THIS PLAN HAS BEEN AMENDED. SEE INSIDE COVER.

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

COOPERATIVE OFFERING PLAN

PREMISES

THE SEVILLE
3203 Nostrand Avenue
Brooklyn, New York

Total Cash Amount of Offering * (28,616 shares) (105 apartments)	$ 9,888,258.80
Mortgage Indebtedness **	2,475,000.00
Total Cash Amount of Offering and Mortgage Indebtedness	$ 12,363,258.80
Less: Estimated Reserve Fund to be Retained by Apartment Corporation ***	(225,454.02)
Less: Working Capital Fund	—0—
Total Purchase Price ****	$ 12,137,804.78

* Computed at the prices for purchasers who are not entitled to a lower price as tenants, as set forth in Section A.
** See Section A of this Plan for the basis for computation of the Mortgage Indebtedness.
*** Subject to adjustment as provided in Section S of this Plan.
**** The Total Purchase Price may be increased or decreased if shares are purchased (a) by tenant purchasers entitled to a lower price or (b) at prices other than those set forth in Section A of the Plan.

Name and Principal Business Address of Sponsor and Selling Agent:

3203 NOST LIMITED PARTNERSHIP
304 Park Avenue South
11th Floor
New York, New York 10010

Name and Principal Business Address of Apartment Corporation:

3203 OWNERS CORP.
304 Park Avenue South
11th Floor
New York, New York 10010

Approximate date of first offering: April 14, 1988.
This Offering Plan is not to be used after April 13, 1989, unless it is duly extended or amended.

SEE PAGE 1 FOR SPECIAL RISKS TO PURCHASERS.

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

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SPECIAL RISKS

A. The obligations of purchasers under the Subscription Agreements are contingent on the obtaining of financing by such purchasers (which is not being offered by the Sponsor). However, the failure to obtain such financing shall not excuse purchasers from performing their obligations under the Subscription Agreements unless they elect to cancel their Subscription Agreements because of such failure within five (5) days after expiration of the application period provided under the Subscription Agreements, which period shall be not less than thirty (30) days. Purchasers may lose their entire deposits if they fail to fulfill their obligations under the Subscription Agreements, including failure to cancel their Subscription Agreements within five (5) days after expiration of said application period, and thereafter failing to close thereunder.

B. The Subscription Agreement provides that time is of the essence to cure defaults by a purchaser thereunder. Failure to cure such defaults within the period of time set forth in the Subscription Agreement after written notice could result in, among other things, the loss of the subscriber's downpayment (but in no event in excess of ten percent (10%) of the "Total Cash Purchase Price" [as hereinafter defined] plus the actual costs incurred for any special work ordered by the purchaser) and the loss of the right to subscribe.

C. Any purchaser who executes a Subscription Agreement relating to an apartment which is then or thereafter becomes vacant, and who enters into an Interim Lease under the terms of the Plan, should note that the Subscription Agreement and the Interim Lease contain "cross default" provisions such that a default under the terms of either instrument shall also constitute a default under the terms of the other instrument. In such event, the purchaser shall be subject, in addition to the other consequences of a default under a Subscription Agreement, to the requirement to vacate the apartment, if the purchaser is a non-tenant purchaser.

D. Prospective purchasers should be aware that as stated in Part II of the Plan, in the Section entitled "Description of Property and Building Condition," the electrical system for the Building was deemed by the Sponsor's engineer to be inadequate to handle modern appliances. The Sponsor will cause the electrical system

in the vacant apartments which the Sponsor sells to be upgraded, within one year after the closing of the sale of shares of the Apartment Corporation allocated to any such apartment, to be adequate for modern appliances. The Sponsor will use its best efforts not to inconvenience the tenants at the Building in the performance of such work, and will cause such work to be performed during the hours of 8:00 AM - 6:00 PM. In addition to the general liability insurance carried by the Sponsor, which shall be in an amount not less than $1,000,000, the Sponsor shall obtain a certificate of insurance from the contractor performing such work in an amount not less than $500,000.

E. Except as set forth in the Section entitled "Sponsor's Statement of Building Condition," there will be no obligation on the part of the Sponsor to make any repairs or improvements to the "Property" (as hereinafter defined). However, the Sponsor will, until the "Closing Date" (as hereinafter defined), maintain the Property in its present condition, ordinary wear and tear excepted. (For Discussion, see the Section entitled "Sponsor's Statement of Building Condition.")

INTRODUCTION

The principal purpose of this Offering Plan (this "Plan") is the establishment of cooperative ownership of a 6-story, elevator apartment building known as The Seville and located at street address number 3203 Nostrand Avenue, Brooklyn, New York (sometimes referred to herein as the "Building") and the land (the "Land") on which the Building stands. (The Building and the Land are sometimes herein collectively referred to as the "Property.")

The Property is presently owned by 3203 Nost Limited Partnership, a Delaware limited partnership (the "Sponsor"), authorized to transact business in New York, which purchased the Property on December 23, 1986, and since that time has operated the Building as a rental building.

The Property is located in the Marine Park area of Brooklyn. The Property is on the east side of Nostrand Avenue between Avenues R and S. The Property is situated on a lot containing approximately 29,400 square feet. The Building was completed in 1957 and is a Class A multiple dwelling containing a total of 106 apartments (13 studio apartments, 57 1-bedroom apartments and 36 2-bedroom apartments). One 1-bedroom apartment is occupied rent free by the Property's resident superintendent. The Property also includes a one-level indoor parking garage, which provides 21 enclosed spaces. A detailed description of the Property is contained in Part II of this Plan and should be carefully reviewed by prospective purchasers.

A purchaser of a cooperative apartment pursuant to this Plan buys shares of 3203 Owners Corp. (the "Apartment Corporation"), which will acquire fee title to the Property from the Sponsor on the Closing Date. Ownership of such shares entitles the purchaser thereof to a special lease of his apartment (commonly known as a "Proprietary Lease"). (A summary of the principal provisions of the Proprietary Lease may be found in Section O hereof. A copy of the Proprietary Lease is set forth in Part II of this Plan.) As a shareholder, he will have the right to vote annually for the Board of Directors, which will conduct the affairs of the Apartment Corporation and supervise the operation of the Property. As a tenant, he will pay as rent (hereinafter called "maintenance charge") a proportionate share of the Apartment Corporation's cash

requirements for the operation, financing and maintenance of the Property and the creation of such reserves for contingencies as the Board of Directors may deem proper. As a tenant, he will also be responsible for the decoration and repair of his apartment.

This Plan will be consummated by the transfer by the Sponsor of its fee interest in the Property to the Apartment Corporation, in exchange for (i) the "Unsold Shares" (as hereinafter defined) of the Apartment Corporation, (ii) the "Total Cash Purchase Prices" (as hereinafter defined) subject to certain adjustments as hereinafter set forth, and (iii) the Apartment Corporation's taking title subject to, and assuming the obligations of the mortgagor under, the "Mortgage" (as hereinafter defined). (See Sections T and U of the Plan.)

The agreement to purchase the Apartment Corporation's shares is called a Subscription Agreement and may be found in Part II of this Plan.

The Apartment Corporation's By-Laws (the "By-Laws"), which govern the operation of the Apartment Corporation, are also contained in Part II of this Plan.

The prices for the blocks of shares allocated to the various apartments in the Building are found in Section A of this Plan. 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 charge for each apartment for the first year of cooperative operation is also set forth in Section A.

The Building contains 106 apartments, all of which are presently being used as residences. The resident superintendent occupies one such apartment. None of the Apartment Corporation's authorized shares have been allocated to the resident superintendent's apartment, the garage, laundry rooms, boiler room, maintenance workshop or any other space in the Building not forming part of an apartment. The resident superintendent occupies his apartment rent-free. The Apartment Corporation will not receive any maintenance from that apartment and will pay the expenses of maintaining it. Currently, there are no professional offices or stores in the Building.

Tenants in occupancy who currently use the parking spaces in the indoor parking garage under the Building, and who purchase their apartments as provided herein, shall be given a right for a period of ten (10) days after the Closing Date to obtain a month-to-month license from the Apartment Corporation for the parking spaces leased or used by them on the Closing Date. The initial rate per month for a parking space in the garage shall be seventy-five dollars ($75), plus the applicable sales tax. One garage is assigned to the resident superintendent at no charge. Tenants in occupancy who use such parking spaces, but do not purchase their apartments, will be allowed to use such parking spaces until their rights to occupy their apartments expire, as hereinafter provided, and shall be charged for such use initially at the rate and in the manner in effect on the Closing Date, subject to the provisions of the laws governing such rates and increases therein. Until such time as the number of parking spaces leased by the Sponsor equals the number of apartments to which the Unsold Shares are allocated, if a parking space in the indoor parking garage under the Building becomes vacant, then the Sponsor shall be given written notice of such vacancy and shall, subject to the provisions of Section 60 of the Multiple Dwelling Law (the "MDL"), set forth below, have the first option to lease such space from the Apartment Corporation at the then current rental. Thereafter, the Apartment Corporation shall determine how to allocate any such parking spaces which become vacant. The license to use a parking space may not be transferred upon the sale of shares of the Apartment Corporation allocated to an apartment, except in the case of sales by the Sponsor. Additionally, subject to the provisions of applicable law, the Sponsor may sublet any such parking space(s) without any fees or charges to the Apartment Corporation and without first obtaining the consent of the Apartment Corporation or the then managing agent.

Parking fees, the method of allocating spaces which become vacant and whether an existing tenant who purchases his apartment may retain his parking space will be determined by the Apartment Corporation when it takes title to the Property. Parking fees may be increased or decreased from time to time at the discretion of the Board of Directors. However, the parking fees payable by non-purchasing rent stabilized tenants may in no event exceed the maximum fees permitted under the "RSL" (as defined below).

Section 60 of the MDL provides in part that occupants of the Building are to have first preference for all parking spaces. Those spaces not rented by occupants may be rented to non-residents of the Building for time periods of no less than one week nor more than one month and in accordance with (and subject to) the Building's Certificate of Occupancy; however, any space rented to a non-resident must be made available to an occupant within thirty days after a written request therefor.

A limited partnership, of which principals of the Sponsor own the partnership interests, is the owner of 3165 Nostrand Avenue, Brooklyn, New York ("3165 Nostrand Avenue"), which property the owners intend to convert to cooperative ownership.

3165 Nostrand Avenue has an approximately 20' x 60' outdoor swimming pool with adjacent sitting areas and changing and restroom facilities (collectively, the "Pool Facilities") located adjacent to and in the building portion of such property. The Pool Facilities presently are not in working order, but the owner, subject to the provisions and limitations hereinafter set forth, intends, at its sole cost and expense, to make the pool operational prior to the initial pool season after conveyance of 3165 Nostrand Avenue to the apartment corporation (the "3165 Apartment Corporation") which will own 3165 Nostrand Avenue upon the consummation of the offering plan covering such property, provided that at least 60 shareholders of the 3165 Apartment Corporation elect to become members eligible to use the Pool Facilities.

The Pool Facilities will be operated and maintained by the 3165 Apartment Corporation on a fully self-sustaining, dues-paying, members-only basis, with restricted guest privileges. The projected income from the membership dues and guest fees for the initial pool season, which will fall within the first year of cooperative operation, is projected to be sufficient to pay for the operation and maintenance of the Pool Facilities, including for the cost of any additional or special insurance purchased by the Apartment Corporation, the salaries of any employees (e.g., lifeguards and caretakers), pool maintenance and service contracts and all other costs incidental to operating and maintaining the Pool Facilities.

Except as otherwise provided below, only shareholders of the 3165 Apartment Corporation and the shareholders of the Apartment Corporation and of the apartment corporation that will own 3202 Nostrand Avenue, Brooklyn, New York, which property also is owned by a limited partnership of which principals of the Sponsor own the partner-

ship interests (including, for this purpose, holders of unsold shares), will be eligible for membership; however, payment of dues is required before the facilities can be used. There will be only one class of dues-paying membership. The estimated dues per family for the initial pool season, which currently is projected to consist of the period June 1, 1989 through September 10, 1990, are projected to be $150, and the fees for each guest will be determined by the Board of Directors of the 3165 Apartment Corporation.

In the event that not enough shareholders elect to take advantage of the membership to sustain the projected cost of operating and maintaining the Pool Facilities, then, at the sole election of the owner of 3165 Nostrand Avenue (i) the Pool Facilities will not be opened and such owner will have no obligation to render the Pool Facilities operational or (ii) such owner may make a contribution to the 3165 Apartment Corporation in an amount to insure the economic self-sufficiency of the operation of the Pool Facilities for the pool season and will render the Pool Facilities operational or (iii) memberships may be made available on a first-come, first-served basis to the general public.

After the consummation of the offering plan relating to 3165 Nostrand Avenue, all decisions concerning continuation of the Pool Facilities, charges and fees therefor, eligibility for membership and all other related matters shall be made by the Board of Directors of the 3165 Apartment Corporation, and, therefore, no assurances can be made by the Sponsor as to the continuing eligibility of shareholders of the Apartment Corporation to membership privileges with respect to the Pool Facilities.

Neither the current owner of 3165 Nostrand Avenue, the managing agent for the property, nor the 3165 Apartment Corporation will be liable in the event of any interruption, discontinuance or reduction in the quality of any of the foregoing services, including, but not limited to, any services provided by any outside company or person or for any injury to persons or damage to property resulting from any act or omission of such person or company or their employees or agents.

No representations or warranties are made by the Sponsor with respect to the Pool Facilities. In the event that the owner of 3165 Nostrand Avenue (including for this purpose 3165 Apartment Corporation, after it acquires

the property) fails to make the Pool Facilities operational or to allow shareholders of the Apartment Corporation to utilize the Pool Facilities, without regard to the reason therefor, purchasers of shares in the Apartment Corporation (including outstanding subscribers) shall have no rights or recourse against the Sponsor or right of rescission hereunder or the owner of 3165 Nostrand Avenue, but the Sponsor will promptly after becoming aware of the same, file an amendment to this Plan disclosing such change in circumstances.

Tenant-shareholders of a cooperative apartment enjoy many of the advantages of home ownership. They are entitled to the exclusive possession of their apartments and may decorate their apartments in any way they desire. Additionally, they may deduct for income tax purposes their proportionate share of (i) real estate taxes assessed against and paid by the Apartment Corporation and (ii) the interest on the "Mortgage" (as hereinafter defined) paid by the Apartment Corporation. The reader is directed to the Attorney's Income Tax Opinion in Section F of this Plan for a description of the factors upon which the availability or non-availability of income tax deductions depends. A calculation of the estimated amount of tax deductions that may be available to tenant-shareholders, based on the estimate prepared by the Sponsor and reviewed by First Shelter Corporation, of receipts and expenses for the first year after the closing of this Plan, is set forth in Schedule A hereof. The estimate of receipts and expenses and calculation of estimated tax deductions are not part of the opinion of counsel, and counsel rendering its opinion in Section F has made no independent investigation thereof.

As of the date of this Plan, all of the apartments in the Building to which shares of the Apartment Corporation have been allocated are subject to Section 352-eeee of the General Business Law of New York State (the "GBL"), the Omnibus Housing Act of 1983 ("The Omnibus Act") and the Rent Stabilization Law and, to the extent applicable, the Code of the Rent Stabilization Association of the City of New York (collectively, the "RSL"). The GBL and the RSL grant certain rights and privileges to tenants whether or not they wish to purchase the shares allocated to their apartments. The terms "tenant," "tenants," "occupant" and "occupants," when used in this Plan, shall be deemed to exclude any legal entities other than natural persons. Since the Sponsor has elected to comply with the requirements of the GBL with respect to

"Non-Eviction Plans," as such quoted term is defined in Section 352-eeee of the GBL, non-purchasing tenants may not be subject to eviction by reason of conversion to cooperative ownership. For discussion, see Section G hereof. Present tenants in occupancy are under no obligation to purchase the shares of the Apartment Corporation allocated to their apartments. The applicable portions of the GBL and the RSL are printed in full in Part II hereof.

The Sponsor has agreed that "eligible tenants" (as hereinafter defined) will have a right to purchase at a reduction of twenty-four percent (24%) in the purchase price applicable to all other purchasers, as set forth in Schedule A hereof. To qualify for the aforesaid reduction, a tenant must be the tenant of record of his apartment on the "Presentation Date" (as hereinafter defined). Such tenants shall hereinafter be called "eligible tenants." However, the reduction in the purchase price shall only be effective for eligible tenants who execute and deliver Subscription Agreements for shares allocated to apartments in the Building, as provided hereunder, and pay the required down payments due thereunder on or prior to the ninetieth (90th) day after the Presentation Date. As used herein, the term "Presentation Date" shall mean the date of completion of service of a copy of this Plan, as accepted for filing by the New York State Department of Law, Real Estate Financing Bureau (sometimes referred to herein as the "Department of Law" or the "Attorney General"), to all tenants in occupancy of apartments in the Building. Service is deemed complete on the date of personal delivery or the fifth day after the date of mailing. The Sponsor will provide the twenty-four percent (24%) reduction referred to above only to eligible tenants with respect to their own apartments.

During the ninety (90) day period in which eligible tenants have the exclusive right to purchase (the "exclusive purchase period"), as set forth above, the Sponsor will not (i) increase the purchase price applicable to eligible tenants nor (ii) accept Subscription Agreements from any other persons with respect to the apartments occupied by eligible tenants. Furthermore, the Sponsor will not show an apartment occupied by an eligible tenant to prospective purchasers during the exclusive purchase period, unless the Sponsor has received written notification from said tenant waiving his right to purchase his apartment and consenting to the showing thereof, in which event the Sponsor may exercise whatever right the landlord may have under the existing lease and/or law to show such apartment to prospective purchasers. After the

expiration of the exclusive purchase period, apartments may be offered to non-tenant purchasers, and tenants will have no special rights with respect to the purchase of their apartments. See Schedule A of this Plan (including the footnotes thereto) for the purchase price and other financial details for each apartment.

The Sponsor reserves the right, subject to the limitations of applicable law, to amend this Plan as the Sponsor, in its sole discretion, deems appropriate. Promptly after the time any such amendment is filed with the Department of Law, a copy thereof will be served on each "offeree," as defined in Part 18 of Title 13 NYCRR Section 18.1(d).

The Sponsor will bear all costs and expenses incurred by it in connection with the preparation of this Plan and all selling expenses and compensation payable to sales or other personnel of the Sponsor or the Selling Agent or if the same are borne by the Apartment Corporation, the Sponsor will allow the Apartment Corporation to deduct from the cash portion of the purchase price for the Property all such expenses (as hereinafter described). The Sponsor will also be responsible for maintenance charges required to be paid by holders of "Unsold Shares" (to the extent and as defined in Section Q of this Plan) in the event they, or any of them, fail to fulfill their obligations under the Proprietary Leases.

Parts I and II hereof, together, constitute the entire Offering Plan. Parts A, B, C and D of the Exhibits submitted to the Department of Law concurrently with this Plan contain all of the documents referred to herein. All of the documents referred to in this Plan are important. It is suggested that you consult your own attorney or financial adviser and provide him with a copy of this Plan before agreeing to purchase. Copies of this Plan and Parts A, B, C and D of the Exhibits will be available for inspection without charge and for copying at a reasonable charge to prospective purchasers and their attorneys at the office of the Sponsor and the Selling Agent and at the New York State Department of Law, Real Estate Financing Bureau, 120 Broadway, Floor 23, New York, New York 10271.

THE PURCHASE OF A COOPERATIVE APARTMENT HAS MANY SIGNIFICANT LEGAL AND FINANCIAL CONSEQUENCES. THE ATTORNEY GENERAL STRONGLY URGES YOU TO READ THIS OFFERING PLAN CAREFULLY AND TO CONSULT WITH AN ATTORNEY BEFORE SIGNING A SUBSCRIPTION AGREEMENT.

PURCHASE PRICES AND SHARE ALLOCATION, SCHEDULE A

3203 NOSTRAND AVE., BROOKLYN, N.Y.
Purchase prices, Share Allocations, Mortgage Allocations,
Estimated Maintenance Charges and Estimated Income Tax Deductions
for the First Year of Cooperative Operation
Estimated to Begin September 1, 1988

Apt.#	Status (as of 3/88)	Rooms (1)	Baths	Share Allocation (2)	Eligible Tenant's Total Cash Purchase Price @ $262.62 Per Share (3)	Non-Tenant's Total Cash Purchase Price @ $345.55 Per Share (3)	Proportion of Mortgage Applicable To shares @ $86.4900755 Per Share (4)	Estimated Maintenance Charges Annual @ $20.48 Per Share (5)(7)	Monthly @ $1.70667 Per Share (5)(7)	Estimated Annual Tax Deduction @ $12.6218 Per Share (6)(7)
1A	S	3.5	1	251	65,917.62	86,733.05	21,709.01	5,140.48	428.37	3,168.07
2A	S	3.5	1	256	67,230.72	88,460.80	22,141.46	5,242.88	436.91	3,231.18
3A	S	3.5	1	261	68,543.82	90,188.55	22,573.91	5,345.28	445.44	3,294.29
4A	S	3.5	1	266	69,856.92	91,916.30	23,006.36	5,447.68	453.97	3,357.40
5A	S	3.5	1	271	71,170.02	93,644.05	23,438.81	5,550.08	462.51	3,420.51
6A	S	3.5	1	276	72,483.12	95,371.80	23,871.26	5,652.48	471.04	3,483.62
1B	S	4.5	2	328	86,139.36	113,340.40	28,368.74	6,717.44	559.79	4,139.95
2B	V	4.5	2	335	87,977.70	115,759.25	28,974.18	6,860.80	571.73	4,228.30
3B	S	4.5	2	342	89,816.04	118,178.10	29,579.61	7,004.16	583.68	4,316.66
4B	S	4.5	2	349	91,654.38	120,596.95	30,185.04	7,147.52	595.63	4,405.01
5B	S	4.5	2	356	93,492.72	123,015.80	30,790.47	7,290.88	607.57	4,493.36
6B	S	4.5	2	363	95,331.06	125,434.65	31,395.90	7,434.24	619.52	4,581.71
1C	S	4.5	2	328	86,139.36	113,340.40	28,368.74	6,717.44	559.79	4,139.95
2C	S	4.5	2	335	87,977.70	115,759.25	28,974.18	6,860.80	571.73	4,228.30
3C	S	4.5	2	342	89,816.04	118,178.10	29,579.61	7,004.16	583.68	4,316.66
4C	S	4.5	2	349	91,654.38	120,596.95	30,185.04	7,147.52	595.63	4,405.01
5C	S	4.5	2	356	93,492.72	123,015.80	30,790.47	7,290.88	607.57	4,493.36
6C	S	4.5	2	363	95,331.06	125,434.65	31,395.90	7,434.24	619.52	4,581.71
1D	S	3.5	1	234	61,453.08	80,858.70	20,238.68	4,792.32	399.36	2,953.50
2D	S	3.5	1	239	62,766.18	82,586.45	20,671.13	4,894.72	407.89	3,016.61
3D	S	3.5	1	244	64,079.28	84,314.20	21,103.58	4,997.12	416.43	3,079.72
4D	S	3.5	1	249	65,392.38	86,041.95	21,536.03	5,099.52	424.96	3,142.83
5D	S	3.5	1	254	66,705.48	87,769.70	21,968.48	5,201.92	433.49	3,205.94
6D	S	3.5	1	259	68,018.58	89,497.45	22,400.93	5,304.32	442.03	3,269.05

"V" Denotes Vacancy
"S" Denotes Rent Stabilized

PURCHASE PRICES AND SHARE ALLOCATION, SCHEDULE A

3203 NOSTRAND AVE., BROOKLYN, N.Y.
Purchase prices, Share Allocations, Mortgage Allocations,
Estimated Maintenance Charges and Estimated Income Tax Deductions
for the First Year of Cooperative Operation
Estimated to Begin September 1, 1988

Apt.#	Status (as of 3/88)	Rooms (1)	Baths	Share Allocation (2)	Eligible Tenant's Total Cash Purchase Price @ $262.62 Per Share (3)	Non-Tenant's Total Cash Purchase Price @ $345.55 Per Share (3)	Proportion of Mortgage Applicable To shares @ $86.4900755 Per Share (4)	Estimated Maintenance Charges Annual @ $20.48 Per Share (5)(7)	Monthly @ $1.70667 Per Share (5)(7)	Estimated Annual Tax Deduction @ $12.6218 Per Share (6)(7)
1E	S	3	1	221	58,039.02	76,366.55	19,114.31	4,526.08	377.17	2,789.42
2E	S	3	1	225	59,089.50	77,748.75	19,460.27	4,608.00	384.00	2,839.91
3E	S	3	1	229	60,139.98	79,130.95	19,806.23	4,689.92	390.83	2,890.39
4E	V	3	1	233	61,190.46	80,513.15	20,152.19	4,771.84	397.65	2,940.88
5E	S	3	1	237	62,240.94	81,895.35	20,498.15	4,853.76	404.48	2,991.37
6E	V	3	1	241	63,291.42	83,277.55	20,844.11	4,935.68	411.31	3,041.85
1F	S	4.5	2	328	86,139.36	113,340.40	28,368.74	6,717.44	559.79	4,139.95
2F	S	4.5	2	335	87,977.70	115,759.25	28,974.18	6,860.80	571.73	4,228.30
3F	S	4.5	2	342	89,816.04	118,178.10	29,579.61	7,004.16	583.68	4,316.66
4F	S	4.5	2	349	91,654.38	120,596.95	30,185.04	7,147.52	595.63	4,405.01
5F	S	4.5	2	356	93,492.72	123,015.80	30,790.47	7,290.88	607.57	4,493.36
6F	S	4.5	2	363	95,331.06	125,434.65	31,395.90	7,434.24	619.52	4,581.71
1G	S	3.5	1	251	65,917.62	86,733.05	21,709.01	5,140.48	428.37	3,168.07
2G	S	3.5	1	256	67,230.72	88,460.80	22,141.46	5,242.88	436.91	3,231.18
3G	S	3.5	1	261	68,543.82	90,188.55	22,573.91	5,345.28	445.44	3,294.29
4G	S	3.5	1	266	69,856.92	91,916.30	23,006.36	5,447.68	453.97	3,357.40
5G	S	3.5	1	271	71,170.02	93,644.05	23,438.81	5,550.08	462.51	3,420.51
6G	S	3.5	1	276	72,483.12	95,371.80	23,871.26	5,652.48	471.04	3,483.62
1H	S	3.5	1	251	65,917.62	86,733.05	21,709.01	5,140.48	428.37	3,168.07
2H	S	3.5	1	256	67,230.72	88,460.80	22,141.46	5,242.88	436.91	3,231.18
3H	S	3.5	1	261	68,543.82	90,188.55	22,573.91	5,345.28	445.44	3,294.29
4H	V	3.5	1	266	69,856.92	91,916.30	23,006.36	5,447.68	453.97	3,357.40
5H	S	3.5	1	271	71,170.02	93,644.05	23,438.81	5,550.08	462.51	3,420.51
6H	S	3.5	1	276	72,483.12	95,371.80	23,871.26	5,652.48	471.04	3,483.62

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PURCHASE PRICES AND SHARE ALLOCATION, SCHEDULE A

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Purchase prices, Share Allocations, Mortgage Allocations,
Estimated Maintenance Charges and Estimated Income Tax Deductions
for the First Year of Cooperative Operation
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Apt.#	Status (as of 3/88)	Rooms (1)	Baths	Share Allocation (2)	Eligible Tenant's Total Cash Purchase Price @ $262.62 Per Share (3)	Non-Tenant's Total Cash Purchase Price @ $345.55 Per Share (3)	Proportion of Mortgage Applicable To shares @ $86.4900755 Per Share (4)	Estimated Maintenance Charges Annual @ $20.48 Per Share (5)(7)	Monthly @ $1.70667 Per Share (5)(7)	Estimated Annual Tax Deduction @ $12.6218 Per Share (6)(7)
1J	S	3.5	1	251	65,917.62	86,733.05	21,709.01	5,140.48	428.37	3,168.07
2J	S	3.5	1	256	67,230.72	88,460.80	22,141.46	5,242.88	436.91	3,231.18
3J	S	3.5	1	261	68,543.82	90,188.55	22,573.91	5,345.28	445.44	3,294.29
4J	S	3.5	1	266	69,856.92	91,916.30	23,006.36	5,447.68	453.97	3,357.40
5J	S	3.5	1	271	71,170.02	93,644.05	23,438.81	5,550.08	462.51	3,420.51
6J	S	3.5	1	276	72,483.12	95,371.80	23,871.26	5,652.48	471.04	3,483.62
1K	S	2.5	1	168	44,120.16	58,052.40	14,530.33	3,440.64	286.72	2,120.46
2K	S	2.5	1	171	44,908.02	59,089.05	14,789.80	3,502.08	291.84	2,158.33
3K	S	2.5	1	174	45,695.88	60,125.70	15,049.27	3,563.52	296.96	2,196.19
4K	S	2.5	1	177	46,483.74	61,162.35	15,308.74	3,624.96	302.08	2,234.06
5K	S	2.5	1	180	47,271.60	62,199.00	15,568.21	3,686.40	307.20	2,271.92
6K	V	2.5	1	183	48,059.46	63,235.65	15,827.68	3,747.84	312.32	2,309.79
1L	S	2.5	1	165	43,332.30	57,015.75	14,270.86	3,379.20	281.60	2,082.60
2L	S	2.5	1	171	44,908.02	59,089.05	14,789.80	3,502.08	291.84	2,158.33
3L	S	2.5	1	174	45,695.88	60,125.70	15,049.27	3,563.52	296.96	2,196.19
4L	S	2.5	1	177	46,483.74	61,162.35	15,308.74	3,624.96	302.08	2,234.06
5L	S	2.5	1	180	47,271.60	62,199.00	15,568.21	3,686.40	307.20	2,271.92
6L	S	2.5	1	183	48,059.46	63,235.65	15,827.68	3,747.84	312.32	2,309.79
1M	S	3	1	217	56,988.54	74,984.35	18,768.35	4,444.16	370.35	2,738.93
2M	S	3	1	225	59,089.50	77,748.75	19,460.27	4,608.00	384.00	2,839.91
3M	S	3	1	229	60,139.98	79,130.95	19,806.23	4,689.92	390.83	2,890.39
4M	S	3	1	233	61,190.46	80,513.15	20,152.19	4,771.84	397.65	2,940.88
5M	S	3	1	237	62,240.94	81,895.35	20,498.15	4,853.76	404.48	2,991.37
6M	S	3	1	241	63,291.42	83,277.55	20,844.11	4,935.68	411.31	3,041.85

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PURCHASE PRICES AND SHARE ALLOCATION, SCHEDULE A

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1N	S	3.5	1	251	65,917.62	86,733.05	21,709.01	5,140.48	428.37	3,168.07
2N	S	3.5	1	256	67,230.72	88,460.80	22,141.46	5,242.88	436.91	3,231.18
3N	S	3.5	1	261	68,543.82	90,188.55	22,573.91	5,345.28	445.44	3,294.29
4N	S	3.5	1	266	69,856.92	91,916.30	23,006.36	5,447.68	453.97	3,357.40
5N	S	3.5	1	271	71,170.02	93,644.05	23,438.81	5,550.08	462.51	3,420.51
6N	S	3.5	1	276	72,483.12	95,371.80	23,871.26	5,652.48	471.04	3,483.62
1P	S	3	1	221	58,039.02	76,366.55	19,114.31	4,526.08	377.17	2,789.42
2P	S	3	1	225	59,089.50	77,748.75	19,460.27	4,608.00	384.00	2,839.91
3P	S	3	1	229	60,139.98	79,130.95	19,806.23	4,689.92	390.83	2,890.39
4P	V	3	1	233	61,190.46	80,513.15	20,152.19	4,771.84	397.65	2,940.88
5P	S	3	1	237	62,240.94	81,895.35	20,498.15	4,853.76	404.48	2,991.37
6P	S	3	1	241	63,291.42	83,277.55	20,844.11	4,935.68	411.31	3,041.85
1R	S	4.5	2	328	86,139.36	113,340.40	28,368.74	6,717.44	559.79	4,139.95
2R	S	4.5	2	335	87,977.70	115,759.25	28,974.18	6,860.80	571.73	4,228.30
3R	S	4.5	2	342	89,816.04	118,178.10	29,579.61	7,004.16	583.68	4,316.66
4R	S	4.5	2	349	91,654.38	120,596.95	30,185.04	7,147.52	595.63	4,405.01
5R	S	4.5	2	356	93,492.72	123,015.80	30,790.47	7,290.88	607.57	4,493.36
6R	S	4.5	2	363	95,331.06	125,434.65	31,395.90	7,434.24	619.52	4,581.71
1S	S	4.5	2	328	86,139.36	113,340.40	28,368.74	6,717.44	559.79	4,139.95
2S	S	4.5	2	335	87,977.70	115,759.25	28,974.18	6,860.80	571.73	4,228.30
3S	S	4.5	2	342	89,816.04	118,178.10	29,579.61	7,004.16	583.68	4,316.66
4S	S	4.5	2	349	91,654.38	120,596.95	30,185.04	7,147.52	595.63	4,405.01
5S	S	4.5	2	356	93,492.72	123,015.80	30,790.47	7,290.88	607.57	4,493.36
6S	S	4.5	2	363	95,331.06	125,434.65	31,395.90	7,434.24	619.52	4,581.71

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PURCHASE PRICES AND SHARE ALLOCATION, SCHEDULE A

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1T	S	4.5	1	310	81,412.20	107,120.50	26,811.92	6,348.80	529.07	3,912.76
2T	V	4.5	1	317	83,250.54	109,539.35	27,417.35	6,492.16	541.01	4,001.11
3T	S	4.5	1	324	85,088.88	111,958.20	28,022.78	6,635.52	552.96	4,089.46
4T	S	4.5	1	331	86,927.22	114,377.05	28,628.21	6,778.88	564.91	4,177.82
5T	S	4.5	1	338	88,765.56	116,795.90	29,233.65	6,922.24	576.85	4,266.17
6T	S	4.5	1	345	90,603.90	119,214.75	29,839.08	7,065.60	588.80	4,354.52
LA	SUPER	0	0	SUPER	0.00	0.00	0.00	0.00	0.00	0.00
LB	V	2	1	151	39,655.62	52,178.05	13,060.00	3,092.48	257.71	1,905.89
LC	S	4	1	247	64,867.14	85,350.85	21,363.05	5,058.56	421.55	3,117.58
LD	S	4	1	247	64,867.14	85,350.85	21,363.05	5,058.56	421.55	3,117.58
TOTALS				28,616	$7,515,133.92	$9,888,258.80	$2,475,000.00	$586,055.68	$48,838.07	$361,185.43

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"S" Denotes Rent Stabilized

Notes to Schedule A

(1) Some of the apartments may have been altered and thus do not conform exactly to the layouts set forth in the typical floor plans to which reference was made for computing the number of rooms for each apartment. Each apartment should be inspected to determine its present layout. The number of rooms in each apartment was calculated substantially in compliance with the Real Estate Board of New York recommended method of residential room count, and was based upon the following factors:

(a) Each bedroom was counted as a full room.

(b) Each kitchen, whether the kitchen is an "eat-in-kitchen" or not, was counted as a full room.

(c) A living room was counted as a full room.

(d) A dining room and areas, if separately walled from other rooms, or clearly delineated or apart from the living room area, was counted as a full room.

(e) An entry hall or foyer was counted as a half room.

(f) Baths were not counted as rooms.

(2) The number of shares allocated to each apartment reflects not only the number and size of rooms and baths contained therein, but other factors such as overall size, location within the Building and direction and exposure to light, among other things.

(3) During the exclusive purchase period, eligible tenants are entitled to purchase at a reduction of twenty-four percent (24%) in the purchase price applicable to all other purchasers, and such price will not be increased during such 90-day period. After the expiration of the exclusive purchase period, the exclusive right to purchase available to eligible tenants will terminate, and the price to tenants will be increased to the amount then required of non-tenant purchasers. Subject to the above qualification, the purchase price is subject to change at any time by duly filed amendment to this Plan. Addition-

ally, after the expiration of the exclusive purchase period, prices are negotiable, and the Sponsor may enter into an agreement with an individual purchaser to sell one or more apartments at prices which are lower than those set forth on Schedule A without filing an amendment to this Plan. See the Introduction to this Plan. For changes in prices of shares, see Section C of this Plan.

(4) Tenant-shareholders will have no personal liability for payment of the Mortgage for which the Apartment Corporation is responsible (See the Section entitled "Terms of Mortgages"), except to the extent that interest payments due thereunder are included in the maintenance charges. The failure of a certain number of tenant-shareholders to pay such maintenance charges could result in a foreclosure of the Mortgage, and the loss of each tenant-shareholder's equity in his apartment.

(5) Estimated for the first year of cooperative ownership. Estimated maintenance charges exclude electricity furnished to apartments (which are separately metered for each apartment) and are based on the Budget for First Year of Cooperative Operation prepared by the Sponsor and reviewed by First Shelter Corporation (the "Consultant"), and set forth in Section B of this Plan. Each tenant-shareholder will be responsible for the cost of interior repairs in, and maintenance, painting and decoration of, his apartment, including, without limitation, the equipment and appliances contained therein and the cost of electricity consumed therein, which use is separately metered for each apartment. Additionally, if a tenant-shareholder obtains financing to purchase the shares of the Apartment Corporation and Proprietary Lease allocated to his apartment, interest and amortization payments will be an additional expense not included in the estimated maintenance charges.

(6) Estimated for the first fiscal year of cooperative ownership. These amounts may vary in future years due to changes in the interest rate(s) of, or the allocation of constant debt service to interest and principal on, the Mortgage, or on a refinancing thereof, or changes in real estate taxes for the Property resulting from changes in its assessed value, method of assessment or tax rate, or the expiration of any tax benefits or abatements. These figures were computed by the Sponsor, and were reviewed by First Shelter Corporation, and have

not been verified by counsel to the Apartment Corporation or counsel to the Sponsor. The projected tax deductions indicated in this column do not include interest payable by tenant-shareholders who finance the purchase of the shares allocated to their apartments.

(7) The estimated maintenance charges and income tax deductions are based upon the estimated real estate taxes and mortgage interest shown on Schedule B. The amounts may vary due to changes in the amount of real estate taxes as a result of changes in the assessed value of the Property, in the tax rate or the method of assessing real property and in the amount of interest payable under the Mortgage. If the mortgage interest rate is changed prior the Closing Date, the Sponsor will amend this Plan to describe such change.

SCHEDULE B

B. BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION BEGINNING September 1, 1988

Projected Income

Maintenance Charges (28,616 shares at $20.48 per share)	$586,056	(1)
Garage Income	6,240	(2)
Laundry	-0-	(3)
TOTAL	$592,296	

Projected Expenses

Labor	$ 40,850	(4)
Heating	43,550	(5)
Utilities (Electricity and Gas)	19,250	(6)
Water charges and sewer rents	15,470	(7)
Repairs, maintenance and supplies (excluding service contracts)	34,800	(8)
Service contracts	6,800	(9)
Insurance	30,105	(10)
Management fees	25,500	(11)
Legal fees and audit fees	3,000	(12)
Franchise and corporate taxes	1,935	(13)
Real estate taxes	99,000	(14)
Mortgage payments	266,063	(15)
Contingency	5,973	(16)
TOTAL	$592,296	(17)

Footnotes to Schedule B

1. Maintenance Charges ($586,056)

Based on 28,616 shares at an annual maintenance charge of $20.48 per share.

2. Garage Income ($6,240)

There are twenty-two (22) parking spaces under the Building in the one-level indoor parking garage. One space is used by the superintendent rent-free. It is anticipated that, if fully occupied, the annual aggregate fees collectible for the use thereof will be $18,900 based upon current monthly rates of $75 for a parking space. However, since rates for spaces rented to tenants are regulated by the RCL and RSL, this projection assumes lower garage income. The projection is based upon an annual average of 20 spaces rented to tenants at an average of $26 per space, and no spaces rented to purchasers or non-tenants at the full rate.

