THIS PLAN HAS BEEN AMENDED. (See inside front cover).

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

COOPERATIVE OFFERING PLAN

150 HAWTHORNE STREET
BROOKLYN, NEW YORK 11225

	Maximum Aggregate	Minimum Aggregate
Total cash amount of offering (14,181 shares - 99 apartments)	$5,762,400	$3,687,060
Mortgage Indebtedness	1,489,190*	1,489,190*
Total Purchase Price	7,251,590	5,176,250
Less Working Capital to be retained by the Apartment Corporation	15,000**	15,000**
Less Reserve Fund to be retained by the Apartment Corporation	110,612***	110,612***
Net Purchase Price of Property to Sponsor	7,125,978	5,050,638

* This is the approximate principal balance of the mortgage as of March 1, 1987. In the event the closing of title occurs later than March 1, 1987, this amount will be reduced by amortization.

** This amount may be reduced by closing ajustments.

*** This amount is the highest amount to be retained by the Apartment Corporation (based on the price structure set forth in the Plan) and is subject to the provisions of the Section entitled RESERVE FUND AND WORKING CAPITAL FUND.

NAME AND ADDRESS OF SPONSOR:

150 HAWTHORNE ASSOCIATES
c/ o Isaac Rokowsky
4819 13th Avenue
Brooklyn, New York 11219

NAME AND ADDRESS OF SELLING AGENT:

KINGS HIGHWAY REALTY
1302 Kings Highway
Brooklyn, New York 11219

NAME AND ADDRESS OF APARTMENT CORPORATION WHOSE SHARES ARE OFFERED:

ARDEN HOUSE OWNERS INC.
150 Hawthorne Street
Brooklyn, New York

APPROXIMATE DATE OF THE FIRST OFFERING: MARCH 4, 1987.
THIS PLAN MAY NOT BE USED AFTER MARCH 4, 1988 UNLESS EXTENDED BY AMENDMENT.

SEE PAGE 1 FOR SPECIAL RISKS TO PURCHASERS.

THIS OFFERING PLAN IS THE ENTIRE OFFER TO SELL THESE COOPERATIVE APARTMENTS. 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 ANY APARTMENT. FILING WITH THE DEPARTMENT OF LAW DOES NOT MEAN THAT THE DEPARTMENT OR ANY OTHER GOVERNMENT AGENCY HAS APPROVED THIS OFFERING.

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PART II

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Sponsor's Expert Concerning Adequacy of Budget	Exhibit VIII
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SPECIAL RISKS

1. Execution of a Subscription Agreement is not conditional on obtaining financing, except possibly for certain non-tenant subscribers for whom the provisions of Paragraph 34 of the Subscription Agreement apply, and therefore any prospective purchaser who executes a Subscription Agreement and does not obtain financing may lose his deposit if he is unable otherwise to raise the monies for the balance of the purchase price. In the event a purchaser obtains a financing commitment from a lender, which commitment expires prior to the closing and such commitment is not extended (with all costs attendent thereto to be paid by the purchaser), the purchaser's deposit will still be lost if he does not pay the balance of the purchase price when due.

2. The first mortgage which will encumber the property will mature on May 1, 2011. If the Apartment Corporation does not arrange for refinancing or extension of the first mortgage when it is due, it will be required to pay the additional maintenance charges. No representations are made as to the availability of funds for refinancing at the time the mortgage becomes due.

3. In the event of a fire or other casualty resulting in a total loss or substantial destruction of the building, the proposed insurance coverage may not be extensive enough to provide sufficient proceeds to replace the building. In addition, in the event of a loss, the insurance proceeds may be applied by the mortgagee to reduce the outstanding mortgage indebtedness instead of to restore the property. With passage of time, the risk would increase in the absence of (a) periodic review of coverage and/or (b) an inflation adjustment clause in the policy.

INTRODUCTION

The purpose of this Offering Plan is to set forth all the material terms of the offering. The Exhibits delivered to the Department of Law contain all of the documents referred to in this Plan. Copies of the Plan and of said documents will be available for inspection at no charge and for copying at a reasonable charge at the office of the Sponsor. This Plan may be amended from time to time by amendments filed with the New York State Department of Law. Such amendments will be served on all tenants and purchasers (prior to the Closing) hereunder, and all other prospective purchasers to whom this offer is made.

The Sponsor is 150 Hawthorne Associates, a New York general partnership. Sponsor acquired title to the property on October 24, 1985.

At Closing, the Apartment Corporation will acquire fee title to the land, the building and other improvements thereon. The purchaser of a cooperative apartment buys shares of the corporation (the Apartment Corporation) which owns the building in which the apartment is located. Ownership of the shares entitles the purchaser to a special lease of his apartment commonly known as a proprietary lease. As a shareholder he will have the right to vote annually for 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 building and creation of such reserve for contingencies as the Board of Directors may deem proper.

There are a total of 14,181 shares being offered. These shares are allocated to 99 apartments in the buildings. The prices for the blocks of shares allocated to the various apartments are found in the section of this Plan entitled PURCHASE PRICES AND SHARE ALLOCATION, SCHEDULE A. Apartments are offered to bona fide tenants in occupancy of their dwelling units on the date the Plan is accepted for filing at $260 per share for a period of 90 days from the date of presentation of the Plan. During the aforesaid 90-day period, the price per share offered to the persons designated in the preceding sentence shall not be increased. The Apartment Corporation will not accept Subscription Agreements from non-tenant purchasers for occupied apartments during the aforesaid 90-day period. As further described in the footnotes to PURCHASE PRICES AND SHARE ALLOCATION, SCHEDULE A and the section entitled RIGHTS OF EXISTING TENANTS, the price per share may differ with respect to vacant apartments and for tenants who do not wish to purchase within the aforesaid 90-day period. THESE PRICES HAVE BEEN SET BY THE SPONSOR AND ARE

NOT SUBJECT TO APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY. The estimated annual maintenance charges for each apartment for the first year of cooperative operation are also set forth in PURCHASE PRICES AND SHARE ALLOCATION, SCHEDULE A. (See also BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION, SCHEDULE B.)

Certain purchasers will be required to pay certain fees to Sponsor's attorneys, as set forth in the Subscription Agreement and in the PROCEDURE TO PURCHASE section of this Plan.

The reader is directed to ATTORNEY'S INCOME TAX OPINION for a full discussion of available tax deductions and the conditions applicable thereto.

The agreement to purchase the Apartment Corporation's shares is called a Subscription Agreement and may be found as Exhibit I of Part II.

A summary of the principal provisions of the proprietary lease may be found in Part I in the section entitled SUMMARY OF PROPRIETARY LEASE. A copy of the entire lease is set forth in Part II as Exhibit III.

The Apartment Corporation's By-Laws governing operation of the Apartment Corporation are contained in Part II as Exhibit IV.

There are 99 residential apartments in the buildings which are the subject of this Offering. There is, in addition, the superintendent's apartment to which no shares have been allocated and, hence, is not subject to this Offering.

Of the tenant-occupied apartments subject to this Offering all are rent stabilized. The applicable laws are summarized in Part I in the section entitled RIGHTS OF EXISTING TENANTS and printed in full in Part II as Exhibit VI. These laws grant certain rights and privileges to tenants, whether or not they wish to purchase.

Exhibit II in Part II contains a detailed description of the property which should be carefully reviewed by the prospective purchaser.

It should be noted that each purchaser has the right to secure financing of the cash portion of the purchase price from any source of his own choosing. Certain banks are making such loans on terms prescribed by them which are secured by the pledge of the stock and lease allocable to the apartment. Whether any individual will qualify for a bank loan will depend on the borrower's credit standing

and other factors; and no representation is made by Sponsor that any purchaser will obtain any such loan or with respect to the terms thereof.

THIS PLAN IS A NON-EVICTION PLAN. THEREFORE, NO EVICTIONS WILL BE SOUGHT, BY REASON OF CONVERSION TO COOPERATIVE OWNERSHIP, OF TENANTS WHO DO NOT WISH TO PURCHASE.

This Plan contains all of the terms of the transaction. Various documents, including all of the documents referred to in this Plan, have been submitted to the New York State Department of Law, together with copies of this Plan, and are available for inspection, without charge, to prospective purchasers and their attorneys at the office of the Selling Agent.

This Plan is offered only to natural persons over eighteen (18) years of age and only in the State of New York.

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

150 HAWTHORNE STREET
BROOKLYN, NEW YORK

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

Commencing March 1, 1987

Apt.	Rooms and Bath (1)	Share Allocations (2)	Cash Purchase Price to Tenant Purchasers at $260 Per Share (3)	Cash Purchase Price to Non-Tenant Purchasers at $400 Per Share (3)	Approximate Amount of Mortgage Applicable to Shares at $105.7753 Per Share (4)	Estimated Maintenance Charges Annual at $31.0422 Per Share (5)	Estimated Maintenance Charges Monthly at $2.5869 Per Share (5)	Estimated Amount Deductible for Income Tax Purposes at $15.3191 Per Share (6)
1A	2-1	100	$26,000.00	$40,000.00	$10,577.53	$3,104.22	$258.69	$1,531.91
2A	2-1	101	26,260.00	40,400.00	10,683.31	3,135.26	261.28	1,547.23
3A	2-1	102	26,520.00	40,800.00	10,789.08	3,166.30	263.86	1,562.55
4A	2-1	103	26,780.00	41,200.00	10,894.86	3,197.35	266.45	1,577.87
V 5A	2-1	104	27,040.00	41,600.00	11,000.63	3,228.39	269.04	1,593.19
6A	2-1	105	27,300.00	42,000.00	11,106.41	3,259.43	271.62	1,608.51
7A	2-1	106	27,560.00	42,400.00	11,212.18	3,290.47	274.21	1,623.82
1B	3-1	158	41,080.00	63,200.00	16,712.50	4,904.67	408.73	2,420.42
2B	2-1/2-1	126	32,760.00	50,400.00	13,327.69	3,911.32	325.95	1,930.21
V 3B	2-1/2-1	127	33,020.00	50,800.00	13,433.46	3,942.36	328.54	1,945.53
4B	2-1/2-1	128	33,280.00	51,200.00	13,539.24	3,973.40	331.12	1,960.84
5B	2-1/2-1	129	33,540.00	51,600.00	13,645.01	4,004.44	333.71	1,976.16
6B	2-1/2-1	130	33,800.00	52,000.00	13,750.79	4,035.49	336.30	1,991.48
7B	2-1/2-1	131	34,060.00	52,400.00	13,856.56	4,066.53	338.88	2,006.80
1C	3-1	158	41,080.00	63,200.00	16,712.50	4,904.67	408.73	2,420.42
2C	4-2	225	58,500.00	90,000.00	23,799.44	6,984.50	582.05	3,446.80
3C	4-2	226	58,760.00	90,400.00	23,905.22	7,015.54	584.64	3,462.12
4C	4-2	227	59,020.00	90,800.00	24,010.99	7,046.58	587.23	3,477.44
5C	Superintendent's Apartment							
6C	4-2	229	59,540.00	91,600.00	24,222.54	7,108.66	592.40	3,508.07
7C	4-2	230	59,800.00	92,000.00	24,328.32	7,139.71	594.99	3,523.39
1D	2-1	85	22,100.00	34,000.00	8,990.90	2,638.59	219.89	1,302.12
2D	3-1	176	45,760.00	70,400.00	18,616.45	5,463.43	455.29	2,696.16
3D	3-1	177	46,020.00	70,800.00	18,722.23	5,494.47	457.88	2,711.48
4D	3-1	178	46,280.00	71,200.00	18,828.00	5,525.51	460.47	2,726.80
5D	3-1	179	46,540.00	71,600.00	18,933.78	5,556.55	463.06	2,742.12

V denotes vacant apartment

SCHEDULE A

150 HAWTHORNE STREET
BROOKLYN, NEW YORK

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

Commencing March 1, 1987

Apt.	Rooms and Bath (1)	Share Allocations (2)	Cash Purchase Price to Tenant Purchasers at $260 Per Share (3)	Cash Purchase Price to Non-Tenant Purchasers at $400 Per Share (3)	Approximate Amount of Mortgage Applicable to Shares at $105.7753 Per Share (4)	Estimated Maintenance Charges Annual at $31.0422 Per Share (5)	Estimated Maintenance Charges Monthly at $2.5869 Per Share (5)	Estimated Amount Deductible for Income Tax Purposes at $15.3191 Per Share (6)
V 6D	3-1	180	$46,800.00	$72,000.00	$19,039.55	$5,587.60	$465.64	$2,757.44
7D	3-1	181	47,060.00	72,400.00	19,145.33	5,618.64	468.23	2,772.76
2E	3-1	150	39,000.00	60,000.00	15,866.30	4,656.33	388.04	2,297.87
3E	3-1	151	39,260.00	60,400.00	15,972.07	4,687.37	390.62	2,313.18
4E	3-1	152	39,520.00	60,800.00	16,077.85	4,718.41	393.21	2,328.50
5E	3-1	153	39,780.00	61,200.00	16,183.62	4,749.46	395.80	2,343.82
6E	3-1	154	40,040.00	61,600.00	16,289.40	4,780.50	398.38	2,359.14
7E	3-1	155	40,300.00	62,000.00	16,395.17	4,811.54	400.97	2,374.46
2F	3-1	160	41,600.00	64,000.00	16,924.05	4,966.75	413.90	2,451.06
3F	3-1	161	41,860.00	64,400.00	17,029.82	4,997.79	416.49	2,466.38
4F	3-1	162	42,120.00	64,800.00	17,135.60	5,028.84	419.08	2,481.69
5F	3-1	163	42,380.00	65,200.00	17,241.37	5,059.88	421.66	2,497.01
V 6F	3-1	164	42,640.00	65,600.00	17,347.15	5,090.92	424.25	2,512.33
7F	3-1	165	42,900.00	66,000.00	17,452.92	5,121.96	426.84	2,527.65
V 2G	Studio-1	100	26,000.00	40,000.00	10,577.53	3,104.22	258.69	1,531.91
3G	Studio-1	101	26,260.00	40,400.00	10,683.31	3,135.26	261.28	1,547.23
4G	Studio-1	102	26,520.00	40,800.00	10,789.08	3,166.30	263.86	1,562.55
5G	Studio-1	103	26,780.00	41,200.00	10,894.86	3,197.35	266.45	1,577.87
6G	Studio-1	104	27,040.00	41,600.00	11,000.63	3,228.39	269.04	1,593.19
7G	Studio-1	105	27,300.00	42,000.00	11,106.41	3,259.43	271.62	1,608.51
V 2H	2-1	101	26,260.00	40,400.00	10,683.31	3,135.26	261.28	1,547.23
3H	2-1	102	26,520.00	40,800.00	10,789.08	3,166.30	263.86	1,562.55
4H	2-1	103	26,780.00	41,200.00	10,894.86	3,197.35	266.45	1,577.87
V 5H	2-1	104	27,040.00	41,600.00	11,000.63	3,228.39	269.04	1,593.19
6H	2-1	105	27,300.00	42,000.00	11,106.41	3,259.43	271.62	1,608.51
7H	2-1	106	27,560.00	42,400.00	11,212.18	3,290.47	274.21	1,623.82

V denotes vacant apartment

SCHEDULE A

150 HAWTHORNE STREET
BROOKLYN, NEW YORK

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

Commencing March 1, 1987

Apt.	Rooms and Bath (1)	Share Allocations (2)	Cash Purchase Price to Tenant Purchasers at $260 Per Share (3)	Cash Purchase Price to Non-Tenant Purchasers at $400 Per Share (3)	Approximate Amount of Mortgage Applicable to Shares at $105.7753 Per Share (4)	Estimated Maintenance Charges Annual at $31.0422 Per Share (5)	Estimated Maintenance Charges Monthly at $2.5869 Per Share (5)	Estimated Amount Deductible for Income Tax Purposes at $15.3191 Per Share (6)
V 2J	2-1	101	$26,260.00	$40,400.00	$10,683.31	$3,135.26	$261.28	$1,547.23
V 3J	2-1	102	26,520.00	40,800.00	10,789.08	3,166.30	263.86	1,562.55
4J	2-1	103	26,780.00	41,200.00	10,894.86	3,197.35	266.45	1,577.87
5J	2-1	104	27,040.00	41,600.00	11,000.63	3,228.39	269.04	1,593.19
6J	2-1	105	27,300.00	42,000.00	11,106.41	3,259.43	271.62	1,608.51
7J	2-1	106	27,560.00	42,400.00	11,212.18	3,290.47	274.21	1,623.82
2K	Studio-1	100	26,000.00	40,000.00	10,577.53	3,104.22	258.69	1,531.91
3K	Studio-1	101	26,260.00	40,400.00	10,683.31	3,135.26	261.28	1,547.23
V 4K	Studio-1	102	26,520.00	40,800.00	10,789.08	3,166.30	263.86	1,562.55
5K	Studio-1	103	26,780.00	41,200.00	10,894.86	3,197.35	266.45	1,577.87
V 6K	Studio-1	104	27,040.00	41,600.00	11,000.63	3,228.39	269.04	1,593.19
7K	Studio-1	105	27,300.00	42,000.00	11,106.41	3,259.43	271.62	1,608.51
2L	3-1	160	41,600.00	64,000.00	16,924.05	4,966.75	413.90	2,451.06
3L	3-1	161	41,860.00	64,400.00	17,029.82	4,997.79	416.49	2,466.38
4L	3-1	162	42,120.00	64,800.00	17,135.60	5,028.84	419.08	2,481.69
5L	3-1	163	42,380.00	65,200.00	17,241.37	5,059.88	421.66	2,497.01
6L	3-1	164	42,640.00	65,600.00	17,347.15	5,090.92	424.25	2,512.33
7L	3-1	165	42,900.00	66,000.00	17,452.92	5,121.96	426.84	2,527.65
2M	3-1	150	39,000.00	60,000.00	15,866.30	4,656.33	388.04	2,297.87
3M	3-1	151	39,260.00	60,400.00	15,972.07	4,687.37	390.62	2,313.18
4M	3-1	152	39,520.00	60,800.00	16,077.85	4,718.41	393.21	2,328.50
5M	3-1	153	39,780.00	61,200.00	16,183.62	4,749.46	395.80	2,343.82
6M	3-1	154	40,040.00	61,600.00	16,289.40	4,780.50	398.38	2,359.14
V 7M	3-1	155	40,300.00	62,000.00	16,395.17	4,811.54	400.97	2,374.46
2N	3-1	176	45,760.00	70,400.00	18,616.45	5,463.43	455.29	2,696.16
3N	3-1	177	46,020.00	70,800.00	18,722.23	5,494.47	457.88	2,711.48

V denotes vacant apartment

SCHEDULE A

150 HAWTHORNE STREET
BROOKLYN, NEW YORK

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

Commencing March 1, 1987

Apt.	Rooms and Bath (1)	Share Allocations (2)	Cash Purchase Price to Tenant Purchasers at $260 Per Share (3)	Cash Purchase Price to Non-Tenant Purchasers at $400 Per Share (3)	Approximate Amount of Mortgage Applicable to Shares at $105.7753 Per Share (4)	Estimated Maintenance Charges Annual at $31.0422 Per Share (5)	Estimated Maintenance Charges Monthly at $2.5869 Per Share (5)	Estimated Amount Deductible for Income Tax Purposes at $15.3191 Per Share (6)
V 4N	3-1	178	$46,280.00	$71,200.00	$18,828.00	$5,525.51	$460.47	$2,726.80
5N	3-1	179	46,540.00	71,600.00	18,933.78	5,556.55	463.06	2,742.12
6N	3-1	180	46,800.00	72,000.00	19,039.55	5,587.60	465.64	2,757.44
7N	3-1	181	47,060.00	72,400.00	19,145.33	5,618.64	468.23	2,772.76
2O	4-2	225	58,500.00	90,000.00	23,799.44	6,984.50	582.05	3,446.80
3O	4-2	226	58,760.00	90,400.00	23,905.22	7,015.54	584.64	3,462.12
4O	4-2	227	59,020.00	90,800.00	24,010.99	7,046.58	587.23	3,477.44
5O	4-2	228	59,280.00	91,200.00	24,116.77	7,077.62	589.81	3,492.75
6O	4-2	229	59,540.00	91,600.00	24,222.54	7,108.66	592.40	3,508.07
7O	4-2	230	59,800.00	92,000.00	24,328.32	7,139.71	594.99	3,523.39
2P	2-1/2-1	126	32,760.00	50,400.00	13,327.69	3,911.32	325.95	1,930.21
V 3P	2-1/2-1	127	33,020.00	50,800.00	13,433.46	3,942.36	328.54	1,945.53
4P	2-1/2-1	128	33,280.00	51,200.00	13,539.24	3,973.40	331.12	1,960.84
5P	2-1/2-1	129	33,540.00	51,600.00	13,645.01	4,004.44	333.71	1,976.16
6P	2-1/2-1	130	33,800.00	52,000.00	13,750.79	4,035.49	336.30	1,991.48
V 7P	2-1/2-1	131	34,060.00	52,400.00	13,856.56	4,066.53	338.88	2,006.80
2R	2-1	101	26,260.00	40,400.00	10,683.31	3,135.26	261.28	1,547.23
3R	2-1	102	26,520.00	40,800.00	10,789.08	3,166.30	263.86	1,562.55
4R	2-1	103	26,780.00	41,200.00	10,894.86	3,197.35	266.45	1,577.87
5R	2-1	104	27,040.00	41,600.00	11,000.63	3,228.39	269.04	1,593.19
V 6R	2-1	105	27,300.00	42,000.00	11,106.41	3,259.43	271.62	1,608.51
7R	2-1	106	27,560.00	42,400.00	11,212.18	3,290.47	274.21	1,623.82
		14,181	$3,687,060.00	$5,672,400.00	$1,499,999.56	$440,209.43	$36,684.81	$217,240.20

V denotes vacant apartment

SCHEDULE A (contd.)

(1) Each apartment should be inspected to determine present layout and physical condition. Room count is based on floor plans. Some apartments may have been altered and vary from the typical floor plan.

(2) The share allocations are based on a combination of the following factors: number of rooms, size of apartment, layout of apartment, fenestration, floor, location of the apartment in the building, and view.

(3) Apartments are offered at a price of $260 per share for a period of 90 days from the date of presentation of the Plan to bona fide tenants in occupancy of their dwelling units on the date the Plan is accepted for filing. During the aforesaid 90-day period, the price of $260 per share offered to the persons designated in the preceding sentence shall not be increased. After the expiration of the exclusive period such persons will no longer have the right to purchase at the reduced price of $260 per share, or otherwise. Prices applicable to non-tenants and to tenants who do not qualify under the first sentence of this footnote shall be not more than $400 per share. Subject to the provisions of this footnote, Sponsor reserves the option to change, from time to time, the prices at which shares are offered to individual purchasers not entitled to the price offered to tenants in occupancy during the aforementioned exclusive period. An amendment will be filed as a prerequisite to the following: price increases to individual purchasers, general price changes affecting one or more lines of apartments, and advertised price changes. Prices to individual tenants who subscribe after service of an amendment setting forth that the Plan had been declared effective and to individual non-tenants are negotiable and, accordingly, no amendment will be filed with respect to any price decrease resulting therefrom. In connection with any negotiation with a non-tenant, among the terms which Sponsor may negotiate are the following: (a) Sponsor may agree that the subscriber's obligations under his subscription are conditional on that subscriber obtaining a loan commitment from a bank or similar lender. If so, paragraph 34 of the Subscription Agreement will apply; or (b) Sponsor may agree to perform certain work or alterations in the affected apartment; or (c) the minimum down payment required under the Subscription Agreement may be changed to an amount other than 10% of the purchase price, but in no event to less than $1,000; or (d) Sponsor may agree to provide Sponsor financing, the terms of which will be negotiable but which will include the following: (i) Amount--not exceeding 90% of the cash purchase price; (ii) Term--not exceeding 10 years; and (iii) Interest--not exceeding 16% per annum. THIS DOES NOT

CURRENTLY CONSTITUTE AN OFFER OF FINANCING BY THE SPONSOR. See the section entitled CHANGES IN PRICES AND UNITS for further explanation regarding possible changes in prices. See also PROCEDURE TO PURCHASE for an explanation of charges for which a purchaser may be liable at Closing.

(4) Although the Apartment Corporation will be responsible for payment of the mortgage indebtedness, tenant-shareholders will have no personal liability therefor. Debt service payments on the property's mortgage are included in the monthly maintenance charges. These amounts were computed based on the assumption that the Closing will occur March 1, 1987. This amount will be reduced by amortization. In the event that (i) a large enough number of shareholders fail to pay their maintenance charges, (ii) assessments are not levied and collected, and (iii) the debt service payments are not made, foreclosure may result and shareholders may lose their equity in their apartment. See section of Plan entitled TERMS OF MORTGAGES.

(5) These amounts are estimated for the first year, based on the estimate of David Day Realty Inc. contained in BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION, SCHEDULE B. These charges do not include an individual purchaser's debt service resulting from financing their purchase of shares and certain costs for which the shareholder may be responsible pursuant to the terms of the proprietary lease. In addition, these amounts do not include charges for tenants' electricity, which is the responsibility of the tenants. The only electrical expense included in the estimated maintenance charges is for common areas, and the electrical and gas expenses for the superintendent's apartment.

(6) These amounts are estimated for the first year in accordance with the figures computed by David Day Realty Inc. (see BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION, SCHEDULE B). These amounts may vary because of changes in the amount of: (i) real estate taxes resulting from the expiration of real estate tax benefits, changes in the assessed value, the tax rate or in the method of assessing real property; or (ii) interest payable on mortgage debt resulting from changes in the interest rate, changes in the balance of the principal due or refinancing. These amounts do not include interest paid by purchasers who finance the purchase of their shares, which may be tax deductible.

SCHEDULE B

Budget For First Year of Cooperative Operation

Beginning March 1, 1987

Projected Income	
Maintenance Charges (14,181 shares at $31.0422 per share)	$440,209
Garage (1)	13,440
Laundry (2)	4,200
TOTAL	$457,849
Projected Expenses	
Labor (3)	$ 52,435
Heating (4)	52,593
Utilities (Electricity and Gas) (5)	29,745
Water charges and sewer rents (6)	9,124
Repairs, maintenance and supplies (7)	18,500
Service contracts (8)	6,624
Insurance (9)	29,050
Management fees (10)	17,000
Legal fees and audit fees	5,000
Franchise and corporate taxes (11)	1,264
Real estate taxes (12)	61,549
Mortgage payments (13)	169,965
Contingency (14)	5,000
TOTAL	$457,849

FOOTNOTES TO SCHEDULE B

(1) The garage income is based on 1986 rental of approximately $13,440 per month for 28 parking spaces.

(2) The laundry income is projected at the rate of $350.00 per month ($4,200 per annum) in accordance with the current laundry contract with Dime Laundry Service Inc. which expires on March 31, 1988. There are 5 washers and 3 dryers which are owned by the concessionaire. The building owner pays for the gas and electricity used in connection with the laundry.

(3) The payroll consists of two full-time employees, as follows:

	# of men
Superintendent	1
Porter	1

The current union contract expires on April 30, 1986. The projected payroll expenses for the first year of operation include:

Wages (52-week year, based on wage rate effective 4/30/86 plus an 8% increase as of 4/30/87)	$40,772.16
Workmens' Compensation (3%)	1,223.00
N.Y. disability insurance (estimated premium)	250.00
Union Welfare (based on current union contract)	1,900.00
Pension Fund (based on current union contract)	1,223.00
Vacation Pay (based on current union contract)	726.00
Holiday Pay (based on current union contract)	1,452.00
Payroll Taxes Social Security (7% of taxable payroll) N.Y. unemployment insurance (1.7% of $7,000 per man) Fed. unemployment insurance (.8% of $7,000 per man)	3,873.00
Sick Leave Pay - (7 days)	1,016.00
Total	$52,435.00

(4) The building uses #6 oil. The actual purchases for each of the three past years is as follows:

Year	Gallons	Cost
1/1/83-12/31/83	71,432	$58,200
1/1/84-12/31/84	76,804	65,886
1/1/85-12/31/85	63,730	52,453

The fuel oil purchases for the years above averaged 71,072 gallons per annum. The projection herein is based on 71,072 gallons per annum (the three-year average) at an estimated price of $0.74 per gallon, including sales tax. The current, April 1986 price is below $.50 per gallon.

In the event the cost of fuel oil to the Apartment Corporation during its first year of operation exceeds $52,953, Sponsor shall guarantee the cost up to the amount of $59,700 (i.e., the maximum amount of Sponsor's guarantee is $7,107).

(5) This item does not include apartment electricity which is billed directly to the tenants and includes electric and cooking for each apartment gas consumption for the common area and the superintendent's apartment. The history of the electricity and gas expense for the past three years is as follows:

GAS

Period	100 CCF	Cost
1/1/83-12/31/83	14,280	$12,324
1/1/84-12/31/84	13,948	12,530
1/1/85-12/31/85	15,913	14,378

ELECTRICITY

Period	KWH	Cost
1/1/83-12/31/83	134,480	$16,854
1/1/84-12/31/84	122,890	15,313
1/1/85-12/31/85	107,970	12,783

The average number of kilowatt hours for the above three-year period amounts to 121,780 per annum, which if priced at the current (February 1986) rate of $.115534 plus a 10% inflation factor amounts to $15,475. The average number of 100 cubic feet for the above three-year period amounts to 14,714 per annum, which if priced at the current (February 1986) rate of $.8817 per 100 cubic feet plus a 10% inflation factor amounts to $14,270. Therefore, the total cost of electricity and gas for the first year of operation is projected at $29,745.00.

(6) Based on the actual invoice for water and sewer charges for the year 1985-86 aggregating $8,295 plus a projected increase of 10%.

(7) This item includes painting of common areas, building and janitorial supplies and the various repairs and maintenance items involved in the operation of this type of property. This includes repairs to roofing, exterior walls, foundations, heating system, building plumbing and electrical work other than that which services only individual apartments, ground maintenance, and exterminating in common areas. However, this item does not include repairs and painting of the interiors of the apartments which would become the obligations of the respective tenant-stockholders following purchase of their shares. This amount is not intended to cover major capital repairs. The budgeted amount is based on the prior experience of the building.

(8) Based on service contracts with an estimated 10% increase, as follows:

Service	Contractor	Projected Annual Cost	Expiration
Elevator	Centennial Elevator	$4,857.00	12/31/86
Exterminating	Jeffrey's Exterminating Company	1,429.00	mo.-to-mo.
Water Treatment	Olin Water Services	338.00	mo.-to-mo.

(9) Includes projected annual insurance premiums (based on current costs) and reserves for additional premiums, as quoted by Moses L. Schwab, as follows:

	Coverage	Premium
Multi-peril insurance (80% co-insurance)	$3,700,000	$25,800
Rental Value (80% co-insurance) Building		incl.
Comprehensive General Liability including Personal Injury	1,000,000	incl.
Directors and Officers Liability		incl.
Water Damage - Legal Liability		incl.
Elevator Collision		incl.
Boiler and Machinery	300,000	250
Umbrella Excess Liability	1,000,000	3,000
Total annual insurance premiums		$29,050

There is a $1,000 deductible under the property portion multi-peril policy. There is no deductible on the liability coverage. At

Closing, the Sponsor will deliver policies or binders providing the abovementioned coverage. Purchasers are advised that the foregoing insurance does not cover such risks as fire and casualty losses to apartment contents, fixtures and alterations and liability coverage for occurences within the apartment. In the event of a total loss, insurance proceeds will first be applied to reduce the outstanding mortgage indebtedness. It is anticipated that the amount of insurance provided would not be sufficient to replace the building if it is totally destroyed.

(10) This amount is based on the Management Agreement described in MANAGEMENT AGREEMENT, CONTRACTS AND LEASES and is within the range of the prevailing cost for similar services. It includes the annual fee of $17,000.

(11) Estimated on the basis of double the 1986/87 tentative actual assessed valuation of the property ($730,000) adjusted by current rates, namely .0004 on gross assets for the State Franchise Tax and .0004 for the City Corporation Tax plus .17 of the City Tax for the metropolitan transportation tax surcharge.

(12) The projected figure is based upon the tentative 1986/87 transition assessed valuation of $662,000 at the current 1985/86 tax rate of $9.15 per $100 of assessed valuation and the anticipated 1987/88 transition assessed valuation of $678,000 at the aforesaid tax rate. The tentative actual assessed valuation for the tax year 1986/87 is $730,000.

A targeted assessed valuation ("AV") of $730,000 has been noted to take effect in the 1990-91 tax year. A transition AV will be determined for the tax years 1986-87 through 1990-91 by computing the amount of such excess and adding the following percentages of same to the prior AV in addition to any previously imposed percentage increase; for 1986-87, 20%; for 1987-88, 40%; for 1988-89, 60%; for 1989-90, 80%; and for 1990-91, 100%. All such AVs are subject to change.

Section 581 of the Real Property Tax Law provides that real property owned by a cooperative corporation shall be assessed at a sum not more than the assessment which would be placed upon the property were it not owned by a cooperative corporation. In other words, cooperatives are to be assessed similar to comparable rental apartment buildings.

Taxes payable may be reduced by Senior Citizens exemptions, but the benefit of the reduction will be passed to the owner of the shares allocated to the apartment in which the Senior Citizen resides.

The New York State Real Property Tax Law (Section 581) requires that a cooperatively owned or leased building be assessed as

though it were not cooperatively owned or leased. In effect, cooperatives are now to be assessed similarly to comparable rental apartment buildings. However, the law does not specify which rental apartment buildings should be considered comparable--those subject to rent control or rent stabilization or those free of rent limitations. In accordance with this, the City of New York now assesses cooperatives similar to comparable rent-controlled and rent-stabilized buildings.

No representation or warranty can be made as to (a) whether or not there will be (i) a further increase in the assessed valuation of the Property during said 5-year period or (ii) an increase in the assessed valuation of the Property by reason of its sale to the Apartment Corporation or (b) the method that the City may use in the future to determine the assessed valuation (whether on a rent roll, market or other basis) or (c) the amount of any increase in the tax rate.

(13) Based on a first mortgage in the original principal amount of $1,500,000, which requires monthly payments of $14,163.74 applied first to interest at the initial interest rate of 10.5% and the balance in reduction of principal. This is an adjustable rate mortgage (see TERMS OF MORTGAGES for further explanation and details of all mortgage terms including different interest rates until the maturity of the mortgage).

(14) The reserve for contingencies is intended to provide for any unanticipated expenses or unanticipated increases in the projected expenses. It is not intended to provide for capital repairs or replacements and should, therefore, not be confused with the Working Capital Fund or the Reserve Fund noted on the front cover of this Plan. No representation is made as to the actual amount of unanticipated expenses.

The foregoing Schedule B is not intended and should not be taken as a guarantee by anyone that the annual maintenance charges or expenses for the first year or any subsequent year of operation of the property by the Apartment Corporation will be as set forth above or that such maintenance or expenses will not vary from the amounts shown in Schedule B.

IN THE OPINION OF DAVID DAY REALTY INC., THE PROJECTED RECEIPTS ARE ADEQUATE TO MEET THE ESTIMATED EXPENSES FOR THE COOPERATIVE'S FIRST YEAR OF OPERATION, ASSUMING SUCH FIRST YEAR TO BE THE FISCAL YEAR COMMENCING ON MARCH 1, 1987. THE FOREGOING SCHEDULES, HOWEVER, ARE NOT INTENDED AND SHOULD NOT BE TAKEN AS A GUARANTEE BY ANYONE THAT THE MAINTENANCE, OTHER INCOME OR EXPENSES FOR THE FIRST OR ANY SUBSEQUENT YEAR OF OPERATION OF THE COOPERATIVE WILL BE AS SET FORTH IN SAID SCHEDULES, AND IT

IS LIKELY THAT THE ACTUAL INCOME AND EXPENSES WILL VARY FROM THE AMOUNTS SHOWN IN THE SCHEDULE.

THE SPONSOR HAS RESERVED THE RIGHT TO MODIFY, RENEW AND REPLACE EXISTING SERVICE, MAINTENANCE, EMPLOYMENT, CONCESSIONAIRE AND OTHER AGREEMENTS AND INSURANCE POLICIES, AND TO ENTER INTO NEW AGREEMENTS AND POLICIES THAT WILL BE BINDING ON THE COOPERATIVE ON THE CLOSING DATE. HOWEVER, NO SERVICE OR MAINTENANCE CONTRACT WILL BE MADE WHICH WOULD MATERIALLY INCREASE THE FIRST YEAR'S ESTIMATED MAINTENANCE CHARGES UNLESS THE PLAN IS AMENDED.

CHANGES IN PRICES AND UNITS

As indicated in PURCHASE PRICES AND SHARE ALLOCATION, SCHEDULE A, an amendment will be filed as a prerequisite to the following: price increases to individual purchasers, general price changes affecting one or more lines of apartments, and advertised price changes, and price changes to tenants in occupancy (as of the date of the filing of the Plan) prior to the effectiveness amendment. Apartments are offered at a price of $260 per share for a period of 90 days from the date of presentation of the Plan to bona fide tenants in occupancy of their dwelling units on the date the Plan is accepted for filing. During the aforesaid 90-day period, the price of $260 per share offered to the persons designated in the preceding sentence shall not be increased. Prices to individual tenants who subscribe after service of an amendment setting forth that the Plan had been declared effective and to individual non-tenants are negotiable and, accordingly, no amendment will be filed with respect to any price decrease resulting therefrom. In connection with any negotiation with a non-tenant, among the terms which Sponsor may negotiate are the following: (a) Sponsor may agree that the subscriber's obligations under his subscription are conditional on that subscriber obtaining a loan commitment from a bank or similar lender. If so, paragraph 34 of the Subscription Agreement will apply; or (b) Sponsor may agree to perform certain work or alterations in the affected apartment; or (c) the minimum down payment required under the Subscription Agreement may be changed to an amount other than 10% of the purchase price, but in no event to less than $1,000; or (d) Sponsor may agree to provide Sponsor financing, the terms of which will be negotiable but which will include the following: (i) amount--not exceeding 90% of the cash purchase price; (ii) term--not exceeding 10 years; and (iii) interest--not exceeding 16% per annum. THIS DOES NOT CURRENTLY CONSTITUTE AN OFFER OF FINANCING BY THE SPONSOR. Subject to the provisions of footnote 3 to PURCHASE PRICES AND SHARE ALLOCATION, SCHEDULE A, Sponsor reserves the option to change, from time to time, the prices at which shares are offered to individual purchasers not entitled to the price offered to tenants in occupancy during the aforementioned exclusive period. The amount of the cash payment for any block of shares for tenants in occupancy at the time of the acceptance of the Plan for filing set forth in PURCHASE PRICES AND SHARE ALLOCATION, SCHEDULE A will not be reduced prior to the date of closing hereunder except upon the opinion of Hubb Real Estate Company or other real estate expert that the price as changed is an amount not less than an amount bearing a reasonable relationship to the portion of the value of the Apartment Corporation's equity in the property attributable to the apartment to which such shares are allocated as determined on the date of the execution of the Subscription Agreement for such shares. Any such changes are of course subject to the terms of this Offering Plan and the rights of bona fide tenants in occupancy. If there is any

change in the price of a block of shares prior to the closing, the total purchase price of the Property as stated under the financial plan will be increased or decreased accordingly by the net difference resulting from all such changes in prices and the sum payable to the Sponsor at closing will be changed correspondingly by the amount of such net difference.

The Sponsor and the Apartment Corporation reserve the right to arrange to have varied the amount of stock allocable to any apartment, provided however (a) that any such changes will be subject to the rights of occupants under the Rent Stabilization Law and (b) no such change prior to the date of the original issuance of the shares of stock will result in upsetting the reasonable relationship existing between the prices for the blocks of shares set forth in this Plan and that portion of the Apartment Corporation's equity in the property attributable to the apartment to which such blocks of shares are allocated in accordance with the provisions of Section 216 of the United States Internal Revenue Code (an opinion of a real estate expert will be obtained in this regard). Any such reallocation of shares shall be reflected in an amendment.

