reserve and Working Capital Funds.

2. Financial Statement, Budget and Property Tax Reduction

Annexed hereto as Exhibit 1 is the financial statement for the Cooperative for the year ending December 31, 1994. Also included herein as Exhibit 2 is the budget adopted by the board of directors for 1995. It reflects a recent reduction in the real estate taxes for the building. This reduction was obtained as a result of tax certiorari proceedings undertaken as requested by the board of directors. In addition the cooperative received a tax refund check in the amount of $19,000.00. The board of directors has chosen to add this sum to the reserve fund for the building.

3. Members and Officers of The Board of Directors

The officers and directors currently serving on the Board of Directors are as follows:

Nora Fuery, President
Joel T. Fishman, Vice President
Marc Fishman, Director
Regina Beamer/Denike, Director
Margaret Collins, Treasurer
David Young, Director
Connie Anestis, Secretary

Joel T. Fishman, Regina Beamer/Denike and Marc Fishman were nominated and designated by the Holder of Unsold Shares. The Sponsor does not control the Board of Directors and surrendered such control in October 1991 in accordance with the terms of the Plan.

4. Schedule of Unsold Shares and Other Financial Information About the Sponsor and Holders of Unsold Shares

a) Annexed hereto as Exhibit 3 is a schedule of Unsold Shares, all of which are held by the Sponsor, Modern Realty Associates.

b) The aggregate monthly maintenance charge payments allocable to all apartments owned by the holder of Unsold Shares is $13,528.17.

c) The aggregate monthly rents received from tenants of all apartments owned by the holder of Unsold Shares is currently $16,527.40.

d) The Sponsor and holder of Unsold Shares has no financial obligations (other than payment of maintenance charges) to the Cooperative which become due within twelve months from the date of this Amendment.

e) None of the Unsold Shares are subject to mortgages or financing commitments.

f) The monthly maintenance payments due to the Cooperative on all Unsold Shares owned by the Sponsor will be funded from rents received from the tenants of the apartments to which the Unsold Shares are allocated, proceeds of future sales, working capital of the Sponsor and income received by the Sponsor from other sources.

g) The Sponsor and holder of Unsold Shares is current on all its financial obligations under the Plan and was current on all such obligations during the year prior to the filing of this amendment.

h) Annexed hereto as Exhibit 4 is a schedule of all buildings in which Sponsor owns more than ten (10%) percent of the Unsold Shares or Unsold Units. Offering plans for these buildings are on file with the Department of Law and are available for public inspection.

i) The Sponsor and holder of Unsold Shares is current on all its financial obligations in all other cooperatives or condominiums in which it owns shares or units except that real estate tax bills on the unsold units at 5775 Mosholu Avenue have not all been paid.

j) The Sponsor and holder of Unsold Shares does not control the Board of Directors of the Cooperative. The Sponsor surrendered such control of the Board of Directors in October of 1991 as provided above.

5. Reserve and Working Capital Funds

The Cooperative's Reserve Fund (Account Number 279-1-055854) is at Chase Manhattan Bank, 583 West 235th Street, Riverdale, New York 10463. The Cooperative's Working Capital Fund (Account Number [redacted]) is at Chemical Bank, 3775 Riverdale Avenue, Riverdale, New York 10463. The balances in these accounts as of May 26, 1995 were $36,887.11 and $789.11 respectively. In addition, as part of its Reserve Fund, the Cooperative purchased a $25,000.00 U.S. Treasury Bill on October 31, 1994. This Treasury Bill is maintained at Bear Stearns Securities in account number [redacted]. As of May 26, 1995 this account had a value of $25,744.00.

6. Incorporation of Amended Plan

The Plan, as modified and supplemented hereby and in the first thirteen amendments to the Plan, is incorporated herein by reference with the same effect as if set forth at length. All terms used in this Fourteenth Amendment shall have the same meaning as ascribed thereto in the Plan.

7. No Material Changes

Except as set forth in this Fourteenth Amendment and in the first thirteen amendments to the Plan, there have been no material changes in the Plan.

Dated: October 18, 1995
New York, New York

EXHIBIT 1

(516) 759-0022
FAX (516) 759-0031

JEROME M. SOBEL
CERTIFIED PUBLIC ACCOUNTANT

40 RAILROAD AVENUE
GLEN HEAD, NEW YORK 11545

RECEIVED
AUG 15 1995

To The Board of Directors and
Shareholders of Bainbridge House, Inc.:

I have examined the accompanying Comparative Balance Sheets of Bainbridge House, Inc. as of December 31, 1994 and 1993 and the related Comparative Statements of Income for the years ended December 31, 1994 and 1993 and the Statement of Cash Flows for the year ended December 31, 1994. These Financial Statements are the responsibility of the Company's management. My responsibility is to express an opinion on these comparative financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall Financial Statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the Comparative Financial Statements referred to above present fairly, in all material respects, the financial position of Bainbridge House, Inc. as of December 31, 1994 and 1993, the results of its operations for the years ended December 31, 1994 and 1993 and cash flows for the year ended December 31, 1994 in conformity with generally accepted accounting principles.

Respectfully submitted,

Jerome M. Sobel

JEROME M. SOBEL

April 10, 1995
Glen Head, NY

BAINBRIDGE HOUSE, INC.

COMPARATIVE BALANCE SHEETS

DECEMBER 31,

EXHIBIT "A"

ASSETS

CURRENT ASSETS	1994	1993
Cash-Management Account	$ 22	$ 6,462
Cash Reserve Fund	37,238	49,943
Cash-Escrow	16,195	15,932
Treasury Bill (Matures 5-4-95)	24,324	-0-
Accounts Receivable-Maintenance	3,330	2,243
TOTAL CURRENT ASSETS	81,109	74,580
FIXED ASSETS		
Land	90,699	90,699
Building	1,172,620	1,172,620
Improvements	104,572	75,197
	1,367,891	1,338,516
LESS: Accumulated Depreciation (Note 2)	560,114	501,205
TOTAL FIXED ASSETS	807,777	837,311
OTHER ASSETS		
Prepaid Interest	468	-0-
Prepaid Insurance	16,833	1,804
Prepaid Water and Sewer	10,309	10,272
Prepaid Real Estate Taxes	14,682	15,212
Prepaid Corporate Taxes	1,589	2,210
TOTAL OTHER ASSETS	43,881	29,498
TOTAL ASSETS	$ 932,767	$ 941,389

The accompanying notes are an integral part of these financial statements.

JEROME M. SOBEL
CERTIFIED PUBLIC ACCOUNTANT

BAINBRIDGE HOUSE, INC.

COMPARATIVE BALANCE SHEETS

DECEMBER 31,

EXHIBIT "A" CONTINUED

LIABILITIES AND STOCKHOLDERS' EQUITY

	1994	1993
CURRENT LIABILITIES		
Accounts Payable (Schedule 1)	$ 26,672	$ 5,801
Current Portion of Mortgage Payable (Note 3)	25,227	22,387
TOTAL CURRENT LIABILITIES	51,899	28,188
LONG TERM DEBT (NOTE 3)		
Mortgage Payable	701,092	723,479
LESS: Current Portion	25,227	22,387
TOTAL LONG TERM DEBT	675,865	701,092
TOTAL LIABILITIES	727,764	729,280
STOCKHOLDERS' EQUITY		
Paid in Capital		
Capital Stock (2,640 Shares Issued @ $1 Par Value)	2,640	2,640
Additional Paid in Capital	689,486	667,099
TOTAL PAID IN CAPITAL	692,126	669,739
Retained Earnings		
Balance-Beginning of Year	(457,630)	(400,337)
Net Loss for Period	(29,493)	(57,293)
Balance-End of Year	(487,123)	(457,630)
TOTAL STOCKHOLDERS' EQUITY	205,003	212,109
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 932,767	$ 941,389

The accompanying notes are an integral part of these financial statements.

JEROME M. SOBEL
CERTIFIED PUBLIC ACCOUNTANT

BAINBRIDGE HOUSE, INC.

COMPARATIVE INCOME STATEMENTS

FOR THE YEARS ENDED DECEMBER 31,

EXHIBIT "B"

INCOME FROM OPERATIONS	1994	1993
Shareholders' Maintenance	$ 308,499	$ 308,063
LESS: Portion for Mortgage Amortization Credited to Additional Paid-in-Capital	22,387	19,868
	286,112	288,195
Parking Income	22,364	22,062
Laundry Income	3,900	3,900
TOTAL INCOME FROM OPERATIONS:	312,376	314,157
OPERATING EXPENSES		
Repairs & Maintenance (Schedule 2)	24,432	24,336
Supplies	1,913	2,239
Fuel Oil & Utilities	29,664	34,655
Real Estate Taxes	65,230	63,201
Mortgage Interest	85,612	88,037
Management Fees	15,750	15,750
Insurance	22,039	19,202
Union Welfare & Pension	4,143	3,703
Professional Fees	3,702	3,627
Water & Sewer Charges	20,636	19,136
Fees, Permits & Licenses	686	2,424
NYS & NYC Corporation Taxes	2,473	2,358
Office & Administrative Expense	1,827	2,237
Payroll Expense	31,784	33,725
Other Interest	552	-0-
TOTAL OPERATING EXPENSES	310,443	314,630
Net Income (Loss) From Operations	1,933	(473)
OTHER INCOME		
Interest Income	1,273	1,329
Assignment, Flip Tax, Late Charges, Other	900	250
Sublet Income	2,165	2,410
Grant Income (Note 4)	-0-	2,506
Real Estate Tax Refund (Note 5)	23,145	-0-
TOTAL OTHER INCOME	27,483	6,495
NET INCOME (LOSS) BEFORE DEPRECIATION	29,416	6,022

BAINBRIDGE HOUSE, INC.

COMPARATIVE INCOME STATEMENTS

FOR THE YEARS ENDED DECEMBER 31,

EXHIBIT "B" CONTINUED

	1994	1993
NET INCOME (LOSS) BEFORE DEPRECIATION	$ 29,416	$ 6,022
Depreciation (Note 2)	58,909	63,315
NET (LOSS)	$ (29,493)	$ (57,293)

The accompanying notes are an integral part of these financial statements.

BAINBRIDGE HOUSE, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1994

EXHIBIT "C"

CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss		$ (29,493)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	$ 58,909	
Increase in Accounts Receivable	(1,087)	
Increase in Mortgage Escrow	(263)	
Increase in Prepaid Insurance	(15,029)	
Decrease in Prepaid Real Estate Taxes	530	
Decrease in Prepaid Corporate Taxes	621	
Increase in Prepaid Interest	(468)	
Increase in Prepaid Water and Sewer	(37)	
Increase in Accounts Payable	20,871	64,047
NET CASH PROVIDED BY OPERATING ACTIVITIES		34,554
CASH FLOWS (USED) IN INVESTING ACTIVITIES		
Capital Expenditures	(29,375)	
Increase in Treasury Bill	(24,324)	
NET CASH (USED) IN INVESTING ACTIVITIES		(53,699)
CASH FLOWS (USED) IN FINANCING ACTIVITIES		
(Decrease) in Long Term Liability	(22,387)	
Increase in Paid-In-Capital	22,387	-0-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(19,145)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		56,405
CASH AND CASH EQUIVALENTS AT END OF YEAR		$ 37,260

The accompanying notes are an integral part of these financial statements.

BAINBRIDGE HOUSE INC.

SUPPORTING SCHEDULES

DECEMBER 31, 1994

SCHEDULE 1 - ACCOUNTS PAYABLE

Improvements	$ 2,506
Supplies	270
Repairs & Maintenance	4,079
Office	96
Union, Pension & Welfare	3,150
Professional Fees	1,282
Utilities	514
Corporate Taxes	1,320
Insurance	13,455
TOTAL	$ 26,672

SCHEDULE 2 - REPAIRS & MAINTENANCE

Heat & Air Conditioning	$ 7,303
Decorating & Painting	1,435
Electrical	846
Garage Door	2,455
Elevator	5,104
Plumbing	5,537
Exterminator	909
Roof Repairs	843
TOTAL	$ 24,432

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

1994

NOTE 1 - ORGANIZATION

The Corporation was organized in 1984 for the purpose of owning and operating the building at 325 East 201st Street, Bronx, NY as a cooperative apartment house pursuant to a plan of conversion which became effective on October 30, 1986. The Corporation qualifies as a cooperative housing corporation under Section 216 (b)(1) of the Internal Revenue Code. At December 31, 1994, 1,490 shares of the Corporation's common stock were sponsor owned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

DEPRECIATION

Depreciation is provided on the straight-line and accelerated methods over the estimated useful lives of the assets. Additions and betterments are capitalized, whereas costs of maintenance and repairs are charged to expense when incurred.

NOTE 3 - LONG-TERM DEBT

Long-term debt consists of a mortgage payable that commenced on June 1, 1991 and runs through May 1, 2001. The mortgage payable, with a remaining balance of $701,092 at December 31, 1994, will be paid in 77 remaining monthly payments of $9,000, consisting of principal and interest at 12% per annum, through May 1, 2001, at which time a balloon payment is scheduled to be made of remaining principal plus accrued interest, if any. Assuming that all payments are made in a timely manner, the balloon payment will be approximately $472,000.

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

1994

NOTE 3 - LONG-TERM DEBT (continued)

Maturities of long-term debt for the next five years are as follows:

Year Ending December 31,	Amount
1995	$ 25,227
1996	28,426
1997	32,031
1998	36,093
1999	40,671
	$162,448

NOTE 4 - GRANT INCOME

In 1990, the Bedford Mosholu Community Association (BMCA) applied to the New York State Division of Criminal Justice Services for a grant under the Neighborhood Preservation Crime Prevention Act. The grant was approved in 1991 and the funds were issued in 1993. The BMCA, in turn, chose Bainbridge House, Inc. to receive the funds for the installation of an intercom system. The funds were received by Bainbridge House, Inc. and the system was completed during 1993.

NOTE 5 - REAL ESTATE TAX REFUND

A real estate tax refund was received in the amount of $46,290. Legal fees of $23,145 were disbursed from this refund. The net amount received was $23,145. Management asserts that an additional amount of approximately $20,000 will be forthcoming.

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994

NOTE 6 - FEDERAL INCOME TAXES

The Internal Revenue Service has taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code.

Section 277 of the Code provides that a membership organization that is operated to provide services to members is permitted to deduct expenses attributable to the furnishing of services to the members only to the extent of the income derived during such year from its members. Section 277 permits a membership organization to reduce income from non-membership sources only by expenses incurred in generating this income. Accordingly, income from non-membership sources such as interest, commercial rental, professional rental, etc. in excess of expenses properly attributable thereto, may be subject to federal tax.

Income tax liability that may result from the above is not reflected in the attached financial statements. If the position of the Internal Revenue Service is sustained by the courts, such liability will be reflected in future financial statements.

NOTE 7 - COMMON INTEREST REALTY ASSOCIATIONS

The co-op corporation has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The board has also not developed a plan to fund those needs.

When replacements funds are needed to meet future needs for major repairs and replacements, the co-op has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

EXHIBIT 2

Bainbridge
1995
Budget

	1995 BUDGET
INCOME	
Rents	$ 0.00
Maintenance	308,499.00
Laundry	3,900.00
Parking	24,343.00
Loan & Exchange	0.00
Security Deposits/Refunds	0.00
Other	2,700.00
Total Operating Income	339,442.00
OPERATING EXPENSES	
Payroll	30,124.00
Health & Welfare	4,056.00
Payroll Taxes	4,959.00
Mort./Interest/Princple	193,188.00
Insurance	19,300.00
Management Fee	15,750.00
Transfers	0.00
Security Deposits/Refunds	0.00
Admin, General & Other	1,790.00
Professional Fees	3,500.00
Sales Tax	2,495.00
Licenses & Permits	300.00
Gas & Electric	11,500.00
Fuel Oil	24,000.00
Telephone/Beeper	180.00
Corporation Taxes	1,500.00
Landscaping & Gardening	0.00
Repairs & Maintenance	25,000.00
Supplies	1,800.00
TOTAL OPERATING EXPENSES	339,442.00
NET OPERATIONS CASH FLOW	0.00

EXHIBIT 3

FOURTEENTH AMENDMENT TO OFFERING PLAN
TO CONVERT TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458
SCHEDULE OF UNSOLD SHARES

Apt. No.	No. of Shares
1A	34
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2A	34
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2D	24
2F	34
2J	34
2L	44
3A	35
3C	25
3E	45
3F	35
3G	35
3J	35
3K	35
3M	35
4B	45
4E	45
4G	35
4J	35
4L	45
4M	35
5A	36
5C	36
5D	26
5H	46
5L	46
5M	36
6B	46
6C	26
6D	26
6F	36
6G	36
6H	46
6K	36
6L	46

EXHIBIT 4

FOURTEENTH AMENDMENT TO OFFERING PLAN
TO CONVERT TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458

SCHEDULE OF BUILDINGS IN WHICH THE SPONSOR
OWNS MORE THAN TEN (10%) PERCENT OF THE SHARES OR UNITS

Address of Property	Date Plan Accepted For Filing	Date of Closing or First Closing
3200 Netherland Avenue Riverdale, New York 10463	May 24, 1983	May 15, 1984
5775 Mosholu Avenue Riverdale, New York 10471	July 1, 1983	January 17, 1985

THIRTEENTH AMENDMENT TO
OFFERING PLAN - A PLAN TO CONVERT
TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458

The Offering Plan for the above premises dated August 15, 1985 (hereinafter referred to as the "Plan") is hereby amended as follows:

1. Purposes of Amendment

(a) Disclose the members and officers of the Board of Directors;
(b) Disclose financial information about the Sponsor and Holder of Unsold Shares; and
(c) Disclose the Reserve and Working Capital Funds.

2. Members and Officers of The Board of Directors

The officers and directors currently serving on the Board of Directors are as follows:

Nora Fuery, President
Joel T. Fishman, Vice President
Marc Fishman, Director
Regina Beemer, Director
Margaret Collins, Treasurer
David Young, Director
Connie Anestis, Secretary

Joel T. Fishman, Regina Beemer and Marc Fishman were nominated and designated by the Holder of Unsold Shares. The Sponsor does not control the Board of Directors and surrendered such control in October 1991 in accordance with the terms of the Plan.

3. Schedule of Unsold Shares and Other Financial Information About the Sponsor and Holders of Unsold Shares

a) Annexed hereto as Exhibit 1 is a schedule of Unsold Shares, all of which are held by the Sponsor, Modern Realty Associates.

b) The aggregate monthly maintenance charge payments allocable to all apartments owned by the holder of Unsold Shares is $14,217.20.

c) The aggregate monthly rents received from tenants of all apartments owned by the holder of Unsold Shares is currently $15,723.97.

d) The Sponsor and holder of Unsold Shares has no financial obligations (other than payment of maintenance charges) to the Cooperative which become due within twelve months from the date of this Amendment.

e) None of the Unsold Shares are subject to mortgages or financing commitments.

f) The monthly maintenance payments due to the Cooperative on all Unsold Shares owned by the Sponsor will be funded from rents received from the tenants of the apartments to which the Unsold Shares are allocated, proceeds of future sales, working capital of the Sponsor and income received by the Sponsor from other sources.

g) The Sponsor and holder of Unsold Shares is current on all its financial obligations under the Plan and was current on all such obligations during the year prior to the filing of this amendment.

h) Annexed hereto as Exhibit 2 is a schedule of all buildings in which Sponsor owns more than ten (10%) percent of the Unsold Shares or Unsold Units. Offering plans for these buildings are on file with the Department of Law and are available for public inspection.

i) The Sponsor and holder of Unsold Shares is current on all its financial obligations in all other cooperatives or condominiums in which it owns shares or units and was current on all such obligations during the year prior to the filing of this amendment except that real estate tax bills on the unsold units at 5775 Mosholu Avenue have not all been paid. The judgement which was entered against the general partner of the Sponsor by the Hudson Valley National Bank which had been disclosed in prior amendments has been fully satisfied.

j) The Sponsor and holder of Unsold Shares does not control the Board of Directors of the Cooperative. The Sponsor surrendered such control of the Board of Directors in October of 1991 as provided above.

4. Reserve and Working Capital Funds

The Cooperative's Reserve Fund (Account Number [redacted]) is at Chase Manhattan Bank, 583 West 235th Street, Riverdale, New York 10463. The Cooperative's Working Capital Fund (Account Number [redacted]) is at Chemical Bank, 3775 Riverdale Avenue, Riverdale, New York 10463. The balances in these accounts as of October 31, 1994 were $34,904.39 and $7,273.2 respectively. In addition, as part of its Reserve Fund, the Cooperative purchased a $25,000.00 U.S. Treasury Bill on October 31, 1994. This Treasury Bill is maintained at Bear Stearns Securities.

EXHIBIT 1

THIRTEENTH AMENDMENT TO OFFERING PLAN
TO CONVERT TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458
SCHEDULE OF UNSOLD SHARES

Apt. No.	No. of Shares
1A	34
1B	44
1F	34
2A	34
2B	44
2C	24
2D	24
2F	34
2J	34
2L	44
3A	35
3C	25
3E	45
3F	35
3G	35
3H	45
3J	35
3K	35
3M	35
4B	45
4E	45
4G	35
4J	35
4L	45
4M	35
5A	36
5C	36
5D	26
5G	36
5H	46
5L	46
5M	36
6B	46
6C	26
6D	26
6F	36
6G	36
6H	46
6K	36
6L	46

EXHIBIT 2

THIRTEENTH AMENDMENT TO OFFERING PLAN
TO CONVERT TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458

SCHEDULE OF BUILDINGS IN WHICH THE SPONSOR
OWNS MORE THAN TEN (10%) PERCENT OF THE SHARES OR UNITS

Address of Property	Date Plan Accepted For Filing	Date of Closing or First Closing
3200 Netherland Avenue Riverdale, New York 10463	May 24, 1983	May 15, 1984
5775 Mosholu Avenue Riverdale, New York 10471	July 1, 1983	January 17, 1985

TWELFTH AMENDMENT TO
OFFERING PLAN - A PLAN TO CONVERT
TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458

The Offering Plan for the above premises dated August 15, 1985 (hereinafter referred to as the "Plan") is hereby amended as follows:

1. Purposes of Amendment

(a) Disclose 1993 certified financial statements;
(b) Disclose the latest budget;
(c) Disclose the members and officers of the Board of Directors;
(d) Disclose financial information about the Sponsor and Holder of Unsold Shares; and
(e) Disclose the Reserve and Working Capital Funds.

2. Financial Statement

Annexed hereto as Exhibit 1 is the financial statement for the Cooperative for the year ending December 31, 1993.

3. Budget for Cooperative Operation

The current operating budget for the Cooperative as adopted by the Board of Directors is annexed hereto as Exhibit 2.

4. Members and Officers of The Board of Directors

The officers and directors currently serving on the Board of Directors are as follows:

Nora Fuery, President
Joel T. Fishman, Vice President
Marc Fishman, Director
Sherry Fishman, Director
Margaret Collins, Treasurer
David Young, Director
Connie Anestis, Secretary

Joel T. Fishman, Sherry Fishman and Marc Fishman were nominated and designated by the Holder of Unsold Shares. The Sponsor does not control the Board of Directors and surrendered such control in October 1991 in accordance with the terms of the Plan.

5. Schedule of Unsold Shares and Other Financial Information About the Sponsor and Holders of Unsold Shares

a) Annexed hereto as Exhibit 3 is a schedule of Unsold Shares, all of which are held by the Sponsor, Modern Realty Associates.

b) The aggregate monthly maintenance charge payments allocable to all apartments owned by the holder of Unsold Shares is $14,459.81.

c) The aggregate monthly rents received from tenants of all apartments owned by the holder of Unsold Shares is currently $14,525.97.

d) The Sponsor and holder of Unsold Shares has no financial obligations (other than payment of maintenance charges) to the Cooperative which become due within twelve months from the date of this Amendment.

e) None of the Unsold Shares are subject to mortgages or financing commitments.

f) The monthly maintenance payments due to the Cooperative on all Unsold Shares owned by the Sponsor will be funded from rents received from the tenants of the apartments to which the Unsold Shares are allocated, proceeds of future sales, working capital of the Sponsor and income received by the Sponsor from other sources.

g) The Sponsor and holder of Unsold Shares is current on all its financial obligations under the Plan and was current on all such obligations during the year prior to the filing of this amendment.

h) Annexed hereto as Exhibit 4 is a schedule of all buildings in which Sponsor owns more than ten (10%) percent of the Unsold Shares or Unsold Units. Offering plans for these buildings are on file with the Department of Law and are available for public inspection.

i) The Sponsor and holder of Unsold Shares is current on all its financial obligations in all other cooperatives or condominiums in which it owns shares or units and was current on all such obligations during the year prior to the filing of this amendment except that real estate tax bills on the unsold units at 5775 Mosholu Avenue have not all been paid and that a judgement was entered against the general partner of the Sponsor by the Hudson Valley National Bank. That judgement is unsecured and was originally entered against two judgement debtors. It has been satisfied against one of the judgement debtors. The general partner of Sponsor is attempting to negotiate a settlement of the Bank's entire claim and Sponsor does not anticipate that such claim will adversely affect the ability of Sponsor or the holder of Unsold Shares to meet all its obligations under this Plan.

j) The Sponsor and holder of Unsold Shares does not control the Board of Directors of the Cooperative. The Sponsor surrendered such control of the Board of Directors in October of 1991 as provided above.

6. Reserve and Working Capital Funds

The Cooperative's Reserve Fund (Account Number [redacted]) is at Chase Manhattan Bank, 583 West 235th Street, Riverdale, New York 10463. The Cooperative's Working Capital Fund (Account Number [redacted]) is at Chemical Bank, 3775 Riverdale Avenue, Riverdale, New York 10463. The balances in these accounts as of March 31, 1994 were $75,645.94 and $11,646.07 respectively.

7. Incorporation of Amended Plan

The Plan, as modified and supplemented hereby and in the first eleven amendments to the Plan, is incorporated herein by reference with the same effect as if set forth at length. All terms used in this Twelfth Amendment shall have the same meaning as ascribed thereto in the Plan.

8. No Material Changes

Except as set forth in this Twelfth Amendment and in the first eleven amendments to the Plan, there have been no material changes in the Plan.

Dated: June 14, 1994
New York, New York

EXHIBIT 1

(516) 759-0022
FAX (516) 759-0091

JEROME M. SOBEL
CERTIFIED PUBLIC ACCOUNTANT

40 RAILROAD AVENUE
GLEN HEAD, NEW YORK 11545

To The Board of Directors and
Shareholders of Bainbridge House, Inc.:

I have examined the accompanying Comparative Balance Sheets of Bainbridge House, Inc. as of December 31, 1993 and 1992 and the related Comparative Statements of Income for the years ended December 31, 1993 and 1992 and the Statement of Cash Flows for the year ended December 31, 1993. These Financial Statements are the responsibility of the Company's management. My responsibility is to express an opinion on these comparative financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall Financial Statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the Comparative Financial Statements referred to above present fairly, in all material respects, the financial position of Bainbridge House, Inc. as of December 31, 1993 and 1992, the results of its operations for the years ended December 31, 1993 and 1992 and cash flows for the year ended December 31, 1993 in conformity with generally accepted accounting principles.

Respectfully submitted,

Jerome M. Sobel

JEROME M. SOBEL

March 23, 1994
Glen Head, NY

BAINBRIDGE HOUSE, INC.

COMPARATIVE BALANCE SHEETS

DECEMBER 31,

EXHIBIT "A"

ASSETS

CURRENT ASSETS	1993	1992
Cash-Management Account	$ 6,462	$ 3,241
Cash Reserve Fund	49,943	78,190
Cash-Escrow	15,932	15,734
Accounts Receivable-Maintenance	2,243	2,358
TOTAL CURRENT ASSETS	74,580	99,523
FIXED ASSETS		
Land	90,699	90,699
Building	1,172,620	1,172,620
Improvements	75,197	34,489
	1,338,516	1,297,808
LESS: Accumulated Depreciation (Note 2)	501,205	437,890
TOTAL FIXED ASSETS	837,311	859,918
OTHER ASSETS		
Prepaid Insurance	1,804	7,726
Prepaid Water and Sewer	10,272	10,272
Prepaid Real Estate Taxes	15,212	16,388
Prepaid Corporate Taxes	2,210	3,147
Deposit for Elevator Upgrade	-0-	7,389
TOTAL OTHER ASSETS	29,498	44,922
TOTAL ASSETS	$ 941,389	$ 1,004,363

The accompanying notes are an integral part of these financial statements.

BAINBRIDGE HOUSE, INC.

COMPARATIVE BALANCE SHEETS

DECEMBER 31,

EXHIBIT "A" CONTINUED

LIABILITIES AND STOCKHOLDERS' EQUITY

	1993	1992
CURRENT LIABILITIES		
Accounts Payable (Schedule 1)	$ 5,801	$ 11,481
Current Portion of Mortgage Payable (Note 3)	22,387	19,868
TOTAL CURRENT LIABILITIES	28,188	31,349
LONG TERM DEBT (NOTE 3)		
Mortgage Payable	723,479	743,347
LESS: Current Portion	22,387	19,868
TOTAL LONG TERM DEBT	701,092	723,479
TOTAL LIABILITIES	729,280	754,828
STOCKHOLDERS' EQUITY		
Paid in Capital		
Capital Stock (2,640 Shares Issued @ $1 Par Value	2,640	2,640
Additional Paid in Capital	667,099	647,232
TOTAL PAID IN CAPITAL	669,739	649,872
Retained Earnings		
Balance-Beginning of Year	(400,337)	(328,787)
Net Loss for Period	(57,293)	(68,509)
Prior Period Adjustment (Note 6)	-0-	(3,041)
Balance-End of Year	(457,630)	(400,337)
TOTAL STOCKHOLDERS' EQUITY	212,109	249,535
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 941,389	$ 1,004,363

The accompanying notes are an integral part of these financial statements.

JEROME M. SOBEL
CERTIFIED PUBLIC ACCOUNTANT

BAINBRIDGE HOUSE, INC.

COMPARATIVE INCOME STATEMENTS

FOR THE YEARS ENDED DECEMBER 31,

EXHIBIT "B"

INCOME FROM OPERATIONS	1993	1992
Shareholders' Maintenance	$ 308,063	$ 307,296
LESS: Portion for Mortgage Amortization Credited to Additional Paid-in-Capital	19,868	17,631
	288,195	289,665
Parking Income	24,323	22,666
Laundry Income	3,900	5,814
TOTAL INCOME FROM OPERATIONS:	316,418	318,145
OPERATING EXPENSES		
Repairs & Maintenance (Schedule 2)	24,336	22,252
Supplies	2,239	1,037
Fuel Oil & Utilities	34,655	36,116
Real Estate Taxes	63,201	64,630
Interest Expense	88,037	91,354
Management Fees	15,750	15,750
Insurance	19,202	18,931
Union Welfare & Pension	3,703	3,712
Professional Fees	3,627	9,009
Sales Tax	2,261	3,033
Water & Sewer Charges	19,136	22,938
Fees, Permits & Licenses	2,424	1,571
NYS & NYC Corporation Taxes	2,358	1,156
Office & Administrative Expense	2,237	1,136
Payroll Expense	33,725	34,908
TOTAL OPERATING EXPENSES	316,891	327,533
Net (Loss) From Operations	(473)	(9,388)
OTHER INCOME		
Interest Income	1,329	2,600
Assignment, Flip Tax, Late Charges, Other	250	475
Sublet Income	2,410	1,113
Grant Income (Note 4)	2,506	4,211
TOTAL OTHER INCOME	6,495	8,399
NET INCOME (LOSS) BEFORE DEPRECIATION	6,022	(989)

BAINBRIDGE HOUSE, INC.

COMPARATIVE INCOME STATEMENTS

FOR THE YEARS ENDED DECEMBER 31,

EXHIBIT "B" CONTINUED

	1993	1992
NET INCOME (LOSS) BEFORE DEPRECIATION	$ 6,022	$ (989)
Depreciation (Note 2)	63,315	67,520
NET (LOSS)	$ (57,293)	$ (68,509)

The accompanying notes are an integral part of these financial statements.

BAINBRIDGE HOUSE, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1993

EXHIBIT "C"

CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss		$ (57,293)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	$ 63,315	
Decrease in Accounts Receivable	115	
(Increase) in Mortgage Escrow	(198)	
Decrease in Prepaid Insurance	5,922	
(Decrease) in Accounts Payable	(5,680)	
Decrease in Prepaid Real Estate Taxes	1,176	
Decrease in Prepaid Corporate Taxes	937	
Decrease in Deposit for Elevator Upgrade	7,388	72,975
NET CASH PROVIDED BY OPERATING ACTIVITIES		15,682
CASH FLOWS (USED IN) INVESTING ACTIVITIES		
Capital Expenditures		(40,708)
CASH FLOWS (USED) IN FINANCING ACTIVITIES		
(Decrease) in Long Term Liability	(19,868)	
Increase in Paid-In-Capital	19,868	-0-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(25,026)
CASH AND CASH EQUIVALENTS AT BEGINNING OR YEAR		81,431
CASH AND CASH EQUIVALENTS AT END OF YEAR		$ 56,405

The accompanying notes are an integral part of these financial statements.

BAINBRIDGE HOUSE INC.

SUPPORTING SCHEDULES

DECEMBER 31, 1993

SCHEDULE 1 - ACCOUNTS PAYABLE

Licenses & Permits	$ 622
Supplies	306
Repairs & Maintenance	76
Office	59
Fuel	2,606
Professional	242
Utilities	546
Corporate Tax	1,156
Sales Tax	188
TOTAL	$ 5,801

SCHEDULE 2 - REPAIRS & MAINTENANCE

Heat & Air Conditioning	$ 8,791
Decorating & Painting	815
Intercom	897
Ground Expense	778
Elevator	5,705
Plumbing	2,070
Exterminator	985
Security	1,369
Waterproofing	1,100
Roof Repairs	1,826
TOTAL	$ 24,336

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

1993

NOTE 1 - ORGANIZATION

The Corporation was organized in 1984 for the purpose of owning and operating the building at 325 East 201st Street, Bronx, NY as a cooperative apartment house pursuant to a plan of conversion which became effective on October 30, 1986. The Corporation qualifies as a cooperative housing corporation under Section 216 (b)(1) of the Internal Revenue Code. At December 31, 1993, 1,490 shares of the Corporation's common stock were sponsor owned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

DEPRECIATION

Depreciation is provided on the straight-line and accelerated methods over the estimated useful lives of the assets. Additions and betterments are capitalized, whereas costs of maintenance and repairs are charged to expense when incurred.

NOTE 3 - LONG-TERM DEBT

Long-term debt consists of a mortgage payable that commenced on June 1, 1991 and runs through May 1, 2001. The mortgage payable, with a remaining balance of $723,479 at December 31, 1993, will be paid in 89 remaining monthly payments of $9,000, consisting of principal and interest at 12% per annum, through May 1, 2001, at which time a balloon payment is scheduled to be made of remaining principal plus accrued interest, if any. Assuming that all payments are made in a timely manner, the balloon payment will be approximately $472,000.

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

1993

NOTE 3 - LONG-TERM DEBT (continued)

Maturities of long-term debt for the next five years are as follows:

Year Ending December 31,	Amount
1994	$ 22,387
1995	25,227
1996	28,426
1997	32,031
1998	36,093
	$144,164

NOTE 4 - GRANT INCOME

In 1990, the Bedford Mosholu Community Association (BMCA) applied to the New York State Division of Criminal Justice Services for a grant under the Neighborhood Preservation Crime Prevention Act. The grant was approved in 1991 and the funds were issued in 1993. The BMCA, in turn, chose Bainbridge House Inc. to receive the funds for the installation of an intercom system. The funds were received by Bainbridge House Inc. and the system was completed during 1993.

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1993

NOTE 5 - FEDERAL INCOME TAXES

The Internal Revenue Service has taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code.

Section 277 of the Code provides that a membership organization that is operated to provide services to members is permitted to deduct expenses attributable to the furnishing of services to the members only to the extent of the income derived during such year from its members. Section 277 permits a membership organization to reduce income from non-membership sources only by expenses incurred in generating this income. Accordingly, income from non-membership sources such as interest, commercial rental, professional rental, etc. in excess of expenses properly attributable thereto, may be subject to federal tax.

Income tax liability that may result from the above is not reflected in the attached financial statements. If the position of the Internal Revenue Service is sustained by the courts, such liability will be reflected in future financial statements.

NOTE 6 - COMMON INTEREST REALTY ASSOCIATIONS

The co-op corporation has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The board has also not developed a plan to fund those needs.

When replacements funds are needed to meet future needs for major repairs and replacements, the co-op has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

BAINBRIDGE HOUSE INC.
1994 BUDGET

	1992 Actual	1993 Forecast	1993 Budget	1994 Budget
INCOME				
Maintenance	307,296	308,499	308,499	308,499
Parking	22,666	24,343	24,343	24,343 (1)
Laundry	5,814	3,900	3,900	3,900
Interest	2,600	1,500	1,350	1,425 (2)
Other (Late charges, Sublet, Etc.)	5,799	4,700 (1)	1,000	2,700 *
Less: Mortgage Amortization	(17,631)	0	0	0
Credited to Paid–in –Capital	0	0	0	0
TOTAL INCOME	326,544	342,942	339,092	340,867
EXPENSES				
Payroll	34,908	29,000	30,022	29,502 (3)
Payroll Taxes	Incl. in Payroll	6,128 (2)	2,400	4,455 (4)
Union Benefits	3,712	3,685	3,585	4,139 (5)
Fuel (42,500 x .55)	36,116	25,000	25,000	24,000
Utilities	Incl. in Fuel	11,500	11,000	11,500
Insurance	18,931	18,500 (3)	13,000	19,000
Real Estate Taxes	64,630	63,201	68,831	57,231 (6)
Water & Sewer	22,938	20,544	22,599	21,571 (7)
Corporate Taxes	1,156	1,200	2,200	1,500
Sales Tax	3,033	2,495	2,495	2,495
Management Fee	15,750	15,750	15,750	15,750
Professional Fees	9,009	3,500	3,200	3,500 (8)
Mortgage Interest	91,354	108,000	108,000	108,000
Repairs & Maintenance	22,252	20,000 (4)	15,000	18,000
Service Contract	Incl. in R & M	6,105	5,872	6,105 (9)
Building Supplies	1,037	2,200	1,200	2,300
Administrative Expense	1,136	2,104	1,258	1,639
Telephone	Incl. in Admin.	180	180	180
Licenses & Permits	1,571	1,400 (5)	500	1,000
Reserve Contingency	0	0	0	9,000
TOTAL EXPENSES	327,533	340,492	332,092	340,867
NET INCOME/ LOSS	(989)	2,450	7,000	0

* Includes sublet income of $2411.00.

EXHIBIT 2

BAINBRIDGE HOUSE INC.
FOOTNOTES TO BUDGET 1994

NOTE 1
PARKING
Includes 10.25% sales tax – estimated $2,495

NOTE 2
INTEREST
Estimated interest earnings on money market reserve fund of approximately $57,000 at 2.5% interest.

NOTE 3
PAYROLL

Superintendent	494.78 x 10 weeks =	4,948
4 weeks vacation	511.78 x 47 weeks =	24,054
	Bonus	500
	Total	$29,502

NOTE 4
PAYROLL TAXES

Approximately 9% of total payroll	2,655
Workers Compensation	1,800
Total	4,455

NOTE 5
UNION BENEFITS

303.00 X 3 months =	909
323.00 x 9 months =	2,907
Total	$4,139

NOTE 6
REAL ESTATE TAXES
1993/1994 Assessed Valuation – $635,000 x 10.369 = 65,843.00

1993/1994 Actual 1/1/94 – 6/30/94 =	32,921.50
5% Projected 7/1/94 – 12/31/94 =	34,567.50
Less J–51 Tax Abatement	(10,258.00)
Total	$57,231.00

NOTE 7
WATER & SEWER
1993 Water & Sewer 20,544 x 5% projected increase = $21,571.

NOTE 8
PROFESSIONAL FEES

Accounting	2,900
Attorney	600
Total	$3,500

NOTE 9
SERVICE CONTRACTS

Elevator	5,196
Exterminator	909
Total	$6,105

EXHIBIT 3

TWELFTH AMENDMENT TO OFFERING PLAN
TO CONVERT TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458
SCHEDULE OF UNSOLD SHARES

Apt. No.	No. of Shares
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3H	45
3J	35
3K	35
3M	35
4B	45
4E	45
4G	35
4J	35
4L	45
4M	35
5A	36
5C	36
5D	26
5G	36
5H	46
5L	46
5M	36
6B	46
6C	26
6D	26
6F	36
6G	36
6H	46
6K	36
6L	46

EXHIBIT 4

TWELFTH AMENDMENT TO OFFERING PLAN
TO CONVERT TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458

SCHEDULE OF BUILDINGS IN WHICH THE SPONSOR
OWNS MORE THAN TEN (10%) PERCENT OF THE SHARES OR UNITS

Address of Property	Date Plan Accepted For Filing	Date of Closing or First Closing
3200 Netherland Avenue Riverdale, New York 10463	May 24, 1983	May 15, 1984
5775 Mosholu Avenue Riverdale, New York 10471	July 1, 1983	January 17, 1985

ELEVENTH AMENDMENT TO
OFFERING PLAN - A PLAN TO CONVERT
TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458

The Offering Plan for the above premises dated August 15, 1985 (hereinafter referred to as the "Plan") is hereby amended as follows:

1. Purposes of Amendment

(a) Disclose 1992 certified financial statements;
(b) Disclose the latest budget;
(c) Disclose the members and officers of the Board of Directors;
(d) Disclose financial information about the Sponsor and Holder of Unsold Shares;
(e) Disclose the Reserve and Working Capital Funds; and
(f) Substitute Attorneys and Escrow Agreement.

2. Financial Statement

Annexed hereto as Exhibit 1 is the financial statement for the Cooperative for the year ending December 31, 1992.

3. Budget for Cooperative Operation

The current operating budget for the Cooperative as adopted by the Board of Directors is annexed hereto as Exhibit 2.

4. Members and Officers of The Board of Directors

The officers and directors currently serving on the Board of Directors are as follows:

Nora Fuery, President
Joel T. Fishman, Vice President
Marc Fishman, Director
Sherry Fishman, Director
Margaret Collins, Treasurer
David Young, Director
Connie Anastios, Secretary

Joel T. Fishman, Sherry Fishman and Marc Fishman were nominated and designated by the Holder of Unsold Shares. The Sponsor does not control the Board of Directors and surrendered such control in October 1991 in accordance with the terms of the Plan.

5. Schedule of Unsold Shares and Other Financial Information About the Sponsor and Holders of Unsold Shares

a) Annexed hereto as Exhibit 3 is a schedule of Unsold Shares, all of which are held by the Sponsor, Modern Realty Associates.

b) The aggregate monthly maintenance charge payments allocable to all apartments owned by the holder of Unsold Shares is $14,459.81.

c) The aggregate monthly rents received from tenants of all apartments owned by the holder of Unsold Shares is currently $15,973.86.

d) The Sponsor and holder of Unsold Shares has no financial obligations (other than payment of maintenance charges) to the Cooperative which become due within twelve months from the date of this Amendment.

e) None of the Unsold Shares are subject to mortgages or financing commitments.

f) The monthly maintenance payments due to the Cooperative on all Unsold Shares owned by the Sponsor will be funded from rents received from the tenants of the apartments to which the Unsold Shares are allocated, proceeds of future sales, working capital of the Sponsor and income received by the Sponsor from other sources.

g) The Sponsor and holder of Unsold Shares is current on all its financial obligations under the Plan and was current on all such obligations during the year prior to the filing of this amendment.

h) Annexed hereto as Exhibit 4 is a schedule of all buildings in which Sponsor owns more than ten (10%) percent of the Unsold Shares or Unsold Units. Offering plans for these buildings are on file with the Department of Law and are available for public inspection.

i) The Sponsor and holder of Unsold Shares is current on all its financial obligations in all other cooperatives or condominiums in which it owns shares or units and was current on all such obligations during the year prior to the filing of this amendment except that real estate tax bills on the unsold units at 5775 Mosholu Avenue have not all been paid and that a judgement was entered against the general partner of the Sponsor by the Hudson Valley National Bank. That judgement is unsecured and was originally entered against two judgement debtors. It has been satified against one of the judgement debtors. The general partner of Sponsor is attempting to negotiate a settlement of the Bank's entire claim and Sponsor does not anticipate that such claim will adversely affect the ability of Sponsor or the holder of Unsold Shares to meet all its obligations under this Plan.

j) The Sponsor and holder of Unsold Shares does not control the Board of Directors of the Cooperative. The Sponsor surrendered such control of the Board of Directors in October of 1991 as provided above.

6. Reserve and Working Capital Funds

The Cooperative's Reserve Fund (Account Number [redacted]) is at Chase Manhattan Bank, 583 West 235th Street, Riverdale, New York 10463. The Cooperative's Working Capital Fund (Account Number [redacted] is at Chemical Bank, 3775 Riverdale Avenue, Riverdale, New York 10463. The balances in these accounts as of June 6, 1993 were $56,708.84 and $6,435.53 respectively.

7. Change of Attorneys and Escrow Agreement

As of the date hereof, the law firm of John A. Dandola, Esq., 27-31 164 Street, Flushing, New York 11358, 718-961-6927, will represent the Sponsor for purposes of amending the Plan.

If any future sales are made where Mr. Dandola represents the Sponsor, the down payments for such sales will be held in escrow pursuant to an escrow agreement which incorporates the terms of the Attorney General's regulations as such agreement is set forth in the form attached hereto as Exhibit 5. In such event, the disclosure contained herein shall thereupon replace and supersede the sections of the Plan dealing with the placing of down payments in escrow. All deposits will be placed into an account in conformity with the disclosure contained in this amendment. 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.

Any provision of any contract or agreement, whether oral or in writing, by which a purchaser or subscriber purports to waive or indemnify any obligation of the escrow agent holding trust funds is absolutely void. The provisions of the Attorney General's regulations shall prevail over any conflicting or inconsistent provision in the Plan or in a purchase agreement. Purchasers shall not be obligated to pay any legal or other expense of the Sponsor in connection with the establishment, maintenance or defense of obligations arising from the handling or disposition of trust funds. Purchasers must submit a complete executed "Request for Taxpayer Identification Number and Certification Form" known as the "W-9 Form" along with their purchase agreement and down payment check.

All deposits, down payments or advances made by purchasers prior to closing of each individual transaction will be placed, within five business days after the purchase agreement is signed by all necessary parties, in a segregated special escrow

account of John A. Dandola, Esq., the escrow agent, whose address is 27-31 164 Street, Flushing, New York 11358 and whose telephone number is 718-961-6927. The signatory authorized to withdraw funds from this account is John A. Dandola. The name of the account is John A. Dandola, Esq./(last name of purchaser), Attorney Escrow Account, located in European American Bank, 90 Park Avenue, New York, New York 10016. This bank is covered by federal bank deposit insurance to a maximum of $100,000 per individual deposit. The account will be interest bearing and, unless the purchaser defaults, interest earned will be credited to the purchaser at closing. The interest rate to be earned will be the prevailing rate for these accounts which currently is 2.025%. All instruments shall be made payable to the order of John A. Dandola, Esq., as escrow agent.

Within ten business days after tender of the deposit submitted with the purchase agreement and the complete executed W-9 Form, the escrow agent will notify the purchaser that such funds have been deposited into the escrow account and will provide the account number and the initial interest rate. If the purchaser does not receive notice of such deposit within fifteen days after tender of the deposit, the purchaser may cancel the purchase and rescind so long as the right to rescind is exercised within ninety days after tender of the deposit. 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. For the purposes of this section of the Plan, the date a deposit submitted with the Purchase Agreement is tendered will be the date it is signed by all necessary parties. The escrow agent will hold funds in escrow until otherwise directed in (i) writing signed by both Sponsor and purchaser (a deed transferring title to purchaser shall be considered satisfactory as such a writing); or (ii) a determination of the Attorney General pursuant to the dispute resolution procedures contained in the Attorney General's regulations; or (iii) a judgement or order of a court of competent jurisdiction.

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 business days. 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's regulations and has so notified the escrow agent in accordance with such provisions. The Sponsor will not object to the release if the escrowed funds to a purchaser who timely rescinds in accordance with an offer of rescission contained in an amendment to the Plan.

Purchasers and the escrow agent <u>may</u> apply to the Attorney General in the event of a dispute for a determination on the disposition of the down payment and any interest thereon. The Sponsor <u>must</u> avail itself of this procedure if there is a dispute

which needs to be resolved. A form to be used for this purpose is attached to this amendment as Exhibit 6.

The party applying for a determination must send all other parties a copy of the application. Pending the determination of the Attorney General to grant or deny the application, the Sponsor, purchaser and escrow agent shall abide by any interim directive issued by the Attorney General. Upon payment pursuant to the terms of the regulations of the Department of Law the escrow agent shall be fully released from all liability and obligations with respect to the escrow funds. The escrow agent shall be entitled to rely on any judgement, certificate, demand or other writing delivered to it hereunder without being required to determine the authenticity or correctness of any facts stated therein, propriety or validity thereof, or the jurisdiction of the court issuing such judgement. The escrow agent may act in reliance on any such instrument. The escrow agent will retain all records concerning the escrow account for seven years after the release of the funds.

The escrow agent is acting solely as a stakeholder at the parties request and for their convenience, escrow agent shall not be deemed to be the agent of either of the parties with respect to the escrow deposit. Escrow agent shall not be liable to either of the parties for acts or omissions on its part unless taken or suffered in bad faith, or disregard of this agreement or involving gross negligence. Sponsor shall indemnify and hold escrow agent harmless from and against any and all costs, claims and expenses, including reasonable attorneys' fees, incurred in connection with the performance of escrow agent's duties hereunder. This indemnity shall survive closing of title. Purchaser acknowledges that escrow agent represents and shall continue to represent Sponsor in this transaction and may, if Sponsor so desires, represent Sponsor in connection with any dispute which may arise in connection herewith, including, without limitation, disputes regarding the down payment and its disposition.

8. Incorporation of Amended Plan

The Plan, as modified and supplemented hereby and in the first ten amendments to the Plan, is incorporated herein by reference with the same effect as if set forth at length. All terms used in this Eleventh Amendment shall have the same meaning as ascribed thereto in the Plan.

9. No Material Changes

Except as set forth in this Eleventh Amendment and in the first ten amendments to the Plan, there have been no material changes in the Plan.

Dated: November 15, 1993
New York, New York

EXHIBIT 1

(516) 759-0022
FAX (516) 759-0031

JEROME M. SOBEL
CERTIFIED PUBLIC ACCOUNTANT

40 RAILROAD AVENUE
GLEN HEAD, NEW YORK 11545

RECEIVED
JUL 12 1993

Board of Directors and Shareholders
of Bainbridge House, Inc.

I have audited the accompanying balance sheet and statement of cash flows of Bainbridge House, Inc. (a cooperative apartment housing corporation) as of December 31, 1992, and the related comparative statement of income and cash flows for the years ended December 31, 1992 and 1991. These financial statements are the responsibility of the Corporation's board and management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for our opinion.

The financial statements referred to above present fairly, in all material respects, the financial position of Bainbridge House, Inc. as of December 31, 1992, and the results of its operations and its cash flows for the year ended December 31, 1992, in conformity with generally accepted accounting principles.

Respectfully submitted,

Jerome M. Sobel

May 3, 1993

BAINBRIDGE HOUSE, INC.

BALANCE SHEET

DECEMBER 31, 1992

EXHIBIT "A"

ASSETS

CURRENT ASSETS			
Cash-Management Account		$ 3,241	
Cash-Reserve-Chase Manhattan Bank		78,190	
Cash-Escrow		15,734	
Accounts Receivable-Maintenance		2,358	
TOTAL CURRENT ASSETS			$ 99,523
FIXED ASSETS			
Land		90,699	
Building	$ 1,172,620		
LESS: Accumulated Depreciation	433,870	738,750	
Improvements	34,489		
LESS: Accumulated Depreciation	4,020	30,469	
TOTAL FIXED ASSETS			859,918
OTHER ASSETS			
Prepaid Insurance		7,726	
Prepaid Water & Sewer		10,272	
Prepaid Real Estate TAxes		16,388	
Prepaid Corporate Taxes		3,147	
Deposit for Elevator Upgrade		7,389	
TOTAL OTHER ASSETS			44,922
TOTAL ASSETS			$ 1,004,363

The accompanying notes are an integral part of this statement.

BAINBRIDGE HOUSE, INC.

BALANCE SHEET

DECEMBER 31, 1992

EXHIBIT "A" CONTINUED

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES			
Accounts Payable (Schedule 1)		$ 11,481	
Current Portion of Mortgage Payable		19,868	
TOTAL CURRENT LIABILITIES			$ 31,349
LONG TERM LIABILITIES			
Mortgage Payable (Note 4)		743,347	
LESS: Current Portion		19,868	
TOTAL LONG TERM LIABILITIES			723,479
STOCKHOLDERS' EQUITY			
Capital Stock (2,640 Shares Issued @ $1 Par Value)		2,640	
Paid-in-Capital		647,232	
RETAINED EARNINGS			
Balance January 1, 1992	$ (328,787)		
Net Loss For Period	(68,509)		
Prior Period Adjustment (Note 7)	(3,041)	(400,337)	
TOTAL STOCKHOLDERS' EQUITY			249,535
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY			$ 1,004,363

The accompanying notes are an integral part of this statement.

BAINBRIDGE HOUSE, INC.

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31,

INCOME FROM OPERATIONS	1992	1991
Shareholders' Maintenance	$ 307,296	$ 307,296
LESS: Portion for Mortgage Amortization Credited to Paid-in-Capital	17,631	15,137
	289,665	292,159
Parking Income	22,666	26,460
Laundry Income	5,814	3,900
TOTAL INCOME FROM OPERATIONS	318,145	322,519
OPERATING EXPENSES		
Repairs & Maintenance	22,252	17,228
Fuel Oil & Utilities	36,116	38,187
Real Estate Taxes	64,630	64,784
Interest Expense	91,354	81,803
Management Fees	15,750	15,125
Insurance	18,931	18,436
Union Welfare & Pension	3,712	-0-
Accounting, Legal & Prof. Fees (Schedule 2)	9,009	1,751
Supplies	1,037	244
Sales Tax	3,033	-0-
Water & Sewer Charges	22,938	17,262
Fees, Permits & Licenses	1,571	2,097
NYS & NYC Corporation Taxes	1,156	2,124
Office & Administrative Expense	1,136	3,420
Payroll Expense	34,908	29,664
TOTAL OPERATING EXPENSES	327,533	292,125
Net Income (Loss) From Operations	(9,388)	30,394
OTHER INCOME		
Interest Income	2,600	4,998
Assignment, Flip Tax, Late Charges, Other	475	(726)
Sublet Income	1,113	1,205
Miscellaneous	4,211	-0-
TOTAL OTHER INCOME	8,399	5,477
NET INCOME (LOSS) BEFORE DEPRECIATION	(989)	35,871
Depreciation	67,520	63,233
NET INCOME (LOSS) FOR THE YEAR	$ (68,509)	$ (27,362)

The accompanying notes are an integral part of this statement.

JEROME M. SOBEL

CERTIFIED PUBLIC ACCOUNTANT

BAINBRIDGE HOUSE, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1992

EXHIBIT "C"

CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit After Depreciation		$ (68,509)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation & Amortization	$ 67,520	
Decrease in Accounts Receivable	2,192	
Decrease in Mortgage Escrow	2,641	
Increase in Prepaid Insurance	(1,047)	
Increase in Accounts Payable	6,739	
Increase in Prepaid Real Estate Taxes	(294)	
Increase in Prepaid Income Tax	(3,147)	
Decrease in Accrued Interest Receivable	1,678	
Decrease in Due From Prior Managing Agent	1,111	
Increase in Prepaid Water & Sewer	(912)	
Decrease in Due to Sponsor	(4,211)	
Prior Period Adjustment	(3,041)	
Increase in Deposit for Elevator Upgrade	(7,390)	
TOTAL ADJUSTMENTS		61,839
NET CASH GENERATED BY OPERATING ACTIVITIES		(6,670)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Capital Expenditures		(4,800)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Decrease in Long Term Liability	(17,362)	
Increase in Paid-In-Capital	17,362	-0-
DECREASE IN CASH AND CASH EQUIVALENTS		(11,470)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		92,901
CASH AND CASH EQUIVALENTS AT END OF YEAR		$ 81,431

The accompanying notes are an integral part of this statement.

BAINBRIDGE HOUSE INC.

SUPPORTING SCHEDULES

DECEMBER 31, 1992

SCHEDULE 1 - ACCOUNTS PAYABLE

Insurance	$ 4,102
Supplies	406
Repairs & Maintenance	1,272
Fuel	5,188
Utilities	325
Sales Tax	188
TOTAL	$ 11,481

SCHEDULE 2 - PROFESSIONAL FEES

Legal Fees	$ 225
Accounting	5,559
Elevator Survey	675
J-51 Certificate of Reasonable Cost	2,550
TOTAL	$ 9,009

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

1992

NOTE 1 - ORGANIZATION

The Corporation was organized in 1984 for the purpose of owning and operating the building at 325 East 201st Street, Bronx, NY as a cooperative apartment house pursuant to a plan of conversion which became effective on October 30, 1986. The Corporation qualifies as a cooperative housing corporation under Section 216 (b)(1) of the Internal Revenue Code. At December 31, 1992, 1,568 shares of the Corporation's common stock were sponsor owned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION
The Financial Statement is presented on the accrual basis of accounting.

DEPRECIATION
Depreciation is provided on the straight-line and accelerated methods over the estimated useful lives of the assets. Additions and betterments are capitalized, whereas costs of maintenance and repairs are charged to expense when incurred.

NOTE 3 - CASH RESERVE FUND

In accordance with the Offering Plan, the Sponsor is required to maintain a reserve fund on behalf of the Corporation. The purpose of the reserve fund is to provide for major capital expenditures.

NOTE 4 - LONG-TERM DEBT

Commencing June 1, 1991 through May 1, 2001, the constant monthly payment will be $9,000. Each payment is applied first to interest at the annual rate of 12%, with the balance of the payment applied to reducing the principal indebtedness. The mortgage will mature on May 1, 2001, at which time the remaining principal balance, with accrued interest, if any, shall become due and payable. Assuming that all payments of interest and principal are made in a timely manner, the unpaid balance of the mortgage at May 1, 2001 will be approximately $477,000.

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

1992

NOTE 4 - LONG-TERM DEBT (continued)

Maturities of long-term debt for the next five years are as follows:

Year Ending December 31,	Amount
1993	$ 19,868
1994	22,387
1995	25,227
1996	28,426
1997	32,031
	$127,939

NOTE 5 - FEDERAL INCOME TAXES

The Internal Revenue Service has taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code.

Section 277 of the Code provides that a membership organization that is operated to provide services to members is permitted to deduct expenses attributable to the furnishing of services to the members only to the extent of the income derived during such year from its members. Section 277 permits a membership organization to reduce income from non-membership sources only by expenses incurred in generating this income. Accordingly, income from non-membership sources such as interest, commercial rental, professional rental, etc. in excess of expenses properly attributable thereto, may be subject to federal tax.

Income tax liability that may result from the above is not reflected in the attached financial statements. If the position of the Internal Revenue Service is sustained by the courts, such liability will be reflected in future financial statements.

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

1992

NOTE 6 - COMMON INTEREST REALTY ASSOCIATIONS

The co-op corporation has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The board has also not developed a plan to fund those needs.

When replacements funds are needed to meet future needs for major repairs and replacements, the co-op has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

NOTE 7 - PRIOR PERIOD ADJUSTMENT

$609 due to prior managing agent and mortgage escrow balance of $3,650 were written off during 1992. These balances were carried over from the prior managing agent and could not be substantiated.

EXHIBIT 2

THE BAINBRIDGE HOUSE

Budget Report
1993

	1993 Budget
INCOME	
Maintenance	308,499.00
Laundry	3,900.00
Parking	24,343.00
Interest	1,350.00
Other	1,000.00
Total Operating Income	339,092.00
OPERATING EXPENSES	
Payroll	30,022.00
Health & Welfare	3,585.00
Payroll Taxes	2,400.00
Mort./Interest/Princple	199,430.00
Insurance	13,000.00
Management Fee	15,750.00
Admin, General & Other	1,258.00
Professional Fees	3,200.00
Sales Tax	2,495.00
Licenses & Permits	500.00
Gas & Electric	11,000.00
Fuel Oil	25,000.00
Telephone/Beeper	180.00
Corporation Taxes	2,200.00
Repairs & Maintenance	20,872.00
Supplies	1,200.00
TOTAL OPERATING EXPENSES	332,092.00
NET OPERATIONS CASH FLOW	7,000.00

EXHIBIT 3

ELEVENTH AMENDMENT TO OFFERING PLAN
TO CONVERT TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458
SCHEDULE OF UNSOLD SHARES

Apt. No.	No. of Shares
1A	34
1B	44
1F	34
2A	34
2B	44
2C	24
2D	24
2F	34
2J	34
2L	44
3A	35
3C	25
3D	25
3E	45
3F	35
3G	35
3H	45
3J	35
3K	35
3M	35
4B	45
4E	45
4G	35
4J	35
4L	45
4M	35
5A	36
5C	36
5D	26
5G	36
5H	46
5L	46
5M	36
6B	46
6C	26
6D	26
6F	36
6G	36
6H	46
6K	36
6L	46

EXHIBIT 4

ELEVENTH AMENDMENT TO OFFERING PLAN
TO CONVERT TO COOPERATIVE OWNERSHIP
PREMISES AT
325 EAST 201 STREET
BRONX, NEW YORK 10458

SCHEDULE OF BUILDINGS IN WHICH THE SPONSOR
OWNS MORE THAN TEN (10%) PERCENT OF THE SHARES OR UNITS

Address of Property	Date Plan Accepted For Filing	Date of Closing or First Closing
3200 Netherland Avenue Riverdale, New York 10463	May 24, 1983	May 15, 1984
5775 Mosholu Avenue Riverdale, New York 10471	July 1, 1983	January 17, 1985

EXHIBIT 5

ESCROW AGREEMENT

AGREEMENT made this 29th day of September 1993, between MODERN REALTY ASSOC. ("SPONSOR") as sponsor of the offering plan and JOHN A. DANDOLA, ESQ. ("ESCROW AGENT") as escrow agent.

WHEREAS, MODERN REALTY ASSOC. is the sponsor of an offering plan to convert to cooperative/condominium ownership the premises located at and known as BAINBRIDGE HOUSE, INC. 325 EAST 20IST., New York; and

WHEREAS, JOHN A. DANDOLA, ESQ. is authorized to act as an escrow agent hereunder in accordance with General Business Law ("GBL") Section 352-3(2-b) and the Attorney General's regulations promulgated thereunder; and

WHEREAS, SPONSOR desires that ESCROW AGENT act as escrow agent for deposits and payments by purchasers and subscribers, pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby agree as follows:

1. ESTABLISHMENT OF THE ESCROW ACCOUNT.

(1) SPONSOR and ESCROW AGENT hereby establish an escrow account with ESCROW AGENT for the purpose of holding deposits or payments made by purchasers or subscribers. The escrow account has been opened with EUROPEAN AMERICAN Bank at its branch located at 90 Park Avenue, New York, New York. The account number is [redacted]

(2) The name of the account is JOHN A. DANDOLA, ESQ. Escrow Account _____.
(last name of Purchaser)

(3) ESCROW AGENT is the sole signatory on the account.

(4) The escrow account shall be an interest-bearing account as disclosed in the offering plan.

(5) The escrow account is not an IOLA established pursuant to Judiciary Law Section 497.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

(1) All funds received from prospective purchasers or subscribers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be deposited in the escrow account. All instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser or subscriber to the order of "JOHN A. DANDOLA, ESQ. Escrow Account _____ (last name of Purchaser)".

Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser or subscriber promptly, but in no event more than five business days following receipt of such instrument by ESCROW AGENT. In the event of such return of funds the installment shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

(2) Within ten (10) business days after tender of the deposit submitted with the subscription or purchase agreement, ESCROW AGENT shall notify the purchaser of the deposit of such funds in the bank indicated in the offering plan, provide the account number, and disclose the initial interest rate. If the purchaser does not

receive notification of such deposit within fifteen (15) business days after tender of the deposit, the purchaser may cancel the purchase and rescind within ninety (90) days after tender of the deposit, or may 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 in accordance with these regulations and requisite notice was timely mailed to the subscriber or purchaser. For the purpose of this Escrow Agreement, the date a deposit submitted with the purchase or subscription agreement is considered tendered is the date the agreement is signed by all necessary parties.

3. RELEASE OF FUNDS.

(1) ESCROW AGENT shall not release the escrowed funds of a defaulting purchaser until after consummation of the plan as defined in the Attorney General's regulations. Consummation of the plan shall not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.

(2) ESCROW AGENT shall continue to hold the funds in escrow until otherwise directed in (a) a writing signed by both

sponsor and purchaser or (b) a determination of the Attorney General or (c) a judgment or order of a court of competent jurisdiction or (d) a closing occurs or (e) until released pursuant to the regulations of the Attorney General pertaining to release of escrowed funds. Escrow Agent shall be entitled to rely upon any judgment, certificate, demand or other writing delivered to it hereunder without being required to determine the authenticity or the correctness of any facts stated therein, the propriety or validity thereof, or the jurisdiction of the Court issuing any such judgment. ESCROW AGENT may act in reliance upon any instrument or signature believed to be genuine or duly authorized, and advice of counsel in reference to matter or matters connected therewith.

(3) If there is no written agreement between the parties to release the escrowed funds, ESCROW AGENT shall not pay the funds to SPONSOR until ESCROW AGENT has given the purchaser written notice of not fewer than ten (10) business days. Thereafter, the funds may be paid to SPONSOR unless the purchaser has made application to the Department of Law pursuant to the dispute resolution

provisions contained in the Attorney General's regulations and has so notified ESCROW AGENT in accordance with such provisions.

(4) SPONSOR shall not object to the release of the escrowed funds to (a) a purchaser who timely rescinds in accordance with an offer of rescission contained in the plan or an amendment to the plan or (b) all purchasers after an amendment abandoning the plan is accepted for filing by the Department of Law.

4. RECORDKEEPING.

(1) ESCROW AGENT shall maintain all records concerning the escrow account for seven years after release of the funds.

(2) Upon the dissolution of a law firm which was ESCROW AGENT, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm or by the successor firm and shall notify the Department of Law of such transfer.

(3) ESCROW AGENT shall make available to the Attorney General, upon his request, all books and records of ESCROW AGENT relating to the funds deposited and disbursed hereunder.

5. GENERAL OBLIGATIONS OF ESCROW AGENT.

(1) ESCROW AGENT shall maintain the accounts called for in this Agreement under the direct supervision and control of ESCROW AGENT.

(2) A fiduciary relationship shall exist between ESCROW AGENT and purchasers, and ESCROW AGENT acknowledges its fiduciary obligations.

6. RESPONSIBILITIES OF SPONSOR.

(1) SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall immediately deliver all deposits and payments received by them prior to closing of an individual transaction to ESCROW AGENT.

(2) SPONSOR agrees that it shall not interfere with ESCROW AGENT's performance of its fiduciary duties and compliance with the Attorney General's regulations.

(3) The ESCROW AGENT shall not be liable for any error in judgment or for any act done or step taken or omitted in good faith, or for any mistake of fact or law, except for ESCROW AGENT'S own gross negligence or willful misconduct. Upon release of the funds pursuant to the terms of the regulations of the Department of Law, the ESCROW AGENT shall be fully released from all liability and obligations with respect to the funds.

(4) The ESCROW AGENT is acting solely as a stakeholder at the parties request and for their convenience, that Escrow Agent shall not be deemed to be the agent of either of the parties, and that ESCROW AGENT shall not be liable to either of the parties for any act or omission on its part unless taken or suffered in bad faith, in willful disregard of this Agreement or involving gross negligence. Sponsor shall indemnify and hold ESCROW AGENT harmless from and against all costs, claims and expenses, including reasonable attorney' fees, incurred in connection with the performance of

escrow agent's duties hereunder, except with respect to actions or omissions taken or suffered by ESCROW AGENT in bad faith, in willful disregard of this Agreement or involving gross negligence on the part of ESCROW AGENT. This indemnity shall survive Closing.

7. TERMINATION OF AGREEMENT.

(1) This Agreement shall remain in effect unless and until it is cancelled, by either:

1. Written notice given by SPONSOR to ESCROW AGENT of cancellation of designation of ESCROW AGENT to act in said capacity, which cancellation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or

2. The resignation of ESCROW AGENT upon giving notice to SPONSOR of its desire to so resign, which resignation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or

3. All shares or units offered pursuant to the plan have been sold and all sales transactions have been consummated.

(2) Upon termination of the duties of ESCROW AGENT as described in paragraph 7.1 above, ESCROW AGENT shall deliver any and all funds held by it in escrow and any and all contracts or documents maintained by ESCROW AGENT to the new escrow agent.

8. SUCCESSORS AND ASSIGNS.

(1) This Agreement shall be binding upon SPONSOR AND ESCROW AGENT and their successors and assigns.

9. GOVERNING LAW.

(1) This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

10. ESCROW AGENT'S COMPENSATION.

(1) SPONSOR agrees that ESCROW AGENT's compensation shall not be paid from escrowed principal nor from any interest accruing thereon and that compensation to ESCROW

AGENT, if any, shall not be deducted from escrowed funds by any financial institution under any circumstance. SPONSOR shall reimburse the ESCROW AGENT for all disbursements and compensation shall be paid to the ESCROW AGENT at its standard hourly rates for the maintenance and operation of the required escrow account by the SPONSOR.

11. SEVERABILITY.

(1) If any provision of this Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

12. ENTIRE AGREEMENT.

(1) This Agreement, read together with GBL Section 352-e(2-b) and the Attorney General's regulations,

constitutes the entire agreement between the parties with respect to the subject matter hereof.

SPONSOR

By: _____
Joel T. Frishman, General Partner

ESCROW AGENT

By: _____

JOHN R. DANIOLA TEL. 212-935-7750

ETF-1

Exhibit C

APPLICATION TO THE ATTORNEY GENERAL FOR A DETERMINATION ON THE DISPOSITION OF DOWNPAYMENTS

[Send this application to the reviewing attorney assigned to the subject plan.]

Re: _____
Address of Building or
Name of Project

File Number: _____

Application is made to the Attorney General to consider and determine the disposition of down payments held pursuant to GBL Sections 352-e(2-b) and 352-h. The following information is submitted in support of this application:

1. Name of Applicant _____

2. Address of Applicant _____

3. Name, Address, and Telephone Number of Applicant's Attorney (if any) _____

_____

_____

4. This is an application for

[ ] return of downpayment.
[ ] forfeiture of downpayment.
[ ] other: _____

_____

5. The project is [ ] a conversion of occupied premises.
[ ] newly constructed or rehabilitated.
[ ] vacant (as is).

6. The project is structured as
   [ ] a cooperative.
   [ ] a condominium.
   [ ] a homeowners association.
   [ ] a timeshare.

   [ ] other: _____

7. Name and Address of Sponsor: _____

   _____

8. Name and Address of Escrow Agent: _____

   _____

9. If downpayments are maintained in an escrow account:

   (a) Name of account _____

   (b) Name and address of bank _____

   (c) Account number (if known) _____

   (d) Initial interest rate (if known) _____

10. If downpayments have been secured by bonds:

   (a) Name and address of bond issuer or surety: _____

   _____

   (b) Copy of bond included in this application. (DO NOT SEND ORIGINAL BOND.) If not included, explain:

   _____

   _____

   _____

   _____

11. If downpayments have been secured by a letter of credit:

(a) Name and address of bank which issued the letter of credit: _____

_____

_____

(b) Date of expiration of the letter of credit, if known:

_____

12. Plan information:

(a) Date of filing of plan: _____

(b) Plan

[ ] has been declared effective. Approximate date: _____

[ ] has not been declared effective.

(c) If effective, the plan

[ ] has closed or the first unit has closed. Approximate date: _____

[ ] has not closed.

[ ] don't know.

(d) Downpayments are secured by

[ ] escrow account.

[ ] bonds.

[ ] letter of credit.

13. Contract information:

(a) Copy of contract and of all riders or modification letters are attached. (DO NOT SEND ORIGINALS.)

(b) Date on which subscription or purchase agreement was signed: _____

(c) Date(s) of downpayment(s): _____

(d) Total amount of downpayment(s): _____

(e) Names and addresses of subscribers or purchasers affected by this application:

_____

_____

_____

_____

_____

14. State the basis for your claim. Please be as specific as possible. You may add additional sheets. Attach copies of any relevant documents.

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

15. I am contemporaneously sending a copy of this application to the following persons: _____

_____

_____

_____

Note: You are required to mail a copy of this Application to all other affected parties.

In filing this application, I understand that the Attorney General is not my private attorney, but represents the public in enforcing laws designed to protect the public from unlawful business practices. I also understand that if I have any questions concerning my legal rights or responsibilities I may contact a private attorney. The above application is true and accurate to the best of my knowledge. False statements made herein are punishable as a Class A Misdemeanor under Section 175.30 and/or Section 210.45 of the Penal Law.