3. Laundry Room Income ($ -0-)

Coinmach Industries Co. ("Coinmach") will continue to furnish coin-operated washers and dryers in the laundry room of the Building under an agreement dated December 21, 1984, which was entered into prior to the date the Sponsor closed title to the Property. Pursuant to said agreement, Coinmach retains all proceeds from the coin-operated machines and pays an affiliate of the prior owner of the Property $303.06 per month through December 26, 1991, the termination date of said agreement. The owner of the Property is responsible for payment of the cost of gas and all hot and cold water necessary for the operation of the coin-operated machines.

4. Labor ($40,850)

Payroll is based upon a present staff of one (1) full-time resident superintendent and one (1) non-resident full-time porter, who will continue to serve the Apartment Corporation. All employees are members of Local 377 of the Service Employees International Union, AFL-CIO. The Local 377 contract expires on January 31, 1988. The budgeted figure is based upon the present wages of the existing employees (plus a 7% increase), including payroll

taxes, workers' compensation and disability insurance and union benefits. No representation is made as to the wage rate which will be in effect after the current union contract expires and a new union contract is negotiated and signed. The present labor costs are as set forth below:

Salary	Resident Superintendent	Porter
52 weeks	$ 14,820	$ 13,520
Vacation-Additional Help	285	260
Overtime and Holidays	1,140	1,040
Total Salary	16,245	14,820
F.I.C.A.	1,162	1,060
F.U.T.A.	56	56
Unemployment Insurance	203	203
Union Benefits	1,080	1,080
Telephone Reimbursement	600	
Payroll Service	300	300
Total before insurance costs:	19,646	17,519
Disability Insurance	80	
Workers' Compensation	930	
Total Labor:	38,175	

Wages paid do not violate any minimum wage order. The superintendent is provided with apartment LA, free gas and electricity for that apartment, and a space in the garage.

5. Heating ($43,550)

The Building uses type No. 6 fuel oil for heat and domestic hot water. Oil consumption for the Building was 79,317 gallons in 1986, 77,444 gallons in 1985 and 60,946 gallons in 1984, and the respective average prices per gallon were $0.52, $0.80, and $0.83. The total cost of oil consumed in the Building was $40,995 in 1986, $62,316 in 1985 and $50,585 in 1984. The price of this fuel as of December 28, 1987 was $0.5295 per gallon, including sales tax. The budgeted figure reflects oil consumption of 72,569 gallons, which is the average consumption for the three prior calendar years, at a price

of $0.60 per gallon, including sales tax, an increase of approximately 6% above the 1986 total cost and 13% over the December 28, 1987 cost per gallon. In view of the current energy situation, it is impossible to predict whether the budgeted figure will reflect the actual cost to be incurred during the first year of cooperative operation, which will vary with the level of consumption and the fuel rate. Consumption will be affected by the severity of the weather and conservation measures (such as staggering hours of heating, lowering the temperature of hot water, etc.), if any, adopted by the Board of Directors. Although the cost of heating oil has declined substantially from the costs incurred during 1984 and 1985, the budgeted amount does not reflect the full impact of such reductions and, in fact, reflects a projected increase in such cost. It is believed that the budgeted figure should be sufficient to cover any reasonable increase in the cost of the oil during the first year of cooperative operation. Although the Sponsor expects that the budgeted cost for fuel is adequate, if the total cost of the oil consumed for the Building for heat and domestic hot water during the first year of cooperative operation is in excess of the budgeted amount by reason of the cost per gallon exceeding the budgeted cost, then the Sponsor shall pay to the Apartment Corporation the product of (a) the number of gallons of oil consumed during the first year of cooperative operation which were purchased at a cost exceeding the budgeted cost per gallon (not to exceed the budgeted number of gallons to be consumed) multiplied by (b) the difference between the cost per gallon of the gallons described in (a) above (not to exceed $0.78 per gallon) less the budgeted cost per gallon.

6. Utilities (Electricity and Gas) ($19,250)

This item includes the cost of electricity for the public areas of the Building and the Property, and the Superintendent's apartment, and natural gas for the entire Building, including ignition of the Building heating system and for cooking in all the apartments. The costs of electricity for the foregoing areas during the past three years, and of gas for the foregoing areas during the past two years, and the consumption of the same during those periods, were as follows:

Electricity

Year	KW Used	Total Cost
1984	114,992	$14,490.31
1985	115,387	13,585.00
1986	118,138	12,577.80

Gas

Year	Units Used	Total Cost
1985	5,764	$ 5,629.75
1986	5,285	4,912.61

The budgeted figure reflects an increase of approximately 10% above the 1986 electricity and gas costs. The electric rates are largely affected by increases in the price of fuel paid by the utility company and by gas rates, which are presently (but in the future may not be) regulated by federal and state agencies and are subject to the energy conservation program of the federal administration. In view of the current energy situation, it is not possible to predict whether the budgeted figure will reflect the actual cost to be incurred during the first year of cooperative operation, which will vary with the level of consumption and the cost of electricity and gas. It is believed that the budgeted figure should be sufficient to cover any reasonable increase in the cost of electricity and gas during the first year of cooperative operation.

7. Water Charges and Sewer Rents ($15,470)

Water and sewer charges are billed annually by the City of New York on July 1 on the basis of frontage, and sewer rent is calculated at sixty (60%) percent of the water bill. Water and sewer charges for 1985/86, 1986/87, and 1987/88 were $10,746, $11,867 and $14,058, respectively. The budgeted figure is based upon the 1987/88 bill, plus a 10% increase.

8. Repairs, Maintenance and Supplies ($34,800)

The budgeted figure for these items is based on normal maintenance and repairs and includes various supplies (such as cleaning supplies and materials, lubricants, bulbs, public area fixtures, general hardware supplies) and painting of public halls and common areas, and miscellaneous permits and inspection fees. Tenant-shareholders, however, will be responsible for the cost of interior repairs in, and decoration and painting of, their respective apartments, including appliances. The amounts expended for repairs, maintenance and supplies (including service contracts) during calendar years 1984, 1985, and 1986 were $21,569, $51,117 and $44,743 respectively. The budgeted figure is based upon an approximate 10% increase over the three-year average of those amounts, less the cost of service contracts, which are provided for separately in this budget.

9. Service Contracts ($6,800)

Includes the following service contracts and unwritten service agreements:

Contractor	Nature of Service	Expiration Date of Contract	Annual Cost
Abalon Exterminating	Exterminator	Month to Month	$ 900
Staley Elevator	Elevator	Month to Month	4,800
Metropolitan Refining, Co.	Water Treatment	February 19, 1988	271
N.Y. Automatic Sprinkler	Sprinkler	March 31, 1988	170

See Section V of this Plan entitled "Management Agreement, Contracts and Leases" for additional details of the service contracts which will bind the Apartment Corporation upon its acquisition of the Property. The budgeted figure projects an approximate 10% increase over the above costs.

10. Insurance ($30,105)

On the Closing Date, there will be in effect with respect to the Property the following insurance coverage:

Coverage	Limits of Liability
All-Risk, including fire, water damage and other casualty to the Property at agreed amount replacement cost ($1,000 deductible, except $2,500 for water damage)	$5,100,000
Boiler and Machinery, including repair and replacement and rental income of $445,000 ($250 deductible)	1,000,000
Comprehensive General Liability	1,000,000

Water Damage/Legal Liability	50,000
Elevator Collision	50,000
Employers Non-Owned & Hired Auto Liability	1,000,000
Garage Keeper's Liability	250,000
Commercial Blanket Bond	100,000
Workers' Compensation	(included in labor costs)
New York State Disability	(included in labor costs)
Loss of Maintenance (Rental) Income	445,000
Directors' and Officers' Liability	1,000,000

The Sponsor anticipates that the Mortgage will provide that insurance proceeds may be applied by the mortgagee to reduce the outstanding indebtedness instead of restoring the Property only if the Apartment Corporation is in default under the Mortgage at the time of any loss payable under the insurance policy.

The Sponsor agrees that all of the above-described insurance will be in effect on the Closing Date.

The $100,000 Commercial Blanket Bond referred to in the above projection includes coverage for all employees and officers of the Managaging Agent.

The above projection is based on an estimate submitted by Jacobs & Jacobs, Incorporated, insurance agents, 33-35 Powerhouse Road, P.O. Box 1327, Roslyn Heights, New York 11577-0577. However, in recent years, premiums for insurance (especially directors and officers, fire and liability) have varied substantially, and some companies which previously issued such insurance are now unwilling to do so. It is not possible to predict whether future premiums will continue to increase or decrease at the same rate or level, or that the above mentioned insurance company will be the company which will provide the described insurance.

The insurance coverage does not include coverage of the furniture or personal property of tenant-shareholders. Tenant-shareholders may obtain additional insurance at their own cost to cover such risks as fire and casualty

losses to apartment contents, replacements, additions, upgraded fixtures and improvements, and liability coverage for occurrences within their apartments. The projected expenses also do not include excess liability insurance, which may be available at extra cost.

11. Management Fees ($25,500)

Based upon the proposed management agreement which will be entered into with First Shelter Corporation ("First Shelter") at Closing. See Section V of this Plan entitled "Management Agreement, Contracts and Leases" for details of the "Management Agreement" (as hereinafter defined) to be entered into by the Apartment Corporation on the Closing Date.

The projection of the management fee is based upon approximately 4.3% of the Apartment Corporation's income for the first year of operation. Management companies are presently charging 3% to 6% of rents as a management fee. Accordingly, if First Shelter ceased to be the managing agent for the Property, the Apartment Corporation might be required to pay a higher management fee. The Apartment Corporation, at its sole cost and expense (which expense is projected in this Schedule B) may require the management company to be bonded.

All apartments occupied by non-purchasing tenants will be managed by the same managing agent who manages all other apartments in the Building, and holders of shares allocated to apartments occupied by non-purchasing tenants shall be deemed to have irrevocably appointed the managing agent to do so. The managing agent will provide to non-purchasing tenants all services and facilities required by law on a nondiscriminatory basis.

12. Legal Fees and Audit Fees ($3,000)

This figure includes an estimated cost of $1,500 for accounting services, including the preparation of corporate annual tax returns and corporate annual financial statements, and an estimated cost of $1,500 for routine (but not major) legal services, which does not include acting as transfer agent for the Apartment Corporation in connection with transfers of its shares (which service shall be paid for by the transferors in accordance with the terms agreed upon by the Apartment Corporation with

the transfer agent which it selects), or litigation services.

13. Franchise and Corporate Taxes ($1,935)

The budgeted figure is based upon the projected assets of the Apartment Corporation at the capitalization rate for qualifying cooperative apartment corporations of 0.0004 (i.e., the rates in effect in 1986) for each of the New York State Corporate Franchise Tax and the New York City Business Corporation Tax. The New York State tax is computed using the assessed valuation of the corporate assets, as adjusted by the State Equalization Rate. The New York City tax is computed based upon the fair market value of the real property, which in New York City is deemed to be not less than the equivalent of twice the assessed valuation. The budgeted figure also includes the Metropolitan Transportation Business Tax Surcharge, which is calculated at 17% of the New York State Franchise Tax payable for the tax year.

14. Real Estate Taxes ($99,000)

State law now requires that increases (or decreases) in assessments of multiple dwellings be phased in over five years, 20% each year. The budgeted figure is based upon a projected transitional value of $1,052,200 for 1988/89, which is projected to be increased to $1,250,400 for 1989/90, and a projected rate of $9.25 per $100 of assessed value for both tax years, and taking into account the tax abatement affecting the Property under "Section J-51" (as defined below) more fully described below.

There currently are SCRIE real estate tax abatements affecting the Property due to certain eligible senior citizens residing at the Property. If and when the Property is converted to cooperative ownership, the benefit from the SCRIE tax abatements will inure to the owner of the shares allocated to the Apartments occupied by the senior citizens and not to the Apartment Corporation.

Section J-51 of the Administrative Code of the City of New York ("Section J-51") provides certain real estate tax abatements and exemptions for certain enumerated alterations and improvements. The prior owner from which the Sponsor purchased the Property had applied for and

received certain tax abatement benefits for the Property under Section J-51. The abatement is on a certified cost of $16,500 The amount of the abatement for 1987 was $1,375 and the abatement will continue for approximately an additional 10 years. Upon the expiration of the abatement, the Property will be subject to taxation in full, resulting in an increase in real estate taxes of $1,375 after the expiration of the abatement.

Assessment, rate and real estate taxes for the Property for the current and past two years are as set forth below:

Tax Year	Transitional Assessment Land/Building	Actual Assessment Land/Building	Rate (per hundred)	Tax
1985/86	806,000	815,000	9.15	73,749
1986/87	840,000	970,000	9.15	76,860
1987/88	854,000	1,025,000	9.15	76,766

Assessed valuations and property tax rates are subject to change. Section 581 of the New York Real Property Tax Law now provides that property owned by a cooperative corporation shall be assessed at a sum not exceeding the assessment which would be placed on the property were it not owned by a cooperative corporation. However, the law does not specify which rental apartment buildings should be considered comparable, whether those subject to rent control or rent stabilization or those free of rent limitations. The announced policy of New York City as of the date of initial presentation of the Plan is to assess cooperatively owned properties similarly to comparable rent controlled and rent stabilized buildings. No representation or warranty is made by the Sponsor as to the actual real estate taxes which will be imposed after the Property is converted to cooperative ownership, and it is recommended that each prospective purchaser consult with his attorney about the effects and validity of the above-described statute. The budgeted figure assumes some increase in the tax rate(s) and assessed value applicable to the Property for the first year of cooperative operation.

If proceedings are pending for the reduction of real estate taxes for the tax year in which the closing occurs, the Apartment Corporation will continue such proceedings with the attorney previously employed by the

Sponsor. The requisite attorneys' fees and disbursements made in connection with such pending proceedings, and those made in connection with proceedings completed prior to the closing for the reduction of real estate taxes affecting tax years in which or after which the closing occurs, will be shared by the Sponsor and the Apartment Corporation on the basis of the portions of the tax years affected by such proceedings that each will have held title to the Property. If such taxes are reduced, the cost of all such proceedings and the refund, if any, will be apportioned on the same basis. The Apartment Corporation will deliver to the Sponsor, upon demand, receipted bills and cancelled checks used in payment of such taxes and will execute any and all consents and other documents and do any other act or thing necessary for the collection of such refund by the Sponsor. The Sponsor reserves the right to institute and to settle tax certiorari proceedings for all years prior to the fiscal year in which an interest in the Property is transferred to the Apartment Corporation.

15. Mortgage Payments ($266,063)

On the Closing Date, the Apartment Corporation will accept title to the Property subject to, and will assume, the Mortgage, as more fully described in Section M of this Plan, in the principal amount of $2,475,000. Throughout the term of the Mortgage, interest only at the rate of 10.75% per annum will be payable in monthly installments. The entire principal balance together with all accrued unpaid interest thereon shall be due and payable not earlier than the fifth anniversary of the Closing Date or later than the tenth anniversary of the Closing Date.

16. Contingency ($5,973)

This item is to provide a fund for possible expenses not included in the budget or possible increases in one or more items of operating expense above the amounts projected which are not now foreseeable. The budget may be modified from time to time prior to the commencement of, or during, cooperative operation to add new items of expense or to increase one or more items of operating expense. In the event of any material change in the budget, this Plan will be amended accordingly. The funds for such modifications may be provided by increasing

projected receipts, decreasing the Contingency, or by decreasing one or more items of expense, or all three. The Contingency does not include a reserve for capital replacement or repairs, for which no provision is made under this budget, but for which provision is separately made under this Plan.

17. Total Estimated Expenses ($592,296)

IN THE OPINION OF THE CONSULTANT, THE PROJECTED RECEIPTS ARE ADEQUATE TO MEET THE ESTIMATED EXPENSES FOR THE APARTMENT CORPORATION'S FIRST YEAR OF OPERATION, ASSUMING SUCH FIRST YEAR TO BE THE YEAR COMMENCING SEPTEMBER 1, 1988. THE FOREGOING SCHEDULE, HOWEVER, IS NOT INTENDED AND SHOULD NOT BE TAKEN AS A GUARANTEE BY ANYONE THAT THE INCOME OR EXPENSES FOR THE FIRST OR ANY SUBSEQUENT YEAR OF OPERATION OF THE BUILDINGS BY THE APARTMENT CORPORATION WILL BE AS SET FORTH IN SAID SCHEDULE, AND IT IS LIKELY THAT THE ACTUAL ANNUAL MAINTENANCE CHARGES AND EXPENSES WILL VARY FROM THE AMOUNTS SHOWN IN THE SCHEDULE. NO BUDGET ITEM IS WARRANTED IN ANY MANNER WHATSOEVER.

If the net closing adjustments are in favor of the Sponsor, any balance owing will be paid to the Sponsor together with interest thereon at the rate of eleven percent (11%) per annum in twelve (12) equal consecutive monthly installments commencing one month after the first anniversary of the Closing Date, evidenced by negotiable serial promissory notes. (See Section T of the Plan.) If the first year of cooperative operation begins on September 1, 1988, then the net closing adjustment is estimated to be $62,000 and the eleven monthly payments under the notes during the second year of cooperative operation (the twelfth payment will be made during the third year of cooperative operation) will result in interest payments on the declining principal balance during the second year in the aggregate amount of $3,706. Such interest payments will result in a .6323% increase (i.e. $0.1295 per share increase) in the budget over that projected for the first year of operation.

The Sponsor reserves 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 which will be binding on the Apartment Corporation on the Closing Date, provided that any material increase in the estimated maintenance charges resulting therefrom will be disclosed in a duly filed amendment to the Plan.

C. CHANGES IN PRICES AND UNITS

Each person who is a bona fide tenant in occupancy on the Presentation Date shall have the exclusive right for a period of ninety (90) days from the Presentation Date to purchase the shares of the Apartment Corporation allocated to his apartment at the Total Cash Purchase Price indicated in the column entitled "Eligible Tenant's Total Cash Purchase Price" in Schedule A, Purchase Prices and Share Allocation. During the 90-day exclusive period, there will be no increase in prices for bona fide tenant purchasers, and the Sponsor will not accept Subscription Agreements from non-tenant purchasers for the sale of occupied apartments. After the expiration of the 90-day exclusive period, Total Cash Purchase Prices for occupied apartments shall be automatically increased to the amounts indicated in the column entitled "Non-Tenant's Total Cash Purchase Price" in Schedule A, as such amounts may already have changed pursuant to duly filed amendments to the Plan. Further, during any applicable exclusive period, (i) the cash purchase price to be paid by bona fide tenants in occupancy on the Presentation Date will not increase and (ii) the Sponsor will not accept Subscription Agreements from non-occupant purchasers for occupied apartments during any exclusive period, unless the tenant in occupancy has waived in writing his right to purchase the shares allocated to his apartment.

Subject to the provisions of this Plan, the Sponsor reserves the right at any time and from time to time to change, by duly filed amendment, if necessary (as set forth below), the purchase price (including without limitation, the terms of sale and manner of payment of the purchase price) and/or the number of shares allocated to some or all of the apartments. All changes in prices shall be effected by duly filed amendment to this Plan whenever such price changes are (i) to be advertised, (ii) a price increase for an individual purchaser, or (iii) an across the board increase or decrease affecting one or more lines of apartments or apartment models. However, the purchase prices set forth in the Plan are negotiable and unless it would constitute a prohibited discriminatory inducement, the Sponsor may decrease the Total Cash Purchase Prices for any individual purchaser of an apartment or apartments at any time without filing an amendment to the Plan.

If any change in the purchase price for and/or number of shares is made, a purchaser of the affected shares may pay more or less than another purchaser of shares allocated to a similar apartment, but this shall not necessarily affect any prior or later sale of shares allocated to such similar (or any other) apartment. Any change in (a) the number of shares allocated to any apartment, (b) the total number of shares, (c) the physical layout of areas of the Building to which no shares are allocated, or (d) the size or number of apartments, shall be effected only by duly filed amendment to this Plan. The requisite consents of all governmental authorities having jurisdiction must be obtained before any work is performed. The work must be performed in full compliance with applicable proprietary lease provisions and all legal requirements. The foregoing sentence shall be binding upon any holder of Unsold Shares.

The Consultant has advised the Apartment Corporation that, in its opinion, the price of the shares allocated to each apartment, as set forth on Schedule A, is not less than an amount that bears a reasonable relationship to the portion of the fair market value of the Apartment Corporation's equity in the Property attributable to such apartment. The Sponsor will obtain a further opinion as to reasonable relationship prior to closing if there is any change in (a) such price, (b) the number of shares allocated to any apartment, or (c) the total number of shares.

If there shall be any change in the number or price of shares allocated to any apartment, then under the terms of the Exchange Agreement described in the Section entitled "Exchange Agreement," when such shares are sold, to the extent that the number of shares or the payments therefor are increased, the Sponsor will receive the resulting increase in "Total Cash Purchase Price" (as defined in the Subscription Agreement), and to the extent that the number of shares or the payments therefor are decreased, the Sponsor will receive the Total Cash Purchase Price as so reduced.

The Apartment Corporation, at the direction of the Sponsor, reserves the right with respect to any apartment for which a Subscription Agreement has not been executed, or with respect to which a purchaser is in default, or with respect to an apartment whose shares are

held by a shareholder produced by the Sponsor, in order to meet possible varying demands for sizes and types of apartments, or to meet particular requirements of prospective purchasers, or for any other reason, to change the total number of shares, and/or to change the number of apartments by increasing or decreasing their size, and/or to change the size and/or layout of any apartment, and/or to reallocate the shares allocated to any apartment offered for sale under this Plan. No material change will be made in the size, layout or share allocation of any apartment for which a Subscription Agreement has been executed and delivered to the Sponsor or the Apartment Corporation, unless the affected purchaser consents to such change; provided, however, that this provision shall apply only to purchasers who are not in default under their respective Subscription Agreements.

No shares have been allocated to the superintendent's apartment which is presently located on the 1st floor in the Building and known as Apartment LA. Prior to the Closing Date, the Sponsor may require that the superintendent's apartment be changed to another apartment in the Building. If such change is made, the shares, if any, theretofore issued and allocated to the new superintendent's apartment will be cancelled by the Apartment Corporation and the change will be disclosed by a duly filed amendment to the Plan. At such time as the superintendent's apartment is changed, an equitable number of authorized but unissued shares of the Apartment Corporation shall be allocated to his old apartment and issued by the Apartment Corporation to the Sponsor or his designee. This change may increase or decrease maintenance charges.

In the event that there is a material change in the size or quality of public areas of the Property, purchasers who have executed and delivered Subscription Agreements to the Apartment Corporation or the Sponsor and who are not then in default thereunder, shall have the right, for a period of fifteen (15) days after the presentation date of the amendment describing such change, to rescind their respective Subscription Agreements and receive a prompt refund of all amounts paid to the Apartment Corporation or Sponsor thereunder. The Apartment Corporation will not change the number, size and/or layout of apartments or reallocate the shares allocated to any apartment unless requested to do so by the Sponsor, and

all such changes in number, size and/or layout in apartments shall be made in compliance with the laws, ordinances, orders, rules and regulations of governmental authorities having jurisdiction thereover and effected by duly filed amendments to this Plan. In order to facilitate such compliance, the Apartment Corporation shall, at the request of the Sponsor, make, execute and deliver any and all applications required by applicable law, including, but not limited to, any applications and documents sufficient for the purpose of obtaining an amended certificate of occupancy for the Building (and other improvements, if any). An opinion as to reasonable relationship must be obtained by the Sponsor prior to the closing if any change in price, share allocation or the total number of shares is made prior to closing.

The Sponsor (on behalf of itself and the holders of Unsold Shares) reserves the right, prior to and after the Closing Date, at no extra cost to the Sponsor, to place "For Sale" signs or other such signs in, at or on the Building and to maintain and staff one or more apartments in the Building, as a sales office and model apartment(s), provided such use complies with all applicable building and zoning laws, rules and regulations. In the event the Sponsor elects to sell the shares allocated to any such model apartment(s), the Sponsor may require the purchaser thereof to purchase all or any of the furniture, furnishings, equipment or decorations therein and pay, in addition to the Total Cash Purchase Price, such amounts as the Sponsor determines as consideration for any such furniture, furnishings, equipment or decorations. The Sponsor may change the designation of the sales office and/or model apartment(s) from time to time at its discretion, but with notice to the Apartment Corporation.

The Sponsor (on behalf of itself and the holders of Unsold Shares) also reserves the right, at no extra cost to the Sponsor, prior to and after the Closing Date, without prior notice or amendment to this Plan, to use the halls, stairways and other common areas in the Building and to use those apartments in the Building which are vacant or for which the shares allocated thereto constitute Unsold Shares, for the purpose of transporting or storing construction materials and supplies, provided such use is made in a safe, neat and workmanlike manner and does not create a nuisance to other tenants.

Additionally, the Sponsor (on behalf of itself and the holders of Unsold Shares) reserves the right, at no extra cost to the Sponsor, until ninety (90) days after the date on which all of the Unsold Shares have been sold and without prior notice or amendment to this Plan, to continue to utilize for storage purposes the portion(s) of the basement and storage rooms, if any, presently, or hereafter, prior to the Closing Date, used by it for such purposes.

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FIRST SHELTER CORPORATION
304 Park Avenue South, New York, N.Y. 10010 (212) 777-4200

D. OPINION OF REASONABLE RELATIONSHIP

March 28 , 1988

3203 OWNERS CORP.
c/o Curtis, Mallet-Prevost,
Colt & Mosle
101 Park Avenue
New York, New York 10178-0061

Re: 3203 Nostrand Avenue
Brooklyn, New York

Gentlemen:

We have reviewed the schedule of the allocation of shares and purchase prices of shares allocated to the apartments at the captioned premises, and related information at the date of presentation of the Plan, which is Schedule A to be included in the Plan. The share allocation for each apartment is based upon number and size of rooms and total floor space, subject to the location of such space and the additional factors of relative value to other space in the Building, uniqueness of the apartment, layout, exposure, elevation, the overall dimensions of the particular apartment, and other amenities.

In our opinion, at the date of this letter, the total cash purchase price to be paid in respect of each block of shares allocated to the respective apartments set forth in said schedule is not less than an amount which bears a reasonable relationship to the portion of the fair market value of the equity to be acquired in the land and building at the captioned premises attributable to each apartment to which such block of shares is allocated. 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 purchase prices paid for each block of shares meets such reasonable standard.

FIRST SHELTER CORPORATION

We are aware that under the Plan you will have the right to change the purchase prices of apartments from time to time, provided that prior to the closing you will obtain our written opinion that such reasonable relationship test is preserved. 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 different purchase prices in accordance with the foregoing. It is our further opinion that such reasonable relationship exists even though blocks of shares may be sold to tenants of the Building for purchase prices lower than that paid by non-tenants, as provided in the aforesaid Schedule A.

We have been a licensed real estate broker for over 5 years, and have been engaged in the real estate management business for over 5 years. We have provided management services since 1981 and have been responsible for the management of over 900 apartment units in the New York Metropolitan area. We hereby authorize you to include this letter in the Offering Plan to convert the captioned premises to cooperative ownership.

We have no beneficial interest in the Sponsor who is making this offering. We are the managing agent of these premises. We are not the Selling Agent of these premises. We have no beneficial interest in any profitability relating to this conversion. Mr. Lazarus, a principal of the Sponsor, has in the past performed (and may in the future perform) legal services on behalf of our affiliates. It is also anticipated that Mr. Lazarus and Mr. Mocsy, also a principal of the Sponsor, may in the future enter into real estate ventures with such affiliates. Mr. Lazarus and Mr. Mocsy maintain their offices in space occupied by us in exchange for legal services performed from time to time by Mr. Lazarus.

FIRST SHELTER CORPORATION

By: _____
Oskar Brecher, President

BT38 02/22/88 R REA 02MEMO

BLUTH & ZUKOFSKY
CERTIFIED PUBLIC ACCOUNTANTS
1501 BROADWAY
NEW YORK, NY 10036
—
(212) 354-8322

CHAEL BLUTH, C.P.A.
.RRY ZUKOFSKY, C.P.A.

Re: 3203 Nostrand Avenue
Brooklyn, New York

February 4, 1987

We have examined the accompanying Statement of Income and Certain Expenses of the residential real property known as 3203 Nostrand Avenue, Brooklyn, New York, for the years ended December 31, 1984, 1985 and 1986. Our examinations were 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 accompanying statements were prepared for the purpose of complying with the rules and regulations of the Office of the Attorney General of the State of New York, governing the conversion of occupied residential property to cooperative ownership and exclude certain material expenses, described in Note 1, that would not be comparable to those resulting from the proposed future operations of the property.

In our opinion, the Statements of Income and Certain Expenses referred to above present fairly the income and expenses, as described in Note 1, of the property for the years ended December 31, 1984, 1985 and 1986 in conformity with generally accepted accounting principles applied on a consistent basis.

Bluth & Zukofsky
Certified Public Accountants

3203 NOSTRAND AVENUE
BROOKLYN, NEW YORK

STATEMENT OF INCOME AND CERTAIN EXPENSES
For the Years Ended
December 31, 1984, 1985, and 1986

	1984	1985	1986
RENT INCOME	$ 374,837	$ 398,468	$ 405,901
OPERATING EXPENSES (Note 1)			
Mortgage Interest	50,691	50,205	46,926
Labor (Note 2)	31,191	31,237	31,177
Employee Benefits and Taxes	3,249	3,275	4,160
Heating (Note 3)	50,585	62,316	40,995
Utilities (Electricity & Gas)	18,283	18,432	15,682
Water Charges & Sewer Rent	10,776	10,853	10,812
Repairs, Maintenance & Supplies (Note 1)	21,569	51,117	44,743
Insurance	9,107	21,090	20,761
Management Fee (Note 4)			
Professional Fees	350	5,602	1,668
Real Estate Taxes	79,722	74,148	69,868
Other	1,273	2,912	981
TOTAL OPERATING EXPENSES	$ 276,796	$ 331,187	$ 287,773
EXCESS OF INCOME OVER CERTAIN EXPENSES	$ 98,041	$ 67,281	$ 118,128

The Accompanying Notes Are An Integral Part of This Report

3203 NOSTRAND AVENUE
BROOKLYN, NEW YORK

NOTES TO FINANCIAL STATEMENT

Note 1 - Summary of Significant Accounting Policies

The accompanying statement of Income and Expenses was prepared in compliance with the rules and regulations of the office of Attorney General of the State of New York, governing the conversion of occupied residential property to cooperative ownership. Consequently, the following material expenses that are not applicable or comparable to the operation of the building as a cooperative have been excluded:

Period Ending Item	12/31/84	12/31/85	12/31/86
Capital Expenses	$ 0	$ 0	$ 0
Repairs to Individual Apartments	A*	5,189	6,237
Depreciation	46,748	47,060	47,060

A* - Prior to January 1, 1985, records for repairs to individual apartments were not available.
B* - In 1983 $17,636 was expended on Capital Improvements

Note 2 - Labor

Labor cost is comprised of the following:

Period Ending Item	12/31/84	12/31/85	12/31/86
Building Personnel	$ 27,157	$ 26,937	$ 26,877
Rental Value of Apartment provided to the Superintendent	3,384	3,600	3,600
Utility Reimbursement to Superintendent	650	700	700
	$ 31,191	$ 31,237	$ 31,177

3203 NOSTRAND AVENUE
BROOKLYN, NEW YORK

NOTES TO FINANCIAL STATEMENT

Note 3 - Heating Costs

The following is a summary of fuel oil consumption and costs. The building heating plant uses #6 heating fuel.

Period Ending	Consumption (Gallons)	Average Cost/Gal	Total Cost/Yr
December 31, 1986	79,317	.52	$ 40,995
December 31, 1985	77,444	.80	62,316
December 31, 1984	60,946	.83	50,585

Note 4 - Management Fees

The building is managed by its Corporate owner whose compensation is in the form of profits generated by the operation of the property.

CURTIS, MALLET-PREVOST, COLT & MOSLE

ATTORNEYS AND COUNSELLORS AT LAW

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*ADMITTED IN MEXICO BUT NOT IN NEW YORK

WRITER'S DIRECT DIAL NUMBER
(212) 696-

F. ATTORNEY'S INCOME TAX OPINION

February 18, 1988

3203 Nost Limited Partnership
304 Park Avenue South
New York, New York 10010

Re: Offering Plan of Cooperative Ownership for
3203 Nostrand Avenue, Brooklyn, New York

Gentlemen:

You as Sponsor have requested our opinion as to (i) whether 3203 Owners Corp. (hereinafter the "Apartment Corporation"), organized under the laws of the State of New York on May , 1987, in connection with an Offering Plan to Convert to Cooperative Ownership Premises at 3203 Nostrand Avenue, Brooklyn, New York (hereinafter the "Plan"), promulgated by 3203 Nost Limited Partnership (hereinafter the "Sponsor"), will qualify as a "cooperative housing corporation," as that term is defined in Section 216(b)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), after consummation of the Plan, (ii) whether "tenant-stockholders," as defined in Section 216(b)(2) of the Code, will be entitled to deduct their proportionate share of certain real estate taxes and interest allowable as a deduction to the Apartment Corporation and (iii) certain other federal, New York State and New York City tax consequences relating to the Plan.

We are familiar with the Certificate of Incorporation and By-Laws of the Apartment Corporation, the Plan and all of the underlying schedules and documents set forth therein, and the Contract of Exchange, dated as of May , 1987, under which the Sponsor has agreed to transfer to the Apartment Corporation all of its right, title and interest in the "Property" (as that term is used in the Plan). We have reviewed the applicable sections of

the Code, the New York State Tax Law, as amended, and the New York City Administrative Code, as amended, and the regulations and decisions issued in connection therewith.

First Shelter Corporation (the "Consultant"), a firm engaged in the management of residential property, has given its opinion that the price of the block of shares allocated to each apartment in the "Building" (as that term is used in the Plan) is not less than an amount that bears a reasonable relationship to the portion of the fair market value of the Apartment Corporation's equity in the Property attributable to such apartment, as determined on the date of presentation of the Plan. It is assumed that, on the date the Plan is consummated (the "Closing Date"), the Consultant will deliver an updated opinion to such effect. The Sponsor has represented in the Plan that the Apartment Corporation will not change the price of any block of shares unless, in the opinion of the Consultant, the reasonable relationship of the price of each block of shares to the portion of the fair market value of the Apartment Corporation's equity in the Property that is attributable to the apartment to which such block of shares is allocated, as determined on the Closing Date, is preserved.

The opinions expressed herein also are based upon the following additional assumptions:

(1) The sale of shares of the Apartment Corporation will be made only to individuals and any other person or entity which qualifies as a "tenant-stockholder" as that term is defined in Section 216(b)(2) of the Code entitled under their proprietary leases to occupy their apartments for dwelling purposes.

(2) No amendments will be made to the Plan, to the Certificate of Incorporation and By-Laws or to any other relevant documents or agreements which are inconsistent with the assumptions made and relied upon by us in rendering our opinion.

(3) The certification of the Consultant to the effect that the projections contained in the budget for the First Year of Cooperative Operation, Schedule B to the Plan, which was prepared by the Sponsor and reviewed by the Consultant, appears reasonable and adequate under existing circumstances.

(4) No less than eighty percent (80%) of the gross income of the Apartment Corporation in its first year of operation will consist of rent received from tenant-stockholders of the Apartment Corporation.

DISCUSSION

Section 216(a) of the Code provides that a tenant-stockholder of a qualified cooperative housing corporation is allowed to deduct that portion of the amount paid or accrued by such person to the corporation within his taxable year that represents his proportionate share of interest allowable as a deduction to the corporation paid or incurred on indebtedness contracted in the acquisition of its property or the construction, alteration, rehabilitation or maintenance of the building located on its property and real estate taxes allowable as a deduction to the corporation paid or incurred by the corporation on the land and building owned by it. To qualify as a "cooperative housing corporation" the requirements of Section 216(b)(1) of the Code must be met. That section provides that a "cooperative housing corporation" means a corporation:

(A) having one and only one class of stock outstanding,

(B) each of the stockholders of which is entitled, solely by reason of his ownership of stock in the corporation, to occupy for dwelling purposes an apartment in a building, owned or leased by such corporation,

(C) no stockholder of which is entitled (either conditionally or unconditionally) to receive any distribution not out of earnings and profits of the corporation except on a complete or partial liquidation of the corporation, and

(D) 80 percent or more of the gross income of which for the taxable year is derived from tenant-stockholders.

A "tenant-stockholder" is generally defined as a person who is a shareholder in the cooperative housing corporation and whose shares are fully paid-up in an amount not less than an amount bearing a reasonable relationship to the portion of the value of the cooper-

ative housing corporation's equity in its property which is attributable to the apartment which such person is entitled to occupy.

The Tax Reform Act of 1986, P.L. 99-514 (the "Tax Reform Act"), amended the definition of "tenant shareholder" to eliminate all restrictions on the type of person or entity that will qualify as "a tenant shareholder."

Treas. Reg. Section 1.216-1(e) provides that the determination of whether the stock owned by a stockholder is "fully paid-up" is to be made on the basis of the fair market value of the corporation's equity in the land and building on the "date of the original issuance" of the stock. The Internal Revenue Service (the "Service") has stated, in Rev. Rul. 73-444, 1973-2 C.B. 77, that the term "date of original issuance," as used in Treas. Reg. Section 1.216-1(e), refers to the date of the issuance of a "cooperative housing corporation's" stock under its plan of cooperative organization, which date, under the Plan, should be the Closing Date.

No published case or Revenue Ruling has involved the issue of whether or not the stock owned by a stockholder of a "cooperative housing corporation" was "fully paid-up" for purposes of Code Section 216(b)(2). However, in Example 1 of Treas. Reg. Section 1.216-1(g), the subsequent stockholders were considered as being "fully paid-up" when the purchase price paid by the initial purchaser of stock in a cooperative housing corporation equalled the portion of the fair market value of the corporation's equity in the land and building attributable to the apartment represented by such stock.

The Consultant has advised us in its opinion that the purchase price set forth in Schedule A of the Plan for the block of shares allocated to each apartment equals an amount which is not less than an amount that bears a reasonable relationship to the portion of the fair market value of the Apartment Corporation's equity in the Property, as of the Closing Date, attributable to such apartment.

Based on the assumptions that (i) the Consultant's opinion is correct, (ii) any updated opinion of the

Consultant regarding the relationship of the purchase price of shares of the Apartment Corporation and their relationship to the value of the Apartment Corporation's equity in the Property attributable to the apartment allocated to those shares will be consistent with such opinion, and (iii) that each purchaser will be an individual, a trust, estate, partnership, association, company or corporation (including the Sponsor) or any other entity that will qualify as a tenant-stockholder and on your advice that the price of each block of shares allocated to an apartment will not be changed, prior to the Closing Date, from the prices set forth on Schedule A of the Plan (except as provided above), each person who purchases stock of the Apartment Corporation pursuant to the terms of the Plan should be "fully paid-up" for purposes of Code Section 216(b)(2). Accordingly, each purchaser who acquires stock of the Apartment Corporation under the Plan should be a "tenant-stockholder" within the meaning of Code Section 216(b)(2). I note that if the Service were successfully to contend that the above-mentioned assumptions were incorrect the Apartment Corporation might not qualify as a cooperative housing corporation.

Additionally, although the matter is not entirely free from doubt, since the Unsold Shares received by the Sponsor on the Closing Date will be, in part, in exchange for a deed from the Sponsor for the Property, in accordance with the terms of the Contract of Exchange, subject to the immediately preceding paragraph, we believe that the Sponsor should satisfy the "fully paid-up amount" test with respect to the Unsold Shares issued to it on the Closing Date in partial payment of the purchase price of the Property (cf., Eckstein v. United States, 452 F.2d 1036 (Ct. Cl. 1971). (See also the discussion infra, regarding the treatment of the Sponsor as a "tenant-stockholder" under Section 216(b)(6).)