In order to meet the possible varying demands for number and type of apartments or to meet particular requirements of prospective purchasers or for any other reason, the Sponsor reserves the right at any time (a) to change the size, layout and/or number of apartments; (b) to subdivide one or more apartments into separate apartments; (c) to combine separate apartments into one or more apartments; and (d) to change the size or internal partitioning of any apartment (by altering the boundary walls or internal partitioning of such apartment or otherwise); provided only that the consent of all governmental authorities having jurisdiction is first obtained (if such approval is required by law). Neither the Sponsor nor any holder of Unsold Shares will effectuate a change in the size or number of apartments, the share allocations thereto, the total number of shares, or in the size or general quality of public areas except by amendment to the Plan. Prior to Closing, no material adverse change will be made in the total number of shares or in the size or general quality of public areas unless purchasers whose Subscription Agreements have been accepted and under which the purchaser is not then in default are provided the right to rescind said Subscription Agreements, which right must be exercised within fifteen (15) days after the filing of the amendment. If the size of an apartment is changed either as a result of any subdivision, or otherwise, or if the layout of the apartment is changed, the number of shares allocated to such apartment may be increased or decreased accordingly; however, no such reallocation of shares will have the effect of increasing or decreasing the total number of shares allocated to all apartments nor shall any shares be reallocated unless there has first been obtained an opinion of a licensed real estate broker

familiar with cooperative offerings of this kind that the aforesaid "reasonable relationship", as determined on the date that the change is made, has been preserved. Any reallocation of shares will vary the estimated maintenance charges for the apartment or apartments affected thereby and the allocable portion of mortgage and estimated amount deductible for income tax purposes, from the amounts set forth in the foregoing PURCHASE PRICES AND SHARE ALLOCATION, SCHEDULE A. No such change, however, in any event will affect the proportion or amount of maintenance charges, proportion of mortgage or amounts estimated to be deductible for income tax purposes in respect of any apartment which was not the subject of such change.

After the closing of title, the holders of Unsold Shares (as defined hereinafter) will have the same rights as the Sponsor to change the size (either as a result of subdivision, combination, alteration of boundary walls or internal partitioning or otherwise) and/or layout of any apartment owned by them or any of them, and to reallocate shares in connection with such change, provided that the total number of shares reallocated to all apartments which are the subject of such changes will not vary. In addition, such holders of Unsold Shares may resell the apartments held by them for any price established by them, and they may change such price from time to time without obtaining the approval of any other person.

Notwithstanding the foregoing, the total authorized and issued shares may be increased in the event (I) an existing apartment is enlarged by using space in the building to which no shares of the Apartment Corporation were previously allocated or are presently allocated on the date of such enlargement; or (II) such space is converted into a new residential apartment. No such increase in shares, however, will occur unless an opinion has first been obtained from a licensed real estate broker familiar with cooperative offerings of this kind that said "reasonable relationship", as determined as of the date when new shares are to be issued, is maintained. If it shall be necessary to increase the total number of authorized shares which the Apartment Corporation may issue solely by reason of the foregoing, the Apartment Corporation will cooperate with the holders of Unsold Shares in amending the Certificate of Incorporation for that purpose. An increase in the total number of shares issued will result in reducing the proportion that the number of shares owned by each shareholder bears to the total number of shares outstanding (with a concomitant decrease in the amount of the estimated deduction for income tax purposes available to each shareholder, if any), but may not result in reducing the maintenance charges payable by each shareholder unless the Board of Directors shall so determine.

No material adverse change in the size or layout of an apartment or in the number of shares allocated thereto will be made with

respect to any apartment for which a Subscription Agreement has been accepted and under which the purchaser is not then in default unless it is determined by Sponsor that such change is the result of an improper allocation of shares. In such event, the Plan will be amended to correct the improper allocation and the Purchaser will be given fifteen (15) days to rescind his Subscription Agreement. The down payment will be promptly refunded to any such Purchaser who properly rescinds his Subscription Agreement.

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DAVID DAY REALTY 532 Madison Avenue. New York, N.Y. 10022 (212)935-8700

JOSEPH YADGAROFF
President

OPINION OF REASONABLE RELATIONSHIP

April 4, 1986

Sonnenschein, Sherman & Deutsch
10 Columbus Circle
New York, New York

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 1150 Hawthorne Street, Brooklyn, 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 followingcooperatives: 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 in 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, INC.

By: Joseph Yadgaroff

SILVERMAN AND MORDFIN
CERTIFIED PUBLIC ACCOUNTANTS
150 GREAT NECK ROAD
GREAT NECK N Y 11021

(516) 829 9088
(212) 895 7230

HAROLD H SILVERMAN C P A
GERALD Y MORDFIN C P A

December 6, 1985

To: 150 Hawthorne Associates
c/o Morris Rokowsky Management Co.
4819 13th Avenue
Brooklyn, NY 11219

We have examined the statement of income and expenses of the building located at 150 Hawthorne Street for the period January 1, 1985 to October 24, 1985. 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 under the circumstances.

In our opinion, the aforementioned financial statements present fairly the results of its operations for the period January 1, 1985 to October 24, 1985, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding years.

We hereby consent to the inclusion of these statements in the offering plan.

Silverman & Mordfin

SILVERMAN AND MORDFIN
CERTIFIED PUBLIC ACCOUNTANTS

ARDEN HOUSE CO.
COMPARATIVE STATEMENT OF INCOME AND EXPENSES
FOR THE PERIOD
JANUARY 1, 1985 TO OCTOBER 24, 1985

Income:	
Rental	$323,475
Garage Income	10,676
Real Estate Tax Refund	0
Washing Machine Income	3,191
Other	300
Total Income	337,642
Operating Expenses:	
Payroll	31,110
Union Welfare	2,544
Payroll Taxes	3,005
Fuel	36,787
Utilities	21,757
Water and Sewer Expense	7,179
Repairs and Maintenance	19,647
Elevator Contract	4,737
Painting - Common Areas	0
Building Insurance	3,112
Real Estate Taxes	47,092
Professional Fees	17,899
Supplies	7,064
Uniforms	423
Telephone	482
Exterminating	1,029
Permits	551
Dues	297
Sundry	583
Bad Debts	17,646
Management	16,333
Total Operating Expenses	239,277
Net Income (Note)	$98,365

Note - Depreciation and debt services, including mortgage interest, amortization, FHA insurance and replacement reserve have been omitted from operating expense figures. FHA insurance, interest, amortization and replacement reserve for the period January 1, 1985, to October 24, 1985, is as follows:

Total	FHA Insurance	Interest	Amortization	Replacement Reserve
61,397	2,726	39,024	9,647	10,000

-2-

SILVERMAN AND MORDFIN
CERTIFIED PUBLIC ACCOUNTANTS
150 GREAT NECK ROAD
GREAT NECK N Y 11021

(516) 829 9088

HAROLD H SILVERMAN C P A
GERALD Y MORDFIN C P A

November 1, 1985

To: 150 Hawthorne Associates
c/o Morris Rokowsky Management Co.
4819 13th Avenue
Brooklyn, NY 11219

We have examined the statements of income and expenses of the premises known as Arden House for the years ended December 31, 1984 and 1983. 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 under the circumstances.

In our opinion, the aforementioned financial statements present fairly the results of its operations for the years ended December 31, 1984 and 1983, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding years.

We hereby consent to the inclusion of these statements in the offering plan.

Silverman + Mordfin

SILVERMAN AND MORDFIN
CERTIFIED PUBLIC ACCOUNTANTS

ARDEN HOUSE CO.
COMPARATIVE STATEMENT OF INCOME AND EXPENSES
FOR THE YEARS ENDED
DECEMBER 31, 1984 AND 1983

Income:	1984	1983
Rental	$372,858	$359,792
Garage Income	11,257	10,656
Real Estate Tax Refund	49,063	14,027
Washing Machine Income	2,495	2,495
Other	211	645
Total Income	435,884	387,615
Operating Expenses:		
Payroll	33,824	31,143
Union Welfare	2,593	1,27
Payroll Taxes	3,763	3,576
Fuel (Note 2)	65,886	58,200
Utilities (Note 3)	27,843	29,178
Water and Sewer Expense	8,790	8,091
Repairs and Maintenance	16,517	13,891
Elevator Contract	5,339	5,344
Painting - Common Areas	77	1,960
Building Insurance	10,012	8,188
Real Estate Taxes	66,286	63,494
Professional Fees	18,312	16,021
Supplies	9,417	7,107
Uniforms	285	0
Telephone	396	354
Exterminating	1,152	1,152
Permits	580	250
Dues	533	743
Sundry	622	681
Bad Debts	5,886	14,077
Management	19,437	19,315
Total Operating Expenses	297,550	284,035
Net Income (Note 1)	$138,334	$103,580

ARDEN HOUSE CO.
COMPARATIVE STATEMENT OF INCOME AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1984 AND 1983

Note 1 - Depreciation and debt services, including mortgage interest, amortization, FHA insurance and replacement reserve have been omitted from operating expense figures. FHA insurance, interest, amortization and replacement reserve for the years 1983 and 1984 are as follows:

Years	Total	FHA Insurance	Interest	Amortization	Replacement Reserve
1983	$108,204	$3,425	$78,237	$23,927	$2,615
1984	65,857	3,294	39,604	10,959	12,000

As agreed with H.U.D. in 1983, the owner had to pay additional interest and amortization to bring the mortgage current.

Note 2 - Fuel
Cost and gallonage are as follows:

Years	Cost	Gallonage
1983	$58,200	71,432
1984	65,886	76,804

Note 3 - Utilities
utilities include gas provided free for all apartment units and electric for the common areas and the superintendent's apartment. Usage is as follows:

	Years	Cost	Consumption
Electric	1983	$16,854	134,480
	1984	15,313	122,890
Gas	1983	12,324	14,280
	1984	12,530	13,948

Internationally Associated With
O'Hare Barry + Associates

Weber Lipshie & Co.
CERTIFIED PUBLIC ACCOUNTANTS
1430 Broadway, New York, N.Y. 10018 (212) 382-3400

Offices in:
New York
Los Angeles
Costa Mesa

Cable: Weblipco-N.Y.

To the Partners of
150 Hawthorne Associates

We have examined the statement of operations applicable to the operations of the property located at 150 Hawthorne Street, Brooklyn, New York for the period from October 24, 1985 (inception) to December 31, 1985. 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.

The statement of operations was prepared without provision for depreciation or other non-operating income.

In our opinion, except as modified in the preceding paragraph, the statement of operations referred to above presents fairly the results of operations applicable to the property located at 150 Hawthorne Street, Brooklyn, New York for the period from October 24, 1985 (inception) to December 31, 1985, in conformity with generally accepted accounting principles.

Weber Lipshie & Co.

February 15, 1986
New York, New York

PROPERTY LOCATED AT
150 HAWTHORNE STREET
STATEMENT OF OPERATIONS
PERIOD OCTOBER 24, 1985 (INCEPTION) TO DECEMBER 31, 1985

Income	
Rent	$ 60,794
Garage	2,129
Laundry	700
	63,623
Operating expenses	
Real estate taxes	10,371
Fuel	21,758
Gas and electric	6,212
Water and sewerage	1,567
Insurance	5,021
Salaries	8,051
Payroll taxes	719
Employee benefits	260
Exterminating	238
Painting and plastering	6,150
Maintenance	238
Repairs	6,688
Hardware and supplies	3,081
Management fees	2,097
Professional fees	6,500
Other	3,475
	82,426
Loss before provision for depreciation and other non-operating income	$(18,803)

See accompanying accountants' report.

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ATTORNEY'S INCOME TAX OPINION

LAW OFFICES

SONNENSCHEIN, SHERMAN & DEUTSCH

JEROME B. SHERMAN - IRVING SONNENSCHEIN, P.C.
ALEX DEUTSCH
ELIOT H. ZUCKERMAN
SANDER SRULOWITZ
RICHARD E. FELDMAN*

MARTIN J. FRIEDMAN
SARA R. THRONE
ANDREW I. LOEB
PHYLLIS MARIE KAMYSEK*

*MEMBER OF N.Y. AND N.J. BARS

10 COLUMBUS CIRCLE
NEW YORK, N.Y. 10019

(212) 245-6754
CABLE: SONNLAWYER

February 4, 1987

Arden House Owners Inc.
150 Hawthorne Street
Brooklyn, New York

Re: 150 Hawthorne Street
Brooklyn, New York

Gentlemen:

With reference to the proposed Plan for Cooperative Ownership of the above property, the undersigned wish to advise you with respect to the applicable provisions of Section 216 of the United States Internal Revenue Code, Section 615 of the New York State Tax Law, and Section T 46-15.0 of the New York City Administrative Code, as follows:

The opinion expressed herein is based upon the following: Offering Plan, Certificate of Incorporation and the validity of the opinion of David Day Realty Inc. (which opinion advised that as of the date of such opinion the prices for the blocks of shares allocated to the respective apartments, as set forth in Purchase Prices and Share Allocation, Schedule A of the Plan, are in an amount not less than an amount bearing a reasonable relationship to the portion of the value of the Apartment Corporation's equity in the property attributable to the apartment to which the block of shares is allocated), the actual receipt of income from tenant-stockholders in at least the same proportion of total income as that indicated by the Budget for First Year of Cooperative Operation, Schedule B of the Plan and that there will be no change in prices of any block of shares prior to the date of closing under the Plan except upon the expert's opinion required in the Plan (which it is assumed will be valid) to the effect that the price as changed is not less than an amount bearing a reasonable relationship to the portion of the value of the Apartment Corporation's equity in the property attributable to the apartment to which the block of shares is allocated as

determined on the date of execution of the subscription agreement for such shares.

Under Section 216 of the Internal Revenue Code of 1954 as amended, a tenant-stockholder, as defined in that section, is allowed as a deduction the amounts paid or accrued to the cooperative housing corporation, as defined in that section, to the extent that such amounts represent the tenant-stockholder's proportionate share of the real estate taxes allowable as a deduction to the corporation which are paid or incurred by the corporation on the property or the interest allowable as a deduction to the corporation which is paid or incurred by the corporation on its indebtedness contracted in the acquisition, construction, alteration, rehabilitation or maintenance of the property.

Section 216(b)(1) of the Internal Revenue Code sets forth the following requirements, all of which must be met by the Apartment Corporation in order for tenant-stockholders to be allowed the deductions herein discussed.

A. The Apartment Corporation may have only one class of stock outstanding.

The Certificate of Incorporation does not authorize more than one class of stock to be issued. Hence, assuming the Apartment Corporation complies with the Certificate of Incorporation, only one class of stock will be outstanding.

The holders of Unsold Shares, as that term is defined in the Plan, are entitled to certain rights and privileges pursuant to the terms of paragraph 38 of the proprietary lease and elsewhere in the lease and the Plan. In view of the fact that those rights and privileges are granted by instruments other than the stock itself and do not affect the Apartment Corporation's formal ownership structure, it is our opinion that the Unsold Shares will not constitute an additional class of stock.

B. Each stockholder must be entitled, solely by reason of his stock ownership, to occupy an apartment in the building for dwelling purposes.

Both the Certificate of Incorporation and the By-Laws contain a provision to this effect. Hence, assuming the Apartment Corporation complies with the Certificate of Incorporation and the By-Laws, each stockholder will be entitled solely by reason of his stock ownership to occupy an apartment in the building for dwelling purposes.

C. No stockholder may be entitled (either conditionally or unconditionally) to receive any distribution not out of earnings and

profits of the Apartment Corporation except on a complete or partial liquidation of the Apartment Corporation.

Both the Certificate of Incorporation and the By-Laws contain a provision to this effect. Hence, assuming the Apartment Corporation complies with the Certificate of Incorporation and the By-Laws, no stockholder will be entitled to receive any such distribution.

D. At least 80% of the gross income in each taxable year must be derived from tenant-stockholders.

As to the first part of this requirement, the Budget for First Year of Cooperative Operation of the Apartment Corporation, which appears in the Offering Plan, indicates that more than 80% of the gross income of the Apartment Corporation will be derived from stockholders. Hence, assuming the portion of the aforesaid Projected Schedule which reflects projected income is substantially accurate, during its first year of operation, at least 80% of the Apartment Corporation's gross income will be derived from stockholders.

As to the second part of this requirement, the recently enacted revisions of the Internal Revenue Code provide in Section 216(b)(2): "The term 'tenant-stockholder' means a person who is a stockholder in a cooperative housing corporation..." (the word "person" replaces the previous word "individual"). The purpose of this change was to permit corporations and partnerships to be included within the meaning of "tenant-stockholder".

In view of the foregoing, and assuming that (1) substantially all outstanding stock is owned by stockholders who qualify as tenant-stockholders and (2) the Apartment Corporation does not receive substantial income from non-stockholders other than as reflected in the aforementioned Budget, more than 80% of the Apartment Corporation's gross income will be derived from tenant-stockholders.

Based upon all of the foregoing (but without passing on the validity of the aforementioned opinion of David Day Realty Inc. or the accuracy of the schedules) and provided that the Plan is declared effective and there is a closing under the Plan in accordance with the terms thereof, it is our opinion that, under present law, for each tax year of the corporation in which at least 80% of its gross income is derived from tenant-stockholders (as that term is defined in Section 216(b) of the Internal Revenue Code of 1954 as amended):

a. The Apartment Corporation will qualify as a cooperative housing corporation within the present meaning of Section 216(b)(1) of the Internal Revenue Code of 1954 as amended.

b. Tenant-stockholders who elect to itemize deductions will be entitled to deduct for income tax purposes their proportionate share of the interest and real estate taxes paid by the Apartment Corporation.

David Day Realty Inc. has computed the amount of the estimated tax deduction applicable to each apartment set forth in said Schedules and Messrs. Sonnenschein, Sherman & Deutsch have not passed upon the accuracy of such computation.

Pursuant to Revenue Ruling 80-299 issued by the Internal Revenue Service, even though the Plan is being presented as a "non-eviction" plan, all tenant-shareholders shall have any rights they otherwise would have had to take the deductions hereinabove referred to.

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 saving to each individual will depend upon his income tax bracket.

In the event the Apartment Corporation has income at any time in excess of allowable deductions, it may be subject to a tax based upon such income.

If the transaction is treated as an exchange under Section 351 of the Internal Revenue Code, as mentioned in the Plan, the Apartment Corporation's basis for the Property would equal the Sponsor's basis for the property transferred plus any gain recognized by the Sponsor in the transaction (viz., property, including cash, other than stock and securities received). Accordingly, the basis of the property in the hands of the Apartment Corporation would be less than it would be if the property were transferred to the Apartment Corporation in a regular sale (in which case the basis would be the purchase price to the Apartment Corporation). In the event the property is ever disposed of (either voluntarily or involuntarily) in a taxable transaction by the Apartment Corporation, there is the potentiality of greater liability on such sale and further, in such event, it is possible that the unpaid principal balance of the mortgage will exceed the Apartment Corporation's basis. In addition, any tenant-stockholder who purchases under the Plan and who acquires a depreciable interest in his stock by reason of using his apartment in his trade or business or for the production of income would have lower depreciation deductions. Treatment of this transaction as a Section 351 exchange will not affect the tax deductions for interest and real estate taxes available to tenant-stockholders or the individual tax basis of each tenant-stockholder in the shares purchased by him.

In addition to the tax deduction discussed above, tenant-stockholders who obtain financing for the purpose of purchasing their shares may be entitled to deductions on their personal income taxes in connection with the interest paid on such financing if they itemize deductions on their tax returns.

Section 277 of the Internal Revenue Code, concerning membership organizations operating primarily to furnish services for their members, does not allow non-member income to be offset by member-related expenses in determining taxable income. Although there are no cases or authority specifically in point, if the Apartment Corporation is determined to be a membership organization, then all non-member income, which might include reserve fund contributions, interest on reserve funds, and commercial income, would be taxable and not offset by housing-related expenses.

The opinions expressed herein are based on facts and opinions represented by Sponsor and Sponsor's experts and on our interpretation of applicable tax laws, regulations and rules of the Treasury Department, and judicial and administrative rulings construing same, as all of same exist on the date hereof. You understand that this is merely an opinion and that any opinions herein set forth are not intended, and should not be construed, as guarantees or warranties; and you further understand that no guarantee or warranty is given by the undersigned that the said tax authorities will allow the deductions pursuant to the above tax laws, or that the tax laws or the regulations issued thereunder, or applicable judicial or administrative rulings, may not change so as to disallow the deductions in whole or in part. We do not intend to express any opinions in connection with the Offering Plan other than those expressly set forth herein, and no other opinions should be implied.

We have been advised that you intend to use a copy of this letter as part of the aforesaid Plan of Cooperative Ownership and we hereby consent to such use.

Very truly yours,

SONNENSCHEIN, SHERMAN & DEUTSCH

RIGHTS OF EXISTING TENANTS

All of the apartments are subject to Section 352-eeee of the General Business Law and, if occupied, to the Rent Stabilization Regulations now administered by the Division of Housing and Community Renewal of the State of New York ("DHCR") pursuant to the Omnibus Housing Act of 1983 (such laws are hereinafter sometimes referred to as the "Rent Laws"). Tenants occupying residential apartments as a residence are therefore "stabilized" tenants and their rights are protected by the Rent Laws. At the expiration of his present lease and each renewal thereof, a rent stabilized tenant may demand and, if he wishes to remain in possession, must sign a renewal lease at an increased rental determined in accordance with the Rent Stabilization Code. Present tenants of the building are under no legal obligation to purchase the shares allocated to their apartments. 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, Section 352-eeee of the General Business Law.

The Sponsor has elected to present this Plan as a "non-eviction plan" under Section 352eeee of the General Business Law. Section 352eeee and Regulations issued thereunder are the source of important rights noted in this and following sections of the Plan; the text of Section 352eeee is reproduced in Part II of this Plan. Accordingly, a bona fide tenant in occupancy of a dwelling unit in the building at the date this Plan is accepted for filing has the right to remain in occupancy of the dwelling unit even if the shares of the Apartment Corporation allocated to the dwelling unit are sold to any other person, as long as the tenant in occupancy is not in default of his obligations under his lease or tenancy, and is otherwise entitled to remain in possession. Under present law, tenants in occupancy of dwelling units are under no obligation to purchase shares allocated to their dwelling units in order to retain rights of continued occupancy. Such non-purchasing tenants shall continue to have the right to have their rent increases limited in accordance with rent stabilization guidelines. The management agreement and subscriptions submitted by purchasers of shares allocated to apartments occupied by non-purchasing tenants will contain provisions to the effect that non-purchasing tenants will be provided with all services and facilities required by law on a non-discriminatory basis.

No eviction proceedings will be commenced at any time against non-purchasing tenants for failure to purchase or for 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 similar breach by 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 dwelling unit or of the shares allocated thereto may not commence an action to recover possession of the dwelling unit from such non-purchasing tenant on the grounds that he seeks the dwelling unit for the use and occupancy of himself or his family.

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 to cooperative ownership shall continue to be subject thereto.

The rentals of non-purchasing residential tenants who reside in dwelling units not subject to government regulation as to rentals and continued occupancy and non-purchasing residential tenants who reside in dwelling units with respect to which government regulation as to rentals and continued occupancy is hereafter eliminated or becomes inapplicable after the plan has been accepted for filing in accordance with law 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. Complaints concerning unconscionable rent increases proscribed by law may be referred to the New York State Department of Law, Real Estate Financing Bureau, 120 Broadway, New York, New York 10271.

The rights granted under the plan (and as it may be amended) to purchasers under the plan and to non-purchasing tenants may not be abrogated or reduced notwithstanding any expiration of, or amendment to, Section 352eeee of the General Business Law.

Notwithstanding the foregoing, the following persons will have the exclusive right to purchase the shares allocated to their apartments for a period of ninety (90) days from the date of presentation of this Plan.

1. All bona fide tenants in occupancy on the date the Plan is accepted for filing.

2. Any bona fide tenant with the right to renew a lease on the date the Plan is accepted for filing.

3. Any bona fide tenant who has the right to continued occupancy on the date the Plan is accepted for filing.

4. A bona fide tenant of record with an unexpired lease on the date the Plan is accepted for filing who is presumed to be a "tenant in occupancy" even if the tenant has sublet the

apartment or if the apartment is not the tenant's primary residence.

5. A bona fide sublessee in occupancy on the date the Plan is accepted for filing if he sublets form a non-bona fide tenant or if he obtains written permission to purchase the shares allocated to the apartment form the bona fide tenant of record of the apartment.

6. A residential occupant entitled to protection under Article 7C of the Multiple Dwelling Law.

During the aforesaid 90-day period the apartment will not be shown to third parties unless the tenant in occupancy waives his right to purchase. After the expiration of the exclusive period, bona fide tenants in occupancy will no longer have the exclusive right to purchase at the reduced price of $160 per share. Approved subtenants in stabilized apartments have the right to purchase the shares allocated to the apartments they occupy only if they first obtain a proper written consent and waiver of right to purchase from the tenant of record, provided, however that no such consent is required if the tenant of record is not bona fide. It should be noted that a subtenant of a purchaser under the Plan not within clause (5) above will not be deemed a "non-purchasing tenant" under Section 352-eeee of the General Business Law. The rights of tenants in occupancy are set forth below based on the present laws which are of course, subject to change. Reference should also be made to the section of this Plan entitled OBLIGATIONS OF HOLDERS OF SHARES OF DWELLING UNITS OCCUPIED BY NON-PURCHASING TENANTS. A corporation, partnership, trust, estate or other entity may subscribe to purchase the shares allocated to its apartment provided (1) it qualified as a bona fide tenant in occupancy, (2) it was the named tenant on the lease or occupancy agreements, (3) the apartment is used for residential purposes, and (4) the entity designates an individual to purchase the shares allocated to the apartment.

The offer made in this Plan to bona fide tenants in occupancy on the date the Plan is accepted for filing shall be personal to such tenants and shall not extend to any tenant's testamentary beneficiaries or heirs, or to any tenant's estate or the executor(s) or administrator(s) thereof except as permitted by law.

If the tenant in occupancy of a dwelling unit does not purchase the shares allocated to such apartment within the period during which the tenant has the exclusive right to purchase the same, then such shares may be offered to others at such prices as the Sponsor may determine during the period up to the time of closing; and there-

after at such prices as the holder of the shares pertaining to such apartment may determine.

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. Such managing agent shall provide to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. The management agreement and subscriptions submitted by purchasers of shares allocated to apartments occupied by non-purchasing tenants will contain provisions to the foregoing effect. Sponsor shall guarantee the obligation of the managing agent to provide all such services and facilities on a non-discriminatory basis until such time as Sponsor surrenders control to the Board of Directors.

It shall be unlawful for any person 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 dwelling unit or the facilities related thereto. The Attorney General may apply to a court of competent jurisdiction for an order restraining such conduct and, if he deems it appropriate, an order restraining the owner from selling the shares allocated to the dwelling unit 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.

In the event of a material amendment to this Plan prior to Closing which adversely affects purchasers, each subscriber will have the right to rescind his Subscription Agreement within fifteen (15) days from the date of presentation of such amendment upon written notice to the Apartment Corporation. In the event of any such cancellation, any payments made by that person under his Subscription Agreement will be returned to that person without interest, unless the monies are held in an interest-bearing account in which event they shall be returned with the interest accrued, and that person will have no further rights or obligations thereunder. If that person does not elect to rescind, his Subscription Agreement shall remain in full force and effect.

It should be noted that non-purchasing tenants in occupancy may be subject to increases in rent in the event that major capital improvements are made to the property.

Tenants shall not have the right to assign their Subscription Agreements. See section of Plan entitled ASSIGNMENT OF SUBSCRIPTION AGREEMENT.

If, prior to the Closing Date, or the expiration of any exclusive period, whichever is later, Sponsor amends the terms and

conditions of this offering to be more favorable to tenant purchasers, a bona fide tenant who was in occupancy on the date the Plan was accepted for filing and who executed and submitted a Subscription Agreement before the Sponsor amended the terms shall benefit from the more favorable terms and conditions. The Subscription Agreement to be signed by purchasers under this Plan is not assignable. Reference should be made to the further discussion of the assignment of Subscription Agreements in the section of this Plan entitled PROCEDURE TO PURCHASE.

With respect to any tenant who does not purchase, who has the right to continued occupancy, and who remains in occupancy, the By-Laws provide that the assignee of the assigned proprietary lease affecting the apartment is required to notify the tenant of the assignment in writing within thirty (30) days of the assignment.

Tenants or their representatives, provided the latter are registered architects or professional engineers licensed to practice in New York State, may physically inspect the premises during normal business hours upon written request to the Sponsor.

Any exclusive right granted to tenants hereunder shall apply only to purchases by bona fide tenants in occupancy of the apartment actually occupied by them. No tenant in occupancy will have any right to purchase any vacant apartment or apartment occupied by another.

However, tenants in occupancy as of the date of presentation of the Plan may enter into Subscription Agreements for vacant apartments or apartments occupied by others on prices to be negotiated on a first-come, first-served basis if the written consent of Sponsor is obtained. Any such tenant who subscribes for a vacant apartment will be required to enter into an interim lease and may thereby be losing any rights he may otherwise have had as a non-purchasing tenant.

It should be noted that non-purchasing tenants in occupancy may be subject to increases in rent in the event that major capital improvements are made to the property.

Under the Omnibus Housing Act of 1983, the administration of the rent control law and the rent stabilization law was transferred to DHCR and the latter will handle the registration of rents, decide upon rent guidelines, tenants' complaints with respect to overcharges or failure to provide essential serivces and similar matters. The existing regulations applicable to rent stabilized tenants continue until changed by the State Division of Housing and Community Renewal. Other pertinent provisions of the Omnibus Housing of 1983 are as follows: (1) unless the lease provides to the contrary, the lease may not be assigned without the consent of landlord but if landlord refuses consent,

tenant may be released from the lease; (b) landlord may not unreasonably withhold its consent to a subletting of the apartment provided that the apartment is used as the primary residence of tenant and tenant intends to re-occupy it at the expiration of the sublease and no subletting may be made for more than a total of two years out of the four-year period preceding the determination date of the sublease; the prime tenant retains the right to purchase the apartment in a cooperative offering and, if there is a dispute as to the right to buy, the determination will in the first instance be made in a court proceeding; (c) landlord may not harass a tenant to obtain a vacancy; (d) rent overcharge proceedings must be commenced within four years of the overcharge; (e) a central violations bureau must be maintained by the local authorities; (f) landlord may not restrict occupancy of an apartment to a tenant and his immediate family; the lease entered into with one tenant will permit occupancy by the tenant, his immediate family, one additional occupant and dependent children of the occupant, and a lease entered into by two or more tenants will permit occupancy by tenants, their immediate family, occupants and dependent children of occupants, provided that the total number of tenants in occupancy, excluding occupants' dependent children, does not exceed the number of tenants specified in the current lease, and at least one tenant or tenant's spouse occupies the premises as his primary residence; and (g) landlords of buildings acquired three years prior to the date of application may apply to the Conciliation and Appeals Board for rent increases in excess of the guidelines fixed by such Board so as to enable the owner to maintain annual gross rent which exceeds the annual operating expenses of such building by a sum equal to at least 5% of such gross rent.

Complaints of unconscionable rent increases proscribed by law and similar complaints may be referred to the New York State Department of Law, Bureau of Real Estate Financing, 120 Broadway, New York, New York 10271.

Notice to Tenants Pursuant to Section 352eeee of the General Business Law

The Sponsor will on the 30th, 60th, 88th and 90th days after presentation of the Plan and at least once every 30 days until the Plan is declared effective or abandoned, as the case may be, and on the tenth and second day before the expiration of any exclusive period provided in a substantial amendment to the Plan, (1) file a written statement under oath, setting forth the date the Plan was accepted for filing, the date of presentation of the Plan, the last day of any exclusive period, the number of dwelling units, and the percentage of bona fide tenants in occupancy who have agreed to purchase under the Plan as of the date of such statement, who have executed and delivered

Subscription Agreements under the Plan as of the date of such statement (the notice filed with the Department of Law shall be accompanied by a list of the purchasers, the date each Subscription Agreement was signed, and any required down payment tendered); and (2) before noon on the day such statement is filed, post a copy of such statement in a prominent place accessible to all tenants in the building. Tenants in occupancy on the date the Plan is accepted for filing who executed agreements to purchase will not be included in the count if they have an affiliation with the Sponsor unless the Sponsor has submitted proof satisfactory to the Department of Law establishing that the purchaser is a bona fide tenant. Such notice will conform with the regulations of the Department of Law (Part 18.1(P), a copy of which is set forth as Exhibit X in Part II of this Plan).

A copy of this notice will be posted in the lobby in 150 Hawthorne Street, Brooklyn, New York. Copies of this notice will be available to any tenant in occupancy from 9:00 A.M. to 5:00 P.M. at the managing agent's office, Morris Rokowsky Management Company, 4819 13th Avenue, Brooklyn, New York, and at the offices of the Department of Law, Bureau of Real Estate Financing, 120 Broadway, New York, New York 10271.

Price to Tenants in Occupancy
at Date of Presentation of Plan

As mentioned in PURCHASE PRICES AND SHARE ALLOCATION, SCHEDULE A, any bona fide tenant in occupancy of a dwelling unit at the date the Plan is accepted for filing may purchase his apartment at a cash purchase price of $260 per share instead of $400 per share if, and only if, such apartment is purchased as herein provided not later than 90 days after the date the Plan is presented. For purposes hereof date of presentation of the Plan shall be deemed to be the fifth day after the mailing thereof (if mailed) or the date of delivery (if hand delivered) to such tenants in occupancy. If any such tenant-occupant purchases within such 90-day period, the cash purchase price will accordingly be $260 per share. Such right to purchase at a reduced price within such 90-day period shall be available as aforementioned to all tenants in occupancy of dwelling units. After the expiration of the exclusive period, a tenant in occupancy shall no longer be entitled to such reduced price nor shall he have the exclusive right to purchase the shares allocated to his apartment and the same will be offered for sale to others, subject, however, to the rights of tenants as set forth in Section 352eeee of the General Business Law. (See section entitled RIGHTS OF EXISTING TENANTS for details.)

As indicated in the section entitled CONTRACT OF EXCHANGE, in the event that any tenant purchases at the reduced price

the total purchase price of the property as stated under the financial plan will be affected accordingly.

OBLIGATION OF HOLDERS OF SHARES OF DWELLING UNITS OCCUPIED BY NON-PURCHASING TENANTS

All of the dwelling units are covered by the Rent Stabilization Law and Code and Section 352eeee of the General Business Law (such Laws, Regulations, and Code are referred to in this section as the "Rent Laws"); such tenants in occupancy of residential apartments are therefore "stabilized" tenants and their rights are protected by the Rent Laws. Most of the tenants in occupancy have outstanding leases for their apartments.

Consequently, a purchaser of the shares allocated to an apartment of which he is not in possession will obtain the Proprietary Lease for the apartment subject (a) to the lease for the apartment then in effect (and any renewal of the term thereof), (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 Rent Laws, and (d) to all other rights of any existing tenant under the Rent Laws.

If the shares allocated to an apartment are purchased by someone other than the tenant thereof, the tenant or occupant will become the purchaser's tenant on the closing date and the purchaser will become his landlord. The purchaser may also be required to join and pay dues to the Rent Stabilization Association and register the rent payable by the tenant or occupant with the State Division of Housing and Community Renewal. Failure to do so with respect to a rent stabilized apartment may result in the apartment being expelled from stabilization and becoming subject to rent control. In this regard, all such purchasers should consult with an attorney.

A purchaser who acquires the shares allocated to an apartment occupied by any such tenant will be required to pay to the Apartment Corporation the maintenance charges for such apartment, whether such maintenance charges are greater or less than the rent received from the tenant in occupancy. By reason of the terms of the purchaser's Proprietary Lease, the Rent Laws, and any other applicable laws, regulations and rules, the purchaser also will be responsible for the due performance of all of the obligations of the landlord under the lease with, or tenancy of, the tenant, including obligations to maintain, repair and replace plumbing fixtures, the refrigerator, range, lighting fixtures, interior wiring, doors, hardware, windows and other equipment in the apartment, and to paint the apartment, and any other

repairs or obligations which are not the responsibility of the Apartment Corporation.

Any person interested in purchasing shares of the Apartment Corporation allocated to an apartment in which he does not reside is urged to examine any lease pertaining to the apartment to which such shares are allocated, verifying not only the expiration date of the lease (or 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 for such apartment after the closing under the Plan) and the obligations of the landlord thereunder.

It is also recommended that every such person consult an attorney in order to become fully apprised of the effect of the Rent Laws on his rights as a purchaser and his obligations to any existing tenant or occupant. For example, each such purchaser has the obligation to give renewal leases and rider as required by law and the tenant may only be evicted on grounds permitted by law.

A purchaser of the shares allocated to an apartment subject to a lease will be entitled to receive the unapplied portion of any security deposit held by the Sponsor under the terms of the lease. Such security must be held by the purchaser, in trust, in an interest-bearing account in accordance with Section 7-103 of the New York General Obligations Law.

No representation or statement of any kind as to the requirements of the Rent Laws is made except as set forth herein with respect to the Plan.

No representation or warranty is made that the Rent Laws will or will not continue to apply to any apartments or that there will or will not be any further amendments thereto.

No eviction of any non-purchasing tenant shall be permitted except for nonpayment of rent or other breach of the applicable lease or tenancy or as may be permitted under the then applicable Rent Laws.

Such purchasers shall be required to appoint the Apartment Corporation's managing agent as their agent to provide to the non-purchasing tenant all services and facilities as required by law. A provision to this effect is contained in each Subscription Agreement and in each Proprietary Lease.

Except for the Sponsor and holders of Unsold Shares, purchasers of shares allocated to apartments occupied by non-purchasing

tenants shall be required to deposit in escrow with the managing agent at the Closing Date an amount not less than two months' maintenance charges to be used as a working capital fund to furnish services required under the non-purchasing tenant's lease or tenancy and under existing law and regulations (as described above). Upon notice from the managing agent to the Apartment Corporation that the deposit has been diminished, the fund shall be replenished by the shareholder within forty-five (45) days after receipt of the notice. The failure of the shareholder to replenish the fund in a timely fashion shall result in the Apartment Corporation having a lien against the shares appurtenant to the apartment. Interest, if any, earned on the fund shall belong to the shareholder. The Apartment Corporation shall agree that it will not retain any managing agent which does not agree to maintain the foregoing escrow funds, in interest-bearing accounts, at no expense to the shareholder. Provisions to this effect are contained in the Subscription Agreement and in the Proprietary Lease.

INTERIM LEASES

Sponsor may, but is not obligated to, rent any apartment that is vacant prior to Closing. Any prospective non-occupant purchaser who signs a Subscription Agreement which is accepted by the Sponsor prior to the Closing of Title under this Plan and is given occupancy of the apartment prior to closing must enter into an Interim Lease on the terms set forth in this section, which lease shall be signed simultaneously with or after execution of the Subscription Agreement. Except as otherwise stated herein, any such tenant shall, upon signing the lease and taking occupancy, become subject to the Rent Stabilization Law and Code.

The lease shall be prepared on the standard form of apartment lease currently used in the building. The rent payable thereunder shall be negotiated by Sponsor and Purchaser, but in no event shall it exceed the legal maximum rent, if any. The term of such lease shall be for a period which will expire on the date of Closing of title in the event this Plan shall have been declared effective, or, at the Sponsor's option, up to two years after the date of execution of said lease in the event this Plan shall not have been theretofore declared effective in accordance with its terms. In the event this Plan is abandoned, the Purchaser-Tenant under said lease may, at any time at his or her sole option, cancel said lease and vacate the premises upon 90 days' prior written notice to the Sponsor at the address set forth on the cover page of this Plan. Absent such cancellation, the tenant will remain subject to the provisions of the Rent Stabilization Law and Code.

It shall be a default under the said Interim Lease if the Purchaser-Tenant thereunder fails to comply with all the obligations

under the Subscription Agreement for said apartment. A default in the terms and conditions of the Interim Lease which is not cured promptly would also be a default under the terms of the Subscription Agreement and will permit the Apartment Corporation to cancel the same in accordance with its terms and the Purchaser-Tenant must vacate the premises within thirty (30) days after such notification by the Apartment Corporation. However, before the default under the Interim Lease may be utilized to declare a default under the Subscription Agreement, either the Sponsor must obtain an order of eviction or other court order or judgment against the lessee from a court of competent jurisdiction or the lessee must have vacated the premises. The lease will also provide that in the event that the Subscription Agreement is cancelled or rescinded for any reason whatever, the lessor will have the right to cancel such lease and the Purchaser-Tenant must vacate the premises within thirty (30) days after such notification by the Apartment Corporation.

It should be noted that until the Apartment Corporation acquires title to the property, tenants of apartments in the building will not be able to claim the income tax deduction described in the introduction to this Plan. Such deductions may become available only (a) when and if this Plan is declared effective and there is a closing under this Plan, and (b) when and if the conditions set forth in the opinion of counsel set forth herein have been met, and then only for the period subsequent to said Closing Date. Rents due under any Interim Lease shall be equitably adjusted between Sponsor and the Purchaser-Tenant.