Signature: _____ Date: _____

Name (Printed): _____

Telephone: (Home) _____ (Business) _____

Mailing Address: _____

_____

TENTH AMENDMENT

TO THE COOPERATIVE OFFERING PLAN FOR

325 EAST 201ST STREET
BRONX, NEW YORK

DATED: FEBRUARY 19, 1993

The Offering Plan - a Plan to convert to Cooperative Ownership premises at 325 East 201st Street, Bronx, New York (hereinafter referred to as the "Plan") accepted for filing on August 16, 1985, is amended as follows:

1. Annexed hereto as Exhibit A is a copy of the certified 1991 financial statements of Bainbridge House, Inc. Bainbridge House ended the year with an operating surplus of $35,871 before depreciation.

2. The Hudson Valley National Bank ("HVNB") has obtained a judgment against the general partner of the Sponsor in the amount of $407,395.87. The judgment is in connection with an unsecured line of credit obtained by the general partner and another party. The general partner of Sponsor fully expects to negotiate a settlement with HVNB and has had several discussions with officers of HVNB in connection with HVNB as of the date hereof has not attempted to enforce the judgement in any event, Sponsor's general partner believes that he can satisfy the judgment from existing assets even if the matter is not resolved as of the date hereof.

3. Presently Sponsor collects rents from tenants occupying apartments owned by Sponsor in the amount of $14,093.62 per month. The maintenance payable with respect to the apartments is $15,025 per month. The slight shortfall of $1,068 per month will be covered from the following sources (i) $222.75 per month that Sponsor receives from tenant/shareholders to whom Sponsor has extended purchase money financing (ii) the sales of apartments as they become vacant (there are presently 11 vacant apartments)0 and (ii) other assets of Sponsor and its general partner.

4. Except as modified herein the Plan remains in full force and effect.

MODERN REALTY ASSOCIATES

(516) 759-0022
FAX (516) 759-0031

JEROME M. SOBEL
CERTIFIED PUBLIC ACCOUNTANT

40 RAILROAD AVENUE
GLEN HEAD, NEW YORK 11545

Board of Directors and Shareholders
of Bainbridge House, Inc.

I have audited the accompanying balance sheet of Bainbridge House, Inc. (a cooperative apartment house corporation) as of December 31, 1991, and the related statements of operations, changes in shareholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's board and management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as discussed in Notes 5 & 6, I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for our opinion.

Inasmuch as I have not been in contact with the corporation's legal counsel, I am not able to comment on any pending or threatened litigation against the Corporation.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain a discussion or evaluation of pending or threatened litigation from the Corporation's outside legal counsel as indicated in the preceding paragraph, and in the attached notes the financial statements referred to above present fairly, in all material respects, the financial position of Bainbridge House, Inc., as of December 31, 1991, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Respectfully submitted,

Jerome M. Sobel

August 26, 1992

BAINBRIDGE HOUSE, INC.

BALANCE SHEET

DECEMBER 31, 1991

EXHIBIT "A"

ASSETS

CURRENT ASSETS			
Cash-Management Account		$ 11,590	
Cash-Reserve-Chase Manhattan Bank		5,033	
Cash-Reserve-C/D-Chase Manhattan Bank		76,276	
Cash-Escrow (Note 6)		18,375	
Accounts Receivable-Maintenance		4,550	
Accrued Interest Receivable		1,678	
Due From Prior Managing Agent		1,111	
TOTAL CURRENT ASSETS			$ 118,613
FIXED ASSETS			
Land		90,699	
Building	$ 1,172,620		
LESS: Accumulated Depreciation	368,203	804,417	
Improvements	29,688		
LESS: Accumulated Depreciation	2,167	27,521	
TOTAL FIXED ASSETS			922,637
OTHER ASSETS			
Prepaid Insurance		6,679	
Prepaid Water & Sewer		9,360	
Prepaid Real Estate Taxes		16,094	
TOTAL OTHER ASSETS			32,133
TOTAL ASSETS			$ 1,073,385

The accompanying notes are an integral part of this statement.

BAINBRIDGE HOUSE, INC.

BALANCE SHEET

DECEMBER 31, 1991

EXHIBIT "A" CONTINUED

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES			
Accounts Payable		$ 4,742	
Due to Sponsor (Note 5)		4,211	
Current Portion of Mortgage Payable		17,632	
TOTAL CURRENT LIABILITIES			$ 26,585
LONG TERM LIABILITIES			
Mortgage Payable (Note 4)		760,978	
LESS: Current Portion		17,632	
TOTAL LONG TERM LIABILITIES			743,346
STOCKHOLDERS' EQUITY			
Capital Stock (2,640 Shares Issued @ $1 Par Value)		2,640	
Paid-in-Capital		629,601	
RETAINED EARNINGS			
Balance January 1, 1991	$ (301,425)		
Net Loss For Period	(27,362)	(328,787)	
TOTAL STOCKHOLDERS' EQUITY			303,454
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY			$ 1,073,385

The accompanying notes are an integral part of this statement.

BAINBRIDGE HOUSE, INC.

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 1991

INCOME FROM OPERATIONS	
Shareholders' Maintenance	$ 307,296
LESS: Portion for Mortgage Amortization Credited to Paid-in-Capital	15,137
	292,159
Parking Income	26,460
Laundry Income	3,900
TOTAL INCOME FROM OPERATIONS	322,519
OPERATING EXPENSES	
Repairs & Maintenance	15,896
Fuel Oil & Utilities	38,187
Real Estate Taxes	64,784
Interest Expense	81,803
Management Fees	15,125
Insurance	18,436
Employee Benefits	540
Accounting, Legal, & Professional Fees	1,751
Supplies	244
Payroll Taxes	2,070
Water & Sewer Charges	17,262
Fees, Permits & Licenses	2,097
NYS & NYC Corporation Taxes	2,124
Elevator Maintenance	1,332
Office & Administrative Expense	3,420
Payroll Expense	27,054
TOTAL OPERATING EXPENSES	292,125
Net Income (Loss) From Operations	30,394
OTHER INCOME	
Interest Income	4,998
Assignment, Flip Tax, Late Charges, Other	(726)
Sublet Income	1,205
TOTAL OTHER INCOME	5,477
NET INCOME (LOSS) BEFORE DEPRECIATION	35,871
Depreciation	63,233
NET INCOME (LOSS) FOR THE YEAR	$ (27,362)

The accompanying notes are an integral part of this statement.

JEROME M. SOBEL
CERTIFIED PUBLIC ACCOUNTANT

BAINBRIDGE HOUSE, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1991

EXHIBIT "C"

CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit After Depreciation		$ (27,362)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation & Amortization	$ 63,233	
Increase in Accounts Receivable	(3,409)	
Increase in Mortgage Escrow	(5,409)	
Decrease in Prepaid Insurance	3,229	
Decrease in Accounts Payable	(36,948)	
Decrease in Income Tax Payable	(1,129)	
Increase in Prepaid Real Estate Taxes	795	
Increase in Prepaid Income Tax	1,488	
Increase in Accrued Interest Receivable	(32)	
Increase in Due From Prior Managing Agent	(1,111)	
Decrease in Fuel Inventory	1,683	
Decrease in Due to Managing Agent	(609)	
Increase in Prepaid Water & Sewer	(1,458)	
TOTAL ADJUSTMENTS		20,323
NET CASH GENERATED BY OPERATING ACTIVITIES		(7,039)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Capital Expenditures		(9,195)
CASH FLOWS UESED IN FINANCING ACTIVITIES		
Decrease in Long Term Liability		(15,136)
Increase in Paid-In-Capital		15,137
INCREASE IN CASH AND CASH EQUIVALENTS		(16,233)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		109,134
CASH AND CASH EQUIVALENTS AT END OF YEAR		$ 92,901

The accompanying notes are an integral part of this statement.

JEROME M. SOBEL
CERTIFIED PUBLIC ACCOUNTANT

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

1991

NOTE 1 - ORGANIZATION

The Corporation was organized in 1984 for the purpose of owning and operating the building at 325 East 201st Street, Bronx, NY as a cooperative apartment house pursuant to a plan of conversion which became effective on October 30, 1986. The Corporation qualifies as a cooperative housing corporation under Section 216 (b)(1) of the Internal Revenue Code. At December 31, 1991, 1,718 shares of the Corporation's common stock were sponsor owned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The Financial Statement is presented on the accrual basis of accounting.

DEPRECIATION

Depreciation is provided on the straight-line and accelerated methods over the estimated useful lives of the assets. Additions and betterments are capitalized, whereas costs of maintenance and repairs are charged to expense when incurred.

NOTE 3 - CASH-RESERVE FUND

In accordance with the Offering Plan, the Sponsor is required to maintain a reserve fund on behalf of the Corporation. The purpose of the reserve fund is to provide for major capital expenditures.

NOTE 4 - LONG-TERM DEBT

The mortgage payable, which is collareralized by the property, requires monthly installments of $8,250 until May 1, 1991. The monthly installment is applied first to interest at an annual rate of 11%, with the balance of the installment applied to reducing the principal indebtedness.

Commencing June 1, 1991 through May 1, 2001, the constant monthly payment will increase to $9,000. Each payment is applied first to interest at the annual rate of 12%, with the balance of the payment applied to reducing the principal indebtedness. The mortgage will mature on May 1, 2001, at which time the remaining principal balance, with accrued interest, if any, shall become due and payable. Assuming that all payments of interest and principal are made in a timely manner, the unpaid balance of the mortgage at May 1, 2001 will be approximately $477,000.

BAINBRIDGE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

1991

NOTE 4 - LONG-TERM DEBT (continued)

Maturities of long-term debt for the next five years are as follows:

Year Ending December 31,	Amount
1992	$ 17,632
1993	19,868
1994	22,387
1995	25,227
1996	28,426
	$113,540

NOTE 5 - DUE TO SPONSOR ($4,211)

As of December 31, 1990 this amount according to the prior accountant consisted of the following balances:

	DR	CR
Old Balance 1/1/90		13,054
Part of SCRIE credit due Sponsor 12/31/90	6,426	
SCRIE credit paid to Sponsor in 1991		1,343
Loan-Modern Realty	7,530	
Note Payable		1,770
	13,956	18,167
Credit Balance	*4,211	
	18,167	18,167

*This amount was deducted by the Sponsor against maintenance in 1992.

NOTE 6 - ESCROW ACCOUNT ($18,375)

As of December 31, 1990 the amounts of $3,000 and $650 were included in the escrow balance.

As of December 31, 1991 I was able to verify the balance of $14,725, but not the balance of $3,650 included in this prior year, making a total of $18,375.

BAINBRIDGE HOUSE INC.

NOTES TO FINANCIAL STATEMENTS

1991

NOTE 7 - FEDERAL INCOME TAXES

The Internal Revenue Service has taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code.

Section 277 of the Code provides that a membership organization that is operated to provide services to members is permitted to deduct expenses attributable to the furnishing of services to the members only to the extent of the income derived during such year from its members. Section 277 permits a membership organization to reduce income from non-membership sources only by expenses incurred in generating this income. Accordingly, income from non-membership sources such as interest, commercial rental, professional apartment rental, etc. in excess of expenses properly attributable thereto, may be subject to federal tax.

Income tax liability that may result from the above is not reflected in the attached financial statements. If the position of the Internal Revenue Service is sustained by the courts, such liability will be reflected in future financial statements.

NINTH AMENDMENT

TO THE COOPERATIVE OFFERING PLAN FOR

325 EAST 201ST STREET
BRONX, NEW YORK

DATED: JULY 1, 1991

The Offering Plan - a Plan to convert to Cooperative Ownership premises at 325 East 201st Street, Bronx, New York (hereinafter referred to as the "Plan") accepted for filing on August 16, 1985, is amended as follows:

A. The following is information regarding shares for cooperative apartments that are unsold as of the date of this Amendment:

1. The present owner of all Unsold Shares is the Sponsor, Modern Realty Associates. A list of unsold shares as of this date is attached to this Amendment as Exhibit A.

2. The aggregate monthly maintenance charges for said shares is $15,216.76.

3. The aggregate monthly rent received from tenants of the apartments, the shares of which are unsold, is $14,913.72.

4. There are no financial obligations, including but not limited to, reserve and working capital fund contributions and contributions for repair and improvement obligations, to the Corporation which will become due within 12 months from the date of this Amendment (other than payment of maintenance).

5. None of the Unsold Shares are encumbered by any security agreements, liens or financing statements.

6. The means by which payments of obligations disclosed in item 2 above will be funded is from rental income received from apartments whose shares are unsold, income from sales of said apartments as they occur from time to time, as well as from the assets of the Sponsor.

7. The Sponsor is current in all of its financial obligations under the Plan, if any, including the payment of maintenance charges and assessments and payments for repairs and improvements promised in the Plan. There were no delinquencies during the year prior to the filing of this Amendment.

8. The following is a list of all other buildings in which Modern Realty Associates, or a principal thereof owns more than 10% of the shares or units. Offering Plans for the below listed buildings are on file with he Department of Law and are available for public inspection.

a. 3200 Netherland Avenue, Riverdale, New York 10463
b. 5775 Mosholu Avenue, Riverdale, New York 10471

9. The Sponsor is current in its financial obligations in other cooperatives, condominiums or homeowners associations in which it owns shares or units as an individual, general partner or principal, except that the Sponsor is in arrears in the payment of real estate taxes payable with respect to certain condominium units owned by Sponsor at the condominium located at 5775 Mosholu Avenue, Riverdale, New York. The Sponsor intends to pay the tax arrearages from the proceeds of the sales of the Sponsor owned units in the condominium.

10. Annexed hereto as Exhibit B is the Certified Financial Statement for the year ended December 31, 1990. The Corporation has engaged the services of Jerome Sobel, public accountants to audit the Corporation's books and to prepare the 1991 financial statements. Mr. Sobel has indicated that the 1991 financial statements should be available by August 15, 1992. This Plan will be amended promptly after Sponsor receives the 1991 financial statements. Any purchaser now or hereafter under contract to acquire a Sponsor-owned apartment shall be allowed to postpone the closing of the purchase until the 1991 financial statements are made available.

11. Annexed hereto as Exhibit C is a copy of the Budget promulgated by the Board of Directors for operations for the year 1992.

12. As of October 31, 1991 (the date which was five years after the date the cooperative corporation acquired title to its property) Sponsor no longer controlled the Board of Directors.

The following is a list of the Sponsor's representatives on the Board of Directors:

Joel T. Fishman -- Sponsor Representative
Marc H. Fishman -- Sponsor Representative
Lars H. Johansen -- Sponsor Representative

The other members of the Board of Directors are

Nora Fuery **David Young**
Margaret Collins **Connie Anastios**

13. As of November 1, 1991, the Board of Directors engaged the firm of Goodman Management, located at 2736 Independence Avenue, Riverdale, New York, to manage the premises. The Sponsor no longer exercises any managerial control of the cooperative corporation.

14. Sponsor has designated the law firm of Schutzman and

Falow, 801 McLean Avenue, Yonkers, New York, as its attorneys for all material related to the Plan, Unsold Shares owned by Sponsor and other matters related to Sponsor's interest in the Premises.

15. The disclosure contained in this Ninth Amendment replaces and supersedes the former section of the Plan dealing with the placing of downpayments in escrow. As of the date this Ninth Amendment is accepted by the Attorney General's Office all downpayments being held in escrow will be placed or transferred to an account in conformity with the disclosure contained herein.

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.

Any provision of any contract or agreement, whether oral or in writing, by which a purchaser or subscriber purports to waive or indemnify any obligation of the escrow agent holding trust funds is absolutely void. The provisions of the Attorney General's regulations concerning escrow/trust funds shall prevail over any conflicting or inconsistent provision in the offering plan or in a purchase or subscription agreement. Purchasers shall not be obligated to pay any legal or other expense of the Sponsor in connection with the establishment, maintenance or defense of obligations arising from the handling or disposition of trust funds.

All deposits, downpayments, or advances made by purchasers prior to closing of each individual transaction, whether received before or after the date of consummation of the Plan, will be placed, within five business days after the agreement is signed by all necessary parties, in a segregated special escrow account of Schutzman and Falow, the Escrow Agent, whose address is 801 McLean Avenue, Yonkers, New York, 10704 and whose telephone number is 914-776-7000. The signatories on this account authorized to withdraw funds are: Keith E. Schutzman, 235 East 22nd Street, New York, New York. The name of the account is Schutzman and Falow Escrow Account, located in Hudson Valley National Bank at 865 McLean Avenue, Yonkers, New York, 10704. This bank is covered by federal bank deposit insurance to a maximum of $100,000 per individual deposit.

The account will be interest-bearing and, unless the purchaser defaults, interest will be credited to the purchaser at closing. The interest rate to be earned will be the prevailing rate for these accounts which currently is 3.73%. Interest will begin to accrue within five business days of tender of the downpayment.

All instruments shall be made payable to or endorsed to the order of Schutzman and Falow as escrow agent.

Within ten business days after tender of the deposit submitted with the purchase or subscription agreement, the escrow agent will notify the purchaser or subscriber that such funds have been deposited into the escrow account and will provide the account number and the initial interest rate. If the purchaser or subscriber does not receive notice of such deposit within fifteen business days after tender of the deposit, the purchaser or subscriber may cancel the purchase and rescind so long as the right to rescind is exercised within ninety days after tender of the deposit. 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 or subscriber in conformity with the Attorney General's regulations.

Since all contracts are contingent upon the Plan's becoming effective, under no circumstances shall sponsor apply for release of the escrowed funds of a defaulting purchaser until after consummation of the plan.

The escrow agent will hold funds in escrow until otherwise directed in

(i) a writing signed by both sponsor and purchaser or subscriber; or

(ii) a determination of the Attorney General pursuant to the dispute resolution procedures contained in the Attorney General's regulations; or

(iii) a judgment or order of a court of competent jurisdiction.

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 business days. Thereafter, the funds may be paid to the Sponsor unless the purchaser or subscriber 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.

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

(i) a purchaser who timely rescinds in accordance with an offer of rescission contained in the plan or an amendment to the Plan;

(ii) all purchasers after an amendment abandoning the Plan is accepted for filing by the Department of Law.

Purchasers, subscribers, and the escrow agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the downpayment and any interest thereon. The Sponsor must avail itself of this procedure if there is a dispute which needs to be resolved. An application for this purpose is attached to this Ninth Amendment as Exhibit D. The party applying for a determination must send all other parties a copy of the application.

Pending the determination of the Attorney General to grant or deny the application, the sponsor, the purchaser or subscriber, and the escrow agent shall abide by any interim directive issued by the Attorney General.

Attached to this amendment as Exhibit E is a copy of the escrow agreement which incorporates the terms of the Attorney General's regulations.

The escrow agent will maintain all records concerning the escrow account for seven years after the release of funds.

16. Upon the acceptance of this Amendment by the Attorney General, Sponsor intends to recommence marketing the Apartments owned by Sponsor. Attached hereto as Exhibit F is a copy of the form of Contract of Sale that purchasers of each apartments will be required to execute and deliver.

17. The Premises owned by the cooperative corporation are encumbered by a first mortgage in the approximate outstanding principal balance of $756,000.00. The holders of the first mortgage are Henry Moses, Harvey Sorkin, Paul Maslin and Seymour Moslin. As of October 31, 1991, the cooperative corporation was current in the payment of all installments due with respect to the mortgage loan.

18. General Business Law ("GBL") Section 352-e(2-d), a copy of which is attached to this amendment as Exhibit G, became law on July 23, 1992. It applies to all cooperative and condominium conversion plans except those where all shares or units have been sold. The law is intended to provide financial protection for a cooperative corporation or condominium association if a sponsor or investor fails to make monthly payments of its units.

In compliance with this new statute, the Sponsor represents that:

a) In the event payment of maintenance, common charges, assessments or late fees by Sponsor or other investor who does not occupy the unit is more than thirty days late, rental payments from the tenant shall become directly payable to the cooperative corporation or condominium association. When the non-occupying owner resumes payment of maintenance and common charges on a current basis, non-purchasing tenants will be notified within three

business days of such payments becoming current and their rental payments will once again be payable to the non-occupying owner.

b) The offeror will provide each non-purchasing tenant with irrevocable notice of the provisions contained in GBL Section 352-e(2-d).

c) Any rights existing under any other laws are not limited by this statutory requirement

d) Payment by the non-purchasing tenant to the cooperative corporation or condominium association done pursuant to GBL Section 352-e(2-d) relieves the non-purchasing tenant from the obligation to pay that rent to the non-occupying owner.

e) These requirements apply to Sponsor, its successors or assigns and all purchasers who are owners of occupied units or shares allocated to occupied units.

19. The filing of this Ninth Amendment shall extend this Plan by six (6) months.

There are no other changes in the terms of the Offering Plan and amendments except as set forth in this Amendment.

MODERN REALTY ASSOCIATES, SPONSOR

EXHIBIT A
SHARES OWNED BY SPONSOR

APARTMENT	SHARES
1A	34
1B	44
1F	34
2A	34
2B	44
2C	24
2D	24
2F	34
2G	34
2H	44
2J	34
2L	44
3A	35
3C	25
3D	25
3E	45
3F	35
3G	35
3H	45
3J	35
3K	35
3M	35
4B	45
4E	45
4G	35
4J	35
4L	45
4M	35
5A	36
5C	36
5D	26
5G	36
5H	46
5L	46
5M	36
6B	46
6C	26
6D	26
6F	36
6G	36
6H	46
6K	36
6L	46

E X H I B I T B

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BAINBRIDGE HOUSE, INC.

(A COOPERATIVE APARTMENT HOUSE CORPORATION)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1990

--oOo--

BAINBRIDGE HOUSE, INC.

(A COOPERATIVE APARTMENT HOUSE CORPORATION)

DECEMBER 31, 1990

I N D E X

Independent Auditors' Report

Exhibit I - Balance Sheet

Exhibit II - Statement of Operations

Exhibit III - Statement of Changes in Shareholders' Equity

Exhibit IV - Statement of Cash Flows

Notes to Financial Statements

M. R. WEISER & CO.
CERTIFIED PUBLIC ACCOUNTANTS

535 FIFTH AVENUE
NEW YORK, NY 10017-3697
(212) 972-2500
FAX (212) 503-2267

99 WOOD AVENUE SOUTH
ISELIN, NJ 08830-2701
(908) 549-2800
FAX (908) 549-2898

INDEPENDENT AUDITORS' REPORT

Board of Directors and Shareholders
Bainbridge House, Inc.

We have audited the accompanying balance sheet of Bainbridge House, Inc. (a cooperative apartment house corporation) as of December 31, 1990, and the related statements of operations, changes in shareholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's board and management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to obtain a discussion or evaluation of any pending or threatened litigation against the Corporation since the Corporation's outside legal counsel declined to respond to our requests for such an evaluation or discussion.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain a discussion or evaluation of pending or threatened litigation from the Corporation's outside legal counsel as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Bainbridge House, Inc., as of December 31, 1990, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

M.R. Weiser & Co.
CERTIFIED PUBLIC ACCOUNTANTS

New York, N. Y.
October 18, 1991

EXHIBIT I

BAINBRIDGE HOUSE, INC.

(A COOPERATIVE APARTMENT HOUSE CORPORATION)

BALANCE SHEET

DECEMBER 31, 1990

A S S E T S

Property and equipment at cost, less accumulated depreciation and amortization (Notes 2 and 3)	$ 976,675
Cash and cash equivalents	17,578
Reserve fund: Certificate of deposit	90,193
Cash	1,363
Maintenance charges receivable	1,141
Mortgage escrow	12,966
Prepaid real estate taxes	16,889
Prepaid insurance	9,908
Prepaid income taxes	1,488
Prepaid water and sewer	7,902
Accrued interest receivable	1,646
Fuel inventory	1,683
	$1,139,432

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:	
Mortgage payable (Note 6)	$ 776,114
Accounts payable	41,690
Income taxes payable (Note 7)	1,129
Due to managing agent (Note 5)	609
Due to sponsor (Note 5)	4,211
Total liabilities	823,753
Shareholders' equity:	
Common stock - par value of $1.00, authorized 20,000 shares; issued and outstanding 2,640 shares	2,640
Paid-in capital	614,464
Deficit	(301,425)
Total shareholders' equity	315,679
	$1,139,432

(See accompanying notes to financial statements)

BAINBRIDGE HOUSE, INC.

(A COOPERATIVE APARTMENT HOUSE CORPORATION)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1990

Income:	
Maintenance charges to tenant shareholders	$307,786
Less portion for mortgage amortization credited to paid-in capital	12,849
	294,937
Parking income	24,000
Laundry income	5,391
Interest income	7,250
Miscellaneous income	2,850
Total income	334,428
Expenses:	
Payroll	24,592
Payroll taxes	1,996
Union retirement and welfare	3,365
Fuel	27,373
Electricity	8,843
Insurance	30,872
Real estate taxes	66,962
Water and sewer	15,910
Plastering and painting	6,863
Elevator maintenance	5,697
Electric repairs	1,413
Plumbing repairs	3,159
Boiler repairs	2,080
Locksmith and door repairs	915
Fees and permits	2,582
Maintenance supplies	4,313
Management fees	15,000
Exterminating	801
Intercom system	200
Mortgage and other interest	88,999
Accounting fees	5,521
Consulting fees	3,000

(Continued)

BAINBRIDGE HOUSE, INC.

(A COOPERATIVE APARTMENT HOUSE CORPORATION)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1990

(Concluded)

Expenses (continued):	
Legal fees	741
Data processing	1,119
Depreciation	62,778
Miscellaneous general expenses	1,802
Total expenses	386,896
Loss before provision for income taxes	(52,468)
Provision for income taxes	1,289
Net loss	$(53,757)

(See accompanying notes to financial statements)

BAINBRIDGE HOUSE, INC.

(A COOPERATIVE APARTMENT HOUSE CORPORATION)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1990

Common stock:	
Balance at beginning and end of year	$ 2,640
Paid-in capital:	
Balance at beginning of year	$ 601,615
Capital contributed for mortgage principal amortization	12,849
Balance at end of year	$ 614,464
Deficit:	
Balance at beginning of year	$(247,668)
Net loss for the year	(53,757)
Balance at end of year	$(301,425)
Total shareholders' equity	$ 315,679

(See accompanying notes to financial statements)

BAINBRIDGE HOUSE, INC.

(A COOPERATIVE APARTMENT HOUSE CORPORATION)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1990

Cash flows from operating activities:	
Net loss	$(53,757)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	62,778
Changes in assets and liabilities:	
Decrease in maintenance charges receivable	638
Decrease in mortgage escrow	3,539
Increase in prepaid real estate taxes	(969)
Increase in prepaid insurance	(168)
Decrease in prepaid income taxes	354
Increase in prepaid water and sewer	(1,456)
Increase in interest receivable	(1,541)
Increase in accounts payable	4,226
Increase in income taxes payable	1,129
Increase in fuel inventory	(1,683)
Decrease in due from managing agent	3,802
Net cash provided by operating activities	16,892
Cash flows from investing activities:	
Decrease in cash-reserve fund	12,310
Capital expenditures	(13,768)
Net cash used in investing activities	(1,458)
Cash flows used in financing activities:	
Paid-in capital contributed for mortgage amortization	12,849
Repayments of long-term debt	(12,849)
Repayments of amounts due to sponsor	(5,083)
Net cash used in financing activities	(5,083)
Net increase in cash and cash equivalents	10,351
Cash and cash equivalents at beginning of year	7,227
Cash and cash equivalents at end of year	$ 17,578
Supplemental disclosure of cash flow information:	
Cash paid during the year for:	
Interest	$ 88,314
Income taxes	$ 783

(See accompanying notes to financial statements)

BAINBRIDGE HOUSE, INC.

(A COOPERATIVE APARTMENT HOUSE CORPORATION)

NOTES TO FINANCIAL STATEMENTS

1. Organization:

The Corporation was organized in 1984 for the purpose of owning and operating the building located at 325 East 201st Street, Bronx, New York as a cooperative apartment house pursuant to a plan of conversion which became effective on October 30, 1986. The Corporation qualifies as a cooperative housing corporation under Section 216(b)(1) of the Internal Revenue Code. At December 31, 1990, 1,718 shares of the Corporation's common stock were sponsor owned.

2. Summary of Significant Accounting Policies:

a) Depreciation and amortization:

Depreciation and amortization are provided on the straight-line and accelerated methods over the estimated useful lives of the assets. Additions and betterments are capitalized, whereas costs of maintenance and repairs are charged to expense when incurred.

b) Statement of cash flows:

The Corporation considers certificates of deposit with a maturity of three months or less when purchased to be cash equivalents.

c) Revenue:

Revenue is recognized in the month billed. A portion of the revenue equal to the mortgage principal payment is allocated as a contribution to paid-in capital. Tenant shareholders are invoiced monthly for that month's proportionate share of the estimated annual cost of maintaining the cooperative apartment building.

3. Property and Equipment:

Property and equipment consists of the following:

		Estimated Useful Lives In Years
Land	$ 90,699	
Building and building improvements	1,193,113	19 - 27½
	1,283,812	
Less accumulated depreciation	307,137	
	$ 976,675	

Depreciation and amortization for the year ended December 31, 1990 amounted to $62,778.

4. Cash-Reserve Fund:

In accordance with the Offering Plan, the Sponsor is required to maintain a reserve fund on behalf of the Corporation. The purpose of the reserve fund is to provide for major capital expenditures.

5. Related Party Transactions:

Due to Sponsor:

Modern Realty Associates (the Sponsor) owns 1,718 unsold shares of the Corporation. The balance due to Sponsor is payable upon demand.

The Corporation recorded maintenance income from the Sponsor of approximately $200,000 during 1990.

Due to Managing Agent:

The Corporation's managing agent is an individual who is also a principal owner of the Sponsor. This individual has subcontracted his duties as managing agent to a corporation which is also controlled by the Sponsor. The balance due to the managing agent is payable upon demand. Management fees paid to the managing subagent during 1990 amounted to $15,000.

During 1990, the Corporation also paid $3,000 of consulting fees to the principal owner of the Sponsor.

6. Long-term Debt:

The mortgage payable, which is collateralized by the property, requires monthly installments of $8,250 until May 1, 1991. The monthly installment is applied first to interest at an annual rate of 11%, with the balance of the installment applied to reducing the principal indebtedness. Commencing June 1, 1991 through May 1, 2001, the constant monthly payment will increase to $9,000. Each payment is applied first to interest at the annual rate of 12%, with the balance of the payment applied to reducing the principal indebtedness. The mortgage will mature on May 1, 2001, at which time the remaining principal balance, with accrued interest, if any, shall become due and payable. Assuming that all payments of interest and principal are made in a timely manner, the unpaid balance of the mortgage at May 1, 2001 will be approximately $477,000.

Maturities of long-term debt for the next five years are as follows:

Year Ending December 31,	Amount
1990	$ 15,138
1991	17,632
1992	19,868
1993	22,387
1994	25,227
	$100,252

7. Income Taxes:

The Internal Revenue Service has taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code.

Section 277 of the Code provides that a membership organization that is operated to provide services to members is permitted to deduct expenses attributable to the furnishing of services to the members only to the extent of the income derived during each year from its members. Section 277 permits a membership organization to reduce income from nonmembership sources only by expenses incurred in generating this income. Accordingly, income from nonmembership sources, such as interest, dividends, commercial rents, professional apartment rents, etc. in excess of expenses properly attributable thereto, may be subject to Federal tax.

Any income tax liability that may result from the above is not reflected in the accompanying financial statements. If the position of the Internal Revenue Service is sustained by the courts, such liability will be reflected in future financial statements.

For Federal income tax purposes, the Company has a net operating loss carryforward at December 31, 1990 of approximately $270,000 which may be used to offset future taxable income. The loss carryforward expires at various dates through 2005.

EXHIBIT C

BAINBRIDGE HOUSE
Proposed Operating Budget
1992

INCOME:		
Maintenance Charges	308,900	
Parking	24,000	
Laundry	5,400	
Total		338,300
Payroll		
(10 weeks x 463.78)	4,638	
(46 weeks x 488.78)	22,484	
Welfare		
($160 x 12)	1,920	
Pension/Legal		
($110 x 12)	1,320	
Payroll Taxes		
(30362 x 10%)	2,170	
Total Payroll Cost		32,532
Mortgage		
($9000 x 12)	108,000	
Water and Sewer	22,463	
Real Estate Taxes	66,390	
Insurance	13,500	
Management Fee	15,750	
Professional fees:		
Accountants	3,000	
Attorneys	1,000	
Fuel #6 Oil	27,000	
Con Edison	13,750	
Miscellaneous incl. dues	3,000	
Telephone	900	
Corporate taxes	5,500	
Repairs and Maintenance	17,000	
*Service Contracts	6,890	
Total Expenses		336,675
Excess (Deficiency)		1,625

Herk - 360. per month
Exterminator - 100. per month
Controlled Combustion - 110 per month

Total per month $570.

APPLICATION TO THE ATTORNEY GENERAL FOR A DETERMINATION ON THE DISPOSITION OF DOWNPAYMENTS

Send this application to the reviewing attorney assigned to the ubject plan.]

Re: _____
Address of Building or
Name of Project

File Number: _____

Application is made to the Attorney General to consider nd determine the disposition of down payments held pursuant to GBL ections 352-e(2-b) and 352-h. The following information is ubmitted in support of this application:

. Name of Applicant _____

. Address of Applicant _____

. Name, Address, and Telephone Number of Applicant's Attorney (if any) _____

_____

_____

. This is an application for

[ ] return of downpayment.
[ ] forfeiture of downpayment.
[ ] other: _____

_____

5. The project is [ ] a conversion of occupied premises.
[ ] newly constructed or rehabilitated.
[ ] vacant (as is).

2/6/92

6. The project is structured as

[ ] a cooperative.
[ ] a condominium.
[ ] a homeowners association.
[ ] a timeshare.

[ ] other: _____

7. Name and Address of Sponsor: _____

_____

8. Name and Address of Escrow Agent: _____

_____

9. If downpayments are maintained in an escrow account:

(a) Name of account _____

(b) Name and address of bank _____

(c) Account number (if known) _____

(d) Initial interest rate (if known) _____

10. If downpayments have been secured by bonds:

(a) Name and address of bond issuer or surety: _____

_____

(b) Copy of bond included in this application. (DO NOT SEND ORIGINAL BOND.) If not included, explain:

_____

_____

_____

_____

11. If downpayments have been secured by a letter of credit:

(a) Name and address of bank which issued the letter of credit: _____

_____

_____

(b) Date of expiration of the letter of credit, if known:

_____

12. Plan information:

(a) Date of filing of plan: _____

(b) Plan

[ ] has been declared effective. Approximate date: _____

[ ] has not been declared effective.

(c) If effective, the plan

[ ] has closed or the first unit has closed. Approximate date: _____

[ ] has not closed.

[ ] don't know.

(d) Downpayments are secured by

[ ] escrow account.

[ ] bonds.

[ ] letter of credit.

13. Contract information:

(a) Copy of contract and of all riders or modification letters are attached. (DO NOT SEND ORIGINALS.)

(b) Date on which subscription or purchase agreement was signed: _____

(c) Date(s) of downpayment(s): _____

(d) Total amount of downpayment(s): _____

(e) Names and addresses of subscribers or purchasers affected by this application:

_____

_____

_____

_____

_____

14. State the basis for your claim. Please be as specific as possible. You may add additional sheets. Attach copies of any relevant documents.

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

15. I am contemporaneously sending a copy of this application to the following persons: _____

_____

_____

_____

Note: You are required to mail a copy of this Application to all other affected parties.

In filing this application, I understand that the Attorney General is not my private attorney, but represents the public in enforcing laws designed to protect the public from unlawful business practices. I also understand that if I have any questions concerning my legal rights or responsibilities I may contact a private attorney. The above application is true and accurate to the best of my knowledge. False statements made herein are punishable as a Class A Misdemeanor under Section 175.30 and/or Section 210.45 of the Penal Law.

Signature: _____ Date: _____

Name (Printed): _____

Telephone: (Home) _____ (Business) _____

Mailing Address: _____

_____

_____

2/6/92

EXHIBIT E

ATTORNEY GENERAL
OF THE STATE OF NEW YORK
MODEL FORM
FOR ESCROW AGREEMENT

AGREEMENT made this 9TH day of JULY, 1992, between MODERN REALTY ASSOCIATES ("SPONSOR") as sponsor of the offering plan and SCHUTZMAN AND FALOW ("ESCROW AGENT") as escrow agent.

WHEREAS, MODERN REALTY ASSOCIATES is the sponsor of an offering plan to convert to cooperative/condominium ownership the premises located at _____ which premises are known as _____; and

WHEREAS, SCHUTZMAN AND FALOW is authorized to act as an escrow agent hereunder in accordance with General Business Law ("GBL") Section 352-e(2-b) and the Attorney General's regulations promulgated thereunder; and

WHEREAS, SPONSOR desires that ESCROW AGENT act as escrow agent for deposits and payments by purchasers and subscribers, pursuant to the terms of this agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby agree as follows:

1.1 SPONSOR and ESCROW AGENT hereby establish an escrow account with ESCROW AGENT for the purpose of holding deposits or payments made by purchasers or subscribers. The escrow account has been opened with HUDSON VALLEY NATIONAL BANK at its depository bank branch located at 865 MCLEAN AVENUE, YONKERS, NEW YORK 10704. address The account number is [redacted].

1.2 The name of the account is SCHUTZMAN AND FALLOW ATTORNEY Escrow Account.

1.3 ESCROW AGENT is the sole signatory on the account.

1.4 The escrow account shall be an interest-bearing account as disclosed in the offering plan.

1.5 The escrow account is ~~is not~~ an IOLA established pursuant to Judiciary Law Section 497.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All funds received from prospective purchasers or subscribers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be deposited in the escrow account. All

instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser or subscriber to the order of SCHUTZMAN AND FALOW as escrow agent for FAINBRIDGE HOUSE INC. offering plan. Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser or subscriber promptly, but in no event more than five business days following receipt of such instrument by ESCROW AGENT. In the event of such return of funds, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

2.2 Within ten (10) business days after tender of the deposit submitted with the subscription or purchase agreement, ESCROW AGENT shall notify the purchaser of the deposit of such funds in the bank indicated in the offering plan, provide the account number, and disclose the initial interest rate. If the purchaser does not receive notification of such deposit within fifteen (15) business days after tender of the deposit, the purchaser may cancel the purchase and rescind within ninety (90) days after tender of the deposit, or may 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 in accordance with these regulations and requisite notice was timely mailed to the subscriber or purchaser.

3.1 ESCROW AGENT shall not release the escrowed funds of a defaulting purchaser until after consummation of the plan as defined in the Attorney General's regulations. Consummation of the plan shall not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.

3.2 ESCROW AGENT shall continue to hold the funds in escrow until otherwise directed in (a) a writing signed by both sponsor and purchaser or (b) a determination of the Attorney General or (c) a judgment or order of a court of competent jurisdiction or until released pursuant to the regulations of the Attorney General pertaining to release of escrowed funds.

3.3 SPONSOR shall not object to the release of the escrowed funds to (a) a purchaser who timely rescinds in accordance with an offer of rescission contained in the plan or an amendment to the plan or (b) all purchasers after an amendment abandoning the plan is accepted for filing by the Department of Law.

3.4 If there is no written agreement between the parties to release the escrowed funds, ESCROW AGENT shall not pay the funds to SPONSOR until ESCROW AGENT has given the purchaser written notice of not fewer than ten (10) business days. Thereafter, the funds may be paid to SPONSOR unless the purchaser has made application to the Department of Law pursuant to the dispute resolution provisions contained in the Attorney General's

regulations and has so notified ESCROW AGENT in accordance with such provisions.

4. RECORDKEEPING.

4.1 ESCROW AGENT shall maintain all records concerning the escrow account for seven years after release of the funds.

4.2 Upon the dissolution of a law firm which was ESCROW AGENT, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm or by the successor firm and shall notify the Department of Law of such transfer.

4.3 ESCROW AGENT shall make available to the Attorney General, upon his request, all books and records of ESCROW AGENT relating to the funds deposited and disbursed hereunder.

5. GENERAL OBLIGATIONS OF ESCROW AGENT.

5.1 ESCROW AGENT shall maintain the accounts called for in this Agreement under the direct supervision and control of ESCROW AGENT.

5.2 A fiduciary relationship shall exist between ESCROW AGENT and Purchasers, and ESCROW AGENT acknowledges its fiduciary obligations.

6.1 SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall immediately deliver all deposits and payments received by them prior to closing of an individual transaction to ESCROW AGENT.

6.2 SPONSOR agrees that it shall not interfere with ESCROW AGENT'S performance of its fiduciary duties and compliance with the Attorney General's regulations.

7. TERMINATION OF AGREEMENT.

7.1 This Agreement shall remain in effect unless and until it is cancelled, by either:

(a) Written notice given by SPONSOR to ESCROW AGENT of cancellation of designation of ESCROW AGENT to act in said capacity, which cancellation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or

(b) The resignation of ESCROW AGENT upon giving notice to SPONSOR of its desire to so resign, which resignation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or

(c) All shares or units offered pursuant to the plan have been sold and all sales transactions have been consummated.

7.2 Upon termination of the duties of ESCROW AGENT as described in paragraph 7.1 above, ESCROW AGENT shall deliver any and all funds held by it in escrow and any and all contracts or documents maintained by ESCROW AGENT to the new escrow agent.

8. SUCCESSORS AND ASSIGNS.

8.1 This Agreement shall be binding upon SPONSOR and ESCROW AGENT and their successors and assigns.

9. GOVERNING LAW.

9.1 This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

10. ESCROW AGENT'S COMPENSATION.

10.1 SPONSOR agrees that ESCROW AGENT's compensation shall not be paid from escrowed principal nor from any interest accruing thereon and that compensation to ESCROW AGENT, if any, shall not be deducted from escrowed funds by any financial institution under any circumstance.

11.1 If any provision of this Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

12. ENTIRE AGREEMENT.

12.1 This Agreement, read together with GBL Section 352-e(2-b) and the Attorney General's regulations, constitutes the entire agreement between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the undersigned have executed this greamant as of the day and year first written above.

ESCROW AGENT

SCHUTZMAN AND PALOW

By: _____
Print Name
KEITH E. SCHUTZMAN

SPONSOR

MODERN REALTY ASSOCIATES

By: _____
Print Name & Title
JOEL T. FISHMAN, GENERAL PARTNER

EXHIBIT F

M 123—Contract of sale of cooperative apartment, 11-88.
Prepared by The Committee on Condominiums and Cooperatives of the Real Property Section of the New York State Bar Association.
Distributed by Julius Blumberg, Inc. NYC 10013

CONSULT YOUR LAWYER BEFORE SIGNING THIS AGREEMENT

Contract of Sale — Cooperative Apartment

This Contract is made as of between the "Seller" and the "Purchaser" identified below.

1. Certain Definitions and Information

1.1 The "Parties" are:

Seller: MODERN REALTY ASSOCIATES
C/O JTF MANAGEMENT ASSOCIATES, INC.
Address: 501 MAMARONECK AVENUE
WHITE PLAINS, NY 10605

Prior names used by Seller:

Soc. Sec. No.

Purchaser:

Address:

Soc. Sec. No.

1.2. The "Attorneys" are *(name, address and telephone)*:

For Seller: SCHUTZMAN AND FALOW
801 MCLEAN AVENUE
YONKERS, NY 10704
914-776-7000

For Purchaser:

1.3 The "Escrowee" is *(name, address and telephone)*
SCHUTZMAN AND FALOW
801 MCLEAN AVENUE
YONKERS, NY 10704
914-776-7000

1.4 The "Managing Agent" is *(name, address and telephone)*

1.5 The name of the cooperative housing corporation ("Corporation") is

1.6 The "Unit" number is

1.7 The Unit is located in "Premises" known as
325 EAST 201TH STREET
BRONX, NEW YORK

1.8 The "Shares" are the shares of the Corporation allocated to the Unit.

1.9 The "Lease" is the proprietary lease for the Unit given by the Corporation.

1.10 The "Broker" (see Par. 12) is

1.11 The "Closing" is the transfer of ownership of the Shares and Lease, which is scheduled to occur on
19 at M. (see Pars. 9 and 10)

1.12 The "Purchase Price" is $
1.12.1 the "Contract Deposit" is $
1.12.2 the "Balance" of the Purchase Price due at Closing is $ (see Par. 2)

1.13 The "Maintenance" charge is the rent payable under the Lease which at the date of this Contract is in the monthly amount of $ (see Par. 4)

1.14 The "Assessment" is the additional rent payable under the Lease which at the date of this Contract is $ payable as follows:

1.15 The Party upon whom the Corporation imposes a "Flip Tax" or similar transfer fee, if any, is
(see Par. 11.3)

1.16 If Par. 19 (Financing Contingency) applies:
1.16.1 the "Loan Terms" are:
Amount Financed: $ or any lower amount applied for or acceptable to Purchaser.

Payment Terms and Charges: The customary payment terms (including prevailing fixed or adjustable interest rate, prepayment provisions and maturity) and charges (including points, origination and other fees) then currently being offered to purchasers of cooperative apartments by the Institutional Lender (defined in Par. 19.5.1) to which Purchaser applies.

Security: Pledge of the Shares and Lease.

1.16.2 the period for Purchaser to obtain a Loan Commitment Letter is business days after a fully executed counterpart of this Contract is given to Purchaser.

1.17 The "Proposed Occupants" of the Unit are the following:
1.17.1 persons and relationship to Purchaser:

1.17.2 pets:

2. Agreement to Sell and Purchase; Purchase Price; Escrow

2.1 Seller agrees to sell and assign to Purchaser, and Purchaser agrees to purchase and assume from Seller, the Seller's Shares and Lease for the Purchase Price and upon the other terms and conditions stated in this Contract.

2.2 The Purchase Price is payable to Seller by Purchaser as follows:

2.2.1 the Contract Deposit at the time of signing this Contract, by Purchaser's collectible check to the order of Escrowee.

2.2.2 the Balance at Closing, only by cashier's, official bank or certified check of Purchaser made payable to the direct order of Seller. These checks shall be drawn on and payable by a branch of a commercial or savings bank, savings and loan association or trust company located in the same City or County as the Unit. Seller may direct, on not less than 3 business days' Notice (defined in Par. 17) prior to Closing, that all or a portion of the Balance shall be made payable to persons other than Seller.

3. Personal Property

3.1 Subject to any rights of the Corporation or any holder of a mortgage to which the Lease is subordinate, this sale includes all of Seller's ownership, if any, of the following "Property" to the extent existing in the Unit on the date hereof: the refrigerator, freezer, range, oven, microwave oven, dishwasher, cabinets and counter, lighting fixtures, chandeliers, wall-to-wall carpeting, plumbing fixtures, central air-conditioning and/or window or sleeve units, washing machine, dryer, screens and storm windows, window treatments, switch plates, door hardware, built-ins not excluded in Par. 3.2 and

3.2 Specifically excluded from this sale is all personalty not included in Par. 3.1 and

The Property shall not be purchased if Closing does not occur.

3.4 No consideration is being paid for the Property. Seller makes no representation as to the condition of the Property. Purchaser shall take the Property "as is" on the date of this Contract, except for reasonable wear and tear, and except further, the appliances shall be in working order at Closing.

3.5 At or prior to the time of Closing, Seller shall remove from the Unit all the furniture, furnishings and other personalty not included in this sale, and repair any damage caused by such removal.

4. Representations and Covenants

4.1 Subject to any matter affecting title to the Premises (as to which Seller makes no representations or covenants), Seller represents and covenants that:

4.1.1 Seller is and shall at Closing be the sole owner of the Shares and Lease with the full right and power to sell and assign them;

4.1.2 the Shares and Lease will at Closing be free and clear of liens (other than the Corporation's general lien on the Shares, for which no monies shall be owed), encumbrances and adverse interests ("Liens"); or Seller will deliver to Purchaser at Closing all requisite terminations, releases and/or satisfactions executed in form suitable for filing and/or recording, so as to remove of record, at Seller's expense, any such Liens;

4.1.3 the Shares were duly issued, fully paid for and are non-assessable;

4.1.4 the Lease is, and will at Closing be, in full force and effect and no notice of default under the Lease will be in effect at Closing;

4.1.5 the Maintenance and Assessments payable as of the date hereof are as specified in Pars. 1.13 and 1.14. All sums due to the Corporation will be fully paid by Seller to the end of the payment period immediately preceding the date of Closing;

4.1.6 as of this date, Seller neither has actual knowledge nor has received any written notice of (a) any increase in Maintenance or (b) any proposed Assessment which has been either adopted or is under consideration by the Board of Directors of the Corporation and not reflected in the amounts set forth in Pars. 1.13 and 1.14;

4.1.7 Seller will not at Closing be indebted for labor or material which might result in the filing of a notice of mechanic's lien against the Unit or the Premises;

4.1.8 there are and at closing will be no violations of record which the owner of the Shares and Lease would be obligated to remedy under the terms of the Lease;

4.1.9 Seller has not made any alterations or additions to the Unit, without any required consent of the Corporation;

4.1.10 Seller has not entered and will not enter into, and has no actual knowledge of, any agreement (other than the Lease) affecting the use and or occupancy of the Unit which would be binding on or adversely affect Purchaser; and

4.1.11 Seller has been known by no other name for the past 10 years except as set forth in Par. 1.1.

4.2 Purchaser represents and covenants that Purchaser is acquiring the Shares and Lease solely for residential occupancy of the Unit by the Proposed Occupants only and will so represent to the Corporation in connection with Purchaser's application to the Corporation for approval of this transaction by the Corporation.

4.3 The representations and covenants contained in Par. 4.1 shall survive Closing, but any action based thereon must be instituted within 1 year from Closing.

5. Corporate Documents

Purchaser has examined and is satisfied with or has waived the examination of the Lease, and the Corporation's certificate of incorporation, bylaws, house rules, most recent audited financial statement and most recent statement of tax deductions available to the Corporation's shareholders under Internal Revenue Code ("IRC") § 216 (or any successor statute).

6. Required Approval and References

6.1 This sale is not subject to the approval of the Corporation.

~~6.2 Purchaser shall in good faith:~~

~~6.2.1 submit to the Corporation or its Managing Agent, within~~ 10 business days after the receipt of a fully executed counterpart of this Contract, an application for approval of this sale on the form required by the Corporation containing such data and together with such documents as the Corporation reasonably requires except for the Loan Commitment Letter (defined in Par. 19.5.2), if applicable, which shall be submitted by Purchaser within 3 business days after it is obtained;

6.2.2 attend (and cause any person who will reside in the Unit to attend) one or more personal interviews, as requested by the Corporation; and

6.2.3 promptly submit to the Corporation such further references, data and documents reasonably requested by the Corporation.

6.3 Either Party, after learning of the approval or denial by the Corporation of the application, shall promptly send Notice to the other Party of the Corporation's decision. If approval or denial has not been issued on or before the date set for Closing, the Closing shall be adjourned for 30 business days for the purpose of obtaining such approval.

~~conduct, this contract shall be deemed cancelled. In the event of~~ cancellation pursuant to this Par. 6, the Escrowee shall refund the Contract Deposit to Purchaser. In case of a denial or lack of approval ~~due to Purchaser's bad faith conduct, Purchaser shall be in default and Par. 13.1 shall govern~~.

7. Condition of Unit and Possession

7.1 Seller makes no representation as to the condition of the Unit. Purchaser has inspected the Unit and shall take the same "as is", on the date of this Contract, reasonable wear and tear excepted.

7.2 Seller shall deliver possession of the Unit at the Closing, vacant, broom-clean and free of all occupants and rights of possession.

8. Risk of Loss

8.1 While Seller has legal title and is in possession of the Unit, Seller assumes all risk of loss or damage ("Loss") to the Unit and Property from fire or other cause not due to the fault of Purchaser or Purchaser's contractors, agents or servants. In the event of a Loss, Seller shall have the option (but not the obligation) to restore the Unit and Property to as near as reasonably possible to the condition immediately prior to the Loss.

8.2 Within 10 calendar days after the Loss occurs, Seller shall give Notice to Purchaser of the Loss and whether or not Seller elects to restore ("Election Notice").

8.3 If Seller elects to restore, Seller must do so within 60 calendar days after sending the Election Notice or by the Closing, whichever is later ("Restoration Period").

8.4 If the Closing is before such 60 calendar day period expires, then the Closing shall be adjourned to a date and time fixed by Seller on not less than 10 calendar days' prior Notice to Purchaser, but in no event shall the Closing be adjourned for more than 70 calendar days after giving of the Election Notice.

8.5 If Seller elects not to restore or fails, in a timely manner, to send the Election Notice or, having sent the Notice, Seller fails to complete the restoration within the Restoration Period, then Purchaser's sole remedy is either to:

8.5.1 cancel this Contract in accordance with Par. 16 and recover all sums theretofore paid on account of the Purchase Price; or

8.5.2 complete the purchase in accordance with this Contract, without reduction in the Purchase Price or claim against Seller, but with the right to receive any "Net Insurance Proceeds" as defined in Par. 8.6 together with an assignment to Purchaser, without recourse to Seller, of any uncollected proceeds, which assignment shall be delivered by Seller at Closing.

8.6 "Net Insurance Proceeds" are proceeds of Seller's insurance covering the Loss which is attributable to the Unit and Property after deducting legal and other collection expenses incurred by Seller and any sums paid or incurred by Seller for restoration.

8.7 If Purchaser fails to exercise one of Purchaser's options pursuant to Par. 8.5 by Notice to Seller within 7 business days after Seller gives the Election Notice or within 7 business days after the Restoration Period expires (in the event Seller fails to complete the restoration within the Restoration Period), then Purchaser will be deemed to have conclusively elected the option to complete the purchase pursuant to Par. 8.5.2.

8.8 If Purchaser is given possession of the Unit prior to Closing:

8.8.1 Purchaser assumes all risk of Loss to the Unit and Property prior to Closing from fire or other cause not the fault of Seller or Seller's contractors, agents, employees or servants; and

8.8.2 Purchaser shall be obligated to complete the purchase in accordance with this Contract, without reduction in the Purchase Price or claim against Seller and without delay.

8.9 Notwithstanding anything to the contrary in Par. 8.1, Purchaser shall have the right to cancel this Contract in accordance with Par. 16 if, prior to Closing and while Seller is in possession, through no fault of Purchaser or Purchaser's contractors, agents, employees and servants, either:

8.9.1 a Loss occurs to the Unit which would cost more than 10% of the Purchase Price to restore; or

8.9.2 more than 10% of the units in the Premises are damaged and rendered uninhabitable by fire or other cause, regardless of whether the Unit is damaged.

8.10 Purchaser shall be deemed to have waived Purchaser's right to cancel under Par. 8.9 if Purchaser fails to elect to cancel by Notice to Seller given within 7 business days after Seller gives Notice to Purchaser of the event which gives rise to Purchaser's right to cancel. In the event Purchaser waives or is deemed to have waived this right to cancel, the provisions of Par. 8.5.2 shall apply.

9. Closing Location

The Closing shall be held at the location designated by the Corporation, or (if none is designated), at the office of Seller's attorney.

10. Closing

10.1 At Closing, Seller shall deliver:

10.1.1 Seller's certificate for the Shares duly endorsed for transfer to Purchaser or accompanied by a separate duly executed stock power to Purchaser, and in either case, with any guarantee of Seller's signature required by the Corporation;

10.1.2 Seller's counterpart original of the Lease and a duly executed assignment thereof to Purchaser in the form required by

10.1.4 executed FIRPTA document(s) (defined in Par. 26);

10.1.5 keys to the Unit, building entrances, garage, mailbox and any locks in the Unit;

10.1.6 if requested, an assignment to Purchaser of Seller's interest in the Property;

10.1.7 Net Insurance Proceeds and/or assignment of any uncollected Net Insurance Proceeds, if applicable; and

10.1.8 instruments or other documents required under Par. 4.1.2, if any.

10.2 At Closing, Purchaser shall:

10.2.1 pay the Balance in accordance with Par. 2.2.2;

10.2.2 execute and deliver to Seller and the Corporation an agreement assuming the Lease, in the form required by the Corporation; and

10.2.3 if requested by the Corporation, execute and deliver counterparts of a new lease substantially the same as the Lease, for the balance of the Lease term, in which case the Lease shall be cancelled and surrendered to the Corporation together with Seller's assignment thereof to Purchaser.

10.3 At Closing, the Parties shall provide the information necessary for Internal Revenue Service ("IRS") Form 1099-S or other similar form required.

10.4 At Closing, Seller shall provide, and the Parties shall execute, all documents necessary to comply with any applicable transfer and or gains tax filings.

11. Closing Fees, Taxes and Apportionments

11.1 At Closing, ~~Seller~~ Purchaser shall pay, if applicable:

11.1.1 the processing fee(s) of the Corporation, its attorneys, and or agents, except as set forth in Par. 11.2.3;

11.1.2 the cost of stock transfer stamps;

11.1.3 the transfer tax and transfer gains tax.

11.2 At Closing, Purchaser shall also pay:

11.2.1 the sales taxes, if any, on this sale, other than the transfer stamps as provided for in Par. 11.1.2;

11.2.2 the cost of any title search; and

11.2.3 any fee to the Corporation or its agents and/or attorneys relating to Purchaser's financing.

11.3 At Closing, the Flip Tax, if any, shall be paid by the Party specified in Par. 1.15.

11.4 At Closing, the Parties shall apportion as of 11:59 P.M. of the day preceding the Closing, the Maintenance and any other periodic charges due the Corporation (other than Assessments).

11.5 Assessments, whether payable in a lump sum or installments, shall not be apportioned, but shall be paid by the Party who is the owner of the Shares on the date specified by the Corporation for payment. Purchaser shall pay any installments payable after Closing provided Seller had the right to and elected to pay the Assessment in installments.

11.6 Each party covenants to the other that it will timely pay any taxes for which it is primarily liable pursuant to * This Par. 11.6 shall survive Closing.

*this contract

12. Broker

12.1 Each Party represents to the other that such Party has not dealt with any other person acting as a broker, whether licensed or unlicensed, in connection with this transaction other than the Broker named in Par. 1.10.

12.2 Seller shall pay the Broker's commission pursuant to a separate agreement. The Broker shall not be deemed to be a third-party beneficiary of this provision.

12.3 This Par. 12 shall survive the Closing.

13. Defaults, Remedies and Indemnities

13.1 In the event of a default or misrepresentation by Purchaser, Seller's sole remedy shall be to terminate this Contract and retain the Contract Deposit as liquidated damages, except there shall be no limitation on Seller's remedies for a breach of Par. 12.1. In case of Purchaser's misrepresentation or default, Seller's damages would be impossible to ascertain and the Contract Deposit constitutes a fair and reasonable amount of compensation.

13.2 In the event of a default or misrepresentation by Seller, Purchaser shall have such remedies as Purchaser is entitled to at law or in equity, including specific performance, because the Unit and possession thereof cannot be duplicated.

13.3 Each Party indemnifies and holds harmless the other against and from any claim, judgment, loss, liability, cost or expense resulting from the indemnitor's breach of any of the representations or covenants stated to survive Closing. This indemnity includes, without limitation, reasonable attorneys' fees and disbursements, court costs and litigation expenses. This Par. 13.3 shall survive the Closing.

13.4 Purchaser indemnifies and holds harmless Seller against and from any claim, judgment, loss, cost or expense resulting from the Lease obligations assumed by Purchaser. This indemnity includes, without limitation, reasonable attorneys' fees and disbursements, court costs and litigation expenses. This indemnity does not include or excuse a breach of any representation or covenant by Seller in Par. 4.1. This Par. 13.4 shall survive the Closing.

Notice is given, Escrowee does not receive from Purchaser a unendorsed certified check, bank check or immediately availabl funds in the amount of the uncollected funds. Failure to cure suc default shall entitle Seller to the remedy in Par. 13.1 and to retain al sums as may be collected and/or recovered.

14. Entire Agreement; Modification

14.1 All prior oral or written representations, understandings an agreements had between the Parties with respect to the subjec matter of this Contract, and with the Escrowee as to Par. 28, ar merged in this Contract, which alone fully and completely expresse their agreement.

14.2 A provision of this Contract may be changed or waived only i writing signed by the Party (or Escrowee) to be charged.

14.3 The Attorneys may extend in writing any of the time limitation stated in this Contract.

15. No Assignment by Purchaser

15.1 Purchaser may not assign this Contract or any of Purchaser' rights hereunder and any purported assignment shall be null and voic

15.2 This Contract shall bind and inure to the benefit of the Partie hereto and their respective heirs, personal and legal representative and successors in interest.

16. Cancellation for Other than Default or Misrepresentation

If Seller shall be unable to transfer the Lease and the Shares i accordance with this Contract for any reason not due to Seller' willful acts or omissions, then the sole obligation of Seller shall be t refund to Purchaser the Contract Deposit and reimburse Purchase for the actual costs incurred for Purchaser's title or abstract searcl Upon making such refund, this Contract shall be cancelled an neither Party shall have any further claim against the othe hereunder.

17. Notices

17.1 Any notice or demand ("Notice") shall be in writing and eithe delivered by hand or overnight delivery or sent by certified o registered mail to the Party and simultaneously, in like manner, t such Party's Attorney, if any, and to Escrowee at the addresses se forth in Par. 1, or to such other address as shall hereafter b designated by Notice given pursuant to this Par. 17.

17.2 Each Notice shall be deemed given on the same day if delivere by hand or on the following business day if sent by overnigh delivery, or the second business day following the date of mailing.

17.3 The Attorneys are authorized to give any Notice specified i this Contract on behalf of their respective clients.

17.4 Failure to accept a Notice does not invalidate the Notice.

18. Margin Headings

The margin headings do not constitute part of the text of thi Contract.

19. Financing Contingency *(delete if inapplicable)*

19.1 Purchaser may cancel this Contract and recover the Contrac Deposit by following the procedure in Par. 19.4 if after complyin with Purchaser's "Financing Obligations" in Par. 19.2 below an Purchaser's other obligations under this Contract:

19.1.1 Purchaser fails through no fault of Purchaser to obtai from an "Institutional Lender" (defined in Par. 19.5.1) a "Loa Commitment Letter" (defined in Par. 19.5.2) for financing on th Loan Terms and within the time period stated in Par. 1.16 (th "Loan"); or

19.1.2 the Institutional Lender and the Corporation cannc agree on the terms of an agreement for the protection of th Institutional Lender (commonly called a recognition agreement), required by the Institutional Lender.

19.2 Purchaser's right to cancel under Par. 19.1 and recover th Contract Deposit is conditioned upon Purchaser's diligent compliance with all of the following "Financing Obligations":

19.2.1 Purchaser must apply in good faith for the Loan from a Institutional Lender within 7 business days after a fully executed counterpart of this Contract is given to Purchaser;

19.2.2 the Loan application must contain truthful, accurate an complete information as required by the Institutional Lender; and

19.2.3 Purchaser must comply with all requirements of th Institutional Lender to obtain the Loan Commitment Letter and t close the Loan.

19.3 Purchaser may also cancel this Contract and recover th Contract Deposit in accordance with the procedure in Par. 19.4 if

19.3.1 the Closing is adjourned by Seller or the Corporation fo for more than 30 business days from the date set for Closing in Par 1.11; and

19.3.2 the Loan Commitment Letter expires on a date mor than 30 business days after the date set for Closing in Par. 1.11 an before the new date set for Closing pursuant to Par. 19.3.1; and

19.3.3 Purchaser is unable in good faith to obtain from th Institutional Lender an extension or a new Loan Commitment Lette for the Amount Financed stated in Par. 1.16 or the same principa amount stated in the expired Loan Commitment Letter, whichever i lower, without paying any additional fees to the Institutional Lende (unless Seller, within 5 business days after receipt of Notice of suc fees, gives Notice that Seller will pay such fees and pays them whe due). All other substantive Loan terms may be materially no les favorable than in the expired Loan Commitment Letter.

refusal letter or non-complying Loan Commitment Letter (as the case may be) issued by the Institutional Lender shall accompany the Notice of cancellation, if available, or if not then available, shall be provided promptly after receipt. In case of cancellation pursuant to Par. 19.3, a copy of all written communications between the Institutional Lender and Purchaser concerning the extension or new loan commitment shall accompany the Notice of cancellation (or a copy of any letter refusing to extend the loan commitment or make a new loan commitment received by Purchaser after sending the cancellation Notice shall be sent to Seller promptly after receipt). Purchaser's obligation under this Par. 19.4 shall survive the cancellation of this Contract.

19.5 The definitions for certain terms used in this Par. 19 are:

19.5.1 an "Institutional Lender" is any bank, savings bank, savings and loan association, trust company, credit union of which Purchaser is a member, insurance company or governmental entity which is duly authorized to issue a loan secured by the Shares and Lease in the state where the Unit is located and is then currently extending similarly secured loan commitments; and

19.5.2 a "Loan Commitment Letter" is a written offer to make the Loan with or without recourse, and whether or not conditional upon any factor other than an appraisal satisfactory to the Institutional Lender. An offer to make the Loan which is conditional on obtaining a satisfactory appraisal shall only become a Loan Commitment Letter upon such condition being met.

20. Singular/Plural and Joint/Several

The use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires. If more than one entity is selling or purchasing the Unit, their obligations shall be joint and several.

21. No Survival

No representation and/or covenant contained herein shall survive Closing except as expressly provided. Computational errors shall survive and be corrected after Closing.

22. Inspections

Purchaser shall have the right to inspect the Unit at reasonable times upon reasonable request to Seller, and within 48 hours prior to Closing.

23. Governing Law

This Contract shall be governed by the laws of the State of New York. Any action or proceeding arising out of this Contract shall be brought in the county where the Unit is located and the Parties hereby consent to said venue.

24. Removal of Liens

24.1 Purchaser shall deliver or cause to be delivered to Seller or Seller's Attorney, not less than 10 calendar days prior to Closing, a list of Liens, if any, which may violate Par. 4.1.

24.2 Seller shall have a reasonable period of time to remove any such Lien.

25. Cooperation of Parties

25.1 The Parties shall each cooperate with the other, the Corporation, Purchaser's Institutional Lender and title company, if any, and obtain, execute and deliver such documents as are reasonably necessary to close.

25.2 The Parties shall timely file or pre-file all required documents in connection with all governmental filings that are required by law. Each Party represents to the other that its statements in such filings will be true and complete. This Par. 25.2 shall survive the Closing.

26. FIRPTA and Gains Tax

26.1 The Parties shall comply with IRC §§ 897, 1445 and related provisions, as amended, and any substitute provisions of any successor statute and the regulations thereunder ("FIRPTA"). The Seller shall furnish to the Purchaser at or prior to Closing a Certification of Nonforeign Status in accordance with FIRPTA. If the Seller fails to deliver such certification by Closing, the Purchaser shall deduct and withhold from the Purchase Price such sum required by law and remit such amount to the IRS. In the event of such withholding by Purchaser, Seller's obligations hereunder, including (but not limited to) the transfer of ownership of the Shares and Lease, shall not be excused or otherwise affected. In the event of any claimed over-withholding, Seller shall be limited solely to an action against the IRS for a refund. Seller hereby waives any right of action against Purchaser on account of such withholding. This Par. 26.1 shall survive the Closing.

26.2 If a Real Property Transfer Gains Tax pre-filing is required by law, Purchaser shall simultaneously herewith deliver to Seller a completed and executed Transferee Questionnaire or the equivalent thereof.

27. Additional Conditions

27.1 Purchaser shall not be obligated to close unless at the time of the Closing:

27.1.1 the Corporation is duly incorporated and in good standing; and

27.1.2 the Corporation has fee or leasehold title to the Premises, whether or not marketable or insurable; and

27.1.3 there is no pending *in rem* action or foreclosure action of any underlying mortgage affecting the Premises.

27.2 Purchaser shall give Seller Notice of any failure of any of the conditions in Par. 27.1. If any condition in Par. 27.1 is not true and is not cured within a reasonable period of time after giving said Notice, then either Seller or Purchaser shall have the option to cancel this Contract pursuant to Par. 16.

28. Escrow Terms

28.1 Escrowee acknowledges receipt of the check for the Contract Deposit, subject to collection.

28.2 The check for the Contract Deposit shall be deposited by Escrowee in an interest bearing escrow account and the proceeds held and disbursed in accordance with the terms of this Contract.* Upon Closing, Escrowee shall deliver the Contract Deposit to Seller. In all other cases, if either Party makes a demand upon Escrowee for delivery of the Contract Deposit, Escrowee shall give Notice to the other Party of such demand. If a Notice of objection to the proposed payment is not received from the other Party within 7 business days after the giving of Notice by Escrowee, time being of the essence, Escrowee is hereby authorized to deliver the Contract Deposit to the Party who made the demand. If Escrowee receives a Notice of objection within said period, or if for any other reason Escrowee in good faith elects not to deliver the Contract Deposit, then Escrowee shall continue to hold the Contract Deposit and thereafter pay it to the Party entitled when Escrowee receives (a) a Notice from the objecting Party withdrawing the objection, or (b) a Notice signed by both Parties directing disposition of the Contract Deposit or (c) a judgment or order of a court of competent jurisdiction.

28.3 In the event of any dispute or doubt as to the genuineness of any document or signature, or uncertainty as to Escrowee's duties, then Escrowee shall have the right either to continue to hold the Contract Deposit in escrow or to pay the Contract Deposit into court pursuant to relevant statute.

28.4 The parties agree jointly to defend (by attorneys selected by Escrowee), indemnify and hold harmless Escrowee against and from any claim, judgment, loss, liability, cost or expense resulting from any dispute or litigation arising out of or concerning Escrowee's duties or services hereunder. This indemnity includes, without limitation, disbursements and reasonable attorneys' fees either paid to retain attorneys or representing the fair value of legal services rendered by Escrowee to itself.

28.5 Escrowee shall not be liable for any error in judgment or for any act done or step taken or omitted in good faith, or for any mistake of fact or law, except for Escrowee's own gross negligence or willful misconduct.

28.6 The Parties acknowledge that Escrowee is merely a stakeholder. Upon payment of the Contract Deposit pursuant to Par. 28.2 or 28.3, Escrowee shall be fully released from all liability and obligations with respect to the Contract Deposit.

28.7 In the event Escrowee is the attorney for either Party, Escrowee shall be entitled to represent such Party in any lawsuit.

28.8 Escrowee shall serve without compensation.

28.9 The signing of this Contract by Escrowee is only to evidence Escrowee's acceptance of the terms and conditions of this Par. 28. **

29. Binding Effect

This Contract shall not be binding unless a fully executed counterpart thereof has been delivered to each of the Parties.

30. Notwithstanding anything to the contrary set forth in this Contract, if this Contract contains a financing contingency and Purchaser does not obtain a Loan Commitment Letter within the period specified in Paragraph 1.16.2, then Seller, at its sole option may (i) extend the period for Purchaser to obtain the Loan Commitment Letter by an additional thirty (30) days (ii) direct Purchaser at Purchaser's sole expense to apply to an Institutional Lender designated by Seller for a loan on reasonably similar terms and conditions as the loan Purchaser initially applied for or (iii) extend purchase money financing to Purchaser on reasonably similar terms and conditions as the Loan Purchaser initially applied for. If Seller elects to extend the period for Purchaser to obtain the Loan Commitment Letter as provided in clause (i) of this Paragraph 30 and Purchaser thereafter does not obtain a Loan Commitment Letter within such additional period then at the expiration of such additional period, Seller may elect the options provided for in clauses (ii) and (iii) of this Paragraph 30.

In Witness Whereof, the Parties hereto have duly executed this Contract as of the date first above written.

ESCROW TERMS AGREED TO:	SELLER:	PURCHASER:
	MODERN REALTY CORP.	

EXHIBIT G

STATE OF NEW YORK

~~7503--A~~

Chapter 594, Laws 1991 Cal. No. 650

1991-1992 Regular Sessions

IN ASSEMBLY

~~March 26, 1991~~

effective July 23, 1991

Introduced by M. of A. ZALESKI, GRANNIS, MAYERSOHN, CLARK, SILVER -- Multi-Sponsored by -- M. of A. BOYLAND, CATAPANO, COOK, CROWLEY, DANIELS, DAVIS, EARENBERG, EIKIND, HILLMAN, JOHN, KAUFMAN, MORELLE, NOLAN, RAMIREZ, SANDERS, WEISENBERG -- (at request of the Department of Law) -- read once and referred to the Committee on Housing -- reported from committee, advanced to a third reading, amended and ordered reprinted, retaining its place on the order of third reading

AN ACT to amend the general business law, in relation to real estate syndication offerings

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section 352-e of the general business law is amended by adding a new subdivision 2-d to read as follows:

2-d. (a) "Non-occupying owner" shall mean the owner of shares in a cooperative corporation who does not reside in the apartment assigned to its shares, when the apartment is occupied by a non-purchasing tenant; or the owner of a unit in a condominium who does not reside in the unit, when the unit is occupied by a non-purchasing tenant. "Non-purchasing tenant" shall have the same meaning as that term is defined in paragraph (e) of subdivision one of sections three hundred fifty-two-eee and three hundred fifty-two-eeee of this chapter.