We note that holders of Unsold Shares (as defined in the Plan) have certain rights and privileges conferred upon them under the Proprietary Lease not conferred upon other shareholders. As a result, the Service might take the position that the Apartment Corporation does not satisfy the one class of stock requirement and therefore does not constitute a cooperative

housing corporation under section 216. Although there is no authority directly on point, we believe that since the rights inuring to the holders of Unsold Shares under the Proprietary Lease do not arise from the Apartment Corporation's corporate documents (i.e., the Certificate of Incorporation and By-Laws), but rather under the Proprietary Lease, for purposes of section 216, the Apartment Corporation should not be treated as having more than one class of stock as the result of the provisions of the Proprietary Lease. See Rev. Rul. 73-611, 1973-2 C.B. 312.

Pursuant to the Certificate of Incorporation and the By-Laws of the Apartment Corporation, each shareholder will be entitled to a proprietary lease entitling him to occupy an apartment for dwelling purposes by reason of his ownership of stock in the Apartment Corporation. The shares in the Apartment Corporation that are not acquired and paid for on the date of closing will be acquired by the Sponsor or one or more individual designees of the Sponsor, for their own account, or by any other person or entity which qualifies as a tenant-stockholder. The Sponsor or such individual designees or other qualified persons or entities will have the right to possess and will enter into proprietary leases for the apartments for which such shares are allocated.

Pursuant to the terms of the Plan, the Apartment Corporation will acquire the Property from the Sponsor in exchange for (i) all of the Unsold Shares of the Apartment Corporation, (ii) an amount equal to all of the net "Total Cash Purchase Price" (as that term is used in the Plan) derived by the Apartment Corporation from the issuance of shares of the Apartment Corporation to third-party purchasers and the Apartment Corporation taking title to the Property subject to, and assuming the obligations of the mortgagor, under the mortgage which will affect the Property on the Closing Date, in a transaction which may qualify as an exchange under section 351 of the Code. In 1980, section 216(b)(6) was amended to eliminate the prior requirement that an "original seller" (i.e., the Sponsor) must have acquired stock in the Apartment Corporation "by purchase or foreclosure." The Senate Committee report specifically states as a reason for the change the fact that under prior law the requirement that the stock be acquired by "purchase or foreclosure" might be interpreted as not being satisfied "in situations where the corporation promoter acquires the stock in a tax-free transaction,

such as a transfer to a controlled corporation pursuant to the provisions of section 351 of the Code". S. Rep. No. 96-498, 96th Cong. 1st Sess., at 78. The Sponsor will take back shares in the Apartment Corporation when it transfers the apartments to such corporation and the Sponsor will execute proprietary leases giving it the right, as against the corporation, to occupy the apartments appurtenant to each block of shares acquired. Therefore, the Sponsor should qualify as a "tenant-stockholder" as to all shares originally acquired by it. Since the Sponsor should qualify as a tenant-stockholder with respect to all Unsold Shares held by it, any rental payments, with respect to the apartments allocated to the Unsold Shares, received by the Apartment Corporation from the Sponsor should qualify as income from tenant-stockholders.

If the Apartment Corporation is to qualify as a cooperative housing corporation, each stockholder of the Apartment Corporation, solely by reason of his stock ownership, must be entitled to occupy an apartment in the Building for dwelling purposes. Section 216(b)(1)(B) of the Code. The stockholder need not actually occupy the apartment, but must have a right to occupy the premises as against the cooperative housing corporation. Treas. Reg. § 1.216-1(d)(2). As previously explained, pursuant to the Certificate of Incorporation and the By-Laws of the Apartment Corporation, each stockholder will be entitled under his proprietary lease to occupy an apartment for dwelling purposes solely by reason of his ownership of stock in the Apartment Corporation. It should be noted that, although under New York law non-purchasing tenants may be entitled to remain in possession of their apartments after the Closing Date, because stockholders who own the shares allocated to occupied apartments have the right to occupy such apartments as against the Apartment Corporation, the right of occupancy requirement should still be met. Rev. Rul. 80-299, 1980-2 C.B. 82.

CONCLUSION

On the basis of our examination, the above discussion and in reliance on the opinions of the Consultant set forth above (and without passing on the validity of such opinions and without independent investigation thereof), it is our opinion that under present laws and regulations:

(a) In any taxable year in which 80% or more of the gross income of the Apartment Corporation is derived from qualified tenant-stockholders, as defined above, the Apartment Corporation will qualify as a cooperative housing corporation for such year within the meaning of Section 216 of the Code, and each tenant-stockholder will be entitled to deduct for federal and New York State and New York City income tax purposes amounts paid or accrued to the Apartment Corporation within his taxable year to the extent of his proportionate share of

(1) real estate taxes allowable as a deduction to the Apartment Corporation, which are paid or incurred by the Apartment Corporation (before the close of the taxable year of such tenant-stockholder) on the Property,*; ** and

(2) interest allowable as a deduction to the Apartment Corporation which is paid or incurred by the Apartment Corporation (before the close of the taxable year of such tenant-stockholder) on mortgages which encumber the Property and which were incurred to acquire, maintain or improve the Property*;**.

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*The income tax benefit derived from the deduction for mortgage interest and real estate taxes may be reduced if the tenant-stockholder is subject to the alternative minimum tax imposed by the Code. New York State and City also impose a minimum tax similar to the tax imposed by the Code. Accordingly, each prospective purchaser is encouraged to consult with and rely upon his own advisors with respect to the possible tax consequences of his ownership of shares of the Apartment Corporation.

**The Revenue Act of 1987 (P.L. 100-203) provides for new limitations on the deductibility of interest paid or

(Footnote continued on next page)

(b) If, by reason of the receipt of income from parking, laundry or other concessions, or interest or other income not derived from tenant-stockholders, less than 80% of the gross income of the Apartment Corporation

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(Footnote continued from previous page)

accrued in taxable years beginning after December 31, 1987 by taxpayers other than corporations. Under section 163(h) of the Code, interest which is paid or accrued during the taxable year on indebtedness incurred on or after October 13, 1987 to acquire or substantially improve property other than certain refinancings of pre-October 13, 1987 indebtedness, which is secured by any real property will be deductible only if, at the time such interest is accrued, such property is the principal residence or the specifically selected second residence of the taxpayer, and only to the extent that such indebtedness, when added to the outstanding aggregate principal amounts of other indebtedness previously incurred (other than any post October 12, 1987 home equity indebtedness) and secured by such property, does not exceed $1,000,000. In addition, interest on home equity indebtedness on such property incurred on or after October 13, 1987, will be deductible only to the extent such indebtedness does not exceed the lesser of (a) $100,000 or (b) the fair market value of such property reduced by the aggregate amount of acquisition indebtedness secured by such property. Where a tenant-stockholder has both a principal residence and a specifically selected secondary residence and both residences are used to secure indebtedness it is unclear whether the limitations contained in the preceding sentence are applied on a separate residence basis or on an aggregate basis. Although it is not entirely clear, this rule may apply to a tenant-stockholder's allocable share of the interest paid or accrued by a cooperative housing corporation with respect to the indebtedness incurred to acquire, construct, or maintain the houses or apartment buildings it owns. If the rule applies, it is also unclear to what extent a tenant-stockholder's allocable share of such interest will be nondeductible. Current provisions of the New York State Tax Law and the New York City Administrative Code do not contain any separate, independent requirements in order to be qualified to take the above-described tax deductions. Rather, these statutes permit tenant-stockholders to automatically

(Footnote continued on next page)

for any taxable year is derived from tenant-stockholders, the Apartment Corporation will not qualify as a cooperative housing corporation under Section 216 for such year, and tenant-stockholders will not be entitled to deduct, pursuant to such section (and the corresponding provisions of the New York State and New York City income tax laws), their proportionate shares of real estate taxes and mortgage interest paid or incurred by the Apartment Corporation for federal and New York State and New York City income tax purposes. As stated above, we have not made any independent determination as to the amount of such items of income, either at present or as projected, nor do we make any representation as to the use to which the Apartment Corporation may put non-residential portions of the Building.

ADDITIONAL TAX CONSEQUENCES

Under the terms of the Plan, the Sponsor will transfer the Property to the Apartment Corporation in exchange for the Unsold Shares, [the assumption by the Apartment Corporation of the mortgage indebtedness against the Property described in the Plan] and the net "Total Cash Purchase Price" (as that term is used in the Plan) realized by the Apartment Corporation from other subscribers to its shares. Consequently, Section 351 of the Code may apply because the transfers by the Sponsor and other subscribers are being made in exchange for shares of the Apartment Corporation, and, after the transfers, the transferors taken as a whole, will own more than 80% of the Apartment Corporation. We express no opinion as to whether such transaction does qualify as an exchange under Section 351 of the Code.

If and to the extent that the transaction by which the Apartment Corporation acquires the Property

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(Footnote continued from previous page)

deduct for State and City income tax purposes their proportionate share of the real estate taxes and mortgage interest paid or incurred by the Apartment Corporation to the same extent such deductions are allowed under section 216 of the Code.

constitutes a transaction qualifying under the non-recognition of gain or loss provisions of Section 351 of the Code, the Apartment Corporation's tax basis for the Premises on the date of acquisition will equal the Sponsor's basis for the Property transferred in accordance with Section 351, increased as provided in Section 362 of the Code by any gain recognized by the Sponsor in connection with the Section 351 transfer. Depending upon how many apartments in the Building are transferred to purchasers other than the Sponsor at the time the Sponsor transfers the Property to the Apartment Corporation, and, therefore, how much cash the Sponsor receives, the basis of the Apartment Corporation may be less than it would otherwise be if the Property were purchased by the Apartment Corporation from the Sponsor in a fully taxable transfer, in which case, the Apartment Corporation's basis would equal the purchase price paid by the Apartment Corporation. As a result, the Apartment Corporation may have less available depreciation and possibly a greater tax liability if the Property were ever disposed of in a taxable transaction. As a result of changes made by the 1986 Tax Reform Act, a sale or other disposition of the Property pursuant to a liquidation of the Apartment Corporation generally will be a taxable disposition. Also as a result of those changes, if the Apartment Corporation distributes the Property to tenant shareholders, the Apartment Corporation will realize taxable gain generally equal to the excess of the fair market value of the Property over the Apartment Corporation's adjusted basis in the Property. Additionally, any purchaser who uses his apartment in his trade or business or for the production of income may have lower depreciation deductions. However, this will not affect the tax deductions available to tenant-stockholders who use their apartments for residential purposes, as set forth above.

A cooperative housing corporation is subject to income tax in essentially the same manner as any other business corporation. Section 277 of the Code provides that, in the case of a non-tax-exempt membership organization which is operated primarily to furnish services to its members, such as the Apartment Corporation, deductions for any taxable year attributable to furnishing such services to members shall only be allowed to the extent of income derived from its members during such taxable year, and cannot be used to offset income derived from non-members. As indicated on Schedule B to the Plan, the

Apartment Corporation is expected to receive income from sources other than tenant-stockholders, such as from laundry room facilities and income from the investment of the "Reserve Fund" (as that term is defined in the Plan). Accordingly, if the total income of the Apartment Corporation from sources other than tenant-stockholders exceeds the aggregate of the expenses attributable to non-member activity (including allocable depreciation), such excess income may be taxable to the Apartment Corporation pursuant to Section 277 of the Code. In the event Section 277 of the Code does apply and the Apartment Corporation is required to pay federal income taxes, if any budgeted reserve for contingencies is insufficient to pay such taxes, it may be necessary to increase the maintenance charges payable by tenant-stockholders to satisfy such tax liability. We express no opinion as to whether Section 277 of the Code is applicable to the Apartment Corporation.

As set forth above, in our opinion, the Apartment Corporation will qualify as a cooperative housing corporation and "tenant-stockholders" will be entitled to certain income tax deductions. However, this opinion is not a guarantee; it is based upon existing rules of law applied to the facts and documents referred to above. No assurances can be given that the tax laws upon which counsel based this opinion will not change. In no event will the Sponsor, the Sponsor's counsel, the Apartment Corporation, counsel to the Apartment Corporation, the Selling Agent or any other person be liable if the Apartment Corporation fails to meet the requirements of the Code or the New York State or New York City income tax laws, if there are changes in facts on which counsel relied in issuing this opinion, or if there are changes in the applicable statutes, regulations, decisional law or rulings on which counsel relied.

We hereby consent to the inclusion of this opinion letter in the Plan.

Very truly yours,

CURTIS, MALLET-PREVOST,
COLT & MOSLE

Curtis, Mallet-Prevost,
Colt & Mosle

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G. RIGHTS OF EXISTING TENANTS

The Sponsor hereby presents this Plan to all tenants in occupancy of apartments in the Building. As of the Presentation Date, all of the apartments in the Building to which shares of the Apartment Corporation have been allocated are subject to the GBL, The Omnibus Act and the RSL. The GBL provides for the rights of tenants in occupancy of such apartments in the Building and lessees of record of vacant or subleased apartments. The Sponsor will not be obligated to lease or rent any apartment which is vacant on the date of this Plan or which becomes vacant thereafter. It is likely that any such vacancies will not be offered for rent. The Sponsor nevertheless reserves the right to rent vacant unsold apartments. The rights granted under this Plan to purchasers and to nonpurchasing tenants may not be abrogated or reduced regardless of any expiration of, or amendment to, the GBL.

THIS IS A NON-EVICTION PLAN. In accordance with the GBL, this Plan gives such tenants and lessees the rights set forth below:

(a) All bona fide tenants in occupancy (as more fully described below) who on the date the Plan is accepted for filing (a) are in occupancy, (b) have the right to renew a lease or (c) have the right to continued occupancy, will have the exclusive right during the exclusive purchase period (i.e., for a period of ninety (90) days after the Presentation Date) to purchase the shares allocated to their respective apartments for the Total Cash Purchase Price of $262.62 per share, as set forth in Schedule A. IN ADDITION, A BONA FIDE TENANT MAY PERMIT ANY SPOUSE, ADULT CHILD, SIBLING OR PARENT TO JOIN IN THE EXECUTION OF A SUBSCRIPTION AGREEMENT DURING THE EXCLUSIVE PERIOD. During such exclusive purchase period, a tenant's apartment shall not be shown to a third party unless he has, in writing, waived his right to purchase. For the purpose of determining who has the right to subscribe during the exclusive purchase period, a bona fide tenant of record with an unexpired lease on the date the Plan is accepted for filing shall be presumed to be a tenant in occupancy even though such apartment is sublet or is not the tenant's primary residence. A bona fide sublessee in occupancy on the date the Plan is accepted for filing has

the right to subscribe during the exclusive period if he or she: (i) sublets from a non-bona fide tenant, or (ii) has obtained written permission to purchase the shares allocated to his or her apartment from a bona fide tenant of record. However, the foregoing shall not be construed to limit the availability of any legal remedy for illegal occupancy of an apartment. After the expiration of the exclusive purchase period, the exclusive right to purchase available to eligible tenants will terminate, and the price to tenants will be increased to the amount then required of non-tenant purchasers.

(b) This Plan will be deemed abandoned, void and of no effect if it does not become effective within fifteen (15) months from the date it is accepted for filing by the Department of Law, and in the event of such abandonment, no new plan for the conversion of the Property shall be submitted to the Department of Law for at least twelve (12) months after such abandonment.

(c) The Sponsor shall (i) on the 30th, 60th, 88th and 90th days after the date of issuance of the letter of the Department of Law stating that this Plan has been accepted for filing, and at least once every 30 days after such date of issuance 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 purchase period(s) provided in an amendment to the Plan, file with the Department of Law a written statement under oath, stating the percentage of bona fide tenants in occupancy of all dwelling units in the Building on said date of issuance who have agreed in writing to purchase under this Plan as of the date of such statement; and, (ii) 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.

(d) The rentals of non-purchasing tenants who reside in apartments 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 regulations as to rentals and continued occupancy are eliminated or become inapplicable after this Plan has become effective shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy; provided, however, that eviction proceedings may be commenced

against a non-purchasing tenant for non-payment of rent, illegal use or occupancy of the premises, refusal of access to the owner or similar breach by the non-purchasing tenant of his obligations to the owner. In determining comparability, consideration shall be given to such factors as building services, level of maintenance and operating expenses. Non-purchasing tenants who reside in apartments subject to governmental regulations as to rentals and continued occupancy shall continue to be subject thereto. Complaints regarding unconscionable rent increases proscribed by law may be referred to the New York State Department of Law, Bureau of Real Estate Financing, 2 World Trade Center, New York, New York 10047. If the apartment is not occupied by the tenant as a primary residence, the Sponsor or a purchaser of a rent-stabilized apartment may not be required to offer a renewal lease to a non-purchasing tenant and an action to recover possession of a rent-stabilized apartment from such a non-purchasing tenant may be commenced during the lease term. In addition, a non-purchasing tenant may have no further right to occupancy of his apartment after expiration of his lease if he refuses to execute a renewal lease presented to him in accordance with law.

(e) Any apartment occupied by a non-purchasing tenant shall be managed by the same managing agent who manages all of the other apartments in the Building. The managing agent will provide to non-purchasing tenants all building services and facilities required by law on a non-discriminatory basis. The Sponsor shall guarantee the obligation of the managing agent to provide all such services and facilities until such time as the Sponsor surrenders control of the Board of Directors of the Apartment Corporation. The GBL makes unlawful any course of conduct, including, but not limited to, interruption or discontinuance of essential services or harassment of tenants, which substantially interferes with or disturbs the comfort, repose, peace or quiet of any tenant in his use or occupancy of his apartment or the facilities related thereto. For further details see the Section entitled "Obligations of Holders of Shares of Apartments Occupied by Non-Purchasing Tenants."

(f) THIS PLAN MAY NOT BE AMENDED AT ANY TIME TO PROVIDE THAT IT SHALL BE AN EVICTION PLAN.

(g) Tenants or their representatives may physically inspect the Property during normal business hours, upon written request to the Sponsor or Selling Agent and on reasonable notice, provided that Tenants or their representatives are registered architects or professional engineers licensed to practice in the State of New York.

An uncured default by an Interim Tenant under his Subscription Agreement will constitute a violation of the terms of his Interim Lease and will permit the Sponsor to evict such Interim Tenant. For discussion, see "Interim Leases," at Section I.

As provided in the By-Laws, non-purchasing tenants will receive notification of any change in the ownership of the shares which are allocated to the apartments which they occupy. Such notification will be made by registered or certified mail within thirty (30) days of any transfer of ownership.

If at any time prior to the later of the Closing Date and the expiration of any exclusive period which begins prior to the Closing Date, this Plan is amended to provide for terms and conditions more favorable to tenant purchasers, tenants in occupancy on the Presentation Date who had executed and delivered Subscription Agreements before the Plan was so amended, may elect to benefit from such more favorable terms and conditions.

The Subscription Agreement is not assignable or transferable by the purchaser. See also "Assignment of Subscription Agreements."

A tenant in occupancy may not purchase a vacant apartment, or any other apartment which is not leased to him or occupied by the tenant, at the price for eligible tenant purchasers set forth on Schedule A.

Tenants in occupancy who currently use the parking spaces in the indoor parking garage under the Building, and who purchase their apartments as provided herein, will be given a right for ten (10) days after the Closing Date to obtain a month-to-month license from the Apartment Corporation for any parking spaces located on the Property used by them on the Closing Date. The

initial rate per month for a parking space in the garage shall be $75. Non-purchasing tenants using such spaces shall have the right to continued use of said spaces in the manner and at the rates and upon the terms in effect upon the Closing Date, subject to the Apartment Corporation's rights to vary such terms and rates as permitted by the agreements with respect thereto in effect on the Closing Date, and as permitted by law. All payments for such spaces shall be the property of and be paid to the Apartment Corporation. In no event shall any such payment be paid to the holder of any Unsold Shares. In addition, the holders of Unsold Shares shall not be responsible for the payments of the parking fees incurred by non-purchasing tenants. Parking fees, the method of allocating spaces which become vacant and whether an existing tenant who purchases his apartment may retain his parking space will be determined by the Apartment Corporation. If a parking space in the indoor parking garage under the Buildings becomes vacant, then the Sponsor shall, subject to the provisions of Section 60 of the MDL, be given written notice of such vacancy and shall have the option to lease such space from the Apartment Corporation at the then current rental. The license to use a parking space may not be transferred upon the sale of shares of the Apartment Corporation allocated to an apartment, except in the case of sales by the Sponsor. Additionally, Sponsor may sublet any such parking space(s) without any fees or charges to the Apartment Corporation and without first obtaining the consent of the Apartment Corporation or the then managing agent.

The right to subscribe to shares of the Apartment Corporation under this Plan is made only to bona fide tenants in occupancy on the date (the "Filing Date") a letter was issued by the Attorney General accepting this Plan for filing who are individual natural persons over eighteen (18) years of age and to any person or entity which qualifies as a "tenant-stockholder" as such term is defined in Section 216 of the Internal Revenue Code of 1954, as amended (the "Code"). Additionally, this offering is made only within the State of New York to residents of such State. Roommates who are not bona fide tenants of record shall not be considered to be bona fide tenants in occupancy. Non-individual tenants in occupancy of apartments on the date a letter was issued by the Attorney General accepting this Plan for filing, may, but shall not be obligated to, designate an individual to purchase the shares allocated to such apartment, provided that such

individual proposes to purchase the shares for his own account (beneficial and of record) and not as a nominee of any such partnership, association, trust, estate, foreign government or other entity. Tenants against whom the Sponsor has obtained a judgment or order of eviction by which the tenant's right to occupancy has been terminated shall not have the right to purchase, provided that any such judgment or order was obtained prior to the Filing Date of the Plan. In addition, no tenant purchaser shall be permitted to close his purchase while in default under his lease prior to his cure of the default or prior to any final adjudication with respect to the default.

Chapter 403 of the Laws of the State of New York of 1983 provides that disputes regarding assignments of leases, subletting, occupancy of apartments by roommates and primary residences are determinable by the Division of Housing and Community Renewal or the courts, as the case may be.

If there is any inconsistency between the terms of this Plan and the terms of the GBL, the terms and provisions of the GBL shall prevail to the extent of such inconsistency as if they alone were set forth verbatim herein, so that all requirements of the GBL applicable to this Plan are met hereby.

No representation or warranty is made that the GBL, The Omnibus Act or the RSL will or will not continue to apply to any apartments in the Building, or that the GBL, The Omnibus Act or the RSL will or will not continue to apply to any tenant in occupancy in the Building, or that there will or will not be any further amendments to the GBL, The Omnibus Act or the RSL. In the event that the GBL, The Omnibus Act or the RSL is amended, this Plan will be amended accordingly.

H. OBLIGATIONS OF HOLDERS OF SHARES OF DWELLING UNITS OCCUPIED BY NON-PURCHASING TENANTS

A purchaser of shares allocated to an apartment that is occupied by a non-purchasing tenant shall have the right and is advised to examine the existing lease for such apartment to ascertain the rental, expiration date and obligations imposed on the landlord thereof. These leases are on file at the office of the Sponsor and the Selling Agent. As long as an existing tenancy continues,

purchasers of occupied apartments, their successors and assigns, shall be subject to both the terms and conditions of the existing lease for the apartment and the rights of the tenants thereof under the GBL, The Omnibus Act, and the RSL, including the rights of existing tenants to occupy their apartments as set forth in this Section.

A holder of Unsold Shares must give renewal leases and riders to the occupant of such an apartment as required by applicable laws and is obligated to pay any maintenance charges and assessments which are assessed against the apartment by the Apartment Corporation, regardless of whether or not such amount exceeds the rent which such holder receives from the non-purchasing tenant. In addition, all litigation costs, fees and any dues related to the tenancy will be the sole responsibility of the holder of such shares.

The Sponsor, the Apartment Corporation, the Selling Agent and the Managing Agent make no representations or statements of any kind as to the requirements of the GBL, The Omnibus Act or the RSL, except as expressly set forth in this Plan, and a prospective purchaser interested in purchasing an apartment in which he does not reside is advised to consult with his attorney regarding the application and effect of the GBL, The Omnibus Act and the RSL, in order to become fully apprised of his rights as a purchaser and his obligations to any existing tenant or occupant.

A non-purchasing tenant may only be evicted on grounds permitted by law. If a non-purchasing tenant of an apartment fails to pay rent or otherwise breaches his lease, and such default is not cured within any applicable grace period provided in the lease or by law, or if such tenant holds over, the purchaser of such apartment may be required (at his own expense) to institute a summary dispossess proceeding in court to gain possession of the apartment.

No representation or warranty is made as to the length of time which may elapse before a final court order of eviction is granted and made effective, or that such court order will be granted, or that possession of an apartment occupied by another will be obtained.

Subscription Agreements to purchase apartments occupied by non-purchasing tenants and the Proprietary Leases related thereto contain a provision irrevocably appointing the managing agent for the Apartment Corporation, or its successor, as the agent of the purchaser to provide non-purchasing tenants all services and facilities required by law. Except with respect to the Sponsor and any individuals or persons or entities designated by the Sponsor to hold Unsold Shares, such Subscription Agreements and Proprietary Leases also shall contain a provision requiring the purchaser of an occupied apartment to deposit with the managing agent for the Apartment Corporation, or its successor, at the closing an amount equal to two months' maintenance charges, which amount shall be used as a working capital fund to furnish services required under the non-purchasing tenant's lease and under applicable laws. Such a purchaser shall be obligated to provide to the non-purchasing tenant all services required by law to the extent applicable, including the obligation to make all repairs to the apartment which are not the responsibility of the Apartment Corporation under the proprietary lease. These services may include, but are not limited to, painting, interior decoration, repairs to interior plumbing and wiring, and replacement of fixtures and of appliances, doors, hardware and windows. If diminished, such fund must be replenished upon notice from the managing agent for the Apartment Corporation, or its successor. The failure of the shareholder to replenish the fund within 10 days shall result in the Apartment Corporation having a lien against the shares appurtenant to the apartment. Any interest earned on the fund shall be the property of the shareholder.

A non-occupant purchaser will receive at the closing of title to his apartment, an assignment from the Sponsor of the unapplied portion of the non-purchasing tenant's security deposit, if any, and following such assignment, will be required to maintain the security deposit of the non-purchasing tenant in trust, in an interest-bearing account in accordance with the provisions of Section 7-103 of the New York State General Obligations Law. Upon delivery of such security deposit, the purchaser will be required to execute, acknowledge and deliver to the Sponsor and the Apartment Corporation an agreement acknowledging the amount received and indemnifying the Sponsor and the Apartment Corporation against all claims and liability in connection therewith.

Each residential apartment in the Building has been registered with the New York State Division of Housing and Community Renewal (the "DHCR"). An annual registration statement must be filed by a holder of shares appurtenant to a residential apartment occupied by a non-purchasing tenant with the DHCR, and shall contain the then current rent for the apartment and such other information as may be required by the DHCR. The holder of shares will be required to provide the existing tenant with a copy of such annual registration statement.

A failure to file an annual registration statement will, until such time as such annual registration statement is filed, bar the holder of shares from collecting any rent in excess of the legal regulated rent in effect on the date of the last preceding registration.

A holder of shares appurtenant to a residential apartment occupied by a non-purchasing tenant will be required to pay an annual fee to the DHCR, which fee currently is ten dollars ($10.00) per apartment, in connection with the administration of the rent laws. The failure to pay such annual amount will, until paid, bar the holder from collecting any further rent increase from the existing tenant.

Upon the closing of title to an apartment, a non-occupant purchaser will become the landlord of the non-purchasing tenant, and the latter will become the purchaser's tenant, and the non-occupant will have the responsibilities of any other landlord of an apartment subject to the GBL, The Omnibus Act and the RSL. Such non-occupant purchaser will be responsible for the performance of all obligations of the landlord under the lease with, or tenancy of, the tenant or occupant, including, without limitation, any obligations to repair the apartment which are not the obligations of the Apartment Corporation under the Proprietary Lease, and to maintain, repair and replace plumbing fixtures, wiring, refrigerator, range, any dishwasher, lighting fixtures, doors, hardware, windows and other equipment (if any) in the apartment, painting and interior decoration, as provided in the Proprietary Lease, The Omnibus Act, the RSL, and other applicable law. Such purchaser also agrees to (i) join the Rent Stabilization Association or other industry organization if required by applicable law, and (ii) abide

by the rules and regulations of The Omnibus Act and the RSL, as applicable.

The holders of shares allocated to apartments occupied by senior citizens who qualify for Senior Citizen Rent Increase Exemptions granted by the issuing authority will be entitled to the benefit of any real estate tax credits ("Exemption Credits") to which the Apartment Corporation may be entitled as a result. The Apartment Corporation shall apply for the Exemption Credits with respect to any such apartment, shall pursue the application diligently, and shall cooperate fully with the holder of any such shares to procure the Exemption Credit. As promptly as reasonably possible after receipt of the Exemption Credit, the Apartment Corporation shall reimburse the holder of such shares by granting a credit against the monthly maintenance charges payable by the affected tenant-shareholder to the extent of the Exemption Credit. Similarly, to the extent that any apartment is occupied by a non-purchasing tenant and as a result of such tenancy the Apartment Corporation is entitled to a credit on any of its obligations or to a cash payment, the benefit shall be paid over or credited to the holder of the shares allocated to the affected apartment.

The Sponsor anticipates that the Apartment Corporation may expend portions of the "Reserve Fund" (as hereinafter defined) for major capital improvements. If the maximum legal rent for any Apartment occupied by a non-purchasing tenant may be increased by reason of any act of the Apartment Corporation, such as major capital expenditures for improvements or increased services provided by the Apartment Corporation, or increases in operating costs for which pass-alongs or increases in rent may be granted or allowed by any provision of law, the Apartment Corporation will cooperate with the holders of Unsold Shares to secure such increases in rent, and the Apartment Corporation will provide and file such documentation and will provide such information as is reasonably necessary or required by law to obtain such increases. The Apartment Corporation will not be obligated to engage in litigation or to take any action to insure such increases, other than to provide and file any information reasonably necessary or required by law to permit the holders of Unsold Shares to secure such increases. The holders of Unsold Shares will be under no obligation to account to the Apartment Corporation for any rents received

from non-purchasing tenants. The Apartment Corporation, in addition, will provide such holders with any contractor's certificate which may be required to obtain any such increase. If an extra charge is made therefor, the holders will reimburse the Apartment Corporation to the extent thereof.

I. INTERIM LEASES

The Sponsor reserves the right, prior to closing, as a condition of sale, but is not obligated, to rent any apartment which is then, or which thereafter becomes, vacant.

The lease (sometimes hereinafter referred to as an "Interim Lease") will be the standard form of apartment lease then used by the Sponsor. The rent charged by the Sponsor ("Landlord") under Interim Leases to purchasers ("Interim Tenants") will be subject to the RSL and the terms and conditions of this Plan with respect thereto and will not exceed the legal maximum rent. The term will expire in two (2) years or on the Closing Date, whichever is earlier. The Sponsor may require the Interim Tenant to take possession of the apartment within thirty (30) days of execution of the Interim Lease.

Prior to the execution by the Sponsor of an Interim Lease, each prospective Interim Tenant (a) shall deposit with the Sponsor the nonrefundable sum of $75, which sum will cover the costs of a credit check of such prospective Interim Tenant, and (b) shall deliver to the Sponsor a completed and executed credit application, which will be provided by the Sponsor. In addition, a Subscription Agreement with an Interim Tenant may be modified to provide that the "Initial Down Payment" is an amount up to 20% of the Total Cash Purchase Price for the cooperative shares allocated to such apartment. Also, Paragraph 12 of the Subscription Agreement for such an Interim Tenant may be modified to provide that liquidated damages shall be an amount equal to the Initial Down Payment (but in no event in excess of up to 20% of the Total Cash Purchase Price) plus an amount equal to the actual costs incurred by the Sponsor for any special work, if any, in or about the apartment ordered by such purchaser. THEREFORE, AN INTERIM TENANT WHO EXECUTES A SUBSCRIPTION AGREEMENT MAY LOSE HIS ENTIRE DEPOSIT (I.E., UP TO 20% OF THE TOTAL CASH PURCHASE PRICE) IF HE FAILS TO PERFORM HIS OBLIGATIONS UNDER THE SUBSCRIPTION AGREEMENT.

If this Plan is abandoned, and Subscription Agreements are cancelled, the Interim Tenant may either

(i) remain in possession of his apartment in accordance with his lease, subject to the RSL, or (ii) cancel the lease and vacate the apartment upon ninety (90) days' prior written notice to Landlord.

If the Interim Tenant is given the right to rescind his Subscription Agreement by the provisions of the Plan, his rescission will be conditioned upon his simultaneously cancelling his Interim Lease and surrendering his apartment within thirty (30) days thereafter.

An uncured default under the Subscription Agreement will constitute a substantial default under the Interim Lease, and, subject to the terms of the next succeeding sentence, an uncured default under the Interim Lease will constitute a substantial default under the Subscription Agreement which will entitle the Apartment Corporation to cancel the Subscription Agreement and retain as liquidated damages (i) the lesser of (a) the Down Payment made thereunder or (b) ten percent (10%) of the Total Cash Purchase Price plus (ii) an amount equal to the actual costs incurred for any special work ordered by the Interim Tenant in connection with his apartment. Before the Sponsor may utilize an uncured default under the Interim Lease to declare a substantial default under the Subscription Agreement, either (i) the Sponsor must obtain an order of eviction or other judgment or order from a court or agency of competent jurisdiction against the Interim Tenant, or (ii) the Interim Tenant must have vacated the apartment.

If the Subscription Agreement is cancelled by the Apartment Corporation for any reason, Landlord will have the right to simultaneously cancel the Interim Lease and require surrender of the apartment upon thirty (30) days' prior written notice to the Interim Tenant of such cancellation.

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 deductions referred to in the Introduction to this Plan. Such deductions would become available only when and if:

(a) the Plan is declared effective and there is a closing under the Plan, and

(b) the conditions set forth in Attorney's Income Tax Opinion have been met, and then only for the period subsequent to the Closing Date.

J. PROCEDURE TO PURCHASE

A person desiring to purchase shares of the Apartment Corporation will be required to execute, in quadruplicate, a Subscription Agreement in the form set forth in Part II of this Plan, and to return all copies thereof to the Sponsor or the Apartment Corporation c/o the Selling Agent, 304 Park Avenue South, 11th Floor, New York, New York 10010, together with his check for the required "Initial Downpayment" (as defined in the Subscription Agreement). The amount of the Initial Downpayment (a) for tenants in occupancy on the Presentation Date, is One Thousand Five Hundred Dollars ($1,500) and (b) for non-tenant purchasers, is an amount equal to ten percent (10%) of the Total Cash Purchase Price. The "Second Payment" (as defined in the Subscription Agreement) applies only to tenant purchasers and must be made within ten (10) days after written notice from the Sponsor or the Apartment Corporation that this Plan has been declared effective. The amount of the Second Payment is equal to ten percent (10%) of the Total Cash Purchase Price, less the amount of the Initial Downpayment. The "Balance of the Total Cash Purchase Price" (as defined in the Subscription Agreement) must be paid within fifteen (15) days after written notice and demand therefor by the Sponsor or the Apartment Corporation. Said notice will also fix the Closing Date, which date will be not less than thirty (30) days nor more than one hundred eighty (180) days after said notice is given. If the payment is due in advance of the Closing Date, such notice will state the number of days between the scheduled Closing Date and the date payment is due.

Notwithstanding the foregoing, if a purchaser obtains financing from a bank, trust company or other lending institution, then only that portion of the balance of the Total Cash Purchase Price which is not financed need be paid within such fifteen (15) day period. In such case, the purchaser must submit together with such payment (i) a copy of a written commitment from the lending institution (in form satisfactory to counsel for the Apartment Corporation) for the portion of the Total Cash Purchase Price to be financed, (ii) all documents (including the recognition agreement) which the institution will require the Apartment Corporation to execute, and (iii) a check payable to Curtis, Mallet-Prevost, Colt & Mosle, counsel to the Sponsor, in the amount of $250 to cover legal expenses incurred by counsel to the Sponsor in reviewing the institution's Recognition Agreement and related documents, in coordinating the funding of such loan at the closing (including services rendered with

respect to coordinating the presence of a representative of the lender at the closing, assuring the availability of the purchase monies in the form required by the Subscription Agreement, and delivering the stock certificate and Proprietary Lease to the lender) and additionally, the possible preparation of an escrow agreement with the lender as an alternative to the presence of its representative at the closing. If the purchaser complies with the foregoing, then the financed portion of the balance of the Total Cash Purchase Price will be payable on the Closing Date. However, if a purchaser obtains financing from a lending institution and fails to comply with the foregoing within thirty (30) days after written notice and demand, the Sponsor may cancel the purchaser's Subscription Agreement and retain all monies paid thereunder as and for liquidated damages, but in no event to exceed ten percent (10%) of the Total Cash Purchase Price plus the actual costs incurred for any special work ordered by the purchaser.

The obligations of purchasers under the Subscription Agreements are contingent on the obtaining of financing by such purchasers. However, no representation or warranty is made that financing will be available to anyone who subscribes for shares of the Apartment Corporation pursuant to this Plan; and, the failure to obtain such financing will not relieve a purchaser from his obligations under his Subscription Agreement unless he elects to cancel his Subscription Agreement because of such failure not later than five (5) days after expiration of the application period provided for under the Subscription Agreement. The application period shall end on a date the later of thirty (30) days after the execution of the Subscription Agreement by the Purchaser, or the date agreed to by the purchaser and the Sponsor in the Subscription Agreement. If a purchaser does not so cancel his Subscription Agreement before the expiration of such five (5) day period, and then fails to close thereunder, then all monies paid under the Subscription Agreement may be retained by the Sponsor as and for liquidated damages, but in no event to exceed ten percent (10%) of the Total Cash Purchase Price plus the actual costs incurred for any special work ordered by the purchaser. If the Subscription Agreement is timely cancelled by the purchaser, the purchaser's down payment will be returned, together with interest (if any) earned thereon, provided the purchaser is not otherwise in default under the Subscription Agreement.

Purchasers may lose their entire deposits if they fail to fulfill their obligations under the Sub-

scription Agreements. Purchasers are advised to arrange their financing before signing a Subscription Agreement and should be aware that a loan commitment, if obtained, may be for a fixed term which could expire before the Closing Date, and that in any event the actual interest rate may not be fixed until the closing of the loan or terms of the commitment may change prior to actual closing. Purchasers should also be advised that some lending institutions may not consider loan applications or issue commitments without the submission of an executed Subcription Agreement. To minimize the risk of defaulting under the Subscription Agreement, it is recommended that each purchaser who desires to obtain financing inquire about the availability, terms and cost of, as well as the purchaser's eligibility for, financing from a lender before signing and returning the Subscription Agreement.

Each of the above-mentioned payments must be made by the purchaser's personal check drawn on a bank which is a member of the New York Clearing House Association payable to "3203 Nost Limited Partnership-Special Account" with both the Second Payment and Balance of the Total Cash Purchase Price to be made by unendorsed certified check. In the event the Second Payment or the Balance of the Total Cash Purchase Price is not made when due, as hereinabove provided, the Sponsor or the Apartment Corporation may make demand therefor by written notice sent by registered or certified mail, return receipt requested, and upon the expiration of thirty (30) days, in addition to all other remedies, the Sponsor may (at its option) cancel the Subscription Agreement, in which event all rights of the purchaser thereunder shall be terminated, and the purchaser shall forfeit all monies theretofore paid by such purchaser, as and for liquidated damages (but in no event in excess of ten percent (10%) of the Total Cash Purchase Price plus the actual costs incurred for any special work ordered by the purchaser). In the event the Subscription Agreement is so cancelled, the Sponsor will have the right to sell the shares to others as though said Subscription Agreement had never been made (and without accounting to purchaser for the proceeds of such sale), and the purchaser and the Sponsor shall be relieved of all further liability or obligations thereunder and under this Plan.