The Sponsor does not presently offer the right of rescission of a Subscription Agreement. However, should such right be offered in the future, and accepted by Purchaser, then the Purchaser's right to rescind is conditioned upon his surrendering possession of the apartment and leaving the same vacant and broom clean. He must also pay any rent due under his Interim Lease. Nothing contained herein shall relieve any Purchaser of liability for damage caused to the apartment or any liability under the Subscription Agreement.

The Sponsor has the right to rent any non-residential space which may become vacant or to extend the term of existing non-residential leases. The amount of rents to be paid thereunder may be higher or lower than the amount reflected in BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION, SCHEDULE B. In the event any such new or extended lease is for a term in excess of two years, the Sponsor will amend this Plan to reflect such fact.

PROCEDURE TO PURCHASE

A person desiring to purchase shares of the Apartment Corporation will be required to execute duplicate copies of a Subscription Agreement in the form contained in Part II of this Plan and return it to Kings Highway Realty, the Selling Agent, together with a check for at least $1,000 of the purchase price drawn to the order of "Arden House Special Account" and two executed and notarized copies of the transferee questionnaire annexed to the Subscription Agreement. However, for those purchasers not entitled to the discounted price (i.e. non-tenant purchasers), the down payment shall equal at least 10% of the purchase price. There will be no disbursements from this account except on the signature of an attorney with the firm of Sonnenschein, Sherman & Deutsch, attorneys for the Sponsor. In order for any tenant in occupancy to exercise his right to purchase and to be entitled to the reduced price set forth in PURCHASE PRICES AND SHARE ALLOCATION, SCHEDULE A, such tenant must return the executed Subscription Agreement together with the abovementioned check within ninety (90) days from the date of presentation of the Plan. With respect to each subscriber who delivers his Subscription Agreement after the Plan has been declared effective, the time period within which he will be required to pay the balance of his purchase price and close is thirty (30) days.

The Sponsor will hold all monies received by it directly or through his agents, employees or escrow agent, in trust, in a segregated special account at United Mizrahi Bank, whose main branch is located at 630 Fifth Avenue, New York, New York, entitled "Arden House Special Account" until actually employed in connection with the consummation of the Plan as herein described or in connection with any funds returned as herein provided. In the event that insufficient funds are raised through the Offering to effectuate the purchase of the Property and the consummation of the Plan, or if the Plan is abandoned or withdrawn for any reason, or if title to the Property is not acquired by the Apartment Corporation within the time limits mentioned in the section entitled EFFECTIVE DATE for any reason whatsoever, then such monies shall be fully returned to the purchasers without interest, unless the monies are held in an interest-bearing account in which event they shall be returned with the interest accrued within fifteen (15) days. It is currently the intention of the Sponsor that the abovementioned account will be a noninterest-bearing account. The amounts paid by the purchasers will be handled and disbursed in accordance with the provisions of Section 352-e(2)(b) and Section 352(h) of the New York General Business Law.

If and when this Plan becomes effective in accordance with its terms, the balance of the purchase price shall be due and payable by certified check of the purchaser or official check of a New York City

bank not sooner than fifteen (15) days after written request therefor. Payment of such balance will not be due more than thirty-five (35) days prior to the scheduled closing date. In lieu of paying the entire balance, the Purchaser shall have the right to submit a commitment for a bank loan, provided same is submitted not later than the above-described date when the balance of the purchase price is otherwise due, with the understanding that the amount of the loan will be paid over to Sponsor on the closing date simultaneously with the closing of the sale of the property to the Apartment Corporation; and in the event that the bank loan is an amount less than the entire balance of the purchase price, the difference shall be paid by Purchaser in accordance with the above provisions (not later than the indicated due dates). As indicated above, with respect to each subscriber who delivers his Subscription Agreement after the Plan has been declared effective, the time period within which he will be required to pay the balance of his purchase price and close is thirty (30) days.

Purchasers will be given written notice at least thirty (30) days in advance of the scheduled Closing Date of such closing and of their obligation to pay the balance of the purchase price. Such written notice will not be forwarded before the Plan is declared effective, but may be forwarded simultaneously with the amendment declaring the Plan effective. After the Plan has been declared effective, title to the property will close on a date (herein sometimes called the "Closing Date") to be fixed by the Sponsor, which shall not be less than thirty (30) days (except as provided in the following sentence) nor more than approximately one hundred and eighty (180) days thereafter, unless the closing is adjourned or unless the Sponsor exercises its right to cancel the Contract of Exchange as herein specifically provided. Subject to the provisions of the section entitled EFFECTIVE DATE, the Sponsor has the option to accelerate the closing of title to the Apartment Corporation to a date less than thirty (30) days after the Plan has been declared effective; however, such acceleration will not shorten the time within which the purchaser is obligated to pay the purchase price and will not otherwise diminish or reduce the rights of tenants.

If any purchaser fails to pay the balance of the purchase price when due, the Apartment Corporation may elect to cancel the Subscription Agreement by written notice to the Purchaser, and at the expiration of thirty (30) days after the service thereof (unless the Purchaser shall have theretofore cured the default and paid the balance of the purchase price in full) said notice shall be effective and the Subscription Agreement shall be deemed cancelled and all rights of the parties thereunder shall terminate except that the amount of said down payment shall be paid over to the Apartment Corporation, as liquidated damages, which amount shall not exceed 10% of the purchase price and the purchase price payable to Sponsor for the entire premises will be deemed to increase by said amount. In the event of such cancellation,

the Sponsor or Apartment Corporation shall have the right to sell said shares and proprietary lease to another Purchaser as though the Subscription Agreement had never been made.

Each Purchaser will be required to sign and return, within ten (10) days after notice of availability, a proprietary lease in duplicate (in the form contained in Part II of this Plan) for the apartment to which the shares being purchased are allocated upon presentation. A failure on the part of the Purchaser to comply with the foregoing sentence will be deemed a default under the Subscription Agreement.

Attached to the Subscription Agreement is a transferee questionnaire (TP581) which must be delivered to Sponsor, duly signed and notarized, together with the Subscription Agreement. If, for any reason same is not so delivered, and the Subscription Agreement is nonetheless accepted, or if additional forms are required, the purchaser will be required to sign, have notarized, and return within ten (10) days after notice of availability, the transferee questionnaire or whatever form or forms may be requested by Sponsor or Sponsor's agent in connection with the New York State Real Property Transfer Gains Tax insofar as it relates to that purchaser's purchase of shares. A failure on the part of purchaser to comply with the foregoing sentence will be deemed a default under the Subscription Agreement. The amounts appearing on said forms as representing the consideration for the subject shares and apartment will be computed and inserted by Sponsor or Sponsor's agent, and any objection by purchaser to any information contained on such forms must be raised within the above-mentioned ten (10) day period. Purchaser must also furnish Sponsor with his social security number (or tax identification number) upon request and insert such number and other requisite information about him on such forms. Sponsor represents that it will hold purchasers harmless from payment of such tax as a result of their initial purchase.

Non-tenant purchasers will be afforded either three (3) business days to review the Offering Plan prior to executing a Subscription Agreement or, if not, will be afforded seven (7) days after delivering an executed Subscription Agreement together with the required deposit to rescind the Subscription Agreement and have the full deposit refunded promptly. The purchaser must either personally deliver a written notice of rescission to the Selling Agent within the seven (7) day period or mail the notice of rescission to the Selling Agent and have the mailing postmarked within the seven (7) day period. Tenant purchasers will be afforded not less than three (3) business days to review the Offering Plan and all filed amendments prior to executing a Subscription Agreement.

Any conflict between the Subscription Agreement and this Plan shall be resolved in favor of the Plan.

If, prior to the date this Plan is declared effective or the expiration of any exclusive period, whichever is later, Sponsor amends the terms and conditions of this Offering to be more favorable to tenant purchasers, a bona fide tenant who was in occupancy on the date the Plan was accepted for filing and who executed and submitted a Subscription Agreement before the Sponsor amended the terms shall benefit from the more favorable terms and conditions.

Any Subscription Agreement submitted by any purchaser other than a bona fide tenant in occupancy who subscribes within the exclusive periods granted hereunder or any extensions thereof shall not be binding on such purchaser or on the Apartment Corporation until the Subscription Agreement shall be accepted, by endorsement thereon by the Apartment Corporation, and a fully signed copy thereof shall have been delivered to the purchaser. If the Subscription Agreement shall not be accepted within twenty (20) days of the date submitted by the delivery to the purchaser of such endorsed and fully signed copy, the Subscription Agreement shall be deemed to be rejected and cancelled and the deposit shall be promptly refunded. The provisions of this paragraph shall not apply in the event the purchaser is a bona fide tenant in occupancy at the time the Plan is accepted for filing, who purchases within the exclusive period or any extension thereof and who is not in default under the terms of his lease (if any) or monthly tenancy of his apartment.

The Subscription Agreement to be used by tenant purchasers who purchase during the periods during which they have the exclusive right to purchase as set forth in this Plan and applicable laws may not be modified except by a duly filed amendment to the Plan.

The Subscription Agreement to be signed by tenant purchasers under this Plan is not conditioned upon the obtaining of any financing from a bank or other source. Purchasers who desire to obtain financing should make their own arrangements in this regard.

The Sponsor is not currently offering financing. If the Sponsor, at some future time, offers financing, and same is requested by the Purchaser, counsel for the Sponsor will charge a fee to the Purchaser of $350.00 plus disbursements for the preparation of the required documents. In the event Sponsor offers such financing to tenants in occupancy, such offer shall be disclosed by a duly filed amendment.

If a Purchaser obtains financing from a bank or other lender (other than Sponsor), counsel for Sponsor will charge a fee to the Purchaser of $200.00 for coordinating the closing.

Closing of title to the shares and the related proprietary leases will take place at the office of Sonnenschein, Sherman & Deutsch, 10 Columbus Circle, New York, New York 10019. If a Purchaser has arranged for financing, he must execute the loan documents in advance of the Closing and arrange for the lender to be present at the Closing with the proceeds of the loan. If a Purchaser defaults in the performance of his Subscription Agreement and thereafter cures it and closes at a later date than the closing of transfer of title to the Apartment Corporation or, for any reason, closes at a place other than the aforesaid office, the Purchaser will be required to pay a separate fee of $300.00 for each of the above events to such counsel at the closing of title to his apartment.

It will be a condition of closing of title to any apartment with the tenant in occupancy that he has paid all rent lawfully due and owing and other lawful charges up to and including the closing date. It is a default under the Subscription Agreement if such charges are not paid.

Any exclusive right granted to tenants hereunder shall apply only to purchases by bona fide tenants in occupancy. No tenant in occupancy will have any right to purchase any vacant apartment or apartment occupied by another.

A bona fide tenant of record with an unexpired lease on the date the Plan is accepted for filing will be deemed a bona fide tenant in occupancy with all of the rights afforded to such persons under this Plan even if the tenant has sublet the apartment (assuming such sublet is authorized and lawful) or if the apartment is not the tenant's primary residence. A bona fide sublessee in occupancy on the date the Plan is accepted for filing will be deemed a bona fide tenant in occupancy with all of the right afforded to such persons under this Plan only if he sublets from a non-bona fide tenant or if he obtains written permission to purchase the shares allocated to the apartment from the bona fide tenant of record of the apartment.

A Purchaser of the shares allocated to an apartment of which he is not in possession will obtain the Proprietary Lease for the apartment subject (a) to the lease for the apartment then in effect (and any renewal of the term thereof), (b) to any existing occupancy, (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 Rent Laws, and (d) to all other rights of any existing tenant under the Rent Laws. See the section entitled RIGHTS OF EXISTING TENANTS for a further discussion of rights of tenants to remain in occupancy.

The Subscription Agreement is not conditioned upon any prospective purchaser obtaining financing. Prospective purchasers who intend to obtain financing for the purpose of making full payment as required by the Subscription Agreement are advised that in the event they fail to obtain such financing or otherwise raise sufficient funds in time to satisfy the requirements of the Subscription Agreement, they will not be relieved of their obligations thereunder and may, therefore, lose their deposit as provided in the Subscription Agreement.

ASSIGNMENT OF SUBSCRIPTION AGREEMENTS

The Subscription Agreements to be signed by purchasers are not assignable. In the event the Plan is amended so as to give all purchasers the right to assign on a non-discriminatory basis, counsel for Sponsor will charge a fee of $300 for preparing the necessary documentation and processing each assignment. The right of assignment shall be made available only by amendment to the Plan.

EFFECTIVE DATE

The Offering pursuant to this Plan is contingent upon the Plan being declared effective and compliance with the relevant conditions and time periods described herein. The following provisions will determine whether, when, and how this Plan will be declared effective:

1. This Plan may be declared effective if Subscription Agreements with respect to at least 15% of the dwelling units in the building have been received from 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 will occupy the dwelling unit when it becomes vacant. The following Subscription Agreements will not be counted toward effectiveness:

   (a) those signed by subscribers who have been granted a right of recission that has not yet expired or been waived;

   (b) those which have been assigned or transferred without compliance with the Regulations of the Department of Law;

   (c) those which are conditioned upon an amendment to the Plan which has not yet been served in compliance with said Regulations; and

(d) those with any subscriber who is the Sponsor or the Selling Agent, or is a principal of the Sponsor or the Selling Agent,; or is related to the Sponsor or the Selling Agent or to any principal of the Sponsor or the Selling Agent by blood, marriage, or adoption, or is a business associate, an employee, a shareholder or a limited partner; except that such a subscriber other than the Sponsor or a principal of the Sponsor may be included to the extent permissible under the Regulations of the Department of Law.

2. After the condition in the preceding Section 1 has been met, the Sponsor may, at its option, declare this Plan effective.

3. When Subscription Agreements have been executed and accepted for sale to purchasers of at least 80% of the units of the Apartment Corporation offered under this Plan, the Sponsor must declare this Plan effective.

The Apartment Corporation will notify all purchasers and tenants if and when the aforementioned condition of effectiveness has been met.

This Plan may not be amended at any time to provide that it shall be an eviction plan.

For purposes of determining whether the 15% requirement set forth in Section 1 above has been satisfied: (a) in the event one subscriber subscribes for the shares allocated to two or more dwelling units, notwithstanding that he may lease or occupy more than one dwelling unit, the shares allocated to only one of such dwelling units may be included; and (b) Subscription Agreements submitted by tenants in occupancy on the date the Plan was accepted for filing shall be included only if such Subscription Agreements were executed and delivered pursuant to an offering made without discriminatory repurchase agreements or other discriminatory inducements.

The Plan will be declared effective by written notice to purchasers and tenants in occupancy delivered personally, by regular mail or by certified mail, return receipt requested. An amendment reflecting this notice will be submitted within five business days after the presentation of the notice. No closing will take place until the amendment is accepted.

In the event the Plan is not declared effective within 15 months from the date it was accepted for filing, the Plan will

be deemed abandoned. In the event of such abandonment, no new plan for conversion to cooperative ownership shall be submitted for at least 12 months after such abandonment.

The Sponsor will on the 30th, 60th, 88th and 90th days after presentation of the Plan and at least once every 30 days until the Plan is declared effective or abandoned, as the case may be, and on the tenth and second day before the expiration of any exclusive period provided in a substantial amendment to the Plan, (1) file a written statement under oath, setting forth the date and time of the statement, the date the Plan was accepted for filing, the date of presentation of the Plan, the last day of any exclusive period, the number of tenant subscribers countable toward effectiveness, the number of non-tenant subscribers countable toward effectiveness, the total number of subscriptions countable toward effectiveness, the number of apartments counted in the base, and the percentage of said apartments for which countable subscriptions have been received; and (2) before noon on the day such statement is filed, post a copy of such statement in a prominent place accessible to all tenants in the building. Tenants in occupancy on the date the Plan is accepted for filing who execute agreements to purchase will not be included in the count if they have an affiliation with the Sponsor unless the Sponsor has submitted proof satisfactory to the Department of Law establishing that the purchaser is a bona fide tenant. A copy of this notice will be posted in the lobby in 150 Hawthorne Street, Brooklyn, New York. Copies of this notice will be available to any tenant in occupancy from 9:00 A.M. to 5:00 P.M. at the managing agent's office, Morris Rokowsky Management Company, 4819 13th Avenue, Brooklyn, New York, and at the offices of the Department of Law, Bureau of Real Estate Financing, 120 Broadway, New York, New York 10271.

At its option, Sponsor may declare the Plan abandoned for any reason whatsoever before it is declared effective or the quota referred to in the foregoing Section 3 has been reached. In such event, all amounts theretofore paid by Purchasers toward their respective purchase prices shall be returned to them within ten (10) days with interest, if any. After the Plan has been declared effective, it may not be abandoned except in the event of (i) the existence of a defect in title which cannot be cured except by litigation, or which requires the expenditure of 1/2 of 1% of the maximum aggregate purchase price (the Cancellation Price) or more to cure same, or (ii) the existence of work orders of any mortgagee and violations of record which cannot be performed, cured or complied with for less than the Cancellation Price in the aggregate (excluding any work orders known to Sponsor or violations of record noted as of the date of presentation of the Plan), or (iii) a substantial damage or destruction of the building by fire or other casualty which cannot be repaired for less than the Cancellation Price, or any combination of items (i), (ii), and (iii) which require an

expense in the aggregate of the Cancellation Price or more, or (iv) the taking of any material portion of the property by condemnation or eminent domain. There will be no obligation on the part of the Sponsor to incur expenses (except to the extent of the Cancellation Price in case of work orders and violations as aforesaid) or engage in litigation to cure title defects. Any such title defects, violations, work orders, or determination of any authority or regulatory association which exist on the date of presentation of the Plan and either are known to the Sponsor or are a matter of public record shall be excluded from the foregoing. There will be no obligation on the part of the Sponsor to engage in litigation to cure title defects. The Sponsor will not be obligated to remedy radio and television antennae violations or violations within apartments caused by the acts or omissions of tenants of the building or that are noted or issued after the date of closing or violations required under local law to be remedied by tenants.

After the Plan has been declared effective, title to the property will close on a date (herein sometimes called the "Closing Date") to be fixed by the Sponsor, which shall not be less than thirty (30) days (except as provided in the following sentence) nor more than approximately one hundred and eighty (180) days thereafter, unless the closing is adjourned or unless the Sponsor exercises its right to cancel the Contract of Exchange as herein specifically provided. The Sponsor has the option to accelerate the closing of title to a date less than thirty (30) days after the Plan has been declared effective. Any such acceleration will not shorten the time within which purchasers are obligated to pay the purchase price under the Subscription Agreement and will not reduce or otherwise diminish the rights of tenants.

On the Closing Date, fee title to the property will be conveyed by the Sponsor to the Apartment Corporation and each Purchaser will thereupon become obligated as of the Closing Date for the payment of maintenance charges under his proprietary lease, whether or not the tenant has taken possession of the apartment and whether or not the tenant in possession, 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, provided such purchasers have paid the cash purchase price and complied with all of purchaser's obligations under the Subscription Agreement and under the obligations of his lease or occupancy up to the date of the sale to the Apartment Corporation.

TERMS OF MORTGAGES

At the time of the Closing, the Property will be encumbered by a first mortgage held by First Nationwide Savings, 1790 Broadway,

New York, New York, dated April 10, 1986, in the original principal amount of $1,500,000. The mortgage provides for constant monthly payments of $14,163.74 applicable first to interest at the initial interest rate of 10.5% per annum and the balance in reduction of principal. The mortgage is self-amortizing and matures on May 1, 2011.

The mortgage is based on a fluctuating rate of interest which is based on an initial index of 6.54% (the rate on 6-month treasury bills at the time the loan commitment was granted). The interest rate will not vary by more than 1/2 percent on any adjustment date and will not exceed 14.5% interest during the term of the mortgage. The interest rate will be adjusted every 6 months.

The mortgage is prepayable in whole on any interest date upon 60 days prior written notice upon payments equal to 3% of the unpaid principal if prepaid prior to April 10, 1987, 2% if prepaid prior to April 10, 1988, and 1% thereafter.

The mortgage provides for a late charge of 5% of any monthly payment not received within 15 days after the payment is due.

Escrow deposits for real estate taxes, water and sewer charges and insurance are required under the first mortgage (monthly deposits equal to 1/12th of the annual amounts due) such that sufficient moneys will be in this escrow fund to pay the indicated items at least thirty (30) days prior to the respective due dates.

The insurance coverage reflected in BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION, SCHEDULE B will be sufficient to satisfy the requirements of each mortgage.

Sponsor represents that all payments due at or prior to Closing on mortgages that will encumber the property after Closing will be made and all defaults, notice of which has been received by the Closing, will be cured.

The occurrence of any of the following events constitute a default of the mortage, entitling the lender, at its option, to accelerate payment of the mortgage indebtedness: (1) failure to make monthly installments of principal and interest as and when due; (2) failure to keep the buildings and land insured against loss or damage by fire or other perils in a sum less than that of the promissory note secured by the mortgage; (3) failure to pay any tax assessment, liability, obligation or encumbrance upon the property; (4) failure to cure any default within 50 days after notice of such default; (5) the appointment of a receiver, trustee or liquidator of all or a substantial part of mortgagor's assets, or if the mortgagor shall be adjudicated a bankrupt; or

(6) if all or any part of the property shall be damaged or taken through condemnation.

The mortgage provides that the mortgagee may declare the note due and payable upon sale of the premises, however a transfer to an apartment corporation is permitted provided the sum of $15,000 is paid to the mortgagee at the time of the transfer of title. Sponsor agrees to make the foregoing payment on behalf of the Apartment Corporation. The Apartment Corporation may be required to execute an assumption agreement in connection with the transfer of title. There is no prohibition on subordinate liens.

SUMMARY OF PROPRIETARY LEASE

The proprietary lease will be for a term ending on September 30, 2028, 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. He will also have the following rights and obligations:

(1) He may cancel his lease and surrender his shares to the Apartment Corporation (without receiving any compensation), effective as of any September 30th following expiration of three years after the closing date, 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. More restrictive provisions apply to voluntary cancellation by any holder of "Unsold Shares" (see paragraph 38(d) of the proprietary lease, which appears as Exhibit III to this Plan).

(2) He will have the right to sell his shares and assign his proprietary lease, and sublet his apartment at any time, in compliance with the provisions of the proprietary lease and Apartment Corporation's By-Laws, which require that consent thereto be authorized by resolution of the Board of Directors, or by written consent, or vote of shareholders owning at least sixty-five (65%) percent of the Apartment Corporation's outstanding shares. Such consent may be arbitrarily refused provided such refusal is not based upon race, color, creed, sex or other ground proscribed by law. A charge determined by the Board of Directors may be imposed to cover legal fees and other expenses of the Apartment Corporation; but such charges may not be imposed and no consent required with respect to the holders of Unsold Shares and leases appurtenant thereto as mentioned in the section entitled UNSOLD SHARES.

(3) He will have the right to pledge his shares and lease as security for repayment of a legally permitted loan made by a bank, trust

company, or other recognized lending institution or by any other party, including the Sponsor, when the pledge is for the purpose of purchasing the shares and lease relating to the apartment (see further paragraph 17 of the lease). In the event of a default under the lease by the Lessee declared by Lessor, the Apartment Corporation will notify the secured party accordingly (provided, of course, the secured party has previously notified the Apartment Corporation, Lessor, of the existence of the pledge).

(4) He will be responsible for the cost of interior repairs and decorating in his apartment and for the cost of maintaining and replacing appliances and fixtures.

(5) Apartments may be used for residential purposes and for such other purposes as may be permitted under the applicable zoning laws and are otherwise legal.

(6) Paragraph 46 provides that as long as holders of "Unsold Shares" hold at least 25% of the outstanding shares, the Lessor will not, during the first five years of operation, without the consent of such holders, except as required by law or as may be required to cure or remedy any notice of violation or any work order by a mortgagee or an insurer or a notice of default from a mortgagee, engage additional employees beyond those set forth in BUDGET FOR FIRST YEAR OF CO-OPERATIVE OPERATION, SCHEDULE B, provide equipment or services in excess of those set forth in BUDGET FOR FIRST YEAR OF CO-OPERATIVE OPERATION, SCHEDULE B, modify or refinance the mortgage on the premises, increase the reserve for contingencies set forth in BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION, SCHEDULE B or levy any additional maintenance charges for capital improvements, unless without such capital improvements and repairs the continued existence of the building is in jeopardy or there is a danger to the health or safety of the building's residents or the capital improvement is necessary to avoid a breakdown of a major component, mechanical element, or fixture of the building's equipment. Additionally, any repair work mandated by law, as well as capital improvements or repairs necessary to remedy a notice of violation of law or a work order by a mortgagee or insurer may be done.

(7) The breach by the Lessee of any of the terms or covenants contained in the lease may give the Lessor the right to declare a default. Such a default may be declared: (i) if the Lessee shall be in default for a period of one month in the payment of any rent, additional rent or of any installment thereof and shall fail to cure such default within ten (10) days after written notice from the Lessor; (ii) if the Lessee shall be in default in the performance of any covenant or provision of the lease, other than the covenant to pay rent, and such default shall continue for thirty (30) days after written notice from the

Lessor; (iii) if the lease is assigned, or the apartment sublet without full compliance with the requirements of Paragraphs 15 or 16 of the lease; and (iv) if any person not authorized by Paragraph 14 of the lease is permitted to use or occupy the apartment, and the Lessee shall fail to cause such unauthorized person to vacate the apartment within ten (10) days after written notice from the Lessor.

(8) Each Lessee is responsible for keeping the interior of his apartment in good condition. See further Paragraph 18 of the lease.

(9) The Lessee is not permitted to perform any alterations or additions to his apartment without the prior consent of the Lessor.

(10) The Board of Directors, in establishing the cash requirements of the Apartment Corporation, has the right to include an amount targeted for the creation of such reserve for contingencies as it may deem proper (except as set forth in paragraph (6) above).

(11) The Board of Directors determines the cash requirements of the Apartment Corporation in each year which, in turn, determines the total maintenance charges to be required of Lessees. The maintenance charges to be paid by any one Lessee shall equal that proportion of the Lessor's cash requirements for such year, or portion of a year, which the number of shares of Lessor allocated to the apartment bears to the total number of shares of the Lessor issued and outstanding on the date of the determination of such cash requirements.

The obligations of holders of shares of apartments occupied by non-purchasing tenants, as discussed in the Plan, are included in the proprietary lease.

The form of proprietary lease is printed in full in Part II as Exhibit III. It may be changed only by the approval of lessees owning at least sixty-six and two-thirds (66-2/3%) percent of the Apartment Corporation's outstanding shares.

APARTMENT CORPORATION

The Apartment Corporation was formed under the Business Corporation Law of the State of New York on May 21, 1986. It has an authorized capital of 20,000 shares of the par value of $1.00 each, of which it is intended that 14,181 shares be initially issued. The By-Laws require not less than three (3), nor more than seven (7) Directors. The first Officers and Directors will be designated and controlled by Sponsor and will resign in favor of Directors to be elected by the shareholders at a meeting to be held within thirty (30) days after closing date. Each shareholder will be entitled to one (1) vote for

each share held except, as indicated below, in elections of Directors. The holders of Unsold Shares shall agree not to exercise voting control of the Board of Directors after the earlier of the following two events: (a) the Unsold Shares constitute less than 50% of the shares; or (b) five years from the date of closing. Prior to such time, the holders of Unsold Shares may exercise voting control of the Board of Directors.

As long as holders of Unsold Shares hold at least twenty-five (25%) percent of the outstanding shares of the Apartment Corporation, but in no event for a period beyond five years from the date of Closing, the Apartment Corporation, acting by its Directors or otherwise, will not, without the consent of such holders, do any of the following except as required by law: (a) engage employees in addition to the employees referred to in BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION, SCHEDULE B or provide services or equipment with respect to the premises in excess of those contemplated in BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION, SCHEDULE B; (b) increase the amount of the mortgage indebtedness of the Apartment Corporation, extend, refinance or in any other way modify the terms of the mortgage on the premises or enter into any new mortgage or contract of sale or lease of the premises; (c) increase in any year the amount of the reserve for contingencies (or other reserves) over the amount allowed therefor set forth in BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION, SCHEDULE B provided that any unused portion of such reserve for any year may be added to the reserve for the following years; or (d) require any additional maintenance charges for capital improvements and repairs except as may be required by law, unless without such additional maintenance charges the continued existence of the building is in jeopardy or there is a danger to the health or safety of the building's residents or the capital improvement is necessary to avoid a breakdown of a major component, mechanical element, or fixture of the building's equipment. Additionally, any repair work mandated by law, as well as capital improvements or repairs necessary to remedy a notice of violation of law or a work order by a mortgagee or insurer may be done.

The Board of Directors will conduct the affairs of the Apartment Corporation and supervise the operation of the building without receiving compensation therefor. It is not necessary for a Director to be a shareholder. Directors will be elected by cumulative voting. In other words, in all elections of Directors of the Apartment Corporation, each shareholder shall be entitled to as many votes as shall equal the number of votes which (except for these provisions) he would be entitled to cast for the election of Directors with respect to his shares, multiplied by the number of Directors to be elected, and he may cast all of such votes for a single Director or may distribute them among the number to be voted for, or any two or more of them, as he may see fit.

Any Director who incurs an expense or judgment arising from his acting in capacity as Director shall be entitled to indemnification from the Apartment Corporation unless such Director has violated his duty thereto. See further Article 7, Section 1 of the By-Laws.

The Apartment Corporation's By-Laws may be amended by the vote of shareholders owning two-thirds of the outstanding shares or by a majority of the Directors. See further Article 12, Section 1 of the By-Laws.

A copy of the By-Laws is set forth in Part II of this Plan as Exhibit IV.

The Apartment Corporation will have a lien on each shareholder's shares to secure payment of maintenance charges. As a result, any lender to whom any shareholder wishes to pledge his shares may require the execution by the Apartment Corporation of a special agreement before closing on the loan.

All expenses of the Apartment Corporation accruing up to and including the closing date, including any Selling Agent's commission, will be paid by Sponsor or by the Apartment Corporation from the proceeds of the sale of the shares, in which latter event the purchase price will be reduced accordingly.

The Apartment Corporation may not discriminate against any person for a reason proscribed by civil rights laws.

UNSOLD SHARES

Sponsor has agreed that on the Closing Date Sponsor (or a financially responsible individual person or persons designated by Sponsor) will take title to shares and will enter into proprietary leases for all apartments which have not been purchased on the Closing Date (such purchaser is hereinafter referred to, for the purposes hereof, as "holder of Unsold Shares"; see further paragraph 38(a) of the Proprietary Lease for definition of "Unsold Shares"). Therefore, despite the reference to "Unsold Shares", all shares of the Apartment Corporation will have been duly issued to and be beneficially owned by Sponsor or individuals. The prices to be paid for Unsold Shares shall be subject to change as determined by Sponsor or the Holder of Unsold Shares.

The Sponsor has agreed that if a holder of Unsold Shares, other than Sponsor, fails to fulfill his obligations under his proprietary lease, including the payment of all maintenance charges and assessments thereunder, the Sponsor will guarantee the payment of such obliga-

tions,* and the Apartment Corporation will have a lien upon the shares to secure the payment of all obligations of the holder of Unsold Shares. All shares which are Unsold Shares retain their character as such (regardless of transfer) until (1) such shares become the property of a bona fide purchaser for occupancy (by himself or a member of his family) of the apartment by which such shares are allocated, or (2) the holder of such shares (or a person related by blood or marriage) becomes a bona fide occupant of the apartment. No bond or other security has been furnished by the Sponsor, and the Sponsor's ability to perform will depend solely upon its financial condition, if and when called upon to perform. Sponsor represents that it has the financial resources to enable it to meet its obligations with respect to Unsold Shares. Any Unsold Shares and leases acquired by a holder of Unsold Shares may be sold or assigned by him at such prices as he may determine or his apartment may be sublet by him, and the right to make such assignment or subletting shall not require the consent of the Apartment Corporation or any other person. No charge of any kind will be asserted or levied by the Apartment Corporation or its agents in connection with such subletting or assignment. In addition to the foregoing prohibition against charges to holders of Unsold Shares in connection with an assignment or subletting, no discriminatory charge or fee may be imposed on a holder of Unsold Shares. The Apartment Corporation will cooperate in the filing of documents with the Department of Law, the Rent Stabilization Association, Rent Control Authorities and the Division of Housing and Community Renewal so as to enable a holder of Unsold Shares to obtain all benefits relating to their ownership of shares pertaining to such apartments and of their being the landlord of such apartments. The Apartment Corporation agrees, so long as holders of Unsold Shares are outstanding, to maintain all essential services presently being furnished. In connection with the sale by Sponsor or its designee of Unsold Shares which are being financed by a lender or by the seller of the Unsold Shares, the Apartment Corporation will, on request, promptly execute and deliver to a bank or other lender the standard recognition agreement then being used by banks or other lenders. Such financing may be in such amount and upon such terms as the seller of the Unsold Shares shall determine. 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 his obligations pursuant to his pro-

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* Upon the performance by Sponsor of such defaulted obligation, Sponsor will be subrogated to all of the Apartment Corporation's rights and remedies against the defaulting holder of Unsold Shares as if it were the Lessor; and the Apartment Corporation will, at the time of such performance by Sponsor, enter into a subrogation agreement in form satisfactory to counsel for Sponsor.

prietary lease. The rights of holders of Unsold Shares herein set forth may not be modified by the Apartment Corporation.

After the closing of title, the holders of Unsold Shares will have the same rights as the Sponsor to change the size (either as a result of subdivision, combination, alteration of boundary walls or internal partitioning or otherwise) and/or layout of any apartment owned by them or any of them, and to reallocate shares in connection with such change, provided that any such reallocation of shares will not change the total number of shares allocated to all apartments which are the subject of such changes. Any such change shall be reflected by an amendment. Further, the holders of Unsold Shares may make alterations or improvements without the consent of the Apartment Corporation or its Board of Directors; provided, however, that the holder of Unsold Shares shall comply with all rules, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Apartment Corporation harmless from any liability arising therefrom. In addition, such holders of Unsold Shares may resell the apartments held by them for any price established by them, and they may change such price from time to time without obtaining the approval of any other person, in the same manner as the Sponsor. After closing of title and so long as there are Unsold Shares, Sponsor shall have the right to post an appropriate sign on the exterior of the premises indicating the existence of a cooperative and the availability of apartments and to maintain a model apartment.

The rights of holders of Unsold Shares as set forth in this Plan may not be modified by the Apartment Corporation. An agreement setting forth the rights of the holders of Unsold Shares as provided in this Plan will be executed by the Apartment Corporation at the Closing, which agreement may not be modified without the written consent of the holders of Unsold Shares.

All holders of Unsold Shares shall comply with the escrow deposit provisions of Section 352-e(2)(b) and the trust fund requirements of Section 359-h of the General Business Law.

As long as Sponsor or its designees are holders of Unsold Shares, Sponsor or such holders of Unsold Shares shall amend the Plan to provide current and accurate information about the offering until the shares allocated to apartments of such holders of Unsold Shares have been sold to bona fide purchasers. Such holders of Unsold Shares shall provide a copy of this Plan and all filed amendments to prospective purchasers and must register as a broker/dealer pursuant to Section 359-e of the General Business law (unless previously so registered).

The Proprietary Lease will contain a provision to the effect that 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 property 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).

PURCHASERS FOR INVESTMENT OR RESALE

A purchaser for investment or resale is a purchaser who purchases shares allocated to three (3) or more apartments offered for sale under this Plan, which apartments are not for occupancy by such purchaser or by persons related by blood, marriage or adoption to such purchaser. In connection with the sale of such units a purchaser for investment or resale shall (1) register as a broker-dealer pursuant to Section 359-e of the General Business Law; (2) comply with the escrow deposit provisions of Section 352-e(2)(b) and the trust fund provisions of Section 352-h of the General Business Law; and (3) provide the following documents to a prospective purchaser at no cost to the purchaser three (3) business days before entering into a purchase agreement:

(i) a copy of the most recent financial statement, if any, of the Apartment Corporation and a copy of the most recent budget of projected expenses, if any;

(ii) a copy of the most recent notice, if any, from the Apartment Corporation of the interest and taxes deductible for income tax purposes;

(iii) copies of notices, if any, from the Apartment Corporation concerning changes in maintenances charges, potential assessments, planned major capital improvements and proposed refinancing of the building's mortgage;

(iv) copies of pleadings in pending lawsuits or proceedings, if any, the outcome of which may affect the offering of the apartment, the seller's capacity to perform all of its obligations under the purchase agreement or the rights of an existing tenant of the apartment, if any;

(v) if the apartment is occupied, a copy of the tenant's lease and representation of the tenant's status under any applicable rent law and status as an eligible senior citizen or eligible handicapped person;

(vi) copies of the By-Laws and Proprietary Lease of the Apartment Corporation as amended; and

(vii) a copy of notice of uncured violations of record in the apartment, if any, that are the responsibility of the proprietary lessee to cure.

RESERVE FUND AND WORKING CAPITAL FUND

On the Closing Date, from the amount of cash raised by this Offering, the Apartment Corporation will retain the sum of $15,000 (plus or minus closing adjustments and escrow deposits required under the mortgage) as a working capital fund. In the event the sum of net closing adjustments and the escrows to be funded at closing pursuant to the mortgage are in favor of Sponsor (which is very likely), said sum shall be paid pursuant to a promissory note to be executed by the Apartment Corporation and delivered to Sponsor at the closing. Such promissory note will not bear interest and will be due thirteen (13) months after the Closing Date. If the Apartment Corporation does not have reserves from the payment of maintenance charges by the tenant-shareholders to make such payments, it may be necessary to require additional maintenance charges to pay off such promissory note. Although this note is not directly included in BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION, SCHEDULE B, payment of the note represents, in effect, payment of certain expenses reflected in such budget that have been prepaid by the Sponsor. In considering the approximate semi-annual amount due for real estate taxes and the approximate annual amount due for water and sewer charges, it is anticipated that the net adjustments may be in favor of Sponsor in the approximate amount of at least $25,000. This working capital fund may be held for working capital and for repairs and other appropriate corporate purposes as determined by the Board of Directors. As long as Sponsor controls the Board of Directors (see the section entitled APARTMENT CORPORATION), the working capital fund will not be used to reduce the maintenance charges as projected in BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION, SCHEDULE B. The closing costs will be borne by the Sponsor or will be paid by the Apartment Corporation from the proceeds of the sales of shares. In any event, closing costs will not be deducted from the working capital fund.

On the Closing Date or within thirty (30) days thereafter, a reserve fund will be established for the benefit of the Apartment Cor-

poration to be used exclusively for making capital repairs, replacements and improvements necessary for the health and safety of the residents of the building. As provided in Chapter 51 of the Administrative Code of the City of New York, Section YYYY 51-3.0 (also known as Local Law 70 a copy of which appears in Part II of this Plan as Exhibit IX), such fund shall, at Sponsor's option, be established in an amount equal to either (i) three (3%) percent of the total price (which is defined as "the number of all shares in the offering multiplied by the last price per share which was offered to tenants in occupancy prior to the effective date of the plan regardless of the number of sales made";-- applying this definition to this Plan and assuming the prices remain as set forth in this Plan, the amount will be approximately $110,612) or, (ii) (A) three (3%) percent of the actual sales price of all cooperative shares sold by the offeror at the time the plan is declared effective; provided, however, that if such amount is less than one (1%) percent of the total price, then the fund shall be established as a minimum of one (1%) percent of the total price (approximately $36,870 based on the prices set forth in Schedule A); plus (B) supplemental contributions to be made by the offeror at a rate of three (3%) percent of the actual sales price of cooperative shares for each unit or its allocable shares held by the offeror and sold to bona fide purchasers subsequent to the effective date of the plan and within five (5) years of the closing of the conversion pursuant to such plan notwithstanding that the actual amount contributed may exceed three (3%) percent of the total price; and provided, further, that if five (5) years from thirty (30) days after the closing of the conversion pursuant to such plan the total contributions by the offeror to the fund are less than three (3%) percent of the total price, the offeror shall pay the difference between the amount contributed and three (3%) percent of the total price. Supplemental contributions shall be made within 30 days of each sale. Sponsor may claim and receive credit against the mandatory initial contribution to the reserve fund for the actual cost of capital replacments which he has begun after the plan is submitted for filing to the state Department of Law and before the plan is declared effective; provided, however, that any such replacements must be set forth in the Plan (including amendments thereto) together with their actual or estimated costs and further provided that such credit shall not exceed the lesser of the actual cost of the capital replacements or one (1%) percent of the total price.

THE RESERVE FUND TO BE PAID AT THE CLOSING IS CURRENTLY SET AT ONE (1%) PERCENT OF THE TOTAL PRICE AS THAT TERM IS DEFINED ABOVE, OPTION (ii). Sponsor reserves the right to reduce the reserve fund in accordance with any price reduction offered to tenants in occupancy which results in a reduction of the total price as defined above.