(b) The attorney general shall also refuse to issue a letter stating that the offering has been filed, or in the case of a plan already accepted for filing, shall refuse to accept an amendment to the plan unless the offering statement, prospectus, plan or amendment provides that when a non-occupying owner fails to make all payments due on such shares or units, including but not limited to maintenance payments, common charges, assessments or late fees, within thirty days after they are

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [ ] is old law to be omitted.

LBD01812-04-1

due, upon notice in accordance with paragraph (c) of this subdivision, all rental payments from the non-purchasing tenant residing in such apartment or unit shall be directly payable to the apartment corporation or condominium association. The offeror shall provide each non-purchasing tenant with irrevocable notice of the provisions of this subdivision.

(c) If maintenance payments, common charges or other fees due from the non-occupying owner have not been paid in full, the cooperative corporation board of directors or condominium board of managers shall provide written notice within forty-five days after the earliest due date to the non-purchasing tenant and the non-occupying owner providing that, commencing immediately and until such time as payments are made current, all rental payments due are to be made payable to the cooperative corporation or condominium association at the address listed on the notice. Where a majority of the board of directors or managers has been elected by and from among the shareholders or unit owners who are in occupancy, the board may elect not to require that rental payments be made payable to the cooperative corporation or condominium association. At such time as payments from the non-occupying owner are once again current, notice of such fact shall be given within three business days to the non-purchasing tenant and non-occupying owner. Thereafter all rental payments shall be made payable to the non-occupying owner. A non-occupying owner who disputes the corporation's or association's right to receive rental payments pursuant to this section shall be entitled to present facts supporting its position at the next scheduled meeting of the board of directors or board of managers, which must be held within thirty days.

(d) Nothing in this subdivision shall limit any rights existing under any other law.

(e) Payment by a non-purchasing tenant to the cooperative corporation or condominium association made in accordance with this subdivision shall relieve that non-purchasing tenant from the obligation to pay that rent to the non-occupying owner.

§ 2. This act shall take effect immediately and shall apply to all offering plans not yet accepted for filing and to all plans already accepted for filing except those plans where all of the shares or units have been sold.

EIGHTH AMENDMENT

TO THE COOPERATIVE OFFERING PLAN FOR

325 East 201st Street
Bronx, New York

DATED: September 5 , 1990

The Offering Plan - a Plan to convert to Cooperative Ownership premises at 325 East 201st Street, Bronx, New York (hereinafter referred to as the "Plan") accepted for filing on August 16, 1985, is amended as follows:

A. The following is information regarding shares for cooperative apartments that are unsold as of the date of this Amendment:

1. The present owner of all unsold shares is the Sponsor, Modern Realty Associates. A list of unsold shares as of this date is attached to this Amendment as Exhibit A.

2. The aggregate monthly maintenance charges for said shares is $16,672.44.

3. The aggregate monthly rents received from tenants of apartments, the shares of which are unsold, is $14,967.69.

4. There are no financial obligations, including but not limited to, reserve and working capital fund contributions and contributions for repair and improvement obligations, to the Cooperative which will become due within 12 months from the date of this Amendment (other than payment of maintenance).

5. None of the Unsold Shares are subject to mortgages or financing commitments.

6. The means by which payments of obligations disclosed in item 2 above will be funded is from rental income received from apartments whose shares are unsold, income from sales of said apartments as they occur from time to time, as well as from the assets of the Sponsor.

7. The Sponsor is current in all of its financial obligations under the Offering Plan, if any, including the payment of maintenance charges and assessments and payments for repairs and improvements promised in the Plan. There were no delinquencies during the year prior to the filing of this Amendment.

8. The following is a list of all other buildings in which Modern Realty Associates, or a principal thereof owns more than 10% of the shares or units. Offering Plans for the below listed buildings are on file with the Department of Law and are available for public inspection.

a. 3200 Netherland Avenue, Riverdale, New York 10463
b. 5775 Mosholu Avenue, Riverdale, New York 10471

9. The Sponsor is current in its financial obligations in other cooperatives, condominiums or homeowners associations in which it owns shares or units as an individual, general partner or principal.

10. Annexed hereto as Exhibit B is the Certified Financial Statement for the year ended December 31, 1989.

11. Annexed hereto as Exhibit C is the proposed 1990 budget (certified).

12. Sponsor is in control of the Board of Directors. The Offering Plan provides that control of the Board of Directors be relinquished upon the sale of more than 50% of the shares attributable to cooperative apartments or not later than five (5) years from the date the cooperative acquired title to its property. The five-year period expires October, 1991.

The following is a list of the Board of Directors:

Nora Fuery -- Resident Shareholder
Connie Anestis -- Resident Shareholder
Peter Bonten -- Resident Shareholder
Joel T. Fishman -- Sponsor Representative
Matthew Astrachan -- Sponsor Representative
Toy Eng -- Sponsor Representative
Jay Blumenthal -- Sponsor Representative

B. There are no other changes in the terms of the Offering Plan and amendments except as set forth in this Amendment.

MODERN REALTY ASSOCIATES, Sponsor

NYAMEND137.19-20

EXHIBIT A

SCHEDULE OF UNSOLD SHARES

325 EAST 201ST STREET
BRONX, NEW YORK

APARTMENT	SHARES	APARTMENT	SHARES
1A	34	4M	35
1B	44	5A	36
1F	34	5C	26
1M	34	5D	26
2A	34	5G	36
2B	44	5H	46
2C	24	5L	46
2D	24	5M	36
2H	44	6B	46
2J	34	6C	26
2L	44	6D	26
3A	35	6F	36
3C	25	6G	36
3E	45	6H	46
3F	35	6L	46
3G	35	1G	34
3H	45	2F	34
3J	35	2G	34
3K	35	3D	25
3M	35	5E	46
4B	45	6K	36
4E	45	6M	36
4G	35		
4J	35	TOTAL	1,718
4L	45		

NYAMEND/137

PULCHIN & GOLDSTEIN, C.P.A., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

BAINBRIDGE HOUSE, INC.

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1989

PULCHIN & GOLDSTEIN, C.P.A., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

BAINBRIDGE HOUSE, INC.
REPORT ON EXAMINATION OF FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1989

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PULCHIN & GOLDSTEIN, C.P.A., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER:
AMERICAN INSTITUTE OF C.P.A.'S
NEW YORK STATE SOCIETY OF C.P.A.'S
NATIONAL SOCIETY OF P.A.'S

20 CROSSWAYS PARK NORTH
WOODBURY, NEW YORK 11797
TELEPHONE: (516) 364-2424
FAX: (516) 364-3839

The Board of Directors and Stockholders
Bainbridge House, Inc.

We have examined the balance sheet of Bainbridge House, Inc. as of December 31, 1989 and the related statements of income and expenses, stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other tests of the accounting records and such other auditing procedures as we considered necessary under the circumstances. The financial statements of Bainbridge House, Inc. for the year ended December 31, 1988 were examined by other auditors whose report expressed an unqualified opinion on those statements.

In our opinion, the financial statements referred to above present fairly the financial position of Bainbridge House, Inc. as of December 31, 1989 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Pulchin & Goldstein CPA PC

Pulchin & Goldstein, CPA, PC
April 28, 1990

BAINBRIDGE HOUSE, INC.
BALANCE SHEET
DECEMBER 31, 1989

ASSETS

FIXED ASSETS:	
Land and buildings - net of accumulated depreciation of $244,359 (Note 2)	$1,025,685
OTHER ASSETS:	
Cash	111,093
Mortgage escrow	16,505
Prepaid expenses	33,948
Maintenance receivable	1,779
Accrued interest receivable	105
Due from managing agent	3,193
	166,623
	$1,192,308

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:	
Current portion of mortgage (Note 3)	13,670
Accrued expenses and taxes	37,464
Due to sponsor	9,294
	60,428
LONG-TERM DEBT, net of current portion (Note 3)	775,293
	835,721
STOCKHOLDERS' EQUITY:	
Common stock, $1 par value - authorized 20,000 shares, issued 2,640 shares in 1989	2,640
Additional paid-in capital	569,805
Accumulated (deficit)	(215,858)
	356,587
	$1,192,308

See notes to financial statements.

BAINBRIDGE HOUSE, INC.
STATEMENT OF STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 1989

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total
BALANCE, January 1, 1989	$2,640	$555,755	$(170,691)	$387,704
ADDITIONAL PAID-IN CAPITAL: From sale of units by sponsor	-	14,050	-	14,050
NET (LOSS) - December 31, 1989	-	-	(45,167)	(45,167)
BALANCE, December 31, 1989	$2,640	$569,805	$(215,858)	$356,587

See notes to financial statements.

BAINBRIDGE HOUSE, INC.
STATEMENT OF INCOME AND EXPENSES
YEAR ENDED DECEMBER 31, 1989

INCOME:	
Maintenance charges	$336,148
Interest	7,703
	343,851
EXPENSES:	
Real estate taxes	62,099
Interest on mortgage	87,378
Payroll costs	39,522
Utilities	34,912
Water and sewer	11,215
Building repairs and maintenance	41,313
Management fee (Note 5)	15,000
Insurance	26,770
Professional fees	4,241
Office and miscellaneous	3,377
State and local corporate taxes	681
	326,508
NET INCOME BEFORE DEPRECIATION	17,343
DEPRECIATION	62,510
NET (LOSS)	$(45,167)

See notes to financial statements.

BAINBRIDGE HOUSE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1989

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net (Loss)	$(45,167)
Adjustments to reconcile net (loss) to net cash provided or (used) by operating activities:	
Depreciation	62,510
Decrease in maintenance receivable	3,798
(Increase) in prepaid expenses	(26,381)
Decrease in accrued interest receivable	155
(Increase) in due from managing agent	(20,909)
Decrease in mortgage escrow	22,172
Increase in accrued expenses and taxes	28,658
Net cash provided by operating activities	70,003
CASH FLOWS FROM INVESTING ACTIVITIES:	
Maintenance charges applied to additional paid-in capital	14,050
Capital expenditures - improvements (net)	585
Net cash provided by investing activities	14,635
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayment on mortgage note	(11,517)
Net cash used for financing activities	(11,517)
Net increase in cash	27,954
Cash - beginning of year	83,139
Cash - end of year	$111,093

See notes to financial statements.

BAINBRIDGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1989

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company
Bainbridge House, Inc., a New York State corporation, was organized on August 3, 1984. It commenced operations on October 30, 1986 on the acquisition of the real property located at 325 East 201st Street, Bronx, New York. The Corporation was organized to provide residential apartments to stockholders of the Corporation.

Land and Buildings
Land and buildings is carried at cost. The building and its improvements are depreciated primarily on the straight-line method over their respective estimated useful lives.

Depreciation
Expenditures for repairs and maintenance are charged to operations as incurred, and major renewals and betterments are capitalized.

NOTE 2 - FIXED ASSETS

The Corporation acquired the land and buildings on October 30, 1986:

	1989
Land	$ 90,699
Building	1,172,620
Building improvements	6,725
	1,270,044
less accumulated depreciation	244,359
	$1,025,685

Depreciation expense was $62,510 in 1989.

NOTE 3 - LONG-TERM DEBT

The mortgage payable, which is secured by the property, requires monthly installments of $8,250 until May 1, 1991. The monthly installment is applied first at an annual rate of 11% with the balance of the installment applied to reducing the principal indebtedness. Commencing June 1, 1991 through May 1, 2001, the constant monthly payment will increase to $9,000. Each payment is applied first to interest at the annual rate of 12%, with the balance of the payment applied to reducing the principal indebtedness. The mortgage will mature on May 1, 2001, at which time the remaining principal balance,

BAINBRIDGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1989

NOTE 3 - LONG-TERM DEBT - (continued)

with accrued interest, if any, shall become due and payable. Assuming that all payments of interest and principal are made in timely manner, the unpaid balance of the mortgage (at May 1, 2001) will be approximately $700,000.

Long-term debt for the next five years consists of the following:

December 31, 1990	$ 99,000
December 31, 1991	104,250
December 31, 1992	108,000
December 31, 1993	108,000
December 31, 1994	108,000
	$527,250

NOTE 4 - RELATED PARTY TRANSACTIONS

The Corporation has engaged an affiliate of the cooperative sponsor manage the operation of the property for an annual fee of $15,000.

Saion Realty Corp.

400 E. 87th St.
New York, N.Y. 10128
(212) 534-3131

August 13, 1990

New York State Department of Law
120 Broadway
New York, New York, 10271

Attention: Real Estate Financing Bureau

Re: 325 East 201st Street
Bronx, New York

The Sponsor for the cooperative offering plan for the captioned property retained our firm to review Schedule B containing projections of income and expenses for the first year of cooperative operation. Our experience in this field includes: Nine (9) years of residential property management. We have or are presently managing the following buildings:

330 East 90th Street	252 East 89th Street	133 East 97th Street
126 West 11th Street	319 East 95th Street	170 West 109th Street
328 East 94th Street	1505 Lexington Avenue	172 West 109th Street
1762-1764 First Ave	1443 York Ave	333 East 90th Street

We are licensed Real Estate Brokers, and have acted as selling agent, sponsors, and managers since 1980. We have prepared, overseen or reviewed the budgets for over 100 offering plans to convert property to cooperative or condominium ownership.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 18 insofar as they are applicable to Schedule B.

We have reviewed the Schedule and investigated the facts set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in Schedule B appear reasonable and adequate under existing circumstances, and the projected income will be sufficient to meet the anticipated operating expenses for the projected first year of cooperative operation.

We certify that the Schedule:

(i) sets forth in detail the projected Income and Expenses for the first year of Cooperative Operation.

(ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of cooperative operation.

(iii) does not omit any material fact;

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment, or suppression,

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) does not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; (d) did not have knowledge concerning the representations or statement made.

We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the income and expenses for the second year of cooperative operation.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

We are licensed Real Estate Brokers, and have acted as selling agent, sponsors, and managers since 1980. We have prepared, overseen or reviewed the budgets for over 50 offering plans to convert property to cooperative or condominium ownership.

Very truly yours,

By _____
SALON REALTY CORP.

Sworn to before me this
13 day of JULY 19 92

Felipe Rivera

FELIPE RIVERA
Notary Public, State of New York
No. 01-4722376
Qualified in New York County
Commission Expires May 31, 1992

BAINBRIDGE HOUSE
PROJECTED 19 90 BUDGET
1/1/90 - 12/31/90

PROJECTED INCOME	
MAINTENANCE CHARGES (2640 shares 116.70/sh.)	$308,100.00
LAUNDRY	4,500.00
PARKING	25,000.00
INTEREST	6,000.00
TOTAL	343,600.00
PROJECTED EXPENSES	
LABOR (payroll taxes and employee benefits)	$26,000.00
HEAT & HOT WATER	30,000.00
UTILITIES	12,000.00
REPAIRS & MAINTENANCE	24,000.00
INSURANCE	30,000.00
MANAGEMENT FEES	18,000.00
LEGAL FEES & AUDIT FEES	4,000.00
FRANCHISE & CORPORATE TAXES	1,000.00
REAL ESTATE TAXES	64,000.00
MORTGAGE PAYMENTS	99,000.00
WATER & SEWER CHARGES	13,000.00
CONTINGENCY	22,600.00
TOTAL	$343,600.00
PROJECT DEFICIT	0.00

SEVENTH AMENDMENT

TO THE PLAN OF COOPERATIVE ORGANIZATION OF

325 EAST 201ST STREET
BRONX, NEW YORK

DATED: DECEMBER 23, 1989

The Offering Plan - A Plan to Convert to Cooperative Ownership premises at 325 East 201st Street, Bronx, New York, dated August 16, 1985 (hereinafter referred to as the "Plan"), is amended as follows:

1. A copy of the Apartment Corporation's certified financial statement for the year ended December 31, 1987, is annexed hereto as Exhibit A.

2. There are no material changes in the terms of the Offering Plan except as set forth in the First, Second, Third, Fourth, Fifth, Sixth and this Seventh Amendment.

MODERN REALTY ASSOCIATES, Sponsor

\aml
D-74\amend.7

STUART J. SIMSON & COMPANY

Certified Public Accountants

1289 DALE COURT
SEAFORD, N.Y. 11783
(516) 785-1613

BOARD OF DIRECTORS AND SHAREHOLDERS OF
BAINBRIDGE HOUSE, INC.
BRONX, NEW YORK 10458

We have examined the balance sheet (income tax basis) of BAINBRIDGE HOUSE, INC., as of December 31, 1987 and the related statements of operations and accumulated deficit (income tax basis) and changes in cash position (income tax basis) for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note 2, the corporation's policy is to prepare its financial statements on the basis used for Federal income tax reporting purposes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly the financial position of BAINBRIDGE HOUSE, INC., as of December 31, 1987 and the results of operations and changes in cash position for the year then ended on the basis of accounting described in Note 2, applied on a consistent basis.

Stuart J. Simson + Company

Seaford, New York
February 26, 1988

BAINBRIDGE HOUSE, INC.
BALANCE SHEET
(INCOME TAX BASIS)
AS OF DECEMBER 31, 1987

ASSETS

Property:	
Land	$ 90,699
Building and improvements	1,172,620
	1,263,319
Less: accumulated depreciation	119,607
	1,143,712
Other assets:	
Cash - reserve fund	100,698
Maintenance charges receivable	75
Due from sponsor	1,195
Miscellaneous receivables	3,910
Prepaid expenses	16,527
Mortgage escrow	16,346
TOTAL ASSETS	$ 1,282,463

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:	
Mortgage payable	$ 810,802
Accounts payable and accrued expenses	28,392
	839,194
Shareholders' equity:	
Common stock - $1 par value - authorized: 20,000 shares; issued and outstanding: 2,640 shares	2,640
Additional paid-in capital	545,943
Accumulated deficit	(105,314)
	443,269
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,282,463

See accountants' report and notes to financial statements.

BAINBRIDGE HOUSE, INC.
STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT
(INCOME TAX BASIS)
FOR THE YEAR ENDED DECEMBER 31, 1987

Income:	
Shareholders' maintenance charge	$ 265,035
Garage	21,659
Laundry	3,900
Other	4,287
	294,881
Operating expenses:	
Payroll	30,324
Payroll taxes	2,287
Employee health and welfare	2,343
Real Estate taxes	42,227
Water and sewer	7,134
Repairs and maintenance	20,242
Building supplies	2,522
Fuel oil	26,246
Gas and electric	12,412
Insurance	19,955
Management fee	15,000
Professional fees	2,848
Interest - other	1,915
State and Local franchise taxes	1,140
Miscellaneous	2,939
	189,534
Income from property operations	105,347
Interest on mortgage	89,681
Depreciation	106,708
	196,389
Net loss	(91,042)
Accumulated deficit - beginning	(14,272)
Accumulated deficit - ending	$ (105,314)

See accountants' report and notes to financial statements.

BAINBRIDGE HOUSE, INC.
STATEMENT OF CHANGES IN CASH POSITION
(INCOME TAX BAIS)
FOR THE YEAR ENDED DECEMBER 31, 1987

Sources of cash:	
From operations:	
Net loss	$ (91,042)
Add: Expenses not affecting cash	
Depreciation	106,708
Cash provided by operations	15,666
Decrease in maintenance charges receivable	1,042
Decrease in due from sponsor	100,625
Decrease in mortgage escrow	7,329
Increase in accounts payable and accrued expenses	13,487
Increase in additional paid in capital	7,436
	145,585
Uses of cash:	
Increase in miscellaneous receivables	3,910
Increase in prepaid expenses	8,358
Repayment of mortgage	9,251
Repayment of notes payable	24,397
Decrease in taxes payable	1,175
	47,091
Increase in cash	98,494
Cash - beginning	2,204
Cash - ending	$ 100,698

See accountants' report and notes to financial statements.

BAINBRIDGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1987

Note 1 - Formation and Acquisition of Property

The apartment corporation was formed in 1984 under the Business Corporation Law of the State of New York. On October 30, 1986, the sponsor conveyed title to the land and building at 325 EAST 201 STREET, BRONX, NEW YORK, to BAINBRIDGE HOUSE, INC. in exchange for 2,640 shares of common stock in accordance with the terms of the restated offering plan to convert to cooperative ownership.

Note 2 - Significant Accounting Policies

Basis of presentation - The accompanying financial statements have been prepared in accordance with the method the Corporation uses in preparing its income tax returns. This method differs in certain respects from the method used for generally accepted accounting principles. Accordingly, the accompanying financial statements do not present financial position and results of operations in conformity with generally accepted accounting principles. A summary of the Corporation's accounting practices (together with an explanation of significant differences between the method followed by the Corporation and generally accepted accounting principles) applied in the preparation of the accompanying financial statements follows:

Depreciation - Depreciation of the building and improvements is provided using the straight line method for residential 19 year recovery property in accordance with the Accelerated Cost Recovery System (ACRS). Under generally accepted accounting principles, depreciation is provided for in amounts sufficient to relate the cost of the assets over their estimated useful lives. Maintenance and repair costs are charged to expense as incurred and improvements are capitalized.

Note 3 - Property

Land, building and improvements consist of the following:

Land	$ 90,699
Building and improvements	1,172,620
	1,263,319
Less: accumulated depreciation	119,607
	$ 1,143,712

The property has been pledged as collateral for the mortgage payable (see Note 4).

BAINBRIDGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1987

Note 4 - Mortgage Payable

The mortgage payable, which is secured by the property, (see Note 3) requires monthly payments of $8,250 until May 1, 1991. The monthly payment is applied first to interest at the annual rate of 11% with the balance of the payment applied to reducing the principal indebtedness. Commencing June 1, 1991, and up to and including May 1, 2001 the constant monthly payment increases to $9,000. Each payment shall be applied first to interest at the annual rate of 12% with the balance of the payment applied to reducing the principal indebtedness. The mortgage will mature on May 1, 2001 at which time the remaining principal balance, with accrued interest if any, shall become due and payable. Assuming that all payments of interest and principal are made in timely manner, the unpaid balance of the mortgage will be approximately $700,000.

Long-term debt for the next five years consists of the following:

December 31, 1989	$ 99,000
December 31, 1990	99,000
December 31, 1991	104,250
December 31, 1992	108,000
December 31, 1993	108,000
	$ 518,250

Note 5 - Management Fee

The corporation has entered into a management agreement with Nehring Brothers, Inc., a corporation affiliated with the sponsor. A management fee of $15,000 per annum is payable in equal monthly installments of $1,250.

SIXTH AMENDMENT

TO THE PLAN OF COOPERATIVE ORGANIZATION OF

325 EAST 201ST STREET
BRONX, NEW YORK

DATED: FEBRUARY 1 , 1988

The Offering Plan - A Plan to Convert to Cooperative Ownership premises at 325 East 201st Street, Bronx, New York, dated August 16, 1985 (hereinafter referred to as the "Plan"), is amended as follows:

1. A copy of the Apartment Corporation's certified financial statement for the year ended December 31, 1986, is annexed hereto as Exhibit A.

2. A copy of the proposed budget for 1988 is annexed hereto as Exhibit B.

3. A revised and updated Schedule A for the unsold units which the Sponsor still holds is annexed hereto as Exhibit C.

4. The Sponsor has redecorated the lobby and replaced the windows in the building, in accordance with the terms of the First Amendment.

5. There are no material changes in the terms of the Offering Plan except as set forth in the First, Second, Third, Fourth, Fifth and this Sixth Amendment.

MODERN REALTY ASSOCIATES, Sponsor

BAINBRIDGE HOUSE, INC.
FINANCIAL STATEMENTS
(INCOME TAX BASIS)
AND
ACCOUNTANTS' REPORT
AS OF DECEMBER 31, 1986

BAINBRIDGE HOUSE, INC.
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AS OF DECEMBER 31, 1986

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STUART J. SIMSON & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
1289 DALE COURT
SEAFORD, NEW YORK 11783
(516) 785-1613

BOARD OF DIRECTORS AND SHAREHOLDERS OF
BAINBRIDGE HOUSE, INC.
BRONX, NEW YORK 10458

We have examined the balance sheet (income tax basis) of BAINBRIDGE HOUSE, INC. as of December 31, 1986 and the related statements of operations and accumulated deficit (income tax basis) and changes in cash position (income tax basis) for the period October 30, 1986 (commencement of operations) to December 31, 1986. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances

As described in Note 2, the corporation's policy is to prepare its financial statements on the basis used for Federal income tax reporting purposes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly the financial position of BAINBRIDGE HOUSE, INC. as of December 31, 1986 and the results of operations and changes in cash position for the period October 30, 1986 (commencement of operations) to December 31, 1986 on the basis of accounting described in Note 2.

Stuart J Simson + Company

Seaford, New York
October 15, 1987

BAINBRIDGE HOUSE, INC.
BALANCE SHEET
(INCOME TAX BASIS)
AS OF DECEMBER 31, 1986

ASSETS

Property:		
Land	$	90,699
Building and improvements		1,172,620
		1,263,319
Less: accumulated depreciation		12,899
		1,250,420
Other assets:		
Cash - on hand and in bank		2,204
Maintenance charges receivable		1,117
Due from sponsor		101,820
Prepaid expenses		8,169
Mortgage escrow		23,675
TOTAL ASSETS	$	1,387,405

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:		
Mortgage payable	$	820,053
Notes payable		24,397
Accounts payable and accrued expenses		14,905
Taxes payable		1,175
		860,530
Shareholders' equity:		
Common stock - $ 1 par value; authorized: 20,000 shares; issued and outstanding: 2,640 shares		2,640
Additional paid-in capital		538,507
Accumulated deficit		(14,272)
		526,875
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	1,387,405

See accountants' report and notes to financial statements.

BAINBRIDGE HOUSE, INC.
STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT
(INCOME TAX BASIS)
FOR THE PERIOD OCTOBER 30, 1986
(COMMENCEMENT OF OPERATIONS) TO DECEMBER 31, 1986

Income:		
Shareholders' maintenance charges	$	43,945
Other		4,272
		48,217
Expenses:		
Interest on mortgage		15,556
Real estate taxes		6,802
Salaries-includes payroll taxes and employee benefits		6,086
Management fee		2,500
Repairs and maintenance		597
Building supplies		1,911
Electricity and gas		2,241
Water & sewer		6,755
Fuel oil		2,500
Professional fees		3,140
Insurance		293
New York State and City franchise taxes		125
Depreciation		12,899
Miscellaneous		1,084
		62,489
Net loss		(14,272)
Deficit - beginning		-0-
Deficit - ending	$	(14,272)

See accountants' report and notes to financial statements.

BAINBRIDGE HOUSE, INC.
STATEMENT OF CHANGES IN CASH POSITION
(INCOME TAX BASIS)
FOR THE PERIOD OCTOBER 30, 1986
(COMMENCEMENT OF OPERATIONS) TO DECEMBER 31, 1986

Sources (uses) of cash:		
From operations:		
Net loss	$	(14,272)
Add: Expenses not affecting cash		
Depreciation		12,899
Cash used by operations		(1,373)
Issuance of common stock		541,147
Proceeds of mortgage payable - net		820,053
Increase in notes payable - net		24,397
Increase in accounts payable and accrued expenses		14,905
Increase in taxes payable		1,175
		1,400,304
Uses of cash:		
Aquisition of property		1,263,319
Increase in maintenance charges receivable		1,117
Increase in due from sponsor		101,820
Increase in prepaid expenses		8,169
Increase in mortgage escrow		23,675
		1,398,100
Increase in cash		2,204
Cash - beginning		-0-
Cash - ending	$	2,204

See accountants' report and notes to financial statements.

BAINBRIDGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1986

Note 1 - Formation and Acquisition of Property

The apartment corporation was formed in 1984 under the Business Corporation Law of the State of New York. On October 30, 1986, the sponsor conveyed title to the land and building at 325 EAST 201 STREET, Bronx, New York to BAINBRIDGE HOUSE, INC. in exchange for 2,640 shares of common stock in accordance with the terms of the restated offering plan to convert to cooperative ownership.

Note 2 - Significant Accounting Policies

Basis of presentation - The accompanying financial statements have been prepared in accordance with the method the Partnership uses in preparing its income tax returns. This method differs in certain respects from the method used for generally accepted accounting principles. Accordingly, the accompanying financial statements do not present financial position and results of operations in conformity with generally accepted accounting principles. A summary of the Partnership's accounting practices (together with an explanation of significant differences between the method followed by the Partnership and generally accepted accounting principles) applied in the preparation of the accompanying financial statements follows:

Depreciation - Depreciation of building and improvements is provided using the straight line method for residential 17 year recovery property in accordance with the Accelerated Cost Recoverty System (ACRS). Under generally accepted accounting principles, depreciation is provided for in amounts sufficient to relate the cost of the assets over their estimated useful lives. Maintenance and repair costs are charged to expense as incurred and improvements are capitalized.

Note 3 - Property

Land building and improvements consist of the following:

Land	$ 90,699
Building and improvements	1,172,620
	1,263,319
Less: accumulated depreciation	12,899
	$ 1,250,420

The property has been pledged as collateral for the mortgage payable (see Note 4).

BAINBRIDGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1986

Note 4 - Mortgage Payable

The mortgage payable, which is secured by the property, (see Note 3) requires monthly payments of $8,250 until May 1, 1991. The monthly payment is applied first to interest at the annual rate of 11% with the balance of the payment applied to reducing the principal indebtedness. Commencing June 1, 1991, and up to and including May 1, 2001 the constant monthly payment increases to $9,000. Each payment shall be applied first to interest at the annual rate of 12% with the balance of the payment applied to reducing the principal indebtedness. The mortgage will mature on May 1, 2001 at which time the remaining principal balance, with accrued interest if any, shall become due and payable. Assuming that all payments of interest and principal are made in a timely manner, the unpaid balance of the mortgage will be approximately $700,000.

Long-term debt for the next five years consists of the following:

December 31, 1988	$ 99,000
December 31, 1989	99,000
December 31, 1990	99,000
December 31, 1991	104,250
December 31, 1992	108,000
	$ 509,250

Note 5 - Notes Payable

Notes payable at December 31, 1986 consist of the following:

Payee	Monthly Payment	Rate	Due Date	Balance Payable
Modern Realty Associates	$2,080	12%	10/30/87	$20,799
AFCO	1,272	10%	02/01/87	3,599
				$24,398

Note 6 - Management Fee

The corporation has entered into a management agreement with Nehring Brothers, Inc. a corporation affiliated with the sponsor. A management fee of $15,000 per annum is payable in equal monthly installments of $1,250.

ESTIMATED BUDGET OF COOPERATIVE OPERATION
JANUARY 1 - DECEMBER 31, 1988

Projected Income:

Maintenance Charges (2,640 shares @ $100.40 per share)	$265,056
Laundry	4,500
Parking	24,960
	$294,516

Projected Expenses:

Labor	36,974
Heat and Hot Water	25,895
Utilities (Electricity and Gas)	12,665
Water Charges and Sewer Rents	7,750
Repairs, Maintenance	15,000
Insurance	17,610
Management Fees	15,000
Legal Fees and Audit Fees	2,500
Franchise and Corporate Taxes	1,200
Real Estate Taxes	45,000
Mortgage Payments	99,000
Other	8,000
Contingency	7,922
TOTAL	$294,516

MODERN REALTY ASSOCIATES

CO-OP: BAINBRIDGE HOUSE, INC.

UPDATED 12-08-87

SCHEDULE OF UNSOLD UNITS

UNIT #	NO. OF ROOMS & BATHS	SHARES	CASH PURCHASE PRICE @ $2,100 PER SHARE FOR NON-TENANTS	PORTION OF MORTGAGE ALLOCATED TO SHARES @ $312.50 per share	ESTIMATED ANNUAL MAINTENANCE CHARGES @ $100.40 per share	ESTIMATED MONTHLY MAINTENANCE CHARGES @ $8.366 per share	ESTIMATED ANNUAL TAX DEDUCTION @ $48.77 per share
1A	3.5 + 1	34	$71,400.00	$10,625.00	$3,413.60	$284.44	$1,658.18
1B	4.5 + 1	44	92,400.00	13,750.00	4,417.60	368.10	2,145.88
1D	2.5 + 1	24	50,400.00	7,500.00	2,409.60	200.78	1,170.48
1F	3.5 + 1	34	71,400.00	10,625.00	3,413.60	284.44	1,658.18
1G	3.5 + 1	34	71,400.00	10,625.00	3,413.60	284.44	1,658.18
1M	3.5 + 1	34	71,400.00	10,625.00	3,413.60	284.44	1,658.18
2A	3.5 + 1	34	71,400.00	10,625.00	3,413.60	284.44	1,658.18
2B	4.5 + 1	44	92,400.00	13,750.00	4,417.60	368.10	2,145.88
2C	2.5 + 1	24	50,400.00	7,500.00	2,409.60	200.78	1,170.48
2D	2.5 + 1	24	50,400.00	7,500.00	2,409.60	200.78	1,170.48
2F	3.5 + 1	34	71,400.00	10,625.00	3,413.60	284.44	1,658.18
2G	3.5 + 1	34	71,400.00	10,625.00	3,413.60	284.44	1,658.18
2H	4.5 + 1	44	92,400.00	13,750.00	4,417.60	368.10	2,145.88
2J	3.5 + 1	34	71,400.00	10,625.00	3,413.60	284.44	1,658.18
2L	4.5 + 1	44	92,400.00	13,750.00	4,417.60	368.10	2,145.88
2M	3.5 + 1	34	71,400.00	10,625.00	3,413.60	284.44	1,658.18
3A	3.5 + 1	35	73,500.00	10,937.50	3,514.00	292.81	1,706.95
3C	2.5 + 1	25	52,500.00	7,812.50	2,510.00	209.15	1,219.25
3D	2.5 + 1	25	52,500.00	7,812.50	2,510.00	209.15	1,219.25
3E	3.5 + 1	45	94,500.00	14,062.50	4,518.00	376.47	2,194.65
3F	3.5 + 1	35	73,500.00	10,937.50	3,514.00	292.81	1,706.95
3G	3.5 + 1	35	73,500.00	10,937.50	3,514.00	292.81	1,706.95
3H	4.5 + 1	45	94,500.00	14,062.50	4,518.00	376.47	2,194.65
3J	3.5 + 1	35	73,500.00	10,937.50	3,514.00	292.81	1,706.95
3K	3.5 + 1	35	73,500.00	10,937.50	3,514.00	292.81	1,706.95
3L	4.5 + 1	45	94,500.00	14,062.50	4,518.00	376.47	2,194.65

MODERN REALTY ASSOCIATES

CO-OP: BAINBRIDGE HOUSE, INC.

UPDATED 12-08-87

SCHEDULE OF UNSOLD UNITS

UNIT #	NO. OF ROOMS & BATHS	SHARES	CASH PURCHASE PRICE @ $2,100 PER SHARE FOR NON-TENANTS	PORTION OF MORTGAGE ALLOCATED TO SHARES @ $312.50 per share	ESTIMATED ANNUAL MAINTENANCE CHARGES @ $100.40 per share	ESTIMATED MONTHLY MAINTENANCE CHARGES @ $8.366 per share	ESTIMATED ANNUAL TAX DEDUCTION @ $48.77 per share
4A	3.5 + 1	35	73,500.00	10,937.50	3,514.00	292.81	1,706.95
4B	4.5 + 1	45	94,500.00	14,062.50	4,518.00	376.47	2,194.65
4C	2.5 + 1	25	52,500.00	7,812.50	2,510.00	209.15	1,219.25
4E	4.5 + 1	45	94,500.00	14,062.50	4,518.00	376.47	2,194.65
4G	3.5 + 1	35	73,500.00	10,937.50	3,514.00	292.81	1,706.95
4J	3.5 + 1	35	73,500.00	10,937.50	3,514.00	292.81	1,706.95
4L	4.5 + 1	45	94,500.00	14,062.50	4,518.00	376.47	2,194.65
4M	3.5 + 1	35	73,500.00	10,937.50	3,514.00	292.81	1,706.95
5A	3.5 + 1	36	75,600.00	11,250.00	3,614.40	301.18	1,755.72
5C	2.5 + 1	26	54,600.00	8,125.00	2,610.40	217.52	1,268.02
5D	2.5 + 1	26	54,600.00	8,125.00	2,610.40	217.52	1,268.02
5E	4.5 + 1	46	96,600.00	14,375.00	4,618.40	384.84	2,243.42
5G	3.5 + 1	36	75,600.00	11,250.00	3,614.40	301.18	1,755.72
5H	4.5 + 1	46	96,600.00	14,375.00	4,618.40	384.84	2,243.42
5J	3.5 + 1	36	75,600.00	11,250.00	3,614.40	301.18	1,755.72
5L	4.5 + 1	46	96,600.00	14,375.00	4,618.40	384.84	2,243.42
5M	3.5 + 1	36	75,600.00	11,250.00	3,614.40	301.18	1,755.72
6B	4.5 + 1	46	96,600.00	14,375.00	4,618.40	384.84	2,243.42
6C	2.5 + 1	26	54,600.00	8,125.00	2,610.40	217.52	1,268.02
6D	2.5 + 1	26	54,600.00	8,125.00	2,610.40	217.52	1,268.02
6F	3.5 + 1	36	75,600.00	11,250.00	3,614.40	301.18	1,755.72
6G	3.5 + 1	36	75,600.00	11,250.00	3,614.40	301.18	1,755.72
6H	4.5 + 1	46	96,600.00	14,375.00	4,618.40	384.84	2,243.42
6J	3.5 + 1	36	75,600.00	11,250.00	3,614.40	301.18	1,755.72
6K	3.5 + 1	36	75,600.00	11,250.00	3,614.40	301.18	1,755.72
6L	4.5 + 1	46	96,600.00	14,375.00	4,618.40	384.84	2,243.42

MODERN REALTY ASSOCIATES

CO-OP: BAINBRIDGE HOUSE, INC.

UPDATED 12-08-87

SCHEDULE OF UNSOLD UNITS

UNIT #	NO. OF ROOMS & BATHS	SHARES	CASH PURCHASE PRICE @ $2,100 PER SHARE FOR NON-TENANTS	PORTION OF MORTGAGE ALLOCATED TO SHARES @ $312.50 per share	ESTIMATED ANNUAL MAINTENANCE CHARGES @ $100.40 per share	ESTIMATED MONTHLY MAINTENANCE CHARGES @ $8.366 per share	ESTIMATED ANNUAL TAX DEDUCTION @ $48.77 per share
54		1,953	$4,101,300.00	$610,312.50	$196,081.20	$16,338.80	$95,247.81

FIFTH AMENDMENT

TO THE PLAN OF COOPERATIVE ORGANIZATION OF

325 EAST 201ST STREET
BRONX, NEW YORK

DATED: JULY 30, 1987

The Offering Plan - A Plan to Convert to Cooperative Ownership premises at 325 East 201st Street, Bronx, New York, dated August 16, 1985 (hereinafter referred to as the "Plan"), is amended as follows:

1. The cash purchase price for all unsold apartments is increased to $2,100.00 per share.

2. There are no material changes in the terms of the Offering Plan exept as set forth in the First, Second, Third, Fourth and this Fifth Amendment.

MODERN REALTY ASSOCIATES, Sponsor

FOURTH AMENDMENT

TO THE PLAN OF COOPERATIVE ORGANIZATION OF

325 E. 201ST STREET
BRONX, NEW YORK

DATED: May 19, 1987

The Offering Plan - A Plan to Convert to Cooperative Ownership premises at 325 E. 201st Street, Bronx, New York (hereinafter referred to as the "Plan") is amended as follows:

1. The title closing transaction, whereby the Sponsor conveyed title to the building premises at 325 E. 201st Street, Bronx, New York to Bainbridge House, Inc. transpired on October 30, 1986 at the offices of Schiff, Turek & Kakoyiannis, 136 East 57th Street, New York, New York.

2. In accordance with the terms of the First Amendment to the Offering Plan, the Sponsor set up a reserve fund in the name of the Apartment Corporation in the amount of $86,666.00. The reserve fund is deposited with Chase Manhattan Bank, N.A. As of April 6, 1987, the balance was $90,254.95.

3. In accordance with the terms of the Offering Plan, the Sponsor set up a working capital fund in the amount of $6,000.00 which was reduced by $5,000 of closing adjustments due to Sponsor. The working capital fund in the amount of $1,000 was deposited in the name of the Apartment Corporation at Chemical Bank, 181st Street and St. Nicholas Avenue, New York. The balance of the closing adjustments in the sum of $24,958.37 are to be paid in a series of 12 promissory notes, each in the amount of $2,079.86 together with interest at the rate of 12% per annum. The payments commence November 30, 1986 and cover a 12 month term.

4. The Apartment Corporation received title to the premises subject to an existing first mortgage in the sum of $825,000.00.

5. The sum of $3,000 was placed in escrow with Sponsor's attorneys, Schiff, Turek & Kakoyiannis, pending the cure of all violations. The violations have been cured with the exception of those pertaining to windows. The Sponsor requested a re-inspection of the premises by the Department of Buildings to have the violations removed from record. It is anticipated by the Sponsor, based upon conversations with the chief inspector, that after the windows have been replaced (see paragraph 8) all violations will be removed from record.

6. The Sponsor, Modern Realty Associates, received the stock certificates and proprietary leases for all unsold apartments. A list of all unsold apartments is annexed as Exhibit A. The form of contract of sale to be used for all future sales by the Sponsor is annexed hereto as Exhibit B.

7. The Sponsor has had the building tested and inspected for the presence of asbestos containing material. Annexed hereto as Exhibit C is a copy of the asbestos report.

8. The Sponsor has entered into a contract with Ecker Manufacturing Corp. for the installation of Thermalux Series, D/H, A-2.5 HP 80 Thermal Barrier Side Loan Replacement Windows. The work has already commenced.

9. The Sponsor intends to repaint and repaper the lobby. The work will commence after the windows have been replaced and the Sponsor anticipates that the lobby renovation will be completed by May 31, 1987.

10. There are no material changes in the terms of the Offering Plan except as set forth in the First, Second, Third and this Fourth Amendment.

MODERN REALTY ASSOCIATES, Sponsor

EXHIBIT A
LIST OF UNSOLD SHARES

Apartment	Number of Shares
1A	34
1B	44
1F	34
1G	34
1L	44
1M	34
2A	34
2B	44
2C	24
2D	24
2E	44
2F	34
2G	34
2H	44
2J	34
2L	44
2M	34
3A	35
3C	25
3D	25
3E	45
3F	35
3G	35
3H	45
3J	35
3K	35
3L	45
3M	35
4A	35
4B	45
4C	25
4D	25
4E	45
4G	35
4J	35
4L	45
4M	35
5A	36
5C	26
5D	26
5E	46
5G	36
5H	46
5J	36
5L	46
5M	36
6B	46
6C	26
6D	26
6F	36
6G	36
6H	46
6J	36
6K	36
6L	46

MATTER
RESEARCH, INC.
The Heimer Building
1923 New York Avenue
Huntington, NY 11746

November 21, 1986

THE ASBESTOS REPORT

for

325 East 201st Street
Bronx, New York

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NOTE: The above Contents and General Index is a rough guide to the various sections of this report. However, specific and general comments about any particular topic may be found in several sections. Therefore, before forming any conclusions, read the complete report carefully in its entirety. A partial reading can lead to erroneous conclusions.

CROSS INDEX

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THE PROPERTY AND THE SURVEY

The property has as its address 325 East 201st Street, Bronx, New York. On the property is one 6-story apartment building.

The lobby level contains the boiler room, the compactor/meter room, the storage room, the bathroom, the laundry room, the carriage room, the meter/storage room, a workshop, the Superintendent's apartment and a connecting hallway. On each of floors 1 through 6 there are 12 apartments. Thus, there is a total of 73 apartment units in the building, the including the Superintendent's apartment.

The asbestos assessment survey was conducted on November 21, 1986.

REPORT AND STAFF QUALIFICATIONS

This Report has been prepared at the request of the Sponsor for the purpose of complying with the requirements of Regulation 18.7(aa) issued by the Office of the Attorney General of the State of New York to document asbestos containing fireproofing and insulating materials.

The Report was prepared by the staff of MATTER RESEARCH, Inc., a corporation whose primary purpose is to provide its clients with comprehensive asbestos assessment surveys and reports in accordance with all federal and local codes. Paul Hessel, the President of MATTER RESEARCH, Inc., has, as his background, 15 years of experience in building inspections and asbestos identification. He and the survey personnel are engineers and inspectors who are experts in the field of building inspection and certified as qualified asbestos assessors by the National Asbestos Training Center, sponsored by the United States Environmental Protection Agency. MATTER RESEARCH, Inc. is a corporate member of the National Asbestos Council.

The staff in its collective history has inspected over 20,000 buildings and has specifically inspected and

reported on over 300 buildings for Sponsors of cooperative and condominium conversions in New York State in accordance with rules and regulations promulgated by the New York State Attorney General. They have assessed more than 110 buildings in compliance with the rules and regulations promulgated by the New York State Attorney General in regard to determining "whether Asbestos-Containing Material is present in insulating or fireproofing material anywhere in the building."

All statements relative to the legal use and code compliance of the building express the preparer's professional opinion only and are subject to final determination by those governmental agencies having jurisdiction.

The Report is based on:

a) a visual inspection of the common areas of the premises and a sufficiently large representative sampling of the individual residential units as deemed necessary to comply with the regulations 18.7(aa) as promulgated by the Office of the Attorney General of the State of New York

b) analysis of bulk samples of asbestos-containing material removed from the premises and subjected to light polarized microscopy, with a blind sample included for quality assurance

c) information provided by the Sponsor and/or his representatives

d) Federal and local guidelines which recommend that whenever the presence of asbestos is in doubt, prudence is recommended and the material should be treated as if it contains asbestos

This Report objectively describes mechanical equipment areas, all non-mechanical assembly rooms, accessible crawl spaces, pipe chases, attics, public halls, cellars, and representative residential units as they pertain to the presence, condition and location of friable, fireproofing and insulating (F&I), asbestos-containing

material (ACM) in these areas. Emphasis is on the condition of the property at the time of the inspection, including deficiencies probably, but not limited to, those unknown to occupants.

The scope of this Report does not include estimates for abatement costs but rather intends to provide a general guideline for remedial asbestos efforts.

The aforementioned F&I ACM has been surveyed with regard to eight factors:

accessibility	condition of material
activity and movement	exposed surface area
direct air movement	friability
asbestos content	water damage

The Report incorporates the findings of our asbestos investigators' observations of ACM found in the observable or accessible areas of the premises only. No attempt was made to compromise fabric, metal or cement coverings of any suspected insulating material unless that covering was damaged.

F&I ACM is often found above dropped ceilings. However, the condition of such ACM is frequently, severely damaged and highly friable. When this is the case, removal of a dropped ceiling panel to determine the extent of friability would release asbestos fibers into the residential environment, raising the airborne fiber level above that which is considered safe by Federal standards. Therefore, ceiling panel removal is contra-indicated in general, and we presume that if asbestos is present above the dropped ceiling then it is friable.

The contents of this Report are correct to the best of our knowledge and belief in accordance with 1986 federal, state and local guidelines. This Report and the conclusions stated herein are, however, limited to actual knowledge based upon visual inspection, undertaken with due diligence, of visible portions of the Property, results of light polarized microscope analysis of bulk samples and information voluntarily supplied by the Sponsor.

This Report is not to be construed as a guarantee, warrantee, or policy of insurance. It is not intended or prepared for the purpose of providing an opinion, as to the advisability or inadvisability to purchase units of the Property or to acquire shares in the cooperative corporation being offered pursuant to the Sponsor's offering plan.

ASBESTOS OVERVIEW

Asbestos is the name given to several types of fire resistant mineral fiber found in rocks. These minerals are not easily destroyed or degraded by natural processes. Those minerals of this family that have been used most commonly by the construction industry include chrysotile, actinolite, amosite, anthophyllite, crocidolite and tremolite.

Because of its superior insulating and tensile ability, asbestos has traditionally been used by the building industry in varied forms. Between 1920 and 1972 blanket-type pipe insulation of ACM was prevalent. In buildings built or remodeled between 1930 and 1950 asbestos-containing ceiling and wall insulation "sandwiched" between walls or ceilings was often installed. Furthermore, buildings built or remodeled between 1945 and 1978 were often completed with a crumbly ACM sprayed or troweled onto the ceiling or walls.

Among the most common uses remaining in buildings today are vinyl asbestos floor tiles, vinyl asbestos sheet flooring, patching compounds, textured paints, ceilings, sheetrock, stove and furnace insulation, door gaskets, pipe insulation, wall and ceiling insulation, roofing, shingles and siding. For ease in cataloging, the Environmental Protection Agency (EPA) has apportioned the aforementioned categories into three forms:

(1) surfacing materials sprayed or troweled on ceilings and walls

(2) insulation around hot or cold pipes, ducts, boilers and tanks

(3) a variety of other products, such as ceiling and floor tiles, and wallboards

In general, ACM in categories (1) and (2) provides the greatest concern, especially if it is friable.

Friable asbestos material is defined to mean any asbestos or asbestos-containing material that can be crumbled, pulverized, or reduced to powder when dry, by hand pressure. When an ACM is friable, it slowly releases microscopic particles into the air.

Although studies have shown that airborne asbestos contamination in buildings is a significant environmental problem, the presence of asbestos in a building does not mean that the health of building occupants is necessarily endangered. As long as ACM remains in good condition and is not disturbed, exposure is unlikely. Moreover, even infrequent, transient, low-level exposure does not pose an imminent health risk. Therefore any ACM indicated in this report is not to be construed as such a risk factor unless otherwise indicated.

In light of the results of studies on asbestos related health disorders and in order to safeguard the public health, several federal organizations, among them the EPA, the Department of Health Education and Welfare (DHEW), and the Occupational Safety and Health Administration (OSHA) promulgated sets of guidelines regarding asbestos levels in occupied dwellings.

The first EPA regulations were issued in 1973 under the National Emission Standards for Hazardous Air Pollutants, as authorized by the Clean Air Act. They prohibited the spraying of ACM for insulation, fireproofing, and soundproofing. The regulations were revised in 1975 to prohibit the use of ACM for pipe covering, if the ACM is easily crumbled after it dries, and in 1978 to prohibit ACM patching compounds and artificial fireplace emberizing materials. These regulations were repromulgated in 1984. Essentially, they partially banned spray-applied ACM in new buildings and building renovations, and established guidelines for the use of all types of insulating ACM and ACM waste disposal in new buildings. As a result of these regulations, most post-1978 construction is asbestos free.

Over the years, OSHA has been more concerned with airborne concentrations of asbestos fiber since it is these particles that are the actual health hazard.' In 1972 OSHA defined permissible exposure levels as "not to exceed 5 fibers longer than 5 micrometers, per cubic centimeter of air in an 8 hour time-weighted average airborne concentration" analysis. This definition was revised in 1976 and again in 1986. The current permissible airborne asbestos concentration level may now "not exceed 0.2 fibers per cubic centimeter". The DHEW has issued even more stringent limits saying that the permissible airborne asbestos concentration level should not exceed 1/10 of a fiber per cubic centimeter. These limits were directed toward public school buildings, government buildings, commercial production plants and the like. Therefore, because this report is for a residential building, and because our professional opinion deems it unnecessary, it is not required that airborne sample analysis be performed.

Many large cities have followed the example of the federal agencies and promulgated similar health oriented asbestos regulations. For example, the council of the City of New York amended the administrative code of the City of New York in light of current federal guidelines on asbestos. Local Law 76 of 1985 has been designed "to safeguard the public health by requiring that renovation or demolition projects which disturb asbestos be conducted in accordance with procedures established pursuant to this local law and that workers who handle materials containing asbestos receive adequate training."

Note that because the building is located in the City of New York, future work on this building will fall under the provisions of Local Law 76, providing that there is asbestos on the premises. Therefore, it bears restating that the presence of ACM in a building does not necessarily constitute an imminent health hazard. However, it is important to recognize that all ACM's have the potential to release asbestos into the air if the ACM is damaged, disturbed or allowed to deteriorate.

LOCATION OF THE ACM

There are locations within the building inspected that contain friable F&I ACM. Since the presence of asbestos in a building may constitute a health hazard if it is in unstable materials or is not isolated behind walls and ceilings, it is important to note and retain the location of all suspected ACM on the premises.

Friable F&I ACMs were found to be present in varying extents in the basement areas of the building.

The predominant types of friable F&I ACM inventoried during the inspection were pipe lagging and joint compound.

Specifically in the areas indicated as having moderate damage or deterioration, visual inspection indicates little ACM that is separating into layers or beginning to detach from the substrate. Moreover, although there are signs of accidental or intentional damage in the form of dents or nicks, in total, at least 90% of the area is undamaged and not deteriorating.

Within those areas indicated as having evidence of severe damage or deterioration, visual inspection indicates that the ACM in these areas is non-cohesive. It is separating into layers or beginning to detach from the substrate. There has been significant accidental or intentional damage in the form of gashes or gouges. There is visible dislocation of the ACM with residual debris.

The friable F&I ACM of the building was also assessed for water damage. There was no visible evidence of the asbestos being disturbed by water. No sections of the ACM have apparent water stains nor are they warped, buckled or saturated at the present time.

Friable materials are more likely than non-friable materials to release fibers when disturbed. Therefore, the first priority is to identify those friable surfacing materials that contain asbestos. Inventory I summarizes the location of friable F&I ACM. These locations have been tagged at the site for ease in finding them during routine asbestos monitoring inventories.

BLDG: 325 East 201st Street
JOB NO: 110582

INVENTORY I
LOCATION OF FRIABLE ACM

ITEM	BASEMENT AREAS	TOTAL QTY	CONDITION OF THE ACM AMOUNT OF DAMAGE: SEVERE	MODERATE	UNDAMAGED	EVIDENCE OF WATER DISTURBA
	Carriage Room					
1	pipe lagging in ft*	38			38	
2	# of joint fittings	15		15		
	Compactor/Meter Room					
3	pipe lagging in ft	32			32	
4	# of joint fittings	11			11	
	Garage Area					
5	pipe lagging in ft	12	12			
6	# of joint fittings	5	5			
	Hallway					
7	pipe lagging in ft	19			19	
8	# of joint fittings	8		8		
	Meter/Storage Room					
9	pipe lagging in ft	73			73	
10	# of joint fittings	27		27		
	Super's Apartment					
11	pipe lagging in ft	17			17	
12	# of joint fittings	8		8		
	Workshop					
13	pipe lagging in ft	65			65	
14	# of joint fittings	40		40		

*Thermal air cell pipe wrap unless otherwise indicated

The friable F&I ACM in all areas observed is deemed to be accessible and exposed. The friable F&I ACM in the basement areas cataloged may be contacted during activities of frequent maintenance or repair. Although the maintenance crews will access these areas, building occupants will rarely access the compactor room, the meter room, the Super's apartment and the workshop.

The other basement areas have accessible friable F&I ACM. During routine maintenance and building activity in the carriage room, the garage area and the hallway, the building occupants can contact the friable F&I ACM. Such activity may dislodge the material and pose a potential hazard.

The following areas containing friable F&I ACM are rated as having a moderate activity level which could cause the friable asbestos fibers to become airborne: the meter room, the carriage room, the workshop, the Super's apartment and the compactor room.

The activity level of the hallway and the garage is considered high. As such, the vibrations, air movement and heavy traffic may subject the existing friable F&I ACM to unusual stress and cause friable asbestos fibers to become airborne.

It is our opinion that, except for hallway, there is no significant direct air stream present that would cause highly friable asbestos fibers to become airborne. Thus, in all other areas, the friable F&I ACM will remain in its present condition, if it is undisturbed by outside sources such as those of routine maintenance and day-to-day activity.

Throughout the garage area there are sections of friable F&I ACM that we rate as having high friability. The ACM has sections that are flaking and are visibly separating from the matrix.

The friable F&I ACM, throughout the meter room, the carriage room, the workshop, the compactor room, the Super's apartment and the hallway, we rate as having only low to moderate friability. Although it is possible to hand-damage ACM with low to moderate friability, it is unlikely that such an action would occur.

SUMMARY OF APARTMENT INVESTIGATIONS AND RESULTS

There was no F&I ACM in the observable or accessible areas of the following apartments that were inspected at the time of the asbestos assessment survey:

1M	4B, 4C, 4E, 4L, 4M
2B, 2H, 2M	5J, 5L, 5M
3A, 3C, 3D, 3E, 3H, 3K, 3M	6D, 6F, 6J, 6K

EXPOSURE AND HAZARD LEVELS

The relationship between exposure level and health risk is complex. Accordingly, the United States Environmental Protection Agency has set forth a number of physical conditions which can contribute to potential asbestos exposure to building occupants. Each factor has been examined with respect to defining the role it plays in determining an imminent hazard asbestos related situation. As a result, the following criteria have been promulgated as EPA guidelines:

"It is recommended that an imminent hazard be defined as the presence of:

- substantial debris-containing asbestos in an amount greater than 1%
- damaged or deteriorated asbestos-containing material in combination with one or more of the following exacerbating conditions:
- presence in air plenums
- presence in high traffic
- presence in confined spaces areas

- accessibility to building occupants or staff."

A potential hazard is one in which current ACM could be degraded to an imminent hazard condition due to routine wear and rated life expectancy of the ACM.

We have further refined this hazard level into two categories: Potential 1 and Potential 2. Potential 1 items are currently undamaged ACM's. All the undamaged items in Inventory I have a Potential 1 hazard level. Potential 2 items have moderate damage. All undamaged ACM has the potential to be downgraded to the Potential 2 category. However, neither category 1 nor 2 poses an immediate hazard to health or safety.

Taking these guidelines into account, Inventory II is provided to indicate imminent or potential hazard levels. For a complete understanding, this inventory should be read in conjunction with Inventory I.

ASBESTOS INVENTORY II

HAZARD LEVEL OF FRIABLE ACM

LOCATION	UNIT	QTY	MATERIAL	HAZARD LEVEL 2= Potential 2 3= Imminent
Carriage Room		15	pipe joint fittings	2
Garage	Ft	12	pipe wrap	3
Garage		5	pipe joint fittings	3
Hallway		8	pipe joint fittings	2
Meter Room		27	pipe joint fittings	2
Super's Apartment		8	pipe joint fittings	2
Workshop		40	pipe joint fittings	2

BULK SAMPLES

In the accessible common areas there was friable ACM or materials suspected of containing asbestos. As indicated, asbestos-containing insulation was found on the mechanical system utility equipment. These insulation materials were of several types including but not necessarily one of each of a chalky mixture of magnesia and asbestos, preformed fibrous asbestos wrapping, asbestos fiber felt, corrugated paper or insulating cement.

In some cases, the insulating material has been covered with a protective jacket of cloth, tape, paper, metal, paint or cement. However, some visible deterioration of the pipe lagging is evident and appears to be the result of a combination of ongoing conditions, namely the rated life expectancy, location of the material, contact damage and maintenance degradation of the asbestos-containing pipe insulation. Thus, while the intact ACM can be rated as good to excellent, the condition of some of the degraded pipe insulation and lagging ranges from fair to good, with some insulation showing visible damage.

To accurately document the nature of the actual or suspected ACM, 4 samples were collected from the damaged areas and visibly different materials. These samples were subjected to chemical analysis using techniques of light polarizing microscopy. The accuracy of the analysis was assured by the inclusion of a blind quality assurance sample. Thus, it has been verified that the suspected ACM does have asbestos content. The laboratory analysis has been summarized for your convenience.

CLIENT Matter Research, Inc.

PETROGRAPHIC ANALYSIS FOR ASBESTOS
(Type and Weight % of Asbestos)
(Polarizing Light Microscope Method)

FILE NUMBER TAKAAAS
SHEET NUMBER 1 OF 1
DATE November 25, 19ct

Sample	Asbestos containing material: Yes	Asbestos containing material: No	Chrysotile	Amosite	Anthophyllite	Tremolite-Actinolite	Crocidolite	Other fibrous Constituents	Homogeneous: Yes	Homogeneous: No	
601 St., Bronx [illegible]582											
[illegible]2186 EE01 - 03		X						C-85		X	EEC2 and EE03 Small samples
" EE04	X		3					C-65		X	

TAKA

TAKA ASBESTOS ANALYTICAL SERVICES INC. P.O. BOX 208, GREENLAWN, N.Y. 11740

(516) 261-2117

A=Annual FG= Fiberglass, MW= mineral wool, C= cellulose or wood, SW= synthetic, T= trace

MATTER RESEARCH INC.

BLDG: 325 East 201st Street
JOB NO: 110582

CORRECTIVE ACTION ALTERNATIVES AND RECOMMENDATIONS

Regardless of the amount of ACM present, the following measures should be taken to avoid disturbing the existing ACM to prevent the release of airborne fibers.

1. Do not drill holes in asbestos containing materials.
2. Do not sand asbestos floor tiles or backing materials.
3. Do not damage ACM while performing routine building maintenance by moving ladders, replacing light bulbs, etc.
4. Do not allow curtains, drapes, or dividers to chafe and damage ACM.
5. Dust with a damp cloth.
6. Wet-mop floors.
7. Use only a special High Efficiency Particulate Air (HEPA) vacuum to clean up asbestos debris.
8. When performing routine maintenance tasks around ACM, it is important to wear a HEPA respirator that can trap asbestos fibers. Do not use a dust mask as it does not protect you against asbestos fibers.
9. When removing ceiling tiles below ACM several precautionary measures must be taken: wear an approved respirator, cover the floor with a disposable poly drop cloth and clean up carefully with moist removal and a HEPA vacuum.
10. When changing filters in the air ventilation system, wear an approved respirator, mist the filter with water, remove the filter carefully; double bag it using 6 mil plastic bags sealed with heavy duty bags, label each bag with a sign "CAUTION" ASBESTOS WASTE" and dispose of it in accordance with federal and local standards at an approved waste disposal site.

11. In order to maintain adequate health safety levels, it is recommended that any outside vendors engaged in servicing the facility be advised of the presence of the asbestos containing material and cautioned to employ adequate safeguards to ensure that the existing asbestos fibers not become airborne.

As indicated earlier in this Report, asbestos is an imminent health hazard only when it releases airborne fibers. The risk of release is increased when ACM is left lying about on floors or shelving. Therefore, it is recommended that all such ACM be removed by qualified personnel using appropriate asbestos safety measures.

The predominant cause of asbestos becoming airborne is due to the performance of building renovation and demolition without adequate adherence to procedures for safeguarding workers and the general public, by persons who have not received adequate training in the handling of materials containing asbestos. Therefore, every effort must be exerted to alert building occupants to the need to not disturb the existing ACM.

The purpose of a comprehensive Operations and Maintenance (O&M) program is threefold for buildings containing friable ACM. Such a program is designed to:

1. Reduce contamination levels by cleaning up asbestos fibers previously released.

2. Prevent future asbestos fibers being released by minimizing the disturbance to the ACM and rehabilitating the existing damage.

3. Monitor the condition of the ACM.

The O&M program should be implemented immediately and continue until the asbestos-containing material is removed or the structure demolished. If the latter course of action is followed, the demolition contractor must provide adequate safeguards to prevent asbestos contamination during the demolition.

The existing condition of the fire-rated doors, walls and ceilings is excellent and poses no immediate

health hazard. However, the residents should be advised to use caution should these fire-rated locations be damaged and expose a fibrous material. It is recommended that no additional nail holes be drilled or hammered into fire-rated locations unless precautionary measures are taken to prevent freeing airborne fibers. Likewise, to prevent freeing airborne fibers, residents who wish to upgrade existing floor tiling are advised to install any new floor covering directly above the existing flooring.

As part of a prudent public health policy, all residents should be advised of the asbestos management program. Caution signs (worded according to EPA and OSHA standards) should be posted in all public locations with friable ACM. Guidelines and standards related to asbestos health and safety measures during maintenance or installation activities in the individual units should be disseminated to all residents. Residents must be informed that the presence of ACM in unobservable and inaccessible areas such as the interior of fire-rated doors, the backing of floor tiling and in regions between walls and ceilings and floors is a possibility. The maintenance staff should be trained in asbestos safety procedures.

Before beginning any ACM removal or building demolition, the building owner should review the National Emission Standards for Hazardous Air Pollutants of the E.P.A. This document can be obtained from the local regional asbestos coordinator whose address is USEPA, Woodbridge Avenue, Edison, NJ 08837.

All remedial asbestos repair actions such as enclosure, total encapsulation, or spot repair encapsulation, should be conducted by certified asbestos abatement contractors in accordance with existing federal, state and local asbestos safety regulations. If you are in doubt as to course of action to follow regarding guidelines and safeguards, the EPA is recommended as an excellent resource. Call (201) 321-6668 or (800) 424-9065 and request technical assistance.

It is important to note that the most cost effective contractor is not necessarily the lowest bidder. Be

325 East 201st Street
110582

[illegible] A:

RECOMMENDED [illegible] OPERATIONS AND MAINTENANCE

INV. #	ITEM #	[illegible] & MAINTAIN	TOTALLY ENCAPSULATE & MAINTAIN	SPOT REPAIR & MAINTAIN	LEAVE UNDISTURBED
I	1				38 ft
I	2			15 fittings	
I	3				32 ft
I	4				11 fittings
I	5	12 ft			
I	6	5 fittings			
I	7				19 ft
I	8			8 fittings	
I	9				73 ft
I	10			27 fittings	
I	11				17 ft
I	12			8 fittings	
I	13				65 ft
I	14			40 fittings	

PROTOCOL B:

RECOMMENDATIONS FOR FUTURE OPERATIONS AND MAINTENANCE

For the friable F&I ACM remaining in the building after remedial encapsulation as indicated, it is necessary to plan for procedures recommended for monitoring the friable F&I ACM for deterioration. We recommend quarterly surveys of those areas indicated, in the section on exposure and hazard levels, as locations of friable F&I ACM constituting a potential hazard to assess the current status of the friable F&I ACM. It is possible that the accessibility of the ACM in some areas will cause it to deteriorate more rapidly in the future than in the past. Accurate records must be maintained to record the location and amount of degradation, if any. If any degradation occurs a certified asbestos abatement contractor must be called immediately.

If, in the course of the life of the building at 325 East 201st Street, Management makes a decision to renovate any of the areas containing pipes wrapped with friable F&I ACM or to replace the boiler and its associated mechanical assembly, then we recommend that a certified asbestos abatement contractor be engaged to remove the ACM in conjunction with contracting for the new utility items.

Since this building was constructed prior to the current decade, it is likely that some of the kitchen/hall/closet floors, are covered with linoleum or vinyl floor coverings which have backings that contain asbestos fibers. However, the requirements of the Attorney General state that only fireproofing and insulating material be listed and that kitchen/hall flooring and roofing materials fall outside this requirement.

Floor coverings of ACM that are well sealed will pose no health hazard to current building occupants. Even so, occupants should be aware that future renovations could disturb the equilibrium of the asbestos matrix of such floor coverings. This matrix can be anywhere from 21% to 33% asbestos. Therefore, it is recommended that any future floor coverings be installed directly

over the existing coverings using a method that does not disturb the asbestos particles. To determine the specific content of the backing of the vinyl or linoleum, it is necessary to determine the exact date of manufacture and the manufacturer of the specific product. Contacting the manufacturer will enable the occupant to ascertain the exact nature of the product in question.

Similar care should be exercised during routine roof maintenance or when the roof is scheduled for resurfacing since roofing materials often contain 5% asbestos.

GUIDELINES FOR ASBESTOS ABATEMENT MANAGEMENT

The information provided herein on enclosure, encapsulation, repair and removal is not intended as an instruction manual for abatement. It is provided for reference in helping the owner understand the nature of each abatement approach. Enclosure involves construction of airtight walls and ceilings around the ACM (It should be noted that no enclosure is 100% airtight. The enclosures created should be designed to significantly reduce air movement across the enclosure boundary).

Abatement contractors should adhere to the following guidelines in order to reduce fiber release and assure a smooth transition from pre-to post-abatement status.

1. Drills used during installation should be of a type that have been modified with HEPA filtered vacuums.

2. It must be determined whether the underlying structures are able to support new walls and ceilings or whether additional support is needed.

3. New construction material should be impact-resistant and assembled to be airtight with all wall-to-wall and wall-to-ceiling joints caulked. Panels that are not taped or boards without either tongue-in-groove or spline joints are not satisfactory.

4. Any lights recessed into the ACM must be relocated beneath the new ceiling.

5. Relocation of plumbing and electrical cables may be necessary.

6. Signs should be posted to indicate that ACM is behind the enclosure. Building records should be updated to note the presence of ACM behind the enclosure to prevent accidential fiber release during remodeling or building demolition. This will enable New York City buildings to comply with Local Law 76 of 1985.

Encapsulation refers to the spraying of the ACM with a sealant which will bind together the asbestos fibers and other material components. This procedure will also make the ACM more impact-resistant. Spot repair encapsulation is often the most effective means of abating small damaged areas of insulation on pipes, boilers, ducts, tanks, and related equipment.

The EPA has evaluated over 100 sealants with regard to impact resistance, flame spread, smoke generation, toxic gas release during combustion and adhesive/cohesive strength. We recommend that you call the EPA at (800) 334-8571 to verify that the sealant chosen by the contractor meets federal standards. Also, the sealant should be tested for its effectiveness on the specific ACM in the building prior to the full encapsulation project.

Information regarding the type of sealant used and the nature of the ACM encapsulated must be recorded and retained to avoid future unintentional release of fibers during remodeling or demolition.

SPECIFIC REQUIREMENTS FOR ASBESTOS REMOVAL ON PREMISES

According to EPA and OSHA guidelines, removed ACM should be double wrapped in 6 mil plastic sheeting or bags (preferred). These wrapped packages should be secured with tape or a twist-tie-type covered wire. The packages must be labeled as asbestos waste using labels of sufficient size and contrast to be readily

visible and legible and transported to a solid waste site that will accept asbestos waste. The disposal facility must be notified in advance that asbestos waste is being brought in so that they can adhere to federal asbestos waste disposal guidelines.

GENERAL ANALYSIS OF REMEDIAL ASBESTOS ABATEMENT EFFORTS

Our description of the asbestos in this building is based on visual evidence in accessible and observable areas and on laboratory analysis reports of friable F&I ACM from the premises. This report represents an accurate narrative of the location of the friable F&I ACM and of the condition with reference to needed abatement, based on visual inspections and professional analysis and judgement. The report is current only as of the date of the inspection.

As noted in an earlier section, 23 non-employee, residential apartments were examined in addition to the public areas of the building. These apartments were subjected to walk-through examination. Accordingly, this report cannot reference any asbestos contamination in other apartments. Since all of the apartments surveyed showed no presence of friable F&I ACM it is likely that these are representative of all the apartments in the building.

FINAL NOTES

This report represents the opinion of the reporting asbestos investigator at the time of the asbestos assessment survey and accurately reflects 1986 federal, state and local guidelines.

Although the ACM on the premises or equipment may be in good condition at the time of the assessment survey, that condition may change thereafter. Therefore, it is necessary to embark upon a carefully monitored quarterly series of up-date surveys to assure that public health is not being compromised.

For possible future use Matter Research, Inc. maintains a copy of this report on file in concrete-lined fireproof vaults. Copies are available at nominal cost.

It is the understanding of Matter Research, Inc. that this report has been requested as per the regulations of the Office of Attorney General of New York State. Matter Research Inc. hereby authorizes reproduction of this report solely for inclusion in section 18.7 of the offering plan in further compliance with that New York State code requirement. Reproduction for any other purpose is not authorized.

PAUL J. HESSEL
President,
Matter Research, Inc.

Dated: 12/9/86

PJH/kp

Address all correspondence relating to this report to our office and include the report file number (in upper right corner of this page) for reference.

THIRD AMENDMENT

TO THE PLAN OF COOPERATIVE ORGANIZATION OF

325 EAST 201ST STREET
BRONX, NEW YORK

DATED: SEPTEMBER 29, 1986

The Offering Plan - A Plan to Convert to Cooperative Ownership premises at 325 East 201st Street, Bronx, New York (hereinafter referred to as the Plan) is amended as follows:

1. Subscription agreements for 17 of the 72 apartments in the building (23%) have been accepted by the Sponsor. 9 Subscription Agreements have been entered into by tenants-in-occupancy and 8 from bona fide purchasers who represent that they or a designated member of their family shall occupy the dwelling unit when it becomes vacant. Accordingly, the Plan was declared effective by notice dated August 8, 1986, mailed to all tenants and subscribers. (A copy of the notice is annexed hereto as Exhibit A.)

2. Annexed hereto as Exhibit B is a schedule of all subscribers.

3. Annexed hereto as Exhibit C is the Sponsor's affidavit pursuant to R18.5(e)(6).

4. The closing transaction is scheduled to take place at the offices of Schiff, Turek & Kakoyiannis, 136 East 57th Street, New York, New York on October 30, 1986 at 10:00 A.M.

5. The cash purchase price for all unsold apartments is increased to $1,600 per share.

6. Tenants in occupancy of their apartments on the date that the Offering Plan was accepted for filing by the Department of Law and still in possession of their apartments at the time of presentation of this amendment, shall have the right to purchase the shares allocated to their apartment for a period of thirty (30) days from the date of presentation of this amendment at a price of $1,000 per share.