Prospective purchasers may be required to enter into interim leases as a condition of purchasing the shares allocated to a vacant apartment.

After this Plan has been declared effective, the Sponsor or the Apartment Corporation will submit two

copies of the Proprietary Lease and all documents relating to Article 31-B of the New York State Tax Law (i.e., the New York State Real Property Transfer Gains Tax) and Section 46.10 of Title II of Chapter 46 of the Administrative Code of New York City, as amended (i.e., the New York City Transfer Tax known as the "Pan Am Tax") to the purchaser for execution, which may be submitted by the Sponsor to the purchaser together or at separate times. Both copies of the Proprietary Lease, and all such documents relating to Article 31-B and Section 46.10 must be executed and returned to the Sponsor or the Apartment Corporation within five (5) days after receipt. Failure to execute in duplicate and deliver the Proprietary Lease and all such documents relating to Article 31-B and Section 46.10 within said five (5) day period shall be deemed a default under and a termination of the purchaser's Subscription Agreement and shall result in the forfeiture of all monies theretofore paid by said purchaser pursuant thereto as and for liquidated damages, but in no event to exceed ten percent (10%) of the Total Cash Purchase Price plus the actual costs incurred for any special work ordered by the purchaser.

The Sponsor shall pay any New York State Real Property Transfer Gains Tax and/or any New York City Transfer Tax due and payable in connection with the sale of shares of the Apartment Corporation. Although the Sponsor intends to pay any such New York State Real Property Transfer Gains Tax or the New York City Transfer Tax imposed on the sale of shares of the Apartment Corporation by Section 46.10 of Title II of Chapter 46 of the Administrative Code, as amended, the purchaser of any such shares of stock should be aware that by law, if the Sponsor does not pay all or any part of any such tax, then the purchaser shall be fully liable for any and all such tax due and owing.

The Sponsor or the Apartment Corporation will have the right to terminate a fully executed Subscription Agreement with a tenant in occupancy and retain all monies theretofore paid by such purchaser pursuant to the Subscription Agreement (but in no event to exceed ten percent (10%) of the Total Cash Purchase Price plus the actual costs incurred for any special work ordered by the purchaser), upon a subsequent default under, and termination of, his lease or occupancy agreement, provided that either the Sponsor shall have obtained an order of eviction or other judgment or order from a court or agency of competent jurisdiction against the tenant or such tenant shall have vacated the apartment.

The Sponsor and the Apartment Corporation will promptly deposit all monies received by them, directly or through their agents, employees or escrow agent, in trust, in a special, segregated, non-interest-bearing account at a designated branch office of East River Savings Bank, (the "Bank"), entitled "3203 Nost Limited Partnership-Special Account," until actually employed in connection with the consummation of this Plan, as herein described. In the event the Sponsor elects to convert said account to an interest-bearing account (although the Sponsor has no obligation to do so), the interest earned, if any, on the Initial Downpayment and the Second Payment shall be payable to the purchaser if the Subscription Agreement is terminated other than by reason of default of the purchaser or if closing occurs thereunder. Monies deposited at the Bank pursuant to this Section, will not be released except upon (i) the acquisition of title to the Property by the Apartment Corporation, (ii) default under a Subscription Agreement, (iii) abandonment of this Plan, or (iv) permitted rescission of the Subscription Agreement, whichever shall first occur, and in any event only upon the signature of any member of the firm of Curtis, Mallet-Prevost, Colt & Mosle, 101 Park Avenue, New York, New York, the Sponsor's attorneys. In the event that insufficient funds are raised through this offering to effectuate the purchase of the Property and the consummation of this Plan, or if this Plan is abandoned or withdrawn for any reason whatsoever, then such monies shall be fully returned to all purchasers, with interest earned thereon, if any, as set forth above. Any deposits of a purchaser then in default or whose Subscription Agreement had previously been cancelled will be paid to the Sponsor, but in no event to exceed ten percent (10%) of the Total Cash Purchase Price plus the actual costs incurred for any special work ordered by the purchaser. The amounts paid by the purchasers will be handled in accordance with the provisions of Section 352(h) and 352-e(2)(b) of the GBL.

A purchaser will receive no interest on his Initial Downpayment or any other payment under his Subscription Agreement, whether or not this Plan is consummated and whether or not a purchaser consummates the acquisition of his apartment unless the Sponsor elects, in its sole discretion, to place such payment(s) in an interest-bearing account. Additionally, in the event that there is a closing under this Plan and the purchaser defaults in his obligations pursuant to the Subscription Agreement beyond the applicable grace period, such purchaser may forfeit all monies theretofore paid by him under the Subscription Agreement; provided, however, the maximum amount so forfeited will be the lesser of (a) ten

percent (10%) of the Total Cash Purchase Price for the applicable apartment plus the actual costs incurred for any special work ordered by the purchaser and (b) the amount of monies theretofore paid by him under the applicable Subscription Agreement.

The following closing fees will be charged to the purchaser by the attorneys for the Sponsor for their services rendered to the Sponsor in connection with each closing by a purchaser of shares:

(a) $300 for each closing;

(b) $250 for coordinating a closing with the purchaser's bank or other lender;

(c) $300 if the purchaser does not pay the balance of his purchase price on time; and

(d) $300 attendance fee if the closing occurs other than at the time and place designated by the Sponsor.

The above closing costs are cumulative to the extent applicable to an individual closing. All closings will be held only in the City of New York.

All non-tenant purchasers shall have the right to review this Plan and all filed amendments hereto for a period of three (3) business days prior to executing a Subscription Agreement or they may rescind their Subscription Agreements and receive a refund of all monies paid thereunder if, during the seven (7) day period immediately following delivery of the executed Subscription Agreement and the Initial Downpayment, such non-tenant purchaser either (i) personally delivers a written notice of rescission to the Sponsor or the Selling Agent or (ii) mails the notice of rescission to the Sponsor or the Selling Agent at their respective addresses set forth herein and has the mailing post-marked within said seven (7) day period. All tenant purchasers must be afforded not less than three (3) business days to review this Plan and all amendments prior to executing a Subscription Agreement.

The Sponsor must accept a Subscription Agreement from a tenant purchaser who submits a signed Subscription Agreement and check for the required Initial Downpayment to the Selling Agent, if such Subscription Agreement is tendered during the time in which the tenant purchaser has the exclusive right to purchase the shares allocated to his apartment under this Plan. Such tenant purchaser will

receive a fully executed counterpart of his Subscription Agreement from the Selling Agent. If the Subscription Agreement does not pertain to the shares allocated to the tenant purchaser's apartment or is submitted after the expiration of his exclusive right to purchase such shares, or a non-tenant purchaser submits a signed Subscription Agreement and check for the required deposit to the Selling Agent, such tenant purchaser and non-tenant purchaser will be notified within thirty (30) days after such submission whether the Subscription Agreement has been accepted or rejected by the Sponsoer or the Apartment Corporation. If the Subscription Agreement is accepted, a fully executed counterpart will be returned to the purchaser by the Selling Agent. If such purchaser receives no response within the 30-day period, his Subscription Agreement will be deemed rejected and cancelled and all monies paid thereunder shall be refunded promptly thereafter. Under no circumstances will the Subscription Agreement be binding upon the Sponsor or the Apartment Corporation until it is executed and delivered by the Apartment Corporation.

The Sponsor and the Apartment Corporation reserve the right to request thorough identification and other information, concerning any prospective non-tenant purchaser, including but not limited to personal references and financial statemenmts.

The Subscription Agreement provides, among other things, that a purchaser will accept the apartment to which the purchased shares are allocated in the condition in which such apartment will be on the Closing Date.

A tenant of record has no right to purchase vacant apartments, or any other apartment which is not leased to him. However, the Sponsor may, in its sole discretion, offer to tenants of record on a "first come-first served" basis, the right to purchase any such vacant apartment at the same price as is then applicable to non-tenant purchasers. In any such event, the Sponsor shall disclose that such an apartment will be made available to tenants of record, in a notice posted in a prominent place at the Building at least two days prior to the time when a tenant of record may put its name on the list (which list shall be kept by the Selling Agent). A tenant of record who purchases a vacant apartment shall not be offered an Interim Lease for the vacant apartment. Prior to offering vacant apartments to tenants of record, the Sponsor shall disclose its intention to do so in a duly filed amendment to this Plan.

The rights granted under this Plan to purchasers and non-purchasing tenants may not be abrogated or reduced regardless of any expiration of, or amendment to, the GBL.

If prior to the later of the Closing Date and the expiration of any exclusive purchase period which begins prior the Closing Date, the Sponsor amends the terms and conditions of this offering to be more favorable to tenant purchasers, a tenant who was in occupancy on the Presentation Date and who executed and submitted a Subscription Agreement and the required deposit before the Sponsor amended the terms of this Plan shall benefit from the more favorable terms and conditions.

The Subscription Agreement and this Plan may not contain, or be modified to contain, a provision waiving a purchaser's rights or abrogating the Sponsor's obligations under Article 23-A of the GBL. The Subscription Agreement to be used by eligible tenants who subscribe during an exclusive purchase period may not be modified except by a duly filed amendment to this Plan.

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

A complete copy of the Subscription Agreement appears in Part II of this Plan.

K. ASSIGNMENT OF SUBSCRIPTION AGREEMENTS

The Subscription Agreement is not assignable or transferable by the purchaser.

L. EFFECTIVE DATE

1. The Plan may not be declared effective unless, within 15 months from the date this Plan is accepted for filing by the Department of Law, Subscription Agreements have been executed and delivered for shares allocated to at least fifteen percent (15%) of the Apartments at the Property by bona fide tenants in occupancy or bona fide purchasers who represent that they or a specified member of their immediate family occupy the Apartment or intend to occupy the Apartment when it becomes vacant. In calculating this minimum percentage required to declare this Plan effective, no more than one Subscription Agreement by the tenant or tenants of a particular Apartment may be counted. In addition, only one Subscription Agreement from any tenant who leases or occupies more than one Apartment shall be counted towards effectiveness. As

to tenants who were in occupancy on the date a letter was issued by the Attorney General accepting the plan for filing, the Subscription Agreement shall be executed and delivered pursuant to an offering made in good faith, without fraud or duress, discriminatory repurchase agreements or other discriminatory inducements.

2. The Plan will not be declared effective based on Subscription Agreements:

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

(b) assigned or transferred without compliance with Section 18.3(q) of the regulations of the Department of Law; or

(c) if the subscriber was not afforded the protections required by section 18.3(p)(9) of the regulations of the Department of Law; or

(d) 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 as 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 in the count provided that the Sponsor submits proof satisfactory to the Department of Law establishing that the purchaser is either a bona fide purchaser who represents that he or she or one or more members of his or her immediate family intends to occupy the dwelling unit when it becomes vacant.

3. The Plan may be declared effective by (i) an amendment to the Plan, or (ii) by serving notice on each tenant in occupancy and non-tenant purchaser stating that the Plan is declared effective and submitting an amendment to the Department of Law within five days confirming that the Plan was declared effective on a specified date. No closing for the purchase of shares

allocated to an Apartment shall be held until such amendment is accepted for filing by the Department of Law.

4. When Subscription Agreements have been executed and accepted for the sale of shares allocated to 80% or more of the Apartments at the Property offered under this Plan, the Sponsor must declare this Plan effective.

5. If the Plan is not declared effective within fifteen (15) months from the date that the Plan is accepted for filing, the Plan shall be deemed abandoned, void and of no effect, and no new plan for the conversion of the Property to cooperative ownership may be submitted to the Department of Law for at least twelve (12) months after such abandonment.

6. The Sponsor, at its option, may declare the Plan abandoned for any reason whatsoever before the Plan is declared effective. In the event this Plan is deemed abandoned, the Sponsor shall promptly file a notice of abandonment with the Department of Law and explain the reason for the abandonment and account for the disposition of all funds received. All monies paid by the purchasers shall be refunded to them in full, together with any interest earned thereon, within thirty (30) days after the notice of abandonment is filed with the Department of Law.

7. Once the Plan has been declared effective, it may not be abandoned except for (i) a defect in title which cannot be cured without litigation or cannot be cured for less than $49,500 or (ii) work orders of a mortgagee or violations of record after the Presentation Date which cannot be cured for less than $49,500, or (iii) substantial damage or destruction of any of the Building by fire or other casualty which cannot be cured for less than $49,500, or (iv) the taking of any material portion of the Property by condemnation or eminent domain. The calculation of the cost of curing such title defect or violation or performing such work order shall exclude any title defects, violations, work orders or determinations of any authority or regulatory association, which exist on the Presentation Date and are either known to Sponsor or are a matter of public record.

After this Plan has been declared effective, the Sponsor shall fix a date for the closing of title to the Property to the Apartment Corporation, which date (the "Closing Date") shall be not less than thirty (30) days

nor more than one hundred eighty (180) days after the Sponsor has declared this Plan effective, unless the closing is adjourned.

On the Closing Date, fee title to the Property will be conveyed to the Apartment Corporation by the Sponsor. Thereafter, each purchaser will be obligated for the payment of maintenance charges for his apartment pursuant to his Proprietary Lease, and such payment of maintenance charges will become due after the Closing Date whether or not the tenant in possession, if any, 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 that any such purchaser has paid his respective Total Cash Purchase Price and has complied with all of his obligations under the Subscription Agreement.

If the Apartment Corporation takes title to the Property before Proprietary Leases and certificates for the shares of the Apartment Corporation are delivered to purchasers, the Sponsor shall indemnify the Apartment Corporation and the purchasers against any liability incurred by the Apartment Corporation before the certificates for such shares and Proprietary Leases are delivered. Under such circumstances, the Sponsor shall also update the title search for the Property before the first closing to a purchaser and if there are any judgments or liens or if litigation has been commenced, other than as disclosed in the Plan, the Sponsor shall amend this Plan prior to the first closing to a purchaser. The Sponsor shall submit to the Department of Law copies of all Subscription Agreements (including all amendments or modifications) within five (5) business days after request is made therefor.

M. TERMS OF MORTGAGES

The Property is presently encumbered by a consolidated first mortgage (the "First Mortgage") held by East River Savings Bank, in the original consolidated principal amount of $10,950,000. The First Mortgage matures on December 19, 1991. The First Mortgage is a blanket mortgage which also encumbers the properties known as 3165 and 3202 Nostrand Avenue, Brooklyn, New York. This is an acquisition loan mortgage, and will be dealt with at or prior to closing in the manner hereinafter set forth.

The Property is also presently encumbered by a second mortgage (the "Second Mortgage") held by Riverbridge Realty Corp. in the original principal amount of $2,500,000. The Second Mortgage matures on December 19, 1991. The Second Mortgage is a blanket mortgage which also encumbers the properties known as 3165 and 3202 Nostrand Avenue, Brooklyn, New York. This is an acquisition and development loan mortgage, and will be dealt with at or prior to closing in the manner hereinafter set forth.

On or before the Closing Date, the Sponsor will arrange for the Apartment Corporation to accept title to the Premises subject to mortgage indebtedness, the terms of which shall not be more onerous than the terms described below. The mortgage (the "Mortgage") will be in the maximum principal amount of $2,475,000 with interest at the rate not exceeding 10-3/4% per annum for the first five years of the term of the Plan and, thereafter, if the loan does not mature on the fifth anniversary of the loan closing date, then interest shall be at the then prevailing rate for similar loans. Monthly payments of interest only at said rate will be required. There will be no amortization payments due under the Mortgage during the term thereof. The entire unpaid principal balance of the Mortgage together with accrued unpaid interest thereon will be due and payable on a date designated by Sponsor prior to the Closing Date by duly filed amendment to this Plan which date designated shall be not earlier than the fifth anniversary of the Closing Date or later than the tenth anniversary of the Closing Date. The First Mortgage may be split into separate liens, one of which would encumber only the Property, and as so split, assigned to the holder of the Mortgage on or prior to the consummation of the Plan. The Property will be released from the lien of the Second Mortgage on or prior to the consummation of the Plan. If the mortgage indebtedness subject to which

the Apartment Corporation will accept title at the closing is not in place prior to conveyance of the Property to the Apartment Corporation, then the Apartment Corporation at the closing will execute and deliver to the party providing the financing subject to which the Apartment Corporation will accept title as set forth in this Section M, a note and mortgage in the principal amount of $2,475,000 (and otherwise on the terms provided for above) or in the case of an assignment of the First Mortgage, in a principal amount equal to the difference between the aggregate principal amount of the Mortgage and the principal balance of the First Mortgage on such date. The Apartment Corporation would also then execute and deliver a consolidation, extension and modification agreement whereby such new mortgage will be consolidated with the First Mortgage and the payment terms thereof modified to provide the Mortgage as set forth above.

The Mortgage will be provided by the Sponsor or by an institutional lender or by a reputable and responsible person or partnership or corporation. The Sponsor, if it provides the Mortgage, reserves the right to provide either a first purchase money mortgage on the terms above described, which may be a wraparound mortgage, or a first and second mortgage, or to take, by assignment, the existing first mortgage and extend it upon terms which will result in a mortgage indebtedness aggregating no more than $2,475,000 whose terms shall require payments not in excess of the amount set forth above. If the Sponsor provides a purchase money wraparound mortgage, the following provisions A through D shall apply thereto:

A. The holder of the Mortgage will have the right to cause the Apartment Corporation to place an additional mortgage (an "Underlying Mortgage") upon the Property, subject to the conditions described below. All proceeds of any Underlying Mortgage will be the sole property of, and payable to, the holder. Payment of such proceeds to the holder will not reduce or otherwise affect the Apartment Corporation's obligations under the Mortgage, including, but not limited to, the Apartment Corporation's obligation to make payments to the holder thereof.

B. In the event an Underlying Mortgage is placed upon the Property, the Mortgage will be "wrapped-around" the Underlying Mortgage, and the Mortgage, by its terms, will obligate the holder thereof to make, when due,

all payments of principal and interest on the note secured by the Underlying Mortgage. In the event that the holder of the Mortgage fails to perform its obligations thereunder with respect to the payment of principal and interest under the Underlying Mortgage, the Apartment Corporation will be compelled to make said payments to preserve its interests in the Property. In such event, however, the Mortgage will be deemed satisfied unless (i) the holder thereof becomes current on all past due payments, (ii) the holder of the Underlying Mortgage has not commenced foreclosure proceedings because of the default, or has discontinued such proceedings which have been commenced because of the default, and (iii) the holder of the Mortgage pays all expenses incurred by the Apartment Corporation as a result of such default, including without limitation reasonable legal fees. If the events described in clauses (i), (ii) and (iii) above occur, the Mortgage will not be deemed satisfied and will remain in full force and effect.

C. The right to cause the Apartment Corporation to place an Underlying Mortgage upon the Property is subject to the following conditions:

(1) The original principal amount of the Underlying Mortgage may not exceed the then outstanding principal balance of the Mortgage.

(2) The Underlying Mortgage must be due and payable no later than the maturity date of the Mortgage.

(3) The Underlying Mortgage must amortize in a manner such that the unpaid principal balance thereof will never exceed the unpaid principal balance of the Mortgage (computed for this purpose without consideration of any voluntary prepayments made thereunder by the Apartment Corporation).

(4) The amount of the monthly payment due under the Underlying Mortgage may never exceed the amount of the monthly payment due under the Mortgage.

(5) The holder must pay all expenses actually incurred by the Apartment Corporation in connection with the creation and funding of the Underlying Mortgage, including the Apartment Corporation's reasonable legal fees in connection with the Underlying Mortgage.

D. The Mortgage will: (i) provide that the holder's interest therein will stand as security for the fulfillment of its obligations to make all periodic and final payments under any Underlying Mortgage, (ii) be executed and acknowledged by the holder thereof and the Apartment Corporation, (iii) provide that any assignee of or successor to the holder's interest therein will be bound by the holder's obligation to make all periodic and final payments under any Underlying Mortgage and (iv) contain an undertaking that any assignee of the holder's interest therein, as well as the assignor, will execute and acknowledge the assignment instrument.

Until the Mortgage is paid in full, the Apartment Corporation will not be permitted to create any additional mortgages or security interests affecting the Property, nor will the Apartment Corporation be permitted to sell or transfer its interest in the Property, without the prior written consent of the holder of the Mortgage. The holder may grant or withhold any such consent in its sole discretion.

Events of default under the Mortgage entitling the holder thereof to accelerate the payment of the outstanding principal balance and accrued interest include: (i) default in the payment of any installment of principal or of interest under the note secured by the Mortgage for five (5) days after notice of such non-payment is given; (ii) upon default in keeping in force the insurance required by the Mortgage; (iii) upon the assignment of all or any part of the rents, income or profits of the Property; (iv) the further encumbrance of the Apartment Corporation's interest in the Property without the holder's prior written consent; and (v) the sale, assignment or other transfer of the Apartment Corporation's interest in the Property (or any portion thereof) without the holder's prior written consent.

Assuming that each installment due under the Mortgage is paid when due, that the term of the Mortgage is 7 years, and that no amortization payments are required, the remaining principal balance of the Mortgage due at the time of maturity will be $2,475,000 or approximately $86.4901 per share, and, if the Apartment Corporation does not arrange for the refinancing or extension of the Mortgage, it will have the responsibility of payment of the principal indebtedness then due. No representations are made as to the availability of funds for refinancing, the interest rate or the cost of refinancing, at the time the Mortgage becomes due. If the terms of the refinancing are more onerous than those of the Mortgage, it may be necessary to increase maintenance charges to tenant-shareholders to meet any increased expense.

The Mortgage will provide that, in the event of a casualty to the Property, insurance proceeds will be made available for the restoration of the Property, unless the Apartment Corporation is in default under the Mortgage.

The Mortgage indebtedness will not be prepayable. The mortgagee's interest in the Mortgage will be assignable or transferable at any time by the holder thereof.

The Mortgage will require the Apartment Corporation, at the option of the holder of the Mortgage, to deposit on the first day of each calendar month a payment equal to 1/12th of the annual charges payable in respect of real estate taxes, water rates, and sewer rents which are or might become payable upon and in respect of the Property, and an amount equal to 1/12 of the annual insurance premiums with respect to insurance coverage on the Property, as estimated from time to time by the mortgagee, and in any event in an amount such that there shall be in the hands of the mortgagee not later than one month prior to the respective due dates of such charges, an amount sufficient to pay such charges in full when due.

All fixtures, chattels, and articles of personal property attached to or used in connection with the operation of the Property and owned by the Apartment Corporation, including any such fixtures, chattels and articles of personal property located within the apartments, and all fixtures, chattels and articles of personal property which thereafter may be attached to or used in connection

with the operation of the Property, whether replacement or additional and whether installed by the Apartment Corporation or a tenant-shareholder, shall be covered by the Mortgage.

The insurance coverage reflected in Schedule B to this Plan will be sufficient to satisfy the insurance required under the Mortgage as of the Closing Date.

If any payment required to be made under the Mortgage is overdue for more than five days after such payment is due, a late charge of six (6) cents on every dollar so overdue may be assessed thereon.

The Mortgage will have the other standard provisions contained within most mortgages of similar lien used by banking institutions in the City of New York.

N. FINANCING FOR QUALIFIED PURCHASERS

The Sponsor has not made and does not hereby make any commitment to furnish financing of any portion of the Total Cash Purchase Price to individual purchasers.

Presently, both state-chartered and federally-chartered banks are making loans to finance the purchase of cooperative apartments. No representation, warranty or guaranty is made by the Sponsor that any purchaser will be able to obtain any such loan or with respect to the terms, conditions or availability of any such loan.

O. SUMMARY OF PROPRIETARY LEASE

The Proprietary Lease will be for a term ending on December 31, 2062, but may be extended by vote of the shareholders. As a tenant, each shareholder of the Apartment Corporation will be obligated to pay the maintenance charges for his apartment, as fixed by the Board of Directors, whether or not such maintenance charges are in excess of the amounts projected in Schedule A. Such maintenance charges payable by a tenant for each year (or portion thereof) shall be equal to that proportion of the Apartment Corporation's cash requirements for such year which the number of shares allocated to said tenant's apartment bears to the total number of issued and out-

standing shares of the Apartment Corporation. Some of the important provisions of the Proprietary Lease are as follows:

1. A lessee may cancel his Proprietary Lease if he is not in default thereunder, and surrender his shares to the Apartment Corporation (without receiving any compensation therefor), effective on any September 30th after the third anniversary of the closing under this Plan, on at least six (6) months' prior written notice to the Apartment Corporation, and if he elects to so cancel, he will have no liability for payment of maintenance charges after the effective date of such cancellation, but will remain liable for any indebtedness owing prior to such effective date. Holders of Unsold Shares may not cancel their Proprietary Leases unless (i) shareholders owning a majority of the Apartment Corporation's outstanding shares (other than Unsold Shares) shall have given notice of intent to cancel, or (ii) all Unsold Shares constitute fifteen percent (15%) or less of the Apartment Corporation's outstanding shares, at least five (5) years have elapsed since the Apartment Corporation acquired title to the Building, and, on the effective date of cancellation, holders of Unsold Shares shall pay to the Apartment Corporation a sum equal to the product of the then current monthly maintenance charges payable under the Proprietary Lease multiplied by twenty-four (24).

2. A lessee may not sell his shares or assign his Proprietary Lease, or sublet his apartment, at any time, without first complying with the provisions of the Proprietary Lease and the Apartment Corporation's By-Laws, which require that consent thereto be authorized by resolution of the Board of Directors or be given in writing by a majority of the directors or (if the Board shall have failed or refused to give its consent) by written consent or vote of shareholders owning at least 65% of the Apartment Corporation's outstanding shares (which consent, in each such case, may be arbitrarily withheld, provided such refusal is not based upon race, color, creed or other ground proscribed by law). In the case of an assignment, the same may not be effected without complying with additional requirements of the Proprietary Lease (see Paragraph 16 thereof); and, with respect to a subletting, the Board of Directors or shareholders may impose such conditions therefor as they desire. In addition, a charge determined by the Board of

Directors may be collected to cover reasonable legal fees and other expenses of the Apartment Corporation (including charges of the then managing agent) in connection with such assignment or subletting. The foregoing provisions are not applicable to the holders of Unsold Shares who may freely sell the shares and appurtenant Proprietary Leases and freely sublet the apartments to which such shares are allocated, without first obtaining consent and without payment of any charges. See Paragraphs 15, 16, 38 and 39 of the Proprietary Lease.

3. A lessee will be responsible for the cost of interior repairs (including maintenance and replacement of all appliances, any air conditioning units, plumbing, heating and other fixtures and equipment) and decorating his apartment. The written consent of the Apartment Corporation is required before alterations or additions may be made in an apartment or to its fixtures and equipment (which consent may not be unreasonably withheld or delayed). Notwithstanding the foregoing, a holder of Unsold Shares may make alterations or additions in or to his apartment (and to its fixtures and equipment) without first obtaining the Apartment Corporation's consent.

4. A lessee will have the right to pledge his shares and assign his Proprietary Lease to a recognized lending institution. No loan may exceed the maximum amount fixed by the Apartment Corporation from time to time, except a loan obtained by or from a holder of Unsold Shares. If prior written notice of such pledge is received from the lender, the Apartment Corporation will notify said lender of any default by the tenant-shareholder under his Proprietary Lease, and the lender will have an additional period of time, equal to the time originally given the tenant-shareholder, within which to cure said default. See Paragraphs 17 and 39 of the Proprietary Lease.

5. On the happening of any of the following events of default, the Apartment Corporation may terminate the Proprietary Lease:

(i) The Proprietary Lease and the shares are not owned by the same person;

(ii) Certain acts of bankruptcy or insolvency of the tenant-shareholder;

(iii) An assignment of the Proprietary Lease or subletting of an apartment without compliance with the terms of the Proprietary Lease, or an unauthorized occupancy of an apartment which continues for ten (10) days after written notice from the Apartment Corporation;

(iv) Failure for at least one (1) month in the payment of maintenance or other charges which is not cured within ten (10) days after written notice from the Apartment Corporation;

(v) Failure to perform any other covenant of the Proprietary Lease which is not cured within thirty (30) days after written notice from the Apartment Corporation;

(vi) A determination that the lessee's tenancy is undesirable by (a) two-thirds of the members of the Board of Directors and (b) the record holders of sixty-six and two-thirds percent (66-2/3%) of the Apartment Corporation's then issued and outstanding shares;

(vii) A determination to terminate all Proprietary Leases by (a) two-thirds of the members of the Board of Directors and (b) the record holders of sixty-six and two-thirds percent (66-2/3%) of the Apartment Corporation's then issued and outstanding shares;

(viii) If the Building shall be destroyed or damaged and the shareholders shall decide not to repair or rebuild, as provided in Paragraph 4 of the Proprietary Lease; or

(ix) If at any time the Building or a substantial portion thereof shall be taken by condemnation proceedings.

Upon the occurrence of such default which is uncured within the applicable grace period, if any, the Apartment Corporation may take possession of the apartment and, at its option, relet same for the account of the defaulting proprietary lessee. Notwithstanding such reletting or termination, the lessee will continue to be

liable for the payment of maintenance charges until his apartment is sold; and, if the proceeds of such sale are insufficient to liquidate the indebtedness owing to the Apartment Corporation, the lessee will remain liable for such deficiency. Any surplus will be paid over to the lessee after first paying therefrom all liens on his stock or apartment (of which the Apartment Corporation has notice), in the order of priority of such liens. Reference should be made to Paragraph 31 of the Proprietary Lease as to other conditions under which the same may be terminated by the Apartment Corporation.

6. Non-purchasing tenants (i) shall not be evicted (except by reason of nonpayment of rent, illegal use or occupancy, refusal of reasonable access to the owner or a similar breach by the tenant of his obligations to the landlord) until the expiration of his lease and any renewal thereof required to be made under the RSL or the RCL; (ii) shall not be evicted by the proprietary lessee for purposes of owner occupancy, (iii) who reside in dwelling units subject to governmental regulations as to rentals and continued occupancy shall continue to be subject thereto; and (iv) who reside in dwelling units not subject to governmental regulations as to rentals and continued occupancy or who reside in dwelling units with respect to which government regulations as to rentals and continued occupancy are eliminated or become inapplicable after this Plan has become effective, shall not be subject to unconscionable rental increases beyond ordinary rentals for comparable apartments during the period of their occupancy. In considering comparability, consideration should be given to such factors as building services, level of maintenance and operating expenses. The sections of the Proprietary Lease concerning non-purchasing tenants may not be subsequently amended or deleted.

7. Subject to certain limitations hereafter set forth, the Board of Directors may from time to time in its judgment establish such reserve for capital expenditures (including without limitation, reserves for capital improvements, capital repairs or alterations or modifications to the Building's structure and components, and a reserve for mortgage amortization), and other contingencies as it may deem proper, payments to which reserves shall be treated on the books of the Apartment Corporation as capital contributions and not as income. The creation

and amount of such fund shall be conclusive as to all lessees.

8. The Board of Directors will set the cash requirements for the Apartment Corporation based upon its determination of the amounts that are necessary and proper for operation, maintenance, alteration and improvement of the Property, possibly including the creation of reserves for contingencies and the payments of other obligations and expenses. The Board of Directors may modify its prior determination as to necessary cash requirements. Maintenance charges due from each shareholder will be the proportion of the Apartment Corporation's cash requirements for a given period which the number of shares allocated to the apartment covered by the Proprietary Lease bears to the total number of issued and outstanding shares of the Apartment Corporation.

9. A lessee may use his apartment only for residential purposes, and for no other purpose unless otherwise consented to in writing by the Apartment Corporation. The foregoing is not applicable to the holders of Unsold Shares, who may also use their apartments as models and offices in connection with the offering or sale of the shares allocated to such apartments or the leasing of such apartments or any other lawful purpose.

The Proprietary Lease also incorporates within its terms the obligations of holders of Unsold Shares of apartments which are occupied by non-purchasing tenants, as such obligations are described in this Plan.

The terms of the Proprietary Lease may be changed only by the approval of lessees owning at least seventy-five percent (75%) of the Apartment Corporation's outstanding shares, except that no change shall be made in the provisions of the Proprietary Lease which shall (i) affect the right of a holder of Unsold Shares to sublet his apartment or to assign the Proprietary Lease or (ii) eliminate or modify any other right or privilege of such holder of Unsold Shares unless a majority of the holders of Unsold Shares shall consent thereto.

The form of Proprietary Lease is printed in full in Part II of this Plan. Prospective purchasers are urged to read the entire Proprietary Lease carefully. The foregoing summary of the provisions of the Proprietary

Lease does not purport to be a complete statement of its important provisions.

P. APARTMENT CORPORATION

The Apartment Corporation was formed on May 1, 1987 pursuant to the Business Corporation Law of the State of New York. The Apartment Corporation will be authorized to issue 40,000 shares of common stock.

Except as provided for below, the affairs of the Apartment Corporation shall be governed by the Board of Directors which shall consist of not less than three (3) nor more than seven (7) directors elected by the shareholders. The first Board to be elected by the Shareholders shall consist of five (5) members. Directors shall be at least twenty-one (21) years of age, but need not be residents of the State of New York or shareholders of the Apartment Corporation. The President of the Apartment Corporation must be a member of the Board of Directors but none of the other officers need be a member of the Board.

The initial directors of the Apartment Corporation will be William J. Mocsy, Howard J. Lazarus and Arthur J. Rosner. The following persons will serve as the initial officers of the Apartment Corporation:

William J. Mocsy	-	President and Treasurer
Howard J. Lazarus	-	Vice President and Secretary

William J. Mocsy and Howard J. Lazarus are the sole shareholders of the corporate general partner of the Sponsor. Arthur J. Rosner is a member of the law firm which is counsel to the Sponsor in connection with the preparation of this Plan. Such directors will resign in favor of directors to be elected by the shareholders at a meeting to be held within approximately sixty (60) days after the Closing Date, such resignations to be effective on the election of the new Board, and the Directors then so elected will, in turn, elect Officers. Provision has been made for cumulative voting for directors consistent with the requirements of the New York Business Corporation Law; therefore, shareholders will be entitled to cast one vote per share held, multiplied by the number of directors to be elected and

may cast all of such votes for one or more nominees in any proportion desired.

To the extent allowed by law, directors are subject to removal, without cause, by a vote of the majority of the shareholders present in person or by proxy at a meeting at which a quorum is present; provided, however, that the Proprietary Lease provides that the directors elected by the holders of Unsold Shares can be removed only by such holders of Unsold Shares who alone will have the right to designate a replacement.

To the extent allowed by law, the Apartment Corporation shall indemnify (i) any person who is made a party to an action by or in the right of the Apartment Corporation, by reason of the fact that such person is a director or officer of the Apartment Corporation, against the reasonable expenses, including attorneys' fees, incurred by him in connection with the defense of such action, and (ii) any person, made or threatened to be made a party to an action or proceeding (whether civil or criminal) by reason of the fact that he was a director or an officer of the Apartment Corporation, against judgments, fines, amounts paid in settlement, and reasonable expenses, including attorneys' fees, incurred as a result of such action or proceeding, if such director or officer acted in good faith, for a purpose which he reasonably believed to be in the best interest of the Apartment Corporation and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful.

No salary or other compensation for services shall be paid to any director or officer of the Apartment Corporation for services rendered as such director or officer, or otherwise, 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 of record owning at least a majority of the then outstanding capital stock.

Until such time as the Unsold Shares constitute less than twenty-five percent (25%) of the shares of the Apartment Corporation or five (5) years following the Closing Date, whichever is earlier, the Board of Directors may not cause the Apartment Corporation to perform the

following acts, without the consent of a majority of the holders of Unsold Shares:

(A) Increase the number, or change the type of, any employees for the Property, however, this provision shall not bar a majority of the Directors from removing or replacing the Managing Agent in accordance with the terms of the Management Agreement;

(B) Provide any services or equipment for the Property in excess of those provided in Schedule B;

(C) Increase the annual management fee, budgeted insurance or fidelity bond and accounting fees;

(D) Refinance or increase the mortgage;

(E) Prepay any interest or amortization on the mortgage;

(F) Make a new mortgage;

(G) Increase the Contingency Fund set forth in Schedule B or establish or accrue a reserve, working capital or operating fund, however designated for any purpose whatsoever, subject to subparagraph (J) below;

(H) Sell, transfer or assign its interest in the Property;

(I) Make any assessment for capital improvements whether so designated on the books of the Apartment Corporation or not; or

(J) Spend any sums, for any purposes whatsoever, other than those expenses set forth in Schedule B or expenses to (i) comply with applicable laws or regulations, (ii) comply with any work orders of a mortgagee or insurance carrier or (iii) cure a notice of default by a mortgagee.

Thereafter, until all Unsold Shares or shares held by "purchasers for investment or resale" (as hereinafter defined) have been sold to purchasers for occupancy, no assessment for capital improvements shall be made unless the Reserve Fund and any working capital fund has been exhausted.

The Apartment Corporation shall have a lien on each shareholder's shares to secure the payment of maintenance charges, assessments, and other indebtedness under the Proprietary Lease, as well as the faithful performance of all terms, covenants and conditions of such Proprietary Lease, and, in the case of a purchaser of an occupied apartment, the replenishment of the deposit equal to two-months' maintenance charges to be used as working capital to furnish services required under the non-purchasing tenant's lease and under applicable law. Such lien (i) shall be superior to the lien (if any) of any lender in the shares owned by, and the Proprietary Lease made with, each tenant-shareholder and (ii) will allow the Apartment Corporation to sell the shares and appurtenant Proprietary Lease in the event of nonpayment and apply the proceeds of sale to any unpaid maintenance charges or other indebtedness.

The holders of Unsold Shares and Purchasers for Investment or Resale, shall be entitled to vote all shares held by them for any number of directors, but may not exercise voting control of the Board of Directors for more than five (5) years after the Closing Date, or whenever the Unsold Shares constitute less than fifty percent (50%) of the issued shares, whichever is earlier. So long as holders of Unsold Shares continue to own five percent (5%) or more of the outstanding shares of the Apartment Corporation, but less than a sufficient number of shares to elect at least one director, the holders of Unsold Shares will have the right, for a period of five (5) years after the Closing Date, jointly to designate one (1) director.

All expenses of the Apartment Corporation accruing up to and including the Closing Date will either be paid by the Sponsor or the Apartment Corporation from the Total Cash Purchase Prices or be allowed as an adjustment against the purchase price of the Property as provided in the Section entitled "Contract of Exchange."

The Apartment Corporation shall be obligated to furnish to the holders of any Unsold Shares and any tenants or subtenants of the apartments corresponding to such Unsold Shares, all services furnished to all other shareholders and their respective tenants and subtenants on a Building-wide basis pursuant to the applicable Proprietary Leases, including, without limitation, hot and

cold water, sewage disposal, garbage disposal, access to the public areas of the Property, heat, and Building maintenance and repairs.

The By-Laws may be amended, altered, repealed or added to at any shareholders' meeting by vote of at least two-thirds of the then outstanding capital shares or at any Board of Directors meeting by a majority vote (other than certain sections of the By-Laws). Notwithstanding the foregoing, the By-Laws may not be amended, altered, repealed or added to, so long as any shares of the Apartment Corporation are held by holders of Unsold Shares without the consent of a majority of all such holders of Unsold Shares.