In lieu of the payment of the reserve fund as mentioned above, Sponsor reserves the right to provide for the payment on the Closing Date of a reserve fund of an amount equal to three (3%) percent of the total price as defined above, option (i).

The Apartment Corporation shall report to the shareholders on a semi-annual basis with respect to all deposits into and withdrawals from the reserve fund mandated by Section YYYY 51-3.0.

No representation is made that the working capital fund or the reserve fund will be adequate to cover current or future expenses, including repairs or replacements, and if additional funds are required over and above the working capital fund or the reserve fund, it may be necessary to increase maintenance charges.

As long as the Sponsor is in control of the Board of Directors, the reserve fund will not be used to reduce projected maintenance charges in this Plan.

THE PROPERTY IS OFFERED IN ITS CURRENT CONDITION AS SET FORTH IN THIS OFFERING PLAN. NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENT AGENCY HAS PASSED UPON THE ADEQUACY OF THE ABOVEMENTIONED FUNDS OR ON THE PHYSICAL CONDITION OF THE BUILDING.

As long as the Sponsor is in control of the Board of Directors, the reserve fund will not be used to reduce projected maintenance charges in this Plan.

CONTRACT OF EXCHANGE

By agreement of exchange, Sponsor has contracted to transfer the Property to the Apartment Corporation subject to the exceptions referred to below, in exchange for the Unsold Shares of the Apartment Corporation, the Apartment Corporation taking title subject to the first mortgage, and the net cash proceeds of the Apartment Corporation as set forth in this Plan.

The net proceeds to be received by Sponsor at closing shall consist of the following:

(a) an amount equal to the aggregate cash proceeds obtained by the Apartment Corporation through the sale of its shares under this Plan less the Reserve Fund and Working Capital Fund to be retained by the Apartment Corporation (which Working Capital Fund shall be increased or decreased by closing adjustments as set forth in RESERVE FUND AND WORKING CAPITAL FUND);

(b) an amount equal to any money forfeited by defaulting subscribers;

(c) the shares of the Apartment Corporation allocated to apartments under this Plan which have not been purchased and paid for as of the Closing Date, which shares shall be duly issued to Sponsor or Sponsor's designee(s), and the proprietary leases appurtenant thereto; and

(d) by the Apartment Corporation taking title subject to the first mortgage as described in the section entitled TERMS OF MORTGAGES.

The Apartment Corporation will then convey the property free and clear of liens, encumbrances and title exceptions, subject to the Plan being declared effective and subject only to the following exceptions:

(a) The mortgages hereinabove referred to under heading TERMS OF MORTGAGES which will affect the property at the Closing Date.

(b) Leases in force on the Closing Date, statutory tenancies and rights of tenants in possession.

(c) State of facts which an accurate survey may show provided such other or changed facts do not render title unmarketable.

(d) Zoning regulations and ordinances, provided same do not prohibit the existence or present use of the structure.

(e) Any rights of gas, electricity, steam, telephone and other utility companies to maintain, repair and replace any wires, conduits, pipes, valves, chutes and vaults on, over, under and adjacent to the property.

(f) Encroachment of stoops, areas, cellar steps, trim, cornices and projections, if any, on any street or highway; and consents by any owner of the property for the erection of any structure on, under or above any street or streets on which the property may abut.

(g) Union contracts and management and service agreements referred to in MANAGEMENT AGREEMENT, CONTRACTS AND LEASES.

(h) Covenants, Agreements and Restrictions of record which do not prevent the present use of the property.

(i) The revocable nature of the right, if any, to use vaults, areas, chutes and other space beyond the lot lines and under and abutting the public sidewalks.

(j) Corporate franchise tax liens.

(k) Party wall agreements of record which do not prevent the present use of the property.

In the event that the transaction is changed so as to be structured so that the Apartment Corporation takes title to the property before the stock certificates and proprietary leases are issued to individuals who have theretofore subscribed and all of the shares are originally issued to Sponsor or parties supplied by Sponsor who then transfer the shares to such subscribers: (1) Sponsor will indemnify the Apartment Corporation and such subscribers against any liability incurred before the stock certificates and proprietary leases are turned over to the subscribers and (2) Sponsor will update the title search before the first closing to any such subscribers and, if there are any judgments or liens or if litigation has been commenced which the Apartment Corporation is not required to take title subject to as provided in the Plan, Sponsor must amend the Plan before the first closing to a subscriber, and (3) the Apartment Corporation will have public liability insurance after it takes title to the property and before the first closing to a subscriber. The purpose of the preceding sentence, if the transaction is changed as mentioned above, is to assure that the Apartment Corporation and individuals would be in the same position as though the stock certificates and leases were issued directly to subscribers at the time of the closing of title.

Sponsor represents that, if the shares of the Apartment Corporation are not issued directly to purchaers, the shares will be transferred free of liens and encumbrances, except as otherwise provided for herein.

The Property will be conveyed by Bargain and Sale Deed with Covenant against Grantor's Acts.

With regard to violations, the Sponsor will convey title to the premises free of all violations of record existing on the date of closing (except as provided below in Exhibit II), or will deliver its written undertaking to remove any such violations as soon after the closing as practicable, including the depositing in escrow with the attorneys for Sponsor of a reasonable sum to secure the removal of such violations. The amount of such sum to be deposited in escrow will be determined by the Managing Agent. Further, if the cost to the Sponsor for the removal of violations exceeds 1/2 of 1% of the maximum aggregate purchase price (excluding any work orders known to Sponsor or violations

of record noted as of the date of presentation of the Plan), Sponsor shall have the right, at its option, to cancel the contract and declare this Plan and offer withdrawn.

The Apartment Corporation's title will be insured by any title company authorized to do business in New York State in an amount at least equal to the net purchase price at closing and paid for either by Sponsor or the Apartment Corporation, but if paid for by the Apartment Corporation, the purchase price payable by the Apartment Corporation will be reduced by the amount of the cost of title insurance.

The sale includes all of Sponsor's fixtures and articles of personal property attached to or used in connection with the operation of the property. 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 prior to closing and removes a kitchen stove or refrigerator belonging to him, the Sponsor, at his 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 date of presentation of this Plan.

The agreement provides that the following items will be apportioned between the Sponsor and the Apartment Corporation: (a) real estate taxes, (b) water and sewer charges, (c) fuel, (d) prepaid insurance premiums, (e) payments under service contracts and union contracts, (f) mortgage interest, (g) wages and payroll expenses including vacation accruals in accordance with the standard union contract, (h) commercial and professional rents, (i) fees for assignable permits and licenses, (j) individual apartment rents, (k) escrow deposits, if any, with mortgagee, (l) Realty Advisory Board fees, (m) additional rent payable by tenants for tax escalation and similar items, (n) charges and receipts in connection with service and maintenance contracts, (o) accrued Senior Citizen exemptions, (p) building supplies on hand at the Closing Date.

It is anticipated that the following costs, fees and charges will be incurred in connection with the Closing: sales commissions, attorney's fees, accounting fees, printing and photostating costs, title insurance fees, engineer's fees, transfer tax charges, mortgage tax (if any) and recording fees. The working capital fund referred to in RESERVE FUND AND WORKING CAPITAL FUND will not be reduced by closing costs paid by the Apartment Corporation.

The security deposit, if any, of a tenant who purchases will be refunded to him after the closing of title if 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 and held in accordance with Section 7-103 of the General Obligations Law. Security held under professional leases, if there be any, will be transferred to the Apartment Corporation on the Closing Date.

In the event that any tenants in occupancy are receiving the benefit of reduced rent as Senior Citizens (thus entitling the owner to an appropriate reduction in real estate taxes) and any such tenant fails to purchase his apartment, the Apartment Corporation will enter into an agreement to cooperate with the holder of the shares and proprietary lease to such apartment so that such holder will receive the benefit of the reduced real estate taxes so long as the Senior Citizen continues in occupancy; and in this regard the Apartment Corporation will agree to execute the necessary appropriate documents to obtain such tax savings and pass the benefit thereof to the owner of the shares allocated to the apartment.

The agreement provides that the first moneys received by the Apartment Corporation from any tenant owing past due rentals shall be received by the Apartment Corporation as trustee for the Sponsor on account or in payment of such past due rentals and as a trust fund for such purpose, and the Apartment Corporation shall remit to the Sponsor forthwith the amount of such past due rentals to which the Sponsor may be entitled out of the first moneys received by the Apartment Corporation. Current rent for the first month of closing shall either be adjusted with the Apartment Corporation or directly with the tenants.

The Apartment Corporation shall deliver to Sponsor at Closing an agreement assuming the payment and performance of all obligations of Sponsor which arise from and after the Closing Date under the service, maintenance and concessionaire agreements in effect on the Closing Date and indemnifying Sponsor against any and all claims and liability thereunder which relate to matters and events occurring on or after the closing of title.

If proceedings are pending 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. The cost of such proceedings and (in the event taxes are reduced) any refund shall be apportioned between 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 obtaining such refund shall belong to and be incurred by Sponsor alone.

The Property is being sold "as is" on the Closing Date.

No provision of the Contract of Exchange shall survive delivery of the deed, except as expressly provided in the Contract. Acceptance of the deed by the Apartment Corporation shall constitute an acceptance, full performance and discharge of all of the Sponsor's obligations under the Contract except such as may expressly be stated to survive delivery of the deed under Article 23-A of the General Business Law.

Conflicts between the contract of exchange and the Offering Plan shall be resolved in favor of the Plan.

Tax Consequences of Contract of Exchange

Anything in this Plan to the contrary notwithstanding, it is contemplated that the Plan will be consummated by the transfer of the property by Sponsor to the Apartment Corporation in exchange for (i) all of the Unsold Shares of the Apartment Corporation (and the right to proprietary leases covering each of the apartments to which the respective blocks of shares are allocated; (ii) the net cash proceeds from the sale of shares of the Apartment Corporation to other purchasers; and (iii) the Apartment Corporation taking title subject to the first mortgage described in the section of this Plan entitled TERMS OF MORTGAGES. Sponsor's transfer of the property to the Apartment Corporation and the contemporaneous receipt by Sponsor of more than a nominal amount of shares of the Apartment Corporation, the purchase money note and mortgage, and the net cash proceeds in exchange therefor should constitute an exchange under Section 351 of the Internal Revenue Code of 1954, as amended (the "Code") on the following grounds:

(a) the transfers by Sponsor and such other purchasers are being made pursuant to a single plan, that is, this Plan;

(b) the transfers are being made in exchange for shares (being issued to Sponsor and other purchasers) of the Apartment Corporation; and

(c) after said transfers, the transferors, taken as a whole, will own all of the shares of the Apartment Corporation.

STRUCTURING THE TRANSFER OF THE PROPERTY AS A SECTION 351 EXCHANGE SHOULD NOT AFFECT THE CUSTOMARY TAX DEDUCTIONS AVAILABLE TO TENANT-SHAREHOLDERS WHO USE THEIR APARTMENTS AS A RESIDENCE OR THE INDIVIDUAL TAX BASIS OF TENANT-SHAREHOLDERS IN THE SHARES PURCHASED BY

THEM FOR PURPOSES OF COMPUTING THEIR GAIN ON THE SALE OF THEIR SHARES AND THEIR APARTMENTS.

If the transfer of the property by Sponsor to the Apartment Corporation does in fact qualify as a transfer to a "controlled corporation" under Section 351 of the Code, then the Apartment Corporation's basis for the property will equal Sponsor's basis plus any gain recognized by Sponsor as a result of the exchange. Sponsor expects to recognize gain on the exchange to the extent only of the cash consideration received by Sponsor. The Apartment Corporation will have the same basis in the property as did Sponsor increased only to the extent of the gain recognized. Though Sponsor anticipates that this transaction will come under Section 351 of the Code, it is possible that the Internal Revenue Service may determine otherwise. In such event, conveyance to the Apartment Corporation will be treated as an ordinary sale rather than an exchange.

The basis that the Apartment Corporation will have in the Property may be less than the basis that would have been obtained had the Apartment Corporation acquired the Property at market value in a fully taxable transaction.

A lower basis of the Apartment Corporation will:

(a) result in lower depreciation deductions for the Apartment Corporation in computing its annual net income or loss from operations; and

(b) increase the taxable gain or reduce the taxable loss (as the case may be) upon any sale or taxable disposition of the property by the Apartment Corporation. The resulting income tax obligation of the corporation could substantially reduce the amount of liquidating distributions to shareholders. However, since the depreciation allowable to the Apartment Corporation in each year may be in excess of the amount necessary, if any, to reduce the Apartment Corporation's income tax liability, such excess would create net operating loss carryforwards (for up to 15 years) which could be applied against any gain resulting from a sale. In any event, shareholders of the Apartment Corporation would have no personal liability to pay any income taxes imposed upon the Apartment Corporation. The disparity between the basis of the Apartment Corporation under a 351 exchange rather than a sale will diminsh each year due to the fact that the tax basis of the building would in any event be reduced each year by the amount of depreciation allowed or allowable by the corporation.

It is unlikely, however, that either of the foregoing potential effects would have any actual adverse income tax consequences in the case of a cooperative housing corporation. Such a corporation normally has no

need for substantial depreciation deductions, inasmuch as it normally operates on essentially a break-even basis, so that its income does not exceed its deductible cash expenditures to any significant extent.

In addition to the above, a cooperative housing corporation's lower initial tax basis might, to a very limited extent, have adverse income tax consequences for a narrow class of tenant-shareholder, namely those who both (a) acquired their shares at the same time that the corporation acquired the building and (b) do not merely reside in their apartments but instead rent them out or otherwise use them in whole or in part for profit-seeking purposes, the reason being that such tenant-shareholders must determine the amount of any allowable depreciation deduction in part by reference to the corporation's actual depreciation base. A lower depreciation base has no effect whatever on either subsequent purchasers or tenant-shareholders who use their apartments only for personal occupancy. A lower depreciation base has no effect whatever on the non-depreciation (i.e., interest and real estate taxes) deductions of any tenant-shareholder.

Upon the completion of the reciprocal transfer by Sponsor and the Apartment Corporation described herein, Sponsor will inform the Apartment Corporation of the Apartment Corporation's initial basis.

Whether or not the Apartment Corporation has a reduced basis in the property as a result of the aforementioned exchange, the Apartment Corporation's basis will be reduced to the extent of the depreciation allowable each year to create its "adjusted basis" in the property. As a result, it is possible that at some point the unpaid principal balance of any outstanding mortgage will exceed the Apartment Corporation's adjusted basis in the property. This factor will be of no consequence, however, unless the Property were to be disposed of (either voluntarily or involuntarily) in a taxable transaction. In the case of a sale, under present tax law, the Apartment Corporation would recognize its realized gain to the extent the amount realized on the sale, including cash and the fair market value of other property received, exceeds the Apartment Corporation's adjusted basis in the property. For this purpose, the amount of any outstanding indebtedness which a purchaser either assumes as part of the transaction or takes the property subject to is deemed to be additional money received by the seller. Thus, the amount of gain recognized on such a transaction may exceed the amount of cash received.

It should be noted that apartment corporations rarely sell their property and then only many years after the commencement of the cooperative ownership under unusual circumstances.

Financial Features

The basic financial plan of this cooperative project is as follows:

	Maximum Aggregate	Minimum Aggregate
Total cash amount of offering (14,181 shares - 99 apartments)	$5,762,400	$3,687,060
Mortgage Indebtedness	1,489,190*	1,489,190*
Total Purchase Price	7,251,590	5,176,250
Less Working Capital to be retained by the Apartment Corporation	15,000**	15,000**
Less Reserve Fund to be retained by the Apartment Corporation	110,612***	110,612***
Net Purchase Price of Property to Sponsor	7,125,978	5,050,638

*This is the approximate principal balance of the mortgage as of March 1, 1987. In the event the closing of title occurs later than March 1, 1987, this amount will be reduced by amortization.

**This amount will be reduced by amortization.

***This amount is the highest amount to be retained by the Apartment Corporation (based on the price structure set forth in the Plan) and is subject to the provisions of the section entitled RESERVE FUND AND WORKING CAPITAL FUND.

The abovementioned maximum aggregate net purchase price is based on the assumption that all of the shares and proprietary leases allocable to all apartments are sold as of the date of closing at a price of $400 per share. However, as set forth in PURCHASE PRICES AND SHARE ALLOCATION, SCHEDULE A, shares may be purchased by tenants in occupancy at a reduced price and as further set forth in the CHANGES IN PRICES AND UNITS, the purchase price for shares and leases are subject to change and any such reduction or change would affect the total net purchase price. Further it should be noted that if not all shares are sold to other persons, all Unsold Shares will be purchased by Sponsor or Sponsor's nominee or designee.

The net purchase price payable by the Apartment Corporation will be reduced by the amount of various "Offering Expenses" incurred by the Apartment Corporation (and paid for out of sums retained from the offering proceeds) in connection with the consummation of this transaction. Such "Offering Expenses" include fee title insurance, organization costs, filing fees, New York State revenue stamps to be affixed to the deed, New York City real estate transfer tax, Real Property Transfer Gains Tax, mortgage tax, other closing expenses (other than items customarily adjusted between the parties), sums payable to the selling agent for the sale of shares and leases and any expenses paid or incurred by Sponsor on behalf of the Apartment Corporation (for which Sponsor will be reimbursed at closing).

MANAGEMENT AGREEMENT, CONTRACTS AND LEASES

On the closing date, the Apartment Corporation will enter into an agreement with Morris Rokowsky Management Company, 4819 13th Avenue, Brooklyn, New York, to act as managing agent of the property for a period of three (3) years after the closing, which agreement will continue thereafter until terminated at the option of the agent on at least sixty days' prior written notice. The Managing Agent may, however, terminate the agreement at any time upon ninety days' prior notice. The Managing Agent will receive compensation of $17,000 in the first year with such amount to equal 4% of gross income for each of the following years.

The fees of the Managing Agent will be payable monthly out of the monthly maintenance charges collected. The agreement will not be assignable or cancelable by either party without the consent of the other before the end of its initial term. If the Apartment Corporation shall be in default under the Agreement, or shall fail, or refuse to comply with, or abide by, any rule, order, determination, ordinance, or law of any federal, state, or municipal authority, the Agreement may be cancelled by the Managing Agent upon fifteen (15) days' prior written notice. In the event either party is in material breach of the agreement, the other party shall have the right to cancel same, if the breach is not theretofore cured, upon fifteen (15) days' prior written notice.

The services to be rendered by the Managing Agent will include billing and collection of carrying charges, hiring and discharging of employees, supervision of routine building maintenance and repairs, purchase of supplies for the building (which will be paid for by the Apartment Corporation), bookkeeping and payroll services, and attendance at directors' and shareholders' meetings, at no extra charge. The Managing Agent will make no repair expenditures in excess of One Thousand Five Hundred ($1,500) Dollars, without the authorization of

the Board of Directors of the Apartment Corporation, except in the case of emergencies. The Managing Agent shall manage all apartments including those occupied by non-purchasing tenants, and there shall be provided to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. The Sponsor hereby guarantees the obligation of the Managing Agent to provide all such services and facilities on a non-discriminatory basis until such time as the Board of Directors is no longer controlled by Directors elected by the Sponsor.

The Managing Agent shall be entitled to charge and collect a transfer fee not to exceed $350.00 payable by any shareholder who assigns or transfer his shares and lease.

The Apartment Corporation, at its own expense, will retain a certified public accountant to maintain the corporate books and records, and to prepare annual financial reports and tax statements for the Apartment Corporation, said statements to be furnished to shareholders by the Apartment Corporation.

The Apartment Corporation will be obligated to reimburse the Agent for expenses incurred or to indemnify the Agent against liability for acts properly performed by it pursuant to the Agreement.

Section 608 of the federal Condominium and Cooperative Abuse Relief Act of 1980 (15 U.S.C. §3607) provides that certain contracts between a cooperative and a sponsor or an affiliate of a sponsor may be terminated without penalty by the vote of the owners of not less than two-thirds of all of the units in the cooperative other than units owned by the sponsor or an affiliate of the sponsor. Such vote must occur only during the two-year period beginning on the date on which (i) the sponsor (or its successor) ceases to be in "special developer control" of the cooperative or (ii) the sponsor (or its successor) owns 25 percent or less of the units in the project, whichever occurs first. Sponsor disagrees strongly with this position, and in no way concedes the applicability of Section 608 to this management agreement by providing this disclosure. Sponsor further points out that the price for shares offered to initial tenant-purchasers and other offerees are premised on the continuing existence of the management agreement contemplated between the Apartment Corporation and an affiliate of the Sponsor. Without such leases, the prices for shares would be higher than set forth in this Plan.

The Apartment Corporation will take title to the property subject to the Union Agreement with Local 2, which expires on April 30, 1986. The Apartment Corporation will assume such Contract.

In addition, the following Agreements are presently in effect:

1. Laundry Agreement with Dime Laundry Service Inc. which pays $350 per month.

2. Elevator Agreement with Centennial Elevator Co., Inc. for which the charge is $368 per month including tax. This agreement terminates on December 31, 1986.

3. Exterminating Agreement with Jeffrey Exterminating Company for which the charge is $108.25 per month including tax. This agreement continues on a month-to-month basis.

4. Water Service agreement with Olin Water Services for which the charge is $307.00 per year. This agreement is on a yearly basis.

Except as set forth in this Plan, there are no other contractual arrangements which will be binding on the Apartment Corporation subsequent to Closing. Sponsor reserves the right to modify, extend or replace any of the foregoing agreements prior to the Closing.

IDENTITY OF PARTIES

The Sponsor is 150 Hawthorne Associates, a New York general partnership whose principals are Morris Rokowsky and Isaac Rokowsky. The Rokowskys have had interests in offering plans for the following premises: 10 Plaza Street, Brooklyn, New York (closed February 1983); 1440 54th Street, Brooklyn, New York (closed November 1982); 1401 Ocean Avenue, Brooklyn, New York (closed June 1984); 1655 Flatbush Avenue, Brooklyn, New York (closed April 1985); 3215 Avenue H, Brooklyn, New York (closed November 1986); Kingsway Gardens, Brooklyn, New York (closed November 1985); 110-112 South Village Avenue, Rockville Centre, New York (closed March 1983); 101 West 23rd Street, New York, New York (closed April 1983); 67-30 Clyde Street, Forest Hills, New York (closed August 1983): 117-12 Ocean Promenade, Bell Harbor, New York (closed January 1986); 190 West Merrick Road, Freeport, New York (not yet closed) and proposed conversions of the following premises: 55 South Bergen Place, Freeport, New York; 36 and 58 Dahill Road, Brooklyn, New York; and 82-35/39 134th Street, Kew Gardens, New York.

The Managing Agent is Morris Rokowsky Management Company, 4819 13th Avenue, Brooklyn, New York. The managing agent has managed numerous cooperatives and residential apartment buildings over the past twenty years. During the fifteen years preceeding submission of this Offering Plan to the Department of Law, the Morris Rokowsky Management Company and its principals have not been the subject of any convictions or injunctions which would be material to this

Offering Plan or to an offering of securities generally, and there are no unpaid judgments outstanding against such parties. The report of physical inspection was prepared by Temes Engineering Services, which has performed many such reports in the past five years.

The Selling Agent is Kings Highway Realty, which has been in the real estate brokerage business for at least ten years.

Sonnenschein, Sherman & Deutsch, Esqs., of 10 Columbus Circle, New York, New York represents the Sponsor in this matter and has prepared the Plan and related documents. Sonnenschein, Sherman & Deutsch has not undertaken any responsibility for the terms and provisions of this Plan, the Contract of Exchange, the Management Agreement, the Proprietary Lease, or any other document or instrument referred to herein. It has not made any representations or warranties, or stated any opinions, with respect to the legality or fairness of such terms and provisions, the accuracy or completeness of this Plan, or any other matter or thing whatsoever pertaining to this Plan, except as specifically set forth in this Plan or as may be required by law, nor does it intend to do so in the future.

SPONSOR'S PROFIT

The principals of Sponsor acquired the property on November 13, 1985.

If all of the shares offered hereunder with respect to all apartments are sold at the prices set forth herein to tenants in occupancy, it is estimated that the Sponsor's profit may be approximately $2,875,000 computed before any payments of income taxes, but after considering estimated expenses and obligations in connection with the acquisition and ownership of the property, the preparation and presentation of this Plan and the closing of title with the Apartment Corporation. These expenses include but are not limited to sales commissions, advertising costs, attorney's fees, accounting fees, governmental filing fees, the cost of moneys invested, printing and/or photostating costs, title insurance fees, engineer's fees, payments due on existing mortgages, costs involved in the operation of the property and the holding of shares not sold by closing, anticipated closing costs, the aggregate amounts to be retained by the Apartment Corporation as a Working Capital Fund and a Reserve Fund, other costs involved in the preparation of this Plan and the purchase price of and all costs involved in acquiring the property, all of which are estimated to total approximately $2,400,000.

The exact profit to be realized by the Sponsor on the sale of the property to the Apartment Corporation cannot be determined with

certainty and may be more or less depending upon such variable factors as future market conditions, losses and disbursements arising out of Sponsor's obligations under this Plan and the length of time required to sell all the shares offered under this Plan, and other contingencies.

REPORTS TO SHAREHOLDERS

All shareholders of the Apartment Corporation will be entitled to receive, annually, from the Corporation at the expense of the Corporation, copies of the following:

A. An income tax deduction statement delivered no later than March 15 of each calendar year.

B. An annual audited financial statement prepared by an independent certified public accountant to be received within three months after the end of the fiscal year.

C. Notice of the holding of an annual shareholders' meeting for the purpose of electing a Board of Directors to be sent in accordance with the By-Laws.

The aforesaid dates may be changed later pursuant to the By-Laws.

DOCUMENTS ON FILE

In accordance with Section 352-e(9) of the General Business Law, copies of this Cooperative Offering Plan and all exhibits or documents referred to herein or submitted to the Department of Law shall be available for inspection without charge and copying at a reasonable charge by prospective purchasers and by any person who shall have purchased securities offered by this Plan, or shall have participated in the offering of such securities at the office of the attorneys for the Sponsor, Sonnenschein, Sherman & Deutsch, Esqs., 10 Columbus Circle, New York, New York 10019, and shall remain available for such inspection and copying as aforesaid for a period of six (6) years from the date of closing.

GENERAL

The Plan does not knowingly omit any material fact, or contain any untrue statement of any material fact. Exact copies are contained in Part II hereof of the Proprietary Lease, Subscription Agreement, By-Laws and House Rules.

There are no lawsuits, administrative proceedings, or other proceedings now pending, or any judgments outstanding either against the Sponsor, or the Apartment Corporation, or any person, or persons, which materially affect: the Offering, the property, the rights of existing tenants, Sponsor's capacity to perform all of its obligations under this Plan, the Apartment Corporation or the operation of the co-operative.

This Plan is offered only to natural persons over eighteen (18) years of age and only in the State of New York.

In accordance with the provisions of the laws of the State and City of New York, the Sponsor represents that the Sponsor, the Apartment Corporation, and the Agent will not discriminate against any person because of race, creed, color, national origin, sex, or ancestry, in the sale of the shares offered by the Plan, or in the leasing of any apartment in the building.

As of the date of first presentation of the Offering Plan, neither the Sponsor nor Selling Agent or any representative, or agent thereof, has raised funds or made any preliminary offering or binding agreement to or with tenants, subtenants, or non-resident prospective purchasers with respect to apartments in the building. To the best of Sponsor's knowledge, the property has not been the subject of any prior cooperative or condominium offerings.

No person has been authorized to make any representation which is not expressly contained herein. This Plan may not be changed or modified orally.

If there is a substantial amendment to the offering plan that materially, adversely affects the purchasers, sponsor must grant such purchasers a right of rescission and a period of time not less than fifteen (15) days after the date of presentation to exercise the right. Sponsor must return any deposit or down payment promptly to subscribers who rescind. If the Plan is substantially amended prior to the initial closing of title to shares to tenants, the exclusive right to purchase time periods shall be extended, as follows:

(a) If the presentation of the substantial amendment occurs during the initial exclusive right to purchase period, such period shall terminate at the later of thirty days after presentation of the substantial amendment or the expiration of the original exclusive right to purchase period.

(b) If the presentation of the substantial amendment occurs after the expiration of the initial exclusive

right to purchase period, the substantial amendment must grant to all tenants who had the right to purchase during the initial period a new exclusive right to purchase on the terms offered in the amendment for a period of not less than 30 days from the date of presentation.

Except as expressly otherwise stated in this Plan, Sponsor reserves the right to amend this Plan in accordance with law and applicable regulations of the Department of Law.

SPONSOR'S STATEMENT OF PRESENT BUILDING CONDITION

Sponsor represents that to the best of Sponsor's knowledge the report which follows accurately states the condition of the building and its equipment and Sponsor adopts same as part of this Offering Plan. Such report was prepared by Temes Engineering Services, a registered engineer. Following such report is an inspection report disclosing the existence and condition of asbestos-containing material in the building prepared by Environmental Monitoring and Consulting Associates.

The Sponsor further represents that Sponsor does not know of any material defect or need for major repairs in the building except as hereinafter set forth in the said engineer's report or included in the Apartment Corporation's budget for its first year of cooperative operation or items customarily corrected by routine maintenance. Prior to closing, Sponsor shall have obtained up-to-date inspection certificates and permits as required for the garage, sprinkler system, oil storage, boiler and air resources.

The building is offered in its current condition subject to reasonable wear and tear. Neither the Sponsor nor the Apartment Corporation will have any obligation to make repairs or improvements except as expressly set forth in this Plan. The Sponsor will, however, maintain and operate the property until the Closing Date in substantially the same manner and condition it is on the date of presentation of the Plan and will cure or cause to be cured prior to closing or within a reasonable time thereafter all existing violations of record against the building on the date of closing (except for violations caused by the acts or omissions of tenants, the maintenance of television antennae, air conditioning units or window anchors), eliminate all dangerous and hazardous conditions, and comply with all work orders of mortgagees subject to the right to cancel as set forth in the section entitled EFFECTIVE DATE and CONTRACT OF EXCHANGE.

With regard to violations, the Sponsor will convey title to the premises free of all violations of record existing on the date of closing, or will deliver its written undertaking to remove any such violations as soon after the closing as practicable, including the depositing in escrow at closing with the attorneys for Sponsor of a reasonable sum to secure the removal of such violations. The amount of such sum to be deposited in escrow will be determined by an architect, engineer, or similar expert. Further, if the cost to the Sponsor for the removal of violations exceeds 1/2 of 1% of the maximum aggregate purchase price (hereinafter, the Cancellation Price) (excluding any work orders known to Sponsor or violations of record noted as of the date of presentation of the Plan), Sponsor shall have the right, at its option, to cancel the contract and declare this Plan and offer withdrawn. Sponsor will not be obligated to repair any damage from casualty or other cause that occurs before the closing if the cost of such repair would exceed the Cancellation Price either by itself or in the aggregate together with the cost of curing violations, provided that if Sponsor decides not to make any such repair, Sponsor will be obligated to cancel the contract and declare this Plan and offer withdrawn. In the event the Plan and offer are withdrawn, subscribers of shares will receive full refund of all moneys theretofore paid within fifteen (15) days. In the event Sponsor decides not to withdraw the Plan and offer, Sponsor will be obligated to remove all violations of record as of the Closing Date, regardless of cost.

The number and proposed use of the apartments to which shares have been allocated and for which such shares are being offered under this Plan is in accordance with the Certificate of Occupancy.

Sponsor designates the superintendent as his agent with whom listings of violations of record against the Property shall be available for inspection by tenants.

Dated: February, 1987

150 HAWTHORNE ASSOCIATES

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PART II

OFFERING PLAN FOR
PREMISES AT

150 HAWTHORNE STREET
BROOKLYN, NEW YORK

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EXHIBIT I

SUBSCRIPTION AGREEMENT

Apartment.....No. of Shares.....

Purchase Price $.....

Down Payment $.....(herewith)

Balance $.....

Additional Information for Non-Tenant Purchaser:
Lease of existing tenant expires.....
or
Monthly Tenancy ( )
Rent under existing lease or tenancy.....

To: ARDEN HOUSE OWNERS INC.

Execution of this Subscription Agreement is not conditional on obtaining financing and therefore if financing is not obtained the deposit may be forfeited, except for non-tenant subscribers for whom the provisions of Paragraph 34 hereof apply, if Purchaser is unable otherwise to raise the moneys for the balance of the purchase price.

1. As Purchaser, I have received and read the Cooperative Offering Plan with respect to premises 150 Hawthorne Street, Brooklyn, New York dated February 1987, and all filed amendments thereto at least three (3) business days before signing this Agreement, which Offering Plan as amended from time to time are hereinafter called the "Plan" and are made a part hereof. I understand that if I am not a tenant in occupancy (as defined in the Plan) of the above indicated apartment and if I have not had possession of the Plan for at least three (3) business days before signing this Agreement, I will have seven (7) days after delivering this Agreement together with the check referred to in Paragraph 3 to rescind this Agreement and have the full deposit refunded promptly. Kings Highway Realty is the selling agent hereunder (the "Agent").

2. I hereby agree to purchase the above-stated number of shares of Arden House Owners Inc. (the Apartment Corporation) allocated to the above described apartment for the Purchase Price stated above and to become the proprietary lessee of the said apartment in said premises. Concurrently herewith I am making a down payment in the amount of at least $1,000. However, if I am not a tenant having a right to purchase, as set forth in the first sentence of footnote 3 of Schedule A of the Plan, I am concurrently herewith making a down payment of 10% of the purchase price.

3. Herewith is my check in the amount of at least $1,000 (or 10% of the purchase price, if required by paragraph 2 hereof) to the order of Arden House Special Account for the above mentioned down payment. I agree that if and when the Plan becomes effective in accordance with its terms, I shall pay the balance of the purchase price by certified check of the purchaser or official bank check of a New York City bank within fifteen (15) days after written request therefor but payment of such balance will not be due more than thirty-five (35) days prior to the scheduled Closing Date. In lieu of paying the entire balance as herein indicated, the Purchaser shall have the right to submit to the Apartment Corporation a commitment for a bank loan with the understanding that the amount of the loan will be paid over to the Apartment Corporation on the Closing Date simultaneously with the closing of the sale of the property to the Apartment Corporation; and in the event that the bank loan is an amount less than the entire balance of the purchase price, the difference shall be paid by Purchaser in accordance with the above provisions of this Paragraph 3.

Notwithstanding the provisions of the foregoing paragraph, I understand that this Subscription Agreement is not conditional on my obtaining financing and that I may lose my deposit if I do not obtain financing and I am otherwise unable to raise the monies for the balance of the purchase price.

Anything heretofore to the contrary notwithstanding, if this Subscription Agreement is executed after the Plan has been declared effective, the time period within which I will be required to pay the balance of the purchase price and close is thirty (30) days, unless the Closing Date has not yet passed, in which event my entire balance shall be payable in full by my personal certified or official bank check on the same date tenants who subscribed prior to the declaration of effectiveness are required to pay, unless such date has passed in which event said balance shall likewise be payable on the Closing Date.

I understand that, in the event the check being delivered herewith pursuant to this Paragraph 3 fails of collection, this Agreement will be deemed void ab initio (as if it had never been executed) at the option of the Apartment Corporation. The Apartment Corporation reserves the right to exercise this option on a case by case basis.

4. I will sign and return, within five (5) days after notice of availability, the proprietary lease in duplicate for said apartment upon presentation to me in the form contained in Part II of the Offering Plan. A failure on my part to comply with the foregoing sentence will be deemed a default under this Agreement. The date of the commencement of the term of said proprietary lease, and the date of issuance of the certificate for the aforesaid shares, which may be inserted by either Agent or the Apartment Corporation, shall be the date when it acquires title to said premises. Provided that I shall have paid the full

Purchase Price for said shares, as provided for herein, and not be in default hereunder or under the terms of my lease (if any) or monthly tenancy of said apartment, I am to receive the certificate and the aforesaid lease, promptly after the Apartment Corporation acquires such title. I agree that my present lease (if any) or monthly tenancy of said apartment shall be deemed terminated and cancelled as of such date. If I shall not be the tenant of said apartment when said proprietary lease is issued, I will accept same subject to the then tenant's lease and tenancy of said apartment.

*5. I understand that the tenant in occupancy may not be evicted except for non-payment of rent or other breach of his tenancy and I further understand that if the tenant in occupancy is in such breach and does not voluntarily remove from his apartment when his lease is terminated, I shall be required to obtain possession at my own expense. I understand that if the apartment I am purchasing is subject to the New York City Rent and Rehabilitation Law or Rent Stabilization Law, I shall be obliged to comply with said laws and the applicable regulations or code in evicting the tenant. I further understand that if the apartment I am purchasing is subject to an existing tenancy I will after the Closing Date be assuming the seller's rights and obligations under the existing lease or tenancy which will include the obligation to repair and maintain the apartment for the benefit of the existing tenant and the right to collect rent payable under the existing lease and tenancy whether the same be greater or less than the proprietary rent established by the proprietary lease. I also understand that the apartment I am purchasing is also subject to the provisions of Section 352-eeee of the General Business Law & that I will be obligated to comply with that law.

If this Agreement is for an apartment not occupied by me, and if the tenant of that apartment purchases the shares allocated to the apartment within the exclusive purchase period or any match-offer period granted to that tenant under the Plan or any amendment thereto, this Agreement shall be deemed cancelled. Within twenty (20) days thereafter, the Apartment Corporation shall refund to me all moneys paid by me with interest earned thereon, if any. Upon repayment, neither I, the Apartment Corporation, the Sponsor nor any other person who participated in the preparation or presentation of the Plan shall have any liability or obligation to the other hereunder. If the tenant of the apartment shall be entitled to purchase at a later date under an amendment to the Plan, Section 352-eeee of the New York General Business Law, the Rent Stabilization Law or Code as amended, or pursuant to an administrative or judicial interpretation thereof, or

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* This paragraph shall not be applicable and shall be of no force and effect if the Purchaser is a tenant in occupancy of the apartment being purchased on the date hereof.

pursuant to regulations promulgated by the Department of Law, and if that tenant shall purchase, this Agreement shall be deemed cancelled and the foregoing provisions of this Paragraph shall apply.

6. The Sponsor will hold all moneys received by Sponsor through agents or employees in trust until actually employed in connection with the consummation of the transaction and disburse said moneys pursuant to Sections 352-e(2)(b) and 352-h of the General Business Law. All such moneys will be deposited with United Mizrahi Bank, whose main office is located at 630 Fifth Avenue, New York, New York and will be held in trust in a special segregated account under the name of Arden House Special Account. The funds so deposited will be disbursed only at the closing and for the purposes of the consummation of the Plan if it is declared effective or returned to me as herein provided, without interest (unless the monies are held in an interest-bearing account, in which event they shall be returned with the interest accrued) within fifteen (15) days, if the Plan is abandoned or is withdrawn or title does not close as provided in the Plan. I understand that there will be no disbursements from this account except upon the signature of an attorney with the firm of Sonnenschein, Sherman & Deutsch, as attorneys for the Sponsor.

7. I acknowledge that I have inspected said apartment and the building prior to my signing this agreement. My signing of this Agreement shall constitute my acceptance of said apartment in the condition in which it shall be at the time of closing, including the existing kitchen, bathroom and other appliances, fixtures and equipment owned by Sponsor.

8. It is agreed that this Agreement is contingent upon the Plan being declared effective and the Plan shall not be declared effective except as provided in the Plan.

9. The Plan may be abandoned by the Sponsor at any time prior to its being declared effective and shall be abandoned and deemed abandoned if it has not been declared effective within the time prescribed by the Plan.

10. If the Plan is abandoned or does not become effective, or, after being declared effective, the Plan shall not be consummated for any reason within the time limits set forth in the Plan, this Agreement shall be deemed cancelled and the Plan terminated and I am to receive back, not later than ten (10) days thereafter, in full, all monies paid by me hereunder, without interest, unless the monies are held in an interest-bearing account in which event they shall be returned with the interest accrued (subject, however, to the provisions set forth in Paragraph 12 hereof) and, upon such repayment, no party shall have any claim against any other party or person, the Sponsor,

the Apartment Corporation, or the Agent, and all parties shall be released from all obligations hereunder.

11. Title shall be transferred to the Apartment Corporation no earlier than thirty (30) days nor later than one hundred eighty (180) days after the Plan has been declared effective, unless the closing of title is adjourned or accelerated pursuant to the provisions of the Offering Plan.