7. Such tenants in occupancy on the date of presentation of the Plan who elect to surrender their leases within sixty (60) days from the presentation of this Amendment shall be entitled to receive a relocation payment in an amount equal to $100.00 per share calculated on the basis of the number of shares allocated to the Apartment as contained in Schedule A of the Offering Plan.

In order to qualify for the relocation payment, such tenant-in-occupancy will be required to notify Managing Agent and complete: (1) a General Release (Exhibit D) releasing the Sponsor from any further liability with respect to any lease or tenancy involved and (2) an Election Form (Exhibit E) and return duplicates of each document to the Managing Agent within sixty (60) days from the date of presentation of this Amendment and deliver possession of the Apartment, vacant and broom-clean, free and clear of any sublease, subtenancy or occupancies, within sixty (60) days from the date of the General Release and Election Form. Payments shall be made by the Sponsor simultaneous with delivery of vacant possession in the manner set forth herein. The Sponsor shall, at the time of payment, execute and deliver to Tenant a General Release, in favor of the Tenant, releasing the Tenant from any further liability with respect to any lease or tenancy involved. Within ten (10) days after delivery of vacant possession, the Sponsor will refund to such tenant his security deposit together with accrued interest, if any. Tenants are advised that the relocation payment may be considered taxable income by federal, state and city tax authorities. Each tenant should consult with his own attorney or tax advisor concerning possible tax consequences in the event he elects to avail himself of the provisions of this paragraph. Only one relocation payment will be made per apartment surrendered.

8. In accordance with the Regulations of the Department of Law, the Sponsor shall have the building inspected and tested (if necessary) to determine whether asbestos containing material ("ACM") is present in insulating or fireproofing material anywhere in the building. In the event that ACM is present, the Sponsor shall have a qualified person prepare a report on the asbestos in the building (the "Asbestos Report").

The Asbestos Report shall contain the following:

(i) The qualifications of the person preparing the Report;

(ii) A detailed inventory of the ACM in each apartment and in all other areas of the property, including the location, amount, type and concentration of ACM and its condition;

(iii) A statement as to whether the presence of the ACM poses an immediate health or safety hazard;

(iv) A statement as to which apartments, if any, were not examined and a description of the efforts made to gain access to such apartments;

(v) Recommendations for handling each and every item of ACM;

(vi) The Sponsor's statement as to how the recommendations contained in the Report should be implemented, including, if applicable, whether apartments must be vacated or whether the use of certain rooms or areas of the building will be limited and the projected duration of such limited use. The statement shall also specify whether the work must be performed in compliance with New York City Local Law 76 (1985) or any other applicable laws; and

(vii) A recommended protocol for the future handling and maintenance of any ACM which will remain in the building, whether encapsulated, enclosed or left undisturbed.

The Asbestos Report, if any, will be incorporated into this Plan pursuant to an amendment to be filed with the Department of Law and served on each offeree. The amendment will also state that the recommendations of the Asbestos Report will be expeditiously carried out by the Sponsor, if the closing has not occured, or by the Apartment Corporation, if the title closing has occurred, and that it will be the responsibility of the Apartment Corporation to monitor and, whenever necessary, to treat or remove any ACM which remains in the building after the conversion to a cooperative.

In any event, the Sponsor shall amend this Offering Plan prior to February 8, 1987 ("Asbestos Amendment"), to either disclose that there is no ACM present in the building or in the alternative to incorporate such Asbestos Report noted above.

Since the Sponsor has declared the Plan effective prior to the filing of the Asbestos Amendment, subscribers shall have the opportunity to delay their individual closing until 30 days after the Asbestos Amendment has been presented to all offerees. If any individual closing takes place prior to the completion of the asbestos removal and treatment work, if any, the Sponsor shall place in escrow a sum of money sufficient to pay for such asbestos treatment work, the amount to be determined by a person qualified to render an opinion on asbestos, but in no event less than $2,500 per unit.

9. Sponsor represents that although less than twelve (12) tenants in occupancy subscribed to purchase the shares allocated to their apartments within thirty (30) days of the presentation of the First Amendment, Sponsor will comply with all of the terms of said Amendment as if twelve (12) or more tenants in occupancy had subscribed.

10. There are no material changes in the terms of the Offering Plan except as set forth in the first, Second and this Third Amendment.

MODERN REALTY ASSOCIATES
250 WEST 57TH STREET
NEW YORK, NEW YORK

August 8, 1986

To the Tenants and Subscribers
of Apartments at
325 East 201st Street
Bronx, New York

Re: Offering Plan
Declaration of Effectiveness

Dear Ladies and Gentlemen:

Please be advised that more than 15% of the shares of the Apartment Corporation (Bainbridge House, Inc.) have been subscribed for.

Accordingly, the Offering Plan is declared effective.

The closing date (at which time the property will be transferred by the Sponsor to the Apartment Corporation), is scheduled for 10:00 A.M. on October 30, 1986, at the offices of Schiff, Turek & Kakoyiannis, 136 East 57th Street, New York, New York.

Please contact the Sponsor at 212/781-1000 if there are any questions.

Very truly yours,

MODERN REALTY ASSOCIATES

EXHIBIT B
LIST OF SUBSCRIBERS
325 EAST 201ST STREET
BRONX, NEW YORK

ALL APARTMENTS ARE RENT STABILIZED

ALL PURCHASE PRICES AND DOWNPAYMENTS
IN ACCORDANCE WITH OFFERING PLAN

	SUBSCRIBERS	UNIT	DATE OF SUBSCRIPTION AGREEMENT (1)	DATE OF OCCUPANCY IF LESS THAN 3 YEARS
1.	[redacted]	4F	7/20/86	10/86*
2.		5F	7/20/86	10/86*
3.		1L	7/20/86	10/86*
4.		4K	7/23/86	10/86*
5.		1K	7/27/86	10/86*
6.		1H	4/28/86	10/86*
7.		1C	7/19/86	10/86*
8.		2K	7/19/86	10/86*
9.		4D	6/20/86	N/A
10.		4H	6/24/86	N/A
11.		1E	6/24/86	N/A
12.		6E	6/24/86	N/A
13.		6A	6/24/86	N/A
14.		1J	6/23/86	7/83
15.		3B	6/24/86	N/A
16.		5K	6/24/86	N/A
17.		5B	6/24/86	N/A

* Anticipated Date of Occupancy

(1) Each subscription agreement listed herein, provides for a purchase price in accordance with the Offering Plan as amended, and was delivered to the Sponsor, together with a down payment check ($1,000 for existing tenants and 10% of the total purchase price for non-tenant purchasers).

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

JOEL T. FISHMAN, being duly sworn deposes and says:

1. I am a principal of the Sponsor of the Offering Plan to convert premises 325 East 201st Street, Bronx, New York, to cooperative status and make this affidavit pursuant to R18.5(e)(6) of the Regulations of the Department of Law.

2. The Offering Plan was accepted for filing on August 16, 1985. The Plan was presented to all offerees as defined by the Regulations on September 2, 1985.

3. I represent that all subscribers who were counted for the purposes of declaring the plan effective are bona fide purchasers who are not purchasing as an accommodation to or for the account or benefit of the Sponsors and have duly executed subscription agreements and paid the full downpayment as required in the Procedure to Purchase section of the Offering Plan.

4. That the Sponsors have no knowledge or reason to believe that any of the subscription agreements have been assigned or transferred by the original subscribers.

5. None of the subscribers are the Sponsors or selling agent or related to the Sponsors or selling agent by blood, marriage or adoption to the Sponsors or selling agent, and none of the subscribers are business associates or employees of the Sponsors or selling agent.

6. Annexed to the Second Amendment as Exhibit B is a list of subscribers including pertinent information regarding their respective subscription agreements.

7. I represent that all of the subscribers signed subscription agreements without fraud or duress and with no discriminatory inducement and that the Sponsors have no information as to whether any tenants have executed a "No-Buy" pledge.

x _____
JOEL T. FISHMAN

Sworn to before me this
17 day of June, 1986.

_____
Notary Public

ROBIN M. GRONSKY
NOTARY PUBLIC, State of New York
No. 41-4794009
Qualified in Queens County
Commission Expires March 30, 1987

EXHIBIT D

ELECTION FORM

Tenant Name:_____ Apartment No.:_____

SS#:_____

The undersigned represents that he (they) is (are) the Tenant(s) in occupancy on the date of presentation of this Seventh Amendment.

I (We) have elected to accept the Sponsor's relocation stipend as presented in the Seventh Amendment of this Plan.

I (We) will vacate the apartment on or before _____ (not to exceed 90 days from the date of form).

The undersigned further represents that they are the only Tenants/Occupants of the apartment and they have entered into this agreement freely and without coercion or fraud by the Sponsor or anyone else.

That there are no subtenants for the subject apartment who have not consented to vacating the apartment by signing on the signature line provided below.

I (We) agree to indemnify and hold the Sponsor harmless from any damage or loss (including the prompt return of the stipend) that may result from any misstatement or misrepresentation I (we) make in this statement relative to obtaining this stipend.

Dated: New York, New York
, 198

_____
Tenant

_____
Subtenant

Forwarding Address:

_____

_____

To all to whom these Presents shall come or may Concern,

Know That

as RELEASOR,

in consideration of the sum of

($),

received from

as RELEASEE,

receipt whereof is hereby acknowledged, releases and discharges

the RELEASEE, RELEASEE'S heirs, executors, administrators, successors and assigns from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever, in law, admiralty or equity, which against the RELEASEE, the RELEASOR, RELEASOR'S heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, shall or may, have for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE.

Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require.

This RELEASE may not be changed orally.

In Witness Whereof, the RELEASOR has hereunto set RELEASOR'S hand and seal on the

day of 19 .

In presence of

LS

STATE OF , COUNTY OF ss.:

On 19 before me

personally came

to me known, and known to me to be the individual(s) described in, and who executed the foregoing RELEASE and duly acknowledged to me that he executed the same.

[illegible] of names released after the word "discharges."

SECOND AMENDMENT

TO THE PLAN OF COOPERATIVE ORGANIZATION OF

325 EAST 201ST STREET
BRONX, NEW YORK

DATED: JULY 16, 1986

The Offering Plan - A Plan to Convert to Cooperative Ownership premises at 325 East 201st Street, Bronx, New York (hereinafter referred to as the "Plan"), is amended as follows:

1. The cash purchase prices of all apartments for which subscription agreements have not been entered into as of this date are increased from $1,200.00 per share to $1,380.00 per share.

2. There are no material changes in the terms of the Offering Plan except as set forth in the First and this Second Amendment.

MODERN REALTY ASSOCIATES, Sponsor

FIRST AMENDMENT

TO THE PLAN OF COOPERATIVE ORGANIZATION OF

325 EAST 201ST STREET
BRONX, NEW YORK

DATED: MAY 1, 1986

The Offering Plan - A Plan to Convert to Cooperative Ownership premises at 325 East 201st Street, Bronx, New York, (hereinafter referred to as the Plan) is amended as follows:

1. This Amendment reflects the agreement reached between the Sponsor and the Tenants Association represented by the law firm of Adolf & Miller.

2. The following terms shall apply only in the event that an additional twelve (12) or more tenants in occupancy on the date the Offering Plan was presented subscribe to purchase the shares allocated to their apartments within thirty (30) days of the date of presentation of this amendment:

a. Tenants in occupancy of their apartments on the date that the Offering Plan was accepted for filing by the Department of Law and still in possession of their apartments at the time of presentation of this amendment, shall have the right to purchase the shares allocated to their apartment for a period of thirty (30) days from the date of presentation of this amendment at a price of $600 per share;

b. The Sponsor, at its sole cost and expense, shall replace the windows of the apartments with new insulated double-hung windows; the windows in the public hallways and basement shall not be replaced. Within thirty (30) days of the closing of twelve (12) apartments, Sponsor shall enter into a contract with a contractor to replace said windows;

c. The Sponsor, at its sole cost and expense, will redecorate the lobby;

d. The Reserve Fund shall be the sum of $62,000 plus 5% of the sales price of each apartment subscribed for from the date of presentation of this Amendment to the third anniversary of the presentation of this Amendment, which sums shall be deposited in the Reserve Fund within 30 days of the closing of each apartment. The Reserve Fund shall not be subject to any reduction for major capital replacements.

e. The Sponsor will make application to the Division of Housing and Community Renewal for rent increases based upon major capital improvements. It is likely, therefore, that the rents of non-purchasing tenants will increase.

f. The Sponsor shall make a maximum contribution of $7,500 for the Tenants Association legal and engineering expenses. Payment shall be made at closing upon presentation of an invoice therefor.

g. The Board of Directors shall consist of seven (7) directors. In the event that Sponsor shall own a majority of the outstanding shares after the Closing, the Sponsor shall have the right to designate four directors; the remaining three directors shall be resident-shareholders.

h. The Sponsor-designated directors shall consult with the resident directors regarding all expenditures from the Reserve Fund.

i. The Sponsor will pay any increase in maintenance charges which are required during the first year of cooperative operations resulting from increases in the total expenses contained in the Budget. The Budget consists of real estate taxes; water and sewer taxes; fuel oil; electricity and gas; insurance premiums (for coverage and limits set forth in Schedule B); payroll (for a resident superintendent) mortgage debt service and corporate taxes. The annexed Budget (Schedule B) has been revised to more accurately reflect the estimated expenses of the cooperative. It is based upon this revised Budget that Sponsor is agreeing to pay any increase in maintenance charges. The Sponsor will pay to the Apartment Corporation any such increase in maintenance charges after the first anniversary of the closing transaction upon written demand therefor by the Apartment Corporation, together with a certified audited statement prepared by an independent certified public account, retained by the Apartment Corporation.

Such statement shall be prepared in accordance with generally accepted accounting principles, consistently applied on an accrual basis, and shall set forth the income and expenses for the twelve (12) month period of operations covered hereby. The statement shall use the same categories of income and expenses set forth in the "Projected Schedule of Revenue and Receipts for First Year of Operation" and shall not cover any period before or subsequent to the first year of cooperative operations.

Also annexed hereto is a revised Schedule A.

3. There are no material changes in the terms of the Offering Plan except as set forth in this First Amendment.

MODERN REALTY ASSOCIATES, Sponsor

SCHEDULE A

SCHEDULE OF PURCHASE PRICES OF SHARES
ALLOCATED TO APARTMENTS
(and related information at the date of presentation of the Plan)

PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS,
ESTIMATED MAINTENANCE CHARGES AND ESTIMATED INCOME TAX
DEDUCTIONS FOR THE FIRST YEAR OF COOPERATIVE OPERATION
(JANUARY 1, 1986 - DECEMBER 31, 1986)

	(1)	(2)	(3)		(4)	(5)		(6)
Apt.	No. of Rooms & Baths	Shares	Cash Purchase Price @ $800 Per Share for Tenants in Occupancy (during "90 Day Exclusive Period")	Cash Purchase Price @ $1,200 Per Share For Non-Tenants	Portion of Mortgage Allocated to Shares @ $312.50 Per Share	Estimated Annual Maintenance Charges @$100.40 Per Share	Estimated Monthly Maintenance Charges @ $8.366 Per Share	Estimated Annual Tax Deduction @ $48.7 Per Share
E	4.5 + 1	- SUPERINTENDENT'S APARTMENT - NOT OFFERED FOR SALE						
1A	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,413.60	284.44	1,658
1B	4.5 + 1	44	35,200.00	52,800.00	13,750.00	4,417.60	368.10	2,145
1C V	2.5 + 1	24	19,200.00	28,800.00	7,500.00	2,409.60	200.78	1,170
1D	2.5 + 1	24	19,200.00	28,800.00	7,500.00	2,409.60	200.78	1,170
1E	4.5 + 1	44	35,200.00	52,800.00	13,750.00	4,417.60	368.10	2,145
1F	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,413.60	284.44	1,658
1G	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,413.60	284.44	1,658
1H V	4.5 + 1	44	35,200.00	52,800.00	13,750.00	4,417.60	368.10	2,145
1J	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,413.60	284.44	1,658
1K	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,413.60	284.44	1,658
1L V	4.5 + 1	44	35,200.00	52,800.00	13,750.00	4,417.60	368.10	2,145
1M	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,413.60	284.44	1,658
2A	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,413.60	284.44	1,658
2B	4.5 + 1	44	35,200.00	52,800.00	13,750.00	4,417.60	368.10	2,145
2C	2.5 + 1	24	19,200.00	28,800.00	7,500.00	2,409.60	200.78	1,170
2D	2.5 + 1	24	19,200.00	28,800.00	7,500.00	2,409.60	200.78	1,170
2E	4.5 + 1	44	35,200.00	52,800.00	13,750.00	4,417.60	368.10	2,145
2F	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,413.60	284.44	1,658
2G	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,413.60	284.44	1,658
2H	4.5 + 1	44	35,200.00	52,800.00	13,750.00	4,417.60	368.10	2,145
2J	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,413.60	284.44	1,658
2K	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,413.60	284.44	1,658
2L	4.5 + 1	44	35,200.00	52,800.00	13,750.00	4,417.60	368.10	2,145
2M	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,413.60	284.44	1,658

V = Vacant

SCHEDULE A

SCHEDULE OF PURCHASE PRICES OF SHARES
ALLOCATED TO APARTMENTS
(and related information at the date of presentation of the Plan)

PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS,
ESTIMATED MAINTENANCE CHARGES AND ESTIMATED INCOME TAX
DEDUCTIONS FOR THE FIRST YEAR OF COOPERATIVE OPERATION
(JANUARY 1, 1986 – DECEMBER 31, 1986)

(1) Apt.	No. of Rooms & Baths	(2) Shares	(3) Cash Purchase Price @ $800 Per Share for Tenants in Occupancy (during "90 Day Exclusive Period")	Cash Purchase Price @ $1,200 Per Share For Non-Tenants	(4) Portion of Mortgage Allocated to Shares @ $312.50 Per Share	(5) Estimated Annual Maintenance Charges @$100.40 Per Share	Estimated Monthly Maintenance Charges @ $8.366 Per Share	(6) Estimated Annual Tax Deduction @ $48.7 Per Share
3A	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,514.00	292.81	1,706
3B	4.5 + 1	45	36,000.00	54,000.00	14,062.50	4,518.00	376.47	2,194
3C	2.5 + 1	25	20,000.00	30,000.00	7,812.50	2,510.00	209.15	1,219
3D	2.5 + 1	25	20,000.00	30,000.00	7,812.50	2,510.00	209.15	1,219
3E	4.5 + 1	45	36,000.00	54,000.00	14,062.50	4,518.00	376.47	2,194
3F	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,514.00	292.81	1,706
3G	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,514.00	292.81	1,706
3H	4.5 + 1	45	36,000.00	54,000.00	14,062.50	4,518.00	376.47	2,194
3J	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,514.00	292.81	1,706
3K	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,514.00	292.81	1,706
3L	4.5 + 1	45	36,000.00	54,000.00	14,062.50	4,518.00	376.47	2,194
3M	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,514.00	292.81	1,706
4A	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,514.00	292.81	1,706
4B	4.5 + 1	45	36,000.00	54,000.00	14,062.50	4,518.00	376.47	2,194
4C	2.5 + 1	25	20,000.00	30,000.00	7,812.50	2,510.00	209.15	1,219
4D	2.5 + 1	25	20,000.00	30,000.00	7,812.50	2,510.00	209.15	1,219
4E	4.5 + 1	45	36,000.00	54,000.00	14,062.50	4,518.00	376.47	2,194
4F V	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,514.00	292.81	1,706
4G	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,514.00	292.81	1,706
4H	4.5 + 1	45	36,000.00	54,000.00	14,062.50	4,518.00	376.47	2,194
4J	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,514.00	292.81	1,706
4K V	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,514.00	292.81	1,706
4L	4.5 + 1	45	36,000.00	54,000.00	14,062.50	4,518.00	376.47	2,194
4M	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,514.00	292.81	1,706

V = Vacant

SCHEDULE A

SCHEDULE OF PURCHASE PRICES OF SHARES
ALLOCATED TO APARTMENTS
(and related information at the date of presentation of the Plan)

PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS,
ESTIMATED MAINTENANCE CHARGES AND ESTIMATED INCOME TAX
DEDUCTIONS FOR THE FIRST YEAR OF COOPERATIVE OPERATION
(JANUARY 1, 1986 – DECEMBER 31, 1986)

	(1)	(2)	(3)		(4)	(5)		(6)
Apt.	No. of Rooms & Baths	Shares	Cash Purchase Price @ $800 Per Share for Tenants in Occupancy (during "90 Day Exclusive Period")	Cash Purchase Price @ $1,200 Per Share For Non-Tenants	Portion of Mortgage Allocated to Shares @ $312.50 Per Share	Estimated Annual Maintenance Charges @$100.40 Per Share	Estimated Monthly Maintenance Charges @ $8.366 Per Share	Estimated Annual Tax Deduction @ $48.77 Per Share
5A	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,614.40	301.18	1,755
5B	4.5 + 1	46	36,800.00	55,200.00	14,375.00	4,618.40	384.84	2,243
5C	2.5 + 1	26	20,800.00	31,200.00	8,125.00	2,610.40	217.52	1,268
5D	2.5 + 1	26	20,800.00	31,200.00	8,125.00	2,610.40	217.52	1,268
5E	4.5 + 1	46	36,800.00	55,200.00	14,375.00	4,618.40	384.84	2,243
5F ✓	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,614.40	301.18	1,755
5G	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,614.40	301.18	1,755
5H	4.5 + 1	46	36,800.00	55,200.00	14,375.00	4,618.40	384.84	2,243
5J	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,614.40	301.18	1,755
5K	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,614.40	301.18	1,755
5L	4.5 + 1	46	36,800.00	55,200.00	14,375.00	4,618.40	384.84	2,243
5M	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,614.40	301.18	1,755
6A	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,614.40	301.18	1,755
6B	4.5 + 1	46	36,800.00	55,200.00	14,375.00	4,618.40	384.84	2,243
6C	2.5 + 1	26	20,800.00	31,200.00	8,125.00	2,610.40	217.52	1,268
6D	2.5 + 1	26	20,800.00	31,200.00	8,125.00	2,610.40	217.52	1,268
6E	4.5 + 1	46	36,800.00	55,200.00	14,375.00	4,618.40	384.84	2,243
6F	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,614.40	301.18	1,755
6G	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,614.40	301.18	1,755
6H	4.5 + 1	46	36,800.00	55,200.00	14,375.00	4,618.40	384.84	2,243
6J	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,614.40	301.18	1,755
6K	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,614.40	301.18	1,755
6L	4.5 + 1	46	36,800.00	55,200.00	14,375.00	4,618.40	384.84	2,243
6M	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,614.40	301.18	1,755
TOTALS:		2,640	$2,112,000.00	$3,168,000.00	$825,000.00	$265,056.00	$22,086.24	128,752

V = Vacant

SCHEDULE B

BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION
BEGINNING JANUARY 1, 1986

Projected Income:

Maintenance Charges (2,640 shares @ $100.40 per share) (A)	$265,056
Laundry (B)	4,500
Parking (C)	24,960
	$294,516

Projected Expenses

Labor (1)	$ 34,982
Heat and Hot Water (2)	$ 31,855
Utilities (Electricity and Gas) (3)	$ 12,000
Water Charges and Sewer Rents (4)	$ 5,444
Repairs, Maintenance (5)	$ 15,000
Insurance (6)	$ 18,000
Management Fees (7)	$ 15,000
Legal Fees and Audit Fees (8)	$ 2,500
Franchise and Corporate Taxes (9)	$ 1,000
Real Estate Taxes (10)	$ 44,076
Mortgage Payments (11)	$ 99,000
Other (12)	$ 8,000
Contingency (13)	$ 7,659
TOTAL	$294,516

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SPECIAL RISK FACTORS

PHYSICAL CONDITION OF BUILDING

REFERENCE SHOULD BE MADE TO PART II OF THIS PLAN, SPECIFICALLY SECTIONS ENTITLED "SPONSOR'S STATEMENT OF BUILDING CONDITION" AND "DESCRIPTION OF PROPERTY AND BUILDING CONDITION", AS WELL AS THE REPORT OF DON GOLDBERG/TERENCE O'CONNOR, REGISTERED ARCHITECTS. THE APARTMENTS AND THE PROPERTY ARE BEING OFFERED IN THEIR CURRENT CONDITION "AS IS" WITH NO REPRESENTATIONS OR UNDERSTANDINGS EXCEPT AS EXPRESSLY SET FORTH HEREIN. THE SPONSOR WILL HAVE NO OBLIGATION TO MAKE REPAIRS OR IMPROVEMENTS UNLESS REQUIRED BY LAW. SPONSOR MAKES NO REPRESENTATION OR WARRANTY AS TO THE ADEQUACY OF THE WORKING CAPITAL FUND OR THE RESERVE FUND PROVIDED FOR IN THE PLAN TO COVER FUTURE EXPENSES OF THE APARTMENT CORPORATION WHICH MAY ARISE IN CONNECTION WITH THE REPAIR OR IMPROVEMENT OF THE BUILDING.

SHARES OF STOCK

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS OFFERING PLAN OR DOCUMENTS FILED THEREWITH, THE SHARES OF STOCK BEING OFFERED ARE NOT BEING OFFERED FOR INVESTMENT. THE PURPOSE OF THIS OFFERING IS THE SALE OF APARTMENTS FOR USE AS HOMES BY PURCHASERS ON A COOPERATIVE BASIS.

THESE SHARES ARE NOT OFFERED WITH AN EMPHASIS ON THE ECONOMIC BENEFITS TO THE PURCHASER FROM APPRECIATION OF VALUE OR EXPECTATION OF PROFIT RESULTING FROM THE RESALE OF THESE SHARES OF STOCK, NOR IS IT INTENDED THAT THE OFFERING PLAN LEAD A PURCHASER TO EXPECT PROFITS OF ANY SORT FROM THE EFFORTS OF THE SPONSOR, APARTMENT CORPORATION OR A THIRD PARTY.

SUBSCRIPTION AGREEMENT

REFERENCE IS MADE TO PARAGRAPH 14 OF THE SUBSCRIPTION AGREEMENT. TIME SHALL BE OF THE ESSENCE WITH RESPECT TO ALL PAYMENTS REQUIRED TO BE MADE BY A PURCHASER PURSUANT TO THE SUBSCRIPTION AGREEMENT AND THE PLAN. IF SUCH PAYMENTS ARE NOT MADE ON TIME, THE PURCHASER WILL BE IN DEFAULT OF HIS SUBSCRIPTION AGREEMENT, AND MAY FORFEIT HIS DOWNPAYMENT, AS NO FURTHER EXTENSIONS OF TIME NEED BE GIVEN.

IN THE EVENT A PURCHASER'S OBLIGATIONS ARE CONTINGENT UPON OBTAINING A COMMITMENT FOR FINANCING, THE PURCHASER MUST NOTIFY THE SPONSOR OF HIS INABILITY TO SECURE SUCH FINANCING WITHIN 30 DAYS FROM THE DATE OF THE EXECUTION OF THE SUBSCRIPTION AGREEMENT. IN THE EVENT PURCHASER FAILS TO NOTIFY THE SPONSOR IN SUCH PERIOD OF TIME, IT SHALL BE DEEMED THAT THE PURCHASER'S OBLIGATION TO SECURE FINANCING HAS BEEN FULFILLED. IN THE EVENT PURCHASER SECURES FINANCING OR A COMMITMENT FOR SUCH FINANCING, THE COMMITMENT MAY EXPIRE OR THE TERMS OF THE COMMITMENT MAY CHANGE PRIOR TO THE ACTUAL CLOSING. IF PURCHASER'S OBLIGATIONS ARE CONTINGENT UPON SECURING A FINANCING COMMITMENT AND THE FINANCING COMMITMENT LAPSES OR EXPIRES PRIOR TO CLOSING AND THE PURCHASER HAS MADE A GOOD FAITH EFFORT TO EXTEND THE COMMITMENT, THE SPONSOR WILL GRANT PURCHASER A RIGHT OF RESCISION TO BE EXERCISED WITHIN 15 DAYS AFTER THE COMMITMENT HAS LAPSED OR HAS BEEN SUBSTANTIALLY CHANGED.

MORTGAGE PAYMENTS

THE APARTMENT CORPORATION WILL TAKE TITLE TO THE BUILDING PREMISES SUBJECT TO AN EXISTING MORTGAGE. THE ANNUAL INTEREST RATE AS WELL AS THE MONTHLY PAYMENTS REQUIRED UNDER THIS MORTGAGE ARE SUBJECT TO CHANGE ON JUNE 1, 1986 ($8,250 PER MONTH, FIRST APPLIED TOWARD INTEREST AT THE RATE OF 11% PER ANNUM) AND JUNE 1, 1991 ($9,000 PER MONTH, FIRST APPLIED TOWARD INTEREST AT THE RATE OF 12% PER ANNUM). SEE "TERMS OF MORTGAGE" BELOW FOR AN INDEPTH DISCUSSION OF THESE MORTGAGE TERMS.

INTRODUCTION

The purpose of this Offering Plan is to set forth all the material terms of this offer. This Plan may be amended from time to time, by filing an amendment with the New York State Department of Law. All amendments will be served on all "offerees" defined as: Residential tenants; subscribers who have executed and delivered subscription agreements to the Sponsor, Apartment Corporation or selling agent, and are not in default; shareholders of the Apartment Corporation; and any other person entitled to service pursuant to law or regulation.

The building at 325 East 201 Street, Bronx, New York and the land on which it is erected ("Property") are owned by Modern Realty Associates ("Sponsor"), which acquired the Property on May 1, 1984. The Sponsor has entered into an agreement to sell the Property to Bainbridge House, Inc. (the "Apartment Corporation"); and in the event this Plan is declared effective and is thereafter consummated, the Sponsor will convey title to the Property to the Apartment Corporation.

Under this Plan, a total of 2,640 shares of capital stock of the Apartment Corporation have been allocated in blocks to residential apartments and are initially being offered for sale for a period of 90 days from the date this Plan is presented, and only to the existing residential tenants in occupancy, for $800.00 per share. These blocks of stock will be offered to non-tenants and after the expiration of the aforesaid 90 day period, to residential tenants in occupancy as well, for the sum of $1,200 per share. Sponsor will not accept subscription agreements from non-tenant purchasers for occupied units during the 90 Day Exclusive Period. There will be no increase in prices during the 90 Day Exclusive Period. The blocks of stock are sold to raise funds to enable the Apartment Corporation to purchase the Property at closing.

The building contains 72 rent stabilized apartments, which are the object of this offering plus Apartment Lobby E which is occupied by the superintendent and is not part of this offering. The Building also contains a garage which can safely accommodate 26 cars (although the Building's Certificate of Occupancy permits as many as 40 cars).

The prices for the blocks of shares allocated to the various apartments in the building are found in Schedule A. THESE PRICES HAVE BEEN SET BY THE SPONSOR AND ARE NOT SUBJECT TO APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENT AGENCY. See Schedule A for price information. The estimated annual maintenance charges for each apartment for the first year of cooperative operation are also set forth in Schedule A.

The purchaser of a cooperative apartment buys shares of the apartment corporation which owns the Property in which his apartment is located. Ownership of the shares entitles the purchaser to a special lease to his apartment commonly known as a proprietary lease. As a shareholder, he will have the right to vote annually for members of the Board of Directors who will conduct the affairs of the Apartment Corporation and supervise the operation of the building. As a lessee, he will pay as rent (customarily called "maintenance charges") a proportionate share of the Apartment Corporation's cash requirements for the operation and maintenance of the Property and creation of such a reserve for contingencies as the Board of Directors may deem proper, as well as any assessments which may be levied by the Board of Directors.

This Plan is being presented as a "Non-Eviction Plan" in compliance with the procedures contained in General Business Law §352-eeee. As a result, non-purchasing tenants may not be evicted as a result of the conversion to cooperative ownership. However, such non-purchasing tenants may be evicted for reason of non-payment of rent, or a breach of his obligation to the owner of his apartment or other violations of his lease. See section entitled "Rights of Existing Tenants."

This Plan contains all of the detailed terms of this offering. Copies of the Plan and all documents referred to in this Plan, including all exhibits submitted to the Department of Law in connection with the filing of the Plan, will be available for inspection without charge and for copying at a reasonable charge to prospective purchasers and their attorneys at the office of the selling agent.

This offering is being made to bona fide tenants in occupancy on the date that this Plan is accepted for filing by the Department of Law and to natural persons 18 years or older. This offer to sell is contingent upon the Plan being declared effective and upon compliance with the relevant conditions and time periods described in the Offering Plan.

THE PURCHASE OF A COOPERATIVE APARTMENT HAS MANY SIGNIFICANT LEGAL AND FINANCIAL CONSEQUENCES AND MAY BE ONE OF THE MOST IMPORTANT FINANCIAL TRANSACTIONS OF YOUR LIFE. THE ATTORNEY GENERAL STRONGLY URGES YOU TO READ THIS OFFERING PLAN CAREFULLY AND TO CONSULT WITH AN ATTORNEY BEFORE SIGNING A SUBSCRIPTION AGREEMENT.

SCHEDULE A

SCHEDULE OF PURCHASE PRICES OF SHARES
ALLOCATED TO APARTMENTS
(and related information at the date of presentation of the Plan)

PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS,
ESTIMATED MAINTENANCE CHARGES AND ESTIMATED INCOME TAX
DEDUCTIONS FOR THE FIRST YEAR OF COOPERATIVE OPERATION
(JANUARY 1, 1986 - DECEMBER 31, 1986)

Apt.	(1) No. of Rooms & Baths	(2) Shares	(3) Cash Purchase Price @ $800 Per Share for Tenants in Occupancy (during "90 Day Exclusive Period")	Cash Purchase Price @ $1,200 Per Share For Non-Tenants	(4) Portion of Mortgage Allocated to Shares @ $312.50 Per Share	(5) Estimated Annual Maintenance Charges @ $92.40 Per Share	Estimated Monthly Maintenance Charges @ $7.70 Per Share	(6) Estimated Annual Tax Deduction @ $43.62 Per Share
E	4.5 + 1	- SUPERINTENDENT'S APARTMENT - NOT OFFERED FOR SALE						
1A	3.5 + 1	34	$27,200.00	$40,800.00	$10,625.00	$3,141.60	$261.80	$1,483.08
1B	4.5 + 1	44	35,200.00	52,800.00	13,750.00	4,065.60	338.80	1,919.28
1C V	2.5 + 1	24	19,200.00	28,800.00	7,500.00	2,217.60	184.80	1,046.88
1D	2.5 + 1	24	19,200.00	28,800.00	7,500.00	2,217.60	184.80	1,046.88
1E	4.5 + 1	44	35,200.00	52,800.00	13,750.00	4,065.60	338.80	1,919.28
1F	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,141.60	261.80	1,483.08
1G	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,141.60	261.80	1,483.08
1H V	4.5 + 1	44	35,200.00	52,800.00	13,750.00	4,065.60	338.80	1,919.28
1J	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,141.60	261.80	1,483.08
1K	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,141.60	261.80	1,483.08
1L	4.5 + 1	44	35,200.00	52,800.00	13,750.00	4,065.60	338.80	1,919.28
1M	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,141.60	261.80	1,483.08
2A	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,141.60	261.80	1,483.08
2B	4.5 + 1	44	35,200.00	52,800.00	13,750.00	4,065.60	338.80	1,919.28
2C	2.5 + 1	24	19,200.00	28,800.00	7,500.00	2,217.60	184.80	1,046.88
2D	2.5 + 1	24	19,200.00	28,800.00	7,500.00	2,217.60	184.80	1,046.88
2E	4.5 + 1	44	35,200.00	52,800.00	13,750.00	4,065.60	338.80	1,919.28
2F	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,141.60	261.80	1,483.08
2G	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,141.60	261.80	1,483.08
2H	4.5 + 1	44	35,200.00	52,800.00	13,750.00	4,065.60	338.80	1,919.28
2J	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,141.60	261.80	1,483.08
2K	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,141.60	261.80	1,483.08
2L	4.5 + 1	44	35,200.00	52,800.00	13,750.00	4,065.60	338.80	1,919.28
2M	3.5 + 1	34	27,200.00	40,800.00	10,625.00	3,141.60	261.80	1,483.08

V = Vacant

SCHEDULE A

SCHEDULE OF PURCHASE PRICES OF SHARES
ALLOCATED TO APARTMENTS
(and related information at the date of presentation of the Plan)

PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS,
ESTIMATED MAINTENANCE CHARGES AND ESTIMATED INCOME TAX
DEDUCTIONS FOR THE FIRST YEAR OF COOPERATIVE OPERATION
(JANUARY 1, 1986 - DECEMBER 31, 1986)

Apt.	(1) No. of Rooms & Baths	(2) Shares	(3) Cash Purchase Price @ $800 Per Share for Tenants in Occupancy (during "90 Day Exclusive Period")	Cash Purchase Price @ $1,200 Per Share For Non-Tenants	(4) Portion of Mortgage Allocated to Shares @ $312.50 Per Share	(5) Estimated Annual Maintenance Charges @ $92.40 Per Share	Estimated Monthly Maintenance Charges @ $7.70 Per Share	(6) Estimated Annual Tax Deduction @ $43.62 Per Share
3A	3.5 + 1	35	$28,000.00	$42,000.00	$10,937.50	$3,234.00	$269.50	$1,526.70
3B	4.5 + 1	45	36,000.00	54,000.00	14,062.50	4,158.00	346.50	1,962.90
3C	2.5 + 1	25	20,000.00	30,000.00	7,812.50	2,310.00	192.50	1,090.50
3D	2.5 + 1	25	20,000.00	30,000.00	7,812.50	2,310.00	192.50	1,090.50
3E	4.5 + 1	45	36,000.00	54,000.00	14,062.50	4,158.00	346.50	1,962.90
3F	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,234.00	269.50	1,526.70
3G	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,234.00	269.50	1,526.70
3H	4.5 + 1	45	36,000.00	54,000.00	14,062.50	4,158.00	346.50	1,962.90
3J	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,234.00	269.50	1,526.70
3K	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,234.00	269.50	1,526.70
3L	4.5 + 1	45	36,000.00	54,000.00	14,062.50	4,158.00	346.50	1,962.90
3M	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,234.00	269.50	1,526.70
4A	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,234.00	269.50	1,526.70
4B	4.5 + 1	45	36,000.00	54,000.00	14,062.50	4,158.00	346.50	1,962.90
4C	2.5 + 1	25	20,000.00	30,000.00	7,812.50	2,310.00	192.50	1,090.50
4D	2.5 + 1	25	20,000.00	30,000.00	7,812.50	2,310.00	192.50	1,090.50
4E	4.5 + 1	45	36,000.00	54,000.00	14,062.50	4,158.00	346.50	1,962.90
4F	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,234.00	269.50	1,526.70
4G	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,234.00	269.50	1,526.70
4H	4.5 + 1	45	36,000.00	54,000.00	14,062.50	4,158.00	346.50	1,962.90
4J	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,234.00	269.50	1,526.70
4K V	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,234.00	269.50	1,526.70
4L	4.5 + 1	45	36,000.00	54,000.00	14,062.50	4,158.00	346.50	1,962.90
4M	3.5 + 1	35	28,000.00	42,000.00	10,937.50	3,234.00	269.50	1,526.70

V = Vacant

SCHEDULE A

SCHEDULE OF PURCHASE PRICES OF SHARES
ALLOCATED TO APARTMENTS
(and related information at the date of presentation of the Plan)

PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS,
ESTIMATED MAINTENANCE CHARGES AND ESTIMATED INCOME TAX
DEDUCTIONS FOR THE FIRST YEAR OF COOPERATIVE OPERATION
(JANUARY 1, 1986 - DECEMBER 31, 1986)

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5A	3.5 + 1	36	$28,800.00	$ 43,200.00	$11,250.00	$3,326.40	$277.20	$1,570.32
5B	4.5 + 1	46	36,800.00	55,200.00	14,375.00	4,250.40	354.20	2,006.52
5C	2.5 + 1	26	20,800.00	31,200.00	8,125.00	2,402.40	200.20	1,134.12
5D	2.5 + 1	26	20,800.00	31,200.00	8,125.00	2,402.40	200.20	1,134.12
5E	4.5 + 1	46	36,800.00	55,200.00	14,375.00	4,250.40	354.20	2,006.52
5F	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,326.40	277.20	1,570.32
5G	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,326.40	277.20	1,570.32
5H	4.5 + 1	46	36,800.00	55,200.00	14,375.00	4,250.40	354.20	2,006.52
5J	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,326.40	277.20	1,570.32
[illegible]	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,326.40	277.20	1,570.32
[illegible]	4.5 + 1	46	36,800.00	55,200.00	14,375.00	4,250.40	354.20	2,006.52
5M	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,326.40	277.20	1,570.32
			.00	.00	.00	.00	.00	.00
6A	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,326.40	277.20	1,570.32
6B	4.5 + 1	46	36,800.00	55,200.00	14,375.00	4,250.40	354.20	2,006.52
6C	2.5 + 1	26	20,800.00	31,200.00	8,125.00	2,402.40	200.20	1,134.12
6D	2.5 + 1	26	20,800.00	31,200.00	8,125.00	2,402.40	200.20	1,134.12
6E	4.5 + 1	46	36,800.00	55,200.00	14,375.00	4,250.40	354.20	2,006.52
6F	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,326.40	277.20	1,570.32
6G	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,326.40	277.20	1,570.32
6H	4.5 + 1	46	36,800.00	55,200.00	14,375.00	4,250.40	354.20	2,006.52
6J	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,326.40	277.20	1,570.32
6K	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,326.40	277.20	1,570.32
6L	4.5 + 1	46	36,800.00	55,200.00	14,375.00	4,250.40	354.20	2,006.52
6M	3.5 + 1	36	28,800.00	43,200.00	11,250.00	3,326.40	277.20	1,570.32
TOTALS:		2,640	$2,112,000.00	$3,168,000.00	$825,000.00	$243,936.00	$20,328.00	$115,156.80

V = Vacant

FOOTNOTES TO SCHEDULE "A"

ALL APARTMENTS ARE RENT STABILIZED

(1) Any floor plan or sketch shown to a prospective purchaser is only an approximation of the dimensions and layout of the apartment. The actual layout of the apartment may have been altered. Accordingly, each apartment should be inspected prior to purchase to determine its actual dimensions, layout and the physical condition. The number of rooms was calculated on the basis that each bedroom, living room and kitchen is considered one room and entry areas are counted as half rooms. Bathrooms and corridors are not counted as rooms.

(2) Shares were allocated by considering the number of rooms within a given apartment, the apartment location within the building, its exposure to the outside and its proportionate fair market value.

(3) These prices have been set by the Sponsor and are not subject to approval by any Government agency.

All tenants in occupancy on the date this Plan is presented are offered the shares for their respective apartments at $800 per share, only if these tenants enter into subscription agreements for their respective apartments within 90 days of the presentation of the Plan.

Thereafter, apartments will be offered to tenants in occupancy as well as non-tenants at $1,200 per share. The prices are negotiable.

The prices for the shares allocated to these apartments may be changed from time to time during this offering so that prior or subsequent purchasers may pay or may have paid less or more than the subscribers for shares allocated to similar apartments. See section "Changes in Prices and Units."

There will be no costs to be paid by the purchaser in connection with the closing of his transaction (other than the purchase price of his shares) except that if he secures financing he will be required to pay the costs assessed by the lending institution as well as $250 to the firm of Schiff, Turek & Kakoyiannis, and if he secures leasehold insurance, the title company fees and charges (see "Procedure to Purchase" for other closing charges).

(4) Although shareholders will not be personally liable to pay the mortgage, the Apartment Corporation will be responsible for these payments and the shareholders' maintenance charges include the amounts to pay the debt service on the mortgages. A failure on the part of a certain number of shareholders to make maintenance payments may result in a foreclosure and a loss of each individual shareholder's equity in his apartment.

(5) Estimated maintenance charges include cost of gas and electricity furnished to all common areas in the building. Each tenant shareholder will be responsible for his own gas and electric consumption plus the cost of interior repairs, maintenance, cable television service, painting and decorating of his apartment and the equipment and appliances contained therein; as well as the cost of insurance he may desire to secure covering his personal property as well as liability to others for personal injury or property damage. Projected maintenance charges do not include any amount for financing by a purchaser, which will be an additional expense.

(6) The estimated tax deduction is based upon a full twelve months of operation as a cooperative and is predicated on the estimated real estate taxes and mortgage interest shown in Schedule "B". The amount of tax deductions will vary in later years because of changes in the amount of real estate taxes due to changes in assessed value of the property or the tax rate or the method of assessing real property; as well as interest on the mortgage indebtedness of the Apartment Corporation due to any prepayment of principal. (See "Attorney's Income Tax Opinion.") Projected tax deductions do not include interest paid by purchasers for financing the purchase of their units, which may also be deductible.

The interest rate on the mortgage is not constant throughout the term of the mortgage. Rather the mortgage, dated May 2, 1984, provides for escalations in the mortgage interest rate. See section "Terms of Mortgage" below.

SCHEDULE B

BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION
BEGINNING JANUARY 1, 1986

Projected Income:

Maintenance Charges (2,640 shares @ $92.40 per share) (A)	$243,936
Laundry (B)	3,900
Parking (C)	20,280
	$268,116

Projected Expenses

Labor (1)	$ 34,982
Heat and Hot Water (2)	$ 34,853
Utilities (Electricity and Gas) (3)	$ 8,745
Water Charges and Sewer Rents (4)	$ 5,444
Repairs, Maintenance (5)	$ 15,000
Insurance (6)	$ 8,280
Management Fees (7)	$ 15,000
Legal Fees and Audit Fees (8)	$ 2,500
Franchise and Corporate Taxes (9)	$ 1,000
Real Estate Taxes (10)	$ 44,076
Mortgage Payments (11)	$ 82,500
Other (12)	$ 8,000
Contingency (13)	$ 7,736
TOTAL	$268,116

FOOTNOTES TO SCHEDULE "B"

A. If the actual date of commencement of cooperative ownership is delayed more than six months from the anticipated first day, the Sponsor will amend this Plan to include a revised budget. If the revised budget projection exceeds the original amount per share maintenance charge by twenty-five (25%) percent or more, all subscribers shall be offered (in such amendment) the right to rescind their subscription agreements within 15 days from the date of presentation of such amendment. The Sponsor will return any downpayment promptly to such subscriber who so elects to rescind.

B. Laundry equipment consisting of three (3) washers and two (2) dryers, is owned and maintained in the building's laundry room by Gortham Inc. (lessee) pursuant to a contract dated March 22, 1984, and expiring March 31, 1989, whereby the lessee pays a monthly rent of $325.00. The Apartment Corporation will have to provide heat, hot water and electricity to the laundry room. (See section "Management, Contracts and Leases.")

C. There are on-site parking facilities to accommodate twenty-six (26) cars. The monthly rental is $65.00 per space plus 6% sales tax. Vacant garage spaces will be offered first to tenant/shareholders and thereafter to non-purchasing tenants on a first-come-first served basis. The managing agent will accept names from tenant/shareholders and non-purchasing tenants for such spaces following the presentation date of the formal Offering Plan. Non-purchasing tenants who presently have garage spaces shall be entitled to retain their spaces at their rent stabilized garage rents for so long as they remain as tenants in occupancy and desire to keep their spaces.

(1) The labor costs are based upon the union contract with Local 32-E, dated May 30, 1984, which requires one full-time resident superintendent and one full-time porter to maintain the building. The present staff consists of one full-time superintendent.

The labor costs include the following:

Wages	$28,496
Workers' Compensation	$ 1,175
Disability Insurance	$ 50
Unemployment Insurance	$ 1,140
Payroll Taxes (FICA)	$ 1,995
Vacation Pay	$ 1,096
Union Benefits	$ 1,080

The wages are in excess of the State Minimum Wage Laws. In addition to his wages, the superintendent occupies Apartment Lobby E free of charge.

(2) Heat and hot water for the building is supplied by means of a steam heat system which was installed in June 1984 and which is able to consume Nos. 2, 4 and 6 oil. It is projected that 37,476 gallons of #6 oil will be used for the first year of operations, and that the cost, including tax, per gallon of oil will be $.93 (the cost of No. 6 oil on October 1, 1984 was less than $.80 per gallon including tax). Although the new heating system will undoubtedly operate more efficiently than the old system, the basis for this projection is the fuel actually consumed in the past three years as follows:

No. 6 Oil (Gallons)
1984 - 15,414
1983 - 44,270
1982 - 52,745

In view of the current energy situation, it is not possible to predict with certainty whether the budgeted figure will accurately reflect the cost of fuel during the first year of cooperative operation.

(3) Includes gas and electricity for the public areas and superintendent's apartment. The estimate for utility consumption is based on the average consumption of electricity (64,343 kilowatt hours) and gas (91 CCF) for the past four years. The consumption and costs were as follows:

Year	Electricity Kwhrs	Cost	Gas CCF	Cost
1984	76,896	$10,854	268	$320.00
1983	60,149	$10,246	30	$98.00
1982	60,392	$ 7,660	32	$91.00
1981	59,934	$ 7,567	33	$84.00

The estimate of the costs for these utilities are based on the current cost of $.122 per kwhr and $1.096 per CCF, including taxes, plus a projected increase of 10% above these unit costs. In view of the current energy situation, it is not possible to predict with certainty whether the budgeted figure will be in accord with actual costs to be incurred during the first year of cooperative operation.

(4) Water charges and sewer rents are projected on the basis of prior experience. The 1984/85 water charges and sewer rents are $3,704 and $2,222, respectively. For the past three years they were:

Year	Water Charges	Sewer Rents
1983/84	$3,479	$1,740
1982/83	$3,067	$1,534
1981/82	$2,629	$1,315

(5) Repairs and maintenance include general repairs to plumbing, general repairs to roof, hallways, public areas, windows and doors as well as supplies (such as cleaning supplies, general or hardware supplies, lubricants and bulbs) in addition to the painting and maintenance of the public halls and common areas. Tenant/shareholders will be responsible for the cost of interior maintenance and repairs to their respective apartments, including appliances.

(6) The Apartment Corporation will have in place at closing, fire and casualty insurance. The insurance contemplated in the budget will be adequate to replace the building in the event of total loss and to avoid being a co-insurer in the event of a partial loss, in accordance with the written opinion of Samuel Platt Agency, Inc. The insurance items covered are as follows:

COVERAGE	AMOUNT	PREMIUM
Apartment house multi-peril policy ("all risk" coverage with stipulated amounts and replacement cost endorsement)	$2,800,000	$8,280.00
Rental value (80%)	$ 270,000	Included
Elevator collision	$ 25,000	Included
General Liability	$1,000,000	Included
Directors' and Officers' liability	$ 250,000/500,000	Included
Boiler and machinery	$ 100,000	Included
Garage Keeper Liability	$ 168,000	Included

The policies will provide for a $1,000 deductible applicable to the property portion only. The liability coverage contains no deductible.

The Sponsor will deliver either insurance policies or binders to the Apartment Corporation at closing.

Shareholders may desire to secure additional insurance at their own cost to cover such risks as fire and casualty losses to unit contents, replacement, additions, upgraded fixtures and improvements, as well as liability coverage for occurences within the unit.

Insurance proceeds from fire or other casualty may be applied by the mortgagee to reduce the outstanding mortgage indebtedness instead of restoring the property.

(7) A Management Contract will be entered into with Joel T. Fishman Management Corp. at an annual fee of $15,000. The projected management fee is comparable to the fees generally charged for buildings of similar size and needs. The contract will be for an initial term of three years. However, either party will have the right to cancel the agreement any time after the second year on not less than 30 days written notice. (See "Management Agreement, Contracts and Leases.")

(8) Legal fees and audit fees are for limited legal services and for the services of an accountant to render an annual certified report to shareholders and to render a report necessary for individual tax deductions.

(9) Franchise and Corporate Taxes are based on New York State taxes at the minimum rate of .0004 mil for each such tax, of the business capital of the Apartment Corporation. The Apartment Corporation will qualify for the minimum tax inasmuch as the business capital structure (20,000 shares, $1.00 par value) is the maximum allowable to qualify for the minimum tax.

(10) The New York City tax assessor, the assessing authority, has transitionally assessed the Property at $466,000 amd $487,000 for 1985/86 and 1986/87, respectively. The present tax rate is $9.25 per $100.00. The budget is based upon these assessed valuations and tax rate.

The assessed valuation of the property, the tax rate and the real estate taxes paid for the previous four years on a gross and adjusted basis are as follows:

Year	Assessed Valuation	Tax Rate	Taxes Paid
1984/85	$445,000	9.25	$41,163
1983/84	$445,000	9.057	$40,304
1982/83	$445,000	8.95	$39,828
1981/82	$445,000	8.75	$38,938

The present actual assessed valuation of the Property is $550,000. However, the increase ($105,000) over the base assessed valuation ($445,000 for 1984/85) will be transitionally phased in over a five-year period so that each successive year will be increased by $21,000. Accordingly, under the present schedule, the actual assessed valuation will be completely phased in ($550,000) for 1988/89. No representation or warranty is made as to whether not there will be a further increase in the assessed valuation during this five-year period.

The tax assessments of cooperative apartment buildings are governed by Real Property Law §581 which obligates the tax assessor to disregard the cooperative form of ownership in valuing such properties and to value the building in the same manner as similar but non-cooperatively-owned rental buildings. However, while the fact of conversion of this building to cooperative ownership will not automatically cause an increase in assessed value, the assessed valuation may increase in the future in accordance with New York City assessment practices.

The building is presently receiving tax abatement benefits pursuant to §J51 of the Administrative Code of the City of New York. The owner of the building gets a $266.64 abatement per year as a credit against the total real estate tax due. These benefits will expire within the next year or two and accordingly were not included in the projected cost of real estate taxes for the first year of cooperative operation.

There are certiorari proceedings pending. Any refund resulting from these proceedings in the year in which the closing transpired, together with the costs and expenses of maintaining such proceedings, will be apportioned between the Sponsor and the Apartment Corporation as of the Closing Date, based upon their respective terms of ownership during such refund period. Any refund covering a period prior to the tax year in which the closing transpires, and all corresponding costs and expenses, shall belong to and be incurred by the Sponsor alone.

(11) The Apartment Corporation will acquire title to the Property subject to an existing first mortgage, held by Harvey Sorkin, Paul Moslin, Seymour Moslin and Henry Moses, in the original amount of $825,000. The mortgage requires payment of interest only at 10% per annum on a monthly basis up to and including May 1, 1986; thereafter from June 1, 1986 and on the first day of each month thereafter, the mortgage requires monthly payments of $8,250 up to and including May, 1991. Each of these monthly payments of $8,250 shall be first applied to interest at the rate of 11% per annum with the balance applied toward reducing the principal indebtedness. Commencing on June 1, 1991 and on the first day of each and every month thereafter, the mortgage requires monthly payments of $9,000 up to maturity on May 1, 2001.

Each of the $9,000 monthly payments shall be first applied toward interest at the rate of 12% per annum with the balance applied toward reducing the principal indebtedness. The entire mortgage shall become due and payable on May 1, 2001, at which time approximately $700,000 will become due and payable. It will be the Apartment Corporation's obligation to either refinance the loan when it becomes due in 2001 or to repay the indebtedness at the approximate cost of $265.15 per share. No representations are made as to the Apartment Corporation's ability to refinance the loan, or to the availability of such funds or the interest rate at the time the mortgage comes due. For further explanation of all of the mortgage terms, see section entitled "Terms of Mortgages."

(12) Includes other miscellaneous expense items such as permits and fees as well as such service contracts as elevator, water treatment, exterminator and sprinkler, in addition to interest on closing adjustment promissory notes (see section "Reserve Fund and Working Capital Fund" below).

(13) The contingency fund is intended to provide for unanticipated expenses or unanticipated increases in projected expenses, as well as the payment of any closing adjustment promissory notes, if any. This contingency fund is anticipated to be used in connection with the ordinary operations of the building as a cooperative and not as a fund from which major repairs or capital expenditures will be made. The working capital fund and the reserve funds to be retained by the Apartment Corporation are anticipated to be used for purposes of defraying the cost of major repairs and capital improvements, respectively. (See section entitled "Reserve Fund and Working Capital Fund.")

IN THE OPINION OF THE SPONSOR, THE PROJECTED RECEIPTS ARE ADEQUATE TO MEET THE ESTIMATED EXPENSES AS SET FORTH IN SCHEDULE B FOR THE FIRST YEAR OF OPERATION OF THE PROPERTY AS A COOPERATIVE. SCHEDULE B, HOWEVER, IS NOT INTENDED AND SHOULD NOT BE TAKEN AS A GUARANTEE OR WARRANTY THAT THE PROJECTED MAINTENANCE CHARGES OR OTHER PROJECTED RECEIPTS OR THE ESTIMATED EXPENSES WILL BE AS SET FORTH IN SCHEDULE B FOR THE FIRST YEAR OF OPERATION AS A COOPERATIVE OR FOR ANY SUBSEQUENT PERIOD. IT IS LIKELY THAT THE ACTUAL MAINTENANCE CHARGES AND OTHER INCOME AS WELL AS EXPENSES WILL VARY FROM THE AMOUNTS SHOWN IN SCHEDULE B.

CHANGES IN PRICES AND UNITS

The cash purchase prices for the apartments, as set forth in Schedule A may be changed from time to time during this offering so that prior or subsequent purchasers may pay less or more than the subscribers for similar apartments. The cash purchase price for tenants in occupancy will not be increased during the 90 Day Exclusive Period. No across-the-board price increases or decreases affecting one or more lines of units or unit models, advertised price changes or price increase for an individual purchaser may be effective except by filed amendment. Prices are negotiable. The Sponsor or Apartment Corporation may enter into an agreement with an individual purchaser to sell one or more units at prices lower than those set forth in the Plan, without the need to file an amendment; however, in such event, the subscription agreement will not be counted toward declaring the Plan effective (see "Effective Date").

Any change in the cash purchase price will not affect the maintenance charges or the share allocation of any apartment (including apartments whose cash purchase prices have not changed), or vary the total number of shares to be issued under this Plan or affect the cash payment requirement stated in any subscription agreement then in effect. Unless an affected purchaser consents, no material change will be made in his unit's size, layout or share allocation if a subscription agreement has been executed and delivered to the Apartment Corporation or Sponsor for that unit and the purchaser is not in default. Further, no material change will be made in the total number of shares or in the size or quality of public areas unless purchasers who executed and delivered subscription agreements to the Apartment Corporation or Sponsor and are not in default, receive a right to rescind within 15 days after the presentation of the amendment reflecting such changes.

In the event of a change in price, share allocation or the total number of shares offered, the Sponsor will obtain prior to closing, a further opinion that a reasonable relationship will exist between the purchase prices of each block of shares and that portion of the equity of the Apartment Corporation in the land and building attributable to the apartment to which such shares are allocated.

In order to meet possible varying demands for the number and type of apartments, or to meet particular requirements of a prospective purchaser or for any other reason, the Sponsor reserves the right to change the layout of apartments; and to change the number of apartments by subdividing one or more apartments or combining separate apartments into one or more apartments, provided that the approval of all government authorities having jurisdiction is first obtained, if such approval is required by law. Any change in the size of an apartment, or in the number of apartments, the number of shares, or the size or quality of public areas will be reflected in a filed amendment to this Plan.

DAVID DAY REALTY INC 532 Madison Avenue, New York, N.Y. 10022 (212)935-8700

JOSEPH YADGAROFF
President

OPINION OF REASONABLE RELATIONSHIP

October 18, 1984

Bainbridge House, Inc.
c/o Schiff, Turek & Kakoyiannis
136 East 57th Street
New York, New York 10022

Gentlemen:

We have reviewed the allocation of shares, the cash purchase price of each apartment, and other estimates contained in the schedule entitled "Schedule of Purchase Prices of Shares Allocated to Apartments" (Schedule A) for inclusion in the Plan of Cooperative Organization of 325 East 201st Street, New York, New York.

We are a licensed real estate brokerage firm and our experience includes: Since 1974 our firm has acted as sales agent for at least 25 buildings in the New York City area and in each situation we have assisted the Sponsor in preparing the share allocations as well as the proposed budget for first year of cooperative operation. We have sold individual apartments in some 300 cooperative buildings and accordingly we are quite familiar with cooperatives in the New York City area. Additionally, we have acted as managing agent for the following cooperatives: 27 East 38th Street, New York, N.Y.; 315 West End Avenue, New York, N.Y.; and 51 East 98th Street, New York, N.Y.

In our opinion, at the date of this letter, the Total Cash Payment to be paid for each and every apartment is not less than an amount that bears a reasonable relationship to the portion of the fair market value of the equity in the premises which is attributable to such apartment. We are also of the opinion that such reasonable relationship will continue until the Plan is consummated, at which time, if such be the case, we will give you a further written opinion that the actual Total Cash Payment paid for each block of shares meets such reasonable relationship standard.

We are aware that under the Plan you will have the right to change the Cash Purchase Price of apartments from time to time. As a result of such changes, the purchaser of an apartment may pay more or less than the purchaser of a comparable apartment having the same number of shares. It is our opinion that such reasonable relationship will be maintained notwithstanding that comparable apartments with the same number of shares allocated to each are sold for a different cash purchase price in accordance with the foregoing. It is our opinion that such reasonable relationship exists even though blocks of shares may be sold to tenants in the building for a cash purchase price per share lower than that paid by non-tenants, as provided in the aforesaid schedule.

The basis for the allocation of shares is the size of apartments, the respective location within the building, their different exposures and the proportionate fair market value to the other apartments in the building.

You have advised the undersigned of your intention to reproduce this letter in the Plan and we hereby consent to such use.

The undersigned nor its principals have any affiliation, relationship or participation in this offering or with the Sponsor.

Very truly yours,

DAVID DAY REALTY CO.

By: _____

DROGIN & KATZ

CERTIFIED PUBLIC ACCOUNTANTS

Ely Drogin C.P.A
Stephen M. Katz C.P.A

501 Ashford Avenue
P.O. Box 556
Ardsley, New York 10502
(914) 693-7777

May 7, 1984

TO THE OWNERS OF
325 EAST 201 STREET
BRONX, NEW YORK

We have examined the accompanying comparative statement of income and expenses relating to the operations of the property located at 325 East 201 Street, Bronx, N.Y., for the years ended December 31, 1983 and 1982. No provision for depreciation of fixed assets, amortization of mortgage expense, or interest on mortgages was considered in this report.

In our opinion, the accompanying statement for the two above mentioned years presents fairly the income and expenses, exclusive of depreciation of fixed assets, amortization of mortgage expense, and interest on mortgages, for the aforementioned periods in conformity with generally accepted accounting principles applied on a consistent basis.

Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Stephen Katz

STEPHEN M. KATZ, CPA

THE PROPERTY LOCATED AT 325 EAST 201 ST., BRONX, N.Y.

COMPARATIVE STATEMENT OF INCOME AND EXPENSES
FOR THE CALENDAR YEARS ENDED
DECEMBER 31, 1983 AND 1982

	1983	1982
INCOME:		
Apartments	$231,914	$220,026
Garage	18,642	18,655
Other	240	240
	$250,796	$238,921
OPERATING EXPENSES:		
Labor (including wages, welfare and pension costs, and payroll taxes)	$ 27,560	$ 26,357
Fuel	37,630	46,416
Electric and Gas	10,344	7,751
Supplies and Misc.	6,983	7,635
Water charges and Sewer rent	5,219	4,648
Insurance (Note 1)	3,469	4,845
Painting	2,606	3,081
Repairs and Maintenance services (Note 2)	10,754	12,925
Legal and Audit	639	1,614
Management	11,133	9,742
Licenses and Permits	1,214	1,443
Real Estate Taxes (Note 3)	31,114	37,414
Pest Control	260	325
	$148,925	$164,196
NET INCOME	$101,871	$74,725

THE PROPERTY LOCATED AT 325 EAST 201 ST., BRONX, N.Y.

NOTES TO:
COMPARATIVE STATEMENT OF INCOME AND EXPENSES

NOTE 1: INSURANCE:

A three year Multi Peril premium amounting to $9,796 has been prorated over a 3 year period and has been charged to expenses accordingly.

NOTE 2: REPAIRS AND MAINTENANCE SERVICES:

This caption is comprised of the following categories of repair, maintenance and expense:

	1983	1982
Carpentry	$ 1,076	$ 1,095
Electrical	155	217
Plumbing	832	1,229
Roofing	917*	2,159
Glazing	95*	75
Tile and Masonry	474*	1,461
Elevator	4,207	2,870
Heating and A/C Service	2,841	3,588
Miscellaneous	157	231
	$10,754	$12,925

* In November 1983, Yates Roofing Corp. completed extensive exterior repairs to windows and masonry at a cost of $6,900. This work was paid for in 1984 and the cost is not included above.

NOTE 3: REAL ESTATE TAXES:

Real Estate Taxes are shwon net of reductions in payment due to J51 abatements and exemptions granted by the City of New York.

DROGIN & KATZ

CERTIFIED PUBLIC ACCOUNTANTS

Ely Drogin C.P.A.
Stephen M. Katz C.P.A.

501 Ashford Avenue
P.O. Box 556
Ardsley, New York 10502
(914) 693-7777

June 20, 1985

TO THE OWNERS OF
325 East 201 Street
Bronx, New York

We have examined the accompanying statement of income and expenses relating to the operations of the property located at 325 East 201 Street, Bronx, N.Y., for the four month period January 1, 1984 to April 30, 1984. No provision for depreciation of fixed assets, amortization of mortgage expense, or interest on mortgages was considered in this report.

In our opinion, the accompanying statement presents fairly the income and expenses, exclusive of depreciation of fixed assets, amortization of mortgage expense, and interest on mortgages, for the aforementioned period in conformity with generally accepted accounting principles applied on a consistent basis.

Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Stephen Katz

STEPHEN M. KATZ, CPA

THE PROPERTY LOCATED AT 325 EAST 201 ST., BRONX, N.Y.

STATEMENT OF INCOME AND EXPENSES
FOR THE FOUR MONTH PERIOD

January 1, 1984 to April 30, 1984

INCOME:	
Apartments	$79,380
Garage	6,613
Other	120
	$86,113
OPERATING EXPENSES:	
Labor (including wages, welfare and pension costs, and payroll taxes)	$10,319
Fuel	29,398
Electric and Gas	4,105
Supplies and Misc.	2,083
Water charges and Sewer rent	1,740
Insurance (Note 1)	1,156
Painting	1,175
Repairs and Maintenance services (Note 2)	11,695
Legal and Audit	675
Management	2,629
Licenses and Permits	353
Real Estate Taxes (Note 3)	13,344
Pest Control	245
	$78,917
NET INCOME	$ 7,196

THE PROPERTY LOCATED AT 325 EAST 201 ST., BRONX, N.Y.

NOTES TO:
STATEMENT OF INCOME AND EXPENSES

NOTE 1: INSURANCE:

A three year Multi Peril premium amounting to $9,796 has been prorated over a 3 year period and has been charged to expenses accordingly.

NOTE 2: REPAIRS AND MAINTENANCE SERVICES:

This caption is comprised of the following categories of repair, maintenance and expense;

Carpentry	$ 202
Electrical	146
Plumbing	1,209
Roofing	588
Glazing	302
Tile and Masonry	7,144*
Elevator	866
Heating and A/C Service	1,146
Miscellaneous	92
	$11,695

* In November 1983, Yates Roofing Corp. completed extensive exterior repairs to windows and masonry at a cost of $6,900. This work was paid for in 1984 and the cost is included above.

NOTE 3: REAL ESTATE TAXES:

Real Estate Taxes are shown net of reductions in payment due to J51 abatements and exemptions granted by the City of New York.

Chassin Kandell & Company

Certified Public Accountants

107 Northern Boulevard
Great Neck, New York 11021
516-466-2223
212-227-6662

To the Owners of
Modern Realty Associates
(A New York Limited Partnership)

We have examined the accompanying statement of income and operating expenses of Modern Realty Associates (A New York Limited Partnership) (owners of the property located at 325 East 201st Street, Bronx, New York) for the period from April 27, 1984 (inception) to December 31, 1984. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

No provision for depreciation of fixed assets, amortization of mortgage expense or interest on mortgages was considered in this report.

In our opinion, the financial statement referred to above presents fairly the income and operating expenses for the period April 27, 1984 (inception) to December 31, 1984 on the basis of accounting described in Note 2, which basis has been applied in a consistent manner.

Chassin Kandell & Company

Great Neck, New York
March 15, 1985

MODERN REALTY ASSOCIATES
(A NEW YORK LIMITED PARTNERSHIP)
STATEMENT OF INCOME AND OPERATING EXPENSES
FOR THE PERIOD APRIL 27, 1984 (INCEPTION) TO DECEMBER 31, 1984

Income		
Base rents	$161,143	
Garage	12,480	
Laundry	2,600	
Miscellaneous	128	$176,351
Operating expenses		
Real estate taxes	26,898	
Wages	16,208	
Payroll taxes	1,365	
Employee benefits	1,245	
Fuel oil	15,663	
Electricity and gas	8,317	
Management commissions (Note 3)	5,271	
Insurance	3,624	
Supplies	3,215	
Repairs and maintenance	8,439	
Exterminating	346	
HVAC repairs	130	
Painting	1,727	
Elevator	2,099	
Water and sewer	3,854	
General	1,112	
Legal and consulting fees	75	
Accounting fees	6,535	
Licenses and permits	99	
Advertising	775	106,997
Operating income from property		$ 69,354

The accompanying notes are an integral part of this statement of income and operating expenses

MODERN REALTY ASSOCIATES
(A NEW YORK LIMITED PARTNERSHIP)
NOTES TO STATEMENT OF INCOME AND OPERATING EXPENSES
DECEMBER 31, 1984

Note 1 - Modern Realty Associates was organized on April 27, 1984 for the purpose of acquiring, operating and converting to cooperative ownership, a 72 unit apartment complex building located at 325 East 201st Street, Bronx, New York.

Note 2 - The accompanying statement of income and operating expenses has been prepared in accordance with generally accepted accounting principles.

Cooperative Housing

Depreciation has not been provided since the General partner has initiated formal procedures to obtain State approval for a cooperative housing conversion.

Note 3 - Commitments

Property Management Agreement

Effective April 27, 1984, the Partnership entered into a property management agreement with the General partner. The agreement provides for management fees equal to 3.0% of rents collected.

LAW OFFICES
SCHIFF, TUREK & KAKOYIANNIS
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

136 EAST 57TH STREET
NEW YORK, NEW YORK 10022
(212) 935-7600

ATTORNEY'S INCOME TAX OPINION

October 12, 1984

Bainbridge House, Inc.
c/o Schiff, Turek & Kakoyiannis
136 East 57th Street
New York, New York 10022

Gentlemen:

Under the provisions of Section 216 of The United States Internal Revenue Code, Section 615 of the New York State Law and Section T.46.15.0 of the Administrative Code of the City of New York, tenant/shareholder of a cooperative housing corporation are entitled to deduct from their gross income for Federal, New York State and New York City income tax purposes, their proportionate shares of the real estate taxes and interest on the mortgage paid by the cooperative housing corporation, provided that the requirements of those statutes are satisfied. For purposes of these provisions, a cooperative housing corporation is a corporation where outstanding stock meets the statutory requirements, whose stockholders are entitled to occupy their apartments for dwelling purposes by reason of their stock ownership, and 80% of whose gross income is derived from tenant/stockholders.

David Day Realty of has advised the Sponsor that in its opinion, on the original issue date, a reasonable relationship will exist between the purchase price of each block of shares and that portion of the equity of the apartment corporation in the land and building attributable to the apartment to which such shares are allocated.

In our opinion, you, the Apartment Corporation will be a cooperative housing corporation if this Cooperative Plan is consummated as herein set forth and provided further that the following conditions are fulfilled:

(1) The Apartment Corporation may have only one class of stock outstanding;

(2) Each stockholder must be entitled, solely by reason of his ownership of the corporation's shares, to occupy for dwelling purposes an apartment in the building owned or leased by the corporation. In this regard the regulations of the Internal Revenue Service provide that the stockholder is not required to occupy the premises. The right as against the corporation to occupy the premises is sufficient. This right must be conferred on each stockholder solely by reason of his ownership of stock in the corporation, that is, stock ownership must entitle the owner thereof either to occupy the premises or to a lease of the premises. [Treasury Regulation §1.216-1(d)(2)];

(3) No stockholder is entitled, either conditionally or unconditionally, to receive any distribution not out of earnings and profits of the corporation except upon a complete or partial liquidation of the corporation; and

(4) 80% or more of the corporation's gross income for the taxable year in which real estate taxes and mortgage interest are paid or incurred by the corporation must be derived from qualified tenants/stockholders.

Provision (4) contains three distinct, but related tests that must be met.

The first of these, is that qualified tenant/stockholders must be individuals. Provisions of §531 of the Revenue Act of 1978 provide that for three years following closing of title, income received from the Sponsor of a Cooperative Plan of Organization qualifies as income received from qualified tenant/stockholders. Thereafter, Sponsor will provide individual person or persons, acting upon their own account, who will purchase any shares unsold at the time of closing which are still unsold three years thereafter, and execute proprietary leases for those apartments. Further, these individuals will not be acting as nominees. Accordingly, we are of the opinion that the case of Eckstein v. United States, 452 F. 2d 1036 (Ct. Cl., 1971), does not apply.