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

It should be noted that notwithstanding the Apartment Corporation's qualification as a cooperative housing corporation under Section 216 of the Code, the Apartment Corporation is an entity subject to Federal income tax on its net income. Furthermore, even if the Apartment Corporation has no net income or incurs a net loss after taking depreciation into account, it may incur some income tax liability. In the "Budget for the First Year of Cooperative Operation" contained in the Plan, the Apartment Corporation is projected to receive certain income from sources other than tenant-stockholders. In addition, it is possible that the Apartment Corporation may realize additional income from investment of the Reserve Fund and working capital fund, if any, it may retain on the Closing Date or other funds it may obtain from time to time. If the total income from these sources exceeds the Apartment Corporation's expenses attributable to earning such income (including depreciation), such excess income may be taxable to the Apartment Corporation under Section 277 of the Code notwithstanding that the Apartment Corporation may otherwise incur a net loss for the year. In such event, if any budgeted reserve for contingencies is insufficient to pay the resulting taxes, the Apartment Corporation may have to increase the maintenance charges payable by tenant-stockholders or levy a special assessment to cover such tax payment. The reader is directed to the Attorney's Income Tax Opinion in Section F of this Plan for a discussion of the applica-

bility of Section 277 of the Code to the Apartment Corporation.

A copy of the By-Laws of the Apartment Corporation is set forth in Part II of this Plan.

Q. UNSOLD SHARES

All of the Apartment Corporation's shares which have not been subscribed to and fully paid for on or prior to the Closing Date ("Unsold Shares") will be acquired by the Sponsor or financially responsible individuals and/or qualified persons or entities produced by the Sponsor provided, in the latter case, they qualify as "tenant-stockholders" under the Code. The Sponsor and any such individuals and/or persons or entities designated by the Sponsor to hold Unsold Shares, are collectively referred to herein as "holders of Unsold Shares." Unsold Shares will retain their character as Unsold Shares (regardless of transfer) until either (a) the apartment to which such shares are allocated is occupied by a holder of Unsold Shares (or a family member of such holder) or (b) such shares are purchased by a purchaser for occupancy (by himself or by a member of his family). Upon receipt thereof, the Sponsor may sell, transfer and/or convey the Unsold Shares previously acquired by it to individual shareholders and/or qualified persons or entities produced by the Sponsor. The Sponsor represents that any such individuals or persons or entities shall be financially responsible. The Sponsor or any such shareholders, as the case may be, as tenants, will execute Proprietary Leases for the apartments to which such Unsold Shares are allocated.

The Apartment Corporation will have a lien on all Unsold Shares to secure the payment and performance of the obligations of the Sponsor and holders of Unsold Shares under the Proprietary Lease. No bond or other security has been or will be furnished by the Sponsor or any other holder of Unsold Shares, and their ability to perform will depend solely upon their respective financial conditions if and when called upon to perform. If any of the holders of Unsold Shares produced by the Sponsor fails to fulfill his obligations under his Proprietary Lease after the expiration of any applicable grace period, including the payment of all maintenance charges there-

under, the Sponsor will become liable for such obligations. Upon the performance by the Sponsor of such obligations which such holder of Unsold Shares has failed to perform under the Proprietary Lease, the Sponsor will be subrogated to all of the Apartment Corporation's rights and remedies against the defaulting holder of Unsold Shares under the Proprietary Lease as if it were the lessor, and the Apartment Corporation will, at the time of such performance by the Sponsor, enter into a subrogation agreement in form reasonably satisfactory to counsel for the Sponsor. The Apartment Corporation will fully cooperate with the Sponsor in connection with such subrogation (including the execution of any requisite documents, applications and litigation papers) and the Sponsor will indemnify the Apartment Corporation against any loss, liability, or expense incurred in connection therewith. However, the liability of the Sponsor for the obligations of a purchaser under a Proprietary Lease will terminate with respect to each block of Unsold Shares, if (i) such block of Unsold Shares is purchased by a purchaser for occupancy, (ii) the holder of the Unsold Shares or a person related by blood or marriage to said holder takes occupancy of the apartment to which such Unsold Shares relate as a bona fide resident, or (iii) the lessee under the Proprietary Lease ceases to have the rights granted to a holder of Unsold Shares by Article 38 of the Proprietary Lease or an interest in the Property is no longer held by the Apartment Corporation. Holders of Unsold Shares may not cancel their Proprietary Leases unless (i) shareholders owning a majority of the Apartment Corporation's outstanding shares (other than Unsold Shares) shall have given notice of intent to cancel, or (ii) all Unsold Shares constitute fifteen percent (15%) or less of the Apartment Corporation's outstanding shares, at least five (5) years have elapsed since the Apartment Corporation acquired title to the Building, and, on the effective date of cancellation, holders of Unsold Shares shall pay to the Apartment Corporation a sum equal to the product of the then current monthly maintenance charges payable under their Proprietary Leases multiplied by twenty-four (24). (See Paragraph 38(e) of the Proprietary Lease printed in Part II of this Plan).

The Sponsor represents that it has the financial resources to enable it to meet the foregoing obligations with respect to the Unsold Shares.

Any Unsold Shares subscribed to but not fully paid for on the Closing Date shall be transferred to the Sponsor to whom the Apartment Corporation will assign its rights to receive the unpaid balance of the Total Cash Purchase Price from the purchaser. Upon payment of the balance due to the holder of the Unsold Shares, such holder will transfer the certificate for the shares and related Proprietary Lease to the purchaser, and no further consent by the Apartment Corporation shall be required.

Among other rights, holders of Unsold Shares shall have the unrestricted right

(i) to pledge the Unsold Shares to a private or institutional lender which will be entitled to all of the rights and privileges of a "Secured Party" under the Proprietary Lease;

(ii) to sell the Unsold Shares and assign the Proprietary Lease to a "person" (as such term is defined in the Code) who qualifies as a "tenant-stockholder" within the meaning of Section 216 of the Code; and

(iii) to sublet to such persons and on such terms and conditions as he or she deems desirable, the apartments to which the Unsold Shares are allocated,

without any fees or charges to the Apartment Corporation in connection therewith and without first obtaining the consent of the Apartment Corporation or the then managing agent. A holder of Unsold Shares may make alterations or additions to his apartment (and to its fixtures and equipment) without first obtaining the Apartment Corporation's consent, provided that such alterations and additions shall be in compliance with all building codes and applicable laws and regulations. The Sponsor (on behalf of itself and the holders of Unsold Shares) reserves the right, prior to and after the Closing Date, to maintain and staff one or more apartments in the Building, as a sales office and model apartments. The Sponsor has the right to transfer all of its rights and privileges with respect to the parking spaces in the indoor parking garage under the Building to any holder of Unsold Shares who thereafter will have the same rights as the Sponsor.

The lien of such lender upon the Unsold Shares shall be subordinate to that of the Apartment Corporation. Pursuant to Paragraph 39 of the Proprietary Lease, the Apartment Corporation shall execute and deliver a recognition agreement to any lender which agrees to extend financing to a holder of Unsold Shares or to a person to whom a block of Unsold Shares is to be sold, without charge in the case of the Sponsor or its designees. Such recognition agreement shall be in form and substance reasonably acceptable to such lender.

The Apartment Corporation will indemnify the holders of Unsold Shares against any claims, loss, liability or expenses incurred or required to be paid to any tenants of apartments covered by the Proprietary Leases appurtenant to such Unsold Shares as a result of the Apartment Corporation's default or failure to perform any obligation to be performed by it as lessor under such Proprietary Lease; provided, however, that until such time as a majority of members of the Board of Directors consists of tenant-shareholders who reside in the Building, said indemnity shall not apply if such claimed default or failure results from the alleged negligence or misfeasance of the Board of Directors. In addition, the Apartment Corporation will operate the Building at the same level of services as those supplied on the Closing Date pursuant to the GBL and the RSL, except for those services which under the terms of the Proprietary Lease are the obligation of the lessee.

All holders of Unsold Shares must (i) comply with the trust fund and escrow provisions of GBL Sections 352-h and 352-e(2)(b), (ii) register as a broker-dealer pursuant to GBL Section 359-e, unless he or she is already registered as a principal of the Sponsor or otherwise, and (iii) furnish to the Department of Law all information required for a principal of Sponsor under applicable regulations.

A holder of Unsold Shares shall amend this Plan to provide current and accurate information about the offering and include certain information about the holders of Unsold Shares as specified in Part 18 to Title 13 of the NYCRR, until the shares held as Unsold Shares are sold to bona fide purchasers for occupancy. Such holders of Unsold Shares shall provide prospective purchasers with a copy of this Plan and all filed amendments hereto. The Apartment Corporation will advise holders of Unsold Shares of any matters affecting the Premises which should be disclosed in such amendments, and will promptly and expeditiously provide to holders of Unsold Shares upon request any information and/or materials necessary for inclusion therein, including, without limitation, financial reports and statements, notices concerning changes in maintenance, potential assessments, planned major capital improvements, proposed mortgage refinancings, copies of pleadings in pending lawsuits or proceedings and notices of uncured violations. Information to be disclosed in such amendment shall include, with respect to all holders of Unsold Shares, (i) their names, business addresses, backgrounds and experience, (ii) all prior felony convictions, (iii) all prior convictions, injunctions and judgments that may be material to this Plan or an offering of securities generally and that occurred within the fifteen (15) year period prior to the submission of this Plan, and (iv) all properties offered for sale by affiliates of such holders as cooperatives, condominiums or planned unit development homes within the five (5) year period prior to the submission of this Plan, listed by address and the year they first became available for occupancy (or the five (5) most recent properties so offered if more than five (5)). A holder of Unsold Shares must provide prospective purchasers with a copy of the Plan and all filed amendments.

The Apartment Corporation will cooperate with the holders of Unsold Shares in connection with the transfer of the Unsold Shares or the subleasing of the apartments to which they are appurtenant and in connection with the filing of requisite amendments to the Plan. Such cooperation will include the furnishing of all relevant information concerning the Property and its operation and the furnishing of all required documents. If such documents are not in existence, the holders of Unsold Shares requesting them shall pay the cost of their preparation.

The holders of Unsold Shares shall have the right to use employees of the Apartment Corporation in the preparation of vacant apartments for sale, or to do work in connection with apartments to which Unsold Shares are allocated, and the holders of Unsold Shares will pay the Apartment Corporation the hourly wages of the employees for the time during which such employees were actually engaged in such activity, which in turn shall compensate such employees to the extent of such payments made by the holders of Unsold Shares. Such employment may not interfere with the regular duties of said employees.

R. PURCHASERS FOR INVESTMENT OR RESALE

A purchaser of shares of the Apartment Corporation, other than the Sponsor, a principal or nominee of the Sponsor or a nominee of a principal of the Sponsor, who purchases shares allocated to three (3) or more apartments without intending such apartments to be occupied by such purchaser or persons related by blood, marriage or adoption to such purchaser, is a "purchaser for investment or resale." In connection with the sale of the shares allocated to such apartments, a purchaser for investment or resale shall (i) register as a broker-dealer pursuant to Section 359-e of the GBL and (ii) comply with the trust fund and escrow provisions of GBL Sections 352-h and 352-e(2)(b). Additionally, a purchaser for investment or resale shall provide the following documents to a prospective purchaser at no cost to the purchaser and at least three (3) business days before entering a purchase agreement:

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

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

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

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

(v) If the apartment is occupied, a copy of the tenant's lease and a representation of the tenant's status under any applicable rent laws;

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

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

The Apartment Corporation shall cooperate by providing copies of the documents described above to any purchaser for investment or resale.

S. RESERVE FUND AND/OR WORKING CAPITAL FUND

Section YYYY-51 of the New York City Administrative Code, and its judicial and legislative interpretations, require a sponsor of a cooperative offering plan to establish, within 30 days after the Closing Date, a separate reserve fund ("Reserve Fund") to be used exclusively for making capital repairs, replacements and improvements necessary for the health and safety of the residents of the apartments. The Reserve Fund may not be used to reduce projected maintenance charges and will not be reduced due to any closing adjustments.

On the Closing Date, the Apartment Corporation will retain from the proceeds of this offering, a Reserve Fund as set forth below:

The Reserve Fund must equal either--

(i) 3% of the "total price" (which is defined as the last price offered to tenants in occupancy prior to the Plan's

effective date, regardless of the number of sales made); or

(ii) (A) 3% of the actual sales price of all shares sold at the time the Plan is declared effective, provided that if such amount is less than 1% of the "total price," the Reserve Fund shall be in the minimum sum of 1% of the "total price"; plus

(B) supplemental contributions to be made by the Sponsor at the rate of 3% of the actual sales price of shares held by the Sponsor and sold to bona fide purchasers subsequent to the Plan's effective date and within five years of the closing of the conversion, notwithstanding that the total contribution may exceed 3% of the "total price."

If 5 years and 30 days after the closing, the total amount contributed by the Sponsor is less than 3% of the "total price," the Sponsor must pay the difference at such time. All supplemental contributions to be made subsequent to closing under the Plan are to be made within thirty days of each sale.

Capital replacement is defined as a building-wide replacement of a major component of any of the following systems: (i) elevators, (ii) heating, air conditioning and ventilation, (iii) wiring, (iv) windows, and (v) plumbing.

The Reserve Fund may also be used for a major structural replacement; however, replacement to cure recorded code violations is expressly excluded.

The Reserve Fund will be exclusive of any working capital fund created under the Plan (of which there is none).

The Sponsor is entitled to a credit against the amount to be contributed to the Reserve Fund equal to the actual cost of any capital replacement that may be begun by the Sponsor after the preliminary offering plan is submitted to the Department of Law and before the Plan is

anticipated to occur. The Apartment Corporation will continue such proceedings with the attorney previously employed by the Sponsor. The requisite attorneys' fees and disbursements made in connection with such pending proceedings, and those made in connection with proceedings completed prior to the closing for the reduction of real estate taxes affecting tax years in which or after closing occurs, will be shared by the Sponsor and the Apartment Corporation on the basis of the portions of the tax years affected by such proceedings that each will have held title to the Property. If such taxes are reduced, the cost of all such proceedings and the refund, if any, will be apportioned on the same basis. The Apartment Corporation will deliver to the Sponsor, upon demand, receipted bills and cancelled checks used in payment of such taxes and will execute any and all consents and other documents and do any other act or thing necessary for the collection of such refund by the Sponsor. The Sponsor reserves the right to institute and to settle tax certiorari proceedings for all years prior to the fiscal year in which an interest in the Property is transferred to the Apartment Corporation. This provision will survive the closing.

18. The Sponsor has agreed to pay all installments when, as and if due under the First Mortgage, the Second Mortgage, and/or the Mortgage, prior to the Closing Date.

19. Pursuant to the Exchange Agreement, the Sponsor has the option of effecting a "prior Section 351" exchange whereupon the Property would be conveyed to the Apartment Corporation in advance of the issuance of shares to initial purchasers in exchange for all of the then issued and outstanding shares of the Apartment Corporation. In such event, the Sponsor will indemnify the Apartment Corporation against all liabilities (other than those which are the obligation of the Apartment Corporation pursuant to the terms of the Plan) incurred by the Apartment Corporation between the date of conveyance of the Property to the Apartment Corporation and the date of the issuance of shares to initial purchasers. In addition, the Sponsor shall update the title search before the first closing with purchasers under the Plan and if there are any judgments or liens of record, or litigation with respect to the Property or the Plan has been commenced, the Sponsor must amend the Plan to disclose the existence of those facts, prior to such first closing. The Apart-

ment Corporation shall have public liability insurance in effect for the period from its acquisition of the Property to the date of the first closing with purchasers under the Plan.

20. The Sponsor will deliver an affidavit pursuant to Section 1445 of the Code, and the regulations issued thereunder, that the Sponsor is not a "foreign person" as therein defined, and shall indemnify the Apartment Corporation from any liability for failure to withhold a portion of the consideration in reliance upon such affidavit. This statute, known as the Foreign Investment in Real Property Tax Act ("FIRPTA") requires withholding of ten percent (10%) of the sales price if the transferor is a "foreign" (non-U.S.) person or entity as therein defined.

21. All representations under this Plan and the Exchange Agreement, all obligations pursuant to this Plan, the Exchange Agreement and the GBL, which are not performed on or prior to the Closing Date, and such additional obligations under this Plan which are to be performed subsequent to the Closing Date, shall survive the delivery of the deed.

U. SPECIAL TAX CONSEQUENCES OF EXCHANGE AGREEMENT

This Plan will be consummated by the transfer of the Property by the Sponsor to the Apartment Corporation in exchange for (i) all of the Unsold Shares of the Apartment Corporation; (ii) an amount equal to the aggregate Total Cash Purchase Prices received by the Apartment Corporation up to and including the Closing Date from the sale of its shares, less the amount of the Reserve Fund (this amount is subject to variation; see Section S and Section T of this Plan) and the working capital fund, if any, and all costs, fees and charges in connection with the offering and the closing, including the cost of title insurance; and (iii) the Apartment Corporation taking title to the Property subject to, and assuming the obligations of the mortgagor under, the Mortgage (hereinbefore defined as the "Exchange Consideration"). The Sponsor's transfer of the Property to the Apartment Corporation together with the contemporaneous contribution by subscribers of the purchase price of their shares to the Apartment Corporation together with the contemporaneous

receipt by the Sponsor of the property referred to in clauses (i) and (ii) above, forming part of the Exchange Consideration (which presumably will include more than a nominal amount of Shares of the Apartment Corporation), may constitute an exchange under Section 351 of the Code.

Under Section 351 of the Code, the Apartment Corporation's basis for the Property would equal the Sponsor's basis for the Property immediately prior to the exchange, increased by any gain recognized by the Sponsor as a result of the exchange. If the Apartment Corporation were to acquire the Property in a fully taxable transaction, the Apartment Corporation's basis for the Property would equal its cost to the Apartment Corporation, i.e., the cash paid, plus the principal amount of any debt taken subject to and/or assumed, plus the fair market value of any Unsold Shares transferred to the Sponsor.

Under the rules described above, the basis that the Apartment Corporation will have in the Property as a result of the Exchange Agreement 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. To illustrate, it is projected that, at the Closing Date: (a) the Sponsor's adjusted basis for the Property will be approximately $3,844,645; and (b) the principal amount of the Mortgage, subject to which the Property is being acquired and which is being assumed by the Apartment Corporation, will be $2,475,000 (see Section M of this Plan). However, inasmuch as the adjusted basis of the Property is subject to the review of taxing authorities, no opinion is expressed by the Sponsor or counsel to the Sponsor, as to the adjusted basis of the Property that might ultimately be determined. Moreover, it is assumed (solely for purposes of this illustration) that, at the Closing Date: (i) fifty percent (50%) of the shares of the Apartment Corporation will be sold to tenant-purchasers, at the Total Cash Purchase Prices for tenant-purchasers set forth in Schedule A of this Plan, for an aggregate of $3,757,567 (ii) the remaining fifty percent (50%) of the shares of the Apartment Corporation will constitute Unsold Shares and will have a fair market value of $3,757,567 (valued at the Total Cash Purchase Prices for tenant-purchasers set forth in Schedule A of this Plan); and (iii) the amount of the Reserve Fund to be retained by the Apartment Corporation will be $225,454 (see Section S of this Plan). Based on the foregoing

projections and assumptions, the Apartment Corporation's basis for the Property, if acquired pursuant to an exchange agreement complying with Section 351 of the Code, should be approximately $7,376,758. If, however, the Apartment Corporation were to acquire the Property from the Sponsor under a contract of sale, the Apartment Corporation's basis in the Property under the foregoing assumptions and projections should be approximately $9,764,680.

A lower basis of the Apartment Corporation would (i) result in lower depreciation deductions for the Apartment Corporation and for subscribers who use their apartments in their trade or business or for the production of income; and (ii) 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.

No representation or warranty is or can be made at this time as to what the basis of the Apartment Corporation will be in the Property as a result of the Exchange Agreement or as a result of the Apartment Corporation acquiring the Property in a fully taxable transaction, since that amount will depend upon, among other things, the date when the closing shall actually occur, the number of shares of the Apartment Corporation sold at the time of closing at the Total Cash Purchase Prices for tenant-purchasers and at the Total Cash Purchase Prices for non-tenant purchasers, the principal balance of the Mortgage on the Closing Date, and, in the case of a fully taxable transaction, the fair market value of the Unsold Shares transferred to the Sponsor, none of which can be determined at this time.

It is also noted that in the event of any sale or other taxable disposition of the Property (including, for example, upon a mortgage foreclosure), the Apartment Corporation will realize taxable gain to the extent that the unpaid principal amount of the Mortgage and any cash or other property received by the Apartment Corporation, if any, in connection with such sale or disposition exceeds the Apartment Corporation's adjusted basis in the Property (taking into account all prior allowable depreciation deductions). As a result of changes made by the 1986 Tax Reform Act, a sale or other disposition of the Property pursuant to a liquidation of the Apartment Corporation generally will be a taxable disposition. Also

as a result of those changes, if the Apartment Corporation distributes the Property to tenant shareholders, the Apartment Corporation will realize taxable gain generally equal to the excess of the fair market value of the Property over the Apartment Corporation's adjusted basis in the Property. Also as a result of the lower basis of the Apartment Corporation, upon such sale or taxable disposition or distribution of the Property by the Apartment Corporation, there will be either an increase in the taxable gain or a reduction of the taxable loss.

As provided for earlier, the Sponsor will indemnify purchasers, in respect of the Property, and the Apartment Corporation against any liability incurred after title is transferred to the Apartment Corporation and before the stock certificates and proprietary leases are delivered to purchasers under this Plan. Such indemnification will not be required if the shares are issued to purchasers simultaneously with the transfer of title to the Apartment Corporation. The Sponsor will update the title search for the Property before the first closing to a purchaser and if there are any judgments or liens, or if litigation has been commenced, the Sponsor will amend this Plan before the first closing to a purchaser. The Apartment Corporation will have liability insurance after it takes title to the Property and before the first closing to a purchaser.

V. MANAGEMENT AGREEMENT, CONTRACTS AND LEASES

Management Agreement

A written management agreement for a term of three (3) years to become effective on the Closing Date will be entered into by the Apartment Corporation with First Shelter Corporation (the "Managing Agent"), having offices at 304 Park Avenue South, New York, New York. The Apartment Corporation may terminate the agreement at the end of any calendar month upon not less than thirty (30) days' written notice to the Managing Agent. The Managing Agent may cancel the agreement at any

time, upon the giving of thirty (30) days' written notice, if the Apartment Corporation 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 Managing Agent may also terminate the agreement for any reason whatsoever at the end of any calendar month upon not less than thirty (30) days' prior written notice to the Apartment Corporation. The management agreement may not be assigned by either party thereto.

The Managing Agent will receive a fee from the Apartment Corporation in the amount of (a) $25,500 for the first contract year, (b) $28,750 for the second contract year and (c) $32,000 for the third contract year. The fee of the Managing Agent shall be payable in equal monthly installments. The Managing Agent will also receive (i) commissions for leasing or subleasing space at the request of the Apartment Corporation, (ii) fees for services rendered in connection with labor union relations, (iii) a fee from each holder of shares appurtenant to an apartment occupied by a non-purchasing tenant in connection with services performed by the Managing Agent at the request and on behalf of each such holder, other than those which are required by Section 352-eeee of the GBL to be provided to all tenants on a non-discriminatory basis, and (iv) a fee for preparing Form 1098 (or equivalent) for filing with the Internal Revenue Service, if requested to do so by the Apartment Corporation.

The services to be rendered to the Apartment Corporation by the Managing Agent will include (a) billing and collecting maintenance charges, (b) hiring and discharging employees, (c) supervising repairs, (d) purchasing supplies for the Building, (e) maintaining the corporate books and attending meetings of the Board of Directors and of the shareholders, when so requested by the Apartment Corporation, (f) paying mortgage charges, taxes and other vendor bills for the Building, (g) maintaining payroll records and filing withholding tax statements for employees of the Building and (h) furnishing monthly reports of receipts and disbursements to the Apartment Corporation.

The Managing Agent will not prepare the Apartment Corporation's annual certified financial statement; such statement will be prepared by an independent certified public accountant employed by the Apartment Corporation at its own expense.

as a result of those changes, if the Apartment Corporation distributes the Property to tenant shareholders, the Apartment Corporation will realize taxable gain generally equal to the excess of the fair market value of the Property over the Apartment Corporation's adjusted basis in the Property. Also as a result of the lower basis of the Apartment Corporation, upon such sale or taxable disposition or distribution of the Property by the Apartment Corporation, there will be either an increase in the taxable gain or a reduction of the taxable loss.

As provided for earlier, the Sponsor will indemnify purchasers, in respect of the Property, and the Apartment Corporation against any liability incurred after title is transferred to the Apartment Corporation and before the stock certificates and proprietary leases are delivered to purchasers under this Plan. Such indemnification will not be required if the shares are issued to purchasers simultaneously with the transfer of title to the Apartment Corporation. The Sponsor will update the title search for the Property before the first closing to a purchaser and if there are any judgments or liens, or if litigation has been commenced, the Sponsor will amend this Plan before the first closing to a purchaser. The Apartment Corporation will have liability insurance after it takes title to the Property and before the first closing to a purchaser.

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The terms of the written service agreements and the nature of the services provided thereunder are as follows:

Contractor	Nature of Service	Annual Cost
Staley Elevator	Elevator	$4,800
Metropolitan Refining, Co.	Water Treatment	271
N.Y. Automatic Sprinkler	Sprinkler	170

The Sponsor reserves the right prior to the Closing Date (i) to modify, extend or renew any of the agreements in this Section; (ii) to replace any agreement which may expire, terminate or otherwise be cancelled in accordance with its terms; (iii) to enter into, and thereafter to modify, extend or renew, any agreement for services of a nature customarily required in connection with the operation of property similar in nature to the Property; and (iv) to enter into a lease for any portion of the non-residential space in the Building, if any, which is not presently leased, provided that the rent under any such lease shall not be less than the current market rental for such space (or, if less, is in an amount determined to be commercially reasonable by the Managing Agent). The term of any such lease will not exceed ten (10) years, and such lease shall otherwise be on commercially reasonable terms, as approved by the Managing Agent and the Sponsor.

W. IDENTITY OF PARTIES

Sponsor

3203 Nost Limited Partnership, a Delaware limited partnership, authorized to transact business in New York, having an office at 304 Park Avenue South, 11th floor, New York, New York 10010, is the Sponsor of the Plan. The sole general partner of the Sponsor is 3203 Nostrand Corp., a Delaware corporation, having a business address at the Sponsor's address set forth above. The sole officers and shareholders of the corporate general partner of the Sponsor are William J. Mocsy and Howard J.

All expenses incurred by the Managing Agent in performance of its duties shall be paid solely by the Apartment Corporation, which alone shall indemnify the Managing Agent from any liability for acts properly performed by it pursuant to the Board of Directors' instructions, or for injury to persons or property not resulting from the Managing Agent's gross negligence or willful misconduct.

At the request of the Apartment Corporation, all employees and officers of the Managing Agent will be bonded during the term of the Management Agreement under a fidelity bond in favor of the Apartment Corporation in the amount of Fifty Thousand Dollars ($50,000). The cost of such bond will be borne by the Apartment Corporation.

Pursuant to Section 352-eeee (3) of the GBL, the Management Agreement to be entered into on the Closing Date provides that the Managing Agent is obligated to manage all apartments in the Building occupied by non-purchasing tenants and is obligated to provide to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. On the Closing Date, the Sponsor will guaranty to the Apartment Corporation the obligation of the Managing Agent to provide all such services and facilities required by law on a non-discriminatory basis until such time as the Sponsor surrenders control of the Board of Directors of the Apartment Corporation.

Other Contractual Arrangements

At the closing under this Plan, the Apartment Corporation will become bound by certain unwritten month-to-month service agreements and certain written service agreements.

The terms of the unwritten service agreements which are presently in effect, and the nature of the services provided thereunder, are as follows:

Contractor	Nature of Service	Annual Cost
Abalon Exterminating	Exterminator	$ 900

3202 Nostrand Avenue, Brooklyn, New York, which two plans are executed to be accepted for filing simultaneously herewith.

Except as disclosed above, neither the Sposner nor any of its principals (as defined in Part 18 of Title 13 NYCRR Section 18.1 (c)) has participated during the past five (5) years in offerings of cooperatives or condominiums in or from the State of New York. The Secretary of State has been designated to receive service of process for William J. Mocsy, who resides in Toronto, Canada.

Attorneys for Sponsor

The Sponsor originally has retained the law firm of Curtis, Mallet-Prevost, Colt & Mosle ("CMP"), 101 Park Avenue, New York, New York 10178-0061, to prepare this Plan and the underlying documents and to represent it in legal matters in connection therewith. The Sponsor has changed firms to the law firm of Nixon, Hargrave, Devans & Doyle ("NHDD"), 30 Rockefeller Plaza, New York, New York 10112, in connection with matters relating to the Plan. It is specifically noted that, from the date hereof, the signature of a partner of NHDD shall be required to release monies from the deposit escrow account. Neither the firm of CMP or NHDD has undertaken any responsibility for the business terms of this Plan or made representations with respect to this Plan, except as specifically set forth herein.

Apartment Corporation and Attorney for Apartment Corporation

The Sponsor caused the Apartment Corporation to be formed. The officers and directors of the Apartment Corporation who will serve until the first meeting of the tenant-shareholders and directors, to be held within sixty (60) days after the Closing Date, have been designated by the Sponsor. The terms and provisions of this Plan have been established solely by the Sponsor and have not been determined by arm's-length negotiations.

The Sponsor will cause the Apartment Corporation to retain separate counsel to represent the Apartment Corporation in legal matters at the closing under this Plan and to continue to represent it through the first meeting of the tenant-shareholders after the Closing Date, but such counsel will not represent individual tenant-shareholders. The Sponsor will allow, as an adjustment to the purchase price for the Property, the fees of said counsel.

Lazarus, each having a business address at the address for the Sponsor set forth above.

Neither Sponsor nor any principal of Sponsor has ever been convicted of a felony and there are no outstanding judgments, convictions or injunctions against the Sponsor or any principal which would materially affect the Plan.

Howard J. Lazarus is a member of the New York State and Federal Bars. Until June 1984, he was a partner in the law firm of Trubin Sillcocks Edelman & Knapp (which firm ceased doing business June 30, 1984) and concentrated in matters involving real estate. Since June 1984, he has been engaged in real estate investment and development. Prior to that time, he had no prior experience in managing real estate.

William J. Mocsy practiced architecture for eight years in Montreal, Canada, prior to joining Cadillac Fairview Corporation. Until March 1982, Mr. Mocsy was a Vice President of the Cadillac Fairview Corporation Limited, with responsibility for that company's High-Rise Residential Development in the Northeastern United States. Since March 1982, he has been a real estate consultant and has engaged in real estate investment and development.

In connection with his duties as an officer of the Cadillac Fairview Corporation Limited, William J. Mocsy was actively involved with the cooperative conversion of the following properties: (i) 3 East 69th Street, New York, New York, which offering plan was accepted for filing on February 10, 1981; (ii) 4 East 70th Street, New York, New York, which offering plan was accepted for filing on January 29, 1981; (iii) 445 East 86th Street, New York, New York, which offering plan was accepted for filing on September 22, 1981; (iv) 201 East 66th Street, New York, New York, which offering plan was accepted for filing on May 2, 1980; (v) 415 East 52nd Street, New York, New York, which offering plan was accepted for filing on January 16, 1981; and (vi) 401 East 65th Street, New York, New York, which offering plan was accepted for filing on March 30, 1981.

Messrs. Mocsy and Lazarus are also principals in the proposed cooperative conversion of the following properties: (i) 2080-2090 Barnes Avenue, Bronx, New York, which plan was accepted for filing but has not yet closed; and (ii) 3165 Nostrand Avenue, Brooklyn, New York and

Brooklyn, New York, and 3203 Nostrand Avenue, Brooklyn, New York.

The Sponsor will act as Selling Agent under the Plan.

Engineer

James J. Yarmus, of J. Yarmus, Inc. (the "Engineer"), having an address at 248A North Main Street, New City, New York, an engineer licensed to practice as a professional engineer in New York State for over 25 years, has been retained by the Sponsor to inspect the Property and prepare the Description of Property and Building Condition set forth in Part II of this Plan. The Engineer has prepared similar reports in connection with the cooperative or condominium conversion of over five hundred properties located in New York State.

Asbestos Expert

Testwell Craig Laboratories of New Jersey, Inc. (the "Asbestos Expert"), has been retained by the Sponsor to prepare the Asbestos Survey set forth in Part II of this Plan. The Asbestos Expert has prepared similar reports in connection with the cooperative or condominium conversion of other properties located in New York State.

X. SPONSOR'S PROFIT

The Sponsor acquired the Property on December 23, 1986, for a total purchase price of $4,100,000.

The Sponsor, including the individual principals thereof should they become the holders of Unsold Shares, may be expected to realize a profit of approximately $2,394,000 assuming that 100% of shares of the Apartment Corporation are ultimately sold for an aggregate Total Cash Purchase Price equal to the per share price offered to tenant purchasers. Such estimated profit has been computed without taking into account income taxes payable by the said individual principals, but after deducting estimated expenses of the Sponsor (or the individual principals thereof) in connection with the acquisition of the Property, financing costs, and the estimated costs and expenses incurred in regard to the presentation of this Plan, the closing of title with the Apartment Corporation, and ultimate resale of the Unsold Shares. These expenses

Separate counsel to the Apartment Corporation will not undertake any responsibility for the terms and provisions of this Plan, the Exchange Agreement, the Management Agreement, the Proprietary Lease, or any other document or instrument referred to herein. Such counsel will not make any representations or warranties or state 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.

Prospective purchasers are advised to retain counsel of their own choice to represent them in connection with the purchase of the Shares and Proprietary Lease allocated to an apartment under this Plan.

Managing Agent and Selling Agent

The Sponsor has engaged First Shelter Corporation to act as the managing agent for the Apartment Corporation (see the Section entitled "Management Agreement, Contracts and Leases"). Mr. Lazarus has in the past performed (and may in the future perform) legal services on behalf of affiliates of First Shelter Corporation. It is also anticipated that Mr. Lazarus and Mr. Mocsy may in the future enter into real estate ventures with affiliates of First Shelter Corporation. The offices of the Sponsor are in space occupied by First Shelter Corporation. Howard J. Lazarus and William J. Mocsy, principals of the Sponsor, have an arrangement with Oskar Brecher, a principal of First Shelter Corporation, whereby said principals maintain their offices in space occupied by First Shelter Corporation in exchange for professional legal services performed from time to time by Howard J. Lazarus, Esq.

First Shelter Corporation has been a licensed real estate broker for over 5 years, and has been active in the management of apartment buildings in the New York metropolitan area for over 5 years. It has provided management services since 1981 and has been responsible for the management of over 900 apartment units in the New York metropolitan area. Among the properties currently being managed are the following buildings: 58 West 58th Street, New York, New York; 117 Beekman Street, New York, New York; 2080-2090 Barnes Avenue, Bronx, New York; 3165 Nostrand Avenue, Brooklyn, New York, 3202 Nostrand Avenue,

AA. GENERAL

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

2. There are no lawsuits, administrative proceedings or other proceedings now pending or judgments outstanding, either against the Sponsor or the Apartment Corporation or any person or persons, which might become a lien against the Property or which, in any way, might materially or adversely affect this Plan, the Property, the rights of existing tenants, the Apartment Corporation, the Sponsor's capacity to perform all of its obligations under the Plan, or the operation of the Building as a cooperative.

3. The Property has not been the subject of any prior cooperative or condominium offerings. Other than as set forth in this Plan, as of the Presentation Date, there have been no preliminary binding agreements entered into by the Sponsor in connection with this offering, nor has any money been collected from prospective purchasers.

4. In accordance with the provisions of applicable law, the Sponsor represents on behalf of itself and as a holder of Unsold Shares that the Sponsor, the Apartment Corporation and the Selling Agent will not discriminate against any person because of race, creed, color, sex, national origin or ancestry, or on any basis prohibited by civil rights laws, in the sale of shares offered by this Plan or in the leasing of any apartment in the Building.

5. The Sponsor reserves the right to amend this Plan at any time (a) before the initial closing of title to shares under this Plan, provided that, if the amendment is a substantial amendment (i) presented during the initial exclusive purchase period, such period shall end on the later of thirty days after presentation of such amendment and the expiration of the original exclusive purchase period or (ii) presented after expiration of the initial exclusive purchase period, then such amendment shall grant to all tenants who had the right to purchase

FIRST SHELTER CORPORATION

It is also anticipated that Mr. Lazarus and Mr. Mocsy, also a principal of the Sponsor, may in the future enter into real estate ventures with such affiliates. Mr. Lazarus and Mr. Mocsy maintain their offices in space occupied by us in exchange for legal services performed from time to time by Mr. Lazarus. We understand that a copy of this certification is intended to be incorporated into the offering plan, and we hereby consent to such inclusion. This statement is not intended as a guarantee or warranty of the income and expenses for the first year of cooperative operation.

This statement 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.

Very truly yours,

FIRST SHELTER CORPORATION

By: _____
Oskar Brecher, President

Sworn to before me this
28th day of March, 1988.

_____

KARLA JAN HODGES
Notary Public, State of New York
No. 31-4798308
Qualified in New York County
Commission Expires Nov. 30, 1989

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2. The Sponsor represents that the current Certificate of Occupancy for the Building permits occupancy of 106 apartments located therein for residential purposes as offered in this Plan and is valid as of the date of this Plan. On or prior to the Closing Date, the Sponsor shall provide updated inspection certificates and permits for the Building including the following to the extent required: air resources, elevator inspection, boiler safety inspection, oil storage and garage.

3. The Property is offered in its current condition, "as is" as of the Presentation Date, and neither the Sponsor nor the Apartment Corporation will have any obligation to make repairs or improvements to the Property, except as expressly set forth in this Plan. The Sponsor will, however, maintain and operate the Building until the Closing Date in substantially the same manner and condition as on the Presentation Date, reasonable wear and tear excepted, and except to the extent that the Sponsor is precluded from so doing by acts of God, fire, or other casualty, storm, strikes, lockouts, labor difficulties, riots, insurrection, inability to obtain materials, equipment or labor, governmental restrictions or any other acts over which the Sponsor is unable reasonably to exercise control.

Unless otherwise noted in the Purchase Agreement, the Sponsor will upgrade all vacant apartments at the Building, substantially in the same manner as the renovation of the model apartment designated in the Purchase Agreement. A Purchase Agreement relating to an apartment at the Building which is vacant at the time of execution of the Purchase Agreement, hereby shall be deemed to include the obligation of the Sponsor to complete such work in the vacant apartment, except for "punch list" items (i.e., minor or insubstantial details of construction or decoration which remain to be performed, the noncompletion of which does not interfere with the use of the apartment), prior to the closing (except with respect to the electrical work, as discussed below) of the sale of cooperative shares allocated to such apartment, unless otherwise indicated in the Purchase Agreement. Regardless of whether the Sponsor is obligated to perform the above described work, the Sponsor will upgrade the electrical system in the vacant apartments which the Sponsor sells, within one year after the sale of shares of the Apartment Corporation allocated to any such apartment, to be adequate for modern appliances.

In addition, prior to the Closing Date, the Sponsor will cause to be repaired (a) the door at the

during the initial exclusive purchase period, including any tenant who rescinded a purchase agreement as permitted by such amendment or any prior amendment, a new exclusive right to purchase on the terms offered in such amendment for a period of not less than thirty days from the date of presentation of such amendment, and (b) after the initial closing of title to shares under this Plan, subject to the rights, if any, provided by applicable laws, regulations and codes to tenants who have not purchased the shares allocated to their apartments, and to the rights of persons who have theretofore submitted to the Apartment Corporation executed Subscription Agreements.

For purposes of this section, "substantial amendment" shall include but not be limited to: an increase or decrease in the mortgage amount or cash purchase price, an increase or decrease in the working capital or reserve fund, if any, agreement by the Sponsor to make additional repairs or improvements, or to repurchase apartments, or the offer of new or better terms for financing the purchase price of an apartment.