12. I agree that if I shall fail to pay the balance of the Purchase Price when due, as herein provided, or if I shall fail to comply with any of my other obligations hereunder, the Apartment Corporation may elect to cancel this Agreement by written notice to me at my residence or at the address stated below, by personal delivery, registered or certified mail, and at the expiration of thirty (30) days after the date of service thereof unless I shall have theretofore cured my default (i.e., if I pay the balance of the Purchase Price in full in the event the default arose due to failure to make payment when due) said notice shall be effective and this Agreement shall be deemed cancelled and all rights of the parties hereunder shall terminate except that the amount of said down payment shall be paid over to the Apartment Corporation, as liquidated damages, which amount shall not exceed 10% of the purchase price and the purchase price for the entire premises payable to the Sponsor will be deemed increased by such amount. In the event of such cancellation, the Apartment Corporation shall have the right to sell said shares and proprietary lease to another purchaser as though this Agreement had never been made.

13. The entire agreement between the parties hereto is set forth herein and in the Plan. The only representations made to me are those contained in the Plan and I understand that no person has been authorized to make any representation or warranty which is not set forth in the Plan. I have not relied upon any representations, statements or warranties, written or oral, of any nature, including, but not limited to those relating (a) to the description or physical condition of the premises or the apartment, (b) to the size or dimension of the apartment or the rooms contained therein or any other physical characteristics thereof, (c) to the services to be provided at the premises, (d) to the estimated maintenance charges and income tax deductions for the first year of operation of the Apartment Corporation, or (e) to any other matter or estimate not set forth herein or in the Plan. I acknowledge that I have had full opportunity to examine all documents referred to and stated herein.

14. This Agreement is not assignable by me directly or indirectly and shall bind and apply to the parties hereto and their personal and legal representatives, successors and assigns and may not be changed orally.

15. Any conflict between this Agreement and the Plan shall be resolved in favor of the Plan.

16. If this offer is for an occupied apartment not occupied by Purchaser, and, if the tenant in occupancy purchases within the 90-day exclusive period or any other period during which the right to purchase is granted to the tenant thereof under the Plan or any amendment thereto or any extension thereof, then this agreement shall be deemed cancelled and, within ten (10) days after the occurrence of such event, the Agent shall refund to Purchaser all moneys paid by Purchaser hereunder; and upon the Selling Agent's making such repayment to Purchaser, neither Purchaser, the Sponsor, the Apartment Corporation, the Agent nor any other party hereto, shall have any liability or obligation to the other hereunder.

17. Unless I am a tenant in occupancy returning this Agreement within the time periods granted to me by the Offering Plan or applicable laws and regulations during which I have the exclusive right to purchase, this Agreement shall not be binding on me or the Apartment Corporation until I, as Purchaser, shall be accepted, by endorsement hereon by the Apartment Corporation, and a fully signed copy thereof shall have been delivered promptly to me. If this agreement shall not be accepted within twenty (20) days of the date hereof by the delivery to me of such endorsed and fully signed copy, this Subscription Agreement shall be deemed to be rejected and cancelled and my deposit shall be promptly refunded to me. If there is a tenant in occupancy of the subject apartment, this Agreement is subject to any right said tenant has to subscribe.

18. If this offer is for an apartment which Purchaser leased after the Plan was accepted for filing and with respect to which Purchaser is entering into a lease therefor concurrently herewith, the Sponsor or Apartment Corporation shall have the right to cancel such lease in the event that this Agreement is cancelled or rescinded for any reason whatever, or if Tenant shall fail to fulfill any of the Tenant's obligations hereunder. The provisions of this Paragraph shall be deemed a part of such lease and in the event of its cancellation, as provided in the preceding sentence, Landlord shall have the right to send a notice fixing the cancellation date, on which date the lease will be deemed terminated as a conditional limitation.

19. I represent that I have been in possession of the Offering Plan and all filed amendments thereto for at least three business days prior to the execution hereof and that I am over 18 years of age. The term "I" shall read as "we" and "Purchaser" shall be read as "Purchasers" if more than one person are subscribers, in which case our obligations shall be deemed joint and several.

20. Notices hereunder shall be delivered or mailed as follows: to the Purchaser(s) at the addresses stated below; to the Apartment Corporation and to the Agent at the Agent's office.

21. I certify that I have agreed in good faith to purchase the shares allocated to the above-described apartment with no discriminatory repurchase agreement or other discriminatory inducement and without fraud and duress.

22. If at any time prior to the Closing (as defined in the Plan) I am a tenant in occupancy and I default in the payment of rent or breach any other condition of occupancy of my apartment which would permit the Sponsor to terminate such occupancy and recover possession of such apartment, then the Sponsor may elect to cancel this Agreement by mailing a notice in writing to me and at the expiration of thirty (30) days after the date of mailing thereof (unless I shall have theretofore cured my default) said notice shall be effective and this Agreement shall be deemed cancelled and all rights of the parties hereunder shall terminate; and Sponsor shall return to me all payments made by me, less the amount of rent then due, without interest, unless the monies are held in an interest-bearing account in which event they shall be returned with the interest accrued, and I shall have no further rights or obligations hereunder. The preceding sentence notwithstanding, if, within fifteen (15) days after the date of mailing of Sponsor's notice to me (as described in the preceding sentence), I notify Sponsor in writing of the reasons for my breach and such reasons constitute a valid legal defense, then this Agreement will not be deemed cancelled, unless Sponsor within thirty (30) days after my notice stating my defense initiates dispossess proceedings against me which result in the Sponsor having the right to require me to vacate the apartment (in which event this Agreement shall be deemed terminated effective the 30th day following the date of mailing notice as set forth in the first sentence of this Paragraph 22).

23. I understand that the Sponsor reserves the right to amend the Plan and any of the exhibits thereto at any time and from time to time and that I will receive a copy of each such amendment, and in that event this Agreement shall be deemed to refer to the Plan as amended, provided, however, that if an amendment made prior to Closing Date makes any adverse material changes and provide a right of rescission I may elect within fifteen (15) days after receipt of each such amendment (or the time period set forth in the amendment) to cancel this Agreement by written notice to Sponsor. In the event of such cancellation, if I am a tenant under an interim lease, I agree to vacate the apartment the shares of which are the subject of this Agreement and, thereupon,any payments made by me hereunder shall be returned to me without interest, unless the monies are held in an interest-bearing account in which event they shall be returned with the interest accrued, and I shall have no further rights or obligations hereunder.

If I do not elect to cancel this agreement as set forth above, this Agreement shall remain in full force and effect.

24. I understand that I may incur the following additional fees if the following conditions are met (and I agree to pay same):

(a) If I desire to assign this Agreement, I must first obtain the written consent of the Apartment Corporation. I understand that counsel for Sponsor will charge me a fee of $350.00 for processing each such application.

(b) If the Sponsor offers financing and I request such financing, I understand that counsel for the Sponsor will charge me a fee of $350.00 plus disbursements for the preparation of the required documents.

(c) I understand that if I default in the performance of this Agreement and thereafter cure such default and close at a date later than the closing of transfer of title to the Apartment Corporation or, for any reason, close at a place other than the offices of Sponsor's counsel, I will, for each of the two foregoing events, be charged separate fees of $300.00 by counsel for the Sponsor at the closing of title of shares allocated to the apartment for which this Agreement is made.

(d) If I obtain financing from a bank or other lender (other than the Sponsor), I understand that counsel for Sponsor will charge me a fee of $200 for coordinating the closing with the lender.

(e) I understand that all of the foregoing fees are cumulative.

25. If I am a tenant in occupancy on the date of presentation of the Plan as described more fully in the Plan and if, prior to the date the Plan is declared effective or the expiration of any exclusive period, whichever is later, the Sponsor amends the terms and conditions of the Offering to be more favorable to tenant purchasers, I may elect to benefit from the more favorable terms and conditions.

26. If I am a tenant and I purchase within the exclusive period granted to tenant purchasers as set forth in the Plan and applicable laws, this Agreement may not be modified except by the duly filed amendment to the Plan.

27. I (a) am the tenant of the apartment, or (b) currently reside in the apartment, or (c) intend that a member of my immediate family or I will reside in the apartment to which the shares subscribed for hereunder are allocated (when vacant if currently occupied). THIS PARAGRAPH SHOULD BE STRICKEN BY THE UNDERSIGNED PUR-

CHASER IF HE IS NOT THE TENANT OF RECORD AT THE TIME OF EXECUTION OF THIS AGREEMENT AND IF THE PRUCHASER DOES NOT RESIDE OR INTEND THAT HE OR A MEMBER OF HIS IMMEDIATE FAMILY WILL RESIDE IN THE APARTMENT TO WHICH THE SHARES SUBSCRIBED FOR HEREUNDER ARE ALLOCATED.

28. If this Subscription Agreement is for an occupied apartment, I consent and specifically authorize the managing agent of the building to perform all services and provide all facilities required of me by law and I shall pay all expenses incurred with respect to such activity, if any. The provisions of this paragraph shall survive closing.

29. In the event that I am herewith subscribing for shares allocated to an apartment occupied by a non-purchasing tenant, and I am not the Sponsor or a purchaser of Unsold Shares (as that term is defined in the Plan and proprietary lease), I agree, at the closing, to deposit in escrow with the managing agent an amount of not less than two months' maintenance charges to be used as a working capital fund to furnish services required under the non-purchasing tenant's lease or rental agreement and under existing law. Upon written notice from the managing agent that the deposit has been diminished, I agree to replenish the fund within forty-five (45) days after receipt of the notice. I shall enter into an agreement with Morris Rokowsky Management Company to manage the apartment whose shares are subject to this Agreement. The provisions of this paragraph shall survive closing.

30. In the event that the shares I am subscribing for hereunder are Unsold Shares, as that term is defined in the Plan and proprietary lease, I hereby represent and warrant that I am purchasing such shares for my own account, beneficially and of record. In addition, if I am a purchaser of Unsold Shares, I further represent that I will not share jointly with any other purchaser of Unsold Shares the profits or losses resulting from the ownership or sale of the Unsold Shares I purchase. The provisions of this paragraph shall survive closing.

31. I will sign, have notarized, and return, within five (5) days after notice of availability, whatever form or forms may be requested of me by Sponsor or Sponsor's agent in connection with the New York State Real Property Transfer Gains Tax insofar as it relates to my purchase pursuant to this Agreement and the Plan. A failure on my part to comply with the foregoing sentence will be deemed a default under this Agreement. I understand that the amounts appearing on said forms as representing the consideration for the subject shares and apartment will be computed and inserted by Sponsor or Sponsor's agent, and that any objection by me to any information contained on such forms must be raised by me within the above-mentioned five (5) day period. I further agree to furnish Sponsor with my social security

number (or tax identification number) upon request and to insert such number and other requisite information about me on such forms.

32. By executing this Agreement, the subscriber hereby consents to all of the various rights offered to the holders of Unsold Shares as set forth in the Plan and Proprietary Lease as if same were set forth in a shareholders' agreement executed by me. I further agree not to assign, sell or transfer the shares the subject of this Subscription Agreement to any purchaser who does not acknowledge and consent to the foregoing. The provisions of this paragraph shall survive closing.

33. I understand that, except for non-tenant subscribers for whom the provisions of Paragraph 34 below apply, this Subscription Agreement is not conditional on obtaining financing and that I may lose my deposit if I do not obtain financing and I am otherwise unable to raise the monies for the balance of the purchase price.

34. THE PROVISIONS OF THIS PARAGRAPH APPLY ONLY TO A NON-TENANT SUBSCRIBER WITH WHOM THE APARTMENT CORPORATION AND/OR SPONSOR HAS, AS THE RESULT OF NEGOTIATION, SPECIFICALLY AGREED THAT THE OBLIGATIONS OF THE SUBSCRIBER HEREUNDER ARE CONDITIONAL ON THE SUBSCRIBER OBTAINING A LOAN COMMITMENT. THIS PARAGRAPH SHALL NOT APPLY AND SHALL BE OF NO FORCE OR EFFECT, EVEN IF COMPLETED, AND SHALL BE DEEMED NULL AND VOID AND OF NO EFFECT AS IF STRICKEN FROM THIS AGREEMENT FOR ALL TENANT SUBSCRIBERS AND ALL OTHER SUBSCRIBERS WITH WHOM NO SUCH FINANCING CONTINGENCY HAS BEEN SPECIFICALLY AGREED TO UPON NEGOTIATIONS.

(A) The obligations of Purchaser hereunder are subject to the issuance of a commitment letter to Subscriber by a commercial bank, savings bank, savings and loan association or insurance company doing business in the State of New York, on or before the thirtieth (30th) day after the date upon which the Plan is declared effective (a copy of which letter shall be furnished to Seller promptly after receipt thereof), pursuant to which the institution agrees to lend not less than _____, at a rate of interest not to exceed the then prevailing rate, for a term of at least fifteen (15) years solely upon the security of a pledge, security interest or assignment of, and/or mortgage on, the shares hereby subscribed for and the appurtenant proprietary lease, in order to enable Purchaser to consummate the transaction provided herein.

(B) Purchaser shall apply for the loan, shall furnish to the institution, within five (5) days of the date the Plan is declared effective, accurate and complete information on Purchaser and members of Purchaser's family, as required, shall advise the Agent of the name and

address of the institution to which such application has been made and the date upon which it was made, and shall cause to be furnished to the Agent, for its consideration, as soon as practicable, any agreement proposed to be made by the institution with the Apartment Corporation.

(C) The Subscriber hereunder shall accept any commitment letter complying with the terms of subparagraph A hereof, if issued, shall pay any application, appraisal, commitment or other fees in respect of the loan, and shall comply with the requirements of the commitment letter other than those relating to the Apartment Corporation.

(D) Provided that the Subscriber shall have fulfilled all of the Subscriber's obligations under subparagraph B hereof, if the aforementioned commitment letter is not issued by the date provided for in subparagraph A hereof, the Subscriber shall have the right to terminate this Agreement on notice given not more than five (5) days thereafter, or if the other conditions provided for in subparagraph A hereof are not met, the Subscriber shall have the right to terminate this Agreement on notice to the Agent, and in either such event all sums theretofore paid on account of the purchase price shall be returned without delay and without interest to the Subscriber, and all parties hereto shall be relieved of and from any further liability hereunder.

Dated:

_____ ***
Purchaser

_____
Second Purchaser, if more than one

_____
Address

Accepted:
ARDEN HOUSE OWNERS INC.

By_____

*** To be executed in duplicate.

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TP-581 (8-84)

New York State
Department of
TAXATION
and FINANCE

New York State
REAL PROPERTY TRANSFER GAINS TAX

Questionnaire

TRANSFEREE

For Department Use Only

NOTE: See Instructions (TP-581-I), Section B before completing this form.

PLEASE PRINT	Name	Social Security Number
(Transferee)	Address / Zip Code	Federal Employer Identification Number
(Transferor)	Name / Address / Zip Code	Social Security Number / 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 ____

Signature of officer administering oath

Name(s) of Transferee(s)

Signature(s) of owner(s), partner, officer of corporation, etc.

Title

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Exhibit II

TEMES ENGINEERING SERVICES
Consultant Engineers
236 BEAUMONT STREET
BROOKLYN, NEW YORK 11235

(718) 769-9756

December 5th, 1985

INSPECTION & ENGINEER'S REPORT

ADDRESS: - 150 Hawthorne St., Brooklyn, New York

DATE/INSPECTION: - Wednesday, 12/4/85

==========

LOCATION: -

This building is known as 150 Hawthorne Street, Brooklyn, New York. It is located on Block #5046, Lot #18. This building is located in an R-6 district which allows the actual usage of this building as described in this report.

STATUS OF CONSTRUCTION: -

Construction of this building was completed in 1963. It is classed as a non-fireproof, Class A Multiple Dwelling.

The Certificate of Occupancy which presently is in effect is C.O. #184764, issued on August 15th, 1963.

SITE: -

This property is located on the south side of the street of Hawthorne Street. This is a multiple dwelling, consisting of one building. This property is approximately 200 feet frontage x 106 feet deep.

The streetwalk in front of the building is concrete, in fairly good condition.

The curb is concrete in only fair condition. Sections are missing. The roadway in front of the building is blacktop covered and in fairly good to fair condition. The roadway is owned and maintained by the City of New York.



The building is between Bedford Avenue on the west, and Rogers Avenue on the east.

Street lighting consists of two pole mounted soidim vapor-type street lights, mounted on the south side of Hawthorne Street, and three on the north side of the street. All are owned and maintained by the City of New York. The masts on the street lights are metal which are mounted on metal poles. All are in good condition.

Drainage for the street is by catch basins at the corners. Drainage is good.

UTILITIES: -

Electricity is provided by the Consolidated Edison Company.

Gas is provided by the Brooklyn Union Gas Company.

Telephone service is provided by the New York Bell Telephone Company.

Electricity is metered individually for each apartment, however, gas is on a central meter and tenants do not pay individual gas bills.

Water is supplied by New York City, as is sewage service. Water and sewage service are paid for by frontage.

SUB-SOIL CONDITIONS: -

The foundation is of poured concrete. The foundation is in good condition. There is no evidence of any uneven foundation movement or that settling has occurred. There is no evidence of moisture or water seepage or water infiltration into this structure.

LANDSCAPING: -

The front of the building has a landscaped area consisting of grass, shrubs and trees. This area runs the complete front of the building, except for the

garage driveway and front entry area. There is also one tree at the curb at the front of the building. Landscaping is in good condition.

There is an iron fence at the front of the landscaping which is in good condition.

BUILDING SIZE: -

The building is six stories, consisting of a lobby floor, and six additional floors. The height from curb level is approximately 60 feet. This is a brick building.

Local Law 10/80 does not apply as it applies only to buildings taller than six (6) stories.

The parapet is 42 inches in height and is brick. A black mastic has been used as a waterproofing for the parapet. There is some erosion. The parapet is in fairly good condition.

STRUCTURAL SYSTEM: -

The exterior of the building is brick in good condition. Some brickwork shows evidence of recent waterproofing. The foundation is of concrete and is in good condition. There is no evidence of any deterioration of the foundation.

Local Law 10/80 does not apply as the Certificate of Occupancy for this building is for six floors and cellar.

Windows are single glazed, wood, double-hung windows in fairly good condition. Aluminum screens are provided and are in fairly good condition.

PARAPETS & COPINGS: -

Parapets are brick in fairly good condition. Copings are precast concrete and terracotta in fairly good condition. There is no evidence of water entry through parapet or copings.

There is one main chimney of brick which is in good condition, and two incinerator chimneys of brick in good condition.

BALCONIES & TERRACES: -

There are no balconies or terraces on this building.

ENTRANCES: -

The front main entry of the building consists of four steps and a deck area, all of slate. There is erosion and cracking of the slate. The slate is in only fair condition. The deck has two drains which provide adequate drainage.

There is a portico area which has two incandescent lights at the front exterior of the main entry. The main entry door to the building is Lexan and aluminum in good condition.

The vestibule contains doorbells for all apartments and a system for two-way communication by the Lee Dan Company, all in good condition. The vestibule has a Terrazzo floor, Lexan and marble walls, and a plaster ceiling. The vestibule is lit by one 18" fluorescent light and 2 - incandescent lights, all in good condition.

The door to the lobby is also Lexan and aluminum, in good condition. The lobby has a terrazzo floor which is in good condition, except for a sloppy repair off to one side. The ceiling is plaster in good condition. Lobby walls and ceiling are plaster in good condition.

The lobby is adequately lit by 8 incandescents and 4 - 18" fluorescents, all in good condition.

The two mailbox areas are on the lobby floor. They are each lit by 2 - 3 foot fluorescent tubes which provide adequate lighting. The mailboxes are in good condition. They were manufactured by the Auth Electric Company.

ROOF & ROOF STRUCTURES: -

The roof is strip asphalt covered, finished off with gravel. The roof is in fairly good condition.

There are four roof drains. The parapet is 42 inches high. It is brick. The parapet is in generally fairly good condition. It has been waterproofed on the roof side with a black mastic. There is some erosion.

Some copings are terracotta and some are precast concrete in fairly good condition.

There are two bulkheads on the roof, each consisting of a stairway area, an elevator machine room, and an incinerator chimney. The incinerator chimneys are brick in good condition. Both elevator machine rooms are reached from the roof by steel stairs which are in good condition.

All rooftop doors are steel covered in steel door bucks, in fairly good condition.

The main chimney is brick in good condition.

There are no skylights on the roof. There are 22 rooftop ventilators which provide ventilation for windowless halls, kitchens, and bathrooms. All are in good condition.

FIRE ESCAPES: -

There are three sets of fire escapes at the front of the building, each containing five baskets. These fire escapes do not go to the roof. There are drop ladders at the bottom so as to articulate with the street level.

The right side of the building has one set of fire escapes. It has 6 1/2 baskets and goes to the roof. This set has a drop ladder at the bottom so as to articulate with the street level.

The rear of the building has four fire escapes. Each has 5 1/2 baskets and a drop ladder. The half-basket allows access to the roof.

All fire escapes on this building are in good condition.

YARDS & COURTS: -

At the rear of the building there is a playground area at street level. It is covered with blacktop which is in fairly poor condition due to cracks and heaving and will need repair.

There is one incandescent light at the first floor level.

There are two floodlights at the roof level, also providing light to this area.

There are 8 benches with concrete stanchions and wood slats. Approximately half of all of the wood slats are in need of replacement.

Chain link fence in this area is in good condition.

There are six trees in this area and a planting area which are in fairly good condition.

There is one sliding pond which is in good condition.

There is one deck drain in the playground area which provides adequate drainage.

There is a steel stair leading from this area to a garage roof area. This area has three deck drains and is in fairly good condition.

There is a passageway at the right side of the building which has concrete block and concrete walls in good condition. The ceiling is stucco in good condition. The deck is concrete in good condition. There is one deck drain. There are three incandescent lights providing adequate lighting in good condition.

INTERIOR STAIRS: -

There are two sets of interior stairs in this building. Both sets of stairs are steel pan with

concrete treads and concrete landings. The railings are steel with steel balustrades and with a wood handrail. Walls and ceilings in the immediate vicinity of the stairs are plaster. Both sets of stairs go to the roof. All stairs are in good condition.

There is a steel covered door on each floor to each stair. There is a safety glass in the door which is 18 inches x 18 inches. Stairs are lit by one incandescent light at each landing. The stairs are in good condition and lighting is adequate.

There are no standpipes, hoses, or hose cabinets in the stair areas.

INTERIOR DOORS & FRAMES: -

All apartment entry doors, stair hall doors, and roof doors are steel covered doors in steel door bucks and meet or exceed fire/safety standards.

ELEVATORS: -

There are two elevators in this building. Elevator #5826, maximum 13 persons, 2,000 pounds, was last inspected 3/1/83 by Inspector MdGuire of the New York City Buildings Department. It has plastic laminate walls, linoleum tile floor, and diffuser ceiling. It is an automatic elevator with a stop switch and alarm switch. The cab was manufactured by the Serge Elevator Company. There is a security mirror in the corner of the cab.

The second elevator is elevator #5825, and was last inspected 12/4/85 by Inspector Huygers of the New York City Buildings Department. It is also a Serge elevator.

The cabs and all associated equipment are in good condition.

Both elevators have sliding steel doors , for both the cab and the shaft, with the appropriate grill-work over the sight panel as required by New York City Code.

The two elevator equipment rooms are in bulkheads on the roof. Each is approximately 15 feet x 9 feet, with an 8 foot ceiling and is lit by one incandescent light. Ropes are in good condition. The elevator rooms have a concrete roof and brick walls. The lift machines are Serge Elevator Company machines, rated at 7.5 h.p., 3 phase, 25 amperes, 208/120 volts. The speed is 1,000 rpm. The equipment is in fairly good condition.

Both machine rooms have steel covered doors in steel door bucks in good condition.

LAUNDRY ROOM: -

The Laundry Room is on the lobby level and has three laundry sinks, two wash sinks, as well as five washing machines, charging 75¢ per load. There are three dryers. The charge for the dryer is 25¢ for 20 minutes.

The dryers are vented through the wall, using sheet metal flues. These dryers are gas fired and the room is ventilated through two windows. There is a fan passing through the wall. All equipment is in good condition.

The walls are plaster and ceiling is stucco, the floor is concrete, all are in good condition. The door is a solid wood door in good condition.

The area is lit by four - three foot fluorescent tubes providing adequate light.

The laundry room is approximately 25 feet x 15 feet and has a 10 foot ceiling.

Immediately adjacent to the laundry room is a toilet which is approximately 4 feet x 4 feet with a steel covered door in a steel door buck in good condition. It contains one bowl and one sink in good condition. Water pressure and drainage are good.

REFUSE DISPOSAL: -

There are two incinerators in this building, each occupying a separate room marked "Incinerator".

The Incinerator Rooms both have concrete decks, concrete ceiling and concrete walls, all in good condition. The incinerators are both in good condition. Each incinerator room is equipped with a fire extinguisher mounted on the wall.

Air Resources Permit #50/71 which expires 1/24/88 is posted, indicating that the equipment is Eclipse 200-JIB-C, Dayton 4C006, permitted to burn 82 pounds per hour, 2 burns per day, refuse type 2.

Also in use are Scrubaire units #424-A in good condition.

The doors to the rooms housing the incinerator equipment are steel covered in steel door bucks, in good condition.

Burned garbage is stored in the cellar until pick-up on Mondays, Wednesdays and Fridays by the New York City Sanitation Department.

PLUMBING & DRAINAGE: -

Gas piping in the building is blackpipe in good condition. Water piping is brass in good condition. Drain lines are cast iron and galvanized in good condition. There are sprinkler heads and associated iron piping in the garage and boiler room for fire protection. They are in good condition.

Storm and sanitary sewage from this building enters the New York City sewer system.

There are no standpipes, Siamese connections, hoses or nozzles in this building.

Water pressure is obtained from street lines.

There is a 1,000 gallon water storage tank with two pumps located in a storage room on the lobby level. The tank and pumps have been abandoned and are not used.

HEATING: -

There are steel stairs with steel treads, steel handrail, consisting of six steps that lead down to the boiler room from the lobby level floor. The boiler room has a concrete deck concrete and concrete block walls. The ceiling is concrete. The boiler room is in good condition.

There is one deck drain in the boiler room. The boiler room is approximately 33 feet x 33 feet, and has a 14 foot ceiling.

There is one sump pump in the boiler room in good condition.

There is one door from the lobby level to the boiler room. It is steel covered in a steel door buck in good condition.

There is also a door to the playground area which is wood and in fairly good to fair condition.

There are two horizontal Fire tube boilers manufactured by the Federal Boiler Company which produce steam for heat and domestic hot water.

There are two Johnson Burner oil guns which fire #6 oil. The boilers and guns are in fairly good condition. There is a smoke eye to detect smoke color as required by Code, in good condition. The boilers are series FLW 151, SBI, gross output, 4,500 MBH each.

Domestic hot water is produced on the same boilers. There is a circulator pump for this domestic hot water system. At the time of inspection, it was in good condition.

The heating system is controlled by a Fuel Watchman, model HT. It is in good condition. The heating system is capable of maintaining legally required conditions under anticipated weather conditions.

New York City Fire Department Permit #61110 is posted in the boiler room for storage of 5,000 gallons of oil.

AIR CONDITIONING/VENTILATION: -

Neither central air conditioning, nor individual air conditioners are supplied by this building.

ELECTRICAL SYSTEM: -

The electrical service to this building is a 110/208 volt, three phase system, served by a total of 4 sets of 500 MCM conductors in two switch boxes.

Each apartment has its own meter and two 40 amp circuit breakers in one of the two Meter Rooms. Those apartments that were examined had from four to six branch circuits.

The Meter Rooms have a concrete deck, concrete walls, and a concrete ceiling.

The Electric Meter Rooms have steel covered doors in steel door bucks. The Meter Rooms and all equipment in them are in good condition.

The electrical service to the building and to each individual apartment is adequate for modern living. Public areas are adequately lit as described in the description of each area.

One Meter Room is approximately 18 feet x 30 feet, and the other is approximately 9 feet x 30 feet. Both have 10 foot ceilings. Each Meter Room is lit by three incandescent lights.

The halls on each floor are each lit by 4 fluorescent tubes, per side, for a total of 8 per floor, providing adequate light.

There is an Intercom and lobby door lock tick-back which allows building occupants to communicate with persons attempting to enter the building. Upon being assured of who the entering party is, the

building occupant can release the lock on the obby door by the tick-back mechanism. The Intercom and tick-back equipment is in fairly good condition.

HALLS: -

The halls are in good condition. The floors are covered with linoleum tile in good condition. The walls and ceilings are plaster in good condition. Each hall is lit by four fluorescents per side for a total of 8 fluorescents per floor, providing adequate lights.

Apartment doors are steel covered in steel door bucks.

Hall are ventilated by rooftop, electrically driven ventilators which are in good condition.

GARAGE & PARKING AREAS: -

There are no outdoor parking facilities provided by this development.

There is an indoor garage for 33 cars. License #699293 is posted in the garage indicating a capacity of 33 cars, and a rate of $35.00 per month.

The garage is sprinklered for fire protection and is lit by 22 - 3 foot fluorescent tubes which provide adequate light.

The electronically operated overhead wood door is in good condition. There are two deck drains providing adequate drainage.

The garage has a concrete deck, concrete, brick and concrete block walls and a concrete ceiling, all in good condition.

Ventilation for the garage is provided by a fan located on the roof of the garage, in good condition. There are three heating units in the garage.

The heating units are in good condition and get their steam from the main heating system of the building. There is a steel covered door in a steel door buck for pedestrian use adjacent to the overhead door of the garage.

ADDITIONAL COMMON AREAS: -

Super's Office - the Super's Office is approximately 16 feet x 10 feet. The walls are painted wood panels in fairly good condition. Linoleum tile floor is in good condition. It is at the lobby level and has a 7 foot ceiling. There are four fluorescent tubes providing adequate light.

This room is entered through a steel door in a steel door buck. The ceiling is a dropped ceiling.

There is a Super's Storage Room adjacent to the Super's Office. It has masonry block and concrete walls and a concrete deck, all in good condition. It is lit by two fluorescent tubes providing adequate light. It has a 10 foot ceiling and is approximately 18 feet x 15 feet, having a wood door.

There is a Storage Room at the lobby level. It has 2 - 8 foot fluorescent tubes providing adequate light. It has brick, concrete and concrete block walls in good condition. It has a concrete deck in good condition. The ceiling is concrete.

The room is entered through a steel door in a steel door buck in good condition. It is approximately 30 feet x 20 feet and has a 10 foot ceiling. The room is in good condition.

SAMPLE APARTMENTS: -

Apt. #3- B -

The apartment door is steel covered in a steel door buck in good condition.

The radiators are recessed in the walls, in good condition.

There are four circuit breakers in this apartment.

Kitchen -

There is no window in this kitchen. It is ventilated by a rooftop ventilator. Walls and ceiling are plaster in good condition. All appliances in the kitchen are new. The stove was manufactured by the Caloric Company. It is approximately 18" x 24", has 4 burners, an oven and broiler. It is new and in good condition. The dishwasher was manufactured by Caloric. It is new and in good condition. The floor is linoleum tile in good condition. Wood cabinets are in good condition. Plastic laminate counter top is in good condition. Stainless steel sink is in good condition. Water pressure and drainage are good. There are three electrical outlets in this room.

Bathroom -

There is no window in the bathroom. It is ventilated by a rooftop ventilator. Walls and ceiling are plaster in good condition. The floor is tile in good condition. Wainscot is tile in good condition. Sink, bowl and tub are in good condition. There is one electrical outlet in this room.

Living Room -

Walls and ceiling are plaster in good condition. The floor is wood in good condition. There are four electrical outlets in this room.

Sleeping Area -

Walls and ceiling are plaster in good condition. The floor is wood in good condition. There are three electrical outlets in this room.

Apt. #2-G -

The apartment door is steel covered in a steel door buck in good condition.

The radiators are recessed in good condition.

There are five circuit breakers in this apartment.

Kitchen -

There is no window in the kitchen. It is ventilated by a rooftop ventilator. Walls and ceiling are plaster in good condition. All appliances in this kitchen are new. The stove is Caloric. It is approximately 18" x 24", has an oven, broiler and four burners. The floor is linoleum covered in good condition. Wood cabinets are in good condition. Counter top is in good condition. Stainless steel sink is in good condition. Water pressure and drainage are good. There are three electrical outlets in this room.

Bathroom -

There is no window in this room. It is ventilated by a rooftop ventilator. Walls and ceiling are plaster in good condition. The floor is tile in good condition. Wainscot is tile in good condition. Sink, bowl and tub are in good condition. Water pressure and drainage are good. There is one electrical outlet in this room.

Main Room -

Walls and ceiling are plaster in good condition. The floor is wood in good condition. There are four electrical outlets in this room.

Apt. #5-A -

The apartment door is steel covered in a steel door buck in good condition.

There are five circuit breakers in this apartment.

The radiators are recessed.

Kitchen -

There is no window in this kitchen. It is ventilated by a rooftop ventilator. Walls and ceiling are plaster in good condition. All appliances in this kitchen are

new. The stove was manufactured by the Caloric Company. It is approximately 18" x 24". It has 4 burners, oven and broiler. It is new and in good condition. The floor is linoleum covered. Wood cabinets are in good condition. Counter top is plastic laminate in good condition. Stainless steel sink is in good condition. There are three electrical outlets in this room.

Bathroom -

There is no window in this room. The room is ventilated by a rooftop ventilator. Walls and ceiling are plaster in good condition. The floor is tile in good condition. Wainscot is tile in good condition. Sink, bowl and tub are in good condition. Water pressure and drainage are good. There is one electrical outlet in this room.

Dining Area -

Walls and ceiling are plaster in good condition. The floor is wood in good condition. There is one electrical outlet in this room.

Living Room -

Walls and ceiling are plaster in good condition. The floor is wood in good condition. There are four electrical outlets in this room.

Apt. #6-G -

The apartment door is steel covered in a steel door buck in good condition.

There are five circuit breakers in this apartment.

The radiators in this apartment are recessed, in good condition.

Kitchen -

There is no window in this room. Walls and ceiling are plaster in good condition. All appliances in this

kitchen are new. The stove was manufactured by the Caloric Company. It is approximately 18" x 24". It has 4 burners, an oven and broiler and is in good condition. The floor is linoleum covered in good condition. Wood cabinets are in good condition. Plastic laminate cabinets are in good condition. Counter top is in good condition. Stainless steel sink is in good condition. Water pressure and drainage are good. There are three electrical outlets in this room.

Bathroom -

There is no window in this room. Walls and ceiling are plaster in good condition. The floor is tile in good condition. Wainscot is tile in good condition. Sink, bowl and tub are in good condition. Water pressure and drainage are good. There is one electrical outlet in this room.

Living Room -

Walls and ceiling are plaster in good condition. The floor is wood in good condition. There are four electrical outlets in this room.

Apt. #5-C -

The apartment door is steel covered in a steel door buck in good condition.

The radiators are recessed in good condition.

There are six circuit breakers in this apartment.

Kitchen -

There is no window in this kitchen. It is ventilated by rooftop ventilator. Walls and ceiling are plaster in good condition. All appliances are new. The stove was manufactured by the Caloric Company. It is 18" x 24", has 4 burners, an oven and broker and is in good condition. The floor is linoleum covered in good condition. Wood cabinets are in good condition.

Counter top is plastic laminate in good condition. Stainless steel sink is in good condition. Water pressure and drainage are good. There are three electrical outlets in this room.

Bathroom -

There is no window in this bathroom. It is ventilated by a rooftop ventilator. Walls and ceiling are plaster in good condition. The floor is tile in good condition. Wainscot is tile in good condition, Sink, bowl and tub are in good condition. Water pressure and drainage are good. There is one electrical outlet in this room.

Dining Area -

Walls and ceiling are plaster in good condition. The floor is wood in good condition.

Living Room -

Walls and ceiling are plaster in good condition. The floor is wood in good condition. There are four electrical outlets in this room.

Master Bedroom -

Walls and ceiling are plaster in good condition. The floor is wood in good condition. There are five electrical outlets in this room.

Jr. Bedroom -

Walls and ceiling are plaster in good condition. The floor is wood in good condition. There are four electrical outlets in this room.

Bath Off Bedroom -

There is no window in this room. It is ventilated by a rooftop ventilator. Walls and ceiling are plaster in good condition. The floor is tile in good condition. Wainscot is tile in good condition. Sink, bowl and shower are in good condition. Water

pressure and drainage are good.

Apt. #7-C -

The apartment door is steel covered in a steel door buck.

There are five circuit breakers in this apartment.

The radiators are recessed.

Kitchen -

There is no window in this kitchen. Walls and ceiling are plaster in good condition. The refrigerator was manufactured by the General Electric Company. It is an 11 cubic foot refrigerator. The stove was manufactured by the Modern Maid Company. It is 36" x 18" in fairly good condition. The floor is linoleum covered in good condition. Sink is in good condition. There are three electrical outlets in this room.

Bathroom -

There is no window in this room. It is ventilated by a rooftop ventilator. Walls and ceiling are plaster in good condition. The floor is tile in good condition. Wainscot is tile in good condition. Sink, bowl and tub are in good condition.

Living Room -

Walls and ceiling are plaster in good condition. The floor is wood in good condition. There are four electrical outlets in this room.

Master Bedroom -

Walls and ceiling are plaster in good condition. The floor is wood in good condition. There are three electrical outlets in this room.

Junior Bedroom -

Walls and ceiling are plaster in good condition. The floor is wood in good condition. There are three

electrical outlets in this room.

Bathroom Off Bedroom -

Walls, and ceiling are plaster in good condition. The floor is tile in good condition. Wainscot is tile in good condition. Sink, bowl and shower are in good condition. Water pressure and drainage are good. There is no window in this room. It is ventilated by a rooftop ventilator.

NOTE: - All room doors are hollow wood doors.

All closet doors are solid wood doors.

TEMES ENGINEERING SERVICES

Lloyd Temes P.E.

Lloyd Temes, P.E.,
State of New York,
#047358



150 HAWTHORNE STREET, BROOKLYN, N.Y.
VIOLATIONS

PROPERLY REPAIR WITH SIMILAR MATERIAL THE BROKEN OR DEFECTIVE WOOD FLOOR OF SOUTH ROOM AT RADIATOR 2 STY WEST WING APT 2O.

FIRE EGRESS DEFECTIVE. REMOVE OBSTRUCTING BARS OR UNLAWFUL GATES FROM WINDOW TO FIRE ESCAPE OR PROVIDE APPROVED TYPE GATE 5 STY SOUTH WEST APT 5J.

ABATE THE NUISANCE CONSISTING OF DOUBLE CYLINDER LOCK ENTRY TO 5TH STY SOUTH WEST APT 5J.

PAINT WITH LIGHT COLORED PAINT TO THE SATISFACTION OF THIS DEPARTMENT CLG OVER WINDOW FRONT ROOM 5TH STY SOUTH CENTER APT 5J R169.

ABATE THE NUISANCE CONSISTING OF CONCEALED CLG LEAK OVER WINDOW NORTH EAST ROOM 6 STY APT 6N R205.

PROVIDE AN APPROVED AND OPERATIONAL SMOKE DETECTING DEVICE, INSTALLED IN ACCORDANCE WITH DEPARTMENT OF BUILDINGS RULES AND REGULATIONS MISSING 4 STY WEST APT 4M WEST SECTION.

ARRANGE AND MAKE SELF-CLOSING THE DOORS BULKHEAD TO ROOF WEST WING R220.

POST AND MAINTAIN A PROPER SIGN ON WALL OF ENTRANCE STORY SHOWING THE REGISTRATION NUMBER ASSIGNED BY THE DEPARTMENT AND THE ADDRESS OF THE BUILDING.

POST NOTICE, IN FORM APPROVED BY THE DEPARTMENT, STATING THE NAME AND LOCATION OF THE PERSON DESIGNATED BY THE OWNER TO HAVE KEY TO BUILDING'S HEATING SYSTEM 1 STY PUBLIC HALL & ON BOILER ROOM DOOR.

PROVIDE AN APPROVED AN DOPERATIONAL SMOKE DETECTING DEVICE, INSTALLED IN ACCORDANCE WITH DEPARTMENT OF BUILDINGS RULES AND REGULATIONS MISSING 5 STY NORTH APT 5N.

REPAIR OR REPLACE THE SMOKE DETECTOR DEFECTIVE 6 STY NORTH APT 6N LABIRD.

PAINT WITH LIGHT COLORED PAINT TO THE SATISFACTION OF THIS DEPARTMENT WALLS & CEILINGS 6 STY NORTH APT 6N KITCHEN.