In addition, we note that apartments in the premises may be used for professional purposes. Inasmuch as the stockholders whose shares are allocated to such apartments are entitled to occupy the same as against the Apartment Corporation for residential purposes under applicable law, we are of the opinion that income received on account of such apartments from the stockholders thereof will not disqualify the Apartment Corporation within the meaning of §216 of the Internal Revenue Code.

The second criterion that the shares of the cooperative housing corporation must be fully paid for and the amount paid for each block allocated to an apartment bear a reasonable relationship to the fair market value of that apartment as a portion of the fair market value of the entire property. Assuming the correctness of the opinion of the Sponsor and David Day Realty, but without passing upon the accuracy of such opinion, having regard to that portion of the Plan which provides that no change in such stock allocation may be made without a further opinion which will state that the aforesaid "reasonable relationship" has been maintained, we believe that this test has been met.

Finally, 80% of the gross income of the corporation must be derived from payments of maintenance charges by qualified tenant/stockholders under their respective proprietary leases. Based upon the estimate of income and expenses set forth in the Plan for the first year of operation as a cooperative housing corporation, but without making any guarantee or warranty in that regard, we believe, that this test has been met.

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 Apartment Corporation changes. The exact amount of any tax savings to any individual will depend upon his individual tax bracket, the manner in which he reports his income, and his individual tax situation.

Finally, we note that there is some speculation arising from recent IRS audits which consider whether §277 of the Internal Revenue Code applies to apartment corporations. It is our opinion that §277, which provides that membership organizations cannot use income from non-member sources to reduce charges for services, facilities or other valuable items furnished to members, is not applicable to apartment corporations. Our opinion is based upon the definition of "membership organization" (Treasury Regulations §1.277-1B) as well as the intent and purpose of §277. In any event, should §277 be ruled to apply to apartment corporations, it might then be necessary for the Apartment Corporation to segregate for tax purposes income received from non-member sources, if any, which will be taxable.

In our opinion, the Apartment Corporation will qualify as a cooperative housing corporation and tenant-stockholders will be entitled to income tax deductions. However, this opinion is not a guarantee; it is based upon existing rules of law applied to the facts and documents referred to above. No assurances can be given that the tax laws upon which counsel based this opinion will not change. In no event will the Sponsor, Sponsor's counsel, the Apartment Corporation, counsel to the Apartment Corporation, the selling agent or any other person be liable if the Apartment Corporation ceases to meet the requirements of the Internal Revenue Code of 1954, as amended, or the New York State tax law, as amended, if there are changes in the facts on which counsel relied in issuing this opinion, or if there are changes in the applicable statutes, regulations, decisional law or Internal Revenue Service rulings on which counsel relied.

Very truly yours,

SCHIFF, TUREK & KAKOYIANNIS

RIGHTS OF EXISTING TENANTS

This offering plan is being presented as a "Non-Eviction Plan". Therefore a non-purchasing tenant will not be subject to eviction under existing law by the Sponsor or by purchasers of shares allocated to his apartment by reason of his not purchasing his apartment. Non-purchasing tenants are subject to eviction however, for failure to pay rent or as a result of any other default in their obligations as tenants which would permit a termination of their tenancy and eviction in accordance with applicable law.

All bona fide tenants in occupancy on the date the Plan is accepted for filing will have the exclusive right to subscribe to purchase the shares allocated to their dwelling units for 90 days after the Plan is presented. Any bona fide tenant with the right to renew his lease on the date the Plan is accepted for filing has the right to subscribe at the cash purchase price for tenants in occupancy during the exclusive period. Any bone fide tenant who has the right to continued occupancy on the date the Plan is accepted for filing has the right to subscribe at the cash purchase price for tenants in occupancy during the exclusive period. For the purpose of determining who has the right to subscribe during the exclusive period, a bona fide tenant of record with an unexpired lease on the date the Plan is accepted for filing shall be presumed to be a "tenant in occupancy" even thuogh the tenant has sublet his or her dwelling unit or the dwelling unit is not the tenant's primary residence. A bona fide sublessee in occupancy on the date the Plan is accepted for filing has the right to subscribe during the exclusive period if he or she: (i) sublets from a non-bona fide tenant; or (ii) has obtained written permission to purchase the shares allocated to his or her dwelling unit from a bona fide tenant of record. Nothing herein shall be construed to deprive an owner or any legal remedy for illegal occupancy. Any tenant in occupancy which is a corporation, partnership, trust, estate or other non-individual entity will be permitted to purchase the shares allocated to its apartment.

Pursuant to Section 352-eeee of the General Business Law, the Sponsor guarantees that all dwelling units occupied by non-purchasing tenants will be managed by the same managing agent who manages the other units in the building, and that such managing agent will provide to non-purchasing tenants all of the services and facilities required by law on a non-discriminatory basis. This guaranty shall remain until such time as the Sponsor relinquishes control of the Board of Directors of the Apartment Corporation to residents of the building.

After the issuance of the letter from the Attorney General's Office accepting the Plan for filing, on the 30th, 60th, 88th and 90th days after such date and at least once every 30 days until the Plan is declared effective or abandoned and on the 10th and 2nd day before the expiration of any exclusive purchase period, the Sponsor shall post, before noon in a prominent place accessible to all tenants in the building, a written statement under oath listing the percentage of dwelling units in the building subscribed for by bona fide tenants in occupancy or bona fide purchasers who represent that

they intend (as of such statement) that they or one or more members of their immediate family will occupy the dwelling unit when it becomes vacant. Such statement shall remain posted until the next statement must be posted. The percentage shall be computed in the same manner as the Sponsor shall compute the minimum percentages needed to declare the Plan effective. The notice shall also be filed with the Department of Law, along with a list of the purchasers, the date each subscription agreement was signed and the amount of downpayment tendered. Copies of these notices will be available for inspection during business hours at the office of the Sponsor at 250 West 57th Street, New York, New York. The notice filed with the Department of Law shall include the following:

A. The date and time of statement;
B. The date the Plan was filed with the Department of Law;
C. The date of presentation;
D. The last day of any exclusive period;
E. The number of dwelling units in the building;
F. The number of subscribers who may not be included in the count at the time of posting, but whom the Sponsor seeks to include in the future;
G. The number of apartments subscribed for; and
H. The percentage of apartments subscribed for as of the specified time on the date of the statement.

As of the date of presentation of this Plan, all 72 apartments being offered are Rent Stabilized. Non-purchasing tenants shall continue to remain subject to the same Government regulations for so long as they remain in possession. So long as a non-purchasing tenant has the right to remain in possession of his apartment, his rent and other conditions of his tenancy shall continue to be subject to the New York City Rent Stabilization Law and Code, the New York State Emergency Tenant Protection Act and the Omnibus Housing Act of 1983, whichever is applicable; and if there is no law that governs his particular apartment, no unconscionable increases in rent may be made. Complaints of unconscionable rent increases may be referred to the New York State Department of Law, Bureau of Real Estate Financing, Two World Trade Center, New York, New York 10047.

In accordance with General Business Law §352-eeee, tenants or their representatives may physically inspect the premises at any time, during normal business hours, upon written request made by them to the Sponsor, provided that the representatives are registered architects or professional engineers licensed to practice in New York State.

The By-Laws of the Apartment Corporation (Article V, Section 2) provides that simultaneous with the assignment of any lease and the transfer of the shares of the corporation allocated to an Apartment Corporation will be required to serve notice upon the non-purchasing tenant occupants of the apartment advising them of the assignment and the identity of the purchaser of the shares.

Tenants in occupany who subscribe to purchase the shares allocated to their apartments will be permitted to assign or transfer their subscription agreements in accordance with the terms of this Plan as they are enumerated in the section "Assignment of Subscription Agreement".

The rights of purchasing and non-purchasing tenants under the Plan may not be abrogated or reduced notwithstanding any expiration or amendment to General Business Law §352-eeee.

It is unlawful for any person to engage in any course of conduct (including but not limited to, interruption or discontinuance of essential service) which substantially interfered with or disturbs the comfort, repose, peace or quiet of any tenant in his use or occupancy of the dwelling unit ot facilities related thereto.

THIS PLAN MAY NOT BE AMENDED AT ANY TIME TO PROVIDE THAT IT SHALL BE AN EVICTION PLAN.

OBLIGATIONS OF HOLDERS OF SHARES ALLOCATED TO DWELLING UNITS OCCUPIED BY NON-PURCHASING TENANTS

Since this is a "Non-Eviction" plan, a purchaser of shares allocated to an apartment occupied by a non-purchasing tenant will not be able to obtain possession of such apartment by eviction except if the tenant fails to pay rent, or defaults in his obligations as a tenant which would permit a termination of his tenancy in accordance with his lease agreement or applicable law.

Consequently, a purchaser of the shares allocated to such an apartment will obtain the properietary lease for the apartment subject (a) to the terms of the lease for the apartment then in effect (and any renewal of the terms thereof effected after the Date of Presentaton of this Plan); (b) to any existing occupancy of the apartment; (c) to the right of any existing tenant (who has not purchased the shares allocated to his apartment) to remain in possession of the apartment in accordance with the terms of his lease; and (d) to the tenants' rights pursuant to GBL §352-eeee.

No representation or warranty is made as to the length of time which may elapse before actual possession of any apartment may be obtained.

IT IS RECOMMENDED THAT ANY PERSON WHO DESIRES TO PURCHASE AN OCCUPIED APARTMENT, CONSULT WITH AN ATTORNEY IN ORDER TO BECOME FULLY APPRISED OF HIS OBLIGATIONS TO ANY EXISTING TENANT OR OCCUPANT.

If the shares allocated to an apartment are purchased by someone other than the tenant, the tenant will become the purchaser's tenant on the Closing Date and the purchaser will become his immediate landlord.

A purchaser who acquires the shares allocated to an occupied apartment will be required to pay to the Apartment Corporation the maintenance charges for such apartment, whether the same are greater or less than the rent received from the tenant in occupancy. By reason of the terms of the purchaser's proprietary lease and any applicable laws, regulations, and rules, the purchase will also be responsible for the due performance of all the obligations of the landlord under the lease with the tenant, including, without limitation, obligatoins to maintain, repair and replace plumbing fixtures, refrigerator, range, lighting fixtures and other equipment in the apartment, and to paint the apartment. Such purchasers will also be primarily liable to the Apartment Corporation for the performance of all lesses's obligations under the proprietary lease for said apartment. Such purchasers will also be requred to maintain the non-purchasing tenants' security deposits which may be required under their lease in a segregated account, in accordance with General Obligations Law §7-103.

A subcriber for the purchase of an occupied apartment will be required to irrevocably appoint the Building's managing agent as his or her agent to perform all services required to be furnished or performed by the landlord under the non-purchasing tenant's lease and applicable law, at the purchaser's expense. Such purchaser of an occupied apartment will also be required to deposit with the managing agent at the closing, the equivalent of two months maintenance to be used as working capital to furnish services as required under the non-purchasing tenant's lease and under the applicable laws and regulations. Within 30 days from receipt of notice from the managing agent that the deposit has been diminished, the fund shall be replenished by the shareholder. The failure of the purchasing shareholder to replenish the fund in a timely fashion shall result in the Apartmetn Corporation having a lien against the shares allocated to the dwelling unit. Interest if any, earned on the fund shall be the property of the shareholder.

Any person interested in purchasing shares of the Apartment Corporation allocated to an apartment in which he does not reside is urged to examine the present lease pertaining to the apartment to which such shares are allocated, verifying not only the expiration date of the lease, and any renewal thereof, but also the rent currently payable for the apartment (which may be more or less than the maintenance charges that will be payable to the Apartment Corporation after the closing under the Plan) and the obligations of the landlord thereunder.

If any apartment occupied by a non-purchasing tenant shall be the subject of a rent exemption order under Section Y51-5.0(n) of the New York City Administrative Code or any similar provision of law, and the shares allocated to such apartment are either held by a non-tenant shareholder or a Holder of Unsold Shares, the Apartment Corporation shall apply for the abatement pursuant to Section Y51-5.1(c) of the New York City Administrative Code or any similar provision of law, and the amount of the maintenance charges payable by such non-tenant shareholder or Holder of Unsold Shares in respect to such apartment shall be reduced to the extent of any tax abatement received as a result of such application. The Apartment Corporation shall not be obligated to engage in litigation to secure such tax abatement and rent exemption. The maintenance charges payable by any such non-tenant shareholder or Holder of Unsold Shares shall continue to be reduced by the amount of such tax abatement for so long as such tax abatement shall continue.

ALL COSTS AND EXPENSES INCURRED IN CONNECTION WITH THE OWNERSHIP OF AN APARTMENT OCCUPIED BY ANOTHER (INCLUDING WITHOUT LIMITATION, LEGAL FEES AND LITIGATION EXPENSES FOR ENFORCING THE LEASE AND/OR OBTAINING POSSESSION OF THE APARTMENT) WILL BE BORNE ENTIRELY BY THE PURCHASER.

INTERIM LEASES

The Sponsor shall have the right to lease a vacant apartment to purchasers or non-purchasers. The lease will be for such rent (not exceeding the maximum rent legally collectible) and upon such other terms as may be mutually agreed upon. A lease entered into with a purchaser will also provide that any default by the purchaser under his subscription agreement will constitute a default under the lease entitling the landlord, at its option to immediately terminate such lease. A default under the lease shall be a default under the subscription agreement with the Sponsor's similar right to cancel the subscription agreement if either (a) the Sponsor obtains an order of eviction or other order against the tenant from a court of competent jurisdiction or (b) the tenant vacates from the apartment. Following the default, rescission of the subscription agreement or the abandonment of the Plan, the occupant of the apartment shall have 30 days following notice by the Sponsor to vacate said apartment. If the Plan is abandoned and the landlord chooses to allow the occupant of the apartment to become the tenant of the apartment, he will be subject to the Rent Stabilization Law and Code.

No portion of the rental paid under such lease will be credited toward the apartment cash purchase price.

PROCEDURE TO PURCHASE

A person desiring to purchase shares of the Apartment Corporation will be required to execute a subscription agreement plus applicable exhibits a transferee's gains tax questionnaire and subscriber's affidavit, in the form contained in this Plan and return it to the sponsor/selling agent, Modern Realty Associates, Suite 2530, 250 West 57th Street, New York, New York, together with a check in the amount of $1,000 for existing tenant/subscribers, and 10% of the total purchase price for nontenant/subscribers, drawn to the order of "STK - Bainbridge Special."

The Sponsor will promptly deposit all monies received by it directly or through its agents, employees or escrow agent, in a special segregated non-interest bearing trust account at Banker's Trust Co., Park Avenue and 57th Street, New York, New York, entitled "STK - Bainbridge Special" to be held in escrow until closing as herein described. Funds may be released only on the signature of an attorney in the firm of Schiff, Turek & Kakoyiannis, at the closing or in the event the purchaser rescinds or defaults or if the Plan is abandoned. In the event that insufficient funds are raised through the offering to effectuate the transfer of title to the Property and the consummation of the Plan, or if the Plan is abandoned or withdrawn for any reason, whatsoever, then such monies shall be fully returned to the purchasers with interest, if any. The amounts paid by the purchasers will be held in escrow in accordance with the provisions of General Business Law section 352-e(2)(b) in a trust account managed in accordance with the General Business Law §352-h.

After the Plan is declared effective, each purchaser will be given 15 days written notice to deliver to the Sponsor or selling agent his certified check or official bank cashiers check in the amount of the balance of the cash purchase price together with 2 copies of the proprietary lease, signed by him and acknowledged by a notary public. Purchaser's failure to sign the proprietary leases as required may result in his being declared in default of his subscription agreement and thereby forfeiting his right to purchase with the loss of the amount previously paid the Sponsor/selling agent, not exceeding 10%. Inasmuch as the Closing Date shall not be less than 30 or more than 120 days from when the Plan is declared effective, the maximum number of days that the purchase funds may be held in escrow before closing is 105 days.

In the event a purchaser is obtaining financing from a lending institution, only that portion of the balance of the cash purchase price which is not being financed need be paid within the aforesaid 15 day period. However, in such case, the purchaser shall furnish together with payment of the nonfinanced balance of the purchase price, a copy of the written commitment from the lending institution (in form satisfactory to counsel for the Sponsor) for that portion of the cash purchase price to be financed, together with all documents required by the lending institution to be executed. If the purchaser complies with the foregoing, the financed portion of the cash purchase price, made payable to "Schiff, Turek & Kakoyiannis, as attorneys," will be payable on the Closing Date by certified check or official bank check and the purchaser may apply the proceeds of the financing to make such payment.

TIME IS "OF THE ESSENCE" AS TO ALL PAYMENTS TO BE MADE FOR THE PURCHASE OF APARTMENTS. This means that if a purchaser fails to make a payment on the date he is required to do so or fails to perform in a timely manner under the terms of the subscription agreement or this Plan after notice of default has been given to him, then he may lose the down payment made by him and also forfeit his right to purchase the apartment.

Purchasers will be given at least 30 days written notice of the Closing Date with the Apartment Corporation.

Sponsor or the Apartment Corporation will give a purchaser/subscriber in default, an additional 30-day written demand for overdue payments or for perform perfoace under the terms of the subscription agreement before a forfeiture of the subscription agreement and all rights to purchase thereunder takes place.

Tenant/purchasers shall be afforded 3 business days to review the Offering Plan and all amendments filed to date prior to executing a subscription agreement.

Non-tenant purchaser will have 7 days following delivery of an executed subscription agreement together with the required 10% deposit to the Sponsor/selling agent to rescind his subscription agreement at which time he will receive the return of his deposit in full. Such purchaser may rescind his subscription agreement by personally delivering a written notice of rescission to the Sponsor/selling agent within the 7-day period or by mailing a rescission postmarked within the 7-day period.

In the event purchaser's obligation is contingent upon obtaining a commitment for financing and he is unable to secure such financing within 30 days from the date of the execution of the subscription agreement, he must so notify the Sponsor within said 30-day period. In the event purchaser fails to notify the Sponsor within such period of time, it shall be deemed that the purchaser's obligation to secure financing has been fulfilled. In the event purchaser secures a commitment for such financing, the commitment may expire or the terms of the commitment may change prior to the actual closing. If purchaser's obligations are contingent upon securing a financing commitment and the financing commitment lapses or expires prior to closing and the purchaser has made a good faith effort to extend the commitment, purchaser will have a right of rescission to be exercised within 15 days after the commitment has lapsed or has been substantially changed.

Any conflict between the Plan and the subscription agreement will be resolved in favor of the Plan. The subscription agreements for tenants in occupancy who subscribe during the exclusive period may not be modified except by amendment to this Plan.

If the Plan is amended before it is declared effective or before the expiration of any exclusive period, whichever is later, and such amendment includes terms and conditions more favorable to tenant/purchasers, a tenant who was in occupancy on the presentation date of the Plan and who executed and submitted a subscription agreement before the Plan was amended to include such more favorable terms will benefit from the more favorable terms.

If there is a substantial amendment to the Offering Plan that adversely affects purchaser, the amendment will provide that persons who have already subscribed shall have the right to rescind their subscription agreement within 15 days from the date of presentation of the amendment. If a subscriber wishes to so rescind his subscription agreement, the Sponsor or its agents will return any deposit or downpayment promptly but in no event later than 15 days from Sponsor's receipt of the notice of rescission.

Subscription agreements for non-tenant purchasers shall not be binding until it is accepted by the Sponsor and the Apartment Corporation and a fully executed counterpart of the subscription agreement is returned to the purchaser. If such subscription agreement is not accepted within 30 days, it shall be deemed rejected and cancelled, and the down payment shall be returned at that time, without interest.

A tenant in occupancy may purchase a vacant apartment or any other apartment not occupied by him at the current price as offered in the Plan to non-occupant purchasers. The procedure to purchase shall be in accordance with the method provided for non-occupant purchasers. If, however, such purchasers desire to vacate their original apartment and assume occupancy of the desired vacant apartment prior to closing, the procedure outlined in the "Interim Leases" section above will control; except, if the subscriber defaults on their subscription agreement, it will not constitute an automatic default of their lease. In the event that more than one tenant seeks to purchase the same apartment, the Sponsor shall determine who shall have the right to purchase on a "first come, first served" basis evidenced by a written request, sent to the Sponsor or its selling agent, by Certified Mail, Return Receipt Requested. Any such purchase will be subject to the terms and conditions of any existing lease or tenancy and subject to the rights and obligations set forth in this Plan and the applicable rent laws.

The following schedule of closing costs shall be applicable to the purchaser:

A. If a subscriber/purchaser is not able to close on or before the day that the Apartment Corporation takes title to the building for any reason not directly attributable to the Sponsor, which necessitates a separate closing after the Apartment Corporation takes title to the building, there will be a fee for such late closing in the amount of $250.00 payable to Schiff, Turek & Kakoyiannis;

B. In the event of an assignment of the subscription agreement,there will be a processing fee of $250.00 payable to Schiff, Turek & Kakoyiannis:

C. In the event the subscriber/purchaser is obtaining financing from a lending institution, there will be an additional fee of $250.00 payable to Schiff, Turek & Kakoyiannis, for review of the documents affecting the Apartment Corporation; and

D. In the event the Offering Plan is amended to provide for Sponsor financing, there will be an additional fee of $350.00 payable to Schiff, Turek & Kakoyiannis.

ASSIGNMENT OF SUBSCRIPTION AGREEMENT

All subscription agreements are assignable, subject to obtaining the Sponsor's prior written consent. All subscribers who execute and deliver subscription agreements prior to the declaration of effectiveness will be permitted to assign or transfer their subscription agreement upon the prior written consent of the Sponsor, which consent shall not be unreasonably withheld. The Sponsor will determine whether or not to grant its permission to a tenant desiring to assign or transfer his or her subscription agreement after the declaration of effectiveness on an objective and non-discriminatory basis, taking into account among other things, the proposed assignee's financial ability to meet the obligations of the purchaser/subscriber and the assignee's ability to abide by the proprietary lease and the house rules of the Apartment Corporation. In order to obtain Sponsor's permission to assign and transfer the subscription agreement, all subscribers must: (a) sign the subscription agreement and tender the down payment; and (b) provide to the Sponsor the assignee's (that is the person to whom the tenant wishes to assign his or her subscription agreement) notarized affidavit stating that the assignee was not procured by the Sponsor and that he or she or a designated member of their immediate family intends to personally occupy the dwelling unit. The form of assignment affidavit is annexed to the subscription agreement as Exhibit A. There will be a $250.00 fee for the processing of such assignment or transfer payable to Schiff, Turek & Kakoyiannis.

EFFECTIVE DATE

The offer to sell embodied by this Plan is contingent upon the Sponsor declaring the Plan effective in accordance with the conditions and time periods described in this Plan.

1. The Sponsor may declare the Plan effective, if within fifteen (15) months from the date of acceptance by the Attorney General, subscription agreements have been entered into for shares allocated to at least 15% of the apartment in the building by bona fide tenants in occupancy or by bona fide purchasers who represent that they, or one or more members of their immediate family intend to occupy the dwelling unit when it becomes vacant.

2. When the subscription agreements have been executed and accepted for shares allocated to 80% of the units offered hereby, the Plan must be declared effective.

The Sponsor will notify all purchasers and tenants when subscription agreements for shares allocated to 15% of the dwelling units have been executed and accepted by the Sponsor.

The Sponsor may at its option declare the Plan abandoned for any reason whatsoever before the declaration of effectiveness and the quota referred to in the foregoing paragraph 2 has been reached and at such time all monies received by the Sponsor will be returned to the subscribers without interest within 15 days. In such event no new plan for the conversion of the building may be submitted to the Department of Law for at least 12 months thereafter.

If the Plan has been declared effective, the date of the closing of title (herein sometimes called "the Closing Date") will be fixed by the Sponsor, which shall be not less than 30 days nor more than 120 days thereafter, unless the closing is adjourned.

The Plan will be declared effective by written notice personally delivered or sent by regular mail to all tenants and purchasers. The Sponsor will submit an amendment to the Plan to the Department of Law within 5 days thereafter stating that the Plan was declared effective by notice and incorporating a copy of the notice therein. The closing transaction shall not be held until the amendment declaring the Plan effective is accepted for filing by the Department of Law.

Once the Plan has been declared effective, it may not be abandoned except for (1) a defect in title which did not exist on the presentation date which cannot be cured without litigation or cannot be cured for less than $25,000, or (2) work orders of a mortgagee or violations placed on the property after the presentation of the Plan which cannot be cured for less than $25,000 or (3) substantial damage to the building by fire or other casualty which cannot be cured for less than $25,000 or (4) a taking of any portion of the Property by condemnation or eminent domain.

On the Closing Date, title to the Property will be delivered to the Apartment Corporation, and each purchaser will thereupon become obligated for the payment of maintenance charges under his proprietary lease, whether or not he has taken possession of the apartment and whether or not the tenant in possession of the apartment, if there be one, pays the rent required to be paid by him. Certificates for the shares of the Apartment Corporation and the accompanying proprietary leases will be issued to the respective purchasers as of the Closing Date and will be delivered promptly thereafter.

If the Plan is not declared effective within fifteen (15) months from the date the Attorney General accepts this Plan for filing, the Plan will be deemed abandoned, void and of no effect, and all monies received from subscribers will be returned without interest. In such event no new plan for the conversion of the building to cooperative or condominium status shall be submitted to the Attorney General for at least 12 months after such abandonment.

The Plan may not be amended at any time to provide that it shall be an eviction plan.

TERMS OF MORTGAGES

The premises are subject to an existing mortgage in the principal amount of $825,000 held by Henry Moses, Harvey Sorkin, Paul Maslin and Seymour Moslin, maintaining an office at 1392 St. Nicholas Avenue, New York, New York. The mortgage requires the payment of interest only at the rate of 10% per annum, or $6,875 per month ($82,500 per year) until June 1, 1986, at which time the mortgage requires monthly payments of $8,250 due on the first of each and every month up to and including May 1, 1991. Each of the $8,250 monthly payments shall be applied first to interest at the annual rate of 11% with the balance of the payment applied toward reducing the principal indebtedness. Commencing on June 1, 1991, the mortgage requires constant monthly payments of $9,000 due on the first of each and every month up to and including May 1, 2001. Each $9,000 monthly payment shall be applied first to interest at the annual rate of 12% with the balance of the payment applied toward reducing the principal indebtedness. The mortgage will mature on May 1, 2001 at which time the remaining principal balance with accrued interest, if any, shall become due and payable. Assuming all payments of interest are made in a timely manner, the unpaid balance of the mortgage will be approximately $700,000 or $265.15 per share at the maturity of the mortgage on May 1, 2001. If the Apartment Corporation does not make other arrangements in respect to such mortgage, or if the Apartment Corporation is then unable to refinance or extend such mortgage when it becomes due, it may be necessary to make a special assessment for the purpose of paying the outstanding principal balance of such mortgage. The Sponsor makes no representation as to the cost, terms or availability of refinancing such mortgage indebtedness. The mortgage permits prepayment in whole or in part at any time without penalty.

The mortgage will not be accelerated as a result of the sale of the mortgaged premises to the Apartment Corporation.

The mortgage provides for deposits to be made in escrow for the purpose of paying real estate taxes, water charges and sewer rents. The existing escrow funds will be assigned to the Apartment Corporation at closing and an adjustment in favor of the Sponsor will be made accordingly. See section entitled "Reserve Fund and Working Capital Fund."

The mortgage will be in default in the event that any payments due thereunder are not made within 30 days of their due date; in the event real estate taxes, water charges and sewer rents are not paid within 10 days after notice and demand is made; in the event of the failure on the part of the mortgagor to deliver a fire insurance policy (naming the mortgagee as insured as his interest may appear); on the failure on the part of the mortgagor to furnish an "estoppel certificate" to the mortgagee upon request.

The mortgage provides for a 2% penalty for all payments more than 10 days overdue.

Sponsor will make all payments on the mortgage due prior to or at closing and represents that there will be no default of the mortgage at the time of closing with the Apartment Corporation. The insurance coverage contemplated in Schedule B is adequate to satisfy the requirements of the mortgagee.

The property is also encumbered by a second mortgage held by Joel T. Fishman in the consolidated amount of $213,750 which will be satisfied by the Sponsor from the proceeds of the sale at closing with the Apartment Corporation.

SUMMARY OF PROPRIETARY LEASE

The proprietary lease will be for a term ending on December 31, 2080 but may be extended by vote of the shareholders. As a lessee, every shareholder of the Apartment Corporation will be obligated to pay the maintenance charges for his apartment as fixed by the Board of Directors based on the number of shares he owns. He will also have the following rights and obligations:

(a) He may cancel his lease and surrender his shares to the Apartment Corporation (without receiving any compensation) effective as of September 30, 1987, or as of any September 30, thereafter, on at least six months prior notice to the Apartment Corporation, and if he elects to cancel, he will have no liability for payment of maintenance charges after the effective date of the cancellation, provided he is not in default on the obligations to be performed by him under the lease;

(b) He will have the right to sell his shares and assign his proprietary lease, and sublet his apartment in compliance with the provisions of the proprietary lease and the Apartment Corporation By-Laws which require that consent thereto be authorized by resolution of the Board of Directors or given in writing by a majority of the directors or written consent or vote of two-thirds of the shareholders, which consents may be arbitrarily withheld; and

(c) He will be responsible for the cost of interior repairs and decorating in his apartment, plus such alterations or additions which may be made with the consent of the Board of Directors.

If an apartment purchased by a non-occupant purchaser is occupied by an existing tenant the proprietary lessee shall have no right to terminate the existing tenancy of said third party, except for non-payment of rent, or other breach under his lease obligations, even if the lessee seeks to occupy the apartment for his own use or for the use of a member of his family. In such cases non-purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy shall continue to be subject thereto; and that the rentals of any such non-purchasing tenants who reside in dwelling units not subject to government regulations as to rentals and continued occupancy and any non-purchasing tenant who resides in dwelling units with respect to which such government regulations are eliminated or become inapplicable after the Plan has become effective, shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy.

The Apartment Corporation will notify a lender with which it has signed a recognition agreement as to any shareholder's default under the proprietary lease.

Defaults under the proprietary lease include, but are not limited to: Failure to pay the monthly maintenance; assignment, subletting or transfer of the apartment or shares of stock without the consent of the Apartment Corporation; alterations made in the apartment without the consent of the Apartment Corporation; and interfering with the peaceful enjoyment of any other lessee's use of his apartment.

Among its primary dutiies, the Board of Directors will project an annual operating budget for the Apartment Corporation based upon the anticipated expenses. Maintenance charges are therafter set by the Board of Directors by dividing the total anticipated budget (less commercial and other income) by the total number of shares.

The proprietary lease may be modified (with the exceptions of those provisions concerning the rights of non-purchasing tenants and the rights of holders of unsold shares) by the approval of at least 66-2/3% of the lessees consenting to such change.

APARTMENT CORPORATION

The Apartment Corporation was formed on August 3, 1984, under the Business Corporation Law of the State of New York. It has an authorized capital of 20,000 shares of par value of $1.00 each.

The By-Laws adopted by the Apartment Corporation are set forth in Part II of the Plan. They require not less than three nor more than nine directors who will serve without compensation. The present officers and directors have been designated by Sponsor's attorney and will resign in favor of directors to be elected by the shareholders at a meeting to be held within 30 days after the Closing Date. The Officers and Directors are all members or employees of Schiff, Turek & Kakoyiannis, who serve without compensation as follows: Edward L. Schiff, President, Robin M. Gronsky, Vice-President, Allen M. Turek, Secretary and Kathleen Chafetz, Treasurer. Each share of stock will be entitled to one vote regardless of the number of shareholders who appear on any stock certificate.

A member of the Board of Directors of the corporation need not be a shareholder.

The by-laws may be amended by a vote of two-thirds of the shareholders outstanding except that as long as any shares of the corporation are held by holders of unsold shares these by-laws may not be amended without the consent of all holders of unsold shares.

At such time as the Sponsor holds unsold shares constituting less than 50% of the outstanding shares, but in no event later than the fifth anniversary after the closing date, not less than a majority of the Board of Directors to be elected at all subsequent annual meetings of shareholders will be resident tenant/shareholders of the building.

The Apartment Corporation will have a lien on each shareholder's shares to secure payment of maintenance charges, assessments and the replenishment of the funds held by the managing agent for purchasers of occupied apartments, which will prevent the shareholder from transferring his shares of stock and may cause a default under a financing agreement if any, with the shareholder's bank.

The Apartment Corporation has the right to accumulate reverses for capital expenditures at the discretion of its Board of Directors.

The Apartment Corporation may not discriminate against any person for any reason prohibited by applicable Civil Rights Laws.

All expenses of the Apartment Corporation accruing up to and including the Closing Date, will be paid from the proceeds of the sale of shares.

UNSOLD SHARES

If by the Closing Date all of the shares allocated to all apartments have not been sold and fully paid for, the Sponsor will produce on the Closing Date itself or a financially responsible individual or individuals, resident of the State of New York (hereinafter referred to as "Holder of Unsold Shares") to whom all of the unsold shares will be issued and who will enter into proprietary leases for the apartments to which such shares are allocated.

In any event, the Sponsor has agreed that no later than three years after the closing, it will have assigned all remaining unsold shares to individual persons who will be financially responsible and residents of the State of New York, and who will enter into proprietary leases for the apartments to which such shares have been allocated for their own accounts.

The Sponsor guarantees that if a Holder of Unsold Shares fails to fulfill his obligations under his proprietary lease, including the payment of all maintenance charges thereunder, then in that event, the Sponsor will become liable for such obligations and the Apartment Corporation will have a lien upon the shares to secure the payment of all obligations of the Holder of Unsold Shares. Sponsor represents that it has the financial resources to enable it to meet its obligations with respect to unsold shares. No bond or other security has been furnished by the Sponsor, and the Sponsor's ability to perform will depend soley upon its financial condition if and when called upon to perform.

Any unsold shares and leases acquired by a Holder of Unsold Shares may be sold or assigned by him, or his apartment may be sublet by him without the consent of the Apartment Corporation or any other person. The Apartment Corporation shall execute a "Recognition Agreement" and such other documents as are reasonably required in the event Sponsor or its successors or assigns seek to obtain financing from a lending institution based upon such unsold shares. A Holder of Unsold Shares or a person related by blood or marriage to a Holder of Unsold Shares may elect to become the occupant of the apartment covered by his proprietary lease, and from the time that he becomes the occupant thereof, the Sponsor shall no longer be responsible for the performance of the proprietary lease for that apartment.

Unsold shares may be sold or transferred to persons who purchase them for their own account and not for pooling of profits or losses.

Holders of unsold shares may not cancel their proprietary leases unless (i) shareholders owning a majority of the Apartment Corporation's outstanding shares (other than unsold shares) shall have given notice of intent to cancel; or (ii) all unsold shares constitute fifteen (15%) percent or less of the Apartment Corporation's outstanding shares, at least five (5) years have elapsed since the Apartment Corporation aquired title to the building and such holder of unsold shares pays the Apartment Corporation a sum equal to the product of the current monthly maintenance charges multiplied by twenty-four (24).

The Holder of Unsold Shares will not be required to obtain any consents prior to making any alterations or additions to the apartment or change in the layout of the apartment, except that he will be required to comply with all municipal laws and building codes.

Subscription funds or deposit shall be held by the Holder of Unsold Shares in escrow pursuant to Genral Business Law § 352e-(2)(b) will be held in accordance with the trust fund provisions contained in General Business Law §352-h.

The Holder of Unsold Shares will be required from time to time to amend the Plan to provide current and accurate information until he has sold all his shares to bona fide purchasers. The Holder of Unsold Shares will also be responsible for providing to prospective purchasers a copy of the current and updated Offering Plan, including all filed amendments. The Holder of Unsold Shares must register as a broker-dealer pursuant to GBL §359-e and furnish to the Department of Law all information required for a principal of the Sponsor.

PURCHASERS FOR INVESTMENT OR RESALE

A purchaser for investment or resale is a purchaser who purchases shares allocated to three or more units, which are not for occupancy by such purchaser or persons related by blood, marriage or adoption to such purchaser. In connection with the sale of such units:

1. A purchaser for investment or resale must register as a broker-dealer pursuant to GBL §359-e;

2. A purchaser for investment or resale shall comply with the trust fund provisions of GBL §352-h and the escrow provisions of GBL §352-e(2-b); and

3. A purchaser for investment or resale shall provide the following documents to a prospective purchaser at no cost to the purchaser, three business days before entering a purchase agreement:

(i) Copy of the most recent financial statement and budget of the Apartment Corporation, if any;

(ii) Copy of the most recent notice from the Apartment Corporation of the interest and taxes deductible for income tax purposes, if any;

(iii) Copies of notices from the Apartment Corporation concerning changes in maintenance charges, potential assessments, planned major capital improvements and proposed refinancing of the building's mortgage(s), if any;

(iv) Copies of pleadings in pending lawsuits or proceedings the outcome of which may affect the offering of the unit, the seller's capacity to perform all of its obligations under the purchase agreement or the rights of an existing tenant of the unit, if any;

(v) If the unit is occupied, copy of the tenant's lease and representation of the tenant's status under any applicable rent law;

(vi) Copies of the by-laws and form proprietary lease of the Apartment Corporation as amended; and

(vii) Copy of notice of uncured violations of record in the unit that are the responsibility of the proprietary lessee to cure, if any..

NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY THE SHARES OF STOCK BEING OFFERED BY THE SPONSOR ARE NOT BEING OFFERED FOR INVESTMENT. THE PURPOSE OF THIS OFFERING IS THE SALE OF APARTMENTS FOR USE AS DWELLING UNITS BY PURCHASERS ON A COOPERATIVE BASIS.

THESE SHARES ARE NOT OFFERED AND SOLD WITH EMPHASIS ON THE ECONOMIC BENEFITS TO THE PURCHASER FROM APPRECIATION OF VALUE OR EXPECTATION OF

PROFIT RESULTING FROM THE RESALE OF THESE SHARES OF STOCK OR AS A RESULT OF MANAGERIAL EFFORTS OF OTHERS, NOR IS IT INTENDED THAT THE OFFERING PLAN LEAD A PURCHASER TO EXPECT PROFITS OF ANY SORT FROM THE EFFORTS OF THE SPONSOR, THE APARTMENT CORPORATION OR ANY THIRD PARTY.

RESERVE FUND AND WORKING CAPITAL FUND

In accordance with recent legislation amending Chapter 51 of the Administrative Code of the City of New York, within thirty (30) days of the Closing Date, the Sponsor must establish and transfer to the Apartment Corporation a reserve fund to be used exclusively for making capital repairs, replacements and improvements "necessary for the health and safety of the residents of such buildings." This reserve fund is exclusive of any working capital fund and may not be reduced by closing adjustments. This new law requires that the fund be set up in an amount equal to either (a) 3% of the "Total Price" of this Offering (that is the total number of shares offered multiplied by the price last offered to tenants in occupancy prior to the effective date, regardless of the number of sales), or (b) 3% of the actual sales price at the time the Plan is declared effective (but not less than 1% of the "Total Price" plus 3% of each subsequent apartment sale during the five-year period following the declaration of effectiveness, even if the ultimate total exceeds 3% of the "Total Price"). However, if the reserve fund is less than 3% of the "Total Price," the Sponsor must make up the difference within 30 days.

The Sponsor may claim a credit against its initial contribution to the reserve fund for the actual cost of capital replacements which are started after the Plan is submitted but before the Plan becomes effective. In such event, the Sponsor will amend the Plan to disclose the extent of the credit and the capital replacements giving rise thereto.

In addition to the minimum reserve fund, the new law requires the following:

a) That the Apartment Corporation report to all shareholders on a semi-annual basis, with respect to all deposits into and withdrawals from the reserve funds; and

b) That within thirty (30) days from the date that the Offering Plan is accepted for filing by the Department of Law and until the Closing Date, the Sponsor designate its agent (in this instance it will be the superintendent) to maintain a listing of all violations of records cited by the Department of Buildings and the Department of Housing Preservation and Development for inspection by the tenants within reasonable business hours. The list of violations shall be updated within 48 hours after the Sponsor or landlord receives notice of same.

On the Closing Date, from the amount of cash raised by this Offering Plan, the Apartment Corporation will retain the sum of $6,000, for working capital (plus or minus closing adjustments but not less than $1,000) and for repairs and other appropriate corporate purposes as determined by the Board of Directors.

If the net closing adjustments called for in the contract of sale are in favor of the Apartment Corporation, the amount thereof will be paid or credited to the Apartment Corporation. If the net closing adjustments are in favor of the Sponsor, they will be paid to the Sponsor out of the working capital fund to the extent that such fund is reduced to not less than $1,000, and the payment of any balance shall be deferred and paid to the Sponsor in 12 equal consecutive monthly installments commencing one month after the Closing Date, with 12% interest, pursuant to negotiable serial promissory notes to be executed by the Apartment Corporation and delivered to the Sponsor at closing. Each such note will contain a provision permitting acceleration of the maturity date in the event of a default under any other note. The Apartment Corporation may prepay each note in full only, at any time, without penalty but with interest accrued to the date of prepayment.

While the Sponsor is in control of the Board of Directors, the working capital and reserve fund will not be used to reduce projected maintenance charges.

Neither the Department of Law nor any other government agency has passed upon the adequacy of the working capital fund and reserve fund.

No representation is made that the working capital fund will be adequate to cover current or future expenses, including repairs or replacements; and if additional funds are required over and above the reserve fund, it may be necessary to increase maintenance charges.

No representation is made that the reserve fund will be sufficient to meet capital expenditures. Accordingly, any sums necessary for major repairs or capital improvements (including those which may be disclosed in the section entitled "Description of Property and Building Condition") must be secured in the form of an increase in maintenance charges or an assessment levied against all shareholders, or both.

CONTRACT OF SALE

By agreement dated October 10, 1984, the Sponsor has contracted to sell the building and land to the Apartment Corporation subject to the standard printed exceptions contained in the title policy and subject only to the following exceptions:

(a) Current leases in force and rights of all tenants in possession, other than leases and tenancies of tenants purchasing apartments occupied by them, which shall be terminated upon execution of the proprietary leases;

(b) Zoning regulations and ordinances which are not violated by existing structures;

(c) Any rights of gas, electric, steam, telephone and other utility companies to maintain, repair and replace any wires, conduits, pipes, valves, chutes, poles, boxes and vaults on, over, under or adjacent to the property;

(d) Covenants, consents, easements, party wall and setback agreements and restrictions of record, providing they do not prevent the present use of the property.

(e) Service, supply and maintenance contracts;

(f) Any facts which an accurate survey may show, provided such facts do not render title unmarketable;

(g) Encroachments, if any, of stoops, areas, cellar steps, trim, cornices, sills, retaining walls, windows, copings, cellar doors, sidewalk elevators, fences, firescapes, standpipes, ventilators, electric light signs, canopies, window gardens and projections, if any, or any street or highway; and any variations between record lines and fences and retaining walls and consents prior to the date of the closing of title by any owner of the property for the erection of any structure or structures on, under or above any streets on which the property abuts;

(h) Liens for unpaid New York State Franchise taxes or New York City General Corporation taxes of any corporation or New York State or Federal estate taxes in the chain of title provided that a sufficient deposit therefore is made with the title company insuring the Apartment Corporation's title to the property, so that it will insure against collection of such taxes from the property; and

(i) Existing mortgages.

The Apartment Corporation's title will be insured by a licensed title company of the State of New York and the Sponsor will pay all expenses in connection therewith from the proceeds of this offering. Title insurance coverage may not be in an amount that is less than the aggregate of (a) the total cash payments received under all subscription agreements less the reserve and/or working capital fund, (b) the product of the number of unsold shares multiplied by the lowest cash payment per share offered to tenants in occupancy, and (c) the amount of the Apartment Corporation's mortgage indebtedness.

In the event there exists any lien or encumbrance other than those set forth above, the sole remedy of the Apartment Corporation will be either to accept such title as Sponsor is able to convey (without any credit or abatement in the purchase price or any claim or right of action against the Sponsor) or to rescind the contract of sale. Prior to declaring the Plan effective, Sponsor will be under no obligation to institute any action or proceeding or to expend any sum of money to make title marketable or to eliminate any encumbrance. Thereafter, the Sponsor shall be under no obligation to expend more than $25,000 to cure any defect in title.

The sale of the building includes all fixtures and articles of personal property attached to or used in connection with the operation of the property on the premises at the time of sale. All kitchen appliances owned by the Sponsor will become the property of the Apartment Corporation on the closing date and may be used by tenant/shareholders without charge. If a non-purchasing tenant vacates his apartment and removes a kitchen appliance belonging to him at the time he moves, the Sponsor, at its own expense, will supply a replacement which may not be new but will be in good working order and will be similar in size and quality to the appliances contained in the building on the presentation date of this Plan.

At the time of closing, all fixtures and articles of personal property attached to or used in connection with the operation of the property, which are on the premises, and the building and land will be delivered by te seller and accepted by the purchase in "as is" condition.

The security deposit, if any, of a tenant who purchases will be refunded to him after the closing of title, provided he is not in default under his lease or tenancy. The security deposit of a non-purchasing tenant, who is not in default under his lease or tenancy, will be transferred after the closing of title to the purchaser of the shares allocated to the apartment, or to the shareholder produced by the seller as the case may be, who will hold them in accordance with G.O.L. Section 7-103.

Conflicts between this agreement and the Offering Plan shall be resolved in favor of the Plan.

All representations under this Offering Plan, in addition to all obligations pursuant to General Business Law and this Offering Plan which are to be performed subsequent to the Closing Date, shall survive delivery of the deed.

The Sponsor will maintain the Property until the closing in substantially the same condition and manner as on the date of presentation of the Plan.

The following are to be apportioned and adjusted:

1. Rents as and when collected;

2. Premiums on existing transferable insurance policies or renewals of those expiring prior to closing, provided that the coverage, amounts and terms conform to those set forth in this Plan (Footnote #6 of Projected Schedule of Income and Expenses);

3. Taxes and sewer rents;

4. Water charges;

5. Fuel;

6. Utility charges and deposits;

7. Vault taxes, if any;

8. Payments under service and concession contracts;

9. Fees for assignable permits and licenses;

10. Wages, vacation pay and any other monies and fringe benefits, paid to the employees of the seller; and

11. Accrued senior citizens exemptions.

The purchaser has no personal liability for any of the costs or expenses for the promulgation and consumation of the Plan, the sale of the building and the execution and delivery of the deed. All costs and expenses of the above, including but not limited to, selling expenses, commissions, and filing fees under Section 352-e of the General Business Law, printing, organization of the Apartment Corporation, title insurance, recording charges and legal fees of counsel for the Apartment Corporation will be paid by the Sponsor.

The Sponsor shall deliver to the Apartment Corporation a Bargain and Sale Deed with Covenants against Grantor's Acts.

The Sponsor reserves the right to renew or modify any existing lease for residential, commercial or professional space or to enter into any new lease prior to the Closing Date, under such terms conditions and rentals as Sponsor deems desirable, for any residential or non-residential space. Sponsor will not be obligated to rent any apartment which is vacant and Sponsor reserves the right to evict any tenant who defaults under his lease or tenancy. Sponsor reserves the right to renew, extend or modify any existing service, maintenance or concession contract and to enter into new contracts under such terms and conditions as it deems desirable. In the event the terms and conditions of contracts to be assumed by the Apartment Corporation are materially changed, the Plan will be amended to reflect such changes.

In the event there are pending proceedings for the reduction of real estate taxes on the property for the tax year in which the closing occurs, the Apartment Corporation will continue such proceedings with the attorney previously employed by the Sponsor who shall have the sole right to negotiate and settle all claims in connection with said proceedings. Cost of such proceedings and any refund shall be apportioned between the Sponsor and the Apartment Corporation according to the respective portions of the tax year that each holds title to the property. Any refund covering a period prior to the closing of title and all expenses incurred in connection with securing such refund shall belong to and be incurred by the Sponsor.

In the event the property is damaged by fire or other casualty prior to closing, Sponsor will repair such damage if the cost of repairs is fully covered by insurance proceeds collected by Sponsor. In the event the collected insurance proceeds will be insufficient to pay for the cost of repairs, the Sponsor shall have the right but not the obligation to repair such damage. If Sponsor elects not to repair the damage, the Plan will be abandoned and all subscription agreements will be deemed cancelled and all purchasers not in default will be refunded their deposits without interest. Upon such refund being made the Apartment Corporation and the Sponsor will be relieved and discharged of any liability under the Plan or under the subscription agreement.

Article 31B of the New York State Tax Law became effective on March 19, 1983 ("Gains Tax Law"). As a result, certain affidavits and forms have to be executed and submitted upon the sale of shares of the Apartment Corporation. The form of questionnaire required to be signed by the purchaser is attached to the subscription agreement as Exhibit B. The payment of the taxes themselves will be the sole obligation of the Sponsor. These taxes will not devolve upon the Apartment COrporation or upon the purchaser of its shares.

If at the Closing Date there may be any other liens or encumbrances which the Seller is obligated to pay and discharge, the Seller may use any portion of the balance of the purchase price to satisfy the same, provided the Seller shall simultaneously either deliver to the Purchaser, at the closing of title, instruments in recordable form and sufficient to satisfy such liens and encumbrances of record together with the cost of recording or filing said instruments; or, Seller will deposit with the title company sufficient monies, acceptable to the latter for the issuance of title insurance to the Purchaser either free of any such liens and encumbrances, or with insurance against enforcement of same out of the insured premises. The existence of any such taxes or other liens and encumbrances shall not be deemed objections to title if Seller shall comply with the foregoing requirements.

The price for the Property shall be payable as follows:

A. By payment of the amount of the entire cash proceeds received from the sale of shares pursuant to this plan up to the closing date (less the adjusted working capital fund and the reserve fund);

B. By the issuance to Sponsor of all unsold shares; and

C. By acceptance of title subject to the mortgages described in this Plan.

The aforesaid price may be regarded by Sponsor as being reduced by expenses incurred by it for all closing expenses, in connection with preparation and presentation of this Plan and sales expenses.

The property is being sold "AS IS" on the date of the presentation of the Plan subject to reasonable use, wear, tear and natural deterioration between such date and the closing date.

The Apartment Corporation will indemnify and hold harmless the Holders of Unsold Shares against any and all claims, actions, liabilities (including reasonable attorneys fees and litigation expenses) incurred as a result of the failure on the part of the Apartment Corporation to operate the building pursuant to the requirements of the Rent Stabilization Law and Code, the City Rent Regulations or to perform any obligation to be performed by it as lessor under the proprietary lease; however, such indemnity shall not be applicable during any period that a majority of the Board of Directors consists of non-resident members elected by the Holders of Unsold Shares.

Sponsor reserves the right on the Closing Date or prior thereto, to assign this contract to a third party who shall then be obligated to transfer the Property to the Apartment Corporation according to all of the terms and conditions of this contract and Plan. No such assignment shall relieve Sponsor of any of its obligations under the contract of sale or the Plan.

MANAGEMENT AGREEMENT, CONTRACTS AND LEASES

On the Closing Date, the Apartment Corporation will enter into a management agreement with Joel T. Fishman, 250 West 57th Street, New York, New York (managing agent). The agreement will be for a term of three years. The agreement may be cancelled thereafter by either party upon 60 days written notice. The managing agent will receive an annual fee of $15,000 and it will perform the following duties and services, among others: Bill and collect maintenance charges; cause the building to be maintained and repaired pursuant to direction of the Apartment Corporation, except that expenditures of $2,000.00 or more for any one item of ordinary repair (other than emergency repairs) shall require the approval of the Apartment Corporation; contract for necessary services for the building; purchase all supplies necessary to properly maintain the building; check all bills received in connection with the operation of the building and cause them to be paid; supervise, hire and discharge employees; render monthly statements, as well as receipts and disbursements; prepare payroll records; prepare and submit annually to the Board of Directors of the Apartment Corporation an operating budget for the next year; and attend the meetings of the Board of Directors and shareholders. In addition, management shall be entitled to receive fees for diverse broker services outside the scope of its duties as managing agent.

All expenses incurred by the managing agent in the performance of its duties shall be paid by the Apartment Corporation which shall also indemnify the managing agent against any liability for acts properly performed by it pursuant to the agreement or pursuant to the Apartment Corporation's instructions.

Pursuant to Section 352-eeee of the General Business Law, Sponsor guarantees that all dwelling units occupied by non-purchasing tenants will be managed by the same managing agent who manages all the other units in the building and that such managing agent will provide to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. That guaranty shall remain until such time as the Sponsor relinquishes control to the Board of Directors of the Apartment Corporation to residents of the building.

At present the following companies perform the specified services:

Name of Contract	Services	Annual Cost	Expiration Date
RAEL Sprinkler/ Maintenance Corp.	Sprinkler Maintenance	$ 150	month-to month
Safeway System Exterminating	Exterminator	$ 520	month-to month
Knudson Elevator Corp.	Elevator Maintenance	$2,616	month-to month
Consolidated Water Conditioning Corp.	Water Treatment for Boiler	$ 130	Feb. 28, 1985

IDENTITY OF PARTIES

Sponsor

The Sponsor, Modern Realty Associates, 250 West 57th Street, New York, New York, is a New York limited partnership whose sole principal is Joel T. Fishman, General Partner. Mr. Fishman's prior experience with owner occupied housing includes the conversion of 5775 Mosholu Avenue, Riverdale, New York to condominium ownership (plan declared effective June 1984). Mr. Fishman has been actively involved in the ownership and management of other buildings in the area including 2964 Perry Avenue, Bronx, New York.

Selling Agent and Managing Agent

Joel T. Fishman, 250 West 57th Street, New York, New York, the selling and managing agent, has been engaged in the operation and management of resi-

dential properties for more than 15 years including 3200 Netherland Avenue, Riverdale, New York and 306 East Mosholu Parkway, Bronx, New York. The selling agent will receive a fee from the sale of the Apartment Corporation shares under the Plan. The agent will receive a management fee in accordance with the "Management Agreement" described in the Plan. Mr. Fishman is also a principal of the sponsor.

Engineer

Don Goldberg/Terence O'Connor, Architects, 225 Lafayette Street, New York, New York 10012 were employed by the Sponsor to examine the physical condition of the property and they have rendered their report as set forth in this Plan. The architects, who have prepared no less than 25 similar reports, have no financial interest in the Property, the Sponsor or the Apartment Corporation, except for their fee for services rendered in connection with such examination and report.

Attorneys

The law firm of Schiff, Turek & Kakoyiannis, 136 East 57th Street, New York, New York has been retained by the Sponsor to prepare the Plan and related documents and to represent the Apartment Corporation in connection with the Plan. The legal fee for its services in that connection will be paid entirely by the Sponsor. Prior to the closing and until the first meeting of the shareholders of the Apartment Corporation, members of that firm will be the sole officers and directors of the Apartment Corporation and therefore will act on its behalf at the closing. The interests of the Sponsor and the Apartment Corporation are not identical and they may, at times, conflict. In view of the foregoing, and because of the conflicting and diverse interests of the Apartment Corporation and the Sponsor, it is recommended that each purchaser consult with his own attorney prior to executing a subscription agreement.

Employes of the selling agent or other consultants to Sponsor personally and for their own account and not as agents for the Sponsor/selling agent may purchase shares of stock and enter into proprietary leases under this Plan.

SPONSOR'S PROFIT

The Sponsor acquired the property on May 1, 1984, for a purchase price of $975,000, which included a purchase money mortgage of $825,000. The approximate cost of capital expenditures to be undertaken by the Sponsor is $100,000. The costs associated with the acquisition, ownership of the property, including financing costs is $150,000 and the aggregate amount for the costs incurred in connection with the conversion including sales

commissions, attorneys' and engineering fees, printing, advertising, title insurance for the Apartment Corporation, filing fees and transfer taxes is approximately $200,000. It is estimated that the Sponsor's profit will be $2,650,000 assuming that the Sponsor will become the Holder of all Unsold Shares and that all shares of the Apartment Corporation will be sold at prices for outsiders as set forth in Schedule A of this Plan.

REPORTS TO SHAREHOLDERS

It is the obligation of the Apartment Corporation to give all shareholders annually, at the expense of the Corporation, copies of the following:

A. A statement of the amount deductible for Income Tax purposes by February 15th;

B. An annual audited financial statement prepared by an indepedant certified public accountant to be received within two months after the end of the fiscal year; and

C. Notice of the holding of any annual shareholders' meeting for the purpose of electing a Board of Directors will be sent in accordance with the By-Laws.

The aforesaid dates may be changed later pursuant to the By-Laws.

The Board of Directors and/or the managing agent will be required to give semi-annual reports to all the shareholders as to the status of the reserve fund.

DOCUMENTS ON FILE

Sponsor shall keep copies of the Plan, all documents referred to in the Plan and all exhibits submitted to the Department of Law in connection with the filing of the Plan, on file and available for inspection without charge and copying at a reasonable charge at the office (presently located at 250 West 57th Street, New York, New York) of the Sponsor for 6 years from the date of closing.

GENERAL

There are no law suits, administrative proceedings or any other proceedings the outcome of which may materially affect the offering, the Property, the rights of existing tenants, Sponsor's capacity to perform all of its obligations under the Plan, the Apartment Corporation or the operation of the building as a cooperative.

If there is a substantial amendment to the Offering Plan that adversely affects purchasers, the amendment will provide that persons who have already submitted subscription agreements shall have the right to rescind their subscription agreement within 15 days from the date of presentation of the amendment. If a purchaser wishes to rescind his subscription agreement, the Sponsor or its agents will return any deposit or downpayment promptly but in no event later than 15 days from Sponsor's receipt of the notice of rescission.

Any amendment prior to the effective date which improves the terms offered under this Plan will automatically be applicable to subscription agreements previously executed by tenants in occupancy on the date of presentation of this Plan.

The Property was not the subject of any prior cooperative or condominium offerings. No preliminary binding agreements have been entered into with, and no money has been collected from, prospective purchasers.

The Sponsor, its agents and Sponsor as Holder of Unsold Shares will not discriminate against any person on any basis prohibited by Civil Rights laws.

No person has been authorized to make a representation which is not expressly contained herein.

This Plan may not be changed or modified orally.

Dated: Bronx, New York

MODERN REALTY ASSOCIATES, Sponsor

SPONSOR'S STATEMENT OF BUILDING CONDITION

The Sponsor adopts the Description of Property and Building Condition as set forth in Part II of the Plan and represents that Sponsor has no knowledge of any material defects or need for major repairs to the property except as set forth in the Description of Property and Building Condition. A copy of this report was filed with the Commissioner of Buildings simultaneously with the filing of this Plan with the Attorney General's office. Braxton Engineering, P.C., has prepared its own report on the building condition, at the request and expense of the Tenants Association. A copy of this report is reproduced herein, immediately following the Sponsor's architect report.

The Property is offered in its "AS IS" condition on the date of the presentation of the Plan, subject to (a) Sponsor's obligation to maintain the property until closing in substantially the same condition and manner as on the date of presentation, (b) reasonable wear and tear, and (c) Sponsor's obligations described below to cause violations of record to be cured. Within 30 days after this Plan is filed with the Department of Law, a list of all building violations (if any) will be permanently available with the superintendent for inspection at reasonable times.

Prior to closing or within a reasonable period of time thereafter, Sponsor will (a) cause to be cured all violations of record as of the Closing Date (except violations caused by acts or omissions of tenants in the building in their own units); (b) eliminate all dangerous or hazardous conditions that the Sponsor has notice of; (c) comply with all work orders from mortgagees; and (d) provide to the Apartment Corporation updated inspection certificate and permits on oil storage, elevator inspection and boiler safety inspection, as required by law.

In the event there are violations of record which are not cured prior to closing, the Sponsor and the Apartment Corporation shall enter into a survival agreement werein the Sponsor shall commit to the curing of such violations and place in escrow an amount of money to secure the Sponsor's obligation to cure the violation(s). The amount of escrow shall be determined based upon the opinion of Sponsor's architect, as being sufficient to complete the work necessary to cure such violation(s).

The number of units offered is identical to the number of units stated on the Certificate of Occupancy, and the proposed use of the units is the same as the use indicated in the Certificate of Occupancy with the exception that the Certificate of Occupancy provides for one medical office when in fact all of the apartments are used for residential purposes. The Sponsor has retained Goldberg/O'Connor, Architects, to amend the Certificate of Occupancy prior to closing to conform to the present and proposed use of the Building.

SUBSCRIPTION AGREEMENT

APARTMENT_____

To: BAINBRIDGE HOUSE, INC.

1. I acknowledge the receipt of the Offering Plan to convert premises 325 East 201 Street, Bronx, New York, ("Property") to cooperative ownership at least three (3) full business days prior to my execution of this Subscription Agreement.

2. I agree to purchase _____ shares of capital stock of BAINBRIDGE HOUSE, INC. and proprietary lease allocated to Unit___ for the total price of $_____ and make a down payment of $1,000 (or 10% of the purchase price, if I am not the tenant occupying the apartment). My check made to the order of "STK - Bainbridge Special", my Gains Tax Questionnaire and Subscriber Affidavit (Exhibits B & C) are attached. I will pay the balance ($_____) upon 15 days' written notice by you or the Corporation that the date for the closing transaction (the date when the Corporation acquires title to the property) has been fixed. Said payment shall be made by certified or official bank check to the order of Schiff, Turek & Kakoyiannis, as attorneys. If financing is being provided by a lending institution pursuant to paragraph 10 of this agreement then that portion of the balance of the purchase price which is equal to the amount being financed may be paid from the proceeds of such loan at closing, provided I deliver to you within the said 15 day period: (a) a copy of the written commitment from the lending institution; (b) all executed documents (including the "Recognition Agreement") which the lending institution will require the Apartment Corporation to execute; and (c) the balance of the unfinanced portion of the purchase price in cash, certified or official bank check as aforesaid.

3. I agree to execute the proprietary lease for the Unit (in the form contained in the Plan) promptly upon its presentation to me for signature. The date of the commencement of the term may be inserted by you or the Corporation. The proprietary lease and the stock certificate attributable to the Unit will be delivered to me upon the completion of the closing transaction.

4. All monies received by you as Sponsor, or by your agents or employees, by virtue of this Agreement, will be held in escrow in a trust account pursuant to Sections 352(e)(2)(b) and (h) of the General Business Law by Schiff, Turek & Kakoyiannis, until actually employed in connection with the consumation of the Plan, pursuant to its terms. All such monies will be deposited in Bankers Trust, 57th Street and Park Avenue, New York, New York, in a special trust account entitled "STK - Bainbridge Special". These funds may be released only over the signature of an attorney in the firm.

5. I agree to accept the Unit "as is".

6. I understand that if the Plan is not declared effective, or is abandoned, then this Subscription Agreement shall be deemed to be cancelled and you shall cause the refund of all payments made by me hereunder, without interest, and neither party to this Subscription Agreement, nor the Selling Agent, shall have any further rights or obligations hereunder.

7. I understand and agree that if I fail to make payment of the balance of the purchase price when due, as herein provided, (subject to the provisions of paragraph 9, if applicable), and in the event I fail to make payment within 30 days after written demand is made by you or the Corporation, this Subscription Agreement shall be deemed cancelled and all rights of the parties hereunder shall terminate, except that the down payment shall be retained by the Apartment Corporation as liquidated damages.

8. This Subscription Agreement shall not be binding until it is accepted by the Apartment Corporation in the space provided below, and a fully executed counterpart of this Subscription Agreement is delivered to me. If this Subscription Agreement is not accepted as aforesaid within 30 days, it shall be deemed rejected and cancelled, and the down payment shall be returned to me, without interest, within 10 days.

9. (* Delete if inapplicable) This Subscription Agreement is submitted on the condition that within 30 days of the date that I receive a fully executed copy of this agreement, a bank or other lending institution shall issue a commitment to me for a loan not less than $_____, at the maximum legal interest rate in effect on the closing date, in connection with the subscription for shares made herein. I agree to make truthful application for such loan within five (5) days from the date I receive the fully executed copy of this agreement and promptly notify you: (a) when and to whom the application for commitment is made; and (b) when my application for commitment is either accepted or rejected. If within the said 30 days, I do not notify you that the commitment has not been issued, I hereby waive the conditions set forth in this paragraph, and this Subscription Agreement shall be deemed to be firm and binding whether or not the loan commitment is issued. In the event I fail to secure such commitment within the aforesaid period, or in the event I do secure said commitment and it expires by its terms, prior to the closing date and despite my good faith efforts I am unable to get it extended (not as a result of my default), I shall have the right to rescind this agreement by written notice, within 2 days thereafter, and you agree to return my down payment deposit without interest, within 5 business days thereafter.

10. (* Delete if inapplicable) I acknowledge that I am not the occupant of the apartment unit designated in this Subscription Agreement and I agree to accept said apartment unit subject to the existing occupant's lease and/or other right of occupancy of those who occupy the apartment unit, and subject to the provisions of Section 352-eeee of the General Business Law of the State of New York. I further understand that I shall have no right to obtain possession of the apartment except by reasons of the failure of the occupant to pay rent or by other default of his lease or right of occupancy.

I further understand that after the closing date, I will be responsible for the landlord's obligation under the existing lease (which includes the obligations to repair and maintain the apartment) and the payment of all maintenance charges and other services payable under the proprietary lease.

Further, if this Subscription Agreement is submitted during the period that the existing tenant or occupant has the exclusive right to purchase the apartment unit pursuant to the plan or any amendment thereof, then the acceptance of this subscription agreement by you is expressly made subject to such right of purchase by the present tenant/occupant. In the event said tenant/occupant exercises his exclusive right to purchase, then this agreement shall be deemed cancelled and within ten (10) days thereafter, all money deposited hereunder shall be returned to me, without interest, at which time this agreement shall be deemed at an end and all obligations and liability hereunder shall cease.

I understand that as a non-tenant purchaser, I may rescind this Subscription Agreement within 7 days after I deliver the executed Agreement together with the down payment to the Sponsor/Selling Agent, and in such event receive a prompt refund of all deposit monies, without interest.

I agree to designate the management agent of the property as my agent to provide to the non-purchasing tenant now in occupancy of the apartment unit, all services and facilities required by law on a non-discriminatory basis. I further agree to reimburse the managing agent for all reasonable costs incurred in providing such services within thirty (30) days of my receipt of a written statement of such services and facilities rendered and of their costs. Any such reimbursement which is not made by me within said thirty (30) day period may be paid by the Apartment Corporation and assessed to me as additional maintenance charges.

I further agree to deposit with the managing agent at closing a sum equal to at least two (2) months maintenance charges to be used as working capital to furnish services required under the non-purchasing tenant's lease and applicable laws; and that upon notice by the managing agent that the deposit has been diminished, I shall replenish the fund within two (2) weeks from the date of such notice.

11. I represent that I have not negotiated or had any dealings with any broker other than the Selling Agent in connection with my purchase of the shares.

12. The entire agreement between the parties hereto is set forth herein and in the Plan. The only representations made to me are those contained herein and in the Plan. I have not relied upon any representation, statement or warranty, as to any matter or estimate, written or oral, that is not set forth herein and in the Plan; and I further acknowledge that I have had full opportunity to examine all documents referred to herein or in the Plan.

13. This Subscription Agreement is not assignable by me without the prior written consent of the Corporation. I understand that there will be a $250.00 fee for the processing of such assignment, payable to Schiff, Turek & Kakoyiannis.

(*Delete if Inapplicable) I am a tenant in occupancy. I understand that permission to assign prior to closing will be either granted or denied by the Sponsor, on a non-discriminatory basis. I also understand that I may assign this agreement only after it has been fully executed by me and delivered to the Sponsor/Selling Agent together with the correct downpayment. I further understand that the proposed assignee must submit a notarized affidavit (in the form annexed to this agreeeent as Exhibit A) whereby the assignee states that he/she was not procured by the Sponsor and that he/she intends that they or a member of their immediate family will personally occupy the apartment.

14. Time shall be of the essence with respect to all payments required of me pursuant to this Subscription Agreement and Offering Plan; so that if such payments are not timely made, I will be in default of this Subscription Agreement.

15. Conflicts between this Subscription Agreement and the Plan shall be resolved in favor of the Plan.

16. This Subscription Agreement may not be changed orally.

Dated:

_____
Purchaser

_____
Address of Purchaser

BAINBRIDGE HOUSE, INC.

By:_____

ACCEPTED AND APPROVED:
MODERN REALTY ASSOCIATES, Sponsor

_____

Exhibit A

ASSIGNMENT AFFIDAVIT

STATE OF NEW YORK)
) SS.:
COUNTY OF _____)

_____, being duly sworn, deposes and says:

1. That I reside at _____

_____.

2. That I wish to have the subscription agreement regarding Apartment ___ at 325 East 201st Street, Bronx, New York, entered into between the Apartment Corporation, the Sponsor and _____, assigned to me. That I hereby state that I was not procured by the Sponsor and that I or _____, a member of my immediate family intends to personally occupy the dwelling unit.

3. That I am making this affidavit in order to induce the Sponsor to grant its consent to the proposed assignment.

_____

Sworn to before me this
day of , 198 .

_____
Notary Public

TP-581 (2.84)

New York State Department of TAXATION and FINANCE

New York State
REAL PROPERTY TRANSFER GAINS TAX

Questionnaire

TRANSFEREE

NOTE: See Instructions (TP-581-I), Section B before completing this form.

Please print	Name	Social Security Number
(Transferee)		
	Address / City, State	Federal Employer Identification Number
	Name	Social Security Number
(Transferor)		
	Address / City, State	Federal Employer Identification Number

- Type of Interest to be Acquired *(Check Applicable Box)*
  ☐ Fee ☐ Leasehold Grant ☐ Leasehold Assignment or Surrender ☐ Stock in Co-op
  ☐ Option Grant ☐ Option Assignment or Surrender ☐ Development Right
  ☐ Controlling Interest ☐ Contract Assignment ☐ Other *(attach explanation)*
- Date of Anticipated Transfer _____ (Day / Month / Year)
- Percentage of Interest to be Acquired _____%

LOCATION OF PROPERTY TO BE TRANSFERRED (List each lot separately)

Address	County

COMPLETE LINES 1, 2 AND 3

1 Consideration to be Paid to Transferor By Transferee	1	
2 Brokerage Fees to be Paid by Transferee to Transferor	2	
3 Brokerage Fees to be Paid by Transferee to Broker	3	

AFFIDAVIT OF TRANSFEREE

I swear (or affirm) under penalty of perjury that this questionnaire including the accompanying schedules or statements has been examined by me and is, to the best of my knowledge and belief, a true and complete return, made in good faith, pursuant to Article 31-B of the New York State Tax Law.

Sworn to and subscribed to before me this _____ day of _____, 19____

_____ Name(s) of Transferee(s)

_____ Signature(s) of owner(s), partner, officer of corporation, etc.

_____ Signature of officer administering oath

_____ Title

Exhibit C

SUBSCRIBER AFFIDAVIT

STATE OF NEW YORK)
) SS.:
COUNTY OF _____)

_____, being duly sworn, deposes and says:

a. That your deponent is the subscriber of the shares allocated to apartment ____ at premises 325 East 201st Street, New York, New York.

b. **(delete either I or II)**

I. I represent that I am the bona fide resident in occupancy of of the above-described apartment.

II. I represent that I have the bona fide intention of moving into the above-described apartment or that _____ (a member of my immediate family) will move into the above-described apartment.

c. The following is a list of all other subscription agreements in which I made similar representations of intent to occupy (if none, state "none"):

	Apartment	Building Address	Date of Subscription Agreement
1.			
2.			
3.			

_____
SUBSCRIBER

Sworn to before me this
day of , 198 .

_____
Notary Public

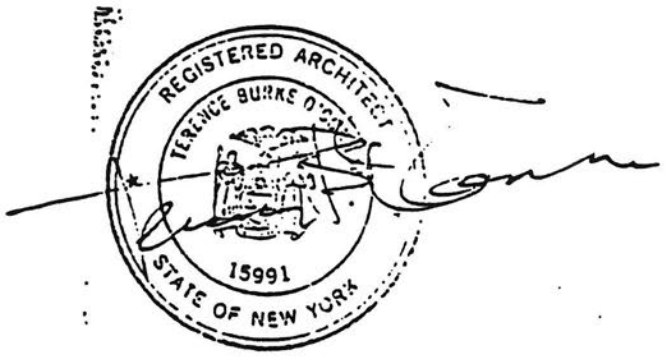
DON GOLDBERG/TERENCE O'C[illegible]OR ARCHITECTS

225 LAFAYETTE ST. NEW YORK, N.Y. 10012 212/219-3288

325 E. 201st Street
New York, New York
Building Inspection Report

This report is based upon an inspection of existing records and applications on file with the New York Department of Buildings, which were made available for review. It includes information provided by the sponsor as well. It is also based upon a visual inspection of some, but not all, areas of the building. These include public areas on the ground level cellar floor, public halls on some floors, the stair and elevator bulkheads, the roof and some typical apartments. Inspection was made in September 1984, and the conditions described existed at this time. Although many areas were inspected, no warranties or representations are made by the undersigned, nor should anyone rely upon representation by the undersigned or sponsor or anyone on their behalf that a complete inspection of the property has been made, nor that all deficiencies in construction, maintenance or operation of the building have been noted. The building is in generally good condition, and substandard conditions have been noted. Information about maintenance, repairs and data concerning permits and inspections were provided by the sponsor. The intent of this report is to state and describe the condition of the materials, finishes, equipment and structure which comprise the building as outlined in the guidelines of the Office of the Attorney General of the State of New York.