6. No person has been authorized to make any representation which is not expressly contained herein.

7. Any reference in this Plan to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, and vice versa, unless the context otherwise requires.

8. This Plan may not be changed or modified orally.

BB. SPONSOR'S STATEMENT OF BUILDING CONDITION

The Sponsor hereby adopts the Description of Property and Building condition set forth in Part II of this Plan and makes the following representations with respect to the description and condition of the Property:

1. The Sponsor represents that it has no knowledge of any material defects or need for major repairs to the Property except as set forth in the Description of Property and Building Condition, and the "Asbestos Report" (hereinafter defined).

asbestos in the ACM, and condition; whether the presence of any of the ACM poses an immediate health or safety hazard; which apartments, if any, were not examined and a description of efforts made to gain access to any such apartments.

(iii) Recommendations for handling each and every item of the asbestos inventory, i.e., removal, enclosure, encapsulation, or leaving undisturbed.

(iv) How the recommendations should be implemented, whether apartments must be vacated or whether use of certain rooms will be limited and the projected duration thereof and whether the work must be performed in compliance with New York Local Law 76 of 1985 or any other applicable laws.

(v) A recommended protocol for the future handling and maintenance of asbestos which will remain in the building, whether encapsulated, enclosed or left undisturbed.

8. The Asbestos Regulations require that the recommendations of the asbestos report be expeditiously carried out by Sponsor if the Closing has not occurred, or the Apartment Corporation if the closing has occurred but the Sponsor is in control, and it will be the responsibility of the Apartment Corporation to monitor and, whenever necessary, to treat or remove ACM which remains in the Building after the conversion to a cooperative.

If any closings take place prior to the completion of asbestos removal and treatment work, the Asbestos Regulations require that the Sponsor shall place in escrow a sum of money sufficient to pay for said work, the amount to be determined by a person qualified to render an opinion on asbestos, but in no event less than $2,500.00 per unit.

A lawsuit was brought to invalidate the emergency asbestos regulations -- Application of Council For Owner Occupied Housing Inc. v. Robert Abrams, Supreme Court, Albany County, Index Number 9505-86. On October 6, 1986 Justice John G. O'Connor issued an opinion upholding that part of the regulations set out in paragraphs 6 and 7 above. The decision invalidated that part of the regulations set out in this paragraph 8. In early February 1987, the Appellate Division, Third Department, affirmed Justice O'Connor's decision.

bulkhead which contains stairs and the door to the elevator machine room, as discussed on page 6 of the engineer's report appearing in Part II of the Plan, (b) the loose and open mortar joints around framing penetrations where the fire escapes are attached to the Building and the cracks in the yard pavement, as described on page 7 of said engineer's report, and (c) the boiler room masonry entry steps, as discussed on page 5 of said engineer's report.

4. The Sponsor will (i) deliver title to the Property free and clear of any building violations of record, or within a reasonable period of time thereafter will cure or cause to be cured all violations of record against the Property as of the Closing Date (except violations caused by acts or omissions of tenants of the Building in their own apartments), and (ii) within a reasonable time after the Closing Date, eliminate all dangerous and hazardous conditions that the Sponsor has notice of and comply with all work orders from mortgagees, subject to its right to abandon this Plan as provided in the Section entitled "Contract of Exchange."

5. The following official inspection reports are each reproduced in the Section entitled "Description of Property and Building Condition":

1. Building Department;

2. Environmental Control Board; and

3. Emergency Repairs.

6. Pursuant to the provisions of 13 NYCRR 18.7(aa), a regulation promulgated by the Department of Law on August 8, 1986 (the "Asbestos Regulations"), the Sponsor has retained Testwell Craig Laboratories of New Jersey, Inc. to perform such tests as are necessary to determine whether Asbestos Containing Material ("ACM") is present in insulating or fireproofing material anywhere in the building. The results of such testing are in the asbestos survey in Part II, hereof (the "asbestos report").

7. The Asbestos Regulations require that the asbestos report contain at least the following information:

(i) The qualifications of the person preparing the report.

(ii) A detailed inventory of the asbestos in each apartment and in all other areas of the Property, including the location, amount of ACM, type and concentration of

PART II

The Department of Law has elected not to appeal the decision of the Appelate Division; and, as a result, the Sponsor has no obligation to carry out the recommendations of the asbestos report set forth in Part II of the Plan or to escrow a sum of money sufficient to pay for such work.

Other than as expressly set forth in this Plan, the Sponsor makes no representations or warranties with respect to the condition of the Property or any equipment located thereon or used or to be used in connection therewith, nor with respect to the actual or projected expenses of operation, financing or maintenance of such Property and equipment.

THE PROPERTY IS BEING OFFERED IN ITS CURRENT CONDITION. NEITHER THE SPONSOR NOR THE APARTMENT CORPORATION WILL HAVE ANY OBLIGATION TO MAKE REPAIRS OR IMPROVEMENTS EXCEPT

AS SET FORTH IN THIS PLAN. EACH PURCHASER HAS THE OPPORTUNITY TO INSPECT HIS APARTMENT AND THE BUILDING PRIOR TO SIGNING A SUBSCRIPTION AGREEMENT.

New York, New York
Dated: March 28, 1988

3203 NOST LIMITED PARTNERSHIP

By: 3203 Nostrand Corp.

By: _____
William J. Mocsy,
President

3203 OWNERS CORP.

By: _____
Howard J. Lazarus
Vice President

SUBSCRIPTION AGREEMENT

Premises: _____
_____
_____

Offeror: _____ (the "Apartment Corporation")

I. INFORMATION TO BE FILLED IN FOR SUBSCRIBER(S):

PURCHASER(S) NAME: _____
_____

APARTMENT NO.: _____

BUILDING ADDRESS: _____

NUMBER OF SHARES: _____

PRICE PER SHARE: $_____

TOTAL CASH PURCHASE PRICE ..... $_____

INITIAL DOWN PAYMENT (herewith) (10% of the Total Cash Purchase Price or, for tenant-purchasers only, [$1,500]): $_____

SECOND PAYMENT* (10% of the Total Cash Purchase Price less the amount of the Initial Down Payment): $_____

BALANCE OF THE TOTAL CASH PURCHASE PRICE (Total Cash Purchase Price less the amount of (i) the Initial Down Payment, and (ii) the Second Payment, if applicable): $_____

_____

*The Second Payment is applicable only to tenant-purchasers.

1. As Purchaser, I have received and read the Offering Plan (the "Plan") submitted by _____ _____ (the "Sponsor"), with respect to the above premises, consisting of Part I and Part II thereof, at least three (3) business days prior to signing this Subscription Agreement.

2. I hereby irrevocably agree to purchase the above-stated number of shares (the "Shares") of _____ _____ (the "Apartment Corporation") allocated to the above-described apartment (the "Apartment") for the above-stated total cash purchase price (the "Total Cash Purchase Price") and to become the proprietary lessee of the Apartment in said premises.

3. (a) Herewith is my check for the amount of the above-stated Initial Down Payment. I agree that, if and after the Plan becomes effective, (a) I will pay the Second Payment, if applicable, within ten (10) days after the mailing by the Selling Agent or the Apartment Corporation of written notice that the Plan has been declared effective and demand for such payment, and (b) I will pay the Balance of the Total Cash Purchase Price (the "Balance") within fifteen (15) days after the mailing by the Selling Agent or the Apartment Corporation of a notice (the "Notice") of the due date for the payment of the Balance. The Notice also shall state the closing date (the "Closing Date") which shall be no earlier than thirty (30) days and no later than one hundred eighty (180) days from the date of the mailing of the Notice, unless adjourned or the Plan is abandoned. If the Balance is due in advance of the Closing Date, the Notice will state the number of days between the scheduled Closing Date and the date payment is due.

(b) If the Notice referred to in this paragraph 3 has already been sent, I will pay the Second Payment, if applicable, and the Balance, in full, within thirty (30) days after I execute and deliver this Subscription Agreement without further notice or demand by the Selling Agent or any other party.

(c) All payments, except the Initial Down Payment (or as otherwise expressly provided herein), must be by unendorsed, personal certified check or official check drawn on a bank which is a member of the New York Clearing House Association, to the direct order of "3203

II. ADDITIONAL INFORMATION TO BE FILLED IN ONLY IF PURCHASER IS NOT THE TENANT OF THE APARTMENT:

APARTMENT IS:

VACANT : Yes [ ] No [ ]

MONTHLY TENANCY: Yes [ ] No [ ]

EXISTING LEASE EXPIRES : _____

TENANT(S) OF RECORD : _____

_____

MONTHLY RENT UNDER EXISTING LEASE OR TENANCY: $_____

RENT SECURITY : $_____

III. ADDITIONAL INFORMATION TO BE FILLED IN ONLY IF THE APARTMENT IS VACANT AND THE SPONSOR SHALL UPGRADE THE APARTMENT AS SET FORTH IN SECTION BB OF THE PLAN.

MODEL APARTMENT NO. _____

Corporation. The Apartment Corporation reserves the right to exercise this option on a case by case basis.

(g) In addition to any attorneys' fees payable in connection with a loan, I will pay a fee of $250 to counsel to the Sponsor at the Closing for services rendered in connection with coordinating the Closing.

(h) I will pay an additional fee of $300 to the attorney designated by the Sponsor in each of the following instances if, (i) as a result of my failure to comply with any provision of the Plan or of this Subscription Agreement, I do not consummate the purchase of my shares at the place and on the date on which title to the premises is conveyed to the Apartment Corporation, and/or (ii) my lender requires me to close at a place other than the one at which title is conveyed to the Apartment Corporation, and/or (iii) I do not pay the Second Payment or the Balance on time.

4. 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 the Selling Agent or the Apartment Corporation, shall be the date when the Apartment Corporation acquires title to said premises. Provided that I shall have paid the full Total Cash Purchase Price for the Shares, as provided for herein, and shall not be in default hereunder, I am to receive the certificate for the Shares, together with my executed copy of said proprietary lease, promptly after the Apartment Corporation acquires such title. I agree that my present lease (if any) or monthly tenancy of the Apartment (if any) shall be deemed terminated and cancelled as of such date. If I shall not be the tenant of the Apartment when said proprietary lease is issued, I will accept same subject to the then tenant's lease and tenancy (if any) of the Apartment.

5.* (a) I understand that the Apartment is subject to the Omnibus Housing Act of 1983 (the "Omnibus Act"), the Rent Stabilization Law and, to the extent applicable, the Code of the Rent Stabilization Association of the City of New York (collectively, the "RSL"; the Omnibus Act and

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*The provisions of this Paragraph 5 only in the event that an Apartment is subject to an existing tenancy.

Nost Limited Partnership-Special Account" and delivered to the Selling Agent.

(d) Notwithstanding the foregoing, if I am financing my purchase, I will, within the time specified above for payment of the Balance, deliver to the Selling Agent (i) the commitment of a lending institution for a loan (in form satisfactory to counsel for the Apartment Corporation), (ii) all documents (including the recognition agreement) which the lender will require the Apartment Corporation to execute, (iii) a check payable to Curtis, Mallet-Prevost, Colt & Mosle in the amount of $250 to cover legal expenses incurred by counsel to the Sponsor for reviewing the recognition agreement and coordinating the closing of the loan, and (iv) a check (satisfying the requirements set forth in (c) above) for the difference between the Balance and the amount of the loan; and, the amount of the loan will be paid to the Apartment Corporation at Closing.

[(e) Payment of the Balance shall be subject to my obtaining, at my sole cost and expense, a cooperative loan in an amount not less than $_____, repayable at the prevailing rate and terms for similar loans. I hereby covenant that I will promptly, diligently and in good faith, apply for a loan commitment from a lender and will promptly furnish all reports, documents, verifications and/or fees required in connection therewith. In the event I do not obtain such a commitment by the later of thirty (30) days after this Subscription Agreement is accepted or _____, 198_ (the "Application Period"), after the exercise of good faith, I shall have the right to cancel this Subscription Agreement by written notice mailed to the Apartment Corporation or to its attorney. However, if I do not exercise my right to cancel within five (5) days after the Application Period expires, then this Subscription Agreement shall nevertheless be deemed in full force and effect. In the event of such cancellation, the Apartment Corporation's sole liability hereunder shall be the return of all monies paid pursuant to this Subscription Agreement, with interest, if any, earned thereon.]

(f) I understand that, in the event the check for the Initial Down Payment fails of collection, this Agreement will be deemed void ab initio (as if it had never been executed), at the option of the Apartment

capital fund to furnish services required under the tenant's lease and the Rent Laws. I agree that, upon notice from the Managing Agent that the deposit has been diminished, I will replenish the fund within ten (10) days of the mailing of such notice. I further understand that the Managing Agent will hold the fund in trust in a special account, and that the fund and interest accrued thereon (less interest in an amount equal to one percent (1%) of the fund, which may be retained by the Managing Agent on an annual basis as an administrative fee) will continue to be my money and will not be commingled with the monies of, or become an asset of, the Apartment Corporation, the Managing Agent or the tenant in occupancy.

(e) I further agree to apportion as of midnight on the date preceding the Closing Date rent under the existing lease and any senior citizen rent increase exemption and tax abatements obtained or obtainable, whether or not current certificates have been received from the issuing authority, based upon amounts set forth in the last issued certificate.

6. Pursuant to Section 352-e(2)(b) and Section 352-h of the New York State General Business Law (the "GBL"), all monies received by the Sponsor directly or through Sponsor's agents, employees or escrow agent, and interest received thereon, if any, shall continue to be the monies of the subscribers and will be held in trust and not be commingled with the personal monies of or become an asset of the Sponsor until actually employed in connection with the consummation of the Plan. All such monies will be deposited by the Selling Agent with East River Savings Bank, at a designated branch office, and will be held in trust in a segregated non-interest bearing special escrow account (the "Subscription Account") under the name of "3203 Nost Limited Partnership-Special Account", or similar name, whose authorized signatories will include members of the firm of Curtis, Mallet-Prevost, Colt & Mosle. The funds so deposited will be disbursed pursuant to Section 352-(e) (2)(b) and Section 352-h of the GBL, only at the closing for the purposes of the consummation of this Plan or prior thereto to make refunds to rescinding purchasers by checks drawn on the Subscription Account, or to be returned to me without interest. If interest in connection with any funds deposited hereunder is received on the Subscription Account, although none is anticipated, such interest will be paid to me at the time the funds

the RSL, as same may be amended, are herein collectively rererred to as the "Rent Laws") (as explained more fully in the Plan under the Section entitled "Rights of Existing Tenants") and will continue to be subject to the Rent Laws as long as the tenant remains in occupancy of the Apartment and that I shall be obligated to comply with the Rent Laws as to rentals and continued occupancy. If the Rent Laws are eliminated or become inapplicable, I will not have the right to increase the rental beyond ordinary rentals for comparable apartments.

(b) I understand that if the tenant in occupancy does not voluntarily remove from the Apartment when his lease expires or is terminated, or his right to occupancy ends, I will not have the right to evict the tenant at any time, for any reason other than non-payment of rent, illegal use and occupancy of the Apartment, refusal of reasonable access or other breaches by the tenant of his obligations to me.

(c) I further understand that I will, after the Closing Date, be assuming the landlord'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 agree to execute an agreement at the closing pursuant to which I will (i) acknowledge receipt of the security deposit held under said lease or tenancy, which will be assigned to me, (ii) assume landlord's obligations under said lease or tenancy, and (iii) indemnify the Sponsor and the Apartment Corporation against all claims and liability in connection therewith.

(d) I agree that I will irrevocably appoint the managing agent of the premises, and its successors (the "Managing Agent"), as my agent for as long as the existing tenancy continues, to provide to the tenant in occupancy all services and facilities required by law or the tenant's lease, as the case may be, which are not to be provided by the Apartment Corporation under my Proprietary Lease. Additionally, I agree that I will deposit with the Managing Agent at the closing an amount equal to two (2) months' maintenance charges to be used as a working

Plan terminated and I am to receive back, not later than thirty (30) days after the notice of abandonment is filed with the New York State Department of Law (the "Department of Law"), in full, all monies paid by me hereunder, without interest, unless interest is received on the Subscription Account, in which event it will be paid to me and, upon such repayment, no party shall have any claim against any other party or person, the Sponsor, or the Selling Agent, and/or any other person who participated in the preparation or presentation of the Plan, and all parties shall be released from all obligations hereunder.

11. Title shall be transferred to the Apartment Corporation not earlier than thirty (30) days and not later than one hundred eighty (180) days after the Plan has been declared effective, unless the closing of title is adjourned, or the Plan has been abandoned.

12. I agree that if I shall fail to pay the Second Payment and/or the Balance when due, as herein provided, or to perform any other obligation required by me hereunder, the Apartment Corporation may elect to cancel this Subscription Agreement and to retain, as liquidated damages, the Initial Down Payment and the Second Payment, as applicable (but in no event in excess of ten percent (10%) of the Total Cash Purchase Price) plus an amount equal to the actual costs incurred by the Sponsor for any special work, if any, in or about the Apartment ordered by me, if (i) it notifies me in writing, by registered or certified mail, return receipt requested, that I am in default and of its election to cancel, and (ii) I fail to cure (a) the default in payment of the Second Payment and/or the Balance by paying the Second Payment and/or the Balance within thirty (30) days after the mailing of the notice or (b) any other default within ten (10) days after the mailing of the notice. Time is of the essence with respect to Purchaser's obligations to cure any default within the thirty-day or ten-day period, as applicable, and at the expiration of the thirty-day or ten-day period, as applicable, if I have failed to cure the subject default, the notice shall be effective and this Subscription Agreement shall be deemed cancelled and all rights of the parties thereunder shall terminate, the amount to which the Apartment Corporation is entitled as liquidated damages shall be paid over to it at or after the closing under the Plan, and the Apartment Corporation shall have the right to sell the Shares and the Proprietary Lease to

deposited by me are returned or used in connection with the consummation of the Plan.

7. (a) My signing of this Subscription Agreement shall constitute my acceptance of the Apartment in the condition in which it shall be at the time of closing, including the existing kitchen, bathroom and other appliances, fixtures, equipment, air conditioning units and installations which are owned by the Sponsor, subject to any provisions of the Plan.

(b) If, as a result of fire or other casualty, the Apartment is uninhabitable prior to the Closing Date and the damage was not caused by me, I will have the option, to be exercised in writing prior to the Closing Date, of cancelling this Subscription Agreement and obtaining a prompt refund of any payments I have made, without interest, unless interest is received on the Subscription Account, in which event it will also be paid to me, or of consummating the purchase, without any reduction in the Total Cash Purchase Price. If I elect to consummate the purchase, the Sponsor shall repair the damage or, if the Apartment Corporation has received a credit against the purchase price for the damage or the Sponsor's insurance proceeds, or the Sponsor's right to such proceeds, the Apartment Corporation will repair the damage, with reasonable promptness.

8. It is agreed that this Subscription Agreement is contingent upon the Plan being declared effective and being declared effective in the manner 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 declared abandoned if it has not been declared effective within the time prescribed by the Plan. The Plan may also be abandoned by the Sponsor after it has been declared effective under the circumstances described in the Section entitled "Effective Date" in Part I of the Plan.

10. If the Plan is abandoned or does not become effective, or if after being declared effective, the Plan shall be abandoned under the circumstances described in the Section thereof entitled "Effective Date", this Subscription Agreement shall be deemed cancelled and the

presented to the tenants of record and I was not afforded at least three (3) business days to review the Plan and all filed amendments prior to delivering this Subscription Agreement, I shall have seven (7) days after having delivered a fully executed copy of this Agreement and my deposit to rescind this Agreement and have my entire deposit refunded to me promptly. If I so elect to rescind, I must either (i) personally deliver a written notice thereof (in the form annexed hereto as Exhibit A and hereby made a part hereof) to the Apartment Corporation or Selling Agent within the seven (7) day period or (ii) mail said written notice to the Apartment Corporation or Selling Agent and have the mailing post-marked within the seven (7) day period.

19. I understand that the Plan may hereafter be amended. If such amendment(s) to the Plan shall constitute a substantial amendment which grants to me a right of rescission therein, then I shall have the right to rescind this Subscription Agreement by written notice (in the form of Exhibit A) to the Apartment Corporation or Selling Agent within fifteen (15) days after the distribution of such amendment(s), or within any longer period of time set forth in any such amendment. If I was a tenant of record when the Plan was first presented, and after the date hereof but prior to the date the Plan is declared effective or the expiration of any exclusive purchase period offered to tenants of record, whichever is later, the terms and conditions of the Plan are amended to be more favorable to tenant purchasers, I shall receive the benefit of any such amendment.

20. I represent that (a) I am purchasing the Shares for my own account and not as a nominee for any other individual or firm, tenants-in-common, partnership, corporation, trust, estate or other incorporated or unincorporated entity or as an accommodation to the Sponsor or principals of the Sponsor, and (b) I am a natural person over 18 years of age and a resident of New York State. The term "I" shall be 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.

21. Notices hereunder shall be in writing and delivered or mailed as follows: to the Purchaser(s), at

another purchaser as though this Subscription Agreement had never been made.

13. If I have entered into an Interim Lease pursuant to the Plan, then a default under that Interim Lease will constitute a substantial default under this Subscription Agreement.

14. (a) The entire agreement between the parties hereto is set forth herein and in the Plan. The only representations made to me are those contained herein and in the Plan. I have not relied upon any representations, statements or warranties, written or oral, as to any matter or estimate, that are not set forth herein and in the Plan; and, I acknowledge that I have had full opportunity to examine all documents and investigate all facts referred to and stated herein.

(b) This Subscription Agreement shall bind and apply to the parties hereto and their personal and legal representatives, successors and assigns and may not be changed orally.

15. This Subscription Agreement may not be assigned or transferred without the written consent of the Sponsor, which may be granted or withheld in its sole and absolute discretion.

16. Conflicts between this Subscription Agreement and the Plan shall be resolved in favor of the Plan.

17. 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 of this Agreement shall have been personally delivered or mailed to me. If this Agreement shall not be accepted within thirty (30) days of the date hereof by such delivery or such mailing 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 refunded to me promptly thereafter, without interest, unless interest is received on the Subscription Account, in which event it will be paid to me.

18. Anything set forth herein to the contrary notwithstanding, if I was not a tenant when the Plan was

25. I hereby agree to cooperate fully with the Sponsor and the Apartment Corporation and to complete, sign, acknowledge and deliver to the Sponsor or the Apartment Corporation, within five (5) days after written demand, such affidavits, certificates and documents and to supply such information as the Sponsor or the Apartment Corporation shall reasonably request or the Department of Law of the State of New York shall require in order to further evidence, detail and supplement the representations of warranties made by me in this Subscription Agreement.

26. Herewith is a letter, executed and acknowledged by the ____ of _____, authorizing me to enter into this Subscription Agreement.*

27. (a) I will sign the proprietary lease for the Apartment in advance of the Closing Date within five (5) days after receipt by me in the form contained in Part II of the Plan and my failure to do so shall constitute a default under this Agreement.

---

*This provision is only applicable to an individual designated to purchase the Shares by a non-individual tenant in occupancy of the apartment on the date the Plan was accepted for filing by the Department of Law.

the address stated below, and to the Selling Agent and to the Apartment Corporation, at the Selling Agent's office.

22. The sale of the Shares was made to me in good faith pursuant to the terms set forth in the Plan, without fraud or duress and with no discriminatory repurchase agreement or other discriminatory inducement.

23. By placing my initials below, I hereby make the corresponding representation:

[INITIAL THE APPLICABLE REPRESENTATION AND PROVIDE ANY REQUIRED INFORMATION]

(a) The Apartment is vacant and its purchase is for my personal use and occupancy or the use and occupancy of one or more members of my immediate family ..... ____

(b) The Apartment is occupied by a non-purchasing tenant ..... ____

(i) I represent that I intend that I or one or more members of my immediate family occupy the Apartment when it becomes vacant ..... ____

(ii) The following are the individual(s) whom I intend will occupy the apartment when it becomes vacant:

Name	Relationship
_____	_____
_____	_____

(iii) I have made similar representations of intent to occupy in Subscription Agreements for the following apartments:

Apt.	Address of Building
___	_____
___	_____

24. All of the representations made by me herein shall survive the closing.

EXHIBIT A

RESCISSION LETTER

Date: _____

[SELLING AGENT]

_____

_____

Re: Offering Plan to Convert to Cooperative Ownership the Premises Known as

_____

_____

_____ (the "Plan")

Dear Sir or Madam:

Please be advised that I/we, the undersigned subscriber(s) to _____ shares (the "Shares") of [Apartment Corporation] allocated to Apartment _____ at _____, hereby exercise(s) my/our right to rescind the Subscription Agreement (the "Subscription Agreement") for the Shares pursuant to the Plan.

(Check the applicable box):

☐ 1. Enclosed herewith is my fully-executed Subscription Agreement.

☐ 2. My Subscription Agreement has not yet been returned to me countersigned by the Sponsor.

I understand that if this Rescission Letter is timely delivered to you, the Subscription Agreement shall hereby be of no further force or effect and that the Shares may be sold to other parties under the Plan. I also understand that my/our down payment tendered with the Subscription Agreement shall be promptly returned to me without interest.

Very truly yours,

_____

Purchaser

_____

Purchaser

(b) I will also sign and swear to any and all documents relating to Article 31-B of the New York State Tax Law and Section 11 46.1.0 et seq. of the Administrative Code of the City of New York within five (5) days after their presentation to me and my failure to do so shall constitute a default under this Subscription Agreement. The Sponsor shall pay any New York State Real Property Transfer Gains Tax and any New York City Real Property Transfer Tax due in connection with the sale of the Shares to me.

The Selling Agent will give me prompt written notice when the Plan either becomes effective or is abandoned.

Date: _____

_____
Purchaser

_____
Purchaser

Address: _____

_____

Apt. No. ____

APPROVED AND ACCEPTED:

[APARTMENT CORPORATION]

By: _____
President

DESCRIPTION OF PROPERTY AND BUILDING CONDITION

J. YARMUS, INC.

Architectural and Engineering Consultants

248A NORTH MAIN STREET, NEW CITY, NY 10956-5397

(800) 453-2253
OUTSIDE NEW YORK

(914) 634-3580
MAIN OFFICE

(800) 445-2253
IN NEW YORK ONLY

HILLSDALE, NJ
(201) 664-3540

WHITE PLAINS, NY
(914) 997-1828

MIAMI BEACH, FL
(305) 866-4963

NEW YORK CITY
(212) 409-0200

November 23, 1987

Arthur J. Rosner, Esquire
Curtis, Mallet-Provost, Colt and Mosle
101 Park Avenue
New York, New York 10178

Re: 3203 Nostrand Avenue
Brooklyn, New York
Our file #1-87-35/N/AG

Dear Mr. Rosner:

This will address the requests articulated in the memo from the Attorney General's office dated October 27, 1987 as they relate to our report dated April 27, 1987.

1. The following deficiencies were not deemed to constitute a dangerous/hazardous condition at the time of our inspection: parapets, copings, chimneys, windows, roof and retaining walls.

2. The condition of the roof was fair. We did not observe any leaks at the roof membrane system. Moisture penetration at the exterior facade of the parapets was noted. This condition will diminish the watertightness of the roofing system.

3. The following deficiencies were noted to constitute a dangerous/hazardous condition at the time of our inspection: fire escapes, pavement and boiler room masonry entry steps.

4. Garage Parking Spaces
There are reportedly 22 parking spaces at the garage. Actual count is performed and regulated by management. The Certificate of Occupancy listed 42 cars, dated November 27, 1957. Perhaps there were provisions at one time for a parking attendant. Vehicle parking is

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DEPARTMENT OF BUILDINGS

BOROUGH OF BROOKLYN, THE CITY OF NEW YORK

eg

No. 159[illegible]

Date NOV27 1[illegible]

CERTIFICATE OF OCCUPANCY

(Standard form adopted by the Board of Standards and Appeals and issued pursuant to Section 646 of New York Charter, and Sections C.26-181.0 to C26-187.0 inclusive Administrative Code 2.1.3.1. to 2.1. Building Code.)

This certificate supersedes C. O. No. 157501

To the owner or owners of the building or premises:

THIS CERTIFIES that the new—~~[illegible]~~—building—premises located at 3203-3229 Nostrand Avenue, East Side, 95' North of Avenue S

Block 6836 Lot 52 (

, conforms substantially to the approved plans and specifications, and to the requirements of the building code and all other laws and ordinances, and of the rules and regulations of the Board of Standards and Appeals, applicable to a building of its class and kind at the time the permit was issued; and

CERTIFIES FURTHER that, any provisions of Section 646F of the New York Charter have been complied with as certified by a report of the Fire Commissioner to the Borough Superintendent.

N.B. ~~[illegible]~~— 1642/1956

Construction classification—non-firep

Occupancy classification— class "A" multiple dwelling . Height 6 - stories, 59'11" - fee

Date of completion— constr. 11/22/57 . Located in Residence - Use Distric

plumb. 11/20/57

D Area H.D. 11/20/57 Height Zone at time of issuance of permit

This certificate is issued subject to the limitations hereinafter specified and to the following resolutions of the Board of Standards and Appeals: (Calendar numbers to be inserted here)

Resolution 656-56-~~[illegible]~~Z adopted February 26, 1957 Bulletin 10 Volume 42

PERMISSIBLE USE AND OCCUPANCY

STORY	LIVE LOADS Lbs per Sq. Ft.	PERSONS ACCOMMODATED MALE	FEMALE	TOTAL	USE
cellar	ground	-	-	-	garage for forty-two (42) cars, utilities, ordinary, boiler roo four (4) families -
first	40	-	-	-	seventeen (17) families
second	40	-	-	-	seventeen (17) families
third	40	-	-	-	seventeen (17) families
fourth	40	-	-	-	seventeen (17) families
fifth	40	-	-	-	seventeen (17) families
sixth	40	-	-	-	seventeen (17) families

TOTAL - one hundred and six (106) families, garage for forty-two (42) cars

NOTE: Garage for passenger vehicles only, to comply with Art. II, Sec. 3(9)(b) of Zoning Resolution. Class "A" Multiple Dwelling

Fire Department approval dated November 20, 1957 (fuel oil)

Dept. of Air Pollution Control Certificates #783/1957 and #1675/1957 issued September 23, 1957

THIS CERTIFI[illegible]
A CERTIFICATE O[illegible]
301 OF THE MULTIPLE D[illegible]

[signature]

the tenant's responsibility, subsequently reducing the available spaces allotted for increased parking maneuverability. See attached copy of Certificate of Occupancy.

Please do not hesitate to contact our office if we may be of further assistance to you regarding this matter.

Very truly yours,

J. YARMUS



Dr. James J. Yarmus, P.E.
President

JJY/ss

J. YARMUS, INC.

Architectural and Engineering Consultants

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NEW YORK CITY
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April 27, 1987

Mr. William Mocsy
M. L. Partners
304 Park Avenue South
New York, New York 10010

RE: 106 Units Project
3203 Nostrand Avneue
Brooklyn, New York
Our File #1-87-35/N

Dear Mr. Mocsy:

The information listed below was obtained from the building management team, municipal agencies and an on-site inspection made on January 16, 1987.

LOCATION AND USE OF PROPERTY

The address of the property is 3203 Nostrand Avenue, Brooklyn, Kings County, New York. It is located on the easterly side of Nostrand Avenue, between Avenues R and S. The parcel is identified as block 68.36, lot 52 (50). The site is zoned R-4. The surrounding areas are zoned R3-Z and R6.

STATUS OF CONSTRUCTION

The building was completed on or about November 22, 1957. There were no substantial alterations since that date. The Certificate of Occupancy number is 158363, issued on November 27, 1957, and supersedes Certificate of Occupancy #157501. Construction Classification is non-fireproof. The Certificate lists 106 apartments and garage for 42 cars.

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SUB-SOIL CONDITIONS

There were no visible structural displacements which would be attributable to soil conditions. There were no signs of flooding conditions or seepage at the time of the inspection. There were negative slopes at the front.

LANDSCAPING

There were brick and concrete planters at the front of the building. Spalling concrete, loose bricks and deteriorated mortar joints were displayed. The site is generally provided with landscaping consisting of grass areas, shrubs, deciduous and coniferous trees. Some areas displayed flat or negative slopes. Trees are located along the sidewalk of Nostrand Avenue and at the rear yard. There is a continuous metal chain link fencing at the rear yard and at the perimeter of the garage roof. Retaining walls at the rear yard require maintenance. There are cracks and no weepers. Overall condition appeared fair. Overall landscaping conditions seemed fair to good.

BUILDING SIZE

The building height appears to be approximately 59'11", depending on topography. The building has six stories plus a cellar. The cellar level is the lobby level. Cellar level is on grade. The floor to ceiling height is approximately eight feet. The lobby level contains four apartments, water tank room, carriage room, storage room, compactor room, porter room and oil tank room. The boiler is located at a sublevel room. The parapets are approximately 3½ feet above the roof level. There are no crawl spaces and sub-cellars.

STRUCTURAL SYSTEM

Based on available data and judging by the Certificate of Occupancy, it is apparent that Local Law 10 is not

SITE

There is one building on the site. Usage is residential. There are approximately 29,400 square feet on the site, including the building and garage. There are 106 apartments, and a lower level garage. Capacity is 25 cars. The streets are owned and maintained by the City of New York. They are paved with asphalt and their overall condition is fair to good. The catch basins consist of curb inlets which conduct flow by gravity within storm drains located beneath the streets. Street lighting consists of high intensity luminaires with metal extension arms mounted on posts. Lighting for evening traffic appears to be good. The sidewalks consist of concrete and are in fair to good condition. Curbing is generally concrete. There are brick and concrete planters at the front of the building. Cracks and deteriorated mortar joints were noted. Trees are located along the sidewalks. A ramp is located at the main entry. Overall site condition appears fair to good.

UTILITIES

Electricity is provided by Consolidated Edison Company. Gas is provided by the Brooklyn Union Gas Company. The mains for the gas and electric are located underground. There are individual meters for electric consumption serving each apartment. Additionally, there are three meters for the building service. There are four gas meters serving the entire complex. Telephone service is provided on the site by a private company. The storm and sanitary sewers are owned and maintained by the City of New York. Storm and water system is owned and maintained by the City of New York. Water usage for the apartments is paid for by the building. Sewer taxes and water usage are paid to the City of New York. Overall conditions of the utility systems, where visible, appeared fair to good.

chimneys displayed cracks and open joints. Resetting and pointing of masonry is needed. The boiler chimney revealed a vertical crack at the second to third elevation. Overall conditions seem fair.

PATIOS, BALCONIES AND TERRACES

There are no balconies, patios or terraces.

EXTERIOR ENTRANCES (EXCLUDES SERVICE ENTRANCES)

The main entrance is located at the center court on Nostrand Avenue. The vestibule is set out from the building configuration. The exterior of the vestibule is of marble type masonry. Entry area consists of a concrete ramp with a negative slope. One drain is present. There are two sets of glazed panel doors at main and lobby entrance with fixed glazing panels at the sides. Doors are made of metal at lobby and main entrance. The lobby entry doors are controlled by intercom and an interlock system further described below. The exterior lighting is located on a metal pole and entry soffit area. It consists of incandescent lighting. Other entrances are located at either sides of the main lobby area, and one at the rear lobby area. Mailboxes are located at lobby areas. They seemed in fair condition. Lighting consists of fluorescent. The metal stair at the right rear side leads to the garage roof. There are ramps at all exterior entrances. Condition appeared fair to good. Cracks were displayed. Overall exterior entrances condition is fair to good. The boiler room masonry entry steps displayed cracks and deterioration.

ROOF AND ROOF STRUCTURES

The roof is flat and consists of rolled membranes. Deteriorated areas were seen at some areas of the roofing system. Membrane air bubbles were noted. The roof appeared watertight during our inspection, except for water entering the brick fascia areas at the sixth floor. There is no readily available access to the

applicable. The foundation consists of concrete, including the slab on grade. The foundation walls consist of concrete. Interior lower level walls are generally masonry blocks. The floor above the garage consists of concrete. Upper level floors are supported by wood framing. Roofing system is supported on wood framing. Overall condition of the structural system appears fair.

WINDOWS

The windows are generally single glazed, double hung units with wood frames. Lintels seemed in fair condition. Some rust was noted. Windows are original. Blistering paint was noted on window frames. Some window frames were deteriorated. Window sills are generally made of concrete. Some windows had storms and screens. Some screens were damaged. Overall condition at windows is poor to fair.

PARAPETS AND COPINGS

Parapets consist of brick. Approximate height is 3½ feet. Rear parapet section displayed cracks at the interior. Cracks were also displayed at the exterior fascia of the parapets. Areas of the front and side parapets were tar coated at the inward section. Tar appears to be collecting water and causing spalling and deteriorated bricks. The recommended method of sealing water out of parapets, while allowing moisture to be released, involves the use of cementitious materials instead of tar. Copings generally consist of clay. Damaged copings were seen in several rear areas. Openings were seen at rear coping joints. These could allow moisture to enter areas below. Overall condition of parapets and coping system appeared fair.

CHIMNEYS AND CAPS

There are three brick chimneys present. One is used for the boiler and the other two are for the incinerators. The incinerator chimneys are no longer used. The

METAL WORK AT ROOF LEVELS

Metal stairs for access to the elevator machine room are located at the roof level. Bulkheads have hatches for incinerator access. Latching hardware was present and functional. There are soil vent stacks, mechanical and turbine exhaust vents on the roofs. Conditions appeared fair to good.

FIRE ESCAPES

There are ten sets of steel fire escapes serving the apartments above the grade floor. They are framed to the structure. Rusting and blistering was evident at some sections. Several units at the rear displayed loose and open mortar joints around framing penetrations. The front units permit entry from the second to the sixth floor. The rear units permit entry from the second floor to the roof. Drop ladders are located at all units. Overall condition of fire escapes seems fair.

ROOF TOP FACILITIES

There are no roof top facilities.

YARDS AND COURTS

There is one rear yard adjoining the garage elevated roof area. The garage and rear yard are connected by a metal stairway. The rear yard can be entered from the lobby level, garage, or sidewalk. Drains are present at entryways. Metal continuous chain link fencing is present at the rear yard and garage roof perimeter. They are serviced by walks made of concrete. Cracks were displayed. The rear walks and yard provide access to lobby level, boiler room, storage room and garage. Overall conditions are fair.

cavity beneath the roofing. We could not determine the condition in these areas. Flashing was present at parapets and bulkheads, and is tar coated. We could not determine if insulation is present at rafter cavity due to lack of access. Overall roofing condition is fair.

DRAINS

Roof runoff is conducted to interior drains. These, in turn, lead to outflow at centralized cast iron pipes which are reportedly connected to the municipal storm drainage system. Ponding is present in areas. Overall conditions of drains seem fair to good.

SKYLIGHTS

There are no skylights present.

BULKHEADS

There are four bulkheads present. There are two combination bulkheads which contain the stairs and elevator machine room. The third bulkhead contains stairs. The fourth bulkhead contains stairs and incinerator chimney. They are faced with brick. Roofing conditions at bulkheads appeared fair. Roofs drain via leaders. Access doors consist of metal with metal frames. The door at bulkhead which contains stairs was damaged. Also, the elevator machine room door was damaged. There are steel steps which allow access to the elevator machine room. The stairs ascend about five feet. Both doors need to be reset. One incinerator access door consists of wood sheathing. There are windows at bulkheads consisting of metal frame and sash with reinforced glazing. Overall condition of bulkheads appeared fair to good.

agreement with Staley Elevator Company, located at 47-24th Street, Long Island City, New York 11101. Overall system condition seemed fair.