REPLACE WITH NEW THE MISSING 60 WATT BULBS TO FIXTURES 7 STY PUBLIC STAIRS TO ROOF EAST & WEST SECTIONS.

REARRANGE TELEVISION AND /OR RADIO ANTENNA TO BE ATLEAST 10 FEET ABOVE ROOF AND NOT ATTACHED TO ANY FIRE ESCAPE OR SOIL OR VENT LINE SOUTHEAST ROOF.

REPLACE WITH NEW THE MISSING DOOR KNOBS TO FIRE STAIRS 4 STY PUBLIC HALL.

ABATE THE NUISANCE CONSISTING OF REFRIGERATOR STORED WITH LOCKING DEVICE INTACT INCINERATOR CELLAR AT EAST.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE PAVING REAR YARD.

REFIT DOOR ENTRANCE 1 STY TO BOILER ROOM.

ABATE THE NUISANCE CONSISTING OF MATTRESSES STORED AT NORTHEAST ROOM CELLAR ROOMS.

REMOVE THE ACCUMULATION OF REFUSE AND/OR RUBBISH AND MAINTAIN IN A CLEAN CONDITION THE CELLAR EAST NORTHEAST & NORTHWEST ROOMS.

PROVIDE A SUITABLE STRAINER FOR DRAIN BOILER ROOM CELLAR.

DISCONTINUE THE STORAGE OF COMBUSTIBLE MATERIAL CONTAINERS WITH OIL AT BOILER ROOM CELLAR AT EAST.

FILE PLANS AND APPLICATION AND LEGALISE THE FOLLOWING ALTERATION OR RESTORE TO LEGAL CONDITION EXISTING PRIOR TO MAKING OF SAID ALTERATION DROPPED CEILING INSTALLED CELLAR EAST ROOM.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE INTERCOM SYSTEM FROM VESTIBULE TO 4 STY SOUTHWEST APT 5L WEST SECTION.

FIRE EGRESS DEFECTIVE. REMOVE OBSTRUCTING BARS OR UNLAWFUL GATES FROM WINDOW TO FIRE ESCAPE OR PROVIDE APPROVED TYPE GATE 4 STY SOUTHWEST APT 5L WEST SECTION.

REPAIR TEH BROKEN OR DEFECTIVE PLASTERED SURFACES AND PAINT IN A UNIFORM COLOR CEILING 4 STY SOUTHWEST APT 5L WEST SECTION BATHROOM.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE WALL TILE 4 STY SOUTHWEST APT 5L WEST SECTION BATHROOM.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE WASHBASIN STOPPER 4 STY SOUTHWEST APT 5L BATHROOM WEST SECTION.

REMOVE ALL OBSTRUCTIONS AND REPAIR ALL DEFECTS IN BATHTUB 4 STY SOUTHWEST APT 5L BATHROOM WEST SECTION.

REPAIR THE BROKEN OR DEFECTIVE PLASTERED SURFACES AND PAINT IN A UNIFORM COLOR CEILING 4 STY SOUTH-WEST APT 5L CENTER ROOM WEST SECTION.

REPAIR THE BROKEN OR DEFECTIVE PLASTERED SURFACES AND PAINT IN A UNIFORM COLOR WALL4 STY SOUTHWEST APT 5L SOUTHWEST ROOM WEST SECTION.

PAINT WITH LIGHT COLORED PAINT TO THE SATISFACTION OF THIS DEPARTMENT CEILING 4 STY SOUTHWEST APT 5L KITCHEN WEST SECTION.

ABATE THE NUISANCE CONSISTING OF VERMIN MICE & ROACHES 4 STY SOUTHWEST APT 5L THRU OUT WEST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE LOCKING DEVICE ON VESTIBULE DOOR LOBBY LEVEL.

REPLACE WITH NEW THE MISSING KNOB ON FIRE DOOR 3 STY PUBLIC HALL EAST SECTION.

PRPERLY REPAIR THE BROKEN OR DEFECTIVE WOOD BENCHES REAR SOUTHEAST YARD BY PLAY AREA.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE FLAG-STONE FRONT ENTRANCE TO BLDG FRONT YARD.

PAINT WITH LIGHT COLORED PAINT TO THE SATISFACTION OF THIS DEPARTMENT WALLS & CEILING 6 STY SOUTHEAST APT 7R THRU OUT WEST SECTION.

PROVIDE AN APPROVED AND OPERATIONAL SMOKE DETECTING DEVICE, INSTALLED IN ACCORDANCE WITH DEPARTMENT OF BUILDINGS RULES AND REGULATIONS MISSING 6 STY SOUTHEAST APT 7R WEST SECTION.

ABATE THE NUISANCE CONSISTING OF DOUBLE CYLINDER KEY OPERATED ON ENTRANCE DOOR 6 STY SOUTHEAST APT 7R WEST SECTION.

FIRE EGRESS DEFECTIVE. REMOVE OBSTRUCTING BARS OR UNLAWFUL GATES FROM WINDOW TO FIRE ESCAPE OR PROVIDE APPROVED TYPE GATE 6 STY SOUTHEAST APT 7R WEST SECTION.

ABATE THE NUISANCE CONSISTING OF VERMIN ROACHES 6 STY SOUTHEAST APT 7R THRU OUT WEST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE WOOD BASE 6 STY SOUTHEAST APT 7R WEST SECTION KITCHEN.

REPALCE WITH NEW THE MISSING WOOD DRAWER 6 STY SOUTHEAST APT 7R CABINET KITCHEN WEST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE CLOSET DOORS OUT OF GUIDE 6 STY SOUTHEAST APT 7R FOYER & PRIVATE HALL WEST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE WALLS TILE 6 STY SOUTHEAST APT 7R BATHROOM WEST SECTION.

FIRE EGRESS DEFECTIVE. REMOVE OBSTRUCTING BARS OR UNLAWFUL GATES FROM WINDOW TO FIRE ESCAPE OR PROVIDE APPROVED TYPE GATE 6 STY SOUTHWEST APT 7L WEST SECTION.

ABATE THE NUISANCE CONSISTING OF DOUBLE CYLINDER KEY OPERATED LOCK ENTRANCE DOOR 6 STY SOUTHWEST APT 7L WEST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE AND MAKE OPERABLE WINDOWS 6 STY SOUTHWEST APT 7L THRU OUT WEST SECTION.

REPLACE WITH NEW THE MISSING GLASS OF PEEPHOLE ENTRANCE DOOR 6 STY SOUTHWEST APT 7L WEST SECTION.

OPERABLE WINDOWS 6 STY SOUTH CENTER APT 7J WEST SECTION.

PROVIDE AN APPROVED AND OPERATIONAL SMOKE DETECTING DEVICE, INSTALLED IN ACCORDANCE WITH DEPARTMENT OF BUILDINGS RULES AND REGULATIONS MISSING 6 STY SOUTH CENTER APT 7J WEST SECTION.

PAINT WITH LIGHT COLORED PAINT TO THE SATISFACTION OF THIS DEPARTMENT WALLS & CEILING 6 STY SOUTH CENTER APT 7J WEST SECTION CENTER ROOM.

ARRANGE AND MAKE SELF-CLOSING THE DOORS FIRE DOOR 5 STY PUBLIC HALL WEST SECTION.

PROVIDE AN APPROVED AND OPERATIONAL SMOKE DETECTING DEVICE, INSTALLED IN ACCORDANCE WITH DEPARTMENT OF BUILDINGS RULES AND REGULATIONS MISSING 5 STY WEST APT 6M WEST SECTION.

ABATE THE NUISANCE CONSISTING OF DOUBLE CYLINDER KEY OPERATED LOCK ENTRANCE DOOR 5 STY WEST APT 6M WEST SECTION.

REPAIR THE BROKEN OR DEFECTIVE PLASTERED SURFACES AND PAINT IN A UNIFORM COLOR WALL AT WINDOW 4 STY NORTHEAST APT 5O CENTER EAST ROOM WEST SECTION.

ABATE THE NUISANCE CONSISTING OF CONCEALED LEAK CEILING 4 STY NORTHEAST APT 5O WEST SECTION NORTH-WEST ROOM.

ABATE THE NUISANCE CONSISTING OF DOUBLE CYLINDER KEY OPERATED LOCK ENTRANCE DOOR 4 STY NORTHEAST APT 5O WEST SECTION.

PAINT WITH LIGHT COLORED PAINT TO THE SATISFACTION OF THIS DEPARTMENT WALL AROUND AIR CONDITIONER 4 STY NORTHWEST APT 5N NORTHWEST ROOM WEST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE AND MAKE OPERABLE WINDOW 4 STY NORTHWEST APT 5N THRU OUT WEST SECTION.

ABATE THE NUISANCE CONSISTING OF DOUBLE CYLINDER KEY OPERATED LOCK ENTRANCE DOOR 4 STY CENTER NORTH APT 5D EST SECTION.

ABATE THE NUISANCE CONSISTING OF CONCEALED LEAK CEILING 4 STY CENTER NORTH APT 5D CENTER NORTHWEST ROOM EAST SECTION.

REPLACE WITH NEW THE BROKEN OR DEFECTIVE GLASS INSERT LOWER SASH 4 STY CENTER NORTH APT 5D CENTER NORTHWEST ROOM EST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE AND MAKE OPERABLE WINDOW 4 STY CENTER NORTH APT 5D THRU OUT EAST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE KITCHEN CABINET DRAWER 4 STY CENTER NORTH APT 5D EAST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE AS TO STAY CLOSED KITCHEN OVEN DOOR 4 STY CENTER NORTH APT 5D EAST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE BATHTUB STOPPER 4 STY CENTER NORTH APT 5D BATHROOM EAST SECTION.

ABATE THE NUISANCE CONSISTING OF CONCEALED LEAK CEILING 3 STY NORTHWEST APT 4O CENTER ROOM WEST SECTION.

REPAIR THE BROKEN OR DEFECTIVE PLASTERED SURFACES AND PAINT IN A UNIFORM COLOR CEILING 3 STY NORTHWEST APT 4O CENTER ROOM WEST SECTION.

REPAIR THE BROKEN OR DEFECTIVE PLASTERED SURFACES AND PAINT IN A UNIFORM COLOR WALLS CEILING 3 STY NORTHWEST APT 4O BATHROOM WEST SECTION.

ABATE THE NUISANCE CONSISTING OF CONCEALED LEAK WALL & CEILING 3 STY NORTHWEST APT 4O BATHROOM WEST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE TILE FLOOR SHOWER STALL 3 STY NORTHWEST APT 4O NORTHEAST ROOM WEST SECTION.

OPENINGS IN THE WASTELINE UNDER SINK 3 STY NORTH-WEST APT 4O KITCHEN WEST SECTION.

ABATE THE NUISANCE CONSISTING OF DOUBLE CYLINDER KEY OPERATED LOCK ENTRANCE DOOR 3 STY NORTHWEST APT 4O WEST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE AND MAKE OPERABLE WINDOW 3 STY SOUTHWEST APT 4A THRU OUT EAST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE DRAWERS AT KITCHEN CABINET 3 STY SOUTHWEST APT 4A EAST SECTION.

ABATE TH NUISANCE CONSISTING OF VERMIN MICE 3 STY SOUTHWEST APT 4A THRU OUT EAST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE BATHTUB WASTE STOPPER 3 STY SOUTHWEST APT 4A BATHROOM EAST SECTION.

ARRANGE AND MAKE SELF-CLOSING THE DOORS ENTRANCE 3 STY SOUTH APT 4H EAST SECTION.

ABATE THE NUISANCE CONSISTING OF DOUBLE CYLINDER KEY OPERATED LOCK ENTRANCE DOOR 3 STY SOUTH CENTER APT 4H EAST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE AND MAKE OPERABLE WINDOW 3 STY SOUTH CENTER APT 4H THRU OUT EAST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE CABINET DOORS 3 STY SOUTH CENTER APT 4H KITCHEN EAST SECTION.

ABATE THE NUISANCE CONSISTING OF VERMIN ROACHES 3 STY SOUTH CENTER APT 4H KITCHEN EAST SECTION.

REPLACE WITH NEW THE MISSING STOPPER OF WASHBASIN 3 STY SOUTH CENTER APT 4H BATHROOM EAST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE AND MAKE OPERABLE WINDOW 1 STY WEST APT 2M THRU OUT WEST SECTION.

ABATE THE NUISANCE CONSISTING OF VERMIN MICE 1 STY WEST APT 2M THRU OUT WEST SECTION.

ABATE THE NUISANCE CONSISTING OF DOUBLE CYLINDER KEY OPERATED LOCK 1 STY WEST APT 2M WEST SECTION.

ARRANGE AND MAKE SELF-CLOSING THE DOORS INCINERATOR CLOSET 1 STY PUBLIC HALL WEST WING.

REFIT DOOR ENTRANCE 1 STY SOUTHWEST APT 2L WEST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE FORMICA TOP BEHIND SINK 1 STY SOUTHWEST APT 2L KITCHEN WEST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE WOODBASE OF KITCHEN SINK CABINET 1 STY SOUTHWEST APT 2L WEST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE AND MAKE OPERABLE WINDOW 1 STY SOUTHWEST APT 2L THRU OUT WEST SECTION.

FIRE EGRESS DEFECTIVE. REMOVE OBSTRUCTING BARS OR UNLAWFUL GATES FROM WINDOW TO FIRE ESCAPE OR PROVIDE APPROVED TYPE GATE 1 STY SOUTHWEST APT 2L WEST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE CLOSET DOOR OUT OF GUIDE IN FOYER ENTRANCE 1 STY SOUTH-WEST APT 2L WEST SECTION.

PROPERLY REPAIR THE BROKEN OR DEFECTIVE MECHANICAL VENTS 1 STY SOUTHWEST APT 2L KITCHEN & BATHROOM WEST SECTION.

TEMES ENGINEERING SERVICES
Consultant Engineers
236 Beaumont Street
Brooklyn, New York 11235-4121
(718/769-9756)

January 21st, 1987

150 Hawthorne Associates,
4819 - 13th Ave.,
Brooklyn, N. Y. 11219

Att: Victor

Re: 150 Hawthorne Street,
Brooklyn, N. Y.

Dear Victor,

As per our telephone conversation of this date, we have checked with the Brooklyn Dept. of Buildings re Alterations that had been done on subject building.

As of this date, there was no record at the Brooklyn Buiuldings Dept. to indicate any alterations had been done at subject building since construction.

If we can be of any further assistance along any other lines, please advise.

Sincerely yours,

TEMES ENGINEERING SERVICES

Lloyd Temes

LT:esa
Encls.-

Lloyd Temes, P.E.,
State of New York,
#047358

STATE OF NEW YORK
LLOYD TEMES
LICENSED PROFESSIONAL ENGINEER
No. 047358

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EM&CA
Environmental Monitoring & Consulting Associates
P.O. BOX 872 • SOMERVILLE, NEW JERSEY 08876 • (201) 249-3005

ASBESTOS ASSESSMENT REPORT

150 HAWTHORNE STREET
BROOKLYN, NEW YORK

PREPARED FOR

MORRIS ROKOWSKY REALTY
4819 13TH AVENUE
BROOKLYN, NEW YORK 11219

PREPARED BY

ENVIRONMENTAL MONITORING & CONSULTING ASSOCIATES
P.O. BOX 872
SOMERVILLE, NEW JERSEY

(201) 249-3005

EM&CA
Environmental Monitoring & Consulting Associates
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ASBESTOS BUILDING SURVEY

INTRODUCTION

Mr. Morris Rokowsky of Rokowsky Management authorized Environmental Monitoring & Consulting Associates to conduct asbestos building surveys at 150 Hawthorne Street, Brooklyn, New York.

The survey was conducted by EM&CA personnel Matt Morales and consists of the following:

1. A visual determination as to the extent of suspect materials and conditions of the materials in apartments, boiler\mechanical rooms, hallways, laundry rooms, storage rooms, etc.

2. A physical "Hands Pressure" test for determining friability and condition of suspect materials.

3. Assessment of suspect non-friable materials and location relations.

4. Sampling of suspect materials as per Section 763.4, Volume 47, No. 103 Federal Register, May 27, 1982.

5. Measurement of several factors associated with exposure potential assessment.

6. Provide interim remedial solutions to protect building occupants until long term solutions can be implemented.

7. Provide general operating procedures for accessing contaminated areas and performing minor maintenance work.

The results of the survey integrated with the Polarized Light Microscopy (PLM) analyses of bulk samples taken are outlined in this document.

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COMMENTARY

ASBESTOS - A HEALTH HAZARD

Asbestos is a recognized hazard in occupational situations. However, there is currently very little information available on health risks from exposure to asbestos in residential apartment buildings with asbestos containing materials.

The presence of asbestos-containing materials in a building does not necessarily constitute an immediate health hazard. Yet all asbestos-containing materials have the potential to release asbestos fibers into the air if damaged or disturbed during building maintenance, renovation or repair.

It is strongly recommended that all applicable federal, state, and New York City asbestos-related regulations, standards and guidelines be applied to the situation at 150 Hawthorne Street. The City Council of the City of New York is currently promulgating regulations for asbestos abatement control which will go into effect on December 2, 1986. The U.S. EPA currently has asbestos-related documents available to building owners (Guidance for Controlling Asbestos Containing Materials in Buildings, EPA 550/5-85-024, June 1985).

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Survey Methods

Bulk samples were collected and analyzed using Polarized Light Microscopy (PLM).

Asbestos containing insulation materials were assigned friability ratings of 1, 2 or 3. Materials assigned with a No. 1 friability rating are not friable, but should be periodically inspected for changes in its rating. Asbestos containing insulation materials found to have low friability have been assigned a No. 2 friability rating (difficult but possible to damage by hand). Highly friable asbestos insulation is given a No. 3 rating (fluffy, spongy or flaking). These materials should either be removed or repaired and encapsulated.

BUILDING DESCRIPTION

The apartment complex located at 150 Hawthorne Street, Brooklyn, New York was constructed in 1963 and consists of one hundred residential units. The building has lobby level, plus six floors and a garage in the basement.

FINDINGS

1) Basement Areas
Asbestos pipe, elbow, valve and vessel insulation was found in the basement boiler room, hallways, laundry room, incinerator room, Superintendent's office, meter room, storage rooms, shop room and garage. Removal is recommended for all.

2) Ten percent of all apartments (Apartment Nos. 2H, 2G, 3J, 3P, 4N, 4K, 5A, 5H, 6F and 6R) were inspected for asbestos insulation materials. No asbestos insulation materials were found in any of the apartments inspected. Efforts were made to gain access to other apartments, however the tenants were not home and the superintendent did not have keys available. It is believed that enough apartments were inspected to give an appropriate overview of the asbestos in the building.

3) There are pipe chases in the building where pipes lead vertically to the upper floors. These spaces that run

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up from the boiler room are most likely insulated with suspect materials. There may be many pipe chases in the building that are inaccessable and not seen by this inspector.

The condition of all of the insulation materials inspected in the 150 Hawthorne Street apartments ranges from fair to very poor. In most areas it is cracked and flaking and many of the joints in the insulation have become separated. There is evidence of general deterioration in many cases severe damage due to expansion and contraction of pipes, condensation, aging and pipe repair.

All of these conditions constitute what is called a "damaged/friable" state, meaning that there is a potential for fiber release into the air. Friable asbestos-containing materials pose a health hazard, as inhalation and ingestion of asbestos fibers is known to cause asbestosis, mesothelioma, lung and other cancers.

Based on the deteriorating condition of the asbestos-containing materials, the positive results from the lab and the continual need for employees and tenants to enter these areas it is recommended that all asbestos materials be removed in the general basement areas.

CONCLUSIONS AND RECOMMENDATIONS

General and specific building recommendations are summarized in this section. Environmental Monitoring & Consulting Associates recommends establishing and implementing an Asbestos Management Program that includes the following:

a) Appoint an asbestos program manager to oversee and coordinate all asbestos abatement activities, maintain detailed records of where asbestos material is, the condition of the material, the dates of inspections and any changes in the asbestos material condition.

b) Establish an operations and maintenance program that defines and enforces work practices and procedures for routine maintenance work that takes place near or on either friable or non-friable asbestos containing materials and that may result in asbestos exposures to workers or building occupants. Examples are requiring

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the use of protective equipment by maintenance workers, limiting access to the immediate vicinity of the work area, lining the floor and walls with plastic sheeting, cleaning up the area at the end of work, decontamination of workers and tools prior to leaving a work area; etc.

c) Establish a training program for Rokowsky Realty maintenance personnel including such topics as respirator usage, work area isolation, potential hazards of asbestos exposures and proper work methods.

d) Establish a flagging system in the Facilities Planning Department to alert and inform Rokowsky Realty employees and outside contractors of potential asbestos hazards.

e) Establish a disciplinary program to enforce work procedures.

f) The eventual elimination of all friable asbestos containing materials building wide.

g) Institute an air monitoring program to establish background airborne asbestos levels.

h) Maintain records of all activities carried out under this program. For any abatement project, require the presence of an appropriately trained safety manager representative to:

* Thoroughly inspect work area preparation and isolation systems before permitting the contractor to proceed. The inspection must confirm the sealing of air duct systems, the maintenance of sufficient negative pressures and adequate venting of the exhaust, the covering of all surfaces; etc.

* Require submittals from the contractor documenting that the contractor has experience in asbestos abatement work and that asbestos workers have been properly trained in the work and examined by a physician; etc.

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* Frequently monitor the performance of the contractor. Causes for stopping the project should be specified. Examples are elevated fiber level in the clean area, unsafe work practices; etc.

* Thoroughly inspect the work area at the end of final cleanup and then verify that the airborne asbestos level is below the level for re-entry.

* Verify proper disposal of the asbestos waste by the contractor.

11/10/86
Date

Joel Russell
President

ROKOWSKY MANAGEMENT COMPANY
150 HAWTHORNE STREET
BROOKLYN, NEW YORK
SUMMARY OF RECOMMENDATIONS

SAMPLE ID	LOCATION/DESCRIPTION	COMPOSITION PERCENT	FRIABILITY*	RECOMMENDATIONS
HAW-001	Boiler Room/Sample of Pipe Insulation	Chrysotile Asbestos....10 Cellulose.....85 Ground Glass.....5	2-(3 Where Damaged)	Remove
HAW-002	Boiler Room/Sample of Joint Insulation	Chrysotile Asbestos....50 Mineral Wool.....25 Calcite.....15 Binders.....10	2-(3 Where Damaged)	Remove
HAW-003	Boiler Room/Sample of Burner Insulation	Chrysotile Asbestos....20 Vermiculite.....65 Binders.....15	2	Remove
HAW-004	Boiler Room/Sample of Burner Insulation	Chrysotile Asbestos....20 Vermiculite.....65 Binders.....15	2	Remove
HAW-005	Boiler Room/Sample of Joint Insulation	Chrysotile Asbestos....65 Cellulose.....30 Ground Glass.....5	2-(3 Where Damaged)	Remove
HAW-006	Boiler Room/Sample of Duct Insulation	Chrysotile Asbestos....35 Amosite Asbestos.....20 Calcium Silicate.....35 Binders.....10	3	Remove

*Degrees Of Friability
1. No Friability
2. Low Friability (Difficult, But Possible To Damage By Hand)
3. High Friability (Fluffy, Spongy Or Flaking

ROKOWSKY MANAGEMENT COMPANY
150 HAWTHORNE STREET
BROOKLYN, NEW YORK
SUMMARY OF RECOMMENDATIONS

SAMPLE ID	LOCATION/DESCRIPTION	COMPOSITION PERCENT	FRIABILITY*	RECOMMENDATIONS
HAW-007	Boiler Room/Sample of Joint Insulation	Chrysotile Asbestos....35 Amosite Asbestos.....20 Calcium Silicate.....35 Binders.....10	2-(3 Where Damaged)	Remove
HAW-008	Laundry Room/Sample of Pipe Insulation	Chrysotile Asbestos....65 Cellulose.....30 Ground Glass.....5	3	Remove
HAW-009	Laundry Room/Sample of Joint Insulation	Chrysotile Asbestos....50 Mineral Wool.....25 Calcite.....15 Binders.....10	2	Remove
HAW-010	Incinerator Room/ Sample of Joint Insulation	Chrysotile Asbestos....50 Mineral Wool.....25 Calcite.....15 Binders.....10	2	Remove
HAW-011	Superintendents Office/Above Drop Ceiling/Sample of Pipe Insulation	Chrysotile Asbestos....10 Cellulose.....85 Ground Glass.....5	2	Remove
HAW-012	Superintendents Office/Above Drop Ceiling/Sample of Joint Insulation	Chrysotile Asbestos....50 Mineral Wool.....25 Calcite.....15 Binders.....10	2	Remove

*Degrees Of Friability
1. No Friability
2. Low Friability (Difficult, But Possible To Damage By Hand)
3. High Friability (Fluffy, Spongy Or Flaking

ROKOWSKY MANAGEMENT COMPANY
150 HAWTHORNE STREET
BROOKLYN, NEW YORK
SUMMARY OF RECOMMENDATIONS

SAMPLE ID	LOCATION/DESCRIPTION	COMPOSITION PERCENT	FRIABILITY*	RECOMMENDATIONS
HAW-013	Basement/Hallway/ Sample of Pipe Insulation	Chrysotile Asbestos....65 Cellulose.....30 Ground Glass.....5	2- (3 Where Damaged)	Remove
HAW-014	Basement/Hallway/ Sample of Joint Insulation	Chrysotile Asbestos....50 Mineral Wool.....25 Calcite.....15 Binders.....10	2	Remove
HAW-015	Meter Room/Sample of Pipe Insulation	Chrysotile Asbestos....65 Cellulose.....30 Ground Glass.....5	3	Remove
HAW-016	Meter Room/Sample of Joint Insulation	Chrysotile Asbestos....50 Mineral Wool.....25 Calcite.....15 Binders.....10	2-(3 Where Damaged)	Remove
HAW-017	Basement/Storage Room/Sample of Pipe Insulation	Cellulose.....100	—	—
HAW-018	Basement/Shop/ Sample of Pipe Insulation	Cellulose.....100	—	—

*Degrees Of Friability
1. No Friability
2. Low Friability (Difficult, But Possible To Damage By Hand)
3. High Friability (Fluffy, Spongy Or Flaking

ROKOWSKY MANAGEMENT COMPANY
150 HAWTHORNE STREET
BROOKLYN, NEW YORK
SUMMARY OF RECOMMENDATIONS

SAMPLE ID	LOCATION/DESCRIPTION	COMPOSITION PERCENT	FRIABILITY*	RECOMMENDATIONS
HAW-019	Basement/Shop/ Sample of Joint Insulation	Chrysotile Asbestos....50 Mineral Wool.....25 Calcite.....15 Binders.....10	2-(3 Where Damaged)	Remove
HAW-020	Basement/Shop/ Sample of Pipe Insulation	Chrysotile Asbestos....65 Cellulose.....30 Ground Glass.....5	2	Remove
HAW-021	Garage/Sample of Pipe Insulation	Chrysotile Asbestos....65 Cellulose.....30 Ground Glass.....5	3	Remove
HAW-022	Garage/Sample of Joint Insulation	Chrysotile Asbestos....50 Mineral Wool.....25 Calcite.....15 Binders.....10	2-(3 Where Damaged)	Remove

*Degrees Of Friability
1. No Friability
2. Low Friability (Difficult, But Possible To Damage By Hand)
3. High Friability (Fluffy, Spongy Or Flaking

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EXHIBIT III

Apartment No.:

Shares:

ARDEN HOUSE OWNERS INC.

Lessor,

TO

Lessee.

PROPRIETARY LEASE

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PROPRIETARY LEASE

PROPRIETARY LEASE made as of , 19 , by and between ARDEN HOUSE OWNERS INC., a New York corporation, having an office at 150 Hawthorne Street, Brooklyn, New York, hereinafter called the Lessor, and

hereinafter called the Lessee.

WHEREAS, the Lessor is the (owner) of the land and the building erected thereon in the County of Kings, City and State of New York known as and by the street number 150 Hawthorne Street, Brooklyn, New York, hereinafter called 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 Apartment in the building;

Demised Premises

NOW, THEREFORE, in consideration of the premises, the Lessor hereby leases to the Lessee, and Lessee hires from the Lessor, subject to the terms and conditions hereof, Apartment in the building (hereinafter referred to as the apartment) for a Term from , 19 ,

Term

until September 30, 2028 (unless sooner terminated as hereinafter provided). As used herein "the apartment" means the rooms in the building as partitioned on the date of the execution of this lease designated by the above-stated apartment number, together with their appurtenances and fixtures and any closets, terraces, balconies, roof, or portion thereof outside of said partitioned rooms, which are allocated exclusively to the occupant of the apartment.

Rent (Maintenance) How Fixed

1. (a) The rent (sometimes called maintenance) payable by the Lessee for each year, or portion of a year, during the term shall equal that proportion of the Lessor's cash requirements for such year, or portion of a year, which the number of shares of Lessor allocated to the apartment bears to the total number of shares of the Lessor 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, unless the Board of Directors of the Lessor (hereinafter called Directors) at the time of its determination of the cash requirements shall otherwise direct.

The Lessee shall also pay such additional rent as may be provided for herein when due.

Accompanying Shares to Be Specified in Proprietary Lease

(b) In every proprietary lease heretofore executed by the Lessor there has been specified, and in every proprietary lease hereafter executed by it there will be specified, the number of shares of the Lessor issued to a lessee simultaneously therewith.

Cash Requirements Defined

(c) "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 (1) the operation, maintenance, care, alteration and improvement of the corporate property during the year or portion of the year for which such determination is made; (2) the creation of such reserve for contingencies as it may deem proper; and (3) the payment of any obligations, liabilities or expenses incurred or to be incurred, after giving consideration to (i) income expected to be received during such period (other than rent from proprietary lessees), and (ii) cash on hand which the Directors in its discretion may choose to apply. The Directors may from time to time modify its prior determination and increase or diminish the amount previously determined as cash requirements of the corporation for a year or portion thereof. No determination of cash requirements shall have any retroactive effect on the amount of the rent payable by the lessee for any period prior to the date of such determination. All determinations of cash requirements shall be conclusive as to all lessees.

Authority Limited to Board of Directors

(d) Whenever in this paragraph or any other paragraph of this lease, a power or privilege is given to the Directors, the same may be exercised only by the Directors and in no event may any such power or privilege be exercised by a creditor, receiver or trustee.

Issuance of Additional Shares

(e) If the Lessor shall hereafter issue shares (whether now or hereafter authorized) in addition to those issued on the date of the execution of this lease, the holders of the shares hereafter issued shall be obligated to pay rent at the same rate as the other proprietary lessees from and after the date of issuance. If any such shares be issued on a date other than the first or last day of the month, the rent for the month in which issued shall be apportioned. The cash requirements as last determined shall, upon the issuance of such shares, be deemed increased by an amount equal to such rent.

Paid-in Surplus

(f) The Directors may from time to time as may be proper determine how much of the maintenance and other receipts, when received (but not more than such amount as represents payments on account of principal of mortgages on the property and other capital expenditures), 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.

Failure to Fix Cash Requirements

(g) The omission of the Directors to determine the Lessor's cash requirements for any year or portion thereof shall not be deemed a waiver or modification in any respect of the covenants and provisions hereof, or a release of the Lessee from the obligation to pay the maintenance or any installment thereof, but the maintenance computed on the basis of the cash requirements as last determined for any year or portion thereof shall thereafter continue to be the maintenance until a new determination of cash requirements shall be made.

Lessor's Repairs

2. The Lessor shall at its expense keep in good repair all of the building including all of the apartments, the sidewalks and courts 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 pursuant to Paragraph 18 hereof.

Services by Lessor

3. The Lessor shall maintain and manage the building as a first-class apartment building, and shall keep the elevators and the public halls, cellars and stairways clean and properly lighted and heated, and shall provide the number of attendants requisite, in the judgment of the Directors, for the proper care and service of the building, and shall provide the apartment with a proper and sufficient supply of hot and cold water and of heat, and if there be central air conditioning equipment supplied by the Lessor, air conditioning 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 existing services shall be increased, reduced, changed, modified or terminated.

Damage to Apartment or Building

4. (a) If the apartment or the means of access thereto or the building shall be damaged by fire or other cause covered by multiperil policies commonly carried by cooperative corporations in New York City (any other damage is to be repaired by Lessor or Lessee pursuant to Paragraphs 2 and 18, as the case may be), the Lessor shall at its own cost and expense, with reasonable dispatch after receipt of notice of said damage, repair or replace or cause to be repaired or replaced, with materials of a kind and quality then customary in buildings of the type of the building, the building, the apartment, and the means of access thereto, including the walls, floors, ceilings, pipes, wiring and conduits in the apartment. Anything in this Paragraph or Paragraph 2 to the contrary, Lessor shall not be required to repair or replace, or cause to be repaired or replaced, equipment, fixtures, furniture, furnishings or decorations installed by the Lessee or any of his predecessors in title nor shall the Lessor be obligated to repaint or replace wallpaper or other decorations in apartments.

Rent Abatement

(b) In case the damage resulting from fire or other cause shall be so extensive as to render the apartment partly or wholly untenantable, or if the means of access thereto shall be destroyed, the rent hereunder shall proportionately abate until the apartment shall again be rendered wholly tenantable or the means of access restored; but if said damage shall be caused by the act or negligence of the Lessee or of the agents, employees, guests or members of the family of the Lessee or any occupant of the apartment, such rental shall abate only to the extent of the rental value insurance, if any, collected by Lessor with respect to the apartment.

Expiration of Lease Due to Damage

(c) If the Directors shall determine that (i) the building is totally destroyed by fire or other cause, or (ii) the building is so damaged that it cannot be repaired within a reasonable time after the loss shall have been adjusted with the insurance carriers, or (iii) the destruction or damage was caused by hazards which are not covered under the Lessor's insurance policies then in effect, and if in any such case the record holders of at least two-thirds of the issued shares, at a shareholders' meeting duly called for that purpose held within 120 days after the determination by the Directors, shall vote not to repair, restore or rebuild, then upon the giving of notice pursuant to Paragraph 31 hereof, this Lease and all other proprietary leases and all right, title and interest of the parties thereunder and the tenancies

thereby created, shall thereupon wholly cease and expire and rent shall be paid to the date of such destruction or damage. The Lessee hereby waives any and all rights under Section 227 of the Real Property Law and in no event shall the Lessee have any option or right to terminate this Lease.

Waiver of Subrogation

(d) 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; and, to the extent that any loss or damage is covered by the Lessor by any insurance policies which contain such waiver of subrogation, the Lessor releases the Lessee from any liability with respect to such loss or damage. In the event that the Lessee suffers loss or damage for which Lessor would be liable, and Lessee carries insurance which covers such loss or damage and such insurance policy or policies contain a waiver of subrogation against the Landlord, then in such event Lessee releases Lessor from any liability with respect to such loss or damage.

Inspection of Books of Account

5. 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 shall 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.

Changes in Terms and Conditions of Proprietary Leases

6. Each proprietary lease shall be in the form of this lease, unless a variation of any lease is authorized by lessees owning at least two-thirds of the Lessor's shares then issued and executed by the Lessor and lessee affected. The form and provisions of all the proprietary leases then in effect and thereafter to be executed may be changed by the approval of lessees owning at least sixty-six and two-thirds (66-2/3%) percent of the Lessor's shares then issued, and such changes shall be binding on all lessees even if they did not vote for such changes except that the proportionate share of rent or cash requirements payable by any lessee may not be increased nor may his right to cancel the lease under the conditions set forth in Paragraph 35 be eliminated or impaired without his express consent. Approval by lessees as provided for herein shall be evidenced by written con-

sent or by affirmative vote taken at a meeting called for such purpose.

Penthouses, Terraces and Balconies

7. If the apartment includes a terrace, balcony, or a portion of the roof adjoining a penthouse, the Lessee shall have and enjoy the exclusive use of the terrace or balcony or that portion of the roof appurtenant to the penthouse, subject to the applicable provisions of this lease and to the use of the terrace, balcony or roof by the Lessor to the extent herein permitted. The Lessee's use thereof shall be 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 apartment clean and free from snow, ice, leaves and other debris and shall maintain all screens and drain boxes in good condition. No planting, fences, structure or lattices shall be erected or installed on the terraces, balconies, or roof of the building without the prior written approval of the Lessor. No cooking shall be permitted on any terraces, balconies or the roof of the building, nor shall the walls thereof be painted by the Lessee without the prior written approval of the Lessor. Any planting or other structures erected by the Lessee or his predecessor in interest may be removed and restored by the Lessor at the expense of the Lessee for the purpose of repairs, upkeep or maintenance of the building.

Assignment of Lessor's Rights Against Occupant

8. 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 apartment, then the Lessor hereby assigns to the Lessee all of the Lessor's rights against said third party from and after the date of the commencement of the term hereof, and the Lessee by the execution hereof assumes all of the Lessor's obligations to said third party from said date. The Lessor agrees to cooperate with the Lessee, but at the Lessee's expense, in the enforcement of the Lessee's rights against said third party.

Cancellation of Prior Agreements

9. If at the date of the commencement of this lease, the Lessee has the right to possession of the apartment under any agreement or statutory tenancy, this lease shall supersede such agreement or statutory tenancy which

shall be of no further effect after the date of commencement of this lease, except for claims theretofore arising thereunder.

Quiet Enjoyment

10. The Lessee, upon paying the rent and performing the covenants and complying with the conditions on the part of the Lessee to be performed as herein set forth, shall, at all times during the term hereby granted, quietly have, hold and enjoy the apartment without any let, suit, trouble or hindrance from the Lessor, subject, however, to the rights of present tenants or occupants of the apartment, and subject to any and all mortgages and underlying leases of the land and building.

Indemnity

11. The Lessee agrees to save the Lessor harmless from all liability, loss, damage and expense arising from injury to person or property occasioned by the failure of the Lessee to comply with any provision hereof, or due wholly or in part to any act, default or omission of the Lessee or of any person dwelling or visiting in the apartment, or by the Lessor, its agents, servants or contractors when acting as agent for the Lessee as in this lease provided. This paragraph shall not apply to any loss or damage when Lessor is covered by insurance which provides for waiver of subrogation against the Lessee.

Payment of Rent

12. The Lessee will pay the rent to the Lessor upon the terms and at the times herein provided, without any deduction on account of any set-off or claim which the Lessee may have against the Lessor, and if the Lessee shall fail to pay any installment of rent promptly, the Lessee shall pay interest thereon at the maximum legal rate from the date when such installment shall have become due to the date of the payment thereof, and such interest shall be deemed additional rent hereunder.

House Rules

13. The Lessor has adopted House Rules which are appended hereto, and the Directors may alter, amend or repeal such House Rules and adopt new House Rules. This lease shall be in all respects subject to such House Rules which, when a copy thereof has been furnished to the Lessee, shall be taken to be part hereof, and the Lessee hereby covenants to comply with all such House Rules and see that they are faithfully observed by the family, guests, employees and subtenants of the Lessee. 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.

Use of Premises

14. The Lessee may occupy or use the apartment or permit the same or any part thereof to be occupied or used as a private dwelling for the Lessee and Lessee's spouse, their children, grandchildren, parents, grandparents, brothers and sisters and domestic employees, and for such other purposes as may be permitted under applicable zoning laws and are otherwise legal. In no event shall more than one unrelated married couple occupy the apartment without the written consent of the Lessor. In addition to the foregoing, the apartment may be occupied from time to time by guests of the Lessee for a period of time not exceeding one month, unless a longer period is approved in writing by the Lessor, but no guests may occupy the apartment unless one or more of the permitted adult residents are then in occupancy or unless consented to in writing by the Lessor.

Subletting

15. Except as provided in Paragraph 38 of this lease, the Lessee shall not sublet the whole or any part of the apartment or renew or extend any previously authorized sublease, unless consent thereto shall have been duly authorized by a resolution of the Directors, or given in writing by a majority of the Directors or, if the Directors shall have failed or refused to give such consent, then by Lessees owning at least sixty-five (65%) percent of the then issued shares of the Lessor. Consent by Lessees as provided for herein shall be evidenced 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. There shall be no limitation on the right of Directors or Lessees to grant or withhold consent, for any reason or for no reason to a subletting.