Terence Burke O'Connor, Architect
New York Registration Number 15991



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325 East 201st Street
Bronx, New York 10458
BUILDING INSPECTION REPORT

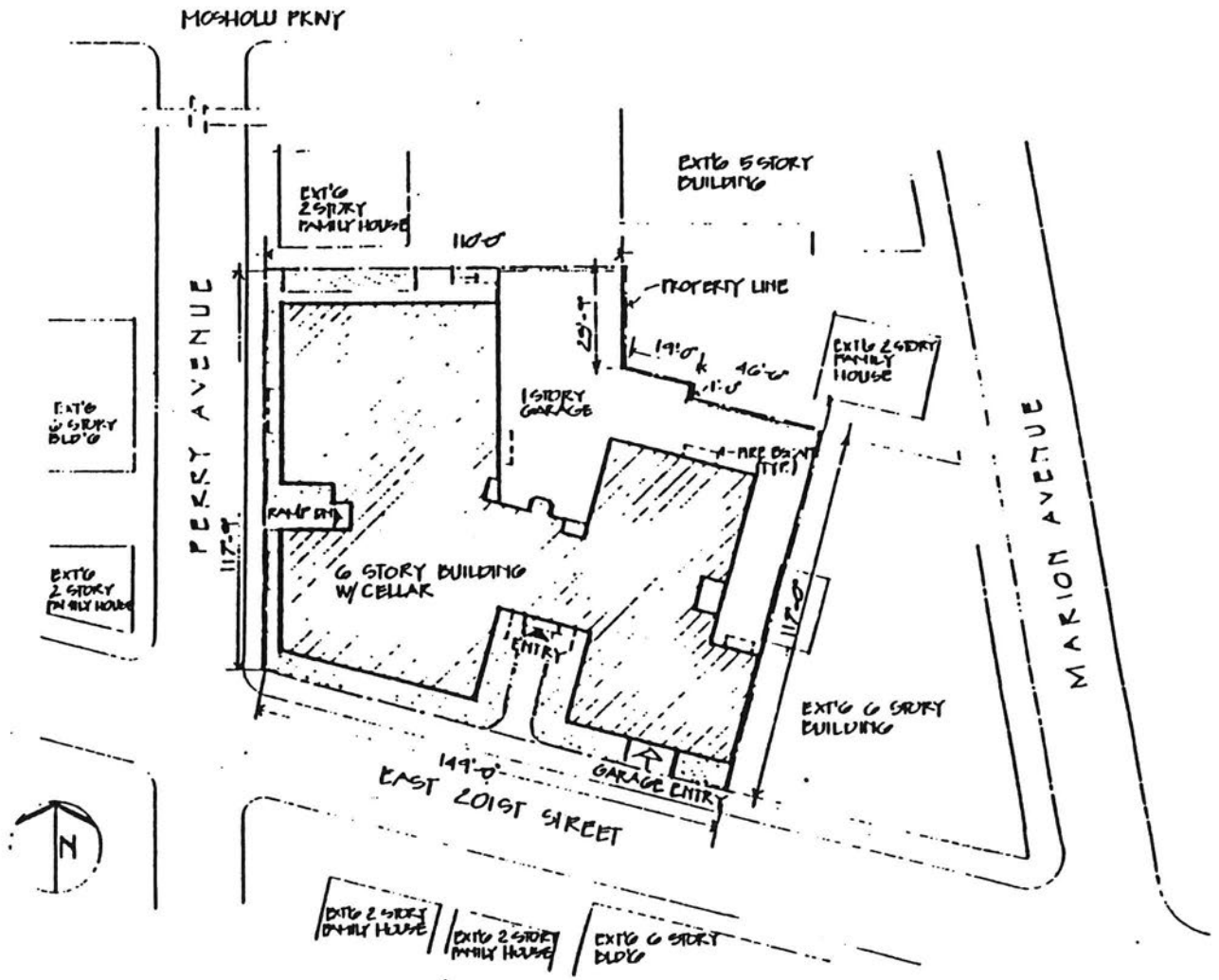
I. Environs:

A. Location

Address: 325 East 201st Street, Bronx, New York 10458
Block: 3281 Lot: 7-36-39-41 Use District: Residential-D

B. Site

The building sits on a lot of approximately 16,375 sq. ft. situated on the northeast corner of Perry Avenue and East 201st Street. To the south, across East 201st Street are three story multi-family homes and similar six story residential buildings. To the west, across Perry Avenue there are two story single family homes and similar six story residential buildings. To the north and east there are a combination of similar five and six story residential buildings and two story single family homes. The facades facing onto Perry Street and 201st Street are surrounded by a low wrought iron fence with planting. This landscaping wraps into the entry courtyard where there are two trees on each side of the entry vestibule. There are trees on the sidewalks of both 201st Street and Perry Avenue. The site slopes from west to east.


MOSHOLU PKWY
EXT'G 2 STORY FAMILY HOUSE
110'-0"
EXT'G 5 STORY BUILDING
PROPERTY LINE
29'-7"
19'-0"
46'-0"
1'-0"
EXT'G 2 STORY FAMILY HOUSE
1 STORY GARAGE
4-REC DOOR TYP.
RAISED DN.
PERRY AVENUE
117'-9"
EXT'G 2 STORY FAMILY HOUSE
6 STORY BUILDING W/ CELLAR
ENTRY
117'-0"
EXT'G 6 STORY BUILDING
MARION AVENUE
149'-0"
GARAGE ENTRY
EAST 201ST STREET
N
EXT'G 2 STORY FAMILY HOUSE
EXT'G 2 STORY FAMILY HOUSE
EXT'G 6 STORY BLDG

C. Site Plan

D. Streets and Sidewalks

1. East 201st Street:

East 201st Street is a one lane asphalt paved street running east-west with traffic heading west. There is parking on both sides of the street. No parking is allowed on the north side from 11 A.M. to 2 P.M., Mondays and Thursdays. No parking is allowed on the south side from 11 A.M. to 2 P.M., Tuesdays and Fridays. The sidewalk is concrete and is approximately 12 feet wide. There are trees o both sides of the street.

2. Perry Avenue:

Perry Avenue is a one lane asphalt paved street running north-south with traffic heading north. There is parking on both sides of the street. No parking is allowed on the east side from 11 A.M. to 2 P.M. on Tuesdays and Fridays. No parking is allowed on the west side from 11 A.M. to 2 P.M. on Mondays and Thursdays. The sidewalk is concrete and is 12 feet wide. There are trees on both sides of the street.

E. Street Facilities:

1. Police and Fire Alarms

The location of the police and fire alarm box is at the intersection of Perry Avenue and Marion Avenue. There is another alarm box at the intersection of Mosholu Pkwy. and 201st Street.

2. U.S. Mailboxes

There is a mailbox on the southwest corner at the intersection of Perry Avenue and East 201st Street.

3. Fire Hydrant

There is a fire hydrant on the northwest corner at the intersection of Perry Avenue and East 201st Street.

4. Street Lighting

There are four street lights around the building. There are two on the southwest and northeast corners at the intersection of Perry Avenue and East 201st Street. Another one is directly across the street from the main entrance on East 201st Street. The fourth street light is at midblock across the street on Perry Avenue.

5. Public Telephone

The nearest public telephones are at the intersection of the Grand Concourse and East 201st Street, approximately five blocks west of the building..

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Bronx, New York 10458
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F. Utilities

1. Electricity

Electricity is provided by Con Edison. Electrical service enters the building from mains under Perry Avenue.

2. Gas

Gas is provided by Con Edison through mains under Perry Avenue.

3. Telephone

Telephone service is now provided by AT&T through a distribution box at the northwest corner of the building at the cellar level.

4. Water and Sewers

Water and sewer service are provided by the City of New York through a 12" water main and a 10" sanitary sewer, both under East 201st Street. Water charges and sewer rental fees are determined by frontage and fixture count and are billed annually. In general, internal and external drainage have been adequately provided for all areas.

G. Adjacent Buildings and Environs

The adjacent buildings are all residential with a mix of similar six-story residential buildings and two or three story single and multiple family homes. There is landscaping along the west and south sides of the building as well as in the entry courtyard on East 201st Street. On the east side of the building there is a 25 car garage accessible from East 201st Street.

H. Transit

The Bedford Park Boulevard Subway Station on the Grand Concourse (the "D" train) is located five blocks west and one block south of the building. North and southbound bus routes (the "Bx 34") run along Bainbridge Avenue, one block west of Perry Avenue. The "1" bus runs north and southbound along the Grand Concourse.

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Bronx, New York 10458
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II. Building

A. Size and Character

325 East 201st Street is a six story brick Building Dept. Class 3 residential multiple dwelling with a cellar on grade (which contains a 25 car garage). The general configuration is an irregular "H" shaped plan with two wings, one to the east and one to the west. There are seven fire escapes around the building. The building is approximately 59'-6" high with a frontage of 145'-0" on East 201st Street. The total area of the building is approximately 70,980 sq. ft. The approximate size of the lot is 16,375 sq. ft. The resulting floor area ratio is 4.3:1. The site is zoned residential in Use District D.

B. Building Department History

The building was completed in November 1950 under building notice 1021-49. The final certificate of occupancy 8251-50 was issued on December 14, 1950. A miscellaneous building notice #609-50 was issued for sprinklering the garage. There are no alterations on record with the Building Department since the date of completion.

C. Building Department Violations

A search of the Building Department of April 3, 1984 found no pending building violations

D. Multiple Dwelling Registration Number

The multiple dwelling registration number for the building is #205183 issued 10/12/82 and expiring 4/1/85.

III. Occupancy

A. Legal Occupancy

The final certificate of occupancy (#8251-50) of December 1950 lists the following legal uses:

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FLOOR	LL	USE
Cellar	concrete on earth	Boiler room, storage room, laundry, recreation room, meter room, 40 car non-storage garage, janitor's apt. (4 rooms)
First	40	11 apartments (34 rooms), 1 doctors office
Second-Sixth	40	12 apartments (38 rooms)

B. Actual Occupancy

The actual occupancy of the building is the same as the legal occupancy with the exception of the garage which presently provides parking for only 25 cars.

C. Apartment Line List

In addition to the superintendent's apartment on the cellar level (Line "E" - 4 1/2 rooms), there are 72 apartments in 12 lines, as follows:

Apartment Line A, Apartments 1A, 2A, 3A, 4A, 5A, 6A (3 1/2 rooms)
Apartment Line B, Apartments 1B, 2B, 3B, 4B, 5B, 6B (4 1/2 rooms)
Apartment Line C, Apartments 1C, 2C, 3C, 4C, 5C, 6C (2 1/2 rooms)
Apartment Line D, Apartments 1D, 2D, 3D, 4D, 5D, 6D (2 1/2 rooms)
Apartment Line E, Apartments 1E, 2E, 3E, 4E, 5E, 6E (4 1/2 rooms)
Apartment Line F, Apartments 1F, 2F, 3F, 4F, 5F, 6F (3 1/2 rooms)
Apartment Line G, Apartments 1G, 2G, 3G, 4G, 5G, 6G (3 1/2 rooms)
Apartment Line H, Apartments 1H, 2H, 3H, 4H. 5H, 6H (4 1/2 rooms)
Apartment Line J, Apartments 1J, 2J, 3J, 4J, 5J, 6J (3 1/2 rooms)
Apartment Line K, Apartments 1K, 2K, 3K, 4K, 5K, 6K (3 1/2 rooms)
Apartment Line L, Apartments 1L, 2L, 3L, 4L, 5L, 6L (4 1/2 rooms)
Apartment Line M, Apartments 1M, 2M. 3M. 4M. 5M, 6M (3 1/2 rooms)

Summary

2 1/2 rooms	3 1/2 rooms	4 1/2 rooms
12	36	25

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IV. Structure

The building is classified as having class 3 (non-fireproof) construction. Foundation walls and footings are 24" thick load bearing concrete. The interior columns throughout are concrete. Structural steel I-beams and wood joists are supported by these columns.

The load bearing exterior walls are 12" solid brick. The garage floor is 6" concrete with a 1" portland cement finish. The stair and elevetor bulkhead walls are 8" solid brick walls. Parapets are 12" solid brick. The structure appears sound.

V. Exterior

A. Exterior Walls

1. Principal Facades - Perry Avenue and East 201st Street

The main facades of the building face onto the corner at the intersection of Perry Avenue and East 201st Street. These facades consist of red brick set in common bond with a brick soldier course at the level of the first floor and at the roof parapet. The brickwork appears in good condition. The windows are mostly double hung wood frame type except for the corner windows and staircase windows which are steel casement type. The windows with concrete sills are of various sizes and form a regular pattern over the facades. There are two fire escapes on the Perry Street elevation and two on the East 201st Street elevation. The 201st Street facade has an inset courtyard which leads to the entry vestibule.

The Perry Avenue elevation has a ramp at street level leading down to a service corridor at the cellar level. At grade there is planting behind a low wrought iron fence along both facades. The garage entry is off East 201st Street on the east side of the building via a ramp directly off the street.

2. North and East Facades

These facades are similar to the principal facade consisting of the same red brick and windows. On the north wall of the west wing of the building the first 8'-0" is concrete block painted white as are all the perimeter walls of the garage. There are three fire escapes on the north side of the building. A brick chimney flue from the boiler room rises up the north side of the building. There is access to the garage roof via a steel staircase from the northwest corner of the site.

B. Windows and Window Sills:

The windows are predominantly wood double hung sashes in wood frames with intermediate horizontal wood mullions. At the internal staircases and at the corners of the building the windows are steel casement type. The windows vary in size and are mostly single-glazed. There are windows in all habitable rooms including all the bathrooms and all kitchens except for Apartment Lines "C" and "D" which have mechanical kitchen ventilation. All windows have horizontal venetian blinds. The window sills are wood in the interior and precast concrete on the exterior. In general, all windows require repainting; otherwise they are in generally good condition.

C. Roof and Bulkheads

1. Main Roof

The existing roof surface is built-up roll roofing. Due to occasional drainage problems the entire roof shall be repaired and replaced with 90 lb. felt roll roofing. The roof pitches to 4 internal drains, one as each corner of the building. There are 17 plumbing stacks on the roof and 2 exhaust fans. There are no skylights on the roof except for one over each stair bulkhead. The parapet wall is 4'-6" high throughout and is 12" solid brick construction, flashed at the base. The parapet wall appears in good condition, as does the terra-cotta coping throughout. There are 2 main television antennas, one over each elevator bulkhead.

2. Bulkheads

There are four major bulkheads on the roof, enclosing the two internal staircases and the two elevator machine rooms. The two stair bulkheads have skylights above and the elevator bulkheads have steel frame windows. All the bulkheads are brick construction with tarped over metal flashing at the base as well as the top of the bulkhead. The doors on the roof level to the stairs and the elevator machine room are all fireproof self-closing steel doors in steel bulks, all in good condition. Access to the elevator machine rooms is via steel staircases from the roof level to a locked fireproof door. There is also a brick chimney for the boiler room.

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D. Yards and Courts

The main court is off East 201st Street and leads into the entry vestibule and lobby. There is landscaping in the form of low bushes and two trees on the east and west sides of this court.

At the northwest corner of the building is a landscaped passage which leads to a steel stair to the roof of the garage. There are three areaways between the one-story garage extension to the northeast and the building. These provide access at the cellar level to a meter room and the boiler room.

E. Exterior Lighting

Exterior lighting is provided at the main entrance by a surface-wall mounted incandescent light fixture to each side of the entry doors. There are incandescent fixtures in metal cages over the auxillary entrance off Perry Street. On the north side of the building along the landscaped passage and on the roof of the garage are similar metal cage wall mounted fixtures.

F. Fire Escapes

There are (7) fire escapes on the building, two on the south side, two on the west, and three on the north side. The three on the north go from the main roof level to the garage roof, the two on the west go from the roof to the street and the two on the south come down to a first floor balcony. All the fire escapes appear to be in good condition.

G. Entrances

1. Main Entrance

The main entrance is on East 201st Street off a landscaped court. The entry doors are a pair of glass doors with satin aluminum finish hardware. The paving is fieldstone and is at street level. There is planting of low bushes with a tree on each side of the entry court.

2. Auxiliary Entrances

On the west side of the building off Perry Street is a ramp down to a service corridor on the cellar level. The main entrance to the garage is to the east of the main building entrance on East 201st Street. The garage door is an electrical key-operated overhead type

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VI. Public Interiors

A. Vestibule

The entry vestibule is on street level and is a one story brick structure with a metal canopy. The entry doors are a pair of tempered glass doors. The floor is made up of 2'-0" x 2'-0" black terrazzo tiles with 1/8" brass strips in between. There is a 6" black terrazzo base. The double doors to the lobby are wood frame and tempered glass with 2 side panels of glass also in wood frames. This second set of doors are locked and activated by the intercom buzzer. All the doors are selfclosing. The side walls are surfaced in a tan formica finish. On the east side wall is an authorized building directory, doorbell and intercom unit. Lighting is provided by a ceiling mounted recessed flourescent light. The ceiling is painted plaster.

B. Lobby and First Floor Public Hall

The lobby on the cellar entry level is 2 risers down from the vestibule level. The floor is the same 2'-0" x 2'-0" black terrazzo with a 6" black terrazzo base. The walls are wallpapered and the ceiling is painted plaster. The lighting is provided by ceiling mounted recessed downlights. Off the main lobby to the north is a door that leads to a meter room, the boiler room and the garage. To the west of the main lobby is the superintendent's apartment, the laundry room, a compactor room and storage rooms. The south wall of the entry lobby has pionre windows facing onto East 201st Street, one on each side of the entry vestibule. There are mailboxes to the east and west of the main lobby area.

C. Tenants Mail Facilities

There is a tenants' mail facility for each of the two wings of the building, one to the east and one to the west of the entrance lobby. The metal boxes are mounted flush to the wall. There is a building directory adjacent to each of the mailbox areas. Lighting is provided by a wall mounted flourescent fixture, directly above the mailboxes.

D. Upper Floor Public Halls

The floors of the upper floor public halls are 1" x 1" brown ceramic tile with a 6" brown ceramic tile base. The walls and ceiling are painted plaster. Lighting is provided by 2 ceiling mounted incandescent fixtures. The public stairwells, open to each public hall, have steel casement type windows at each landing. The apartment entry doors are steel fireproof

self-closing panel doors in steel bucks; they have rim-type hardware. The doors are equipped with peepholes, doorbells and identification mounted directly to the door. The thresholds are terrazzo. Each floor has a door to a compactor room which serves as a garbage disposal room. This door is also fireproof, self-closing in a steel buck.

E. Stairways

There are two open stairwells in the building, one for the east wing and one for the west wing. On the east side, the stair is a scissor type approximately 3'-0" wide with an operable steel casement window at each landing. On the west side the stair is a straight run type approximately 5'-0" wide with an operable steel casement window in each public hall. Both stairs run from the cellar entry level to the roof. The stair treads are terrazzo, stringers and risers are steel as are the ballustrades and newer posts. The handrail is oak. The landings are brown ceramic tile. Lighting is provided by a ceiling mounted incandescent fixture at each floor and the natural daylight from the stairwell windows. The stairwells are painted plaster.

VII. Apartment Interiors

A. Living Rooms, Bedrooms, and Foyers

The floors of apartment living rooms, bedrooms, and foyers are tongue and groove oak strip, mostly in good condition. The walls have painted wood bases. The walls and ceilings are painted plaster. The windows are mostly wood double hung sashes in wood frames with intermediate horizontal wood mullions. Some of the windows in the corner units are steel casement type. Steam heat is provided by an enclosed baseboard recessed under the windows. Individual air conditioning units sit directly in the windows. The authorized intercom door release is wall mounted either in the kitchen or the entry foyer, depending on the apartment. The internal apartment doors are wood panel types. Ceiling mounted incandescent fixtures are provided in the foyers and bedrooms. Fuse boxes are located near the entry foyer. There is a master antenna outlet in each apartment's living room.

B. Kitchens

Kitchen floors are 1'-0" x 1'-0" vinyl floor tile; walls and ceiling are painted plaster. The wood cabinets are built-in with solid wood doors, mostly painted. The sink is porcelain. The sizes and ages of the refrigerators vary; the 30" wide countertop 4 burner gas ranges are manufactured by "Royal Rose". Light is provided by a single ceiling mounted incandescent fixture. All the kitchens have windows except for "C" and "D" Apartment Lines which have mechanical ventilation instead.

C. Bathrooms

Bathroom floors are 1" x 1" unglazed ceramic tile. Walls have a wainscot of 4" x 4" glazed tiles to a height of 4'-0" and 6'-0" in the bathtub. Above the wainscot, the walls are painted plaster as is the ceiling. All the bathrooms have windows. The water closet is a vitreous china flushometer. The bathtub is enamelled cast iron and has dual controls, a standing waste and a shower rod. A ceramic soap and grab are mounted on the wainscot. The lavatory is enamelled cast iron above which is a mirrored medicine cabinet. Beneth the medicine cabinet are a ceramic toothbrush holder, tumbler receptacle and a ceramic soap dish. There is one towel bar in ceramic brackets. Lighting is provided by a wall mounted incandescent fixture over the medicine cabinet.

VIII. Plumbing and Drainage

Soil and waste lines are extra heavy cast iron. Soil lines are 4" in diameter. Waste lines are 3" diameter. Vents measure 2" and 3" and the house line is 12". The internal leaders which drain the roof of the building and the garage roof are 6" cast iron. Hot and cold water piping in the immediate vicinity of the boiler is copper with brass fittings.

IX. Heating and Hot Water

A. Boiler Room

The boiler room is accessible on the entry cellar level off a service court. It is 5'-0" below the entry level and is reached by a concrete stair. The floor is concrete. The walls are painted concrete block up to 4'-0" and painted brick above. The 15'-0" high ceiling is unpainted concrete. Ventilation is provided by a large louvered window onto an interior areaway-court. The exit door is a fireproof door with a 12" x 12" wireglass window. Lighting is provided by three incandescent bulbs hung from the ceiling. The boiler room is sprinklered and appears in good condition.

B. Heating System and Boiler

The existing boiler was built by Titusville Iron Works Co., PA.; it is a model "Pacific MP1448". The pressure controls, the insulation of the piping and the boiler itself, appear in good condition.

C. Fuel and Burner

The existing burner is a "petro" oil burner cal. #40-31 S.A. This burner consumes #4 oil which is preheated by a "weco" pre-heater cal. #49-45 S.A. This existing oil burner is to be replaced by a W/125 HP "Federal" scotch unit boiler burner. The fuel is stored in a 7500 gallon tank on the cellar level.

D. Hot Water

Hot water is supplied on demand from a coil in the boiler. Temperature is controlled by a thermostat.

E. Permits

The fuel storage permit # is: BS & A approval #40-31 S.A.

The latest certificate of boiler inspection is dated 11/4/83 (#661730). Inspection was by the City of New York.

X. Mechanical Ventilation

There is no mechanical ventilation because of windows in all occupied spaces.

XI. Gas

The gas meters are located in four meter rooms on the entry level cellar floor. Three meter rooms are on the east wing and one is in the west wing. Gas is used for cooking and clothes dryers.

XII. Electricity

There is incoming electrical service for 73 apartments and separate metering for all public spaces including the garage, the elevator, the public halls, exterior lighting, laundry room and all storage rooms. Service for each apartment consists of a 30 amp., 125 volt, 2 wire meter. Typical apartment panels consist of (1) 20 amp. and (2) 15 amp. fuses. The apartments each have a special outlet to a master antenna on the roof. The electric meters are located in a storage room on the entry level cellar floor accessible off a public service corridor.

XIII. Elevator

There is one elevator in each wing of the building, one on the east and one on the west. The elevators travel from the entry level cellar floor to the sixth and top floor. They are manufactured by the Otis Elevator Company and have a 2000 pound capacity. The floor of the elevators is a 1'-0" x 1'-0" black vinyl tile. The walls are mahogany wood panelling with a mahogany railng on three sides. The ceilings are metal. Lighting is provided by a ceiling mounted incandescent fixture. The hoistway doors and cab doors are both steel in steel bucks. Both doors operate automatically. The elevators are equipped with an escape hatch and a security mirror. The elevator inspection certificate was not available at the time of this review. The elevator is serviced by Otis.

325 East 201st Street
Bronx, New York 10458
BUILDING INSPECTION REPORT

XIV Refuse

Tenants bring their refuse to a fireproof compactor room (one in each wing of the building) on their respective floors. The refuse is collected in fireproof concrete block compactor rooms on the entry level cellar floor. The compactors are manufactured by Romco Industries. The superintendent places the refuse outside the building where it is collected by the City of New York twice a week. (These compactor rooms were originally built as incinerator rooms and the existing incinerator flues still go to the roof).

XV. Facilities and Services

A. Laundry

The laundry room is off the main lobby via a public service corridor in the northwest corner of the entry level cellar floor. The floor is concrete, the walls are painted concrete, the ceiling is concrete. There are two double hung windows on the north wall out of which the ventilation ducts from the dryers exhaust. Lighting is provided by 2 ceiling mounted incandescent lights. The laundry equipment consists of (3) washing machines, (2) dryers and (1) utility sink. All equipment is coin-operated and is maintained by Gotham Inc. of New Jersey.

B. Garage

The enclosed 25 car garage is located on the east side of the building accessible by a concrete ramp off East 201st Street. There are two pedestrian exits; one into the main lobby and the other out to Perry Avenue. The floor is 6" concrete with a 1" portland cement finish. The walls are concrete block and the ceiling is reinforced concrete. The interior columns are concrete. Lighting is provided by (8) ceiling mounted flourescent fixtures. The overhead garage entry door is electrically key-operated from the 201st Street driveway. Heating is provided by ceiling mounted electrical heaters. There is an exhaust fan system on the north wall of the garage. There are a total of (5) windows on the north wall, (3) windows on the west wall, and (2) on the south wall. All the windows are wire glass in metal frames.

The entire garage is sprinklered as per code. The garage appears to be in good condition.

C. Additional Tenant Facilities

On the cellar level entry floor, in addition to the garage and laundry room, there are (2) storage rooms and (1) superintendent's workshop. These rooms are fireproof enclosures with self-closing fire-rated doors.

D. Pest Control

Pest control service is provided by the owner every second Friday of the month.

E. Air Conditioning

Individual tenants have installed their own air conditioners directly into their windows.

F. Storm Windows

The building does not provide storm windows and very few tenants have installed their own.

G. Venetian Blinds, Window Shades and Screens

The building does provide venetian blinds. Screens and shades are not provided by the building.

SUMMARY

The building is 34 years old and appears to be in sound condition. The exterior and interior walls appear to be in good condition. As noted in this report, the roof (due to drainage problems) is to be replaced and resurfaced. The existing boiler burner is also to be replaced by a new unit.

The heating system has modern controls and appears in good condition. The electrical system provides an adequate amount of service for modern needs.

Some of the interior ceilings and walls require minor repair due to the drainage problem on the roof.

There are no outstanding Building Department violations and in general the building appears in sound condition and has been well maintained.

GOLDBERG/O'CONNOR • ARCHITECTS

225 LAFAYETTE ST. NEW YORK, N.Y. 10012 212/219-3288

Adendum to 325 E. 201st Street Report

1. The main chimney for the boiler flue runs up the rear facade and forms part of the parapet wall at the main roof. It has a cast stone coping in need of repair. There are steel rungs set in the chimney at the roof side allowing access to the top of the top of the chimney. There is an inner steel flue inside the brick chimney which appeared to be in good condition.

2. The plumbing piping in the building is brass and in good condition. The piping to the boiler is new and in good condition.

3. Stairways

There are 7 steel fire escape stairs on the exterior of the building. Three at the rearof the building travel from the ground to the roof, the four on the front facades travel from the top floor to the first floor. They are all in good condition. There are two open internal stairs. One stairway travels from floor to floor in one flight, the other has a landing between floors. Both stairs have large steel frame windows giving natural light and ventilation to the landings. The stairs have steel risers, stringers and treads, the treads have terrazzo inserts. The handrails are wood. The stairs are lit artificially by ceiling mounted flourescent fixtures mounted on the hallway ceiling. The stairs are in good condition.

4. Elevator Callers and Machinery

The elevator machines are mounted on the top of the hoistway in the elevator penthouse. The machines are made byOTIS and are maintained by Krudson service company once per month. The machinery and callers appear

to be in good condition and the control panel also appears to be in good condition.

5. Elevator Inspection

The elevators were last inspected by M.R. Kiley of the City of New York Department of Buildings on 4-8-85.

6. Oil Storage-A permit from the Fire Department, expiring 10/85, account number 020-938 47 is posted in the boiler room.

7. Garage

The garage is sprinklered and the system appears to be in good condition. It has recently been tested. The garage permit was filed for by the Modern Realty Association, 325 E. 201st license number 699255. The capacity of the garage is 24 cars. The advertised fee is $80.00 per month plus 6% tax. Parking is only available to tenants. The permit is effective December 16, 1984.

8. Housing Violations

There was a recent inspection of the building in which 89 housing violations were recorded. Prior to this there were none. (See enclosed list of violations.)

9. The boiler is new, it was installed in July 1984 and is in excellent condition. It maintains waste at 180° minimum and the burner consumes #6 oil at 37 gal. per hour max.

10. Ground Water

The basement is clean and dry and shows no signs of ground water penetration. The structure is in good condition.

11. Electrical System

The electrical service enters the basement off Perry Street. The main fuse box contains three 100 amp line fuses and no circuit breaker. The secondary distribution box contains nineteen 60 amp fuses which feed the apartment meter boxes. Each apartment has a 30 amp line fuse at the meter box. The meter boxes are old but appear to be in good condition. Each apartment has two 10 amp and one 15 amp fuse. The fuse boxes are

in good condition. The service to apartments is adequate to run all household appliances. The building has a separate service consisting of twelve 60 amp fuses. The boiler has a new 240 v 60 amp circuit. breaker. The building service is for the elevator, boiler and general common areas. The electrical service generally appeared adequate and in good condition.

1932 ARTHUR AVENUE
BRONX, N.Y. 10457

MUNICIPAL BUILDING
BROOKLYN, N.Y. 11201

39 BROADWAY
NEW YORK, N.Y. 10006

126-06 QUEENS BLVD.
KEW GARDENS, N.Y. 11415

ROOM 224
BOROUGH HALL
ST. GEORGE, N.Y. 10

LOCATION	STREET CODE	BORO	AREA	BLDG TYPE	REG. NO.	DATE REPORTED	CYCLE
325 EAST 201 STREET	27660	BRNX	613	HAEA	205183	6 04 01 85	105

0000325 276602

NOTICE OF VIOLATION

Modern Realty Associates
~~SHEEHAN~~ Joel T. Fishman
~~JGHM~~
250 WEST 57 STREET Suite 2530
NEW YORK, NEW YORK 10019

All violations listed below are CLASS B

All violations listed below must be corrected by 06/05/85

ITEM	ORDER	TO CERTIFY DATE	TO CERTIFY INITL	VIOLATION DESCRIPTION
72 04	501	6/7	TE	D26-10.01 ADM CODE. PROPERLY REPAIR THE BROKEN OR DEFECTIVE WINDOW SASHES 2ND STY REAR APT 2H WEST ROOM & CENTER WEST ROOM.
73 06	530	6/7	TE	D26-10.01, 10.05 ADM CODE. ARRANGE AND MAKE SELF-CLOSING THE DOORS ENTRANCE 2ND STY SOUTHEAST APT 2H.
73 07	501	6/7	TE	D26-10.01 ADM CODE. PROPERLY REPAIR THE BROKEN OR DEFECTIVE INOPERATED WINDOW SASH 2ND STY SOUTH EAST APT 2H EAST ROOM.
74 08	530	6/7	TE	D26-10.01, 10.05 ADM CODE. ARRANGE AND MAKE SELF-CLOSING THE DOORS ENTRANCE 1ST STY FRONT NORTH APT 1K.
74 09	553 *	6/7	TE	D26-16.01 ADM CODE. REPAIR THE FLUSHING APPARATUS AND MAINTAIN SAME SO AS TO FLUSH EFFECTIVELY THE WATER CLOSET 1ST STY FRONT NORTH APT 1K IN BATHROOM.
75 76	505	6/7	TE	D26-10.01 ADM CODE. REPLACE WITH NEW BROKEN OR DEFECTIVE GLASS OF SKYLIGHT BUILT-UP COVER 6TH STY PUB HALL.
X1 81	501	6/7	TE	D26-10.01, 10.05 ADM CODE. ARRANGE AND MAKE SELF-REMOVE OBSTRUCTING BARS OR UNITS OF GATES FROM WINDOW TO FIRE ESCAPE OR PROVIDE APPROVED TYPE GATE 6TH STY NORTH APT 6K CENTER ROOM.
X1 82	701	6/7	TE	D26-20.08, 20.09 ADM CODE. PROVIDE AN APPROVED AND OPERATIONAL SMOKE DETECTING DEVICE INSTALLED IN ACCORDANCE WITH DEPARTMENT OF BUILDINGS RULES AND REGULATIONS MISSING 6TH STY NORTH APT 6K.
76 87	530	6/7	TE	D26-10.01, 10.05 ADM CODE. ARRANGE AND MAKE SELF-CLOSING THE DOORS HOPPER ROOM OR INCINERATOR COMPACTOR 3RD & 4TH STYS PUB HALL.

AN ASTERISK (*) FOLLOWING AN ORDER NUMBER DENOTES A RENT IMPAIRING VIOLATION UNDER ART. 302A MDC

IMPORTANT: 1) THE CORRECTION DATE LISTED ABOVE DOES NOT APPLY TO CERTAIN VIOLATIONS OF ARTICLE 17 SEE "SECTION 1 — VIOLATIONS," REVERSE SIDE OF FORM.
2) DO NOT SEPARATE THE PARTS OF THIS NOTICE.
3) READ THE INSTRUCTIONS ON THE BACK OF THIS NOTICE CAREFULLY.

NO. ITEMS 10

1932 ARTHUR AVENUE
BRONX, N.Y. 10457

MUNICIPAL BUILDING
BROOKLYN, N.Y. 11201

39 BROADWAY
NEW YORK, N.Y. 10006

ROOM 205
126-06 QUEENS BLVD.
KEW GARDENS, N.Y. 11415

ROOM 224
BOROUGH HALL
ST. GEORGE, N.Y. 10

LOCATION	STREET CODE	BORO	AREA	BLDG. TYPE	REG. NO.	DATE REPORTED	CYCLE
325 EAST 201 STREET	27660	BRNX	015	MAEA	203 103	06-01-85	105

CODE 325 276602

NOTICE OF VIOLATION

~~SHEEHAN~~ TOY ENG
JOHN P.O. BOX 1344
~~230 WEST 31 STREET~~
NEW YORK, NEW YORK ~~100~~ 10471

All violations listed below are CLASS B

All violations listed below must be corrected by 08/06/85

ITEM	ORDER	TO CERTIFY DATE	TO CERTIFY INITL	VIOLATION DESCRIPTION
27 85	530	6/7	JE	026-10.01, 10.C5 ADM CODE ARRANGE AND MAKE SELF-CLOSING THE DOORS ENTRANCE 3RD STY SOUTH EAST APT 3L.
72 92	530	6/7	JE	026-10.01, 10.C5 ADM CODE ARRANGE AND MAKE SELF-CLOSING THE DOORS ENTRANCE 2ND STY NORTH WEST APT 2H.
78 97	530	6/7	JE	026-10.01, 10.C5 ADM CODE ARRANGE AND MAKE SELF-CLOSING THE DOORS ENTRANCE 1ST STY EAST APT 1H.
76 98	539	6/7	JE	026-10.01, 10.C5 ADM CODE AND CANT. RULES AND REGULATIONS. REMOVE THE ENCUMBRANCE OBSTRUCTING EGRESS FROM FIRE ESCAPES FLOOR PLT C AND 4 5TH STYS BALCONIES NORTH WEST FIRE ESCAPE.
79 99	501	6/7	JE	026-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE ENTRANCE DOOR 6TH STY FRONT WEST APT 6J.
79 102	521	6/7	JE	026-10.012 10.C5 ADM CODE FIRE ESCAPE DEFECTIVE. REMOVE OBSTRUCTING BARS OR UNLATCH GATES FROM WINDOW TO FIRE ESCAPE ON PROVIDE A MEANS OF EGRESS 6TH STY FRONT WEST APT 6J KITCHEN.
80 105	553 *	6/7	JE	026-16.01 ADM CODE REPAIR THE PLUMBING APPARATUS AND MAINTAIN SAME SO AS TO CLOSE OFFENSIVE ODORS WATER CLOSET 3RD STY NORTH EAST APT 3K BATHROOM.
80 107	530	6/7	JE	026-10.01, 10.C5 ADM CODE ARRANGE AND MAKE SELF-CLOSING THE DOORS ENTRANCE 3RD STY NORTH EAST APT 3K.
84 113	530	6/7	JE	026-10.01 10.C5 ADM CODE ARRANGE AND MAKE SELF-CLOSING THE DOORS ENTRANCE DOOR 6TH STY NORTHEAST APT 6F.

AN ASTERISK (*) FOLLOWING AN ORDER NUMBER DENOTES A RENT IMPAIRING VIOLATION (See 302A MD. Law) ARTICLE 17 SEE "SECTION 1" — VIOLATIONS.

IMPORTANT: 1) THE CORRECTION DATE LISTED ABOVE DOES NOT APPLY TO CERTAIN VIOLATIONS OF [illegible] REVERSE SIDE OF THIS NOTICE.
2) DO NOT SEPARATE THE PARTS OF THIS NOTICE.
3) READ THE INSTRUCTIONS ON THE BACK OF THIS NOTICE CAREFULLY.

NO. ITEMS

COPY 1

TO BE

BRONX, N.Y. 10457 | MUNICIPAL BUILDING BROOKLYN, N.Y. 11201 | 9th FLOOR 39 BROADWAY NEW YORK, N.Y. 10006 | ROOM 205 126-06 QUEENS BLVD KEW GARDENS, N.Y. 11415 | STATEN ISLAND ROOM 224 BOROUGH HALL ST. GEORGE, N.Y.

LOCATION	STREET CODE	BORO	AREA	BLDG TYPE	JOB NO	DATE REPORTED	CYCLE
325 EAST 201 STREET	27660	BRNX	613	HAEA	205189	03-08-85	105

0000325 276602

NOTICE OF VIOLATION

SHEEHAN
JOHN
250 WEST 57 STREET
NEW YORK, NEW YORK 100

All violations listed below are CLASS "B"

All violations listed below must be corrected by 06/25/85

ITEM	ORDER	TO CERTIFY DATE	TO CERTIFY INITL.	VIOLATION DESCRIPTION
125	560	6/7	TE	D26-13.03 ADM CODE ABATE THE NUISANCE CONSISTING OF VERMIN ROACHES & MICE IN THE SOUTH WEST KITCHEN.
138 127	649 *	6/7	TE	D26-16.01 ADM CODE REMOVE ALL OBSTRUCTIONS AND REPAIR ALL DEFECTS IN SINK BATHTUB AND TILE EAST APT 3G BATHROOM.
80 132	593 *	6/7	TE	D26-16.01 ADM CODE REPAIR THE FLUSHING APPARATUS AND MAINTAIN SAME SO AS TO FLUSH EFFECTIVELY THE WATER CLOSET 3RD STY NORTHWEST APT 3B BATHROOM.
138	566	6/7	TE	D26-13.03 ADM CODE ABATE THE NUISANCE CONSISTING OF VERMIN ROACHES & MICE IN THE SOUTHWEST APT 2B KITCHEN.
83 140	593 *	6/7	TE	D26-16.01 ADM CODE REPAIR THE FLUSHING APPARATUS AND MAINTAIN SAME SO AS TO FLUSH EFFECTIVELY THE WATER CLOSET 1ST STY FRONT COVER APT 1B BATHROOM.
157	552	6/7	TE	D26-11.01, 11.03, 21.03 ADM CODE REMOVE THE ACCUMULATION OF REFUSE AND RUBBISH AND MAINTAIN IN A CLEAN CONDITION THE AT REAR YARD.
96 148	539	6/7	TE	D26-10.01, 10.05 ADM CODE AND ART 27 AND REGULATIONS. REMOVE THE OBSTRUCTIONS OBSTRUCTING EGRESS FROM FIRE ESCAPES FROM THE 4TH STY BALCONY SOUTH FIRE ESCAPE.

AN ASTERISK (*) FOLLOWING AN ORDER NUMBER DENOTES A RENT IMPAIRING VIOLATION (See MDA M.D. Law)

NO. ITEMS

IMPORTANT: 1) THE CORRECTION DATE LISTED ABOVE DOES NOT APPLY TO CERTAIN VIOLATIONS OF ARTICLE 17 SEE "SECTION 1 — VIOLATIONS" REVERSE SIDE OF FORM.
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TO SELL

1932 ARTHUR AVENUE
BRONX, N.Y. 10457

MUNICIPAL BUILDING
BROOKLYN, N.Y. 11201

6TH FLOOR
39 BROADWAY
NEW YORK, N.Y. 10006

ROOM 208
120-08 QUEENS BLVD.
KEW GARDENS, N.Y. 11415

ROOM 224
BOROUGH HALL
ST. GEORGE, N.Y.

LOCATION	STREET CODE	BORO	AREA	BLDG TYPE	REG. NO.	DATE REPORTED	CYCLE
325 EAST 201 STREET	27660	BRNX	613	MAEA	202183	04-01-85	105

0006325 276602

NOTICE OF VIOLATION

Modern Realty Associates
~~SUSSMAN~~ Joel T. Feldman
~~JOHN~~
250 WEST 57 STREET - Suite 2530
NEW YORK, NEW YORK 10019

All violations listed below are CLASS A

All violations listed below must be corrected by 06/04/85

ITEM	ORDER	TO CERTIFY DATE	TO CERTIFY INIT.	VIOLATION DESCRIPTION
69	548			D26-10.01 ADM CODE REPLACE WITH NEW THE BROKEN OR DEFECTIVE GROUT AROUND BATH TUB 2ND STY NORTH WEST APT 2H.
70	548			D26-10.01 ADM CODE REPAIR THE BROKEN OR DEFECTIVE PLASTERED SURFACES AND PAINT THE UNIFORM COLOR CLG & WALLS 1 STY FRONT NORTH APT 1K BATHROOM.
71	501			D26-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE WINDOW SASHES 1ST STY FRONT NORTH APT 1K CENTER & NORTH WOOD.
72	506			D26-10.01 ADM CODE REPLACE WITH NEW THE MISSING CHAIN OF WINDOW SASH 1ST STY FRONT NORTH APT 1K KITCHEN.
73	501			D26-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE WOOD FLOOR 1ST STY FRONT SOUTH APT 1K FOYER.
74	556			D26-12.01 ADM CODE PAINT WITH LIGHT COLORED PAINT TO THE SATISFACTION OF THIS DEPARTMENT WALLS BULKHEAD OVER 6TH STY PUB HALL.
75	501			D26-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE FRAME OF BULKHEAD DOOR OVER 6TH STY PUB HALL.
84 77	593 *			D26-10.01 ADM CODE REPAIR THE FLUSHING APPARATUS AND MAINTAIN SAME SO AS TO FLUSH EFFECTIVELY THE WATER CLOSET 6TH STY WEST APT 6R BATHROOM.
78	505			D26-10.01 ADM CODE REPLACE WITH NEW THE BROKEN OR DEFECTIVE GROUT AROUND BATHTUB 6TH STY WEST APT 6H BATHROOM.

AN ASTERISK (*) FOLLOWING AN ORDER NUMBER DENOTES A RENT IMPAIRING VIOLATION (Sec. 302A M.D. Law)

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NO. ITEMS

COPY 1

1932 ARTHUR AVENUE
BRONX, N.Y. 10457

MUNICIPAL BUILDING
BROOKLYN, N.Y. 11201

9th FLOOR
39 BROADWAY
NEW YORK, N.Y. 10006

ROOM 206
126-06 QUEENS BLVD.
KEW GARDENS, N.Y. 11415

STATEN ISLAND
ROOM 224
BOROUGH HALL
ST. GEORGE, N.Y. 10301

LOCATION	STREET CODE	BORO	AREA	BLDG TYPE	REG. NO.	DATE REPORTED	CYCLE	PA
325 EAST 201 STREET	27660	BRNX	613	HAEA	205183	5 04 01-85	105	

0000325 276602

NOTICE OF VIOLATION

SHEEHAN
JOHN
250 WEST 57 STREET
NEW YORK, NEW YORK 100

All violations listed below are CLASS

All violations listed below must be corrected by 05/04/85

ITEM	ORDER	TO CERTIFY DATE	TO CERTIFY INITL	VIOLATION DESCRIPTION
79	556			D26-12.01 ADM CODE PAINT WITH LIGHT COLORED PAINT TO THE SATISFACTION OF THIS DEPARTMENT CLGS & WALLS 6TH STY WEST APT 6A ENTIRE APT
80	501			D26-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE ENTRANCE DOOR 6TH STY WEST APT 6A
83	556			D26-12.01 ADM CODE PAINT WITH LIGHT COLORED PAINT TO THE SATISFACTION OF THIS DEPARTMENT CLGS & WALLS 6TH STY NORTH APT 6K ENTIRE APT
84	508			D26-10.01 ADM CODE REPAIR THE BROKEN OR DEFECTIVE PLASTERED SURFACES AND PAINT IN A UNIFORM COLOR CLG 5TH STY WEST APT 5H BATHROOM
85	508			D26-10.01 ADM CODE REPAIR THE BROKEN OR DEFECTIVE PLASTERED SURFACES AND PAINT IN A UNIFORM COLOR CLGS 5TH STY NORTH WEST APT 5J LETTER ROOM & WEST ROOM
86	501			D26-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE WINDOW CASING 5TH STY BOY MAIN EAST
88	501			D26-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE HOPPER DOOR INCINERATOR CONNECTION 3RD STY PUB HALL
90	501			D26-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE ENTRANCE 3RD STY SOUTH EAST APT 3L
91	502			D26-10.01 ADM CODE PROPERLY REPAIR WITH SIMILAR MATERIAL THE BROKEN OR DEFECTIVE CERAMIC TILE FLOOR 3RD STY SOUTH EAST APT 3L BATHROOM
93	556			D26-12.01 ADM CODE PAINT WITH LIGHT COLORED PAINT TO THE SATISFACTION OF THIS DEPARTMENT CLGS & WALLS 2ND STY NORTH WEST APT 2H ENTIRE APT

AN ASTERISK (*) FOLLOWING AN ORDER NUMBER DENOTES A RENT IMPAIRING VIOLATION (SEE 302A M.D. Law)

IMPORTANT: 1) THE CORRECTION DATE LISTED ABOVE DOES NOT APPLY TO CERTAIN VIOLATIONS OF ARTICLE 17 SEE "SECTION 1 — VIOLATIONS," REVERSE SIDE OF FORM

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NO. ITEMS

COPY

TO SELL

1932 ARTHUR AVENUE
BRONX, N.Y. 10457

ROOM 605
MUNICIPAL BUILDING
BROOKLYN, N.Y. 11201

9th FLOOR
39 BROADWAY
NEW YORK, N.Y. 10006

ROOM 206
126-06 QUEENS BLVD.
KEW GARDENS, N.Y. 11415

STATEN ISLAND
ROOM 228
BOROUGH HALL
ST. GEORGE, N.Y. 1030

LOCATION	STREET CODE	BORO	AREA	BLDG. TYPE	REG	HOLT	DATE REPORTED	CYCLE	PA
325 EAST 201 STREET	27660	BRNX	613	HAEA	209183		04-01-85	105	

0000325 276602

NOTICE OF VIOLATION

SHEEHAN
JOHN
250 WEST 57 STREET
NEW YORK, NEW YORK 100

All violations listed below are
CLASS "B"

All violations listed below must be corrected by
OR 04/04/85

ITEM	ORDER	TO CERTIFY DATE	TO CERTIFY INIT'L	VIOLATION DESCRIPTION
94	505			026-10.01 ADM CODE REPAIR WITH NEW TILE BROKEN OR DEFECTIVE GROUT 1ST STY EAST APT IN BATHROOM TILES.
95	501			026-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE WOOD FLOOR 1ST STY EAST APT IN CENTER ROOM.
96	556			026-12.01 ADM CODE PAINT WITH LIGHT COLORED PAINT TO THE SATISFACTION OF THIS DEPARTMENT CLASS C WALLS 1ST STY EAST APT IN ENTIRE APT.
100	594 *			026-16.01 ADM CODE REPAIR LEAKY WATER CLOSET FLUSH PIPE CONNECTION 6TH STY FRONT WEST APT 6J BATHROOM.
101	501			026-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE WINDOW SASH 6TH STY FRONT WEST APT 6J NORTH ROOM.
103	556			026-12.01 ADM CODE PAINT WITH LIGHT COLORED PAINT TO THE SATISFACTION OF THIS DEPARTMENT CLASS C WALLS 3RD STY NORTH EAST APT 3K ENTIRE APT.
104	508			026-10.01 ADM CODE REPAIR THE BROKEN OR DEFECTIVE PLASTERED SURFACES AND PAINT IN A UNIFORM COLOR WALLS 3RD STY NORTH EAST APT 3K ENTIRE APT.
106	501			026-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE UNOPENABLE WINDOW SASH 3RD STY NORTH EAST APT 3K BATHROOM.
108	501			026-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE ENTRANCE DOOR 3RD STY NORTHEAST APT 3K.
109	556			026-12.01 ADM CODE PAINT WITH LIGHT COLORED PAINT TO THE SATISFACTION OF THIS DEPARTMENT CLASS C WALLS 4TH STY FRONT WEST APT 4D ENTIRE APT.

AN ASTERISK (*) FOLLOWING AN ORDER NUMBER DENOTES A RENT IMPAIRING VIOLATION (See 302 M.D. Law)

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NO. ITEMS

TO SELL

COPY

1932 ARTHUR AVENUE
BRONX, N.Y. 10457

MUNICIPAL BUILDING
BROOKLYN, N.Y. 11201

9TH FLOOR
39 BROADWAY
NEW YORK, N.Y. 10006

ROOM 205
126-06 QUEENS BLVD.
KEW GARDENS, N.Y. 11415

ROOM 224
BOROUGH HALL
ST. GEORGE, N.Y. 10

LOCATION	STREET CODE	BORO	AREA	BLDG. TYPE	REG. NO.	DATE REPORTED	CYCLE
325 EAST 201 STREET	27660	BRNX	213	RAES	205283	6-04-03-85	105

0000325 276602

NOTICE OF VIOLATION

Modern Realty Associates
~~STEINMAN~~ Joel T. Fishman
~~John~~
250 WEST 57 STREET-Suite 2530
NEW YORK, NEW YORK 10001

All violations listed below are CLASS A

All violations listed below must be corrected by 8/04/85

ITEM	ORDER	TO CERTIFY DATE	TO CERTIFY INITL	VIOLATION DESCRIPTION
110	501			D26-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE FLOOR 6TH FRONT WEST APT AT CENTER ROOM.
111	501			D26-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE ENTRANCE DOOR 6TH STY FRONT WEST APT 6C.
112	501			D26-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE WINDOW SASH 6TH STY NORTHEAST APT AT NORTH ROOM.
114	556			D26-12.01 ADM CODE PAINT WITH LIGHT COLORED PAINT TO THE SATISFACTION OF THIS DEPARTMENT CEILS & WALLS 5TH SOUTHEAST APT 5C CENTER ROOM.
115	594 *			D26-10.01 ADM CODE REPAIR LEAKY WATER CLOSET FLUSH PIPE CONNECTION 5TH STY SOUTHEAST APT 5C BATHROOM.
116	508			D26-10.01 ADM CODE REPAIR THE BROKEN OR DEFECTIVE PLASTERED SURFACES AND PAINT IN A SUITABLE COLOR CLG 5TH STY SOUTHEAST APT 5C CENTER ROOM.
117	556			D26-12.01 ADM CODE PAINT WITH LIGHT COLORED PAINT TO THE SATISFACTION OF THIS DEPARTMENT WALLS CLGS 5TH STY FRONT APT 5A BATHROOM & KITCHEN.
118	501			D26-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE WINDOW SASH 5TH STY FRONT APT 5A BATHROOM & KITCHEN.
1886119	502			D26-10.01 ADM CODE PROPERLY REPAIR WITH SIMILAR MATERIAL THE BROKEN OR DEFECTIVE CERAMIC TILE FLOOR 5TH STY FRONT WEST APT 5C BATHROOM.
120	501			D26-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE ENTRANCE DOOR 5TH STY FRONT WEST APT 5C.

AN ASTERISK (*) FOLLOWING AN ORDER NUMBER DENOTES A RENT IMPAIRING VIOLATION (SEE 302A MD LAW)

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NO. ITEMS

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TO SELL

BRONX, N.Y. 10457 | BROOKLYN, N.Y. 11201 | NEW YORK, N.Y. 10008 | KEW GARDENS, N.Y. 11415 | BOROUGH HALL ST. GEORGE, N.Y.

LOCATION	STREET CODE	BORO	AREA	BLDG. TYPE	REG. NO.	DATE REPORTED:	CYCLE
325 EAST 201 STREET	27660	BRNX	613	AREA	203183	08 29	135

GDCU325 276602

NOTICE OF VIOLATION

SHEEHAN
JOHN
250 WEST 57 STREET
NEW YORK, NEW YORK 100

All violations listed below are CLASS

All violations listed below must be corrected by 09/04/87

ITEM	ORDER	TO CERTIFY DATE	TO CERTIFY INITL	VIOLATION DESCRIPTION
121	556			D26-12.01 ADM CODE PAINT WITH LIGHT COLORED PAINT TO THE SATISFACTION OF THIS DEPARTMENT WALLS 4TH STY SOUTHWEST APT 4B CENTER ROOM WEST.
122	501			D26-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE WINDOW SASH 4TH STY WEST APT 4C WEST ROOM CENTER ROOM.
123	509			D26-10.01 ADM CODE PROPERLY SECURE THE LOOSE WASH BASIN 4TH STY SOUTHWEST APT 4B BATHROOM.
124	501			D26-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE WINDOW SASH 4TH STY WEST APT 4C WEST ROOM CENTER ROOM.
126	501			D26-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE MECHANICAL VENTILATION 4TH STY WEST APT 4C KITCHEN.
128	502			D26-10.01 ADM CODE PROPERLY REPAIR WITH SIMILAR MATERIAL THE BROKEN OR DEFECTIVE TILE CERAMIC WALL 3RD STY EAST APT 3C BATHROOM.
129	501			D26-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE WINDOW SASH 3RD STY SOUTHWEST APT 3B CENTER ROOM.
130	501			D26-10.01 ADM CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE WINDOW SASH 3RD STY SOUTHWEST APT 3B CENTER EAST ROOM.
131	502			D26-10.01 ADM CODE PROPERLY REPAIR WITH SIMILAR MATERIAL THE BROKEN OR DEFECTIVE CERAMIC TILE FLOOR 3RD STY WEST APT 3B BATHROOM.
133	502			D26-10.01 ADM CODE PROPERLY REPAIR WITH SIMILAR MATERIAL THE BROKEN OR DEFECTIVE CERAMIC TILE 3RD STY NORTH APT 3B BATHROOM.

AN ASTERISK (*) FOLLOWING AN ORDER NUMBER DENOTES A RENT-IMPAIRING VIOLATION (e.g., 302A M.D. Law)

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NO. ITEMS

COPY 1

3rd FLOOR
1932 ARTHUR AVENUE
BRONX, N.Y. 10457

ROOM 809
MUNICIPAL BUILDING
BROOKLYN, N.Y. 11201

9th FLOOR
39 BROADWAY
NEW YORK, N.Y. 10006

QUEENS
ROOM 209
120-55 QUEENS BLVD.
KEW GARDENS, N.Y.

STATEN ISLAND
ROOM 224
BOROUGH HALL
ST. GEORGE, N.Y.

LOCATION	STREET CODE	BORO	AREA	BLDG TYPE	REG NO.	DATE REGISTERED	CYCLE
325 EAST 201 STREET	27660	BRNX	613	HAEA	203183	05-03-83	105

00600325 276602

NOTICE OF VIOLATION

SHEEHAN
JOHN
250 WEST 57 STREET
NEW YORK, NEW YORK 100

All violations listed below are CLASS I

All violations listed below must be corrected by 06/06/83

ITEM	ORDER	TO CERTIFY DATE	TO CERTIFY INITL	VIOLATION DESCRIPTION
134	579			026-16.01 ADM CODE: REPAIR THE LEAKY AND/OR DEFECTIVE FAUCETS SINK 3RD STY SOUTHEAST APT 3D KITCHEN.
135	505			026-10.01 ADM CODE: REPLACE WITH NEW TILES BROKEN OR DEFECTIVE BATHTUB GROUT 3RD STY SOUTHEAST APT 3D BATHROOM.
136	501			026-10.01 ADM CODE: PROPERLY REPAIR THE BROKEN OR DEFECTIVE WINDOW SASH 3RD STY SOUTHEAST APT 3D CENTER E WEST ROOM.
137	501			026-10.01 ADM CODE: PROPERLY REPAIR THE BROKEN OR DEFECTIVE WINDOW SASH 2ND STY SOUTHEAST APT 2B KITCHEN.
139	501			026-10.01 ADM CODE: PROPERLY REPAIR THE BROKEN OR DEFECTIVE WINDOW SASH 1ST FRONT SOUTH APT 1B CENTER E REAR ROOM.
141	568			026-7.01 ADM CODE: REPAIR THE BROKEN OR DEFECTIVE PLASTERED SURFACES AND PAINT IN A UNIFORM COLOR CLGS 1ST STY FRONT NORTH APT 1B CENTER E BATHROOM.
142	556			026-12.01 ADM CODE: PAINT WITH LIGHT COLORED PAINT TO THE SATISFACTION OF THIS DEPARTMENT CLGS & WALLS 1ST STY NORTH APT 1E ENTIRE APT.
143	579			026-16.01 ADM CODE: REPAIR THE LEAKY AND/OR DEFECTIVE FAUCETS SINK 1ST STY FRONT NORTH APT 1E KITCHEN.
144	501			026-10.01 ADM CODE: PROPERLY REPAIR THE BROKEN OR DEFECTIVE ELECTRICAL WALL OUTLET 1ST STY NORTHEAST APT 1F NORTH ROOM.

AN ASTERISK (*) FOLLOWING AN ORDER NUMBER DENOTES A RENT IMPAIRING VIOLATION (MULT. DWL. 302A M.D. Law)

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NO. ITEMS

COPY 1

3rd FLOOR
1932 ARTHUR AVENUE
BRONX, N.Y. 10457

BROOKLYN
ROOM 809
MUNICIPAL BUILDING
BROOKLYN, N.Y. 11201

MANHATTAN
9th FLOOR
39 BROADWAY
NEW YORK, N.Y. 10006

QUEENS
ROOM 208
126-06 QUEENS BLVD.
KEW GARDENS, N.Y. 11415

STATEN ISLAND
ROOM 224
BOROUGH HALL
ST. GEORGE, N.Y. 1

LOCATION	STREET CODE	BORO	AREA	BLDG. TYPE	REG. NO.	DATE REPORTED	CYCLE
325 EAST 201 STREET	27660	BRNX	613	HAEA	205163	08-83	309

0000325 276602

NOTICE OF VIOLATION

SHEEHAN
JOHN
250 WEST 57 STREET
NEW YORK, NEW YORK 100

All violations listed below are
CLASS A

All violations listed below must be
corrected by:
08/04/83

ITEM	ORDER	TO CERTIFY DATE	TO CERTIFY INITL	VIOLATION DESCRIPTION
145	501			D26-10.01 ACN CODE PROPERLY REPAIR THE BROKEN OR DEFECTIVE GAS RANGE OVEN DOOR 1ST STY NORTHEAST APT IF KITCHEN.
146	505			D26-10.01 ACN CODE REPLACE WITH NEW THE BROKEN OR DEFECTIVE GASKET OF REFRIGERATOR 1ST STY NORTH APT IF KITCHEN.

AN ASTERISK (*) FOLLOWING AN ORDER NUMBER DENOTES A RENT IMPAIRING VIOLATION (Sec. 302A M.D. Law)

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NO. ITEMS

Braxton Engineering P.C. 247 West 72nd Street, New York, N.Y. 10023 - (212) 496-5830

FINAL INSPECTION REPORT

FOR

325 EAST 201ST STREET

BRONX, NY 10458

Prepared by:

Thomas Dorrian, P.E.

April 10, 1985

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INTRODUCTION

The premises at 325 East 201st Street is a six (6) story, 72-family multiple dwelling, constructed in 1950.

Since the Sponsor offers this building to the Tenants' Committee "as is", and does not guarantee the adequacy of the reserve funds (pg. 39 "Red Herring"); it is imperative that the Tenants' Committee be enlightened as to the condition of the building and anticipated costs. This report will aim to provide the necessary insights that are required by the Tenants' Committee.

Our findings indicate that although the building has been fairly well maintained, a considerable amount of remedial work is necessary to put the building into good manageable condition.

Our analysis is subdivided into major sections:

A. Site
B. Roof and Roof Appurtenances
C. Facade
D. Fire Escapes
E. Windows
F. Heating System
G. Electric System
H. Plumbing System
I. Elevator
J. Public Areas
K. Dwelling Units

The foregoing should be performed by a competent architectural/engineering firm knowledgeable in the area of building rehabilitation and retrofitting.

The contents of this report are correct to the best of my knowledge and belief. This report and conclusions stated herein are limited, however, to actual knowledge based on visual inspection of visible portions of the property, undertaken with due diligence, using the records voluntarily supplied by the Sponsor and records supplied by the Building Department.

This report is not to be construed as a guarantee or warranty. It is not intended or prepared for the purpose of fixing a value on the property or as an opinion as to the advisability or inadvisability to purchase the property or acquire shares in the Sponsor's Offering Plan.

A. SITE

The concrete sidewalks were checked and found to be in a deteriorating condition. Some settling and cracking were observed, but the main problem is that extensive spalling of the concrete surface has occurred. The loss of the top layer of cement on the sidewalk has exposed the aggregate and accelerated deterioration will certainly occur.

On the west side of the property there is a wrought iron fence and gate. The fence was found to be rusting and loose. Also, bordering the shrubs, on the west and south side of the building, is a small fence. This fence too was found to be rusted.

At the front entrance to the building there are two grass areas which were found to be in deteriorated condition with crabgrass and bald spots.

The tenants have complained about the lack of lighting at the front and rear of the building. This lack of lighting was verified during my inspection on the night of March 5, 1985. Large dark shadowy areas at the rear and front provide a security risk. Another security problem is the open metal staircase on the west side of the building, which gives easy access to the fire escape.

RECOMMENDATIONS - SITE

At present repairs are necessary to eliminate the tripping hazards that presently exist on the sidewalks. It is anticipated that within 3-5 years complete sidewalk replacement will be necessary due to the spalling.

The chain link fence around the patio needs scraping and painting. Also, the wrought iron frencing at the west and south sides of the property should be scraped and painted.

Resodding of the grass areas at the entrance to the building is required.

Finally, additional lighting should be provided at the front and rear of the building, and a gate should be added at the open metal staircase to discourage intruders.

Site Total Cost - Required Now	$ 6,032
Required 3-5 yrs.	$ 28,688

CORRELATION WITH THE "RED HERRING" - SITE

The Sponsor's Engineer makes no mention of the following:

1. Spalling cracked sidewalks.
2. Lack of adequate site lighting.
3. Deteriorating wrought iron fence.
4. Landscape problems.

B. ROOF AND ROOF APPURTENANCES

The roof of the building was found to be a flat built-up roof. This roof was reportedly replaced last summer. I checked the roof and found it to be in good condition.

One problem with the roof installation was the method of making the joint between the roof and the parapet wall. The original sheetmetal counterflashing has been bent back or removed and covered over with a bituminous material. This has rendered the counterflashing useless as a drip cap.

The roof bulkheads were found to have brick walls with extremely worn mortar joints. Also, the bulkhead doors and wrought iron stairs were found to be severely rusted.

Two lines of apartments are provided with exhaust fans for the kitchens. The fans were found to be low capacity propeller type fans. Also, the shafts were full of grease and dirt. Tenants have complained about the lack of ventilation.

RECOMMENDATIONS - ROOF AND ROOF APPURTENANCES

The type of roof that has been installed lasts about fifteen (15) years. Therefore no major repairs are anticipated for many years.

The counterflashing should be uncovered and bent back to allow it to act as a drip cap again.

The bulkhead should be pointed and the doors and stairs scraped and painted.

I recommend that the ventilation shafts be cleaned and that the low capacity propeller fans be replaced with centrifugal fans.

Roof and Roof Appurtenances Total Cost Required Now - $ 7,750

C. FACADE

1. The facade of the building was observed to be brick. The brickwork was checked and problems with it are developing particularly at the upper floors.

   Spalling brick and worn mortar joints were observed. At the parapet wall, that runs adjacent to 201st Street, some of the bricks appear to actually be loose, due to the above noted deterioration. This is an unsafe condition. There has also been problems with water penetration occurring through the brick and causing staining of the interior walls of the apartments.

2. Another observed problem was that the steel lintels, that support the brick over the window openings, have begun to rust. This rusting and subsequent expansion has caused an open joint to develop between the lintel and the brickwork. Also, the expansion has cracked mortar joints in the vicinity of the lintels.

3. At the front of the building there is a vestibule with an overhang that has recessed exterior lights. Both the vestibule and the overhang have flat roofing. The roofing of the overhang has been leaking for some time and has caused extensive damage to the overhang.

RECOMMENDATIONS - FACADE

1. Pointing of the entire parapet wall, both inside and out, is required at the present time. Also, the exterior parapet wall should be covered with a sealer in an effort to prevent water penetration and spalling. In addition, pointing will also be required at locations where moisture is penetrating the brick walls in the apartments.

2. In order to prevent further deterioration of the steel lintels, the following is recommended:

   a. Undercut and remove all unsound mortar at the lintel level.

   b. Wire brush all lintels and apply a rust inhibitive paint to the same.

   c. Seal all undercut mortar joints at the lintels using compressible backing rods and fresh mortar.

3. The roll roofing on the vestibule appears quite worn and should be replaced. The overhang appears too deteriorated to repair and should be replaced.

Facade Total Cost -	Required Now -	$ 15,450
	Required 3-5 yrs.-	$ 3,150
	Required 5-10 yrs.-	$ 4,440

CORRELATION WITH THE "RED HERRING" - FACADE

The Sponsor's Engineer does not mention the spalling and loose brickwork. Also, no mention is made of the heavily worn mortar joints.

D. FIRE ESCAPES

The fire escapes were checked and found to be in acceptable condition. The fire escapes were reportedly painted 5 to 10 years ago. Our inspection revealed that peeling paint and rusting steel has begun to occur.

RECOMMENDATIONS - FIRE ESCAPES

The peeling paint and rusting steel is evidence that repainting of the fire escapes is required now.

Fire Escapes Total Cost -	Required Now-	$ 4,200

E. WINDOWS

One of the most strongly voiced complaints about the building is the condition of the windows.

The windows, in general, were found to be wood double-hung windows without storm window protection. The lack of storm windows and preventative maintenance has exposed the wood sash of the windows directly to the elements. The deterioration that we found, therefore, was not surprising.

The following is a summary of the complaints made by the tenants regarding the windows:

1. Loose fitting and drafty windows.
2. Deteriorating wood sash and wood sills.
3. Windows difficult to operate.
4. Missing window putty.

In addition, this building is equipped with a number of steel casement windows. These windows were found in the hallways and in the "D" line on the west side of the building. Steel casement windows require constant maintenance, because if the frames rust and warp, the windows no longer close properly. I found this condition to exist on the hall windows. In addition, the heat loss through these large area casements contributes to cold hallways and apartments and also increases the cost of heating the building.

RECOMMENDATIONS - WINDOWS

These double-hung windows and casement windows are in bad shape now and will continue to worsen. At this point trying to prolong the life of these windows by painting, scraping and installing storm sashes is, in my opinion, throwing good money after bad.

In this writer's opinion, there is only one logical and clear choice, the windows should be replaced. The installation of high-quality thermopane windows will:

1. Increase the aesthetic appearance of the building.
2. Greatly reduce heating bills and air conditioning costs.
3. Will require little maintenance for many years to come.
4. Will make for a more comfortable existence in the apartments and decrease the cost of heating the building.

Windows Total Cost - Required Now $174,600

CORRELATION WITH THE "RED HERRING" - WINDOWS

The Sponsor's Engineer states that the "windows ... are in generally good condition." Our findings indicate otherwise. In fact, the windows are so poor that the present owner has been replacing some of them with inexpensive wood sash windows.

F. HEATING SYSTEM

The heating system for the building is a one-pipe steam system. Low pressure steam is generated by an oil-fired boiler which uses No. 6 oil. The boiler and burner are new, reportedly installed within the last year. This boiler also produces domestic hot water for the apartments. The boiler was found to be operational and in good condition at the time of the inspection.

The burner for this boiler is an Iron Fireman type with the capability of burning either oil or natural gas. However, at the present time, there is only a pilot light gas supply to the boiler, and therefore, the boiler can only be used for oil operation.

In operation, the boiler suffers from one major inefficiency which is that the heating plant is called on to supply domestic hot water during the non-heating season. The central plant operates at optimum efficiency only when it is at or near full load. During the non-heating season, the central plant is only operating at 25% of full load and becomes inefficient.

The steam piping was checked and where visible, was found to be in good condition. I observed, in the garage area, that much of the insulation on the steam piping has fallen off.

Heat for the garage area is supplied by steam unit heaters which were found to be the original equipment but functional.

A problem with excessive noise in the steam piping has developed since the installation of the new boiler. Our inspection of the boiler revealed that this new boiler has been installed at an elevation several feet higher than the old boiler. It is possible that this increase in elevation has caused the boiler water to back up into the condensate return lines. This could very well be the cause of the banging noises heard in the pipes.

RECOMMENDATIONS - HEATING SYSTEM

Since the new steel fire-tube boiler and oil burner have life expectancies of thirty (30) and twelve (12) years respectively, it is not anticipated that any major repairs on these units will be necessary for quite a few years.

I recommend that since the burner is capable of burning gas that a gas service for the boiler be brought in from the street. This will enable the boiler to burn either gas or oil depending on the price of the fuel, availability, etc.

Since the present means of producing domestic hot water is extremely inefficient, it is recommended that an auxiliary domestic hot water heater be installed. The auxiliary hot water heater, in addition to making the heating system more efficient, also permits maintenance of the heating plant during the non-heating season without the loss of domestic hot water service. Also, the life of the heating plant will be extended.

The steam piping in the garage area should be recovered with insulation. Also, at this time, the steam unit heaters in the garage should be replaced.

The problem of excessive noise in the steam piping will have to be investigated. If the boiler has been installed at too high an elevation then it will have to be lowered.

Heating System Total Cost - Required Now - $ 26,350

G. ELECTRIC SYSTEM

The incoming electric service for the building is a 3-phase, 240 volt, 350 amp service. This service is distributed such that each apartment has a 110 volt, 30 amp service. Typically, each apartment has a fuse box with 3 circuits either 15 or 20 amp each. The apartments are individually metered. Our inspection of the apartments revealed that there is an inadequate number of electrical outlets particularly in the kitchens. In addition, there are no separate circuits for air conditioning.

The wire insulation is old and crumbling. I anticipate that problems with short circuits will develop in the not too distant future. In fact, last summer, there were blackouts in this building which reportedly were caused by short circuits.

Finally, inoperative switches and outlets were a common problem throughout the building.

RECOMMENDATIONS - ELECTRIC SYSTEM

The incoming electric service into this building is inadequate to supply the needs of a modern apartment building. The service should be increased to about 800 amps.

In addition, the electric service for each apartment is inadequate by today's standards. A modern apartment should have a 60 amp, 220 volt service with a + circuit breaker panel equipped with approximately 8 circuits. Considering this and also the unsafe deteriorated existing wiring, it is suggested that each apartment be completely rewired.

Electric System Total Cost - Required Now - $ 56,400

CORRELATION WITH THE "RED HERRING" - ELECTRIC SYSTEM

On page 70 of the "Red Herring" the Sponsor's Engineer makes the statement that "The electrical system provides an adequate amount of service for modern needs." But in fact, the

electrical system was designed for the needs of an apartment dweller in the 1950's, before the advent of heavy air conditioning use, etc.

H. PLUMBING SYSTEM

The plumbing system for the building was found to be brass and in acceptable condition. The water pressure was checked and found to be, in general, acceptable. Tenants, however, have been complaining about recent occasional fluctuating water temperature problems. For example, while showering, if the flushometer is activated, the shower water becomes excessively hot. Also, the building has not been without its share of leaks from water supply piping. Damaged walls and ceilings from leaks were observed.

Drainage for the building is handled by extra heavy cast-iron piping. Tenants have complained about slow-draining fixtures. Also, a major problem of sewer backups occurs into the garage area during heavy storms. I checked the house trap located in the garage area and found one of the trap plugs to be missing. This is allowing dangerous sewer gases to accumulate in the trap pit and in the garage.