AUXILIARY FACILITIES

There is one laundry room present. It is located at the lobby level. There are four washing machines and two dryers. Costs are $1.00 per cycle, and serviced by Hercules Coin-O-Matic. Washing machines are electrically operated and are heavy duty units. The dryers are gas fired. Dryer vents utilize ducts to exterior. Room ventilation is accomplished by a window. Ventilation is not adequate. Upgrading is needed. Lighting consists of fluorescent. Illumination level appears fair to good. Ceilings and walls are finished with painted plaster. Floors are finished with ceramic tile. Washers drain via slop sinks. There is one floor drain present. Sinks, tables and benches are present. Overall condition of room and equipment seemed fair to good.

REFUSE DISPOSAL

Refuse from each apartment is deposited by tenants into chutes located at corridors. Chutes lead to the compactor room. There are two compactors at lobby level. There is a sprinkler head in each room. System seemed operational and well maintained at time of inspection. Refuse is collected two times per week by the New York City Department of Sanitation or their agents. Overall system seems in fair condition.

PLUMBING AND DRAINAGE

The water main serving the building is underground. Visible piping throughout the building consists of mostly steel, copper, cast iron, depending on location and function. Water usage is paid for by the building. A water meter is located at the carriage room. It services the building. There is a holding tank and a circulator present at the north wing meter room. The

INTERIOR STAIRS

There are four interior stairs. They consist of steel stringers, risers, treads and balusters. Treads and landings are filled with concrete. Handrails are contoured wood. Ceilings are painted plaster or steel depending on location within the well. Walls are painted plaster or masonry. Blistering and peeling paint was seen at several areas. The stairs allow access to each floor, including the roof. Flooring at stair landings is resilient tiles. Doors at corridors are generally metal with metal frames and reinforced glazing. Lighting consists of incandescent fixtures. Illumination level seemed fair to good. Overall interior stairs condition appeared fair to good.

INTERIOR DOORS AND FRAMES

Roof, cellar and apartment entrance doors are metal with metal frames. Interior apartment doors are generally hollow core wood or masonite with metal or wood frames. Overall condition of apartment doors is fair to good.

ELEVATORS

There are two elevators present. Elevators are used for passenger and service traffic. Elevator brand is Staley Elevator. Cab finishes consist of metal at walls, resilient matting at floors, and metal at ceilings. Ventilation is present at ceiling via a metal grille. The elevators stop at each floor. Lighting is accomplished with incandescent fixtures. Doors at cabs are metal. Metal doors are at floor levels. Capacity is 2,000 pounds. Alarms and emergency stops are present. Inspection Certificates were not posted at time of inspection. The south wing cab stopped properly at floor levels, and the north wing cab stopped unevenly. Cab finishes condition appeared fair. Other defects noted include worn and damaged flooring at the north elevator. The machine rooms are located at the roof. AC motors are manufactured by Staley Elevator Company. AC motor horspower is 10. The control panels appeared to be original. There is reportedly a maintenance

35 years for cast iron boilers, 30 for steel water tube (steam) and 25 for steel fire tube boilers.

The burner anticipated life expectancy remaining is approximately one year. The burner appeared to have reached its designed life expectancy.

The reported capacity of the oil tank is 7,500 gallons. The oil tank is located in an oil tank room at the lobby sublevel next to the boiler room. The Division of Air Resources Triennial Inspection Certificate expires on November 13, 1987. Oil burning brand is Enterprises. The age of the burner is reported to be thirty years. It is serviced by Romeo Heating Enterprises, located at 1018 Hoyt Avenue, Ridgefield, New Jersey. The burning rate is rated at 50 GPH. Controls include automatic water feed, low water cut-off, a petrometer, a control clock (Heat-Timer brand), oil heater, temperature limit switches, remote disconnect switch, and chimney alarm.

Heat radiation at apartments consist of finned convectors with a manual shut-off valve and a pressure relief valve. There are condensation pumps present in the boiler room. The sump pump was located in the boiler pit. Ventilation at the boiler room consists of a louvered window. Louvers were damaged. Lighting consists of incandescent. Access to the boiler is through concrete steps at the exterior, a metal wrapped door and metal stores. Floors are concrete, walls are masonry block and concrete. Ceiling is fire rated with concrete. The heating system appeared to be able to maintain legally required service under anticipated weather conditions. Overall conditions of equipment, lighting, ventilation and finishes appeared fair to good.

DOMESTIC HOT WATER SUPPLY

The boiler generating heat also provides domestic hot water the entire year. There is a circulator working in conjunction with the main boiler to supply hot water to the units. The aquastat controlling the circulator read 140°F. In our opinion, the domestic hot water system is capable of providing the peak required service. Overall condition of the domestic hot water supply system where visible appeared fair to good.

system is no longer in use. Pressure was tested at random and appeared adequate.

FIRE PROTECTION

There are sprinkler heads at the compactor rooms and at the garage.

SANITARY SEWER SYSTEM

The sewerage system is underground. It is under the control of the City of New York. Costs are paid by the building through the tax structure. Costs are paid by the building to New York City. The visible portions of building system seemed in fair to good condition and the sanitary sewer beyond appeared functional.

STORM DRAINAGE SYSTEM

The drainage outflow uses City storm drains. The system appears functional.

HEATING

Heating is provided by a boiler located below the cellar level. Fuel consumed is #6 oil. The boiler is manufactured by Pacific (Model 6082). The boiler generates steam. Boiler and burner age was not available during inspection as it was not posted on equipment plates. The boiler appeared to be original which is about thirty years. In our opinion, the remaining life for the boiler is about twenty years, on the basis of our experience which approximates a life expectancy of 50 years of service under normal maintenance conditions. It should be noted that our experience discloses life expectancies higher than that published by the American Society of Heating, Refrigerating and Air Conditioning engineers, of which we are members. ASHRAE publishes a life expectancy of

LIGHTING AND RECEPTACLES

Generally, breakdown for these services is as noted below, with individual variations depending on unit size. There are incandescent overhead fixtures at dining areas, bedrooms and entrance foyers. Bathrooms generally have wall mounted fluorescent fixtures. Kitchens have overhead fluorescent fixtures. Depending on size there are between two and four duplex receptacles in kitchens, living rooms, dining areas and bedrooms. Bathrooms have receptacles in the wall mounted fixtures. We did not see any ground fault interruptors. Overall condition of the lighting and receptacle distribution system seemed fair to good.

INTERCOMMUNICATION/DOOR SIGNAL SYSTEM

There is a voice communication system, including buzzer and interlock system which controls the main entrance from each apartment. Random observations displayed functionability. It is wired to each apartment. Entrance doors at apartments have pushbuttons and peepholes. Overall system condition seemed good.

TELEVISION ANTENNA AND CABLE

There is a master antenna system present, reportedly available to tenants at no additional cost. Cable television provisions are present for individual tenant subscription. Overall television system condition seemed good.

PUBLIC AREA LIGHTING

Sidewalks and roadways receive conventional street lighting. There are incandescent lights at the building entrances. The vestibule and lobby areas have fluorescent fixtures. Stairs, corridors, laundry area, mailbox area, etc. have fluorescent fixtures. Intensity of illumination seemed generally fair to good. Overall

AIR CONDITIONING

Air conditioning consists of window units owned and maintained by tenants. The building does not supply air conditioners to tenants. Cost of usage is paid for by the tenants. Units are generally located at living rooms and master bedrooms. Overall condition of the system seems fair.

VENTILATION

The building is generally vented by windows at apartments. The corridors are vented by central ducts to roof exhaust fans. There are interior kitchens vented by duct work and roof exhaust fans. The garage is vented by an exhaust fan. The blowers at roof level were functional and appeared in fair to good condition. Overall venting system condition seemed fair to good.

ELECTRICAL SYSTEM

The capacity of the electrical service panel at point of entry is rated at three phase, 600 amps for each wing. There are two service panels. There are 109 separate meters. The superintendent's unit is metered individually and his unit is included in the above count. There is one 50-amp breaker servicing each apartment. These are located at the meter rooms. Apartment distribution panels generally have three 20-amp and one 15-amp breakers. We did not see any ground fault interruptors. Modern appliances such as air conditioners, electric dryers and dishwashers, etc. require that the service panel capacity be a minimum of 40 amp/220 volts for studios and one bedroom units, and no less than 60 amp/220 volts for two and three bedroom units. In this project, capacity to handle such modern appliances was deemed below standard. The service, however, seemed adequate for present usage.

ASBESTOS

Our scope of work excludes rendering judgements on the possible presence of asbestos in the building. However, some areas disclosed what appeared to be asbestos containing materials. In our opinion, an asbestos search should be conducted by a qualified firm.

OCCUPANCY AND UNIT INFORMATION

# of Units	Apartment Designation	Bedrooms	Baths	Balconies and/or Terraces
13	Studios	---	1	None
18	3 Rooms	1	1	"
37	3½ Rooms	1	1	"
30	4½ Rooms	2	2	"
2	4 Rooms	2	1	"
6	4½ Rooms	2	1	"

Total number of residential units is 106. The superintendent's unit is located at apartment LA and is included in the above count. The information contained in the schedule is provided to us by others and reportedly in accordance with standards of the industry such as the Real Estate Board of New York Method. We did not perform any management functions.

APARTMENTS

The following descriptives are based on random observations. Inspected apartments include LA, 2B, 4P, 6B, 6E and 6F. The kitchen cabinets consist of painted wood. Countertops are plastic laminate. Generally, sinks are stainless steel. Ranges are generally floor mounted, with four burners, ovens and broilers. Refrigerator capacities vary from about 10 to 14 cubic feet. Appliances are generally owned by the Building. Flooring at kitchen is generally resilient tiles. Bathrooms contain generally porcelainized sinks, bath tubs and water closets. Flooring and portions of walls at baths have ceramic tiles. Wall tile height is generally 4', except for 6' at tub areas. Sealing and grouting needs were noted at several tile areas around tubs. Some apartments have second bathrooms with showers.

conditions of lighting system at public areas appeared fair to good.

GARAGE AND PARKING AREAS

The garage is located at the rear of the site. Entrance is at Nostrand Avenue. There are reportedly 25 parking spaces at garage. Actual count is performed by management, rather than this office, because it is subject to management regulation. The Certificate of Occupancy lists 42. The overhead door operator was functional at time of inspection. Lighting consists of fluorescent. Ventilation consists of a roof exhaust fan. Ventilation and lighting appeared fair to good. Drainage is present at flooring. There are several cracks at the ceiling. The cracks do not appear structurally significant. Instead they seemed to reflect insufficient provisions for expansion, construction and differential rigidity. Ceilings, walls and flooring consist of concrete. There is a sprinkler system present. It was unknown at the time of inspection what firm handles the sprinkler maintenance. A siamese connection and an alarm system was at the front exterior of the building. Overall parking areas condition seemed fair to good.

VIOLATIONS

A violation search was conducted on or about October 6, 1986, by Barretta Research Service Corporation with the Department of Housing and Building and Environmental protection. The search of the Department of Housing and Building and Department of Environmental Protection revealed pending violations. See attached search.

PEST CONTROL

There is a formal contract in force, but the name of the firm was not known at the time of inspection. Service intervals are reportedly monthly.

Please do not hesitate to contact our office if we may be of further assistance to you regarding this matter.

Very truly yours,

J. YARMUS, INC.

Dr. James J. Yarmus, P.E.
President

JJY/slp/tah

Shower areas also have tile walls. Flooring at habitable spaces is hardwood. Some apartments were carpeted. Ceilings and walls are generally painted plaster or gypsum board. Several cracks were displayed at upper wall areas. The cracks do not appear structurally significant. Blistering paint at wall areas was noted. Smoke detectors are located at halls. Overall condition of systems and finishes at apartments appeared fair to good.

SPACES OTHER THAN APARTMENTS

Walls and ceilings at corridors are generally painted plaster. Flooring in these common areas is generally resilient tile. Vestibule and lobby have terrazzo flooring. Walls at vestibule are marble type masonry. Blistering paint was seen at several stairwells and corridors. The mailboxes are located at lobby. The lobby level contains a laundry room, meter rooms, storage rooms and apartments. Overall condition of common areas at spaces other than apartments is deemed fair to good.

SUMMARY OF PHYSICAL CONDITION

Overall conditions are deemed fair, except as noted. Extended life for present systems is expectable given normal monitoring and maintenance.

07 (REV. 5/78)

VIRONMENTAL CONTROL BOARD CITY OF NEW YORK	NOTICE OF VIOLATION AND HEARING	VIOLATION NO. 075709 175

U ARE REQUIRED, AND ARE HEREBY DIRECTED, TO APPEAR FOR A HEARING ON 8 2 7 81 at 5 : 30 a.m./p.m.
e Environmental Control Board, 120 Wall St., New York, NY 10005, 17th floor, Room 1707.
hearing is your opportunity to answer and defend the allegations set forth below.
OU DO NOT APPEAR, YOU WILL BE HELD IN DEFAULT AND SUBJECT TO MAXIMUM PENALTIES.

ondent is also required to make a written response to this Notice of Violation on the attached form within fourteen (14) days.
TECT YOUR RIGHTS – READ THE INSTRUCTIONS ON THE ATTACHED RESPONSE FORM.

missioner of the Department of Environmental Protection
e City of New York, Petitioner,
U-Fit Mgmt
1501 Ave. Z
Brklyn N.Y

Premises: 3203 Nostrand Ave
Borough: Bklyn
Respondent(s)
Street Address of Respondent(s)
City, State, Zip Code

investigation, it has been determined by the above-named Petitioner that there is reasonable cause to believe that the above-named Respondent(s) has/have ted the following Subsection(s) of Chapter 87 of the Administrative Code of the City of New York.

ction 1403.2 (New York City Air Pollution Control Code)
Subsection 5.05(a): Caused or permitted the use or operation of equipment or apparatus for which an installation or alteration permit is required, without obtaining an operating certificate from the petitioner.
Subsection 5.05(b): Caused or permitted the use or operation, without first obtaining an operating certificate from petitioner, of:
☐ (1) Fuel burning equipment using residual fuel oil.
☐ (2) Equipment used in a manufacturing process.
☐ (3) Refuse burning equipment.
Subsection 9.03(a)(1): Caused or permitted the emission of air contaminant of a density which appears as dark or darker than no. 2 on the standard smoke chart, or of an opacity which obscures vision to a degree equal to or greater than smoke of no. 2 density on the standard smoke chart.
Density observed: _____ Time: ___ : ___ to ___ : ___ ___m.
Subsection 9.05(b): Caused or permitted the emission of a visible air contaminant from the internal or external combustion engine of a motor vehicle after vehicle has moved more than 50 yards from a place where vehicle was stationary.
Subsection 9.18: Failed to have posted signs in passenger elevator cars and each entrance thereto prohibiting smoking.
Subsection 11.01: Failed to maintain equipment in good operating order.
Subsections 5.05(d) & 5.07(a): Caused or permitted use or operation, without making timely application to renew expired operating certificate, of:
☐ Fuel burning equipment. ☒ ☐ Refuse burning equipment.
Subsection 3.17(a): Failed to have operating certificate or permit displayed in vicinity of equipment.

ction 1403.3 (New York City Noise Control Code)
Subsection 3.01: Caused or permitted unnecessary noise to be made or continued.
Subsection 4.03(b): Used or caused to be used a sound reproduction device for commercial purposes wherein the sound therefrom could be heard upon a public street, park or place.
Subsection 5.03(a): Operated or permitted to be operated any motor vehicle in such a manner as to exceed the allowable sound level.
Subsection 5.13: Operated or permitted to be operated a simulation device in such a manner as to exceed the allowable sound level.

r: Under Section A ☐ 1403.2 (Air) ☒ ☐ 1403.3 (Noise): Subsection(s) _____
ription of Violation: No Air to Fuel modification

☐ The attached "Inspection report" is hereby incorporated into this notice of violation.
above violation was observed at or about 11:40 ☒ a.m. ☐ p.m. on the 22 day of July, 19 81
The Equipment/Device in violation: Dust Collector Enterprise Coal Burner
Equipment type code ☐☐
Mark Wain 115
Inspector's Signature-Badge No. Division of Air Resources

ch violation be proven or admitted, the Respondent(s) may be subject to civil penalties for each subsection of the violation in amounts according to the dule set forth on the reverse side of this form for each day during which such violation continues.

e is hereby given that certain Air Code violations also constitute violations of New York State Codes, Rules and Regulations, as shown on the reverse side of orm, and action may also be taken by the New York State Department of Environmental Conservation with respect thereto.

TIFICATE OF SERVICE IN BEHALF OF PETITIONER of Notice of Violation and Hearing
Certified Mail Return Receipt No. Certified Mail
or was ☐ by mail: ☐ personal; upon Respondent who was the ☐ owner; ☐ agent; ☐ super;
operator of equipment; other (specify): _____
Respondent(s) street address as set forth above; ☐ addressed to:
Address Same
State, Zip
Date of Service: 28 day of July, 19 81
Signature of Person Serving Notice

Class Type Code: ☐ noise; ☐ air; ☐ industrial; ☐ citizen affidavit (attach copy) ☐☐☐☐☐☐ - ☐☐ ID ☐ CVB

3734(78)

RESPONDENT

3203

174 DIVISION OF AIR RESOURCES
120 WALL STREET
NEW YORK CITY 10005

DEPARTMENT OF ENVIRONMENTAL PROTECTION
THE CITY OF NEW YORK
JOSEPH T. McGOUGH JR., COMMISSIONER

TELEPHONE
248-8535

SAMUEL STEMPLER, P.E.
Assistant Commissioner

Air Resources

The City of New York

BARRETTA RESEARCH SERVICE CORP.
44 COURT STREET
BROOKLYN, NEW YORK 11201

DATE: 10/06/86

TITLE NO.: LTIC KTM26837

PREMISES: 3203 / 3229 NOSTRAND AVENUE

COUNTY: BROOKLYN

Gentlemen:

A search of our files shows the following record on the above premises:

____ 1. A Certificate of Operation not issued for Application of file _____

____ 2. A Certificate of Operation must be procured.

____ 3. A valid Certificate of Operation for fuel burning equipment is on file. This may not cover all equipment at premise. See number 6.

____ 4. A valid Certificate of Operation for refuse burning equipment is on file. This may not cover all equipment at premises. See number 6.

____ 5. No record for this premise.

_X_ 6. Local law 49/1971 requires a current operating certificate for all residual burning equipment, coal burning equipment and refuse burning equipment. If such equipment, although unknown to us exists, it is automatically in violation of the law. This applies regardless of the information provided above.

_X_ 7. Triennial Renewal of Certificate of Operation required # CA142-73

_X_ 8. VIOL. #075709, COMPACTOR INSTALLED 10/9/73

BN#249/73

EPARTMENT OF BUILDINGS
TOR DIVISION
UNICIPAL BUILDING
ORK, N Y 10007

FIRST-CLASS MAIL
U.S. POSTAGE PAID
NEW YORK, NY
PERMIT NO. 2597

IONS C-26-1802.2 AND C-26-1802.4 OF THE NYC ADMINISTRATIVE CODE AND
18-1 RULE 1001.4(B) HAVE BEEN VIOLATED.
ITION REPORTED: A REVIEW OF THE RECORDS OF THE ELEVATOR DIVISION OF
DEPARTMENT OF BUILDINGS INDICATES THAT THE FOLLOWING HAVE NOT BEEN
DRMED FOR THE PREMISE AT
THE ONE (1) REQUIRED PERIODIC INSPECTION PER ELEVATOR PROVIDED BY
THE OWNER TO BE PERFORMED BETWEEN JAN. 1 AND SEPT. 15 OF EACH YEAR:
THE FIVE-YEAR(5-YR) MAINTENANCE INSPECTION AND TESTS OF THE ELEVA-
TOR CAR(S) AND COUNTERWEIGHT SAFETIES, GOVERNORS AND OIL BUFFERS.
DY THE OWNER SHALL ARRANGE TO HAVE REQUIRED INSPECTIONS/TESTS MADE
INSPECTION AGENCY QUALIFIED BY THIS DEPT. AN INSPECTION/TEST RESULT
T MUST BE FILED WITH THIS DEPT IN CONFORMANCE WITH OUR REGULATIONS.
NOTE: ALL INQUIRIES AND REFERENCE TO THIS VIOLATION SHOULD BE
DIRECTED TO
ELEVATOR VIOLATION DIVISION (643-7015)
BRIBERY IS A CRIME PUNISHABLE BY IMPRISONMENT AND/OR FINE.
/81 VIOLATION NO. EIT ISSUED TO OWNER/AUTHORIZED AGENT BELOW

E BERGER, P.E.
CH SUPERINTENDENT
FRUCHTMAN, P.E. COMMISSIONER

I C E O F V I O L A T I O N

V.SS

NYC DEPARTMENT OF BUILDINGS
ELEVATOR DIVISION
203 MUNICIPAL BUILDING
ONE CENTRE STREET
NEW YORK, N.Y. 10007

106

FIRST CLASS MAIL
U.S. POSTAGE PAID
NEW YORK, NY
PERMIT NO. 259

SIMPLEX

SECTIONS C-26-1802.2 AND C-26-1802.4 OF THE NYC ADMINISTRATIVE CODE
HAVE BEEN VIOLATED.
CONDITION REPORTED: A REVIEW OF THE RECORDS OF THE ELEVATOR DIVISION OF
THE DEPARTMENT OF BUILDINGS INDICATES THAT THE FOLLOWING HAS NOT BEEN
PERFORMED FOR THE PREMISE AT MANHATTAN
THE ONE (1) REQUIRED PERIODIC INSPECTION PER ELEVATOR BY
THE OWNER TO BE PERFORMED BETWEEN JAN 1 AND SEPT 15, 19
REMEDY: THE OWNER SHALL ARRANGE TO HAVE REQUIRED INSPECTIONS/TESTS MADE
BY AN INSPECTION AGENCY QUALIFIED BY THIS DEPT. AN INSPECTION/TEST RESULT
REPORT MUST BE FILED WITH THIS DEPT IN CONFORMANCE WITH NYC DEPARTMENT
OF BUILDINGS REGULATIONS.

NOTE: ALL INQUIRIES AND REFERENCE TO THIS VIOLATION SHOULD BE
DIRECTED TO MANHATTAN ELEVATOR VIOLATION DIVISION (566-2380)
BRIBERY IS A CRIME PUNISHABLE BY IMPRISONMENT AND/OR FINE.
VIOLATION NO. SS ISSUED TO OWNER/AUTHORIZED AGENT BELOW

GEORGE C. SAKONA, P.E.
BOROUGH SUPERINTENDENT, MANHATTAN
IRWIN FRUCHTMAN, P.E. COMMISSIONER

N O T I C E O F V I O L A T I O N

BRS | Barretta Research Service Corp.

HOME OFFICE
44 Court Street
Brooklyn N.Y. 11201
(718) 237-0643

BRANCH OFFICES
16 E. Old Country Road
Hicksville N.Y. 11801
(516) 931-5644

65 Court Street
White Plains N.Y. 10601
(914) 428-1538

39 Woodhull Avenue
Roosevelt N.Y. 11801
(516) 727-2511

DATE: 10/02/86

TITLE NO.: LTIC KTM26837

HOUSING AND BUILDING DEPARTMENT SEARCH

PREMISES: 3203 / 3229 NOSTRAND AVENUE BROOKLYN

A search of the records of the Department of Buildings, and the Rent and Housing Maintenance Department of the City of New York was made on 10/02/86 and as of the last date of posting, the following violations were reported pending:

BUILDING DEPARTMENT: LAST DATE OF POSTING: 05/29/86

VIOLATION(S) ATTACHED

RENT AND HOUSING MAINTENANCE DEPARTMENT:

VIOLATION(S) ATTACHED

BUILDING CLASSIFICATION:

HEREAFTER ERECTED CLASS A MULTIPLE DWELLING
--> Multiple Dwelling 106 Apts.

Not a Multiple Dwelling _____

* PLEASE NOTE THAT WE CANNOT OBTAIN COPIES OF EIT VIOLATIONS
* PLEASE NOTE THAT WE CANNOT OBTAIN COPIES OF SS VIOLATIONS
SAID VIOLATIONS ARE COMPUTER-PRINTED AND HAVE THE SAME TEXT AS THE ATTACHED SAMPLE

IMPORTANT NOTICE ABOUT SEARCH INFORMATION ABOVE

BARRETTA RESEARCH SERVICE CORPORATION DOES HEREBY CERTIFY THAT THE RECORDS OF THE ABOVE GOVERNMENTAL AGENCIES WERE EXAMINED AND THAT THE INFORMATION REPORTED ABOVE IS A TRUE AND ACCURATE ABSTRACT OF THE INFORMATION CONTAINED THEREIN.

BARRETTA RESEARCH SERVICE CORPORATION IS SUBMITTING THIS REPORT FOR INFORMATION PURPOSES ONLY. NO LIABILITY IS ASSUMED HEREUNDER. THIS SEARCH DOES NOT INCLUDE OTHER AGENCIES VIOLATIONS.

INIT.	INITIALS	BADGE NO.

INSPECTION ORDER

THE CITY OF NEW YORK

Department of Housing Preservation and Development

Office of Rent and Housing Maintenance

01-04-72 A — LST PUB FT INSP

179 PAGE

PREMISES	BORO	AREA	BLOCK	LOT	CLASS	REG NO	DATE ISSUED
2203 2225 NOSTRAND AVENUE	BRLN	104	02836	0050	MULT	DWLGS	JUN 16, 1986

PRESENT STATUS OF PREMISES	LAST INSPECTED	STYS	APTS.	B ROOMS	OTHER	CLS	NAME AND ADDRESS OF: AGENT
AITING DISMISSAL REQUEST	4-02-86	006	0106	0000	00	7	CELISI PAUL 1501 AVENUE V BROOKLYN, N.Y. 11229
TYPE OF INSPECTION	REASON						

DATE REPORTED	STY	INSP REPT. 1ST	INSP REPT. 2ND	ITEM	ORDER	SECTION OR COMPLAINT NO.	VIOLATION DESCRIPTION
4-22-85	C1			154	566 B	D26-13.03	ADM CODE ABATE THE NUISANCE CONSISTING OF VERMIN ROACHES 1 STY NORTHEAST AT EAST APT 11 SOUTH SECTION THRU CUT. ISSUED 05/20/85 FRV EFT 04/22/85
4-02-86	RR			155	525 A	D26-10.01	ADM CODE REFIT NORTH BULKHEAD TO ROOF RISE.
DATE TO CERT 10/09/86							ISSUED 06/16/86 FRV EFT 04/02/86
							LAST ITEM NUMBER 199

INSPECTION																
2203	67030	1304							A	6		CC 15		1		
HOUSE NO	STREET CODE	BORO-BLOCK	INSPECTION DATE	BADGE NO.	RE DATE	A-4	C-4	Lodger	Rooms	PUBL.			TCAT	CONDEMNED ON		

COMPL. NO.	INSPECTOR'S SIGNATURE	PUBLIC PARTS	UNITS	APARTMENT & ROOM COUNT: NO ACC	A APTS	B ROOMS	B UNITS	ENTRY TIME	EXIT TIME	SUPERVISOR'S INITIALS
	1st INSPECTION	BSMT. ☐ YES ☐ NO								
	SIGNATURE	CELLAR ☐ YES ☐ NO								BADGE NO

INSPECTION																
													M	BADGE	1ST INSP.	
															2ND INSP.	
W 22 FOR			INSPECTION DATE	BADGE NO.	RE DATE	A-4	C-4	Lodger	Rooms	PUBL.		TCAT				

COMPL. NO.	INSPECTOR'S SIGNATURE	PUBLIC PARTS	UNITS	APARTMENT & ROOM COUNT: NO ACC	A APTS	B ROOMS	B UNITS	ENTRY TIME	EXIT TIME	SUPERVISOR'S INITIALS
	2nd INSPECTION	BSMT. ☐ YES ☐ NO								
	SIGNATURE	CELLAR ☐ YES ☐ NO								BADGE NO

SUPERVISOR	DATE RECD	REVIEWER	DATE RECD	INSPECTION CONTROL	DATE RECD	DATA PROC. UNIT	DATE RECD	BOROUGH CONTROL	DATE RECD

178

CITY OF NEW YORK
DEPARTMENT OF BUILDINGS

RECEIVED
FEB 83 AM 10:
DEPT. OF BLDGS. BKLYN
CITY OF NEW YORK

Chief Boiler Inspector
Boiler Division
150 Wall Street – Room 1522
New York, N.Y. 10005
Tel. No. 248 – 8819, 20

Date: 2/1/80

Dear Sir:

You are hereby notified that there exists a violation of law in the premises described below.

You are directed to remove this violation forthwith, pursuant to Section C26-1[illegible] of the Administrative Code and, in case of a multiple dwelling, Section 76 of the Multiple Dwelling Law. Boiler Sealed.

VIOLATION NO.	PREMISES (Including Borough)	BOILER NO.	DIST'd.	DATE FILED
288-80	3203 Nostrand Ave. Bklyn.	MD 15364	3	2/1/80

X illegible

X

X

X

(1) Union leaking on water pipe. (2) Corroded pipe on pre heater.
(3) Smoke hood missing bottom plate letting fumes into boiler room.

Remedy: To remove violation, work must be done and corrected, call 248 – 8819, 20 for an appointment and test.

NOTE: IF THIS VIOLATION IS NOT CORRECTED WITHIN TEN DAYS, YOU MAY BE SUMMONED TO APPEAR IN CRIMINAL COURT. Operating Engineer Drunk & use of booze from past but left Side of body.

Chief Boiler Inspector

BRIBERY IS A CRIME. A PERSON WHO GIVES OR OFFERS A BRIBE TO ANY EMPLOYEE OF THE CITY OF NEW YORK, OR AN EMPLOYEE WHO TAKES OR SOLICITS A BRIBE, IS GUILTY OF A FELONY PUNISHABLE BY IMPRISONMENT FOR UP TO SEVEN YEARS, A FINE OR BOTH. PENAL LAW SECTIONS 200.03 AND 200.04

REPORT CONCERNING ASBESTOS CONTAINING MATERIALS

Asbestos Survey

for

3203 Nostrand Avenue
Brooklyn, New York

Prepared For: 3203 Nost Limited Partnership
304 Park Avenue South
New York, NY 10010

Prepared By: Testwell Craig Laboratories of NJ, Inc.
50 Passaic Avenue
Fairfield, NJ 07006

182 TESTWELL CRAIG LABORATORIES OF NEW JERSEY, INC.
North Jersey Division 50 Passaic Ave., Fairfield, NJ 07006 (201) 882-8377

New York Division
36-20 13th Street
Long Island City, NY 11106
(212) 392-0121

South Jersey Division
565 E. Harding Highway
Mays Landing, NJ 08330
(609) 625-1700

Connecticut Division
6 Lake Avenue
Danbury, CT 06810
(203) 743-7281

Westchester Division
400 King Street
Chappaqua, NY 10514
(914) 238-9695

Albany Division
518 Clinton Avenue
Albany, NY 12206
(518) 436-4114

TESTING ENGINEERS • STEEL • WATER • CONCRETE • CHEMICAL ANALYSIS • SOILS • TEST BORINGS • CORE DRILLING • ASPHALT • RESEARCH

January 5, 1988

First Shelter Corporation
304 Park Avenue South
New York, NY 10010

Attention: Mr. Howard Lazarus

Re: Asbestos Inspection
3203 Nostrand Avenue
Brooklyn, New York

Dear Sir:

As per your request in fulfillment of the inspection requirements of the New York City Attorney General, additional apartments have been inspected at 3203 Nostrand Avenue in Brooklyn, New York. This report will serve as a supplement to the original survey report submitted by our office on January 10, 1987.

Inspection

On December 29, 1987, we conducted a visual asbestos inspection at 3203 Nostrand Avenue, Brooklyn, New York. The following units were inspected:

Apartment 2T	Apartment 2A
Apartment 4E	Apartment 2D
Apartment 4H	Apartment 5R
Apartment 6K	

No visible suspect asbestos containing materials (ACM) were found in any of the units listed.

If you should have any questions, please do not hesitate to call.

Sincerely,

TESTWELL CRAIG LABORATORIES OF NJ, INC.

Frederick A. Porcello PE

Frederick A. Porcello, P.E.
President

FAP/rc
Filed: 1062

All Reports are the confidential property of clients, and information contained may not be published or reproduced, pending our written approval.

TESTWELL CRAIG LABORATORIES OF NEW JERSEY, INC.
North Jersey Division 50 Passaic Ave., Fairfield, NJ 07006 (201) 882-8377

New York Division
36-20 13th Street
Long Island City, NY 11106
(212) 392-0121

South Jersey Divison
565 E. Harding Highway
Mays Landing, NJ 08330
(609) 625-1700

Connecticut Division
6 Lake Avenue
Danbury, CT 06810
(203) 743-7281

Westchester Division
400 King Street
Chappaqua, NY 10514
(914) 238-9695

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518 Clinton Avenue
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TESTING ENGINEERS • STEEL • WATER • CONCRETE • CHEMICAL ANALYSIS • SOILS • TEST BORINGS • CORE DRILLING • ASPHALT • RESEARCH

January 10, 1987

3203 Nost Limited Partnership
304 Park Avenue South
New York, NY 10010

Attention: Mr. Howard Lazarus

Re: Asbestos Survey
3203 Nostrand Avenue,
Brooklyn, New York

Dear Mr. Lazarus:

We have completed the asbestos survey conducted at 3203 Nostrand Avenue, Brooklyn, New York. The purpose of the survey was to 1) examine all accessible areas in the building in order to estimate the quantity, assess the condition and collect samples of suspect asbestiform materials 2) analyze the samples for asbestos fibers in our laboratory and 3) if necessary, formulate a remedial plan to control any potential health hazard caused by the presence of asbestos containing materials. The "asbestos report" which follows was prepared in accordance with the Attorney General's rules concerning co-op conversions.

Site Description

The project site is a seven story, brick apartment building located in a residential neighborhood in Brooklyn. There are approximately 100 units in the building. In addition, on the ground floor there are several storage and utility rooms. Below the ground floor is the garage.

Inspection

On January 7, 1987, we conducted a visual inspection of the building. Recorded on the attached building evaluation forms are estimates of the quantities of suspect materials observed and the condition of the materials.

All of the utility rooms and storage rooms and the garage were examined. However, of the apartments, access was granted only to the unoccupied units, 1A, 2B, 4P, and 6E. No visually detectable suspect materials were observed in the four units examined.

All Reports are the confidential property of clients, and information contained may not be published or reproduced, pending our written approval.

The information presented in this report was collected and prepared by David Glass. His qualifications follow:

6-83: B.A., Colby College, Chemistry Major
6-86: Master of Engineering, McGill University, Chemical Engineering
10-86: Completed Asbestos Identification Course, McCrone Institute

Results

Six (6) bulk samples were collected and brought to our laboratory in Fairfield, New Jersey for analysis. The bulk samples were analyzed by polarized light microscopy according to the "Tenative Method for Determination of Asbestiform Minerals in Bulk Insulation Samples by Polarized Light Microscopy" issued by the USEPA/EMSL Research Triangle Park, North Carolina. The location from which each sample was taken and the type and percent of asbestos in each sample along with the percent of other fibrous materials identified is presented on page 4.

Recommendations

Insulation materials covering the heating system and the related pipes, which run just below the ceiling throughout the ground floor, contain anywhere from 30% to 90% asbestos. Only in the Porter's room and the adjacent compactor room are the pipes bare. In the utility rooms, storage rooms, and the laundry room the pipes are covered with insulation, most of which is in poor condition. In several areas, entire sections of pipe insulation are hanging loose from the pipes. This material is highly friable, and if disturbed may release harmful fibers into the air.

The most decisive means of eliminating this potential hazard is to remove all asbestos containing materials in the building and install, instead, non-asbestos insulation. Again, the asbestos containing materials in this building are in poor condition, and this course of action warrants serious consideration. Unit cost estimates for the removal and replacement of asbestos insulation are tabulated below:

Remove and Replace	Estimated Unit Cost
Pipe Insulation - Up to 8" Diameter	$17.00/linear foot
Boiler Covering	$20.00/square foot
Pipe Elbow & Fitting Insulation	$20.00 each

There are approximately eight hundred (800) linear feet of pipe insulation, eighteen (18) fittings and four hundred (400) square feet of boiler covering; yielding an estimated total cost of twenty one thousand nine hundred sixty ($21,960.00) dollars for removal and replacement of the asbestos insulation observed during the survey.

In the interim, to control exposure to the asbestos, materials which are in poor condition should be repaired and a remedial program, which encompasses as a minimum the following, should be implemented:

1. Air quality testing
2. Employee training and equipment introduction
3. Work practices and maintenance
4. Management systems
5. Corrective action/emergency action program
6. Labeling of all ACM's
7. Record keeping

These measures, when in place, will ensure the continued health and safety of the occupants and maintenance staff.

A routine maintenance program is attached for review and modification as needed for this building. The program highlights items 2-7, listed above, leaving air monitoring (item 1) to be handled by an independent laboratory.

If removal is to be performed, we recommend that our office be contacted to prepare comprehensive specifications for the project. The specifications are vital to the success of the project, since a poorly managed removal project could result in a more severe exposure condition than currently exists.

If you should have any further questions, please do not hesitate to call.

Sincerely,

TESTWELL CRAIG LABORATORIES OF NJ, INC.

Frederick A. Porcello PE

Frederick A. Porcello, P.E.
President

FAP/jm

Filed under: 91

Testing Procedure

Analyses were made for asbestos fibers as described below. Mineral wool and cellulose fibers were also identified, if present.

A preliminary examination of approximately fifty (50) milligrams of sample is performed under 10X - 40X magnification with the Olympus SZ-111 Zoom Stereo Microscope. Using two (2) finely pointed probes, individual fibers are teased from the sample matrix. Wavy or curly fibers are mounted in a Cargille Refractive Index Oil with an index value of 1.550 (high dispersion), straight fibers are mounted in 1.680 (high dispersion).

The mounted fibers are analyzed with the Olympus BHPT-100 polarizing light microscope. At 100X magnification the central stop dispersion staining colors are viewed under a McCrone Dispersion Staining Objective. Using cross polarized light and a 530nm wave length plate the sign of elongation is determined to confirm positive identification. Finally, the extinction angle is examined, if necessary.

Sample Location	Chrysotile Asbestos (%)	Amosite Asbestos (%)	Mineral Wool (%)	Cellulose Fibers (%)
Storage Room				
Pipe Insulation	80-90	----	----	10-20
Pipe Joint Insul.	95	----	----	-----
Boiler Room				
Boiler Jacket	30	----	30	40
Boiler Breaching	90	----	----	-----
Pipe Insulation*	-----	----	100	-----
Meter Room				
Pipe Insulation	40-50	----	----	30-40

*Appeared to be recently installed.

ATTACHMENT "A"

Recommendations - Interim

The following interim recommendations are made based on the results of our survey, the condition of asbestos containing materials, and the work practices of maintenance personnel as observed and discussed at the time of the survey. Adherence to these procedures should effectively minimize asbestos exposure to all employees, particularly maintenance personnel, and other building occupants. These recommendations are divided into sections dealing with:

(A) Training and Equipment for maintenance personnel involved in handling asbestos materials, (B) Work Practices to minimize worker exposure and fiber release, (C) Management System designed to monitor the condition of asbestos materials and implement procedures to minimize exposure potential, (D) Corrective Action to alleviate existing conditions likely to contribute to asbestos exposure, (E) Medical Surveillance Program for workers who handle friable asbestos materials, and (F) Record Keeping and labeling.

A. Training and Equipment

1. A training session should be conducted for all maintenance personnel to review the health hazards of asbestos exposure and approved methods for working on asbestos containing materials. Our office can provide technical assistance in setting up a training session upon request. Training sessions for maintenance employees should stress the following:

   a. Work processes involving asbestos, the potential for fiber emissions, and approved work practices;
   b. The physical characteristics of asbestos, so as to understand its mechanism for dispersion and potential inhalation;
   c. Physical control measures;
   d. Asbestos related diseases and synergistic action of smoking.