Assignment

16. Except as provided in Paragraph 38 of this lease,

(a) The Lessee shall not assign this lease or transfer the shares to which it is appurtenant or any interest therein, and no such assignment or transfer shall take effect as against the Lessor for any purpose, until:

(i) An instrument of assignment in a form approved by Lessor executed and acknowledged by the assignor shall be delivered to the Lessor; and

(ii) An agreement executed and acknowledged by the assignee in a form approved by the Lessor assuming and agreeing to be bound by all the covenants and conditions of this lease to be performed or complied with by the Lessee on and after the effective date of said assignment shall have been delivered to the Lessor, or, at the request of the Lessor, the assignee shall have surrendered the assigned lease and entered into a new lease in the same form for the remainder of the term, in which case the Lessee's lease shall be deemed cancelled as of the effective date of said assignment; and

(iii) All shares of the Lessor to which this lease is appurtenant shall have been transferred to the assignee, with proper transfer taxes paid and stamps affixed; and

(iv) All sums due from the Lessee shall have been paid to the Lessor, together with a sum to be fixed by the Directors to cover reasonable legal and other actual expenses of the Lessor and its managing agent in connection with such assignment and transfer of shares; and

(v) Except in the case of an assignment, transfer or bequest to the Lessee's spouse, of the shares and this lease, and except as provided in Paragraph 38 of this lease, consent to such assignment shall have been authorized by resolution of the Directors, or given in writing by a majority of the Directors; or, if the Directors shall have failed or refused to give such consent within thirty (30) days after submission of references to them or Lessor's agent, then by lessees owning of record at least sixty-five (65%) percent of the then issued shares of the Lessor. Consent by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose in the manner as provided in the By-Laws.

Consents: On Death of Lessee

(b) 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).

Consents Generally: Stockholders' and Directors' Obligations to Consent

(c) There shall be no limitation, except as above specifically provided, on the right of Directors or lessees to grant or withhold consent, for any reason or for no reason, to an assignment.

Release of Lessee Upon Assignment

(d) If the lease shall be assigned in compliance herewith, the Lessee-assignor shall have no further liability on any of the covenants of this lease to be thereafter performed.

Further Assignment or Subletting

(e) Regardless of any prior consent theretofore given, neither the Lessee nor his executor, nor administrator, nor any trustee or receiver of the property of the Lessee, nor anyone to whom the interests of the Lessee shall pass by law, shall be entitled further to assign this lease, or to sublet the apartment, or any part thereof, except upon compliance with the requirements of this lease.

Statement by Lessor

(f) If this lease is then in force and effect, Lessor will, upon request of Lessee, deliver to the assignee a written statement that this lease remains on the date thereof in force and effect; but no such statement shall be deemed an admission that there is no default under the lease.

Consent by Lender

(g) If the purchase by the Lessee of the shares accompanying this Proprietary Lease was financed, the Lessor agrees to withhold consent to any assignment by the Lessee or a subletting of the Apartment unless such assignment or subletting is accompanied by the written consent of the Lender.

Pledge of Shares and Lease

17. The Lessee may pledge and assign this Lease and the shares of the Lessor allocated to the Apartment as security for a loan made to the Lessee by a bank, trust company, insurance company, or other recognized lending institution or any other party as defined in the following sentence (the "Lender"), for any purpose whatsoever, provided, however, that the certificate representing the shares allocated to the Apartment and this Lease may be assigned to the Lender only as security for repayment of the loan. The "Lender" may include the seller or any third party when the pledge and assignment is for the purpose of purchasing the shares allocated to the apartment and this Lease and said shares are assigned

to the Lender only as security for the repayment of the Loan.

In the event of a default by the Lessee in any of the terms, covenants, provisions or conditions of this Lease, the Lessor will give written notice thereof to the Lender if written notice of the name and address of the Lender has been given by registered or certified mail to the Lessor prior to the date of any such default. If the Lessee shall fail to cure said default within the time and in the manner provided for in this lease, then the Lender shall have an additional period of time equal to the time originally given to the Lessee to cure said default, and the Lessor will not act upon said default until the time of the Lender to cure said default has elapsed and the Lender has not cured said default.

In the event of a default by the Lessee in any of the terms, covenants, provisions or conditions of this lease, or in the payment to the Lender of any installment of principal or interest or in the performance of any other obligation of the Lessee to the Lender, the Lessor after written notice thereof from the Lender will exercise the right of termination of this Lease granted to the Lessor pursuant to Paragraph 31 hereof, and if the Lessee shall fail to vacate the apartment, will institute summary dispossess proceedings against the Lessee and take all steps and do all acts thereafter required in order to obtain possession of the apartment, all at the expense of the Lender, provided, however, that the Lender shall meanwhile pay all maintenance charges and other charges becoming due hereunder for the account of the Lessee until this lease and the shares allocated to the apartment are acquired for personal occupancy.

If the Lessor shall fail to exercise its right to terminate and/or to commence summary proceedings or to take all steps or do all acts required to be done pursuant hereto, then and in that event, Lessor shall execute and deliver to the Lender a power of attorney coupled with an interest to act in the name of the Lessor in any of the ways provided for herein at the Lender's sole expense, and if the Lessor shall fail to execute and deliver such power of attorney within five days after demand, such power of attorney may be executed by the Lender on behalf of and as the agent for the Lessor. The Lessee agrees that until any such loan is repaid to the Lender in full with interest, the Lessee shall not have any right to cancel this lease as provided in Paragraph

35 hereof, and the Lessor agrees that until it receives written notice from the Lender that the entire amount of the loan with interest has been paid in full or discharged, the Lessor will not accept any surrender of this lease by the Lessee under Paragraph 35 hereof.

If this lease is terminated at the Lender's request by reason of a default by the Lessee in any of the terms, covenants, provisions or in the payment to the Lender of any installment of principal or interest or in the performance of any other obligation of the Lessee to the Lender, the Lender may sell and assign the shares of the Lessor allocated to the apartment and this lease, or sublet the apartment, for the account of the Lender to a reputable person and no approval of Lessor or any other party will be required for the same. If written notice of any such loan has been given to the Lessor by the Lender as aforesaid, the Lender may assign all its rights thereto and to the shares of Lessor allocated to the apartment and this lease by giving written notice to the Lessor by certified or registered mail setting forth the name and address of the assignee, and such assignee and any subsequent assignee or assignees shall thereupon have all the rights of the Lender under this Paragraph 17.

In the event the lease is terminated at the Lender's request by reason of default by Lessee under any of the Lessee's agreements with Lender, as provided in this Paragraph 17, the Lessor shall enter into a new proprietary lease with the lender or with any individual designated by the Lender.

So long as the loan remains unpaid, Lessor agrees to withhold consent to any assignment of this lease by the Pledgor-Lessee or the subletting of the apartment by the Pledgor-Lessee unless such assignment or subletting is consented to in writing by the Lender. Further, the Lessor agrees to reject any surrender or modification of this lease without the written consent of the Lender.

In the event of such financing or in the event of the resale of the shares and lease after a default under the security agreement, the Lessor will, on request, promptly execute and deliver to the Lender the standard recognition agreement then being used by banks and other lenders.

Notwithstanding anything to the contrary contained in the within lease, the Lessor will not make or consent

to any change or alteration in the terms or conditions of any paragraph of the lease pertaining to the rights of a lender without the consent of the Lender.

Repairs by the Lessee

18. (a) The Lessee shall keep the interior of apartment (including interior walls, floors and ceilings, but excluding 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 required for his apartment, including the interior of window frames, sashes and sills, and shall be solely responsible for the maintenance, repair, and replacement of plumbing, gas and heating fixtures and equipment and such refrigerators, dishwashers, removable and through-the-wall air conditioners, washing machines, ranges and other appliances, as may be in the apartment. Plumbing, gas and heating fixtures as used herein shall include exposed gas, steam and water pipes attached to fixtures, appliances and equipment and the fixtures, appliances and equipment to which they are attached, and any special pipes or equipment which the Lessee may install within the wall or ceiling, or 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 apartment. 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.

Odors and

(b) The Lessee shall not permit unreasonable Noises cooking or other odors to escape into the building. The Lessee shall not permit or suffer any unreasonable noises or anything which will interfere with the rights of other lessees or unreasonably annoy them or obstruct the public halls or stairways.

Equipment and Appliances

(c) If, in the Lessor's sole judgment, any of the Lessee's equipment or appliances shall result in damage to the building or poor quality or interruption of service to other portions of the building, or overloading of, or damage to facilities maintained by the Lessor for the supplying of water, gas, electricity or air condi-

tioning to 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 appliances or equipment which may be creating the objectionable condition.

Rules and Regulations and Requirements of Mortgage

(d) 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 apartment. If any mortgage affecting the land or the building shall contain any provisions pertaining to the right of the Lessee to make changes or alterations in the apartment, 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 Lessee's written request, Lessor will furnish Lessee with copies of applicable provisions of each and every such mortgage.

Lessor's Right to Remedy Lessee's Default

19. If the Lessee shall fail for thirty (30) days after notice to make repairs to any part of the apartment, its fixtures or equipment as herein required, or shall fail to remedy a condition which has become objectionable to the Lessor for reasons above set forth, or if the Lessee or any person dwelling in the apartment shall request the Lessor, its agents or servants to perform any act not hereby required to be performed by the Lessor, the Lessor may make such repairs or arrange for others to do the same, or remove such objectionable condition or equipment, or perform such act, without liability on the Lessor; provided that, if the condition requires prompt action, notice of less than thirty (30) days or, in case of emergency, no notice need be given. In all such cases the Lessor, its agents, servants and contractors shall, as between the Lessor and Lessee, be conclusively deemed to be acting as agents of the Lessee and all contracts therefor made by the Lessor shall be so construed whether or not made in the name of the Lessee. If Lessee shall fail to perform or comply with any of the other covenants or provisions of this lease within the time required by a notice from Lessor (not less than five (5) days), then Lessor may, but shall not be obligated, to comply therewith, and for such purpose may enter upon the apartment of Lessee. The Lessor shall be entitled to recover from the Lessee all expenses incurred or for which it has con-

tracted hereunder, such expenses to be payable by the Lessee on demand as additional rent.

Increase in Rate of Fire Insurance

20. The Lessee shall not permit or suffer anything to be done or kept in the apartment which will increase the rate of fire insurance on the building or the contents thereof. If, by reason of the occupancy or use of the apartment by the Lessee, the rate of fire insurance on the building or an apartment or the contents of either shall be increased, the Lessee shall (if such occupancy or use continues for more than thirty (30) days after written notice from the Lessor specifying the objectionable occupancy or use) become liable for the additional insurance premiums incurred by Lessor or any lessee or lessees of apartments in the building on all policies so affected, and the Lessor shall have the right to collect the same for its benefit or the benefit of any such lessees as additional rent for the apartment due on the first day of the calendar month following written demand therefor by the Lessor.

Alterations

21. (a) The Lessee shall not, without first obtaining the written consent of the Lessor, which consent shall not be unreasonably withheld, make in the apartment or building, or on any roof, penthouse, terrace or balcony appurtenant thereto, any alteration, enclosure or addition or any alteration of or addition 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 system, or any other installation or facility in the apartment or building. The performance by Lessee of any work in the apartment shall be in accordance with any applicable rules and regulations of the Lessor and governmental agencies having jurisdiction thereof. The Lessee shall not in any case install any appliances which will overload the existing wires or equipment in the building.

Removal of Fixtures

(b) Without Lessor's written consent, the Lessee shall not remove any fixtures, appliances, additions or improvements from the apartment except as hereinafter provided. If the Lessee, or a prior lessee, shall have heretofore placed, or the Lessee shall hereafter place in the apartment, at the Lessee's own expense, any additions, improvements, appliances or fixtures, including but not limited to fireplace mantels, lighting fixtures, refrigerators, air conditioners, dishwashers, washing machines, ranges, woodwork, wall paneling, ceilings, special doors or decorations, special cabinet work, special

stair railings or other built-in ornamental items, which can be removed without structural alterations or permanent damage to the apartment, then title thereto shall remain in the Lessee and the Lessee shall have the right, prior to the termination of this lease, to remove the same at the Lessee's own expense, provided: (i) that the Lessee at the time of such removal shall not be in default in the payment of rent or in the performance or observance of any other covenants or conditions of this lease; and (ii) that the Lessee shall, at the Lessee's own expense, prior to the termination of this lease, repair all damage to the apartment which shall have been caused by either the installation or removal of any of such additions, improvements, appliances or fixtures; (iii) that if the Lessee shall have removed from the apartment any articles or materials owned by the Lessor or its predecessor in title, or any fixtures or equipment necessary for the use of the apartment, the Lessee shall either restore such articles and materials and fixtures and equipment and repair any damage resulting from their removal and restoration, or replace them with others of a kind and quality customary in comparable buildings and satisfactory to the Lessor; and (iv) that if any mortgagee had acquired a lien on any such property prior to the execution of this lease, Lessor shall first procure from such mortgagee its written consent to such removal.

Surrender on Expiration Term

(c) On the expiration or termination of this lease, the Lessee shall surrender to the Lessor possession of the apartment with all additions, improvements, appliances and fixtures then included therein, except as hereinabove provided. 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.

Lease Subordinate to Mortgages and Ground Leases

22. This lease is and shall be subject and subordinate to all present and future ground or underlying leases and to any mortgages now or hereafter liens upon such leases or on the land and building, or buildings, 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, for the time being, 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.

In the event that a ground or underlying lease is executed and delivered to the holder of a mortgage or mortgages on such ground or underlying lease or to a nominee or designee of or a corporation formed by or for the benefit of such holder, the Lessee hereunder will attorn to such mortgagee or the nominee or designee of such mortgagee or to any corporation formed by or for the benefit of such mortgagee.

Mechanic's Lien

23. 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 apartment to or for the Lessee, or anyone claiming under the Lessee, the Lessee shall forthwith cause such lien to be discharged by payment, bonding or otherwise; and if the Lessee shall fail to do so within ten 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 so paid and all costs 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.

Cooperation

24. The Lessee shall always in good faith endeavor to observe and promote the cooperative purposes for the accomplishment of which the Lessor is incorporated.

Right of Entry

25. The Lessor and its agents and their authorized workmen shall be permitted to visit, examine, or enter the apartment 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 apartment and

storage space as may be required for any such purpose, but the Lessor shall thereafter restore the apartment 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 or are caused by the act or omission of the Lessee or any of the Lessee's family, guests, agents, employees or subtenants. In order that the Lessor shall at all times have access to the apartment or storage rooms for the purposes provided for in this lease, the Lessee shall provide the Lessor with a key to each lock providing access to the apartment or the storage rooms, and if any lock shall be altered or new lock installed, the Lessee shall provide the Lessor with a key thereto immediately upon installation. If the Lessee shall not be personally present to open and permit an 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 agents (but, except in an emergency, only when specifically authorized by an officer of the Lessor or an officer of the Managing Agent) may forcibly enter the apartment or storage space without liability for damages by reason thereof (if during such entry the Lessor shall accord reasonable care to the Lessee's property), and without in any manner affecting the obligations and covenants of this lease. The right and authority hereby reserved do not impose, nor does the Lessor assume by reason thereof, any responsibility or liability for the care or supervision of the apartment, or any of the pipes, fixtures, appliances or appurtenances therein contained, except as herein specifically provided.

Waivers

26. The failure of the Lessor to insist, in any one or more instances, upon a strict performance of any of the provisions of this lease, or to exercise any right or option herein contained, or to serve any notice, or to institute any action or proceeding, shall not be construed as a waiver, or a relinquishment for the future, 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.

Notices

27. Any notice by or demand from either party to the other shall be duly given only if in writing and sent by registered mail or certified mail return receipt requested 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. Either party may by notice served in accordance herewith designate a different address for service of such notice or demand. Notices or demands shall be deemed given on the date when mailed.

Reimbursement of Lessor's Expenses

28. If the Lessee shall at any time be in default hereunder and the Lessor shall incur any expense (whether paid or not) 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 attorneys' fees and disbursements, shall be paid by the Lessee to the Lessor, on demand, as additional rent.

Lessor's Immunities

29. (a) The Lessor shall not be liable, except by reason of Lessor's negligence, for any failure or insufficiency of heat, or of air conditioning (where air conditioning is supplied or air conditioning equipment is maintained by the Lessor), water supply, electric current, gas, telephone, or elevator service or other service to be supplied by the Lessor hereunder, or for interference with light, air, view or other interests of the Lessee. No abatement of rent or other compensation or claim of eviction shall be made or allowed because of the making or failure to make or delay in making any repairs, alterations or decorations to the building, or any fixtures or appurtenances therein, or for space taken to comply with any law, ordinance or governmental regulation, or for interruption or curtailment of any service agreed to be furnished by the Lessor, due to accidents, alterations or repairs, or to difficulty or delay in securing supplies or labor or other cause beyond Lessor's control, unless due to Lessor's negligence.

Storage Space and Laundry

(b) If the Lessor shall furnish to the Lessee any storage bins or space, the use of the laundry, or any facility outside the apartment, including but not limited to a television antenna, 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. If washing machines or other equipment are made available to the Lessee, the Lessee shall use the same on the understanding that such machines or equipment may or may not be in good order and repair and that the Lessor is not responsible for such equipment, nor for any damage caused to the property of the Lessee resulting from the Lessee's use thereof, and that any use that Lessee may make of such equipment shall be at his own cost, risk and expense.

Automobiles and Other Property

(c) The Lessor shall not be responsible for any damage to any automobile or other vehicle left in the care of any employee of the Lessor by the Lessee, and the Lessee hereby agrees to hold the Lessor harmless from any liability arising from any injury to person or property caused by or with such automobile or other vehicle while in the care of such employee. The Lessee shall not be responsible for any property left with or entrusted to any employee of the Lessor, or for the loss of or damage to any property within or without the apartment by theft or otherwise.

Window Cleaning

30. The Lessee will not require, permit, suffer or allow the cleaning of any window in the premises from the outside (within the meaning of Section 202 of the New York Labor Law) unless the equipment and safety devices required by law, ordinance, rules and regulations, including, without limitation, Section 202 of the New York Labor Law, are provided and used, and unless the industrial code of the State of New York is fully complied with; and the Lessee hereby agrees to indemnify the Lessor and its employees other lessees, and the managing agent, for all losses, damages or fines suffered by them as a result of the Lessee's requiring, permitting, suffering or allowing any window in the premises to be cleaned from the outside in violation of the requirements of the aforesaid laws, ordinances, regulations and rules.

Termination of Lease by Lessor

31. If upon, or at any time after, the happening of any of the events mentioned in subdivisions (a) to (j) inclusive of this Paragraph 31, the Lessor shall give to the Lessee a notice stating that the term hereof will expire on a date at least five (5) days thereafter, the term of this lease shall expire on the date so fixed in such notice as fully and completely as if it were the date herein definitely fixed for the expiration of the term, and all right, title and interest of the Lessee

hereunder shall thereupon wholly cease and expire, and the Lessee shall thereupon quit and surrender the apartment to the Lessor, it being the intention of the parties hereto to create hereby a conditional limitation, and thereupon the Lessor shall have the right to re-enter the apartment and to remove all persons and personal property therefrom, either by summary dispossess proceedings, or by any suitable action or proceeding at law or in equity, or by force or otherwise, and to repossess the apartment in its former estate as if this lease had not been made, and no liability whatsoever shall attach to the Lessor by reason of the exercise of the right of re-entry, repossession and removal herein granted and reserved:

Lessee Ceasing to Own Accompanying Shares

(a) If the Lessee shall cease to be the owner of the shares to which this lease is appurtenant, or if this lease shall pass or be assigned to anyone who is not then the owner of all of said shares;

Lessee Becoming Bankrupt

(b) If at any time during the term of this lease (i) the then holder hereof shall be adjudicated a bankrupt under the laws of the United States; or (ii) a receiver of all of the property of such holder or of this lease shall be appointed under any provision of the laws of the State of New York, or under any statute of the United States, or any statute of any state of the United States and the order appointing such receiver shall not be vacated within thirty days; or (iii) such holder shall make a general assignment for the benefit of creditors; or (iv) any of the shares owned by such holder to which this lease is appurtenant shall be duly levied upon under the process of any court whatever unless such levy shall be discharged within thirty (30) days; or (v) this lease or any of the shares to which it is appurtenant shall pass by operation of law or otherwise to anyone other than the Lessee herein named or a person to whom such Lessee has assigned this lease in the manner herein permitted, but this subsection (v) shall not be applicable if this lease shall devolve upon the executors or administrators of the Lessee provided that within eight (8) months (which period may be extended by the Directors) after the death said lease and shares shall have been transferred to any assignee in accordance with Paragraph 16 hereof;

Assignment, Subletting or Unauthorized Occupancy

(c) If there be an assignment of this lease, or any subletting hereunder, without full compliance with the requirements of Paragraphs 15 or 16 hereof; or if any person not authorized by Paragraph 14 shall be permitted to use or occupy the apartment, and the Lessees shall fail to cause such unauthorized person to vacate the apartment within ten (10) days after written notice from the Lessor;

Default in Rent

(d) If the Lessee shall be in default for a period of one month in the payment of any rent, additional rent or of any installment thereof and shall fail to cure such default within ten (10) days after written notice from the Lessor;

Default in Other Covenants

(e) If the Lessee shall be in default in the performance of any covenant or provision hereof, other than the covenant to pay rent, and such default shall continue for thirty (30) days after written notice from the Lessor;

Lessee's Objectionable Conduct

(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 apartment, repeated after written notice from Lessor, the tenancy of the Lessee is undesirable;

(g) If the purchase by the Lessee of the shares accompanying this proprietary lease was financed, and an Event of Default shall occur pursuant to the terms of the Agreement entered into between the Lessee and the Lender and notice of said Event of Default shall be given to the Lessor.

Termination of All Proprietary Leases

(h) 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 record holders of at least seventy-five (75%) percent in amount of its then issued shares, at a shareholders' meeting duly called for that purpose, to terminate all proprietary leases;

Destruction of Building

(i) If the building shall be destroyed or damaged and the shareholders shall decide not to repair or rebuild as provided in Paragraph 4;

Condemnation

(j) If at any time the building or a substantial portion thereof shall be taken by condemnation proceedings.

Lessor's Right After Lessee's Default

32. (a) In the event the Lessor resumes possession of the apartment, either by summary proceedings, action of ejectment or otherwise, because of default by the Lessee in the payment of any rent or additional rent due hereunder, or on the expiration of the term pursuant to a notice given as provided in Paragraph 31 hereof upon the happening of any event specified in subsections (a) to (g) inclusive of Paragraph 31, 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. No suit brought to recover any installment of such rent or additional rent shall prejudice the right of the Lessor to recover any subsequent installment. After resuming possession, the Lessor may, at its option, from time to time (i) relet the apartment for its own account, or (ii) relet the apartment as the agent of the Lessee, in the name of the Lessee or in its own name, for a term or terms which may be less than or greater than the period which would otherwise have constituted the balance of the term of this lease, and may grant concessions or free rent, in its discretion. Any reletting of the apartment shall be deemed for the account of the Lessee, unless within ten days after such reletting the Lessor shall notify the Lessee that the premises have been relet for the Lessor's own account. The fact that the Lessor may have relet the apartment as agent for the Lessee shall not prevent the Lessor from thereafter notifying the Lessee that it proposes to relet the apartment for its own account. If the Lessor relets the apartment as agent for the Lessee, it shall after reimbursing itself for its expenses in connection therewith, including leasing commissions and a reasonable amount for attorneys' fees and expenses, and decorations, alterations and repairs in and to the apartment, apply the remaining avails of such reletting against the Lessee's continuing obligations hereunder. There shall be a final accounting between the Lessor and the Lessee upon the earliest of the four (4) following dates: (A) the date of expiration of the term of this lease as stated on Page 1 hereof; (B) the date as of which a new proprietary lease covering the apartment shall have become effective; (C) the date the Lessor gives written notice to the Lessee that it has relet the apartment for its own account; (D) the date upon which all proprietary leases of the Lessor terminate.

From and after the date upon which the Lessor becomes obligated to account to the Lessee, as above provided, the Lessor shall have no further duty to account to the Lessee for any avails of reletting and the Lessee shall have no further liability for sums thereafter accruing hereunder, but such termination of the Lessee's liability shall not affect any liabilities theretofore accrued.

Collection of Rent from Subtenants

(b) If the Lessee shall at any time sublet the apartment and shall default in the payment of any rent or additional rent, the Lessor may, at its option, so long as such default shall continue, demand and receive from the subtenant the rent due or becoming due from such subtenant to the Lessee, and apply the amount to pay sums due and to become due from the Lessee to the Lessor. Any payment by a subtenant to the Lessor shall constitute a discharge of the obligation of such subtenant to the Lessee, to the extent of the amount so paid. The acceptance of rent from any subtenant shall not be deemed a consent to or approval of any subletting or assignment by the Lessee, or a release or discharge of any of the obligations of the Lessee hereunder.

Sale of Shares

(c) Upon the termination of this lease under the provisions of subdivisions (a) to (g) inclusive of Paragraph 31, 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. Whether or not said certificate is surrendered, the Lessor may issue a new proprietary lease for the apartment and issue a new certificate for the shares of the Lessor owned by the Lessee and allocated to the apartment when a purchaser therefor is obtained, provided that the issuance of such shares and such lease to such purchaser is authorized by a resolution of the Directors, or by a writing signed by a majority of the Directors or by lessees owning, of record, at least a majority of the shares of the Lessor accompanying proprietary leases then in force. Upon such issuance the certificate owned or held by the Lessee shall be automatically cancelled and rendered null and void. The Lessor shall apply the proceeds received for the issuance of such shares toward the payment of the Lessee's indebtedness hereunder, including interest, attorneys' fees and other expenses incurred by the Lessor, and, if the proceeds are sufficient to pay the same, the Lessor shall pay over any surplus to the Lessee, but, if insufficient, the Lessee shall remain liable for the balance of the indebtedness. Upon the issuance of any such new proprietary lease and

certificate, the Lessee's liability hereunder shall cease and the Lessee shall only be liable for rent and expenses accrued to that time. The Lessor shall not, however, be obligated to sell such shares and appurtenant lease or otherwise make any attempt to mitigate damages.

Waiver of Right of Redemption

33. 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. The words "enter", "re-enter" and "re-entry" as used in this lease are not restricted to their technical legal meaning.

Surrender of Possession

34. Upon the termination of this lease under the provisions of subdivisions (a) to (j) inclusive of Paragraph 31, the Lessee shall remain liable as provided in Paragraph 32 of this lease. Upon the termination of this lease under any other of its provisions, the Lessee shall be and remain liable to pay all rent, additional rent and other charges due or accrued and to perform all covenants and agreements of the Lessee up to the date of such termination. On or before any such termination the Lessee shall vacate the apartment and surrender possession thereof to the Lessor or its assigns, and upon demand of the Lessor or its assigns, shall execute, acknowledge and deliver to the Lessor or its assigns any instrument which may reasonably be required to evidence the surrendering of all estate and interest of the Lessee in the apartment, or in the building of which it is a part.

Lessee's Option to Cancel

35. (a) This lease may be cancelled by the Lessee on any September 30th after the third anniversary of the consummation of the Offering Statement-Plan of Cooperative Organization pursuant to which proprietary leases were originally issued, upon complying with all the provisions hereinafter set forth. Irrevocable written notice of intention to cancel must be given by the Lessee to the 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 of intention to cancel there must be deposited with the Lessor by the Lessee:

Deposits Required

(i) The Lessee's counterpart of this lease with a written assignment in form required by Lessor, in blank, effective as of August 31 of the year of cancellation, free from all subleases, tenancies, liens, encumbrances and other charges whatsoever;

(ii) The Lessee's certificate for his shares of the Lessor, endorsed in blank for transfer and with

all necessary transfer tax stamps affixed and with payment of any transfer taxes due thereon;

(iii) A written statement setting forth in detail those additions, improvements, fixtures or equipment which the Lessee has, under the terms of this lease, the right to and intends to remove.

If the purchase of the shares accompanying this proprietary lease was financed, and the Lessee elects to avail himself of the right to terminate and cancel the proprietary lease, as more particularly provided for herein, then the Lessor shall give notice thereof to the Lender and, if requested by the Lender, shall issue a new certificate of stock and proprietary lease in the name of a reputable financially responsible individual or individuals designated by the Lender and approved by the Lessor, and such individual or individuals shall have all of the rights provided for in this lease. Further, Lessor agrees to reject a surrender of this Proprietary Lease unless it is accompanied by the written consent of the Lender.

Removal of Fixtures

(b) All additions, improvements, appliances and fixtures which are removable under the terms of this lease and which are enumerated in the statement made as provided in subdivision (iii) above shall be removed by the Lessee prior to August 31st of the year of cancellation, and on or before said August 31st the Lessee shall

Possession

deliver possession of the apartment to the Lessor in good condition with all required equipment, fixtures and appliances installed and in proper operating condition and free from all subleases and tenancies, liens, encumbrances and other charges and pay to the Lessor all rent, additional rent and other charges which shall be payable under this lease up to and including the following September 30th.

Permission to Show and Occupy Premises

(c) The Lessor and its agents may show the apartment to prospective lessees, contractors and architects at reasonable times after notice of the Lessee's intention to cancel. After August 31st or the earlier vacating of the apartment, the Lessor and its agents, employees and lessees may enter the apartment, occupy the same and make such alterations and additions therein as the Lessor may deem necessary or desirable without diminution or abatement of the rent due hereunder.

Effective Date of Cancellation

(d) If the Lessee is not otherwise in default hereunder and if the Lessee shall have timely complied with all of the provisions of subdivisions (a) and (b) hereof, then this lease shall be cancelled and all rights, duties and obligations of the parties hereunder shall cease as of the September 30th fixed in said notice, and the shares of Lessor shall become the absolute property of the Lessor, provided, however, that the Lessee shall not be released from any indebtedness owing to the Lessor on said last mentioned date.

Rights on Lessee's Default

(e) If the Lessee shall give the notice but fail to comply with any of the other provisions of this paragraph, the Lessor shall have the option at any time prior to September 30th (i) of returning to the Lessee this lease, the certificate for shares and other documents deposited, and thereupon the Lessee shall be deemed to have withdrawn the notice of intention to cancel this lease, or (ii) of treating this lease as cancelled as of the September 30th named in the notice of intention to cancel as the date for the cancellation of such lease, and bringing such proceedings and actions as it may deem best to enforce the covenants of the Lessee hereinabove contained and to collect from the Lessee the payments which the Lessee is required to make hereunder, together with reasonable attorneys' fees and expenses.

Extension of Option to Cancel

36. (a) If on April 1st in any year the total number of shares owned by lessees holding proprietary leases, who have given notice pursuant to Paragraph 35 of intention to cancel such proprietary leases on September 30th of said year, shall aggregate ten (10%) percent or more of the Lessor's outstanding shares, exclusive of treasury shares, then the Lessor shall, prior to April 30th in such year, give a witten notice to the holders of all issued shares of the Lessor, stating the total number of shares then outstanding and in its treasury and the total number of shares owned by lessees holding proprietary leases who have given notice of intention to cancel. In such case the proprietary lessees to whom such notice shall have been given shall have the right to cancel their leases in compliance with the provisions of Paragraph 35 hereof, provided only that written notice of the intention to cancel such leases shall be given on or before July 1st instead of April 1st.

Rights of Lessees to Cancel

(b) If lessees owning at least eighty (80%) percent of the then issued and outstanding shares of the Lessor shall exercise the option to cancel their leases in one

year, 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, as though every lessee had exercised such option. In such event none of the lessees shall be required to surrender his shares to the Lessor and all certificates for shares delivered to the Lessor by those who had, during that year, served notice of intention to cancel their leases under the provisions hereof, shall be returned to such lessees.

Continuance of Cooperative Management of Building After All Leases Terminated

37. No later than thirty (30) days after the termination of all proprietary leases, whether by expiration of their terms or otherwise, a special meeting of shareholders of the Lessor shall take place to determine whether (a) to continue to operate the building as a residential apartment building, (b) to alter, demolish or rebuild the building or any part thereof, or (c) to sell the building and liquidate the assets of the Lessor, and the Directors shall carry out the determination made at said meeting of shareholders of the Lessor, and all of the holders of the then issued and outstanding shares of the Lessor shall have such rights as enure to sharesholders of corporations having title to real estate.

Unsold Shares

38. (a) The term "Unsold Shares" means and has exclusive reference to the shares of the Lessor which were issued to the Lessor's grantor(s) or individuals produced by the Lessor's grantor(s) pursuant to the Offering Statement-Plan of Cooperative Organization or Contract of Sale under which the Lessor acquired title to the building; and, all shares which are Unsold Shares retain their character as such (regardless of transfer) until (1) such shares become the property of a purchaser for bona fide occupancy (by himself or a member of his family) of the apartment to which such shares are allocated, or (2) the holder of such shares (or a member of his family) becomes a bona fide occupant of the apartment. This Paragraph 38 shall become inoperative as to this lease upon the occurrence of either of said events with respect to the Unsold Shares held by the Lessee named herein or his assignee. In connection with the sale of Unsold Shares, Lessor will, on request, deliver to the Lender the standard recognition agreement then being used by banks or other lenders containing such terms and in such amount as Lessee shall determine.

Subletting Apartment and Sale of Shares

(b) Neither the subletting of the apartment from time to time nor the assignment of this lease by the holder of Unsold Shares allocated to the apartment shall require any consent whatever or the payments of any fees, expenses, charges or contributions of any sort whatsoever by the holder of Unsold Shares. Without limiting the extent of the foregoing, no such subletting or assignment shall require the consent to which reference is made in Paragraphs 15 and 16(a)(v) of this lease or the payment of the fees or expenses to which reference is made in Paragraph 16(a)(iv). No charge of any kind shall be asserted or levied by Lessor or its agents in connection with such subletting or assignment of lease and shares.

Change in Form of Lease

(c) Without the Lessee's consent, no change in the form, terms or conditions of this proprietary lease, as permitted by Paragraph 6, shall (1) affect the rights of the Lessee who is the holder of the Unsold Shares accompanying this lease to sublet the apartment or to assign this lease, as provided in this paragraph, or (2) eliminate or modify any rights, privileges or obligations of such Lessee.

(d) Notwithstanding the provisions of Paragraph 21, the holders of Unsold Shares shall have the right to change the size (either as a result of subdivision, combination, alteration of boundary walls or internal partitioning or otherwise) and/or layout of any apartment owned by them or any of them, and to reallocate shares in connection with such change, provided that any such reallocation of shares will not change the total number of shares allocated to all apartments which are the subject of such change. Further, the holders of Unsold Shares may make alterations or improvements without the consent of the Lessor or its Board of Directors; provided, however, that the holder of Unsold Shares shall comply with all rules, ordinances and regulations of all governmental authorities having jurisdication and shall agree to hold the Lessor harmless from any liability arising therefrom. So long as there are holders of Unsold Shares, such holders of Unsold Shares shall have the right to post an appropriate sign on the exterior of the premises indicating the existence of a cooperative apartment and the availability of apartments and to maintain a model apartment.

No Voluntary Cancellation

(e) The provisions of Paragraph 35 are not applicable to a Lessee who is the holder of a block of the Unsold Shares accompanying this lease to the following

extent: The holders of Unsold Shares shall only have the right to surrender the shares of stock in accordance with the provisions of Paragarph 35 if (1) five (5) years have expired from the date the Apartment Corporation acquired title to the building(s), (2) eighty-five (85%) percent of all apartments have been sold to parties other than holders of Unsold Shares, and (3) the holder of Unsold Shares desiring to surrender the shares shall pay to Lessor two (2) years' maintenance charges based upon the maintenance charges then in effect.

(f) Notwithstanding anything to the contrary contained in this lease, the provisions of this Paragraph 38 may not be changed without the written consent of the holders of Unsold Shares.

Foreclosure - Receiver Rents

39. Notwithstanding anything contained in this lease, if any action shall be instituted to foreclose any mortgage on the land or the building or the leasehold of the land or building, the Lessee shall, on demand, pay to the receiver of the rents appointed in such action rent, if any, owing hereunder on the date of such appointment and shall pay thereafter to such receiver in advance, on the first day of each month during the pendency of such action, as rent hereunder, the rent for the apartment as last determined and established by the Directors prior to the commencement of said action, and such rent shall be paid during the period of such receivership, whether or not the Directors shall have determined and established the rent payable hereunder for any part of the period during which such receivership may continue. The provisions of this paragraph are intended for the benefit of present and future mortgagees of the land or the building or the leasehold of the land or building and may not be modified or annulled without the prior written consent of any such mortgage holder.

To Whom Covenants Apply

40. The references herein to the Lessor shall be deemed to include its successors and assigns, and references herein to the Lessee or to a shareholder of the Lessor shall be deemed to include the executors, administrators, legal representatives, legatees, distributees and assigns of the Lessee or of such shareholder; and the covenants herein contained shall apply to, bind and enure to the benefit of the Lessor and its successors and assigns, and the Lessee and the executors and administrators, legal representatives, legatees, distributees and assigns of the Lessee, except as hereinabove stated.

Waiver of Trial by Jury

41. To the extent permitted by law, the respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this lease, the Lessee's use or occupancy of the apartment, or any claim of damage resulting from any act or omission of the parties in any way connected with this lease or the apartment.

Lessor's Additional Remedies

42. In the event of a breach or threatened breach by Lessee of any provision hereof, the Lessor shall have the right of injunction and the right to invoke any remedy at at law or in equity, as if re-entry, summary proceedings and other remedies were not herein provided for, and the election of one or more remedies shall not preclude the Lessor from any other remedy.

Lessee More Than One Person

43. If more than one person is named as Lessee hereunder, the Lessor may require the signature of all such persons in connection with any notice to be given or action to be taken by the Lessee hereunder, including, without limiting the generality of the foregoing, the surrender or assignment of this lease, or any request for consent to assignment or subletting. Each person named as Lessee shall be jointly and severally liable for all of the Lessee's obligations hereunder. Any notice by the Lessor to any person named as Lessee shall be sufficient, and shall have the same force and effect, as though given to all persons named as Lessee.

Effect of Partial Invalidity

44. If any clause or provision herein contained shall be adjudged invalid, the same shall not affect the validity of any other clause or provision of this lease, or constitute any cause of action in favor of either party as against the other.

Marginal Headings

45. The marginal headings of the several paragraphs of this lease shall not be deemed a part of this lease.

46. In the event the Lessor hereunder acquired title to the premises pursuant to a "non-eviction" plan, as long as holders of "Unsold Shares" (as defined in Paragraph 38 of this lease) hold at least twenty-five (25%) percent of the outstanding shares of Lessor, the Lessor, acting by its directors or otherwise, will not prior to the fifth anniversary of the Closing Date (as defined in the Plan) without the consent of such holders do any of the following except as required by law: (a) engage employees

in addition to the employees referred to in Schedule B of the Plan or provide services or equipment with respect to the premises in excess of those contemplated in Schedule B; (b) increase the amount of the mortgage indebtedness of Lessor, extend, refinance or in any other way modify the terms of the mortgage on the premises or enter into any new mortgage or contract of sale or lease of the premises; (c) increase in any year the amount of the reserve for contingencies (or other reserves) over the amount allowed therefor set forth in Schedule B of the Plan provided that any increased portion of such reserve for any year may be added to the reserve for the following years; or (d) require any additional maintenance charges for capital improvements and repairs except as may be required by law or capital improvements as may be necessary to remedy a notice of violation of law or a work order by a mortgagee or insurer, unless without such capital improvement the continued existence of the building is in jeopardy or there is a danger to the health or safety of the building's residents or the capital improvement is necessary to avoid a breakdown of a major component, mechanical element, or fixture of the building's equipment.

Subtenants Remaining Subject to Rent Laws

47. (a) In the event the Lessor hereunder acquired title to the premises pursuant to a "non-eviction" plan, and the apartment is occupied by a tenant who, pursuant to said Offering Plan, has the right to remain in occupancy of the apartment, no eviction proceedings may be commenced at any time against such occupant except for non-payment of rent, illegal use or occupancy of the premises, refusal of access to the Lessor or to the Lessee hereunder or a similar breach of such occupant's obligations to the Lessor or Lessee hereunder. Furthermore, no eviction proceedings will be taken against such occupant by the purchaser of the shares for owner-occupancy purposes. In such event, except as set forth in the preceding sentence, persons who own shares allocated to apartments which are occupied by tenants who did not purchase shares under the Offering Plan will not avail themselves of any rights they may possess under Sections 54(a) and (b) of the Rent Stabilization Code. In addition, in such event, Lessee hereunder hereby appoints Lessor managing agent as his agent to provide the non-purchasing tenant all services and facilities as required by law. If this paragraph applies, unless Lessee was a Sponsor of said Offering Plan or is a holder of Unsold Shares (as that term is defined in this Lease), Lessee is required to deposit with Lessor or Lessor's managing

agent at the closing of Lessee's acquisition of this lease an amount not less than two months' maintenance charges to be used as working capital to furnish services required under the non-purchasing tenant's lease and under the applicable rent laws and regulations. Upon notice by Lessor or Lessor's managing agent that the deposit has been diminished, the fund shall be replenished by Lessee within forty-five (45) days after receipt of the notice. The failure of the Lessee to replenish the fund in a timely fashion shall result in Lessor having a lien against the shares appurtenant to the subject apartment. Interest, if any, earned on the fund shall be the property of the Lessee.