Most of the plumbing faucets for the kitchen and bathroom sinks were found to be the originals. Problems such as leaking faucets and difficult to operate turnoff valves have developed. Also, some leaks have begun to develop on the flushometers.

RECOMMENDATIONS - PLUMBING SYSTEM

Since brass piping usually has a life expectancy of about sixty (60) years, replacement of the piping system is not warranted at this time. This is not to say that leaks won't develop in the piping. On the contrary, as the piping ages, leaks will become more common. However, if expeditious and professional repairs are made, then damage to the building should be minimal, and the piping should be maintainable for at least twenty (20) more years.

Rodding out and snaking clean the troublesome drains to prevent backups is required. If this does not work then it will be necessary to expose the drain lines to determine if they are properly pitched. The sewer backups into the garage area during rainstorms would indicate to me sewer line problems in the street, perhaps they are not sized to handle the drainage from the neighborhood. The pipe plug for the house trap should be reinstalled to prevent sewer gases from entering the building.

The problem of recent fluctuating water pressure in this building could very well indicate that leaks have begun to develop in the water supply line to the building.

The problem of hot water entering the cold water piping is probably due to a non-working check valve on the hot water return piping or tenants who leave the hot and cold water valves to the showerhead fully open. Therefore, the check valve should be checked for operation, and the tenants educated to keep the shower valves closed when not in use.

Plumbing System Total Cost -	Required Now -	$ 17,230
	Required 3-5 yrs.	$ 6,375
	Required 5-10 yrs.	$ 1,920

I. ELEVATORS

Two (2) elevators serve the building. Each is equipped with a machine room located in the bulkheads on the roof. The elevators were found to be operational at the time of the inspection. I checked the machine rooms and observed oil leaks occurring from the machinery. Also, the hoistway cables have begun to fray. The control relays were found to be antiquated open-contact type which are constantly exposed to dirt, etc.

The elevator cabs were checked and found to be not stopping level with the floor landings, causing tripping hazards to exist. Also, the vinyl tile floors of the cabs were found to be quite worn. Finally, the operation of the east elevator was observed to be noisy.

RECOMMENDATIONS - ELEVATORS

Problems with elevator outages have been occurring and will continue to occur unless a complete overhaul of the elevators is performed. In addition, within ten (10) years, the elevator machines (motor, brake and sheave) will have to be replaced.

Elevator Total Cost -	Required Now -	$ 29,890
	Required 5-10 yrs.-	$ 16,000

J. PUBLIC AREAS

1. The laundry room was checked and found to contain coin-operated washer and dryer units. The walls and floors of the laundry room were found to be worn and dirty. Lighting for the room is provided by inefficient incandescent lighting.

2. Refuse disposal is handled by two (2) compactors. The compactors are functional but both of them are ten (10) to twelve (12) years old.

3. The attached 25-car garage was checked and extensive signs of leakage were observed coming through the garage roof. The roof of the garage is a concrete slab covered with roll roofing. The roll roofing was found to be the original installation and in very poor condition. Open seams and holes were observed extensively on this roof. The leakage through the roof has caused damage to the finish of the cars parked in the garage. In addition, corrosion of the reinforcing rods is most likely occurring.

4. The public hallways were checked and found to be in fairly good condition. The walls and ceilings were reportedly painted about five (5) years ago. The hallway lighting is provided by inefficient incandescent lighting.

5. There is an intercommunication system between the vestibule and the apartments. Very few problems were voiced concerning the operation of the system. However, there are problems with the lobby interior door which can be forced open with little effort.

RECOMMENDATIONS - PUBLIC AREAS

1. The walls and ceilings of the laundry room need to be painted. The floors should be covered with a more wear resistive finish such as vinyl tiles.

2. The two compactors are beyond their life expectancy and should be replaced now.

3. The roll roof of the garage should be replaced now to prevent further damage to the concrete slab. The large vertical crack on the cast foundation wall, though not structurally significant, should be patched.

4. The walls and ceilings of the public halls should not need painting for three (3) to five (5) years. I do feel, however, that more adequate and efficient lighting should be provided for the hallways.

5. Only routine maintenance is anticipated for the intercommunication system in the near future. Within five (5) to ten (10) years, an upgrading of the system will probably be necessary. The lobby door should have its locking mechanism replaced immediately.

Public Areas Total Cost -	Required Now -	$ 28,150
	Required 3-5 yrs. -	$ 4,000
	Required 5-10 yrs.-	$ 2,000

K. DWELLING UNITS

1. Inspection of the dwelling units revealed water damaged walls and ceilings from past plumbing leaks and roof leaks. Damage has also occurred on exterior walls from water penetration through the brickwork and rotten wood sash and sills of the windows.

2. The wood floors in some of the apartments were found to be squeaky and worn.

3. A common problem was noted on many of the bathroom floors. The tilework has developed long cracks and has begun to cave in. Some of the tile floors have had to be completely replaced already because of this problem. The wall tiles were found to be in fair condition with problems such as loose tiles and open joints between the tub and tiles.

4. Bathtubs and sinks are original installation units. The tubs and sinks are discolored, have lost their porcelain enamel finish and are chipped.

5. Inspection of the kitche appliances revealed that most of the stoves are the original units with an assortment of problems ranging from inoperable pilot lights to poor oven temperature controls. The refrigerators, in general, were over fifteen (15) years old and beyond their life expectancy.

6. The kitchen cabinets, in general, were found to be in fair condition. These are the original cabinets which have been covered with many coats of paint. Problems such as doors that don't stay closed and deteriorating surfaces exist.

RECOMMENDATIONS - DWELLING UNITS

1. Patching, plastering and painting is necessary in many of the apartments.

2. To stop squeaking floors, the existing flooring will have to be resecured to the sub-flooring and wood joists.

3. The badly cracked tile floors should be replaced now. This should include the defective sub-flooring which is probably low-grade plywood. It is anticipated that additional floors will have to be replaced on a periodic basis in the future. The loose wall tiles will have to be reset and miscellaneous caulking of open joints performed.

4. Due to the age and deterioration of the sinks and tubs, I recommend their replacement rather than attempting to refinish them.

5. The stoves and refrigerators are beyond their life expectancies and should be replaced.

6. A program of kitchen cabinet replacement should begin since the cost of refinishing the cabinets and bringing them back to their original condition would be excessive.

Dwelling Units Total Cost -	Required Now -	$110,000
	Required 3-5 yrs.-	$ 45,750
	Required 5-10 yrs.	$ 25,000

SUMMARY OF ESTIMATE OF COSTS

The estimated costs which follow summarize all the categories previously discussed in this report. They should be considered as a guide to probable costs of repairs and for remedial work. Actual results are best obtained by submitting specifications to a minimum of three (3) contractors.

It should be noted that while these prices represent the best estimates presently available, construction and repair costs have been rising at a rate of 7% per year.

The cost items are coded into three (3) groups as follows:

A -- Work required immediately.
B -- Work required in 3 to 5 years.
C -- Work required in 5 to 10 years.

COST SUMMARY

A -- Required Now
B -- Required 3-5 years
C -- Required 5-10 years

Item	Description	A	B	C
1.	Site	$ 6,032	$ 28,688	$
2.	Roof and Roof Appurtenances	7,750		
3.	Facade	15,450	3,150	4,440
4.	Fire Escapes	4,200		
5.	Windows	174,600		
6.	Heating System	26,350		
7.	Electric System	56,400		
8.	Plumbing System	17,230	6,375	1,920
9.	Elevator	29,890		16,000
10.	Public Areas	28,150	4,000	2,000
11.	Dwelling Units	110,000	45,750	25,000
	Sub-Totals	$476,052	$ 87,963	$ 49,360
	7% Architectural and Engineering Fee	33,323	6,157	3,455
	TOTALS	$509,375	$ 94,120	$ 52,815

NOTE: All B and C Category Cost Estimates include an inflation factor of 7% per year.

COST SUMMARY BY CATEGORY

A. SITE

1.	Repair sidewalk to remove existing tripping hazards. Required Now - 750 sq.ft. @ $5/sq.ft.	$ 3,750
2.	Replace spalling sidewalk. Required 3-5 yrs. - 3,825 s.f. @ $7.50/s.f.	28,688
3.	Repair and paint chain link fence and wrought iron fence. Required Now - 450 l.f. @ $1/l.f.	450
4.	Install grass sod at front entrance to building. Required Now - 960 sq.ft. @ 45¢/s.f.	432
5.	Install additional site lighting at the front and rear of the building. Required Now - 5 fixtures @ $250/ea.	1,250
6.	Install gate at the bottom of the metal staircase on the west side of the building. Required Now -	150
	Sub-Total Site - Required Now - Required 3-5 years -	$ 6,032 $ 28,688

B. ROOF AND ROOF APPURTENANCES

1.	Install copper counterflashing around interior of parapet wall. Required Now - 750 l.f. @ $5/l.f.	$ 3,750
2.	Repoint bulkhead walls. Required Now - 2,000 s.f. @ $1.50/s.f.	3,000
3.	Paint bulkhead doors, railings and stairs. Required Now - 100 s.f. @ 50¢/s.f.	50
4.	Clean out two ventilation shafts. REquired Now - 2 shafts @ $75/ea.	150
5.	Install more adequate exhaust fans. Required Now - 2 fans @ $300/ea.	600
	Sub-Total Roof and Roof Appurtenances - Required Now -	$ 7,550

COST SUMMARY BY CATEGORY (continued)

C. FACADE

1.	Point entire parapet wall and cover with a masonry sealer.	
	Required Now - 6,000 s.f. @ $2/s.f.	$ 12,000
2.	Point surface of brick walls where water is penetrating into the apartments.	
	Required Now - 600 s.f. @ $1.50/s.f.	900
	Required 3-5 yrs. - 600 s.f. @ $2.25/s.f.	1,350
	Required 5-10 yrs.- 600 s.f. @ $3.40/s.f.	2,040
3.	Scrape and paint steel lintels and repair joints at brickwork.	
	Required Now - 60 @ $20/ea.	1,200
	Required 3-5 yrs. - 60 @ $30/ea.	1,800
	Required 5-10 yrs.- 60 @ $40/ea.	2,400
4.	Replace roll roofing on vestibule.	
	Required Now - 200 s.f. @ $3/s.f.	600
5.	Replace vestibule overhang.	
	Required Now - one overhang @ $750	750
	Sub-Total Facade - Required Now	$ 15,450
	Required 3-5 yrs.	$ 3,150
	Required 5-10 yrs.	$ 4,440

D. FIRE ESCAPES

1.	Scrape and paint fire escapes.	
	Required Now - 7 fire escapes @ $600/ea.	$ 4,200
	Sub-Total Fire Escapes - Required Now -	$ 4,200

E. WINDOWS

1.	Replace existing standard windows with high-quality thermopane windows.	
	Required Now - 534 @ $300/ea.	$160,200
2.	Replace existing casement windows with thermopane windows.	
	Required Now - 480 s.f. @ $30/s.f.	14,400
	Sub-Total Windows - Required Now -	$174,600

COST SUMMARY BY CATEGORY (continued)

F. HEATING SYSTEM

1.	Install separate gas-fired hot water generator and tank. Required Now - one generator and tank	$ 3,000
2.	Cover steam pipes in the garage. Required Now - 200 ft. 4" pipe @ $8/l.f. 100 ft. 2" pipe @ $5.50/l.f.	550
3.	Bring new 3" gas service into building to enable boiler to burn gas or oil. Required Now - one gas service	15,000
4.	Change elevation of boiler to stop banging of pipes. Required Now -	5,000
5.	Replace steam unit heaters in the garage area. Required Now- 4heaters@$300/ea.	1,200
	Sub-Total Heating System - Required Now -	$ 26,350

G. ELECTRIC SYSTEM

1.	Install new 800 amp, 220 volt, 3-phase service. Required Now - Pull cable and install panel.	$ 6,000
2.	Provide 60 amp, 220 volt circuit breaker panel in each apartment and rewire apartments to provide more adequate number of circuits, outlets, etc. Required Now - 72 apts. @ $700/ea.	50,400
	Sub-Total Electric System - Required Now	$ 56,400

H. PLUMBING SYSTEM

1.	Replace plumbing fixture faucets. Required Now - 120 faucets @ $40/ea.	$ 4,800
2.	Replace worn and leaking flushometers. Required Now - 15 @ $50/ea. Required 3-5 yrs. - 25 @ $55/ea. Required 5-10 yrs.- 32 @ $60/ea.	750 1,375 1,920

COST SUMMARY BY CATEGORY (continued)

H. PLUMBING SYSTEM (continued)

3. Replace existing shower faucets with constant temperature combination hot and cold mixing valves.	
Required Now - 72 valves @ $150/ea.	$ 10,800
4. Rod out troublesome drains and drain lines.	
Required Now - 20 drains @ $20/ea.	400
2 main drain lines @ $200/ea.	400
5. Replace leaking main water service line from the street.	
Required 3-5 yrs. - one service @ $5,000	5,000
6. Replace house trap pipe plug.	
Required Now - one plug @ $5	5
7. Replace defective check valve in the hot water return line piping.	
Required Now - one check valve @ $75	75
Sub-Total Plumbing System -	
Required Now -	$ 17,230
Required 3-5 years -	$ 6,375
Required 5-10 years -	$ 1,920

I. ELEVATORS

1. Install new hoist, governor and compensating cables.	
Required Now -	$ 7,000
2. Install new hoistway wiring.	
Required Now -	3,000
3. Install new machine bearings.	
Required Now -	500
4. Turn motor commutators.	
Required Now -	400
5. Repair oil leaks.	
Required Now -	350
6. Overhaul or replace with new: elevator door operators, hangers, guides and gibs.	
Required Now -	1,400

COST SUMMARY BY CATEGORY (continued)

I. ELEVATORS (continued)

7. Overhaul or replace with new: door interlocks, pivots and door checks. Required Now -	$ 1,400
8. Adjust all limit switches. Required Now -	400
9. Install new car station and hallway call stations. Required Now -	1,400
10. Install new vinyl floor in the elevator cabs. Required Now -	140
11. Replace controller with new state-of-the-art hermetically sealed units. RequiredNow-	12,000
12. Replace vandalized interior panels of elevator cabs with stainless steel panels. Required Now -	900
13. Replace elevator machine motor, brake and sheaths. Required 5-10 years	16,000
Sub-Total Elevators - Required Now -	$ 29,890
Required 5-10 yrs.	$ 16,000

J. PUBLIC AREAS

1. Paint walls and ceiling of the laundry room. Required Now - 850 s.f. @ 20¢/s.f.	170
2. Install vinyl tiles in the laundry room. RequiredNow- 240 s.f. @ $1/s.f.	240
3. Install fluorescent fixtures in the laundry room. Required Now - 2 fixtures @ $70/ea.	140
4. Install two (2) new compactors. Required Now - 2 compactors @ $6,000/ea.	12,000
5. Replace roll roofing on the garage slab. Required Now - 4,000 s.f. @ $3/s.f.	12,000

COST SUMMARY BY CATEGORY (continued)

J. PUBLIC AREAS (continued)

6. Replace incandescent lighting in the hallways with fluorescent lights.	
Required Now -	
50 fluorescent fixtures @ $70/ea.	$ 3,500
7. Paint public hallways.	
Required 3-5 yrs. - 20,000 s.f. @ 20¢/s.f.	4,000
8. Upgrade vestibule to apartment intercom system.	
Required 5-10 yrs.- one system	2,000
9. Replace lobby door-locking mechanism.	
Required Now -	100
Sub-Total Public Areas -	
Required Now -	$ 28,150
Required 3-5 yrs. -	$ 4,000
Required 5-10 yrs. -	$ 2,000

K. DWELLING UNITS

1. Patch and paint all water damaged walls and ceilings.	
Required Now - 20 apts @ $300/ea.	$ 6,000
2. Repair squeaky floors and refinish, as required.	
Required Now - 40 @ $500/ea.	20,000
Required 3-5 yrs. - 16 @ $750/ea.	12,000
Required 5-10 yrs.- 16 @ $1,000/ea.	16,000
3. Repair broken tile floors and walls in the bathrooms.	
Required Now - 15 baths @ $300/ea.	4,500
Required 3-5 yrs. - 15 baths @ $450/ea.	6,750
Required 5-10 yrs.- 15 baths @ $600/ea.	9,000
4. Replace tubs and sinks in the bathrooms.	
Required Now - 130 sinks @ $40/ea.	5,200
72 tubs @ $150/ea.	10,800
5. Replace the gas stoves.	
Required Now - 65 stoves @ $300/ea.	19,500
6. Replace the refrigerators.	
Required Now - 65 refrigerators @ $400/ea.	26,000

COST SUMMARY BY CATEGORY (continued)

K. DWELLING UNITS (continued)

7. Replace kitchen cabinets.		
Required Now	- 36 cabinets @ $500/ea.	18,000
Required 3-5 yrs.	- 36 cabinets @ $750/ea.	27,000
Sub-Total Dwelling Units -		
Required Now -		$110,000
Required 3-5 years -		$ 45,750
Required 5-10 years -		$ 25,000

BUILDING VIOLATIONS

CITY OF NEW YORK
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF ENGINEERING AND ENFORCEMENT

120 WALL STREET, NEW YORK, N.Y. 10005 (212) 248-8654

JOSEPH T. McGOUGH, JR., Commissioner

SAMUEL STEMPLER, P.E., Assistant Commissioner

Brayton Engineering P.C.
48 West 21 St.
New York, Ny 10010

DATE: 3/5/85

TITLE NO: ———

PREMISES: 325 East 201 St. Bronx County

Gentlemen/Madam:

A search of our files shows the following record on the above premises:

____1. A Certificate of Operation not issued for Application of file_____.

____2. A Certificate of Operation must be procured.

✓ 3. A valid Certificate of Operation for fuel burning equipment is on file. This may not cover all equipment at Premise. See number 6.

____4. A valid Certificate of Operation for refuse burning equipment is on file. This may not cover all equipment at premises. See number 6.

____5. No record for this premise.

X 6. Local Law 49/1971 requires a current operating certificate for all residual burning equipment, coal burning equipment and refuse burning equipment. If such equipment currently exist on the premise, although unknown to us, it is automatically in violation of the law. This applies regardless of the information provided above.

____7. TRIENNIAL RENEWAL OF CERTIFICATE OF OPERATION REQUIRED._____.

✓ 8. 2 Compactor Installed Batt 1278/71

Viol.

215191

FIRE DEPARTMENT • THE CITY OF NEW YORK
BUREAU OF FIRE PREVENTION
ROOM 439, 250 LIVINGSTON STREET
BROOKLYN, N.Y. 11201-5884

A-95 (9/84) 13-130-1056

RECORD SEARCH REQUEST

MAIL TO:

BRAXTON ENGINEERING
247 WEST 72nd STREET
NEW YORK, NEW YORK 10023

Search No. 30266

The undersigned requests the following information re: Premises

325 East 20th Street — Bronx
ADDRESS — BOROUGH

☑ 1. Record of existing Fire Department Violations _____ FEE: $10.00

☐ 2. Record of Permit for _____ FEE: $10.00

☐ 3. Other _____ FEE: $10.00

TOTAL FEE: $ 10

State applicants interest in or relation to premises:

Engineering firm hired by tenants' association to do inspection of premises
(THE CITY OF NEW YORK IS NOT BEING SUED, NOR IS THERE ANY INTENTION TO SUE THE CITY OF NEW YORK)

Signed Mitchell Braxton

Date 2/25/85

DO NOT WRITE BELOW THIS LINE

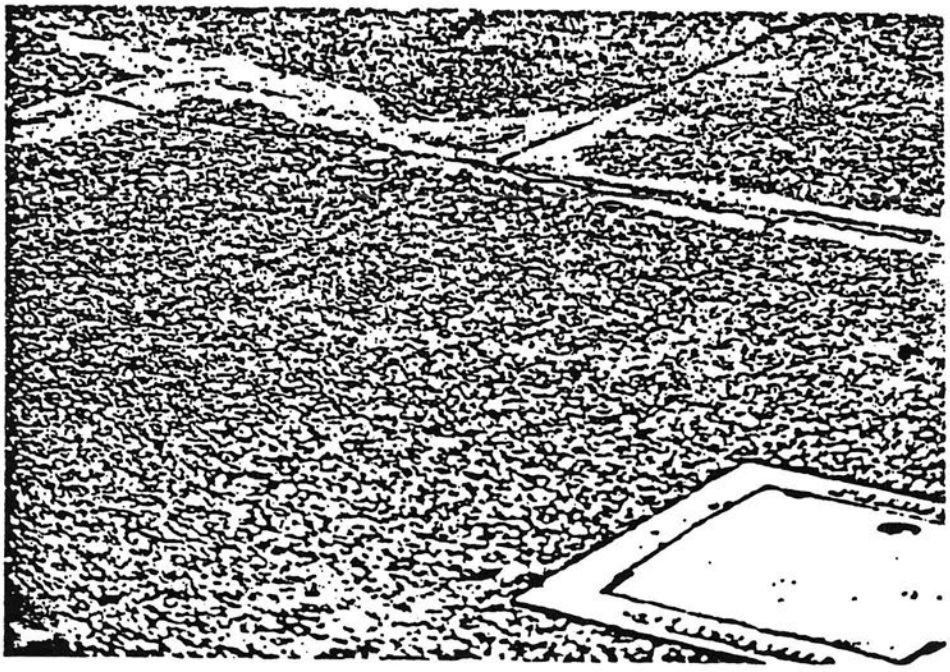
Gentlemen:

In reply to your request concerning the premises mentioned above, please be advised that as of 9 A.M., FEB 28 1985 our records show the following:

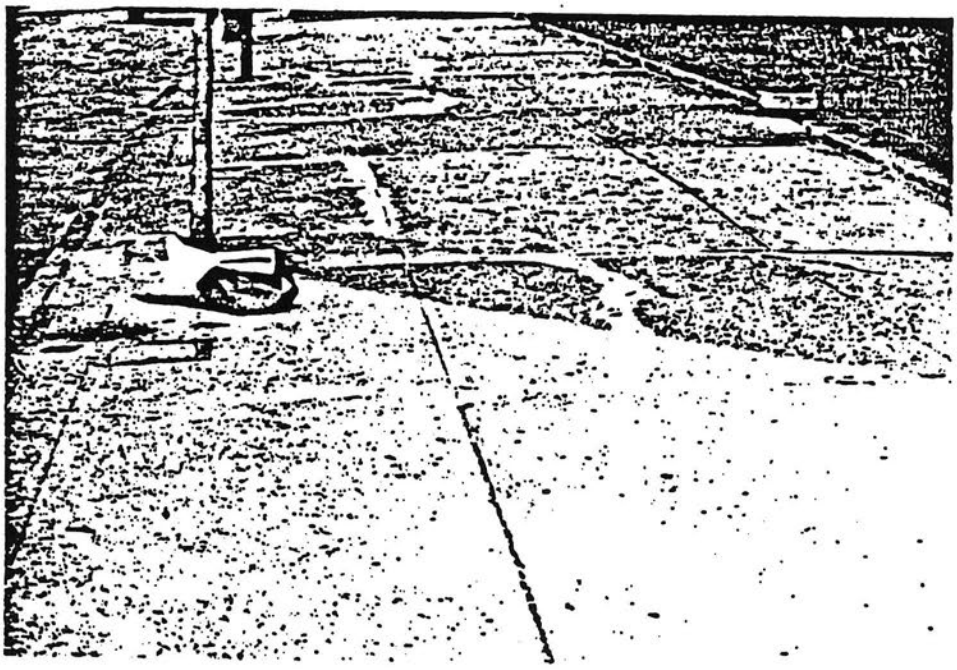
NO VIOLATIONS
Bureau of Fire Prevention
Fire Dept. City of N.Y.

SEARCHED BY: Bradley
Chief of Fire Prevention

VIOLATIONS RECORDED ABOVE ARE ONLY THOSE WHICH ARE A MATTER OF RECORD IN HEADQUARTERS OF THE BUREAU OF FIRE PREVENTION, AND MAY NOT INCLUDE VIOLATIONS ISSUED BY LOCAL UNITS.



1. Spalling front sidewalk.



2. Cracking and deteriorating sidewalk.

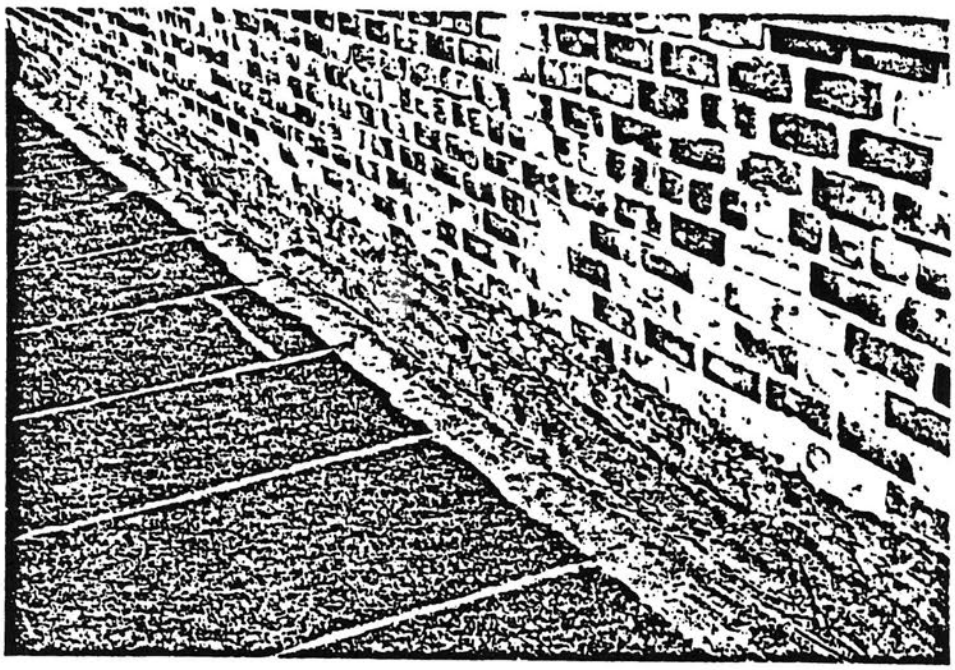
There are 38 photos included in this report.



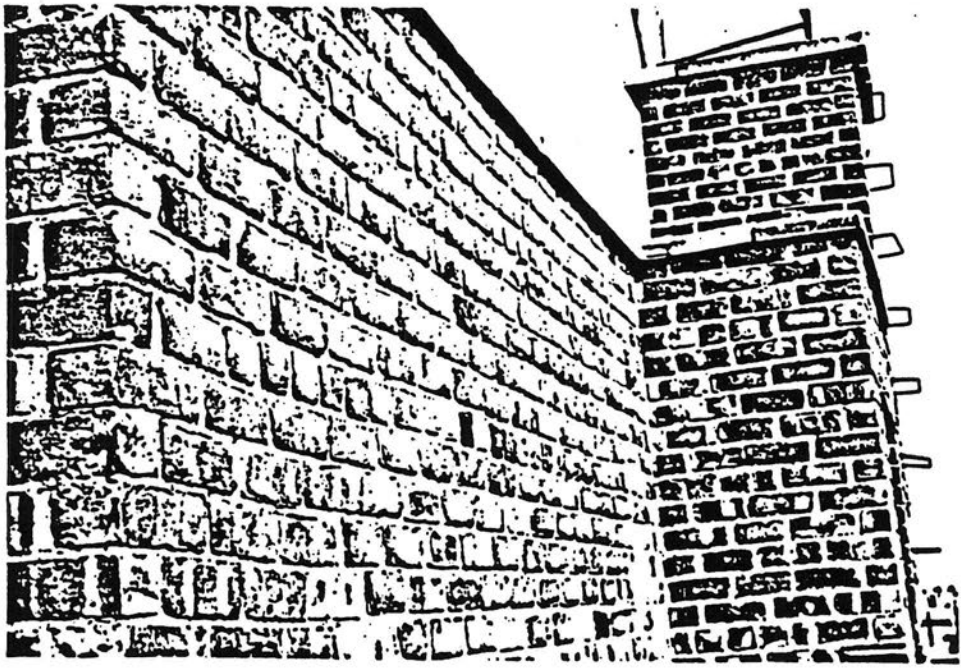
3. Unkept grounds at entrance to building.



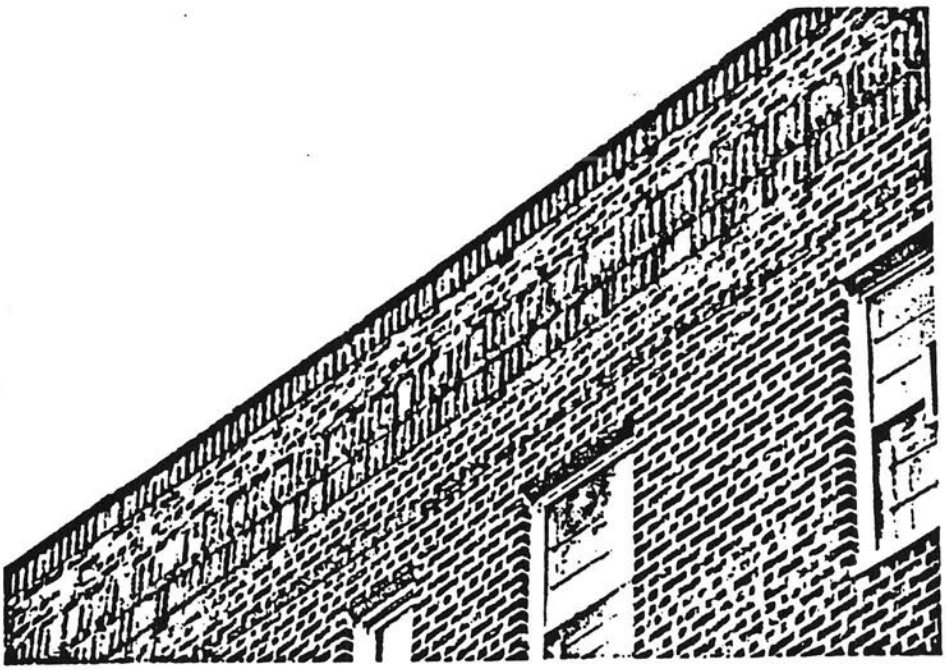
4. Same as Photo No. 3.



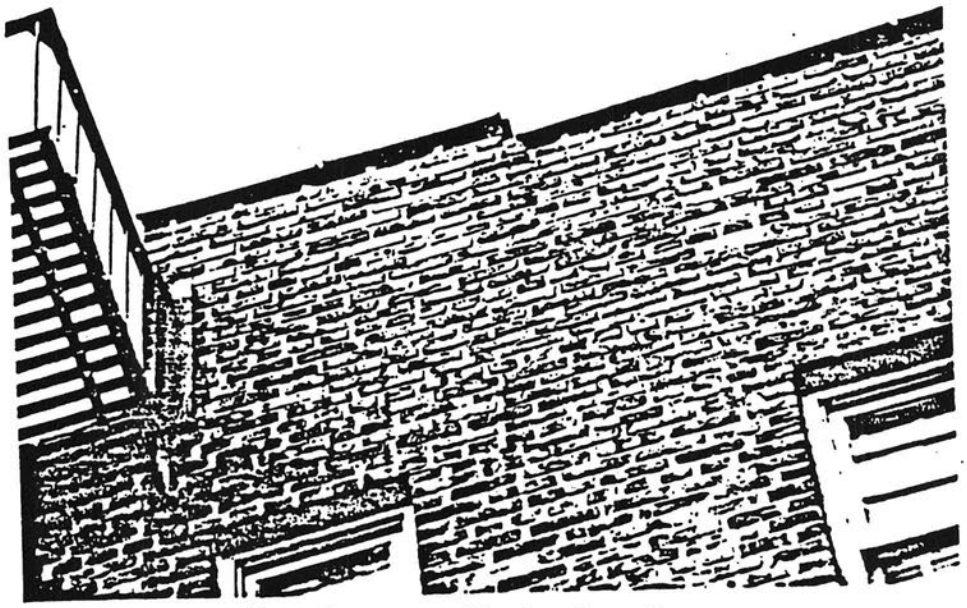
5. Joint between roof and parapet wall that requires sheetmetal counterflashing.



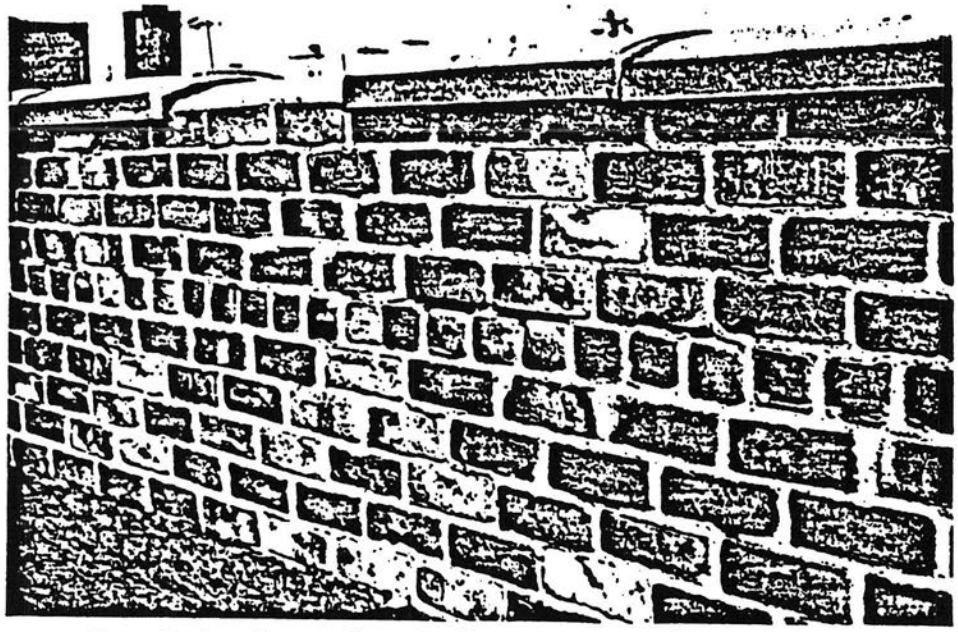
6. Worn mortar joints on roof bulkhead brickwork.



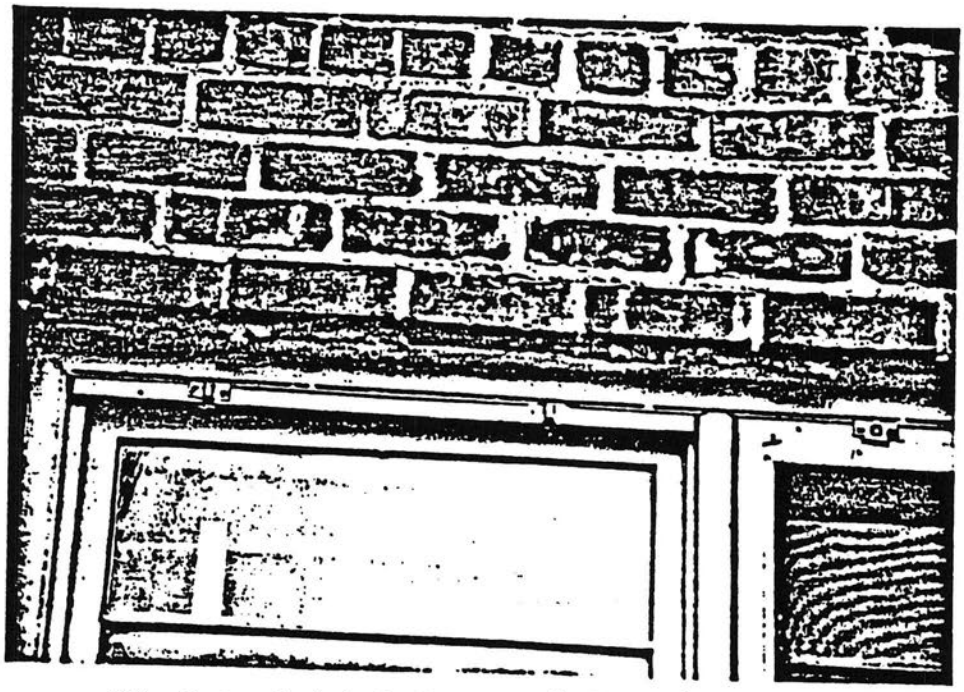
7. Spalling brickwork on the parapet wall.



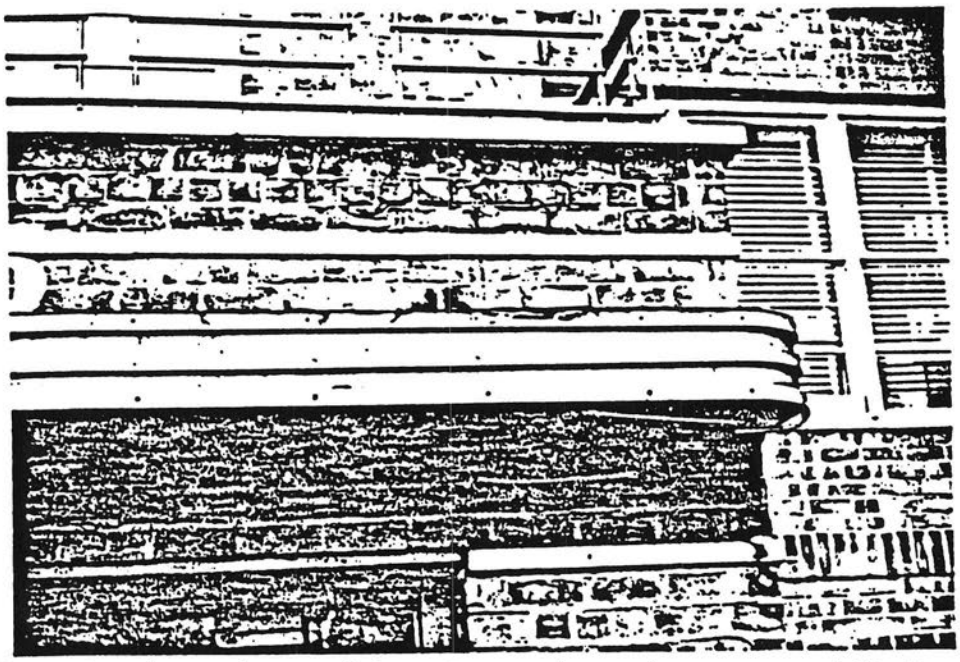
8. Same as Photo No. 7.



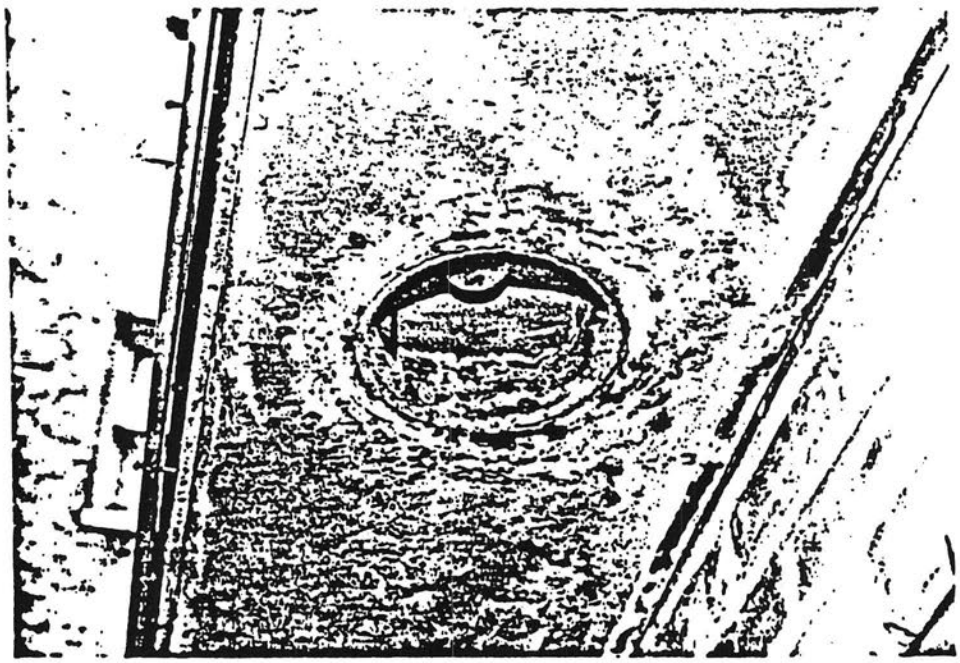
9. Deteriorating brickwork on the interior parapet wall.



10. Open joint between window lintels and the brick facade.



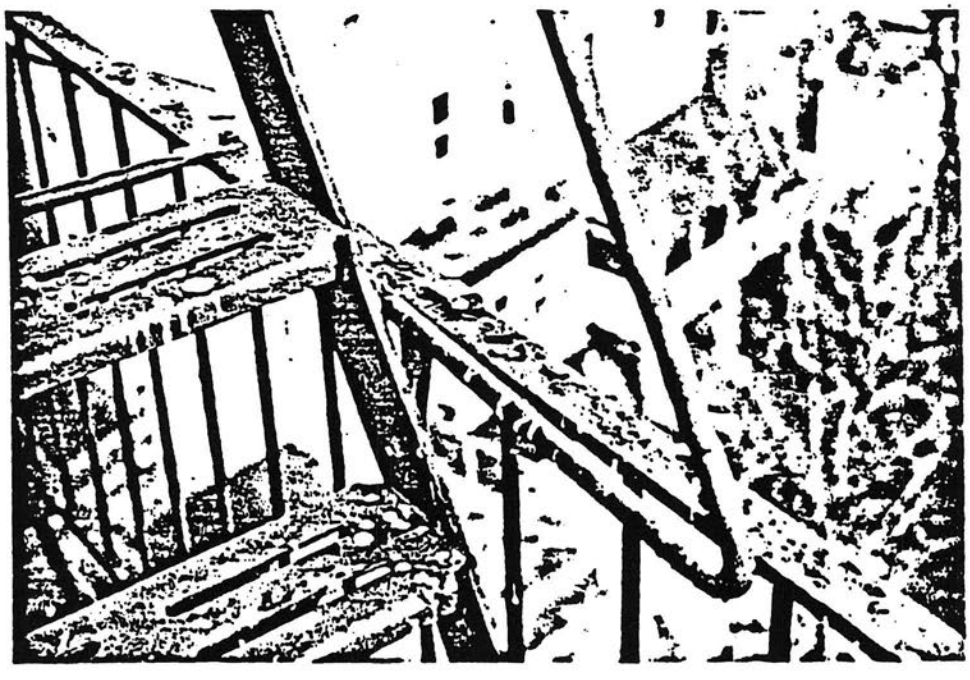
11. Deteriorating brickwork on the entrance vestibule.



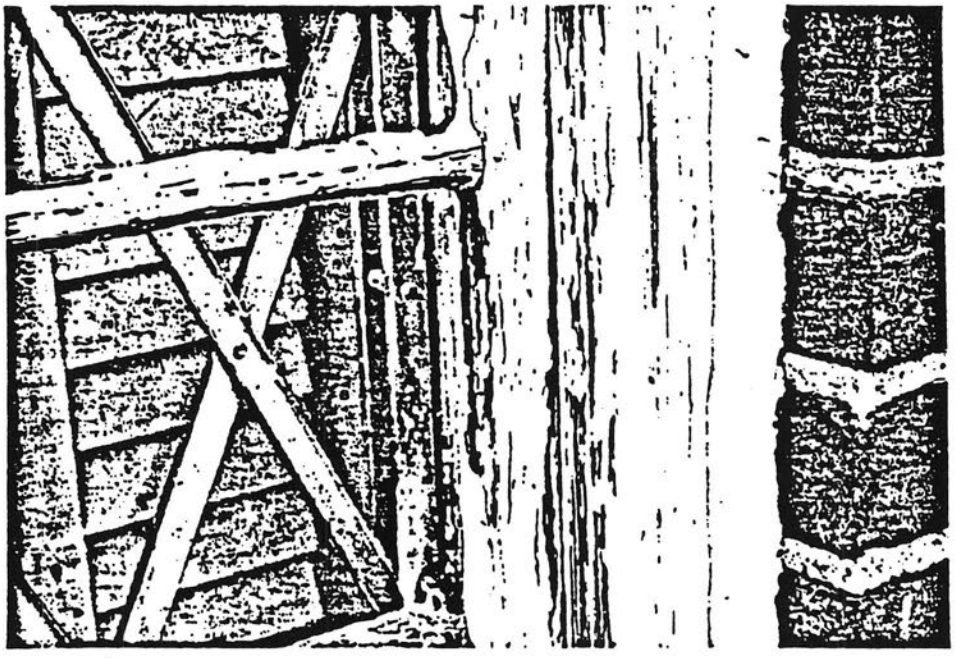
12. Rusting exterior light at the entrance vestibule.



13. Rusting fire escapes.



14. Same as Photo No. 13.



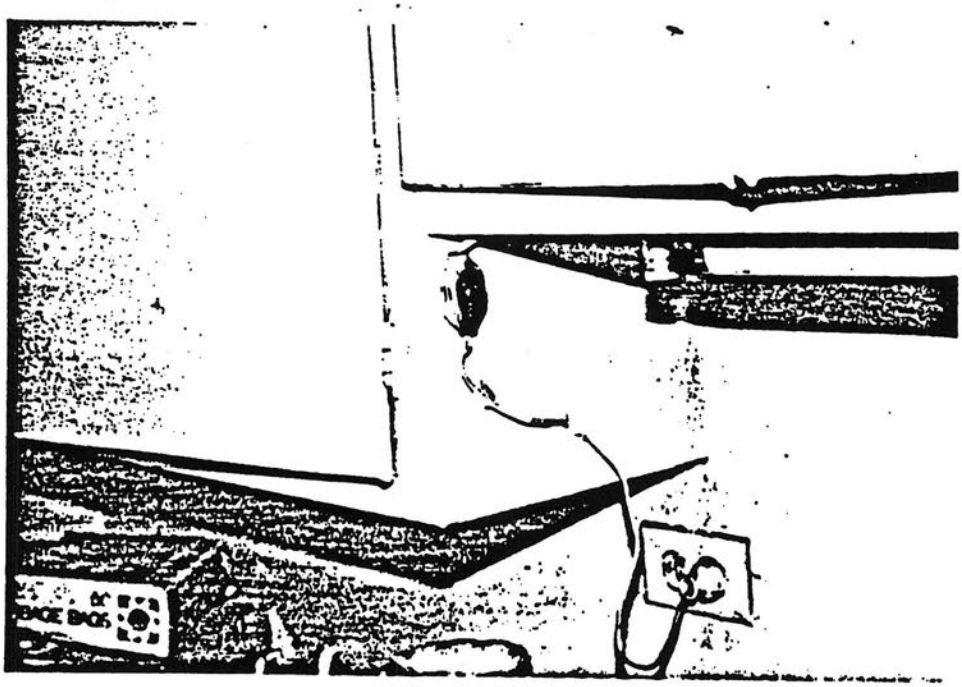
15. Rotting window sash.



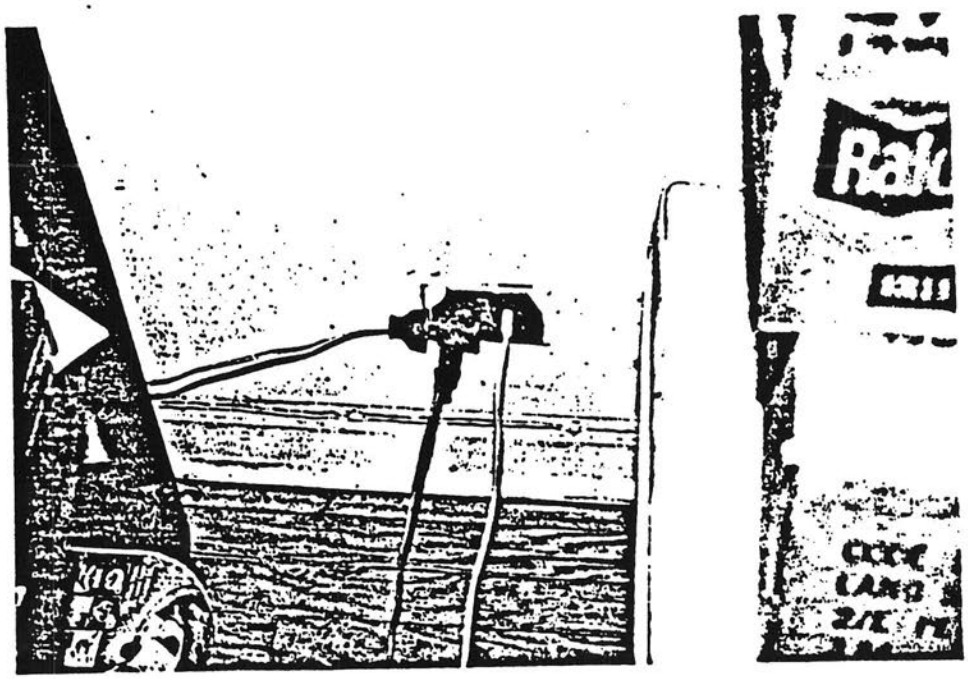
16. Same as Photo No. 15.



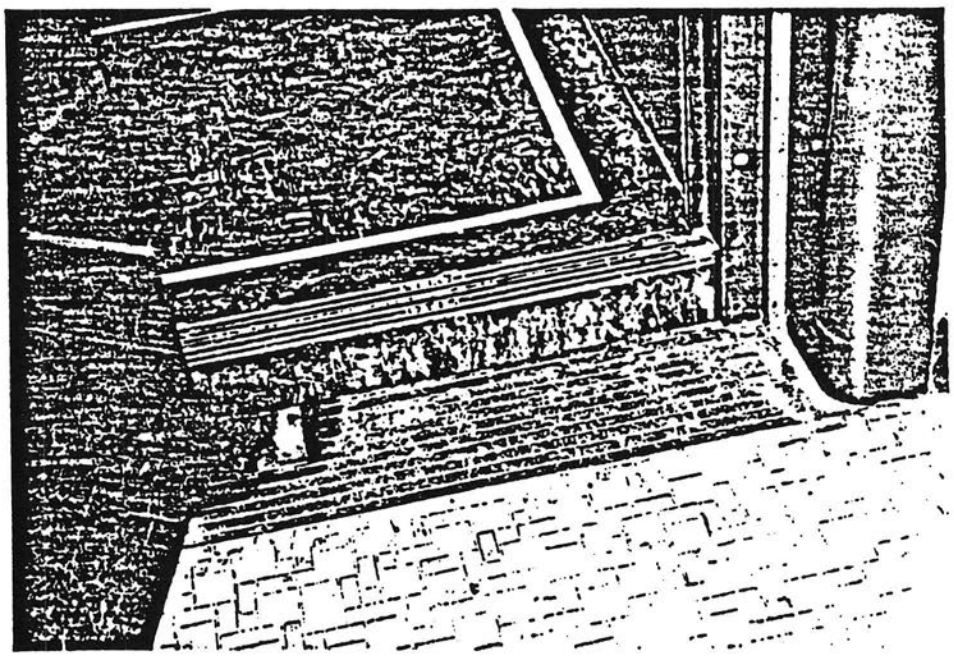
17. Casement window in the public hall that no longer closes.



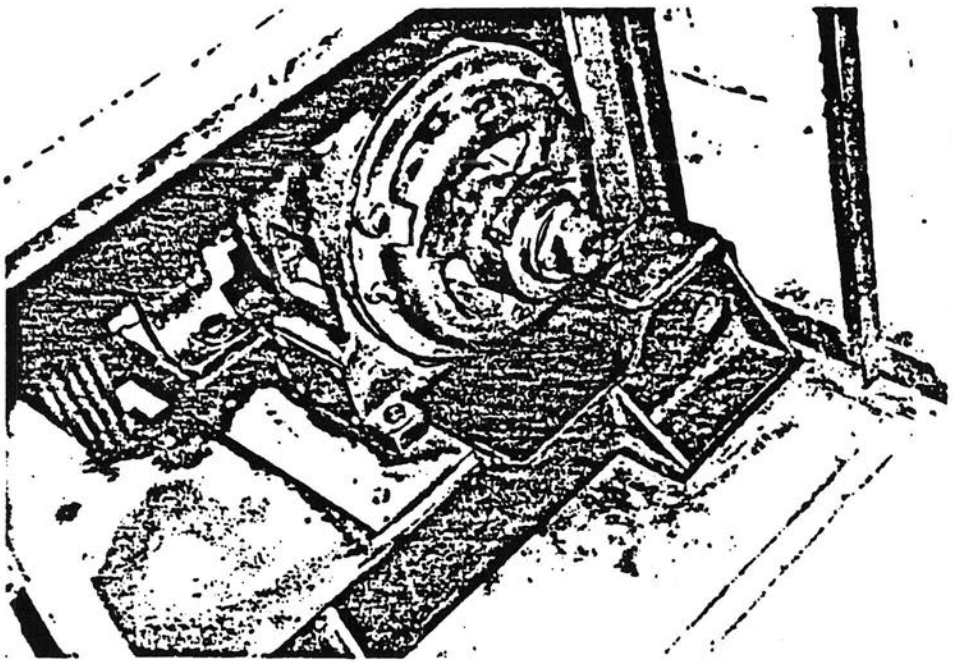
18. Extension cord wiring found in many of the apartments.



19. Same as Photo No. 18.



20. Elevator car not stopping level with the hallway landing.



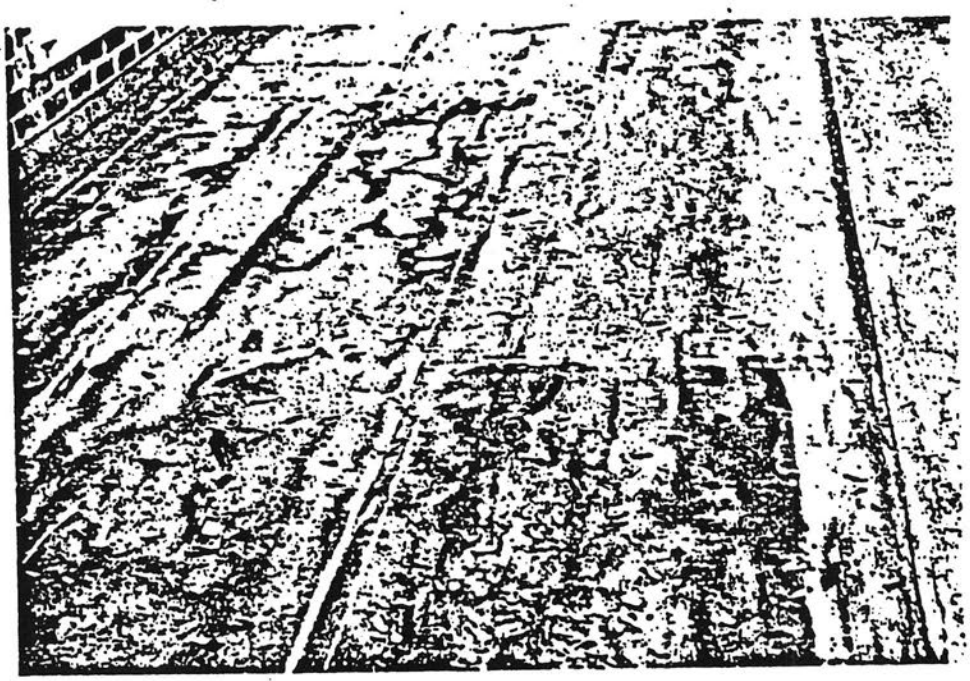
21. Leaking oil from elevator machinery.



22. Deteriorated roll roofing that covers the garage slab.



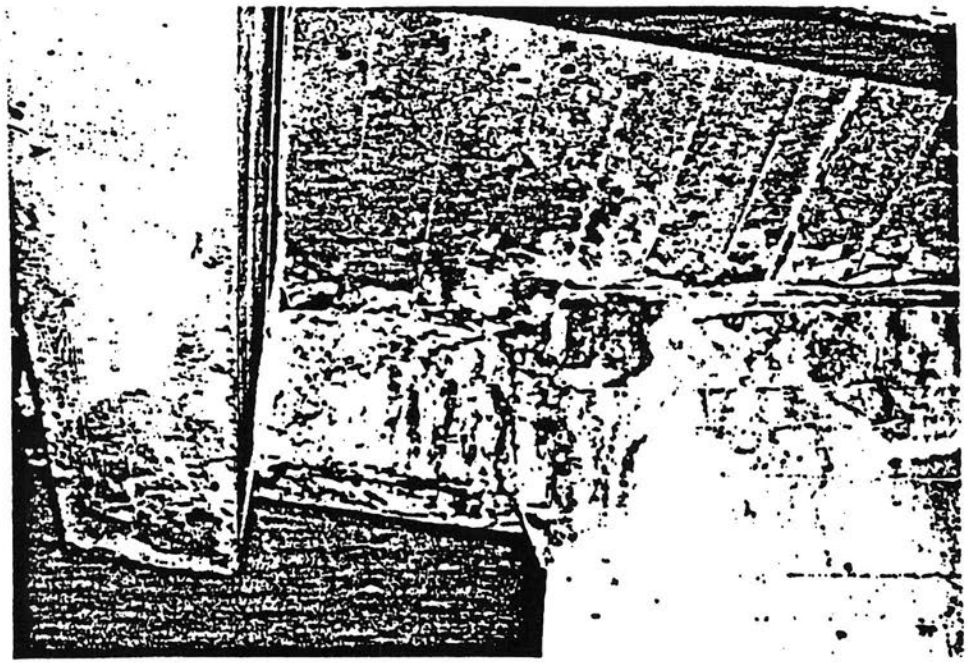
23. Same as Photo No. 22.



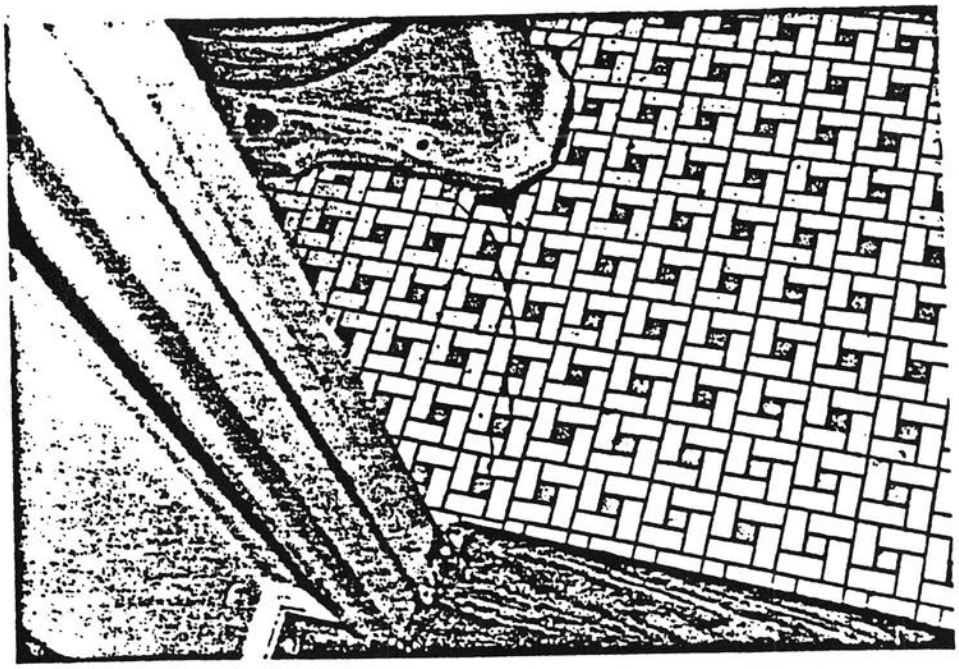
24. Same as Photo No. 22.



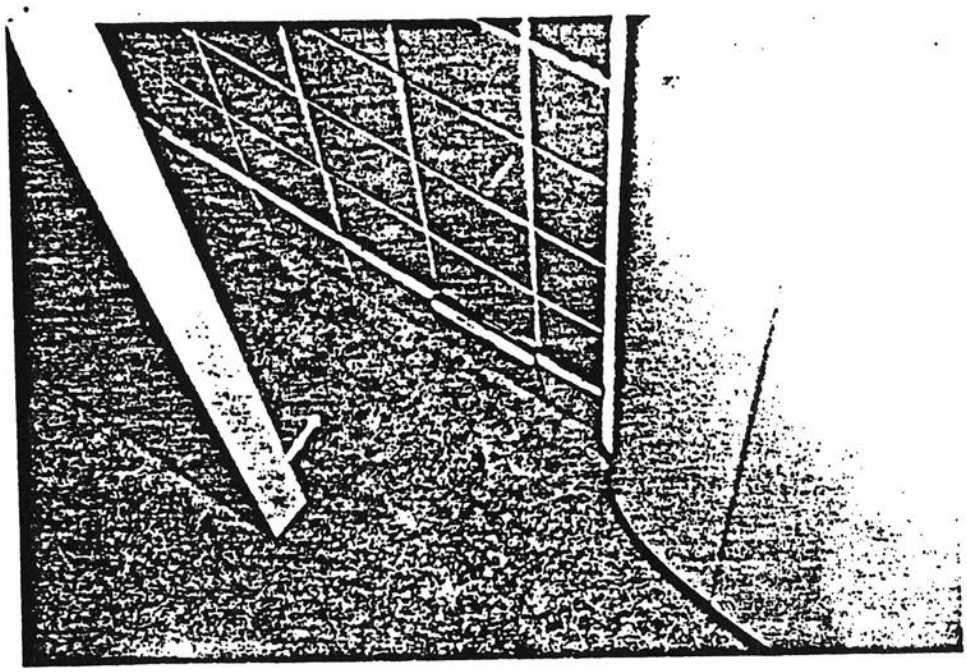
25. Water stains on the garage ceiling.



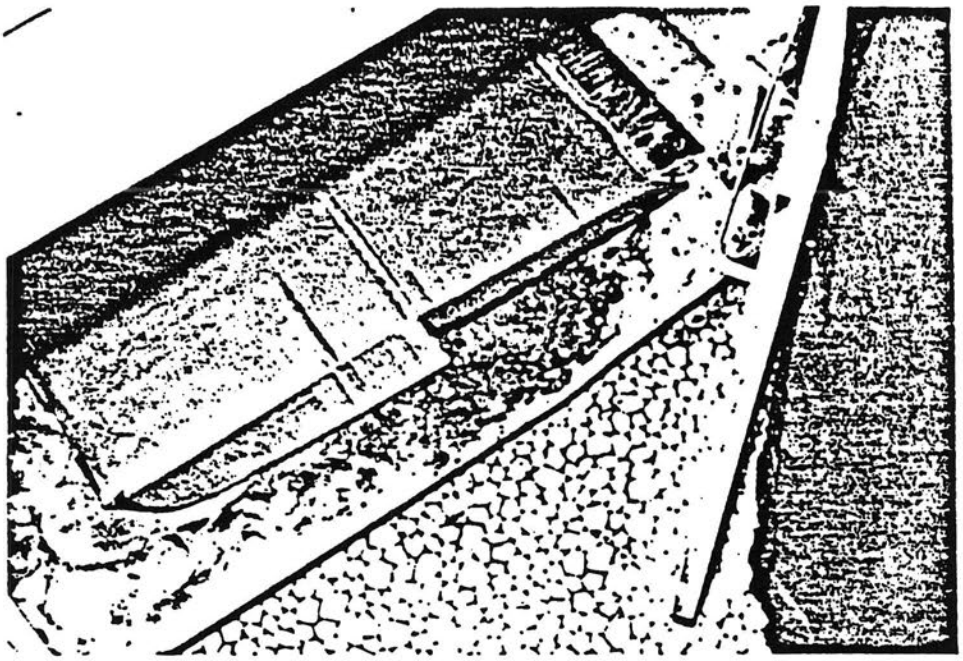
26. Same as Photo No. 25.



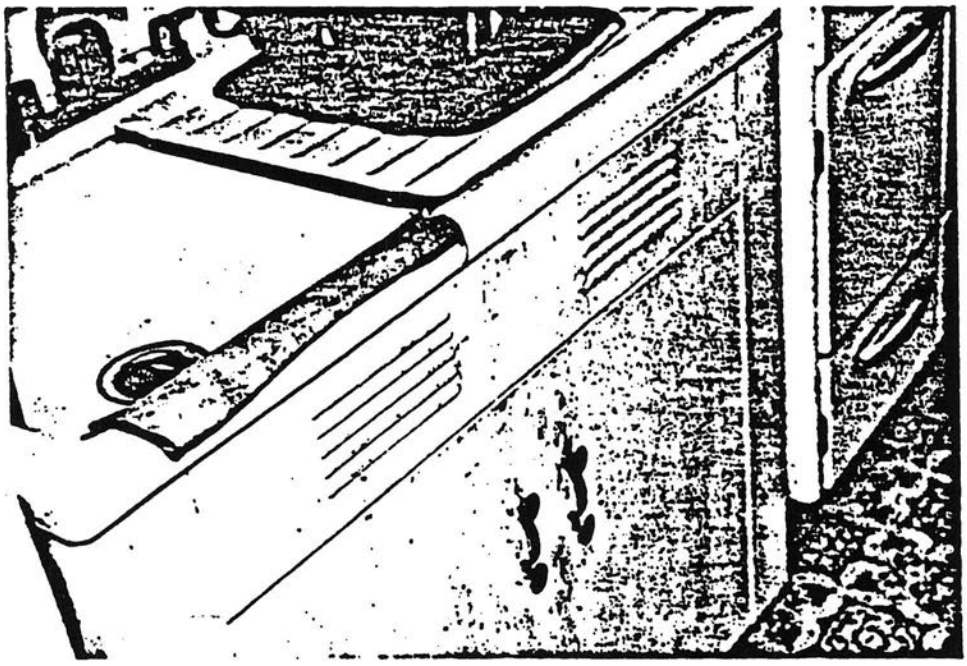
27. Cracked tile on the bathroom floor.



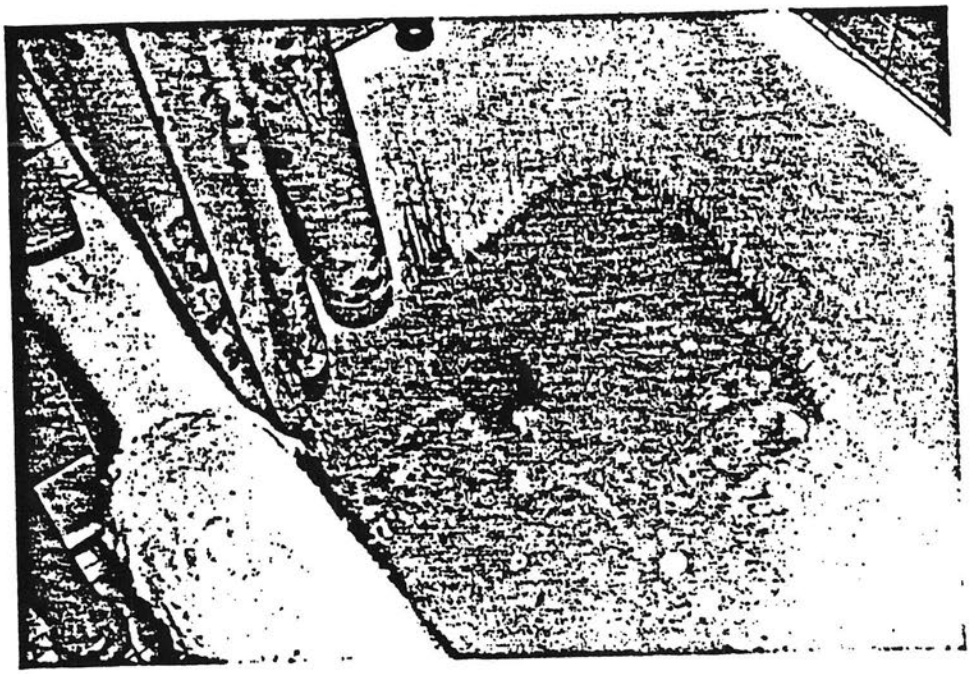
28. Loose tile on the bathroom wall.



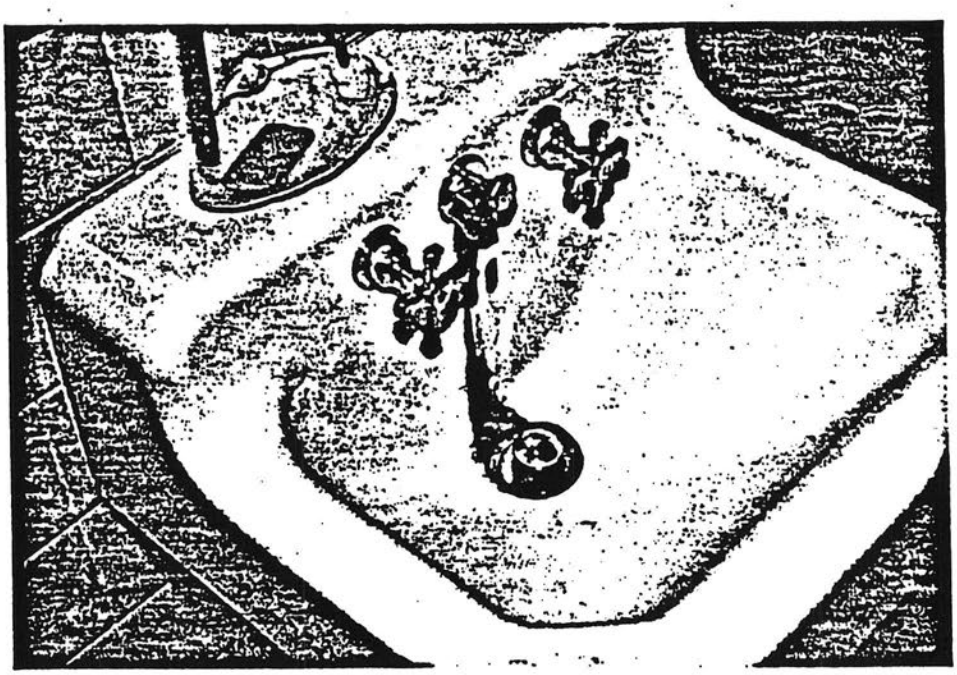
29. Deteriorated kitchen sink cabinets.



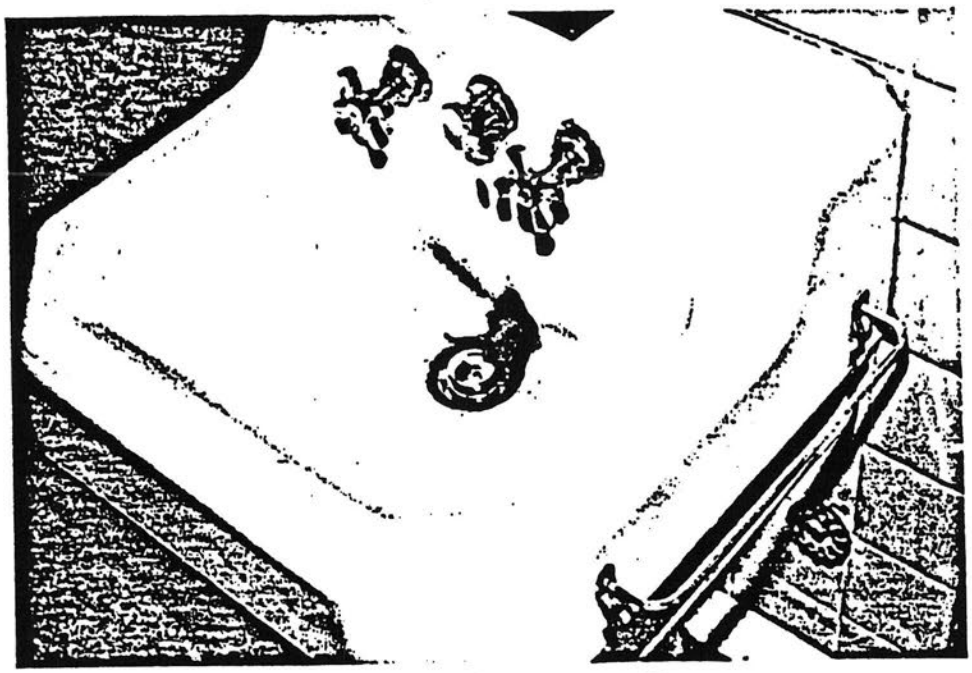
30. Same as Photo No. 29.