(b) The rentals payable by the subtenants and occupants described in subparagraphs (a) and (b) of this Paragraph 47 shall continue to be regulated by the applicable rent laws, regulations and guidelines.

(c) The provisions of this Paragraph 47 are intended for the benefit of tenants who were in occupancy of their apartments prior to Lessor's acquisition of title to the premises and who did not purchase the shares allocated to such apartments.

Changes to Be in Writing

48. The provisions of this lease cannot be changed orally.

IN WITNESS WHEREOF, the parties have executed this lease.

ARDEN HOUSE OWNERS INC.,
Lessor

By: _____
President

_____ (L.S.)

_____ (L.S.)
Lessee

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

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 ; that he is the of ARDEN HOUSE OWNERS 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 , 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 to and egress from the apartments in the building, and the fire towers shall not be obstructed in any way.

(2) No patient of any doctor who has offices in the building shall be permitted to wait in the lobby.

(3) Children shall not play in the public halls, courts, stairways, fire towers or elevators and shall not be permitted on the roof unless accompanied by a responsible adult.

(4) No public hall above the ground floor of the building shall be decorated or furnished by any Lessee in any manner without the prior consent of all of the Lessees to whose apartments such hall serves as a means of ingress and egress; in the event of disagreement among such Lessees, the Board of Directors shall decide.

(5) 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 upon or suffer to be played upon any musical instrument or permit to be operated a phonograph or a radio or television loud speaker in such Lessee's apartment between the hours of eleven (11:00) o'clock p.m. and the following eight (8:00) o'clock a.m. if the same shall disturb or annoy other occupants of the building. No construction or repair work or other installation involving noise shall be conducted in any apartment except on weekdays (not including legal holidays) and only between the hours of 8:30 a.m. and 5:00 p.m.

(6) 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.

(7) No awnings, window air-conditioning units or ventilators shall be used in or about the building except such as shall have been expressly approved by the Lessor or the managing agent, nor shall anything be projected out of any window of the building without similar approval.

(8) No sign, notice, advertisement or illumination 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 or the managing agent.

(9) No velocipedes, bicycles, scooters or similar vehicles shall be allowed in a passenger elevator and baby carriages and the above-mentioned vehicles shall not be allowed to stand in the public halls, passageways, areas or courts of the building.

(10) Messengers and tradespeople shall use such means of ingress and egress as shall be designated by the Lessor.

(11) Kitchen supplies, market goods and packages of every kind are to be delivered only at the service entrance of the building and through the service elevator to the apartments when such elevator is in operation.

(12) Trunks and heavy baggage shall be taken in or out of the building through the service entrance.

(13) Garbage and refuse from the apartments shall be disposed of only at times and in such manner as the superintendent or the managing agent of the building may direct.

(14) Water closets and other water apparatus in the building shall not be used for any purposes other than those for which they were constructed, nor shall any sweepings, rubbish, rags or any other article be thrown into the water closets. The cost of repairing any damage resulting from misuse of any water closets or other apparatus shall be paid for by the Lessee in whose apartment it shall have been caused.

(15) No Lessee shall send any employee of the Lessor out of the building on any private business of a Lessee.

(16) No bird or animal shall be kept or harbored in the building unless the same in each instances be expressly permitted in writing by the Lessor; such permission shall be revocable by the Lessor. In no event shall dogs be permitted on elevators or in any of the public portions of the building unless carried or on leash. No pigeons or other birds or animals shall be fed from the window sills, terraces, balconies or in the yard, court spaces or other public portions of the building, or on the sidewalk or street adjacent to the building.

(17) 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 or the managing agent.

(18) No vehicle belonging to a Lessee or to a member of the family or guest, subtenant or employee of a Lessee shall be parked in such manner as to impede or prevent ready access to any entrance of the building by another vehicle.

(19) The Lessee shall use the available laundry facilities only upon such days and during such hours as may be designated by the Lessor or the managing agent.

(20) The Lessor shall have the right from time to time to curtail or relocate any space devoted to storage or laundry purposes.

(21) Unless expressly authorized by the Board of Directors in each case, the floors of each apartment must be covered with rugs or carpeting or equally effective noise-reducing material, to the extent of at least eighty (80%) percent of the floor area of each room excepting only kithens, pantries, bathrooms, maid's rooms, closets, and foyer.

(22) No group tour or exhibition of any apartment or its contents shall be conducted, nor shall any auction sale be held in any apartment without the consent of the Lessor or its managing agent.

(23) The Lessee shall keep the windows of the apartment clean. In case of refusal or neglact of the Lessee during ten (10) days after notice in writing from the Lessor or the managing agent to clean the windows, such cleaning may be done by the Lessor, which shall have the right, by its officers or authorized agents, to enter the apartment for the purpose of such cleaning and to charge the cost of such cleaning to the Lessee.

(24) The passenger and service elevators, unless of automatic type and intended for operation by a passenger, shall be operated only by employees of the Lessor, and there shall be no interference whatever with the same by Lessees or members of their families or their guests, employees or subtenants.

(25) Complaints regarding the service of the building shall be made in writing to the managing agent of the Lessor.

(26) Any consent or approval given under these House Rules by the Lessor shall be revocable at any time.

(27) If there be a garage in the building, the Lessee will abide by all arragnements made by the Lessor with the garage operator with regard to the garage and driveways thereto.

(28) No Lessee shall install any plantings on the terrace, balcony or roof without the prior written approval of the Lessor. Plantings shall be contained in boxes of wood lined with metal or other material impervious to the dampness and standing on supports at least two inches from the terrace, balcony or roof surface, and if adjoining a wall, at least three inches from such wall. Suitable weep holes shall be provided in the boxes to draw off water. In special locations, such as a corner abutting a parapet wall, plantings may be contained in masonry or

hollow tile walls which shall be at least three (3) inches from the parapet and flashing, with the floor of drainage tiles and suitable weep holes at the sides to draw off water. It shall be the responsibility of the Lessee to maintain the containers in good condition, and the drainage tiles and weep holes in operating condition.

(29) The agents of the Lessor, and any contractor or workman authorized by the Lessor, may enter any apartment at any reasonable hour of the day for the purpose of inspecting such apartment to ascertain whether measures are necessary or desirable to control or exterminate any vermin, insects or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pests. If the Lessor takes measures to control or exterminate carpet beetles, the cost thereof shall be payable by the Lessee, as additional rent.

(30) These House Rules may be added to, amended or repealed at any time by resolution of the Board of Directors of the Lessor.

EXHIBIT IV

BY-LAWS

of

ARDEN HOUSE OWNERS INC.

ARTICLE I

Purpose of Business

Section 1. The primary purpose 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 apartments in the building owned by the Corporation.

ARTICLE II

Meetings of Shareholders

Section 1. Annual Meeting: The annual meeting of the shareholders of the Corporation, for the election of directors and for such other business as may properly come before such meeting, shall be held in the Borough of Kings, City of New York, at such time and place during the month of June of each year as may be designated by the Board. The notice of the meeting shall be in writing and signed by the president or a vice president or the secretary or an assistant secretary. Such notice shall state the time when and the place within the state where it is to be held, and the secretary shall cause a copy thereof to be delivered personally or mailed to each shareholder of record of the Corporation entitled to vote at such meeting not less than ten nor more

than forty days before the meeting. If mailed, it shall be directed to each such shareholder at his or her address as it appears on the share book, unless he or she shall have filed with the secretary of the Corporation a written request that notices intended for him or her be mailed to some other address, in which case it shall be mailed to the address designated in such request.

Section 2. Special Meetings: Special meetings of shareholders, other than those the calling of which is regulated by statute, 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 per cent 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 person or 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 entitled to vote at such meeting not less than ten nor more than forty days before such meeting. No business other than that stated in such notice shall be transacted at such special meeting unless the holders of all the outstanding shares of the Corporation be present thereat in person or by proxy.

Section 3. Waiver of Notices: The notice provided for in the two foregoing sections is not indispensable but any shareholders' meeting whatever shall be valid for all purposes if all the outstanding shares

of the Corporation are represented thereat in person or by proxy, or if a quorum is present, as provided in the next succeeding section, and waiver of notice of the time, place and objects of such meeting shall be duly executed in writing either before or after said meeting by such shareholders as are not so represented and were not given such notice.

Section 4. Quorum: At each meeting of shareholders, except where otherwise provided by law, shareholders representing, in person or by proxy, 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 ajdourn 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 at the meeting. Only those shareholders who, if present at the original meeting, would have been entitled to vote thereat, shall be entitled to vote at any such adjourned 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 at the time of service of notice of such meeting or at such prior date, not more than forty days before such meeting, as may be prescribed by the Board of Directors for the closing of the corporate share transfer books or fixed by the Board of Directors as the date for determining which shareholders of record are entitled to notice of and to vote at such meeting. The proxies shall be in writing duly signed by a shareholder but need not be acknowledged or witnessed,

and the person named as proxy by any shareholder need not himself be a shareholder of the Corporation. Voting by shareholders shall be viva voce 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, and each ballot shall state the name of the shareholder voting and the number of shares owned by him, and in addition, the name of the proxy of such ballot if cast by a proxy.

In all elections of directors of the Corporation, each shareholder shall be entitled to as many votes as shall equal the number of votes which (except for these provisions) he would be entitled to cast for the election of directors with respect to his shares, multiplied by the number of directors to be elected, and he may cast all of such votes for a single director or may distribute them among the number to be voted for, or any two or more of them, as he may see fit.

Section 6. Inspectors of Election: Inspectors of election shall not be required to be appointed to any meeting of shareholders unless requested by a shareholder present (in person or by proxy) and entitled to vote at such meeting and upon the making of such request inspectors shall be appointed or elected as provided in Section 610 of the Business Corporation Law.

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 seven, as may from time to time be herein provided and, in the absence of such provisions shall be three (3). Commencing with the first election of Directors by tenant-shareholders of the Corporation, and until changed by amendment of this By-Law provision, as hereinafter provided, the number of Directors shall be seven (7). The number of Directors shall not be decreased to a number less than the number of Directors then in office except at an annual meeting of shareholders.

Section 2. Election: The Directors shall be elected at the annual meeting of shareholders or at a special meeting called for that purpose as provided by law, by a plurality of votes cast at such meeting through the method of cumulative voting (as described in Article II, Section 5 hereof. Their term of office shall be until the date herein fixed for the next annual meeting, and thereafter until their respective succes-

sors 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 then authorized by these By-Laws 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. In the event of the failure to hold any election of directors at the time designated for the annual election of directors or in the event that the Board of Directors shall not have filled any such vacancy, a special meeting of shareholders to elect a new Board of Directors or to fill such vacancy or vacancies may be called in the manner generally provided for the calling of special meetings of shareholders. Vacancies in the Board of Directors resulting from an increase of the Board of Directors by amendment of these By-Laws shall be filled in the manner provided in the resolution adopting such amendment. In case of a reduction of the authorized number of directors by amendment of these By-Laws, the directors, if any, whose term of office shall cease, shall be determined in the manner provided in the resolution adopting such amendment.

Section 5. Meetings: The Board of Directors shall meet immediately after the annual meeting of shareholders without notice and also whenever called together by any officer of the Corporation or upon the written request of any two directors then holding office, upon notice given 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 time and places as the Board of Directors may determine. Any meeting of the Board at which all the members shall be present, or of which notice shall be duly waived by all absentees, either before or after the holding of such meeting, shall be valid for all purposes provided a quorum be present. Meetings of directors may be held either at the principal office of the Corporation or elsewhere within the State of New York as provided in the notice calling the meeting, unless the Board of Directors by resolution adopt some further limitation in regard thereto. 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 of a duly constituted meeting 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 registered mail to the President or Secretary of the Corporation. Such resignation shall take effect at the time specified therein, and unless

specifically requested acceptance of such resignation shall not be necessary to make it effective.

Any director may be removed from office without cause by the shareholders of the Corporation at a meeting duly called for that purpose.

Section 7. Annual Cash Requirements: The Board of Directors shall, except as may be otherwise restricted by the Proprietary Lease of the Corporation, from time to time, determine the cash requirements as defined in the Corporation's proprietary leases, and fix the terms and manner of payment of rent under the Corporation's proprietary leases. The Board of Directors shall have discretionary power to prescribe the manner of maintaining and operating the apartment house of the Corporation and to determine the cash requirements of the Corporation to be paid as aforesaid by the shareholder-tenants under their respective proprietary leases. Every such determination by the Board of Directors shall be final and conclusive as to all shareholder-tenants and any expenditures made by the Corporation's officers or its agent under the direction or with the approval of the Board of Directors of the Corporation shall, as against the shareholder-tenants, be deemed necessarily and properly made for such purpose.

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 apartment 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 three or more directors of the Corporation. Such committees shall have and may exercise such of the powers of the Board in the management of the business and affairs of the Corporation during the intervals between the meetings of the Board as may be determined by the authorizing resolution of the Board of Directors and so far as may be permitted by law, except that no committee shall have power to determine the cash requirements defined in the proprietary leases, 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, either conditionally or unconditionally, except upon a complete or partial liquidation of the Corporation, to receive any distribution not out of earnings and profits of the Corporation.

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 at the first meeting of the

Board of Directors after these By-Laws become effective, and thereafter at the regular meeting in each year following the annual meeting of shareholders, and shall serve until removed or until their successors shall have been elected. The Board of Directors may at any time or 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 and may accord to such officers such power as the Board deems proper. Any officer may be removed at any time, with or without cause, by the affirmative vote of a majority of the then authorized total number of directors. The president shall be a member of the Board of Directors, and shall be a shareholder or the spouse of a shareholder, but none of the other officers need be a member of the Board of Directors or a shareholder or the spouse of a shareholder. One person may hold not more than two offices at the same time, except that the president and the secretary may not be the same person. Vacancies occurring in the office of any officer may be filled by the Board of Directors at any time.

Section 2. Duties of President and Vice Presidents: The president shall preside at all meetings of the stockholders and of the Board of Directors. The president or any vice president shall 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. The president, subject to the control of the Board of Directors, shall have general management of the affairs of the Corporation and perform all the duties

incidental to the office. In the absence from the City of New York 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 Treasurer: The treasurer 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. If so required by the Board of Directors, he shall, before receiving any such funds, furnish to the Corporation a bond with a surety company as surety, in such form and amount as said Board from time to time shall determine. The premium upon such bond shall be paid by the Corporation. No later than March 15 of each calendar year, the treasurer shall cause to be furnished to each shareholder-tenant whose proprietary lease is then in effect, a statement of the Certified Public Accountant of the Corporation of any deductions available for income tax purposes on a per share basis and indicating thereon on a per share basis any such other information as may be necessary or useful to permit him to compute his income tax returns in respect thereof.

Within three months after the end of each fiscal year, the treasurer shall cause to be transmitted to each shareholder-tenant whose proprietary lease is then in effect, an annual report of operations and balance sheet of the Corporation which shall be certified by an inde-

pendent Certified Public Accountant. A copy of said annual report shall be submitted to the Department of Law of the State of New York.

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 of these By-Laws. He shall also perform all other duties incidental to his office. He shall cause to be kept a book containing the names, alphabetically arranged, of all persons who are shareholders of the Corporation, showing their places of residence, the number of shares held by them, respectively, the time when they respectively became the owners thereof, and the amount paid thereon, and the denomination and the amount of all share issuance or transfer stamps affixed thereto, and such book shall be open for inspection as provided by law. In the absence or inability of the secretary, the assistant secretary, if any, shall have all the powers and perform all the duties of the secretary.

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 apartments and other space in the apartment building of the Corporation to be leased to shareholder-tenants under proprietary leases. Such proprietary leases shall be for such terms, with or without provisions for renewals, and shall contain such restrictions, limitations and provisions in respect to the assignment thereof, the subletting of the premises demised thereby and the sale and/or transfer of the shares of the Corporation appurtenant thereto, and such other terms, provisions, conditions and covenants as the Board of Directors may determine.

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 lessees in accordance with the voting set forth in Section 5 of Meetings of Shareholders above.

Section 2. Assignment: Proprietary leases shall be assigned or transferred only in compliance with, and shall never be assigned or transferred in violation of, the terms, conditions or provisions of such proprietary leases. A duplicate original of each proprietary lease

shall always be kept on file in the principal office of the Corporation or with the managing agent of the apartment building.

Section 3. Allocation of Shares: The Board of Directors shall allocate to each apartment or other space in the apartment building of the corporation to be leased to shareholder-tenants under proprietary leases the number of shares of the Corporation which must be owned by the proprietary lessee of such apartment or other space.

Section 4. Assignment of Lease and Transfer of Shares: No assignment of any lease or transfer of the shares of the Corporation shall take effect as against the Corporation for any purpose 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 30 days after receipt of said written application.

No person to whom the interest of a lessee or shareholder shall pass by law, shall be entitled to assign any lease, transfer any share, or to sublet or occupy any apartment, except upon compliance with the requirements of the lease and these By-Laws.

Section 5. Fees on Assignment: The Board of Directors shall have authority before an assignment or sublet of a proprietary lease or reallocation of shares takes effect as against the Corporation as lessor, to fix a reasonable fee to cover actual expenses and attorneys' fees of the Corporation and such other non-monetary conditions as it may determine, in connection with each such proposed assignment.

Section 6. Lost Proprietary Leases: In the event that any proprietary lease in full force and effect is lost, stolen, destroyed or mutiliated, 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, provisions, conditions and limitations. The Board may, in its discretion, before the issuance of any such new proprietary lease, require the owner thereof, or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutiliation 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 or owners of one or more proprietary leases covering one or more apartments in the apartment building and of the shares issued to accompany the same, may in its discretion, at any time, permit such owner or owners, at his or her own expense--A: (1) to subdivide any apartment into any desired number of apartments, (2) to combine all or any portions of any such apartments into one or any de-

sired number of apartments; and (3) to reallocate the shares issued to accompany the proprietary lease or leases, but the total number of the shares so reallocated shall not be less than the number of shares previously allocated to the apartment or apartments involved, and, in connection with any such regrouping, the Board of Directors may require that the number of shares allocated to the resulting apartment or apartments be greater than the number of shares allocated to the original apartment or apartments, and may authorize the issuance of shares from its treasury for such purpose; or B: to incorporate one or more servant's rooms, or other space in the building not covered by a proprietary lease, into one or more apartments covered by a proprietary lease, whether in connection with any regrouping of space pursuant to subparagraph A of this Section 7 or otherwise, and in allocating shares to any such resulting apartment or apartments, shall determine the number of shares from its treasury to be issued and allocated in connection with the appropriation of such additional space.

Upon any regrouping of space in the building, the proprietary leases 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 apartment involved, and a new certificate for the number of shares so reallcoated to each new proprietary lease.

Section 8. Notice of Assignment: In the event of an assignment of a proprietary lease for an apartment occupied by a person or persons who

were tenants prior to the Corporation acquiring title to the premises and who had the right to continued occupancy of the apartment, the assignee is required to notify such tenant of the assignment in writing within thirty (30) days of the assignment.

ARTICLE VI

Capital Shares

Section 1. No shares hereafter issued or acquired by the Corporation shall be issued or reissued except in connection with the execution by the purchaser and delivery by the Corporation of a proprietary lease of an apartment in the building owned by the Corporation. The ownership of shares shall entitle the holder thereof to occupy the apartment for the purposes specified in the proprietary lease to which the shares are appurtenant, subject to the provisions, covenants and agreement contained in such proprietary lease.

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. Such signatures and seal may be facsimiles when and to the extent permitted by applicable statutory provisions. 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 certificate shall be retained in the Corporation records.

Section 3. Issuance of Certificates: Shares appurtenant to each proprietary lease shall be issued in the amount allocated by the Board of Directors to the apartment 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, duly executed and filed with the secretary of the Corporation and on the surrender of the certificate of such shares, except that shares sold by the Corporation to satisfy any lien which it 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, unless and until all proprietary leases which shall have been executed by the Corporation, shall have been terminated, the shares appurtenant to each proprietary lease shall not be sold or assigned except as an entirety to the Corporation or an assignee of such proprietary lease, after complying with and satisfying the requirements of such proprietary lease in respect to the assignment thereof.

Section 6. Corporation's Lien: The Corporation shall at all times have a first lien upon the shares owned by each shareholder for all in-

debtedness and obligations owing and to be owing by such shareholder to the Corporation, arising under the provisions of any proprietary lease issued by the Corpoation and at any time held by such shareholder. Unless and until such shareholder as lessee shall make default in the payment of any of the rental or in the performance of any of the covenants or conditions of such proprietary lease, and/or unless and until such shareholder shall make default in the payment of any indebtedness or obligation owing by such shareholder to the Corporation otherwise arising, such shares shall continue to stand in the name of the shareholder upon the books of the Corporation, and the shareholder shall be entitled to exercise the right to vote thereon as though said lien did not exist. The Corporation shall have the right to issue to any purchaser of such shares upon the enforcement by the Corporation of such lien, or to the nominee of such purchaser, a certificate of the shares so purchased substantially of the tenor of the certificate for such shares theretofore issued to such defaulting shareholder shall become void and such defaulting shareholder agrees to surrender such last mentioned certificate to the Corporation upon the latter's demand, but the failure of such defaulting shareholder so to surrender such certificate shall not affect the validity of the certificate issued in replacement thereof. 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.

Section 7. Lost Certificates: In the event that any share certificate is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new certificate of the same tenor and for the same number of shares in lieu thereof. The Board may, in its discretion, before the issuance of such new certificate, require the owner of the lost, stolen, destroyed or mutilated certificate, or the legal representative of the owner, to make an affidavit or affirmation 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 8. Legend on Share Certificates: Certificates representing shares of the Corporation shall bear a legend reading as follows:

"The rights of any holder hereof are subject to the provisions of the By-Laws of Arden House Owners Inc. and to all the terms, covenants, conditions and provisions of a certain proprietary lease made between the person in whose name this certificate is issued, as Lessee, and Arden House Owners Inc., as Lessor, for an apartment in the premises known as 150 Hawthorne Street, Brooklyn, New York, which lease limits and restricts the title and rights of any transferee hereof. The shares represented by this certificate are transferable only as an entirety and only pursuant to such proprietary lease. Copies of the proprietary lease and the By-Laws are on file and available for inspection at the office of the managing agent.

"The directors of this Corporation may refuse to consent to the transfer of the shares represented by this certificate until any indebtedness of the shareholder to the Corporation is paid. The Corporation, by the terms of said By-Laws and proprietary lease, has a first lien on the shares represented by this certificate for all sums due and to become due under said proprietary lease."

ARTICLE VII

Indemnification

Section 1. 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, his testator or intestate, is or 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. To the extent allowed by law, the Corporation shall also indemnify any person, made, or threatened to be made, a party to an action or proceeding other than one by or in the right of the Corporation to procure a judgment in its favor, whether civil or criminal, including an action by or in the right of any other corporation, domestic or foreign, which he served in any capacity at the request of the Corporation by reason of the fact, that he, his testator or intestate was a director or officer of the Corporation or served it in any capacity against judgments, fines, amounts paid in settlement, and reasonable expenses, including attorneys' fees actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such director or officer acted, in good faith, for a purpose which he reasonably believed to be in the best

interests of the Corporation and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful.

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

Seal

Section 1. 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 the words "Corporate Seal" and "New York".

ARTICLE IX

Negotiable Instruments

Section 1. All checks, drafts, orders for payment of money and negotiable instruments shall be signed by such officer or officers or employee or employees as the Board of Directors may from time to time, by standing resolution or special order, prescribe.

Section 2. Endorsements or transfers or shares, bonds, or other securities shall be signed by the president or any vice president and by the treasurer or an assistant treasurer or the secretary or an assistant secretary unless the Board of Directors, by special resolution in one or more instances, prescribe otherwise.

Section 3. Safe Deposit Boxes: Such officer or officers as from time to time shall be designated by the Board of Directors, shall have access to any safe of the Corporation in the vault of any safe deposit company.

Secton 4. Securities: Such officer or officers as from time to time shall be designated by the Board of Directors shall have power to control and direct the disposition of any bonds or other securities or property of the Corporation deposited in the custody of any trust company, bank or other custodian.

ARTICLE X

Fiscal Year

Section 1. The fiscal year of the Corporation shall be the calendar year unless otherwise determined by resolution of the Board of Directors.

ARTICLE XI

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 as such officer unless and until the same shall have been authorized in writing or by affirmative vote, taken at a duly held meeting of shareholders, by shareholders owning at least a majority of the then outstanding shares of the Corporation.

Section 2. These By-Laws are subject to any agreement entered into by the Corporation pursuant to the Offering Plan for conversion of premises 150 Hawthorne Street, Brooklyn, New York to cooperative ownership.

ARTICLE XII

Amendments

Section 1. These By-Laws may be amended, enlarged or diminished either (a) at any shareholders' meeting by vote of shareholders owning two-thirds of the amount of the outstanding shares, represented in person or by proxy, provided that the proposed amendment or the substance thereof shall have been inserted in the notice of meeting or that all of the shareholders be present in person or by proxy, or (b) at any meeting of the Board of Directors by a majority vote, provided that the proposed amendment or the substance thereof shall have been inserted in the notice of meeting or that all of the Directors are present in person, except that the Directors may not repeal a By-Law amendment adopted by the shareholders as provided above.

EXHIBIT V

Section 352-eeee of General Business Law

Section 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 the 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 (excluding, for purposes of determining the number of bona fide tenants in occupancy at 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 citizens". 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 addition 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 tenant 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 similar breach by 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 thereto 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 respect 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 time 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 subdivision 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 the 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 on the day such statement is filed post a copy of such statement in a prominent place accessible to all tenants in each building 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 tenants 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 and eligible senior citizens and eligible disabled persons who reside in dwelling units with respect to which 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 an 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 an 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 prospectus 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 day such statement is filed post a copy of such statement in a prominent place accessible to all tenants in each building covered by the 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 purchase 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 purchase 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 that 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 person 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 dwelling unit or the facilities related thereto. The attorney general may apply to a court of competent jurisdiction for an order restraining such conduct and, if he deems it appropriate, 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, officer 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 lease 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.

EXHIBIT VI

CERTIFICATION OF SPONSOR AND SPONSOR'S PRINCIPALS PURSUANT TO SEC. 18.4(b) OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A, AS AMENDED.

New York State Department of Law
120 Broadway
New York, New York 10271

Att: Real Estate Financing Bureau

Re: 150 Hawthorne Street
Brooklyn, New York

The undersigned certify as follows:

We are the sponsor and the principals of sponsor of the cooperative offering for the captioned property.

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 Department of Law in Part 18 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 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;

(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 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.

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.

150 HAWTHORNE ASSOCIATES

By _____
Morris Rokowsky, Partner

By _____
Isaac Rokowsky, Partner

Sworn to before me by Morris Rokowsky
this day of 2/12, 1987.

_____
Notary Public

VICTOR K. FEIN
NOTARY PUBLIC, State of New York
No. 24-4802237
Qualified in Kings County
Commission Expires April 30, 1988

Sworn to before me by Isaac Rokowsky
this day of 2/12, 1987.

_____
Notary Public

VICTOR K. FEIN
NOTARY PUBLIC, State of New York
No. 24-4802237
Qualified in Kings County
Commission Expires April 30, 1988

CERTIFICATION OF SPONSOR'S ENGINEER
OR ARCHITECT PURSUANT TO SECTION 18.4 (C)
OF THE REGULATIONS ISSUED PURSUANT
TO GENERAL BUSINESS LAW, ARTICLE 23-A,
AS AMENDED

Exhibit VII

New York State Department of Law,
Two World Trade Center,
New York, New York 10047

Att: Real Estate Financing Bureau

Re: 150 Hawthorne St.,
Brooklyn, N. Y.
Name of Address of Property

The undersigned, (an architect registered in New York State) (or) (an engineer licensed to practice as a professional engineer if 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 150 Hawthorne St., Bklyn, NY and prepared the Report dated December 5th, 1985, 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 insofar 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 from a visual inspection of the property. This Certification is made for the benefit of all persons to whom 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 as of the date of inspection;

(2) in my professional opinion, affords 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 facts;

(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;

(8) it is to be understood that all aspects of the physical condition of the property cannot be determined by a visual inspection and that all statements contained in this Certification are premised on and limited to such visual inspection.

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 Guarantee or Warranty of the physical condition of the property.

TEMES ENGINEERING SERVICES

Name of Firm

BY: Lloyd Temes PE

Owner

Title of Position

Sworn to before me
this 16th day of December, 1985.

Brett P. Herman

Notary Public

BRETT P. HERMAN
Notary Public, State of New York
No. 24-4800251
Qualified in Kings Co.
Commission Expires March 30, 1987

EXHIBIT VIII

DAVID DAY REALTY 532 Madison Avenue, New York, N.Y. 10022 (212) 935-8700

CERTIFICATION OF ADEQUACY OF BUDGET

April 4, 1986

Sonnenschein, Sherman & Deutsch
10 Columbus Circle
New York, New York

Re: 1150 Hawthorne Street
Brooklyn, 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 least 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; 315 West End Avenue, New York, New York; and 51 East 90th 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 expection 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.

This certification is made under the 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.

DAVID DAY REALTY, INC.

By: _____
Joseph Yadgaroff

Sworn to before me this
4 day of April 1986

_____
Notary Public

KENNETH JACOBS
Notary Public, State of New York
No. 31-4725572
Qualified in New York County
Term Expires ~~March 30, 19~~ July 1,

EXHIBIT IX

A LOCAL LAW

To amend the administrative code of the city of New York, in relation to the conversion of residential rental housing to cooperative or condominium ownership.

Section 1. Legislative declaration. The council finds that the protection of the health, safety and welfare of persons within the city who reside in residential buildings being converted from rental status to cooperative or condominium ownership requires that such persons be informed of the physical condition of such buildings and of any outstanding notices of code violations issued with respect to such buildings. The council further finds that for the health, safety and welfare of residents of the city and for the preservation and improvement of this substantial and increasing form of housing accommodation it is essential that funds be set aside for the purpose of making capital repairs, replacements and improvements to such buildings.

Section 2. Chapter fifty-one of the administrative code of the city of New York is amended by adding a new title YYYY to read as follows:

TITLE YYYY

COOPERATIVE AND CONDOMINIUM CONVERSIONS

§ YYYY51-1.0 Application. The provisions of this title shall apply to conversions from rental to cooperative or condominium status of a building or a group of buildings or a development for which a plan must be filed with the state department of law pursuant to section three hundred fifty-two-eeee of the general business law.

§ YYYY51-2.0 Definitions. As used in this title the following words shall mean:

a. "Building"--any building, group of buildings or development.

b. "Total price"--

(1) with respect to cooperative conversions, the number of all shares in the offering multiplied by the last price per share which was offered to tenants in occupancy prior to the effective date of the plan regardless of number of sales made;

(2) with respect to condominium conversions, the sum of the cost of all units in the offering at the last price which was offered to tenants in occupancy prior to the effective date of the plan regardless of number of sales made.

c. "Capital replacement--a building-wide replacement of a major component of any of the following systems:

(1) elevator;
(2) heating, ventilation and air conditioning;
(3) plumbing;
(4) wiring;
(5) window;

or, a major structural replacement to the building; provided, however, that replacements made to cure code violations of record shall not be included.

d. "Offeror"--the offeror, his nominees, assignees and successors in interest.

§ YYYY51-3.0 Establishment of reserve fund.

a. Within thirty days after the closing of a conversion pursuant to an offering plan the offeror shall establish and transfer to the cooperative corporation or condominium board of managers, 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. Such reserve fund shall be exclusive of any other funds required to be reserved under the plan or applicable law or regulation of the state attorney general, except a fund for capital repairs, replacements and improvements substantially similar in purpose to and in an amount not less than the reserve fund mandated by this section. Such reserve fund also shall be exclusive of any working capital fund and shall not be subject to reduction for closing apportionments.

b. Such fund shall be established in an amount equal to either (i) three per cent of the total price or, (ii) (A) three percent of the actual sales price of all cooperative shares or condominium units sold by the offeror at the time the plan is declared effective, provided, however, that if such amount is less than one per cent of the total price, then the fund shall be established as a minimum of one per cent of the total price; plus (B) supplemental contributions to be made by the offeror at a rate of three per cent of the actual sales price of cooperative shares or condominium units for each unit or its allocable shares held by the offeror and sold to bona fide purchasers subsequent to the effective date of the plan and within 5 years of the closing of the conversion pursuant to such plan notwithstanding that the total amount contributed may exceed three per cent of the total price; and provided, further, that if five years from thirty days after the closing of the conversion pursuant to such plan the total contributions by the offeror to the fund are less than three per cent of the total price the offeror shall pay the difference between the

amount contributed and three per cent of the total price. Supplemental contributions shall be made within 30 days of each sale.

c. The contributions required pursuant to this section may be made earlier or in an amount greater than so provided. An offeror may claim and receive credit against the mandatory initial contribution to the reserve fund for the actual cost of capital replacements which he has begun after the plan is submitted for filing to the state department of law and before the plan is declared effective; provided, however, that any such replacements must be set forth in the plan together with their actual or estimated costs and further provided, that such credit shall not exceed the lesser of the actual cost of the capital replacements or one per cent of the total price.

d. Any building, construction of which was completed within three years prior to the closing of a conversion pursuant to an offering plan, shall be exempt from the requirements of this section.

§ YYYY51-4.0 Report on status of reserve fund. The cooperative corporation or condominium board of managers shall report to shareholders and unit owners on a semi-annual basis with respect to all deposits into and withdrawals from the reserve fund mandated by section YYYY51-3.0.

§ YYYY51-5.0 Posting of violations. The offeror, not later than the thirtieth day following the acceptance of a plan for filing by the state department of law pursuant to section three hundred fifty-two-eeee of the general business law and until the closing of the conversion pursuant to such plan, shall post and maintain in a prominent place, accessible to all tenants in each building covered by the plan, a listing of all violations of record against such buildings as determined by the department of buildings and the department of housing preservation and development. All newly issued violations shall be posted within forty-eight hours of their issuance and maintained as described above. The offeror may satisfy the requirements of this section by designating an agent on the premises with who such listing shall be made available for inspection by the tenants.

§ YYYY51-6.0 Report on condition of premises. Where, pursuant to law or regulation of the state attorney general, an offeror is required to file a report with the state department of law describing the condition of the physical aspects of the premises to be converted and the surrounding neighborhood a copy of such report shall be submitted simultaneously to the commissioner of buildings.

§ YYYY51-7.0 No waiver of rights. Any provision purporting to waive the provisions of this title in any contract to purchase or

agreement between an offeror and the cooperative corporation or the condominium board of managers pursuant to a conversion plan shall be void as against public policy.

§ YYYY51-8.0 Criminal and civil penalties; enforcement.

a. Except as otherwise provided in subdivision (b) of this section, any person who knowingly violates or assists in the violation of any section of this title shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not less than one hundred nor more than one thousand dollars. Except as otherwise provided in subdivision (b) of this section, any person who violates or assists in the violation of any section of this title shall be subject to a civil penalty of one hundred dollars per day per unit for each day that a building is not in compliance with the provisions of such sections; provided, however, that such civil penalty shall not exceed one thousand dollars per unit.

b. Any person who knowingly violates or assists in the violation of section YYYY51-3.0 shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine not more than two times the amount required to be reserved by section YYYY51-3.0 which was not so reserved. Any person who violates or assists in the violation of section YYYY51-3.0 shall also be subject to a civil penalty of one thousand dollars per day for each day that the reserve fund required by section YYYY51-3.0 is not established; provided, however, that such civil penalty shall not exceed the amount required to be reserved pursuant to section YYYY51-3.0.

c. In addition, any other action or proceeding in any court of competent jurisdiction that may be appropriate or necessary for the enforcement of the provisions of this title may be brought in the name of the city, including actions to secure permanent injunctions enjoining any acts or practices which constitute a violation of any provision of this title, mandating compliance with the provisions of this title or for such other relief as may be appropriate. In any such action or proceeding the city may apply to any court of competent jurisdiction, or to a judge or justice thereof, for a temporary restraining order or preliminary injunction enjoining and restraining all persons from violating any provision of this title, mandating compliance with the provisions of this title, or for such other relief as may be appropriate, until the hearing and determination of such action or proceeding and the entry of final judgment or order therein. The court, or judge or justice thereof, to whom such application is made, is hereby authorized forthwith to make any or all of the orders above specified, as may be required in such application, with or without notice, and to make such other or further orders or directions as may be necessary to render the same effectual. No undertaking shall be required as

a condition of the granting or issuing of such order, or be reason thereof.

d. Nothing contained in this section shall impair any rights, remedies or causes of action accrued or accruing to purchasers of cooperative shares or condominium units.

e. The department of housing preservation and development is empowered to enforce the provisions of this title.

§3. If any provision of this local law or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of this local law and the applicability of such provision to any other person or circumstances shall not be affected thereby.

§4. This local law shall take effect February first nineteen hundred eighty-three and shall apply to all plans not yet accepted for filing by the state department of law pursuant to section three hundred fifty-two-eeee of the general business law as of that date.

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EXHIBIT X

Department of Law Regulations Regarding Postings

Section 18.1(p)

Postings of Subscription Percentages. If GBL Section 352-eee or 352-eeee is applicable, on the thirtieth, sixtieth, eighty-eighth and ninetieth day after the date of presentation of the offering plan and at least once every thirty days until the plan is declared effective or is abandoned, and on the tenth and second day before the expiration of any exclusive purchase period provided in a amendment to the plan, the sponsor shall post before noon in a prominent place accessible to all tenants in the building, a statement under oath listing the percentage(s) of bona fide tenants in occupancy on the filing date who have signed subscription agreements as of a specified time on the date of the statement. Such statement shall remain posted until the next statement must be posted. The percentage(s) shall be computed in the same manner as the sponsor must compute the minimum percentage(s) needed to declare the plan effective. The statement also shall be filed with the Department of Law. The Department of Law may issue model forms, which are recommended for use by sponsors, for posting statements. The statement shall include the following:

(i) The date and time of the statement.

(ii) The date the plan was filed with the Department of Law.

(iii) The date of presentation of the plan (and the current amendment).

(iv) The last day of any exclusive period(s).

(v) If an eviction plan, the last day for eligible senior citizens or eligible disabled persons to elect not to purchase pursuant to GBL Section 352-eeee or the last day for eligible disabled persons to elect not to purchase pursuant to GBL Section 352-eeee.

(vi) If the plan is subject to GBL Section 352-eeee, state the number of bona fide tenants in occupancy on the filing date who have signed subscription agreements as of a time specified in the statement. If the plan is a non-eviction plan subject to GBL section 352-eeee, also state the number of bona fide non-tenant subscribers who have represented that they or member(s) of their immediate family intend to occupy the apartment when it becomes vacant. If the plan is an eviction plan subject to GBL Section 352-eee, state the number of bona fide tenants in occupancy on the filing date who have signed subscription agreements. If the plan is a non-eviction plan subject to GBL

Section 352-eee, state the number of bona fide tenants in occupancy on the filing date and also state the number of bona fide tenants who became tenants in occupancy after the filing date who have signed subscription agreements. Any subscriber who is required to be listed under Section 18.5(e)(6)(v) shall not be included in the count unless the sponsor has submitted proof satisfactory to the Department of Law establishing that the subscriber is a bona fide tenant, or in a non-eviction plan subject to GBL Section 352-eeee, unless the sponsor has submitted proof satisfactory to the Department of Law establishing that the subscriber is a bona-fide purchaser who meets the requirements of Section 18.5(e).

(vii) The number of subscribers required to be listed under Section 18.5(e)(6)(v) who may not be included in the count at the time of the posting, but whom sponsor seeks to include in the future.

(viii) The number of units or tenants counted in the base. If the plan is an eviction plan under GBL Section 352-eee or 352-eeee, also state the number of tenants or units subtracted from the base to date, and the basis in law for each subtraction.

(ix) The percentage obtained by dividing the number of subscribers to be counted towards effectiveness given in sub-paragraph (vi) by the number of tenants or units counted in the base given in sub-paragraph (viii).

(x) If the plan is an eviction plan subject to GBL Section 352-eee, also give the percentage obtained by dividing:

(a) the number of subscribers to be counted towards effectiveness given in sub-paragraph (vi) by

(b) the number of tenants or units counted in the base given in sub-paragraph (viii) plus the eligible senior citizens and eligible disabled persons who were bona fide tenants in occupancy on the filing date and had been subtracted from the base in sub-paragraph (viii).