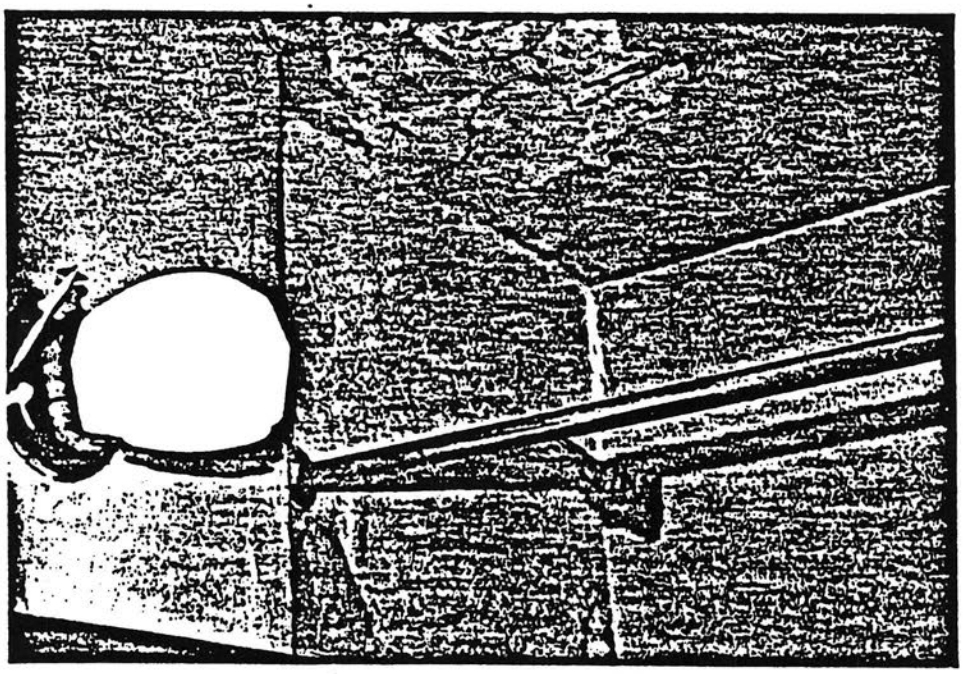
31. Worn enamel finish on the plumbing fixtures.



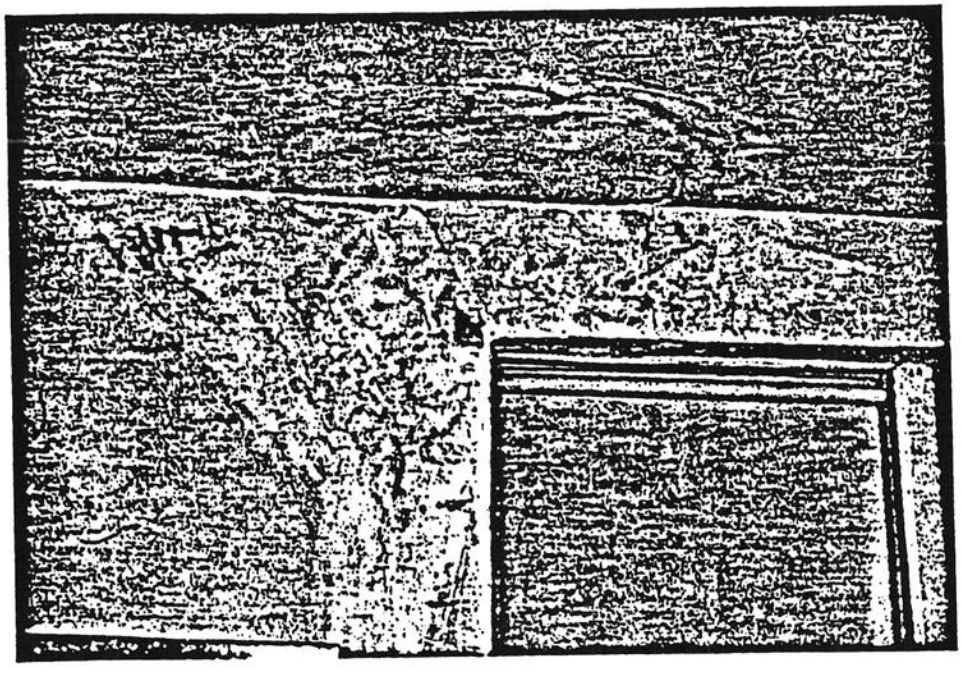
32. Same as Photo No. 31.



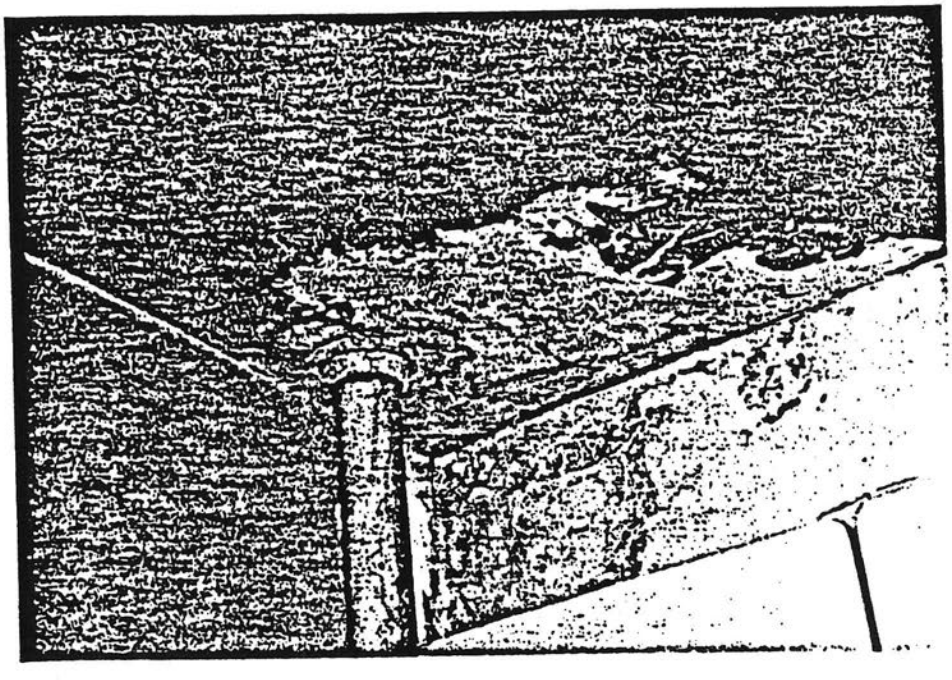
33. Same as Photo No. 31.



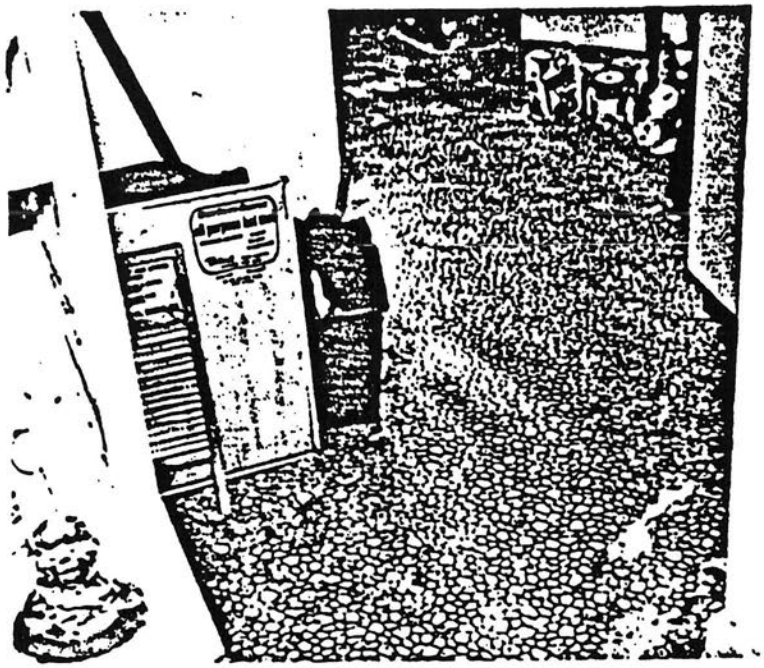
34. Water staining on the walls and ceiling from leakage through bathroom tilework and rainwater penetration through exterior brick walls.



35. Same as Photo No. 34.



36. Same as Photo No. 34.



37. Worn linoleum flooring.



38. Worn hardwood floors.

P R O P R I E T A R Y L E A S E

Unit No:
Shares:

BAINBRIDGE HOUSE, INC.

Lessor,

-to-

Lessee.

Subject	Paragraph
Maintenance	1
Shares of Stock	2
Cash Requirements	3
Paid in Surplus	4
Lessor's Obligation to Repair	5
Lessor's Obligation to Maintain and Manage the Building	6
Casualty Damage and Liability Insurance	7
Abatement of Rent	8
Repair of Casualty Damage	9
Waiver of Subrogation	10
Books of Account of Lessor	11
Changes in Proprietary Lease	12
Terrace, Balcony or Roof	13
Possession by Third Party	14
Quite Enjoyment	15
Hold Harmless Agreement	16
House Rules	17
Use of the Unit	18
Subletting	19
Assignment of Proprietary Lease	20
Consent to Assignment of Proprietary Lease	21
Liability on Assignment of Proprietary Lease	22
Pledge of Shares	23
Lessee's Obligation to Maintain the Unit	24
Damages to Unit	25
Changes or Alterations to the Unit	26
Obligation to Make Repairs to the Unit	27
Increase of Rate of Fire Insurance	28
Alterations to Utility Lines and Fixtures	29
Removal of Fixtures and Appliances	30
Surrender of Possession	31
Subordination of Lease	32
Mechanics Lien	33
Access to Unit by Lessor	34
Waiver of Breach of Lease	35
Notices and Demand	36
Default of Lessee	37
Lessor's Liability	38
Storage Space and Building Facilities	39
Window Cleaning	40
Term of Lease	41
Repossession by Lessor	42
Termination of Lease	43
Waiver of Rights of Redemption	44
Surrender of Possession	45
Cancellation of Lease by Lessee	46
Showing of Unit	47
Cancellation of Leases by Lessees	48
Unsold Shares	49
Assignment and Subletting by Holder of Unsold Shares	50
Trial by Jury	51
Invalidity of Provisions	52
Changes in Lease	53
Captions	54

PROPRIETARY LEASE

BAINBRIDGE HOUSE, INC.

PROPRIETARY LEASE, Made as of _____, by and between BAINBRIDGE HOUSE, INC., a New York Corporation, having an office c/o Schiff, Turek & Kakoyiannis, 136 East 57th Street, New York, New York, (the "Lessor") and _____ (the "Lessee").

WHEREAS, the Lessor is the Owner of land and the building erected thereon in the City of New York, known as and by the street number 325 East 201 Street, Bronx, New York, (the "Building") and

WHEREAS, the Lessee is the owner of _____ shares of the Lessor, to which this lease is appurtenant and which have been allocated to unit ____ in the building (the "unit");

NOW THEREFORE, in consideration of the premises, the Lessor hereby leases to the Lessee, and the Lessee hires from the Lessor, subject to the terms and conditions hereof, the unit for a term from _____ until December 31, 2080 (unless sooner terminated as hereinafter provided).

1. MAINTENANCE. The rent (sometimes called maintenance payable by the Lessee equals that proportion of the Lessor's cash requirements which the number of shares of the Lessor allocated to the unit bears to the total number os shares issued and outstanding on the date of the determination of such cash requirements. Such maintenance shall be payable in equal monthly installments in advance on the first day of each month without deduction or set off or claim which the Lessor may have against Lessee. Maintenance shall include the cost of gas and electricity consumed within the unit except if same shall be measured by meter, in which event such costs shall be paid by Lessee directly to the utility company.

2. SHARES OF STOCK. In every proprietary lease there will be specified, the number of shares of the Lessor issued to a lessee simultaneously therewith.

3. CASH REQUIREMENTS. "Cash Requirements" whenever used herein shall mean the estimated amount in cash which the Directors shall from time to time in its judgment determine to be necessary or proper for the operation, maintenance, care, alteration and improvement of the corporate property. The Directors may from time to time modify its prior determination and increase or diminish the amount previously determined as cash requirements.

4. PAID IN SURPLUS. The Directors may from time to time determine how much of the maintenance and other receipts, shall be credited on the corporate accounts to "Paid-in-Surplus". Unless the Directors shall determine otherwise, the amount of payments on account of principal of any mortgages shall be credited to Paid-in-Surplus.

5. LESSOR'S OBLIGATION TO REPAIR. The Lessor shall at its expense keep in good repair the building, the sidewalks surrounding the same, and its equipment and apparatus except those portions the maintenance and repair of which are expressly stated to be the responsibility of the Lessee.

6. LESSOR'S OBLIGATION TO MAINTAIN AND MANAGE THE BUILDING. The Lessor shall maintain and manage the building and shall keep the public halls, cellars and stairways clean and properly lighted and heated, and provide for the proper care and service of the building, and shall provide the unit with a proper and sufficient supply of hot and cold water and of heat, when deemed appropriate by the Directors. The covenants by the Lessor herein contained are subject, however, to the discretionary power of the Directors to determine from time to time what services and what attendants shall be proper and the manner of maintaining and operating the building, and also what services shall be changed, or terminated.

7. CASUALTY DAMAGE AND LIABILITY INSURANCE. If the unit or the building shall be damaged by fire or other cause covered by insurance carried by the Lessor, the Lessor shall at its own cost and expense, repair the damage including the walls, floors, ceilings, pipes, wiring, and conduits in the unit. Lessor shall not be required to repair or replace, equipment, fixtures, furniture, furnishings or decorations installed by the Lessee nor shall the lessor be obligated to repaint or replace wallpaper or other decorations in units. The liability insurance carried by the Apartment Corporation shall contain an endorsement, if available, naming the Holders of Unsold Shares as additional named insured as their respective interest may appear with any additional premiums incurred to be paid by the Holders of Unsold Shares.

8. ABATEMENT OF RENT. In case the damage resulting from fire or other cause shall be so extensive as to render the unit partly or wholly untenantable, the rent hereunder shall proportionately abate until the unit shall again be rendered wholly tenantable; but if said damage shall be caused by the act of negligence of the Lessee or any occupant of the unit, such rental shall abate only to the extent of the rental value insurance, if any, collected by Lessor with respect to the unit.

9. REPAIR OF CASUALTY DAMAGE. If the Directors shall determine that the building is so damaged that it cannot be repaired within a reasonable time, or that the damage was caused by hazards which are not covered under the Lessor's insurance and if the holders of at least two-thirds of the issued shares, at a shareholders' meeting duly called for that purpose, shall vote not to repair, restore, or rebuild, then upon the giving of notice pursuant to paragraph 36, this Lease and all other proprietary leases, shall thereupon cease and expire and rent shall be paid to date of such damage. The Lessee hereby waives all rights under Section 227 of the Real Property Law.

10. WAIVER OF SUBROGATION. In the event that the Lessor suffers loss or damage for which Lessee would be liable, and Lessor carries insurance policies which contain a waiver of subrogation against the Lessee, then in such event Lessor releases Lessee from any liability with respect to such loss or damage. The Lessor agrees to use its best efforts to obtain a provision in all insurance policies carried by it waiving the right of subrogation against the Lessee.

11. BOOKS OF ACCOUNT OF LESSOR. The Lessor shall keep full and correct books of account at its principal office or at such other place as the Directors may from time to time determine, and the same be open during all reasonable hours to inspection by the Lessee or a representative of the Lessee. The Lessor shall deliver to the Lessee within a reasonable time after the end of each fiscal year an annual report of corporate financial affairs, including a balance sheet and a statement of income and expenses, certified by an independent certified public accountant.

12. CHANGES IN PROPRIETARY LEASE. This proprietary lease (and all other proprietary leases) may be changed by the approval of at least 66-2/3% of the lessees and such changes shall be binding even if the Lessee did not vote for such changes except that the proportionate share of rent or cash requirements payable the Lessee may not be increased nor may his right to cancel the lease under the conditions set forth in paragraph 46 to be eliminated or impaired without his express consent.

13. TERRACE, BALCONY OR ROOF. If the unit includes a terrace, balcony or a portion of the roof, the Lessee shall have the exlusive use of said areas subject to the provisions of this lease and subject to such regulations as may, from time to time, be prescribed by the Directors. The Lessor shall have the right to erect equipment on the roof, including radio and television aerials and antennas, for its use and the use of the lessees in the building and shall have the right of access thereto for such installations and for the repair thereof. The Lessee shall keep the terrace, balcony, or portion of the roof appurtenant to his unit clean and free from snow, ice, leaves and other debris and shall maintain all screen and drain boxes in good condition. No planting, fences or structures shall be erected or installed or maintained on the terraces, balconies, or roof of the building nor shall the walls thereof be painted by the Lessee without the prior written approval of the Lessor.

14. POSSESSION BY THIRD PARTY.

(A) If at the date of the commencement of this lease, any third party shall be in possession or have the right to possession of the unit, then the Lessor assigns to the Lessee all of the Lessor's rights against said third party, and the Lessee assumes all of the Lessor's obligations to said third party from said date. The Lessor agrees to cooperate with the Lessee, in the enforcement of the Lesses's rights against said third party. Such non-purchasing tenant whose apartment is subject to government regulation as to rentals and continued occupancy shall continue to be subject thereto. Such non-purchasing tenant whose apartment is <u>not</u> subject to such government control, or if such government regulation applied but becomes inapplicable after the Plan is declared effective, shall not be subject to unreasonable increases beyond ordinary rentals for comparable apartments during the tenure of their tenancy.

17. HOUSE RULES. The Lessor has adopted House Rules which are appended hereto and made a part of this proprietary lease and the Directors may alter, amend or repeal such House Rules and adopt new House Rules. The Lessee shall comply with all such House Rules. Breach of a House Rule shall be a default under this Lease. The Lessor shall not be responsible to the Lessee for the nonobservance or violation of House Rules by any other lessee or person.

18. USE OF THE UNIT. The Lessee shall not, without, the written consent of the Lessor, upon such conditions as Lessor may prescribe, use the unit or permit the same to be used for any purpose other than for a lawful home occupation and/or as a private dwelling or to permit the unit to be occupied by anyone other than Lessee, his immediate family and domestic employees.

19. SUBLETTING. Except as provided in paragraph 20 of this lease, the Lessee shall not sublet the whole or part of the unit or renew or extend any previously authorized sublease, without the written consent of the Lessor if the Lessor shall have failed or refused to give such consent, then by lessees owning at least two-thirds of the then issued shares of the Lessor by written consent or by affirmative vote taken at a meeting called for such purpose. Any consent to subletting may be subject to such conditions as the Directors or lessees, as the case may be, may impose.

20. ASSIGNMENT OF PROPRIETARY LEASE. The Lessee shall not assign this lease or transfer the shares to which it is appurtenant until:

(a) an assignment in form approved by Lessor executed by the assignor is delivered to the Lessor; and

(b) an assumption agreement by the assignee in form approved by Lessor is delivered to the Lessor, or, at the request of the Lessor, a new lease in the same form for the remainder of the term is entered into; and

(c) All shares of the Lessor to which this lease is appurtenant is transferred to the assignee, with proper transfer taxes paid; and

(d) All sums due from the Lessee is paid to the Lessor, together with a sum to be fixed by the Directors to cover reasonable legal and other expenses of the Lessor and its managing agent in connection with such assignment and transfer of shares; and

(e) Except in the case of an assignment, transfer or bequest to the Lessee's spouse, and except as provided in paragraph 23 of this lease, consent to such assignment by Lessor or if Lessor shall fail or refuse to give such consent within 30 days after request therefore made in writing by Lessee, then by lessees owning at least 65% of the issued shares of the Lessor, evidenced by written consent or by affirmative vote taken at a meeting called for such purpose.

21. CONSENT TO ASSIGNMENT OF PROPRIETARY LEASE. If the Lessee shall die, consent shall not be unreasonably withheld to an assignment of the lease and shares to a financially responsible member of the Lessee's family (other than the Lessee's spouse as to whom no consent is required).

22. LIABILITY UPON ASSIGNMENT OF PROPRIETARY LEASE. If the lease shall be assigned in compliance herewith, the Lessee-assignor shall have no further liability under this lease.

23. PLEDGE OF SHARES. The Lessee may pledge and assign this lease and the shares allocated to the unit as security for a loan made to the Lessee by a bank, trust company, insurance company or other recognized lending institution under such terms and conditions as shall be satisfactory to Lessor and Lender to be contained in an agreement commonly known as a "Recognition Agreement." In such event (a) the shares will not be voted by the Lender; (b) the Lessor will give the Lender a copy of any notice of default which the Lessor may give to the Lessee and if the Lessee fails to cure such default then the Lender shall have as additional time, such time as was given the Lessee within which to secure said default; and the Lessor will not act upon said default until the time afforded the Lender has elapsed; (c) if the lease is terminated by the Lessor as a result of a default on the part of the Lessee, the Lessor shall promptly give notice of such termination to the lender and upon written request of the Lender, made within 30 days after such notice, the Lessor shall commence summary proceedings for disposess at Lender's expense and shall within 60 days after the said written notice reissue the shares and execute a new proprietary lease with any individual designated by the Lender provided, however, that the Lessor shall have received payments on behalf of the Lessee of all sums due under this lease to the date of a reissuance of the shares; (d) if the Lessee defaults under the loan agreement with the Lender and notice of such default is given to the Lessor, the indivdual designated by the Lender shall receive the transfer of shares and the proprietary lease shall be made to such individual upon such instruments as shall be reasonably satisfactory to the Lessor; (e) the Lessor shall not, without the prior written consent of the Lender, change the terms of this lease, accept a surrender of this lease, permit an assignment of the lease or a subletting of the apartment, consent to any further mortgage on this lease; (f) any designee of the Lender may cancel this lease pursuant to foreclosure upon 30 days notice; (g) the Lender shall indemnify the Lessor for all losses and expenses which may be claimed by the Lessee resulting from the acts or omissions of either the Lessor or the Lender, and the Lessor shall give the Lender prompt written notice of such claim, which the lender may contest in behalf of the Lessor at the Lender's expense; (h) when the loan is paid the Lender will give notice to the Lessor to that effect; (i) the Recognition Agreement may contain such different or additional terms as the Lessor and the Lender may agree.

24. LESSEES OBLIGATION TO MAINTAIN THE UNIT. The Lessee shall keep the interior of the unit (including walls, floors and ceilings, and including windows, window panes, window frames, sashes, sills, entrance and terrace doors, frames and saddles) in good repair, shall do all of the painting and decorating of the unit and shall be solely repsonsible for the maintenace, repair, and replacement of plumbing, gas and heating fixtures and exposed gas, steam and water pipes and any special pipes under the floor, but shall not include gas, steam water or other pipes or conduits within the walls, ceilings or floors or air conditioning or heating equipment which is part of the standard building equipment. The Lessee shall be solely responsible for the maintenance, repair and replacement of all lighting and electrical fixtures, appliances and equipment and all meters, fuse boxes or circuit breakers and electrical wiring and conduits from the junction box at the riser into and through the Lessee's unit. Any ventilator or air conditioning device which shall be visible from the outside of the building shall at all times be painted by the Lessee in a standard color which the Lessor may select for the building.

25. DAMAGE TO UNIT. If, in the Lessor's sole judgment, any of the Lessee's equipment or appliances shall result in damage to the building or interruption of service to other portions of the building, or if any such appliances visible from the outside of the building, or if any such appliances visible from the outside of the building shall become rusty or discolored; the Lessee shall promptly, on notice from the Lessor, remedy the condition and, pending such remedy, shall cease using any appliance or equipment which may be creating the objectionable condition.

26. CHANGES OR ALTERATIONS TO THE UNIT. The Lessee with the exception of the Sponsor and Holders of Unsold Shares, must obtain prior written consent of the Board of Directors prior to making any alterations or changes in the apartment, which consent shall not unreasonably be withheld. The Lessee will comply with all the requirements of the Board of Fire Underwriters, insurance authorities and all governmental authorities and with all laws, ordinances, rules and regulations with respect to the occupancy or use of the unit. If any mortgage affecting the land or the building shall contain any provision pertaining to the right of the Lessee to make changes or alterations, or to remove any of the fixtures, appliances, equipment or installations, the Lessee herein shall comply with the requirements of such mortgage or mortgages relating thereto. Upon the Lesses's written request, Lessor will furnish Lessee with copies of applicable provisions of each and every such mortgage.

27. OBLIGATION TO MAKE REPAIRS TO THE UNIT. If the Lessee shall fail for 30 days after notice to make repairs to any part of the unit, its fixtures, or equipment as herein required, or shall fail to remedy a condition which has become objectionable to the Lessor for reasons set forth above, the Lessor may make such repairs, or remove such objectionable condition or equipment, or perform such act, without liability to the Lessor; provided that, if the condition requires prompt action, notice of less than 30 days or, in case of emergency, no notice need be given. In all such cases the Lessor, it agents, and contractors shall, as between the the Lessor and Lessee, be conclusively deemed to be acting as agents for the Lessee, and contracts therefore made by the Lessor shall be so construed whether or not made in the name of the Lessee, and all expenses

incurred or for which it has contracted hereunder, shall be payable by the Lessee on demand as additional rent.

28. INCREASE OF RATE OF FIRE INSURANCE. The Lessee shall not permit of suffer anything to be done or kept in the unit which will increase the rate of fire insurance on the building. If, by reason of occupancy or use of the unit by the Lessee, the rate of fire insurance on the building is increased, the Lessee shall be liable for the additional insurance premiums incurred by Lessor, and the Lessor shall have the right to collect the same as additional rent.

29. ALTERATIONS TO UTILITY LINES AND FIXTURES. The Lessee with the exception of the Sponsor and Holders of Unsold Shares, may not, without the prior written consent of the Board of Directors, which consent shall not be unreasonably withheld, make any alteration, enclosure or addition to the unit or any to the water, gas or steam risers or pipes, heating or air conditioning system or units, electrical conduits, wiring or outlets, plumbing fixtures, intercommunication or alarm systems, or any other installation of facility in the unit or building. The performance by Lessee of any work shall be in accordance with any applicable rules and regulations of the Lessor and governmental agency having jurisdiction. The Lessee shall not in any case install any appliances which will overload the existing wires or equipment in the building.

30. REMOVAL OF FIXTURES AND APPLIANCES. Lessee shall not remove any fixtures, appliances, additions or improvements from the unit except without structural alterations or permanent damage to the unit, provided that the Lessee shall, at his own expense, repair all damage which shall have been caused by either the installation or removal of any of such additions, improvements, appliances or fixtures; and that if any mortgage had acquired a lien on any such property prior to the execution of this lease, Lessee shall first procure from such mortgagee its written consent to such removal.

31. SURRENDER OF POSSESSION. On the expiration or termination of this lease, the Lessee shall surrender to the Lessor possession of the unit and any additions, improvements, fixtures or appliances not removed by the Lessee on or before such expiration or termination of this lease shall, at the option of the Lessor, be deemed abandoned and shall become the property of the Lessor and may be disposed of by the Lessor without liability or accountability to the Lessee.

32. SUBORDINATION OF LEASE. This lease is and shall be subject and subordinate to all ground or underlying leases and to any mortgages now or hereafter liens upon such leases or on the property of the Lessor, and to any and all extensions modifications, consolidations, renewals and replacements thereof. This clause shall be self-operative and no further instrument of subordination shall be required by any such mortgagee or ground or underlying Lessee. In confirmation of such subordination the Lessee shall at any time, and from time to time, on demand, execute any instruments that may be required by any mortgagee, or by the Lessor for the purpose of more formally subjecting this lease to the lien of any such mortgage or mortgages or ground or underlying leases, and the duly elected officers, of the Lessor are and each of them is hereby irrevocably appointed the attorney-in-fact and agent of the Lessee to execute the same upon such demand, and the Lessee hereby ratifies any such instrument hereafter executed by virtue of the power of attorney hereby given.

33. MECHANICS LIEN. In case a notice of mechanic's lien against the building shall be filed purporting to be for labor or material furnished or delivered at the building or the unit to or for the Lessee, the Lessee shall forthwith cause such lien to be discharged and if the Lessee shall fail to do so within 10 days after notice from the Lessor, then the Lessor may cause such lien to be discharged by payment, bonding or otherwise, without investigation as to the validity thereof or of any offsets or defenses thereto, and shall have the right to collect, as additional rent, all amounts, cost and expenses paid or incurred in connection therewith, including reasonable attorneys' fees and disbursements, together with interest thereon from the time or times of payment.

34. ACCESS TO UNIT BY LESSOR. The Lessor and its agents and their authorized workmen shall be permitted to enter the unit and any storage space assigned to lessee at any reasonable hour of the day upon notice, or at any time and without notice in case of emergency, to make or facilitate repairs in any part of the building or to cure any default by the Lessee and to remove such portions of the walls, floors and ceilings of the unit and storage space as may be required for any such purpose, but the Lessor shall thereafter restore the unit and storage space to its proper and usual condition at Lessor's expense if such repairs are the obligation of Lessor or at Lessee's expense if such repairs are the obligation of Lessee. In order that the Lessor shall have access to the unit or storage rooms for the purposes provided for in the lease, the Lessee shall provide the Lessor with a key to each lock providing access to the unit or the storage rooms. If the Lessee shall not permit any entry at any time when an entry therein shall be necessary or permissible hereunder and shall not have furnished a key to Lessor, the Lessor or the Lessor's agent may forcibly enter the apartment or storage space without liability for damages by reason thereof and without in any manner affecting the obligations and covenants of this lease.

35. WAIVER OF BREACH OF LEASE. The failure of the Lessor to insist, upon a strict performance of any of the provisions of this lease, or to exercise any right or option herein contained, shall not be construed as a waiver, of any such provisions, options or rights, but such provision, option or right shall continue and remain in full force and effect. The receipt by the Lessor of rent, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach, and no waiver by the Lessor of any provision hereof shall be deemed to have been made unless in a writing expressly approved by the Directors.

36. NOTICES AND DEMANDS. Any notice by or demand from either party to the other shall be duly given only if in writing and sent by registered or certified mail; if by the Lessee, addressed to the Lessor at the building with a copy sent by regular mail to the Lessor's managing agent; if to the Lessee, addressed to the building. Notices or demands shall be deemed given on the date when mailed.

37. DEFAULT BY LESSEE. If the Lessee shall at any time be in default hereunder and the Lessor shall incur any expense in performing acts which the Lessee is required to perform, or in instituting any action or proceeding based on such default, or defending or asserting a counterclaim in, any action or proceeding brought by the Lessee, the expense thereof to the Lessor, including reasonable attorney fees and disbursements, shall be paid by the Lessee to the Lessor, on demand as additional rent.

38. LESSOR'S LIABILITY. The Lessor shall not be liable, except by reason of Lessor's negligence, for any failure or insufficiency of heat, water supply, electric current, gas, telephone, or elevator service or other service to be supplied by the Lessor hereunder. No abatement of rent or other compensation or claim of eviction shall be made or allowed because of failure to make repairs, alterations or decorations to the building, or for interruption or curtailment of any service agreed to be furnished by the Lessor, unless due to Lessor's negligence.

39. STORAGE SPACE AND BUILDING FACILITIES. If the Lessor shall furnish to the Lessee any storage bins or space, the use of the laundry, or any facility outside the unit, the same shall be deemed to have been furnished gratuitously by the Lessor under a revocable license. The Lessee shall not use such storage space for the storage of valuable or perishable property, and any such storage space assigned to Lessee shall be kept by Lessee clean and free of combustibles. Any use that Lessee may make of such equipment or space shall be at his own cost, risk and expense.

40. WINDOW CLEANING. The Lessee will not permit the cleaning of any window in the premises from the outside in violation of Section 202 of the New York Labor Law.

41. TERM OF LEASE. The term of this lease shall expire and the Lessee shall quit and surrender the unit to the Lessor upon at least 5 days written notice (it being the intention of the parties hereto to create hereby a conditional limitation,) upon the happening of any of the following events:

(a) If the Lessee shall cease to be the owner of the shares and this lease to which they are appurtenant;

(b) If the Lessee hereof shall be adjudicated a bankrupt a receiver of all of the property of the Lessee shall be appointed; or lessee shall make a general assignment for the benefit of creditors;

(c) If there by an assignment of this lease, or any subletting, without full compliance with the requirements of this lease; or if any person not authorized by paragraph 18 shall be permitted to use or occupy the unit;

(d) If the Lessee shall be in default for a period of one month in the payment of any rent or additional rent;

(e) If the Lessee shall be in default in the performance of any covenant or provision hereof;

(f) If at any time the Lessor shall determine upon the affirmative vote of two-thirds of its then Board of Directors, at a meeting duly called for that purpose, that because of objectionable conduct on the part of the Lessee, or of a person dwelling or visiting in the unit, repeated after written notice from Lessor, the tenancy of the Lessee is undesirable;

(g) If at any time the Lessor shall determine, upon the affirmative vote of two-thirds of its then Board of Directors, at a meeting of such Directors duly called for that purpose, and the affirmative vote of the holders of at least 75% of its issued shares, at a a shareholders' meeting duly called for that purpose, to terminate all proprietary leases;

(h) If the building shall be damaged and the shareholders shall decide not to repair or rebuild as provided in this lease.

(i) If at any time the building or a substantial portion thereof shall be taken by condemnation proceedings.

42. REPOSSESSION BY LESSOR. In the event the Lessor resumes possession of the unit, by summary proceedings, or otherwise, Lessee shall continue to remain liable for payment of a sum equal to the rent which would have become due hereunder and shall pay the same in installments at the time such rent would be due hereunder. After resuming possession, the

Lessor may, at its option, relet the unit for its own account, or relet the unit as the agent of the Lessee, in its discretion. If the Lessor relets the unit as agent for the Lessee, it shall, after reimbursing itself for its expenses in connection therewith, including leasing commissions and attorneys' fees and decorations, alterations and repairs to the unit, apply the balance against the Lessee's continuing obligations hereunder. There shall be a final accounting between the Lessor and the Lessee upon the date of expiration of the term of this lease, or the date as of which a new proprietary lease shall become effective.

43. TERMINATION OF LEASE. Upon the termination of this lease, the Lessee shall surrender to the corporation the certificate for the shares of the corporation owned by the Lessee to which this lease is appurtenant.

44. WAIVER OF RIGHT OF REDEMPTION. The Lessee hereby expressly waives any and all right of redemption in case the Lessee shall be dispossessed by judgment or warrant of any court or judge.

45. SURRENDER OF POSSESSION. On or before any termination of this lease, the Lessee shall vacate and surrender possession thereof to the Lessor or its assigns, and upon demand of the Lessor, shall execute, acknowledge and deliver to the Lessor or its assigns any instrument which may reasonably be required to evidence the surrendering of this lease or the unit.

46. CANCELLATION OF LEASE BY LESSEE. (a) This lease may be cancelled by the Lessee (except if he is a holder of "Unsold Shares") on any September 30th after September 30, 1987. Irrevocable written notice of intention to cancel must be given by the Lessee to Lessor on or before April 1, in the calendar year in which such cancellation is to occur. At the time of the giving of such notice there must be deposited with the Lessor by the Lessee: the Lessee's counterpart of this lease with a written assignment in form required by the Lessor, effective as of August 31 of the year of cancellation, free from all subleases, tenancies, liens, encumbrances and other charges whatsoever and the Lessee's certificate for his shares appurtenant to the lease, endorsed in blank for transfer and with all necessary transfer taxes due thereon; for which shares the Lessee is to receive no payment or compensation of any kind whatsoever; and on or before said August 31st the Lessee shall deliver possession of the unit to the Lessor in good condition with all required equipment, fixtures and appliances installed and in proper operating condition and Lessee shall pay to the Lessor all rent and other charges which shall be payable under this lease up to and including the following September 30th.

(b) Holders of unsold shares may not cancel their proprietary leases unless (i) shareholders owning a majority of the Apartment Corporation's outstanding shares (other than unsold shares) shall have given notice of intent to cancel or (ii) all unsold shares constitute fifteen percent (15%) or less of the Apartment Corporation's outstanding shares, at least five (5) years have elapsed since the Apartment Corporation acquired title to the building and on the effective date of cancellation holders of unsold shares shall pay to the Apartment Corporation a sum equal to the product of the then current monthly maintenance charges payable under the proprietary lease multiplied by twenty-four (24).

47. SHOWING OF UNIT. The Lessor and its agents may show the unit to prospective Lessees, and others at reasonable times after notice of the Lessee's intention to cancel.

48. CANCELLATION OF LEASES BY LESSEES. If Lessees owning at least 80% of the issued shares of the Lessor shall exercise the option to cancel their leases, then this and all other proprietary leases shall thereupon terminate on the September 30th of the year in which such options shall have been exercised.

49. UNSOLD SHARES. The term "Unsold Shares" means the shares of the Lessor which were issued to the Lessor's grantor or Sponsor or individuals produced by Sponsor pursuant to the Offering Statement-Plan of Cooperative Organization and, all shares which are Unsold Shares retain their character as such (regardless of transfer) until such shares become the property of a purchaser or a holder of "Unsold Shares" for bona fide occupancy of the unit to which such shares are allocated.

50. ASSIGNMENT AND SUBLETTING BY HOLDERS OF UNSOLD SHARES. The owner of Unsold Shares may assign this lease and sublet the unit without the consent of the Lessor, its Directors or shareholders or any other person.

51. TRIAL BY JURY. The parties hereto waive trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other on any matters whatsoever arising out of or in any way connected with this lease.

52. INVALIDITY OF PROVISIONS. If any provision herein contained shall adjudged invalid, the same shall not affect the validity of any other provision of this lease.

53. CHANGES IN LEASE. The provisions of this lease cannot be changed orally.

54. CAPTIONS. Captions of the several paragraphs of this lease shall not be deemed part of this lease.

IN WITNESS WHEREOF, the parties have executed this lease.

BAINBRIDGE HOUSE, INC.

By: _____
President/Secretary

_____ (L.S.)
Lessee

_____ (L.S.)
Lessee

STATE OF NEW YORK)
: ss.:
COUNTY OF)

On the day of , in the year 19 , before me personally appeared
to me known, who being by me duly sworn, did depose and say that he resides at ;
the he is the of BAINBRIDGE HOUSE, INC., the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

STATE OF NEW YORK)
: ss.:
COUNTY OF)

On the day of , in the year 19 , before me personally appeared
to me personally known and known to me to be the individual described in and who executed the foregoing instrument, and duly acknowledged to me that he executed the same.

HOUSE RULES

1. The public halls and stairways of the building shall not be obstructed or used for any purpose other than ingress and egress from the units in the building.

2. No lessee shall make or permit any disturbing noises in the building or do or permit anything to be done therein which will interfere with the rights, comfort or convenience of other lessees. No lessee shall play or permit to be played upon any musical instrument or phonograph or a radio or television in lesses's unit if the same shall disturb or annoy other occupants of the building. No construction or repair work involving noise shall be conducted in any unit except or weekdays (not including legal holidays) and only between the hours of 8:30 a.m. and 5:00 p.m.

3. No article shall be placed in the halls or on the staircase landings or fire towers, nor shall anything be hung or shaken from the doors, windows, terraces or balconies or placed upon the window sills of the building.

4. No awnings, window air-conditioning units or ventilators shall be used expect such as shall have been expressly approved by the Lessor, nor shall anything be projected out of any window of the building without similar approval.

5. No sign, notice, advertisement or illuminiation shall be inscribed or exposed on or at any window or other part of the building, except such as shall have been approved in writing by the Lessor.

6. No radio or television aerial shall be attached to or hung from the exterior of the building without the prior written approval of the Lessor.

7. The Lessor shall have the right from time to time to curtail or relocate any space devoted to storage or laundry purposes.

8. These House Rules may be added to, amended or repealed at any time by resolution of the Board of Directors of the Lessor.

BY-LAWS

OF

BAINBRIDGE HOUSE, INC.

Purpose of Business

Section 1: Purpose: The primary purposes of the Corporation is to provide residences for shareholders who shall be entitled, solely by reason of their ownership of shares, to proprietary leases for units in the building owned by the Corporation.

ARTICLE II

Meetings of Shareholders

Section 1: Annual Meetings: The first annual meeting of the shareholders of the Corporation, for the election of directors and for such other business as may properly come before said meeting, shall be held within 30 days after the closing under the Plan of Cooperative Organization for the Corporation, and subsequent annual meetings shall be held on the 1st day of May in each year, commencing with the year following the year in which the first annual meeting is held. Such meetings shall be in the State of New York, at such time and place as shall be determined by the Board of Directors. Written notice of each meeting shall be given to all shareholders.

Section 2: Special Meetings: Special Meetings of shareholders, may be called at any time by the president or secretary or by a majority of the Board of Directors. It shall also be the duty of the secretary to call such meetings whenever requested in writing so to do by shareholders owning at least twenty-five percent of the outstanding shares of the Corporation. The secretary shall cause a notice of such special meeting stating the time, place and object thereof and the officer or other persons by whom the meeting is called, to be delivered personally or mailed as provided in Section 1 of this Article to each shareholder of record of the Corporation.

Section 3: Waiver of Notices: The notice provided for in the two foregoing sections is not indispensible but any shareholders' meeting shall be valid for all purposes if all the outstanding shares of the Corporation are represented there at in person or by proxy, or if a quorum is present, and waiver of notice of such meeting shall be duly executed in writing by such shareholders as are not so represented and were not given such notice.

Section 4: Quorum: At each meeting of shareholders, shareholders, in person or by proxy, holding a majority of the shares then issued and outstanding shall constitute a quorum. In case a quorum shall not be present at any meeting, the holders of a majority of the shares represented may adjourn the meeting to some future time and place. No notice of the time and place of the adjourned meeting need be given other than by announcement of the meeting.

Section 5: Voting: At each meeting of shareholders each shareholder present in person or by proxy shall be entitled to one vote for each share registered in his name. The proxies shall be in writing duly signed by the shareholder. Voting by shareholders shall be voice vote unless any shareholder present at the meeting, in person or by proxy, demands a vote by written ballot, in which case the voting shall be by ballot.

Section 6: Inspectors of Election: Inspectors of election shall not be required to be appointed at any meeting of shareholders unless requested by a shareholder.

Section 7: Order of Business: So far as consistent with the purpose of the meeting, the order of business of each meeting of shareholders shall be as follows:

1. Call to order.
2. Presentation of proofs of due calling of the meeting.
3. Roll call and presentation and examination of proxies.
4. Reading of minutes of previous meeting or meetings, unless waived.
5. Reports of officers and committees.
6. Appointment or election of inspectors of election, if requested.
7. If the annual meeting or a special meeting called for that purpose, the election of directors.
8. Unfinished business.
9. New business.
10. Adjournment.

ARTICLE III
Directors

Section 1: Number: The number of the Directors of the Corporation shall be not less than three nor more than nine, commencing with the first election of Directors by tenant-shareholders of the Corporation. At such time as the "Unsold Shares" (as defined in the proprietary lease of the Corporation) constitute less than 50% of all the shares of the Corporation issued and outstanding, but in no event later than the fifth anniversary of the date the Corporation acquires title to the building, not less than a majority of Directors to be elected at all subsequent annual meetings of shareholders shall be resident tenant/shareholders of the building of the Corporation.

Section 2: Election: The Directors shall be elected at the annual meeting of shareholders or at a special meeting called for that purpose by a plurality of votes cast at such meeting, and thereafter until their respective successors are elected and qualify. It shall not be necessary for a director of this Corporation to be a shareholder.

Section 3: Quorum: A majority of the Directors shall constitute a quorum.

Section 4: Vacancies: Vacancies in the Board of Directors resulting from death, resignation or otherwise may be filled without notice to any of the shareholders by a vote of a majority of the remaining directors present at the meeting at which such election is held even though no quorum is present, which may be at any regular meeting of the Board of Directors or any special meeting thereof called for such purpose.

Section 5: Meetings: The Board of Directors shall meet immediately after the annual meeting of shareholders and also whenever called by any officer of the Corporation or upon the written request of any two directors, upon notice give to each director, by delivering personally, mailing or telegraphing the same to him at least two days prior to such meeting at the last address furnished by him to the Corporation. Regular meetings may be held without notice at such times and places as the Board of Directors may determine. Meetings of directors may be held at the principal office of the Corporation or as designated by the Board of Directors by resolution. At all meetings of the Board of Directors, each director shall be entitled to one vote. The vote of a majority of the Board of Directors present at the time of a vote shall be the act of the Board of Directors.

Section 6: Resignation and Removal: Any director may resign at any time by written notice delivered in person or sent by certified or registered mail to the president or secretary of the Corporation. Such resignation shall take effect at the time specified therein.

Any director may be removed from office without cause by a majority of all the shareholders of the Corporation at a meeting duly called for that purpose.

Section 7: Annual Cash Requirements: The Board of Directors shall, from time to time, determine the cash requirements as defined in the Corporation's proprietary lease. The Board of Directors shall have discretionary power to prescribe the manner of maintaining and operating the property of the Corporation and the establishment, maintenance and use of a reserve fund for capital expenditure. Every such determination by the Board of Directors shall be final and conclusive as to all shareholder-tenants.

Section 8: House Rules: The Board of Directors may from time to time, adopt and amend such house rules as it may deem necessary in respect to the building of the Corporation for the health, safety and convenience of the shareholder-tenants. Copies thereof and of changes therein shall be furnished to each shareholder-tenant.

Section 9: Executive Committee and Other Committees: The Board of Directors may by resolution appoint an Executive Committee, and such other committees as it may deem appropriate, each to consist of one or more directors of the Corporation. Such committees shall have such of the powers of the Board in the management of the business and affairs of the Corporation as may be established by resolution of the Board of Directors, except that no committee shall have power to determine the cash requirements defined in the proprietary lease, or to fix the rent to be paid under the proprietary leases, or to vary the terms of payment thereof as fixed by the Board.

Section 10: Distributions: The shareholder-tenants shall not be entitled to receive any distribution not out of earnings and profits of the Corporation, except upon partial or complete liquidation.

ARTICLE IV

Officers

Section 1: Election and Removal: The officers of the Corporation shall be a president, one or more vice presidents, a secretary and a treasurer. Such officers shall be elected by the Board of Directors and shall serve until removed or until their successors shall have been elected. The Board of Directors may from time to time appoint one or more assistant secretaries and one or more assistant treasurers to hold office at the pleasure of the Board. Any officer may be removed at any time, with or without cause, by the affirmative vote of a majority of the directors. Any officer may sign in the name of the Corporation all contracts, leases and other instruments which are authorized from time to time by the Board of Directors.

Section 2: Duties of the President and Vice President: The president shall preside at all meetings of the stockholders and of the Board of Directors. The president shall perform all the duties incidental to the office. In the absence or inability of the president to act, any vice president shall have the powers and perform the duties of the president.

Section 3: Duties of the Treasurer: The treasure shall have the care and custody of all funds and securities of the Corporation, and shall deposit such funds in the name of the Corporation in such bank or trust companies as the directors may determine, and he shall perform all other duties incidental to his office.

Within three months after the end of each fiscal year, the treasurer shall cause to be transmitted to each shareholder-tenant an annual report of operations and balance sheet of the Corporation which shall be certified by an independent Certified Public Accountant.

In the absence or inability of the treasurer, the assistant treasurer if any, shall have all the powers and perform all the duties of the treasurer.

Section 4: Duties of Secretary: The secretary shall keep the minutes of the meetings of the Board of Directors and of the meetings of shareholders; he shall attend to the giving and serving of all notices of the Corporation and shall be empowered to affix the corporate seal to all written instruments authorized by the Board of Directors or these By-Laws. He shall also perform all other duties incidental to his office.

ARTICLE V
Proprietary Leases

Section 1: Form of Lease: The Board of Directors shall adopt a form of proprietary lease to be used by the Corporation for the leasing of all units and other space in the building of the Corporation to be leased to shareholder-tenants. Any officer of the Corporation may execute proprietary leases on behalf of the lessor/apartment corporation.

After a proprietary lease in the form so adopted by the Board of Directors shall have been executed and delivered by the Corporation, all proprietary leases (as distinct from the house rules) subsequently executed and delivered shall be in the same form, except with respect to the statement as to the number of shares owned by the lessee, the use of the premises and the date of the commencement of the term, unless any change or alteration is approved by tenant-shareholders owning at least two-thirds of the shares of the Corporation then issued and outstanding.

Section 2: Assignment: Proprietary leases shall be assigned or transferred only in compliance with the terms, conditions or provisions of such proprietary leases. A duplicate original of each proprietary lease shall be kept on file in the principal office of the Corporation or with the managing agent.

Section 3: Allocation of Shares: The Board of Directors shall allocate to each unit or other space in the building of the Corporation the number of shares of the Corporation which must be owned by the proprietary lessee of such unit or other space.

Section 4: Assignment of Lease and Transfer of Shares: No assignment of any lease of transfer of the shares of the Corporation shall take affect until a proper assignment has been delivered to the Corporation; the assignee has assumed and agreed to perform and comply with all the covenants and conditions of the assigned lease or has entered into a new lease for the remainder of the term; all shares of the Corporation appurtenant to the lease have been transferred to the assignee; all sums due have been paid to the Corporation; and all necessary consents have been properly obtained. The action of the Board of Directors with respect to the written application for consent of a proposed assignment or subletting must be made within 45 days after receipt of said written application.

Where the Sponsor named in the Plan of Cooperative Organization or a nominee of the Sponsor is a lessee, then consent to an assignment or transfer of his lease and the shares appurtenant thereto will not be required.

Section 5: Fees on Assignment: The Board of Directors shall have authority before an assignement or sublet of a proprietary lease or reallocation of shares takes effect as lessor, to fix a reasonable fee to cover actual expenses and attorneys' fees of the Corporation, a service fee of the Corporation and such other conditions as it may determine, in connection with each such proposed assignment or sublet. This provision shall not apply to the Sponsor or a nominee of the Sponsor.

Section 6: Lost Proprietary Leases: In the event that any proprietary lease is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new proprietary lease in lieu thereof, in the same form and with the same terms. The Board may, in its discretion, require the owner thereof to make an affidavit setting forth such facts as to the loss, destruction or mutilation as it deems necessary, and to give the Corporation a bond in such reasonable sum as it directs, to indemnify the Corporation.

Section 7: Regrouping of Space: The Board of Directors, upon the written request of the owner of one or more proprietary leases covering

one or more units in the building and of the shares issued to accompany the same, may in its discretion, permit such owner at his expense A: (1) to subdivide any unit; (2) to combine any such units into one unit; and (3) to reallocate the shares issued to accompany the proprietary lease, but the total number of shares so reallocated shall not be less than the number of shares previously allocated to the unit or units involved; and , in connection with any such regrouping, the Board of Directors may require that the number of shares allocated to the resulting unit or units be greater than the number of shares allocated to the original unit or units, and may authorize the issuance of shares from its treasury for such purpose; or B: to incorporate one or more rooms, or other spaces in the building not covered by any proprietary lease, into one or more units covered by a proprietary lease, and in allocating shares to any such resulting unit, shall deteremine the number of shares from its treasury to be issued and allocated in connection with the appropriation of such additional space.

In respect of units for which the proprietary lease and shares issued are owned by the Sponsor named in the Plan of Cooperative Organization or the Sponsor's Nominee or the Sponsor's Assignee (who while entitled to occupy any such units for his personal use does not do so), such Sponsor, Nominee, or Assignee may change the number of such units by increasing or decreasing their size, or change the size, layout or location of any such unit; and such Sponsor, Nominee, or Assignee shall have the right to reallot the shares allocated to any of the units offered for sale under said Plan provided that such reallocation does not cause any increase or decrease in the total number of shares attributable to the unit or units, or the total number of shares attributable to all of the units as reflected in said Plan.

Upon any regrouping of space in the building, the propritary leasses so affected and the accompanying share certificates shall be surrendered, and there shall be executed and delivered in place thereof, respectively, a new proprietary lease for each separate unit involved, and a new certificate for the number of shares so reallocated to each new prorprietary lease.

ARTICLE VI
Capital Shares

Section 1: Shares: No shares shall be issued except with the delivery by the Corporation of a proprietary lease of a unit in the building owned by the Corporation. The ownership of shares shall entitle the holder thereof to occupy the unit, subject to the provisions contained in the proprietary lease appurtenant thereto.

Section 2: Form and Share Register: Certificates of the shares of the Corporation shall be in the form adopted by the Board of Directors, and shall be signed by the president or a vice president and the secretary or an assistant secretary or the treasurer or an assistant treasurer, and sealed with the seal of the Corporation, and shall be numbered in the order in which issued. Certificates shall be issued in consecutive order and there shall be recorded the name of the person holding the shares, the number of shares and the date of issue. Each certificate exchanged or returned to the corporation shall be cancelled, and the date of cancellation shall be indicated thereon and such certificates shall be retained in the Corporate records.

Section 3: Issuance of Certificates: Shares shall be issued in the amount allocated by the Board of Directors to the unit or other space described in such proprietary lease and shall be represented by a single certificate.

Section 4: Transfers: Transfers of shares shall be made upon the books of the Corporation only by the holder in person or by power of attorney, and on the surrender of the certificate for such shares, except that shares sold by the Corporation to satisfy any lien which it or any secured party holds thereon may be transferred without the surrender of the certificate representing such shares.

Section 5: Units of Issuance: Except as otherwise provided in Article V, Section 7, the shares appurtenant to each proprietary lease shall not be sold or assigned except as an entirety.

Section 6: Corporation's Lien: The Corporation shall at all times have a first lien upon the shares owned by each shareholder for all indebtedness and obligations owing and to be owing by such shareholder to the Corporation. The Corporation may refuse to consent to the transfer of shares of any shareholder indebted to the Corporation unless and until such indebtedness is paid.

ARTICLE VII

Section 1: Indemnification: To the extent allowed by law, the Corporation shall indemnify any person, made a party to an action by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he was a director or officer of the Corporation, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of such action, or in connection with an appeal therein, except in relation to matters as to which such director or officer is adjudged to have breached his duty to the Corporation, as such duty is defined in Section 717 of the Business Corporation Law.

Nothing contained in this provision shall limit any right to indemnification to which any director or any officer may be entitled by contract or under any law now or hereinafter enacted.

ARTICLE VIII

Section 1: Seal: The Seal of the Corporation shall be circular in form and have inscribed thereon the name of the Corporation, the year of its organization and words "Corporate Seal" and "New York."

ARTICLE IX

Section 1: Fiscal Year: The fiscal year of the Corporation shall be the Calendar year unless othewise determined by resolution of the Board of Directors.

ARTICLE X

Miscellaneous

Section 1: Salaries: No salary or other compensation for services shall be paid to any director or officer of the Corporation for services rendered by him, unless authorized in writing or by affirmative vote, taken at a duly held meeting of shareholders, by shareholder owning at least a majority of the then outstanding shares of the Corporation.

ARTICLE XI

Section 1: Amendments: These By-Laws may be amended, at any shareholders' meeting by vote of shareholders owning two-thirds of the amount of the outstanding shares, except that as long as any shares of the Corporation are held by holders of "Unsold Shares", these By-Laws may not be amended without the consent of all holders of "Unsold Shares".

§352-eeee. Conversions to cooperative or condominium ownership in the City of New York.

* * *

1. As used in this section, the following words and terms shall have the following meanings:

(a) "Plan". Every offering statement or prospectus submitted to the department of law pursuant to section three hundred fifty-two-e of this article for the conversion of a building or group of buildings or development from residential rental status to cooperative or condominium ownership or other form of cooperative interest in realty, other than an offering statement or prospectus for such conversion pursuant to article two, eight or eleven of the private housing finance law.

(b) "Non-Eviction Plan". A plan which may not be declared effective until written purchase agreements have been executed and delivered for at least fifteen percent of all dwelling units in the building or group of buildings or development by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family intend to occupy the unit when it becomes vacant. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made in good faith without fraud and discriminatory repurchase agreements or other discriminatory inducements.

(c) "Eviction Plan". A plan which, pursuant to the provisions of this section, can result in the eviction of a non-purchasing tenant by reason of the tenant failing to purchase pursuant thereto, and which may not be declared effective until at least fifty-one percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general (exlcuding, for the purposes of determining the number of bona fide tenants in occupancy on such date, eligible senior citizens and eligible disabled persons) shall have executed and delivered written agreements to purchase under the plan pursuant to an offering made in good faith without fraud and with no discriminatory repurchase agreements or other discriminatory inducements.

(d) "Purchaser under the plan". A person who owns the shares allocated to a dwelling unit or who owns such dwelling unit itself.

(e) "Non-purchasing tenant". A person who has not purchased under the plan and who is a tenant entitled to possession at the time the plan is declared effective or a person to whom a dwelling unit is rented subsequent to the effective date. A person who sublets a dwelling unit from a purchaser under the plan shall not be deemed a non-purchasing tenant.

(f) "Eligible senior citizen". Non-purchasing tenants who are sixty-two years of age or older on the date the attorney general has accepted the plan for filing, and the spouses of any such tenants on such date, and who have elected, within sixty days of the date the attorney general has accepted the plan for filing, on forms promulgated by the attorney general and presented to such tenants by the offeror, to become non-purchasing tenants under the provisions of this section; provided that such election shall not preclude any such tenant from subsequently purchasing the dwelling unit on the terms then offered to tenants in occupancy.

(g) "Eligible disabled persons". Non-purchasing tenants who have an impairment which results from anatomical, physiological or psychological conditions, other than addiction to alcohol, gambling or any controlled substance, which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques, and which are expected to be permanent and which prevent the tenant from engaging in any substantial gainful employment on the date the attorney general has accepted the plan for filing, and the spouses of any such tenants on such date, and who have elected, within sixty days of the date the attorney general has accepted the plan for filing, on forms promulgated by the attorney general and presented to such tenants by the offeror, to become non-purchasing tenants under the provisions of this section; provided, however, that if the disability first occurs after acceptance of the plan for filing, then such election may be made within sixty days following the onset of such disability unless during the period subsequent to sixty days following the acceptance of the plan for filing but prior to such election, the offeror accepts a written agreement to purchase the apartment from a bona fide purchaser; and provided further that such election shall not preclude any such tenant from subsequently purchasing the dwelling unit or the shares allocated thereto on the terms then offered to tenants in occupancy.

2. The attorney general shall refuse to issue a letter stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this chapter has been filed whenever it appears that the offering statement or prospectus offers for sale residential cooperative apartments or condominium units pursuant to a plan unless:

(a) The plan provides that it will be deemed abandoned, void and of no effect if it does not become effective within fifteen months from the date of issue of the letter of the attorney general stating that the offering statement or prospectus has been accepted for filing and, in the event of such abandonment, no new plan for the conversion of such building or group of buildings or development shall be submitted to the attorney general for at least twelve months after such abandonment.

(b) The plan provides either that it is an eviction plan or that it is a non-eviction plan.

(c) The plan provides, if it is a non-eviction plan, as follows:

(i) The plan may not be declared effective until written purchase agreements have been executed and delivered for at least fifteen percent of all dwelling units in the building or group of buildings or development subscribed for by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family occupy the dwelling unit when it becomes vacant. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made without discriminatory repurchase agreements or other discriminatory inducements.

(ii) No eviction proceedings will be commenced at any time against non-purchasing tenants for failure to purchase or any other reason applicable to expiration of tenancy; provided that such proceedings may be commenced for non-payment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the owner or a simlar breach of the non-purchasing tenant of his obligations to the owner of the dwelling unit or the shares allocated thereto; and provided further that an owner of a unit or of the shares allocated thereof may not commence an action to recover possession of a dwelling unit from a non-purchasing tenant on the grounds that he seeks the dwelling unit for the use and occupancy of himself or his family.

(iii) Non-purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy prior to the conversion of the building or group of buildings or development to cooperative or condominium ownership shall continue to be subject thereto.

(iv) The rentals of non-purchasing tenants who reside in dwelling units not subject to government regulation as to rentals and continued occupancy and non-purchasing tenants who reside in dwelling units with repsect to which government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the plan has been accepted for filing by the attorney general shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy. In determining comparability, consideration shall be given to such factors as building services, level of maintenance and operating expenses.

(v) The plan may not be amended at any timne to provide that it shall be an eviction plan.

(vi) The rights granted under the plan to purchasers under the plan and to non-purchasing tenants may not be abrogated or reduced notwithstanding any expiration of, or amendment to, this section.

(vii) After the issuance of the letter from the attorney general stating that the offering statement or prospectus required in subsdivision one of section three hundred fifty-two-e of this article has been filed the offeror shall, on the thirtieth, sixtieth, eighty-eighth and ninetieth day after such date and at least once every thirty days until the plan is declared effective or is abandoned, as the case may be, and on the second day before the expiration of any exclusive purchase period provided in a substantial amendment to the plan (1) file with the attorney general a written statement, under oath, setting forth the percentage of dwelling units in the building or group of buildings or development subscribed for by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family occupy the dwelling unit when it becomes vacant as of the date of such statement, and (2) before noon of the date such statement is filed post a copy of such statement in a prominent place accessible to all tenants in each buiding covered by the plan.

(d) The plan provides, if it is an eviction plan, as follows:

(i) The plan may not be declared effective unless at least fifty-one percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general (excluding, for the purposes of determining the number of bona fide tenants in occupancy on such date, eligible senior citizens and eligible disabled persons) shall have executed and delivered written agreements to purchase under the plan pursuant to an offering made in good faith without fraud and with no discriminatory repurchase agreements or other discriminatory inducements.

(ii) No eviction proceedings will be commenced against a non-purchasing tenant for failure to purchase or any other reason applicable to expiration of tenancy until the later to occur of (1) the date which is the expiration date provided in such non-purchasing tenant's lease or rental agreement, and (2) the date which is three years after the date on which the plan is declared effective. Non-purchasing tenant who reside in dwelling units subject to government regulation as to rentals and continued occupancy prior to conversion shall continue to be subject thereto during the period of occupancy provided in this paragraph. Thereafter, if a tenant has not purchased, he may be removed by the owner of the dwelling unit or the shares allocated to such dwelling unit.

(iii) No eviction proceedings will be commenced, except as hereinafter provided, at any time against either eligible senior citizens or eligible disabled persons. The rentals of eligible senior citizens and eligible disabled persons who reside in dwelling units not subject to government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the plan has been accepted for filing shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy considering, in determining comparability, such factors as building services, level of maintenance and operating expenses; provided that such proceedings may be commenced against such tenants for non-payment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the owner or a similar breach by the tenant of his obligations to the owner of the dwelling unit or the shares allocated thereto.

(iv) Eligible senior citizens and eligible disabled persons who reside in dwelling units subject to government regulation as to rentals and continued occupancy shall continue to be subject thereto.

(v) The rights granted under the plan to eligible senior citizens and eligible disabled persons may not be abrogated or reduced notwithstanding any expiration of, or amendment to, this section.

(vi) Any offeror who disputes the election by a person to be an eligible senior citizen or eligible disabled person must apply to the attorney general within thirty days of the receipt of the election forms for a determination by the attorney general of such person's eligibility. The attorney general shall, within thirty days thereafter, issue his determination of eligibility. The foregoing shall, in the absence of fraud, be the sole method for determining a dispute as to whether a person is an eligible senior citizen or eligible disabled person. The determination of the attorney general shall be reviewable only through a proceeding under article seventy-eight of the civil practice law and rules, which proceeding must be commenced within thirty days after such determination by the attorney general becomes final.

(vii) After the issuance of the letter from the attorney general stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this article has been accepted for filing, the offeror shall, on the thirtieth, sixtieth, eighty-eighth and ninetieth days after such date and at least once every thirty days until the plan is declared effective or abandoned, as the case may be, and on the second day before the expiration of any exclusive purchase period provided in a substantial amendment to the plan, (1) file with the attorney general a written statement, under oath, setting forth the percentage of bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the

date the offering statement or propsectus was accepted for filing by the attorney general who have executed and delivered written agreements to purchase under the plan as of the date of such statement, and (2) before noon on the date such statement is filed post a copy of such statement in a prominent place accessible to all tenants in each building covered by this plan.

(viii) If the plan is amended before it is declared effective to provide that it shall be a non-eviction plan, any person who has agreed to purchsae under the plan prior to such amendment shall have a period of thirty days after receiving written notice of such amendment to revoke his agreement to purchase under the plan.

(ix) The tenants in occupancy on the date the attorney general accepts the plan for filing shall have the exclusive right to purchase their dwelling units or the shares allocated thereto for ninety days after the plan is accepted for filing by the attorney general, during which time a tenant's dwelling unit shall not be shown to a third party unless he has, in writing, waived his right to purchase; subsequent to the expiration of such ninety day period, a tenant in occupancy of a dwelling unit who has not purchased shall be given the exclusive right for an additional period of six months from said expiration date to purchsae said dwelling unit or the shares allocated thereto on the same terms and conditions as are contained in an executed contract to purchase said dwelling unit or shares entered into by a bona fide purchaser, such exclusive right to be exercisable within fifteen days from the date of mailing by registered mail of notice of the execution of a contract of sale together with a copy of said executed contract to said tenant.

(e) The attorney general finds that an excessive number of long-term vacancies did not exist on the date the offering statement or prospectus was first submitted to the department of law. "Long-term vacancies" shall mean dwelling units not leased or occupied by bona fide tenants for more than five months prior to the date of such submission to the department of law. "Excessive" shall mean a vacancy rate in excess of the greater of (i) ten percent and (ii) a percentage that is double the normal average vacancy rate for the building or group of buildings or development for two years prior to the January preceding the date the offering statement or prospectus was first submitted to the department of law.

(f) The attorney general finds that, following the submission of the offering statement or prospectus to the department of law, each tenant in the building or group of buildings or development was provided with a written notice stating that such offering statement or prospectus has been submitted to the department of law for filing. Such notice shall be accompanied by a copy of the

offering statement or prospectus and a statement that the statements submitted pursuant to subparagraph (vii) of paragraph (c) or subparagraph (vii) of paragraph (d) of this subdivision, whichever is applicable, will be available for inspection and copying at the office of the department of law where the submission was made and at the office of the offeror or a selling agent of the offeror. Such notice shall also be accompanied by a statement that tenants or their representatives may physically inspect the premises at any time subsequent to the submission of the plan to the department of law, during normal business hours, upon written request made by them to the offeror, provided such representatives are registered architects or professional engineers licensed to practice in the State of New York. Such notice shall be sent to each tenant in occupancy on the date the plan is first submitted to the department of law.

3. All dwelling units occupied by non-purchasing tenants shall be managed by the same managing agent who manages all other dwelling units in the building or group of buildings or development. Such managing agent shall provide to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. The offeror shall guarantee the obligation of the managing agent to provide all such services and facilities until such time as the offeror surrenders control to the board of directors or board of managers.

4. It shall be unlawful for any peroson to engage in any course of conduct, including, but not limited to, interruption or discontinuance of essential services, which substantially interferes with or disturbs the comfort, repose, peace or quiet of any tenant in his use or occupancy of his dewlling unit or the facilities related thereto. The attorney general may apply to a court of competent jurisdiction for an order restraining the owner from selling the shares allocated to the dwelling unit or the dwelling unit itself or from proceeding with the plan of conversion; provided that nothing contained herein shall be deemed to preclude the tenant from applying on his own behalf for similar relief.

5. Any local legislative body may adopt local laws and any agency, office or public body may prescribe rules and regulations with respect to the continued occupancy by tenants of dwelling units which are subject to regulation as to rentals and continued occupancy pursuant to law, provided that in the event that any such local law, rule or regulation shall be inconsistent with the provisions of this section, the provisions of this section shall control.

6. Any provision of a lesae or other rental agreement which purports to waive a tenant's rights under this section or rules and regulations promulgated pursuant hereto shall be void as contrary to public policy.

7. The provisions of this section shall only be applicable in the City of New York.

CERTIFICATION OF SPONSOR AND SPONSOR'S PRINCIPALS' PURSUANT TO SEC. 17.1(n)(2) OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A, AS AMENDED.

New York State Department of Law
Two World Trade Center
New York, NY 10047

Att: Real Estate Financing Bureau

Re: 325 EAST 201ST STREET
BRONX, NEW YORK 10458
Name and Address of Property

The undersigned, certify as follows:

We are the sponsor and the principals* of sponsor of the offering to convert the subject property to cooperative ownership.

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Attorney General in Part 17 and such other laws and regulations as may be applicable.

We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for making this certification. We jointly and severally certify that the offering plan does, and that all documents submitted hereafter by us which amend or supplement the offering plan will:

(1) set forth the detailed terms of the transaction and be complete, current and accurate;

* "Principals" means all individual sponsors; all general partners of sponsors that are partnerships; all officers, directors and shareholders of a corporate sponsor that are actively involved in the planning and consummation of the offering; and all other individuals who both own an interest in or control sponsor and actively participate in the planning and consummation of the offering, regardless of the form of organization of sponsor).

(2) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;

(3) not omit any material fact;

(4) not contain any untrue statement of a material fact;

(5) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

(6) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(7) not contain any representation or statement which is false, where I/we: (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made no reasonable effort to ascertain the truth, or (iv) did not have knowledge concerning the representations or statement made.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

Modern Realty Associates
NAME OF SPONSOR

By Joel 1. Klein
General Partner
TITLE OR POSITION

SPONSOR'S PRINCIPALS:

_____

_____

_____

_____

_____

Sworn to before me this
7th day of August 1985.

Robin M Kromsky
NOTARY PUBLIC

ROBIN M. KROMSKY
NOTARY PUBLIC, State of New York
No. 41-4794009
Qualified in Queens County
Commission Expires March 30, 1987

CERTIFICATION OF SPONSOR'S ENGINEER
OR ARCHITECT PURSUANT TO SECTION 18.1(3)
OF THE REGULATIONS ISSUED PURSUANT
TO GENERAL BUSINESS LAW, ARTICLE 23-A
AS AMENDED.

New York State Department of Law
Two World Trade Center
New York, NY 10047

Att: Real Estate Financing Bureau

Re:
325 E. 201st Street

Bronx, New York 10458
Name of Address of Property

The undersigned, (an architect registered in New York State) (or) (an engineer licensed to practice as a professional engineer in New York State), certify as follows:

The sponsor of the offering to convert the captioned property to a cooperative retained me/our firm to prepare a report disclosing the condition of the property (the "Report"). We visually inspected the property on May 30 & 31st and prepared the Report dated June 11, a copy of which is intended to be incorporated into the offering plan so that tenants and prospective purchasers may rely on the Report.

I/We understand that I/we am/are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 18 insofare as they are applicable to this Report.

I/we have read the entire Report and investigated the facts set forth in the Report and the facts underlying it and conducted the visual inspection referred to above with due diligence in order to form a basis for this certification.

I/we certify that the Report and all documents prepared by me/us disclose all the material facts which were then discernable for a visual inspection of the property. This Certification is made for the benefit of all persons to whom this offer is made. I/we certify that, the Report and all documents prepared by me/us, based on my/our visual inspection:

(1) set forth in narrative form the physical condition of the entire property and are current and accurate of the date of inspection;

(2) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the physical condition of the property;

(3) do not omit any material fact;

(4) do not contain any untrue statement of a material fact;

(5) do not contain any fraud, deception, concealment, or suppression;

(6) do not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(7) do not contain any representation or statement which is false, where I/we: (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made no reasonable effort to ascertain the truth, or (iv) did not have knowledge concerning the representations or statements made;

I/we further certify that I/we am/are not owned or controlled by and have no beneficial interest in the sponsor and that my/our compensation for preparing this Report is not contingent on the conversion of the property to a cooperative or on the profitability or price of the offering. This statement is not intended as a guarrantee or warranty of the physical condition of the property.



Goldberg/O'Connor Architects
Name of Firm

BY Donald S. Goldberg

Partner
Title of Position

Sworn to before me
this 13 day of June, 1985

Notary Public ANTHONY CAPORUSSO
Notary Public, State of New York
No. 41-4526626
Qualified in Queens County
Commission Expires March 30, 1986

DAVID DAY REALTY INC. 532 Madison Avenue, New York, N.Y. 10022 (212) 935-8700

CERTIFICATION OF ADEQUACY OF BUDGET

July 26, 1985

DAVID YADGAROFF
President

BAINBRIDGE HOUSE, INC.
c/o Schiff, Turek, & Kakoyiannis
136 East 57th Street
New York, New York 10022

Re: 325 East 201st Street
Bronx, New York

Gentlemen:

The Sponsor of the cooperative offering plan for the captioned property retained our firm to review Schedule B containing projections of income and expenses for the first year of cooperative operation. Our experience in this field includes:

Since 1974 our firm has acted as sales agent for at lease 25 buildings in the New York City area and in each situation we have assisted the Sponsor in preparing the proposed budget for the first year of cooperative operation. We have sold individual apartments in some 300 cooperative buildings and accordingly we are quite familiar with cooperative budgets in the New York City area. Additionally, we have acted as managing agent for the following cooperatives: 27 East 38th Street, New York, New York; 315 West End Avenue, New York, New York; and 51 East 98th Street, New York, New York.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 18 insofar as they are applicable to Schedule B.

We have reviewed the Schedule and investigated the facts set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in Schedule B appear reasonable and adequate under existing circumstances, and the projected income will be sufficient to meet the anticipated operating expenses for the projected first year of cooperative operation.

We certify that the Schedule:

(i) sets forth in detail the terms of the transaction as it relates to the Schedule and is complete current and accurate.

(ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of cooperative operation;

(iii) does not omit any material fact;

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment, or suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) does not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representations or statement made.

We further certify that we are not owned or controlled by the Sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan.

DAVID DAY REALTY

By: _____
JOSEPH YADGAROFF, President

Sworn to before me this
26 day of July, 1985.

_____
Notary Public

ALLEN M. TUREK
Notary Public, State of New York
No. 4613441
Qualified in Ulster County
Commission Expires March 30 1987