Training should focus initially on two separate groups: (1) the institution chief executive officers and engineer in charge of maintenance, and (2) the chief plumber and other maintenance personnel who regularly work on asbestos material.

B. Work Practices

1. Work areas where asbestos containing material will be disturbed need to be isolated from the surrounding environment. This enclosure is extremely important where passageways are later used by building occupants, employees or other individuals. Before work begins, the area should be sealed off with polyethylene sheets (6 mil minimum) covering the passageway, floor and wall surface of the work area, and additional air lock can be installed for worker entry and exit. Where feasible, this enclosure method should be incorporated as a standard operating procedure. Because the problem of enclosure will be unique to each working condition, technologies for special problems encountered at each job site may need to be developed for proper enclosure. Shower and locker facilities need to be provided prior to the start up of asbestos related work for the purpose of suit-up and proper decontamination.

2. Prior to the start of repair or replacement, adequate warning signs of asbestos dust hazard should be posted in all work areas where work on asbestos containing materials will be conducted.

3. Release of asbestos fibers from material to be serviced can be controlled by wetting. Thus, before removal or repair of asbestos covered pipes, boilers, hot water heaters, etc., all asbestos containing material should be thoroughly sprayed with water, using a wetting agent such as 50% polyoxyethylene ester and 50% polyoxyethylene ether. The use of a large garden type insect sprayer is suggested. Use of a wetting agent serves to minimize exposure to the worker and environmental contamination.

4. After wetting the material to be repaired, replaced, or installed such as a length of steam pipe, it should be then wrapped in plastic, taped securely, as to prevent loose pieces of insulation and fibers from breaking off, and then worked upon. If removed, open ends should also be wrapped. This method will protect against most fiber release. However, the problem of enclosure will be unique for each working condition. It is anticipated that other methods will be developed through the ingenuity of the supervisors and workers involved, if they are aware of the hazards involved in asbestos dust.

5. When work in a job site is completed, all plastic sheeting used to protect walls, floors, and equipment should be carefully removed in a manner that keeps the contaminated area inside. Sheets of plastic can be rolled up and ends tucked in, placed in plastic bags, and sealed in drums. All gross contamination on the coveralls or body of the workmen should be removed before leaving the work area.

6. The following decontamination sequence will obviously take some prior planning and set up. Proper decontamination will take added time and effort, however, where the health and welfare of the employees are concerned the added time is extremely important and well worth stressing. The worker should proceed to a (CONTAMINATED AREA) changing room, remove all clothing except respiratory equipment, and place disposable suit into 6 mil plastic line drums. Extra work clothing for the trip to the shower may be stored at the end of (CONTAMINATED AREA) changing room. The worker should then proceed to the shower room and shower. Respiratory protection equipment should be removed last, while in the shower, to prevent inhalation of fibers during removal of contaminated clothing and trip to shower room. After showering, the worker should move to the clean room and dress in clean clothes. Respirators can be washed in the shower room and the filters or cartridges removed when wet and treated as contaminated waste.

7. Only personnel essential to a repair operation should be present in an area where asbestos is being worked on or disturbed. In areas with sprayed on asbestos containing ceilings, this may necessitate that the work not be done during normal work hours, so as to avoid possible exposure to people who work in the area.

8. Fans or blowers should not be used to ventilate tunnels, basement areas or manholes where asbestos removal or repair takes place. This practice is likely to cause excessive levels of airborne asbestos due to poor past practices whereby removed asbestos materials were not properly handled and disposed of. Similarly, such ventilation devices should not be in use in any area where asbestos removal or repair is taking place or where asbestos materials are in poor condition.

9. Outside contractors, who will be working in an area where asbestos materials are located, should be advised of its presence to prevent disturbance of the material and exposure of the workers.

10. Employees should not smoke, drink or eat in any asbestos contaminated area or while engaged in repair or removal of asbestos pip insulation.

11. All asbestos waste should be disposed of in an approved manner. Our office can assist you in the disposal procedures.

12. Unless no alternative is available, all future use of asbestos cement, insulation gaskets, etc. should cease.

Asbestos repair jobs in tunnels, crawl spaces and plumbing access spaces are likely to present unique conditions which will require modification of the recommended procedures described here. In all instances, employees should be provided with respirators and disposable body suits and every effort should be made to minimize airborne fibers and contamination of surrounding areas by enclosing the work area to the greatest extent possible. Work

schedules should contain sufficient flexibility so that employees can adjust lunch and break without added inconvenience to ensure proper suit up and decontamination procedures.

C. Management System

A management system is a plan to monitor the condition of friable asbestos containing materials, to minimize fiber release by preventing disturbance of the asbestos material, and the implementation of procedures designed to minimize exposure to personnel in the area. The basic components of the Management System are applicable to facilities with asbestos pipe and boiler insulation as well as sprayed on asbestos ceiling materials.

1. The recommendations, contained under work practices and training and equipment, constitute essential elements of the Management System and should be closely followed.

2. All employees should be advised that asbestos containing materials, particularly the sprayed on asbestos ceiling, should not be disturbed by such activities as nailing, tacking, taping or hanging materials from the ceiling or other asbestos materials. Damage is likely to release asbestos fibers and promote deterioration of the asbestos material.

3. Asbestos containing materials should be routinely checked at some established time interval (i.e. monthly or bimonthly) to identify and correct conditions which may contribute to fiber release such as deteriorated ceiling areas or torn insulation covering. Maintenance personnel should be instructed to report damaged asbestos materials so repairs can be made as soon as possible.

4. Rugs in areas with asbestos ceilings should be cleaned using a HEPA filter equipped vacuum. Conventional vacuums will not contain asbestos fibers and will contribute to reentrainment of fibers in the air. Tile or linoleum floors should be wet-mopped or cleaned with a HEPA vacuum.

5. Dry sweeping of floors should be prohibited to minimize reentrainment of asbestos fibers in the air. Dry sweeping can cause significant exposure to the individual sweeping and other persons in the area.

6. Routine procedures, such as changing light bulbs, which necessitate disturbing asbestos materials, should be conducted during off hours to minimize exposure and should follow the recommended work practices described in this report.

7. The potential exists in those facilities with sprayed on asbestos ceiling materials to have an emergency condition created by roof leaks, or burst plumbing pipes, etc., if large areas of asbestos material should come loose and fall. It is suggested that a plan be developed to handle such an incident by using the principles of personnel protection and minimizing the potential for airborne asbestos as described in this report. This is particularly appropriate if there are buildings where water damage has occurred in the past.

8. Because of the increased lung cancer risk associated with smokers exposed to asbestos, management should encourage smoking cessation programs among maintenance workers, as well as other institutional personnel.

9. Large jobs which require the use of outside contract work need special attention. All necessary replacement of items, such as steam pipe, which contain asbestos, need to include specifications for asbestos removal. This particular aspect is extremely important, since use of outside contractors usually means large jobs, and, in conjunction, large amounts of disturbed asbestos material. Maintenance staff need to be trained to spot improper contracting work and how to report it.

10. Meetings among supervisors and interested personnel involved with asbestos related work are encouraged during the initial implementation of the resulting

recommendations. Additional follow-up meetings are also suggested, to share problems, suggestions, solutions or technical innovations.

D. Corrective Action

Immediate action is warranted to prevent any unnecessary asbestos exposure to building occupants and employees, particularly maintenance workers. This can be accomplished by adherence to the recommendations for proper work practices and the implementation of a management system as previously described. Action must be taken, however, to correct the results of past work practices which may have resulted in removed asbestos pipe insulation not being properly disposed of and the deterioration of pipe insulation which contributes to exposure.

The following corrective action should be taken as soon as possible:

1. The entire facility should be surveyed by the maintenance department to identify any areas, particularly basements, tunnels or manholes where asbestos insulation has been stored or improperly handled and discarded or where pipe and boiler insulation is in need of repair.

2. Employees equipped with respirators and protective clothing should clean up those areas where asbestos insulation has been improperly discarded on basement and tunnel floors. The asbestos material should be thoroughly wet with water containing a wetting agent to minimize airborne fibers prior to cleanup. Dry sweeping and regular vacuums should not be used. If possible, vacuums with HEPA filters should be used.

3. The asbestos should be placed in 6 mil plastic bags and placed in a drum for proper disposal and should be labeled "Asbestos Waste". Our office can arrange for the proper disposal of the material.

4. Warning signs, i.e., CAUTION-ASBESTOS DUST should be placed at the entrance to any area where asbestos work or cleanup is taking place .and where asbestos

contamination is likely to have occurred in the past due to poor work practices.

5. All pipe and boiler insulation in poor repair with torn covering, exposed ends and damaged areas should be repaired by taping, patching or otherwise enclosing the asbestos insulation so as to prevent fiber release. Employees performing this work should follow the recommended work practices outline in this report.

6. Following corrective action, a management system as previously discussed, should be implemented to provide the monitoring of all asbestos containing materials to prevent fiber release and subsequent employee exposure.

E. Medical Surveillance Program for Workers Who Handle Friable Asbestos Materials

OSHA 1910.1001 requires the following minimum medical surveillance be instituted for cases of work related asbestos exposure.

1. Any employee found to have been exposed at any time to airborne concentrations of asbestos fibers in excess of the limits of the OSHA maximum eight (8) hours time weighted average and fifteen (15) minute ceiling concentration shall be notified in writing of the exposure as soon as practicable but not later than five (5) days of the finding. The employee shall also be timely notified of the corrective action being taken.

2. The employer shall provide or make available at his expense medical examinations relative to the exposure. The examination shall be provided with thirty (30) days following the exposure.

3. The examination shall include as a minimum:

   a. Chest x-ray (posterior-anterior 14 x 17)

b. History to elicit symtomatology of respiratory disease and pulmonary function test to include forced vital capacity (FVC) and forced expiratory volume at 1 second (FEV 1.0).

4. At least annually thereafter the first medical examination each employee must be re-examined.

5. Thirty (30) days before or after an employee's termination the employer is to make available a re-examination of the employee.

6. The employer must maintain a complete and accurate record of each employee examined for at least twenty (20) years.

F. Record Keeping

1. The following items should be compiled and maintained in the management office.

a. The name and address of the building(s).
b. A list of all buildings associated with the complex indicating whether each building has been inspected for friable materials in compliance with 763.105, and which buildings contain friable materials.
c. For each building which contains friable materials:

1. A blueprint, diagram, or written description of the building which identifies clearly the location(s) and approximate area(s) in square feet of each sampling area of such material(s), the locations at which samples were taken, and the identification number of each sample, and which shows or describes clearly whether each sampling area of friable material contains asbestos.

2. A copy of all laboratory reports and all correspondence with laboratories concerning the analysis of samples taken.

d. For each building which contains friable asbestos-containing materials, the total area of such materials in square feet, and the total number of employees who regularly work in the building.
e. Medical examinations for employees who have been exposed to asbestos concentrations greater than the OSHA permissible levels for eight (8) hour time weighted average and the fifteen (15) minute ceiling concentrations.
f. All ACM's should be stenciled in legible lettering to identify the locations of such materials.

Qualifications

Our field technicians collect airborne samples according to OSHA/NIOSH methods and have at their disposal the following air monitoring and sampling equipment:

1. Model FAM-1 air monitoring device equipped with a continuous readout charting system as manufactured by GCA Environmental Instruments. This instrument enables the technician to verify fibrous airborne concentration levels, and thereby to determine the type of respiratory protection necessary.

2. Micromax High Volume Sampling Pump with a 37 millimeter field monitor. This air pump has a sampling rate of 10-20.0 liters per minute and is used for pre and post removal sampling.

3. Bendix Permissible Air Sampling Pump (type C-115) with a 37 millimeter field monitor containing Gelman GN-4 membrane filters has a sampling rate of 2.0 liters per minute and is used for removal process sampling.

The field monitor is returned to the laboratory where it is examined by our technical staff according to the USPHS/NIOSH method. The sample is examined at a nominal magnification of 400X utilizing a Bausch and Lomb microscope equipped with phase contrast optics and a Porton reticle to aid in counting and sizing any observed fibers.

In addition, our resources allow for analysis by either Scanning Electron Microscopy (SEMM or SEMA) or Transmission Emmission Microscopy.

Our technical staff participates in a round-robin quality control test program for bulk material identification originating from the USEPA/EMSL at Research Triangle Park.

Our technicial staff has the capabilities of performing surveys on existing structures to determine the presence of asbestiforms. Bulk samples are obtained by our field technicians and qualitative/quantitative analysis are performed. Depending upon the sample, either a spacial quantitative analysis or a semi-gravimetric quantitative analysis will be performed. The spacial quantitative analysis is performed according to the "Tentative Method for the Determination of Asbestiform Minerals in Bulk Insulation Samples by Polarized Light Microscopy" issued by the USEPA/EMSL Research Triangle Park, North Carolina.

Each individual assigned to your project has attended EPA/OSHA endorsed seminars as well as having obtained engineering degrees in related health and safety fields of concentration. The overall supervision of your project will be assigned to a licensed Professional Engineer.

References

The following is a partial listing of recent projects where we have performed our engineering, survey, monitoring, testing, and removal services:

Out of State

1. Charleston Naval Shipyard, Building 1175, Charleston, South Carolina.
2. Adams Elementary School, Colorado Springs, Colorado
3. Wasson High School, Colorado Springs, Colorado
4. West Junior High School, Colorado Springs, Colorado
5. Russell Jr. High School, Colorado Springs, Colorado
6. VA Medical Center, Palo Alto, California
7. VA Medical Center, Menlo Park, California
8. VA Medical Center, Ft. Lyon, Colorado
9. Abington Hospital, Abington, Pennsylvania
10. New York Insurance Exchange, New York, NY
11. Exxon Building, New York, NY
12. New York City Board of Education, New York, NY

In State

1. VA Medical Center, East Orange, New Jersey
2. Barnert Memorial Hospital, Paterson, New Jersey
3. Kessler Institute, West Orange, New Jersey
4. Livingston School System, Livingston, New Jersey
5. RCA, Morristown, New Jersey
6. Lindeneau School, Edison, New Jersey
7. Hopewell High School, Hopewell, New Jersey
8. New Jersey National Guard, Lodi, New Jersey
9. Hyundai Building, Englewood, NJ
10. Leonia Board of Education, Leonia, NJ

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 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 o'clock p.m. and the following eight 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 tricycles, 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) Garbage and refuse from the apartments shall be disposed of only at such times and in such manner as the superintendent or the managing agent may direct.

(11) 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.

(12) No Lessee shall send any employee of the Lessor out of the building on any private business of a Lessee.

(13) No bird or animal or other pet shall be kept or harbored in the building unless the same in each instance have been expressly permitted in writing by the Lessor; such permission shall be revocable by the Lessor. In no event shall dogs be permitted in 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 public portions of the building, or on the sidewalk or street adjacent to the building.

(14) 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.

(15) 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.

(16) 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.

(17) The Lessor shall have the right from time to time to curtail or relocate any space devoted to storage or laundry purposes.

(18) 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 80% of the floor area of each room excepting only kitchens, pantries, bathrooms, maid's rooms, closets, and foyers.

(19) No group tour or exhibition of any apartment or its content shall be conducted, nor shall any auction sale be held in any apartment without the consent of the Lessor or its managing agent.

(20) The Lessee shall keep the windows of the apartment clean. In case of refusal or neglect 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, who shall have the right, by its officers or authorized agents, to enter the apartment for such purpose and to charge the cost of such cleaning to the Lessee.

(21) Complaints regarding the service of the building shall be made in writing to the managing agent of the Lessor.

(22) Any consent or approval given under these House Rules by the Lessor shall be revocable at any time.

(23) The following rules shall be observed with respect to refuse disposal:

(i) All wet debris is to be securely wrapped or bagged in small package size to fit easily into the hopper panel.

(ii) Debris should be completely drip-free before it leaves the apartment and carried to the incinerator closet in a careful manner and in a drip-proof container; then placed into the flue hopper so it will drop into the flue for disposal.

(iii) No bottles or cans shall be dropped down the flue before 10:00 a.m. or after 5:00 p.m., but shall be left in a neat manner in the service elevator area, if such items must be disposed of before 10:00 a.m. or after 5:00 p.m.

(iv) Cartons, boxes, crates, sticks of wood or other solid matter shall not be stuffed into the hopper opening. Small items of this nature may be left in a neat manner on the incinerator closet floor. Bulky items should be left in the service elevator area between 10:00 a.m. and 6:00 p.m. and service employee summoned to dispose of them by way of the service elevator.

(v) Under no circumstances should carpet sweepings containing naphthalene, camphor balls or flakes, floor scrapings, plastic wrappings or covers, oil soaked rags, empty paint or aerosol cans or any other inflammable, explosive, highly combustible or noxious substances or lighted cigarettes or cigar stubs be thrown into the incinerator flue.

(vi) Vacuum cleaner bags must never be emptied into the flue. Such dust, dirt, etc., should be wrapped in a securely tied bag or package and then be placed through the hopper door panel into the flue.

(vii) The superintendent shall be notified of any drippings, or moist refuse appearing on incinerator closet floor and corridors.

(24) 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 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 inches from the parapet wall flashing, with a floor of drainage 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.

(25) 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 vermin, insects or other pests, the cost thereof shall be payable by the Lessee, as additional rent.

(26) The following rules shall be observed with respect to the use of the Pool Club, if any:

(i) The facilities and privileges of the Pool Club, if any, are available only to residents and their duly registered guests. Guest charges will be posted.

(ii) Lessee, his family and guests, shall use the swimming pool and the facilities incident thereto, at their own risk.

(iii) Lessor, Managing Agent or Sponsor shall not be liable for personal injury or death, or for loss or damage to property resulting from or arising out of or in connection with the use of the swimming pool or the facilities incident thereto, or the existence of either, or out of the act, omission or negligence of any persons using the pool or facilities, or out of accident occurring at or near the pool while it is in or out of use.

(iv) Lessee, and his family shall hold and save Lessor, Managing Agent and Sponsor harmless of and

from any and all claims or demands by reason of death or injury to person or property or loss of property caused or occasioned by the use of the pool or the facilities incident thereto by Lessee, his family or guests.

(v) The pool director and his staff will be in full charge and are to enforce all rules and regulations.

(vi) Lessee, or anyone claiming under him, must present personal identification card to attendant when entering the pool area. Identification cards are not transferable and in the event a card is lost, the director must be notified and replacement must be obtained from Management Office.

(vii) Each club membership is limited to two guests at a time. Lessee must personally register his guests with the pool directors.

(viii) If desired, chaise lounges are available on sundeck, on a seasonal rental basis. Residents will be notified of the cost before the start of the season.

(ix) No dogs or any animals are permitted in the club area.

(x) Children under six (6) years of age are not permitted in the pool area unless accompanied by an adult or a person over 14 years of age.

(xi) No child under the age of four (4) years old will be allowed in the main pool. Any infraction of this rule which necessitates emptying and cleaning of the pool shall subject the parents of said child to payment of all costs incurred. Failure to pay said damages will result in immediate termination of pool membership or legal action.

(xii) No alcoholic beverages nor food or drink may be brought into the swimming pool area.

(xiii) For the convenience and safety of members and their guests, no games, or toys, other than rubber inflated equipment, are allowed within the pool and sundeck areas. Baby strollers and portable bassinets are

permissible. No ballplaying of any kind is allowed at pool area or sundeck. No running, no swimming in diving area, no hanging on diving board, no diving except from diving board.

(xiv) Additional rules and regulations which may be posted from time to time on the swimming pool bulletin boards must be observed by members and guests.

(27) These House Rules may be added to, amended or repealed at any time by resolution of the Board of Directors of the Lessor.

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3203 OWNERS CORP.

BY-LAWS

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BY-LAWS

OF

3203 OWNERS CORP.

ARTICLE I

Purpose of Business

Section 1. Purpose: 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 Seville, 3203 Nostrand Avenue, Brooklyn, New York pursuant to an Offering Plan to convert said premises to cooperative ownership (the "Offering Plan").

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 Brooklyn, New York, at such time and place before the 1st day of May 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 to do so by shareholders owning at least twenty-five percent of the outstanding shares of the Corporation. The secretary shall cause a notice of such special meeting stating the time, place and object thereof and the officer or other 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 adjourn the meeting to some future time and place. No notice of the time and place of the adjourned meeting need be given other than by announcement 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: Except as provided in Article III, Section 2, 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 the 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.

Section 6. Inspectors of Election: Inspectors of election shall not be required to be appointed at any meeting of shareholders unless requested by a shareholder 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 Directors of the Corporation hereby is fixed at three until the first annual meeting of shareholders. The number of 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 provision shall be three (3). Commencing with the first election of Directors by tenant-shareholders of the Corporation, at a meeting to be held within approximately sixty (60) days after the closing under the Offering Plan (hereinafter defined), and until changed by amendment of this By-law provision, as hereinafter provided, the number of Directors shall be five (5). The Directors then so elected will, in turn, elect officers. 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. Qualification and Election: The Directors constituting the first Board of Directors shall be elected by the incorporator at the organization meeting of the incorporator. Thereafter, 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. Their term of office shall be until the date herein fixed for the next annual meeting, and thereafter until their respective successors are elected and qualify. Directors shall be at least twenty-one (21) years of age but need not be residents of the State of New York or shareholders of the Corporation. The President of the Corporation must be a member of the Board of Directors but none of the other officers need be a member of the Board.

At all meetings of shareholders for the election of directors, each shareholder shall be entitled to as many votes as shall equal the number of votes (except for this provision) he would be entitled to cast for the election of directors with respect to his shares of stock 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 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 with 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 times 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 or 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 a vote of the majority of the shareholders of the Corporation present in person or by proxy, at a meeting at which a quorum is present duly called for that purpose.

Section 7. Annual Cash Requirements: The Board of Directors shall, from time to time, determine the cash requirements as defined in the Corporation's proprietary 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 buildings 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 buildings 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 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 the 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 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 duties incidental to the office. In the absence or inability of the president to

act, any vice president shall have the powers and perform the duties of the president.

Section 3. Duties of 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. Prior to 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 independent Certified Public Accountant.

In the absence or inability of the treasurer, the assistant treasurer, if any, shall have all the powers and perform all the duties of the treasurer.

Section 4. Duties of Secretary: The secretary shall keep the minutes of the meetings of the Board of Directors and of the meetings of shareholders; he shall attend to the giving and serving of all notices of the Corporation and shall be empowered to affix the corporate seal to all written instruments authorized by the Board of Directors or these By-laws. He shall also perform all other duties incidental to his office. 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 in the buildings of the Corporation.

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 buildings.

Section 3. Allocation of Shares: The Board of Directors shall allocate to each apartment in the buildings of the Corporation the number of shares of the Corporation which must be owned by the proprietary lessee of such apartment.

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, and, if the shares and lease being assigned are allocated to an apartment which is leased to a person who was tenant of the apartment on the date the Offering Plan was accepted for filing and who did not purchase under the Plan, a notice addressed to the non-purchasing tenant at the building (or at such other address as the non-purchasing tenant may indicate by written notice to the managing agent) has been delivered to the Corporation containing the name and address of the transferee, which notice shall be ready for mailing by registered or certified mail, return receipt requested, by the Corporation. The Corporation shall mail such notice to the non-purchasing tenant.

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. If the Board of Directors has not acted upon such application within such time, it will be deemed to have refused its consent.

No person to whom the interest of a lessee or shareholder shall pass by law, shall be entitled to assign any lease, transfer any shares, 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: Subject to the provisions of the form of proprietary lease adopted by the Board of Directors, (a) 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, a service fee of the Corporation and such other conditions as it may determine, in connection with each such proposed assignment or sublet and, (b) in connection with any such proposed assignment or sublet, the Board of Directors may, at its option, require a credit or title search, at the expense of the tenant-shareholder(s) of the subject apartment(s), as the Board of Directors sees fit.

Section 6. Lost Proprietary Lease: In the event that any proprietary lease in full force and effect is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new proprietary lease in lieu thereof, in the same form and with the same terms, 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 mutilation as it deems necessary, and to give the Corporation a bond in such reasonable sum as it directs, to indemnify the Corporation.

Section 7. Regrouping of Space: The Board of Directors, upon the written request of the owner or owners of the shares allocated to one or more apartments in the apartment buildings and of the proprietary leases issued to accompany the same, may in its discretion, at any time permit such owner or owners, at his or their 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 desired 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 buildings not covered by any 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 reallocated to each new proprietary lease.

ARTICLE VI

Capital Shares

Section 1. Authorization and Rights: 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 agreements 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 Corporate 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 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 for 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 indebtedness and obligations owing and to be owing by such shareholder to the Corporation, arising under the provisions of any proprietary lease issued by the Corporation and at any time held by such shareholder or otherwise arising. 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 issued to such defaulting shareholder, and thereupon 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 give the Corporation a bond in such reasonable sums as it directs, to indemnify the Corporation.

Section 8. Legend on Share Certificates: Certificates representing shares of the Corporation shall bear a legend stating substantially that:

> The rights of any holder hereof are subject to the provisions of the By-laws of the Corporation, and to all the terms, covenants and conditions of the proprietary lease of the person in whose name the share certificate is issued, which limits and restricts the title and rights of any transferee of the share certificate. The shares represented by the certificate are transferable only as an entirety and only to an approved assignee of such proprietary lease. Copies of the proprietary lease and the By-laws are on file and available for inspection at the office of the Corporation.
>
> The Directors of the Corporation may refuse to consent to the transfer of the shares represented by the certificate until any indebtedness of the shareholder to the Corporation is paid. The Corporation, by the terms of the By-Laws and proprietary lease has a first lien on the shares represented by the certificate for all sums due and to become due under said proprietary lease.

ARTICLE VII

Indemnification

Section 1. Right to Indemnification: To the extent allowed by law, the Corporation shall indemnify any person, made a party to an action by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he, his testator or, intestate

is or was a director or an 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 the 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. Seal: The seal of the Corporation shall be circular in form and have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal" and "New York."

ARTICLE IX

Negotiable Instruments

Section 1. Checks, etc.: 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 and Transfers: Endorsements or transfers of 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.

Section 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. Calendar Year: 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 director or officer, or otherwise, 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.

ARTICLE XII

Amendments

Section 1. Amendment: These By-laws may be amended, altered, enlarged, diminished or repealed either (a) at any shareholders' meeting by a vote of shareholders owning at least two-thirds of the amount of then 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 the 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.

Qualifications

Our field technicians collect airborne samples according to OSHA/NIOSH methods and have at their disposal the following air monitoring and sampling equipment:

1. Model FAM-1 air monitoring device equipped with a continuous readout charting system as manufactured by GCA Environmental Instruments. This instrument enables the technician to verify fibrous airborne concentration levels, and thereby to determine the type of respiratory protection necessary.

2. Micromax High Volume Sampling Pump with a 37 millimeter field monitor. This air pump has a sampling rate of 10-20.0 liters per minute and is used for pre and post removal sampling.

3. Bendix Permissible Air Sampling Pump (type C-115) with a 37 millimeter field monitor containing Gelman GN-4 membrane filters has a sampling rate of 2.0 liters per minute and is used for removal process sampling.

The field monitor is returned to the laboratory where it is examined by our technical staff according to the USPHS/NIOSH method. The sample is examined at a nominal magnification of 400X utilizing a Bausch and Lomb microscope equipped with phase contrast optics and a Porton reticle to aid in counting and sizing any observed fibers.

In addition, our resources allow for analysis by either Scanning Electron Microscopy (SEMM or SEMA) or Transmission Emmission Microscopy.

Our technical staff participates in a round-robin quality control test program for bulk material identification originating from the USEPA/EMSL at Research Triangle Park.

Our technicial staff has the capabilities of performing surveys on existing structures to determine the presence of asbestiforms. Bulk samples are obtained by our field technicians and qualitative/quantitative analysis are performed. Depending upon the sample, either a spacial quantitative analysis or a semi-gravimetric quantitative analysis will be performed. The spacial quantitative analysis is performed according to the "Tentative Method for the Determination of Asbestiform Minerals in Bulk Insulation Samples: by Polarized Light Microscopy" issued by the USEPA/EMSL Research Triangle Park, North Carolina.

Each individual assigned to your project has attended EPA/OSHA endorsed seminars as well as having obtained engineering degrees in related health and safety fields of concentration. The overall supervision of your project will be assigned to a licensed Professional Engineer.

References

The following is a partial listing of recent projects where we have performed our engineering, survey, monitoring, testing, and removal services:

Out of State

1. Charleston Naval Shipyard, Building 1175, Charleston, South Carolina.
2. Adams Elementary School, Colorado Springs, Colorado
3. Wasson High School, Colorado Springs, Colorado
4. West Junior High School, Colorado Springs, Colorado
5. Russell Jr. High School, Colorado Springs, Colorado
6. VA Medical Center, Palo Alto, California
7. VA Medical Center, Menlo Park, California
8. VA Medical Center, Ft. Lyon, Colorado
9. Abington Hospital, Abington, Pennsylvania
10. New York Insurance Exchange, New York, NY
11. Exxon Building, New York, NY
12. New York City Board of Education, New York, NY

In State

1. VA Medical Center, East Orange, New Jersey
2. Barnert Memorial Hospital, Paterson, New Jersey
3. Kessler Institute, West Orange, New Jersey
4. Livingston School System, Livingston, New Jersey
5. RCA, Morristown, New Jersey
6. Lindeneau School, Edison, New Jersey
7. Hopewell High School, Hopewell, New Jersey
8. New Jersey National Guard, Lodi, New Jersey
9. Hyundai Building, Englewood, NJ
10. Leonia Board of Education, Leonia, NJ

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 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 o'clock p.m. and the following eight 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 tricycles, 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) Garbage and refuse from the apartments shall be disposed of only at such times and in such manner as the superintendent or the managing agent may direct.

(11) 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.

(12) No Lessee shall send any employee of the Lessor out of the building on any private business of a Lessee.

(13) No bird or animal or other pet shall be kept or harbored in the building unless the same in each instance have been expressly permitted in writing by the Lessor; such permission shall be revocable by the Lessor. In no event shall dogs be permitted in 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 public portions of the building, or on the sidewalk or street adjacent to the building.

(14) 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.

(15) 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.

(16) 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.

(17) The Lessor shall have the right from time to time to curtail or relocate any space devoted to storage or laundry purposes.

(18) 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 80% of the floor area of each room excepting only kitchens, pantries, bathrooms, maid's rooms, closets, and foyers.

(19) No group tour or exhibition of any apartment or its content shall be conducted, nor shall any auction sale be held in any apartment without the consent of the Lessor or its managing agent.

(20) The Lessee shall keep the windows of the apartment clean. In case of refusal or neglect 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, who shall have the right, by its officers or authorized agents, to enter the apartment for such purpose and to charge the cost of such cleaning to the Lessee.

(21) Complaints regarding the service of the building shall be made in writing to the managing agent of the Lessor.

(22) Any consent or approval given under these House Rules by the Lessor shall be revocable at any time.

(23) The following rules shall be observed with respect to refuse disposal:

(i) All wet debris is to be securely wrapped or bagged in small package size to fit easily into the hopper panel.

(ii) Debris should be completely drip-free before it leaves the apartment and carried to the incinerator closet in a careful manner and in a drip-proof container; then placed into the flue hopper so it will drop into the flue for disposal.

(iii) No bottles or cans shall be dropped down the flue before 10:00 a.m. or after 5:00 p.m., but shall be left in a neat manner in the service elevator area, if such items must be disposed of before 10:00 a.m. or after 5:00 p.m.

(iv) Cartons, boxes, crates, sticks of wood or other solid matter shall not be stuffed into the hopper opening. Small items of this nature may be left in a neat manner on the incinerator closet floor. Bulky items should be left in the service elevator area between 10:00 a.m. and 6:00 p.m. and service employee summoned to dispose of them by way of the service elevator.

(v) Under no circumstances should carpet sweepings containing naphthalene, camphor balls or flakes, floor scrapings, plastic wrappings or covers, oil soaked rags, empty paint or aerosol cans or any other inflammable, explosive, highly combustible or noxious substances or lighted cigarettes or cigar stubs be thrown into the incinerator flue.

(vi) Vacuum cleaner bags must never be emptied into the flue. Such dust, dirt, etc., should be wrapped in a securely tied bag or package and then be placed through the hopper door panel into the flue.

(vii) The superintendent shall be notified of any drippings, or moist refuse appearing on incinerator closet floor and corridors.

(24) 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 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 inches from the parapet wall flashing, with a floor of drainage 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.

(25) 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 vermin, insects or other pests, the cost thereof shall be payable by the Lessee, as additional rent.

(26) The following rules shall be observed with respect to the use of the Pool Club, if any:

(i) The facilities and privileges of the Pool Club, if any, are available only to residents and their duly registered guests. Guest charges will be posted.

(ii) Lessee, his family and guests, shall use the swimming pool and the facilities incident thereto, at their own risk.

(iii) Lessor, Managing Agent or Sponsor shall not be liable for personal injury or death, or for loss or damage to property resulting from or arising out of or in connection with the use of the swimming pool or the facilities incident thereto, or the existence of either, or out of the act, omission or negligence of any persons using the pool or facilities, or out of accident occurring at or near the pool while it is in or out of use.

(iv) Lessee, and his family shall hold and save Lessor, Managing Agent and Sponsor harmless of and

from any and all claims or demands by reason of death or injury to person or property or loss of property caused or occasioned by the use of the pool or the facilities incident thereto by Lessee, his family or guests.

(v) The pool director and his staff will be in full charge and are to enforce all rules and regulations.

(vi) Lessee, or anyone claiming under him, must present personal identification card to attendant when entering the pool area. Identification cards are not transferable and in the event a card is lost, the director must be notified and replacement must be obtained from Management Office.

(vii) Each club membership is limited to two guests at a time. Lessee must personally register his guests with the pool directors.

(viii) If desired, chaise lounges are available on sundeck, on a seasonal rental basis. Residents will be notified of the cost before the start of the season.

(ix) No dogs or any animals are permitted in the club area.

(x) Children under six (6) years of age are not permitted in the pool area unless accompanied by an adult or a person over 14 years of age.

(xi) No child under the age of four (4) years old will be allowed in the main pool. Any infraction of this rule which necessitates emptying and cleaning of the pool shall subject the parents of said child to payment of all costs incurred. Failure to pay said damages will result in immediate termination of pool membership or legal action.

(xii) No alcoholic beverages nor food or drink may be brought into the swimming pool area.

(xiii) For the convenience and safety of members and their guests, no games, or toys, other than rubber inflated equipment, are allowed within the pool and sundeck areas. Baby strollers and portable bassinets are

permissible. No ballplaying of any kind is allowed at pool area or sundeck. No running, no swimming in diving area, no hanging on diving board, no diving except from diving board.

(xiv) Additional rules and regulations which may be posted from time to time on the swimming pool bulletin boards must be observed by members and guests.

(27) These House Rules may be added to, amended or repealed at any time by resolution of the Board of Directors of the Lessor.

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3203 OWNERS CORP.

BY-LAWS

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BY-LAWS

OF

3203 OWNERS CORP.

ARTICLE I

Purpose of Business

Section 1. Purpose: 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 Seville, 3203 Nostrand Avenue, Brooklyn, New York pursuant to an Offering Plan to convert said premises to cooperative ownership (the "Offering Plan").

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 Brooklyn, New York, at such time and place before the 1st day of May 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 to do so by shareholders owning at least twenty-five percent of the outstanding shares of the Corporation. The secretary shall cause a notice of such special meeting stating the time, place and object thereof and the officer or other 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 adjourn the meeting to some future time and place. No notice of the time and place of the adjourned meeting need be given other than by announcement 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: Except as provided in Article III, Section 2, 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 the 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.

Section 6. Inspectors of Election: Inspectors of election shall not be required to be appointed at any meeting of shareholders unless requested by a shareholder 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 Directors of the Corporation hereby is fixed at three until the first annual meeting of shareholders. The number of 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 provision shall be three (3). Commencing with the first election of Directors by tenant-shareholders of the Corporation, at a meeting to be held within approximately sixty (60) days after the closing under the Offering Plan (hereinafter defined), and until changed by amendment of this By-law provision, as hereinafter provided, the number of Directors shall be five (5). The Directors then so elected will, in turn, elect officers. 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. Qualification and Election: The Directors constituting the first Board of Directors shall be elected by the incorporator at the organization meeting of the incorporator. Thereafter, 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. Their term of office shall be until the date herein fixed for the next annual meeting, and thereafter until their respective successors are elected and qualify. Directors shall be at least twenty-one (21) years of age but need not be residents of the State of New York or shareholders of the Corporation. The President of the Corporation must be a member of the Board of Directors but none of the other officers need be a member of the Board.

At all meetings of shareholders for the election of directors, each shareholder shall be entitled to as many votes as shall equal the number of votes (except for this provision) he would be entitled to cast for the election of directors with respect to his shares of stock 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 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 with 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 times 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 or 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 a vote of the majority of the shareholders of the Corporation present in person or by proxy, at a meeting at which a quorum is present duly called for that purpose..

Section 7. Annual Cash Requirements: The Board of Directors shall, from time to time, determine the cash requirements as defined in the Corporation's proprietary 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 buildings 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 buildings 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 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 the 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 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 duties incidental to the office. In the absence or inability of the president to

act, any vice president shall have the powers and perform the duties of the president.

Section 3. Duties of 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. Prior to 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 independent Certified Public Accountant.

In the absence or inability of the treasurer, the assistant treasurer, if any, shall have all the powers and perform all the duties of the treasurer.

Section 4. Duties of Secretary: The secretary shall keep the minutes of the meetings of the Board of Directors and of the meetings of shareholders; he shall attend to the giving and serving of all notices of the Corporation and shall be empowered to affix the corporate seal to all written instruments authorized by the Board of Directors or these By-laws. He shall also perform all other duties incidental to his office. 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 in the buildings of the Corporation.

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 buildings.

Section 3. Allocation of Shares: The Board of Directors shall allocate to each apartment in the buildings of the Corporation the number of shares of the Corporation which must be owned by the proprietary lessee of such apartment.

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, and, if the shares and lease being assigned are allocated to an apartment which is leased to a person who was tenant of the apartment on the date the Offering Plan was accepted for filing and who did not purchase under the Plan, a notice addressed to the non-purchasing tenant at the building (or at such other address as the non-purchasing tenant may indicate by written notice to the managing agent) has been delivered to the Corporation containing the name and address of the transferee, which notice shall be ready for mailing by registered or certified mail, return receipt requested, by the Corporation. The Corporation shall mail such notice to the non-purchasing tenant.

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. If the Board of Directors has not acted upon such application within such time, it will be deemed to have refused its consent.

No person to whom the interest of a lessee or shareholder shall pass by law, shall be entitled to assign any lease, transfer any shares, 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: Subject to the provisions of the form of proprietary lease adopted by the Board of Directors, (a) 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, a service fee of the Corporation and such other conditions as it may determine, in connection with each such proposed assignment or sublet and, (b) in connection with any such proposed assignment or sublet, the Board of Directors may, at its option, require a credit or title search, at the expense of the tenant-shareholder(s) of the subject apartment(s), as the Board of Directors sees fit.

Section 6. Lost Proprietary Lease: In the event that any proprietary lease in full force and effect is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new proprietary lease in lieu thereof, in the same form and with the same terms, 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 mutilation as it deems necessary, and to give the Corporation a bond in such reasonable sum as it directs, to indemnify the Corporation.

Section 7. Regrouping of Space: The Board of Directors, upon the written request of the owner or owners of the shares allocated to one or more apartments in the apartment buildings and of the proprietary leases issued to accompany the same, may in its discretion, at any time permit such owner or owners, at his or their 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 desired 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 buildings not covered by any 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 reallocated to each new proprietary lease.

ARTICLE VI

Capital Shares

Section 1. Authorization and Rights: 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 agreements 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 Corporate 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 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 for 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 indebtedness and obligations owing and to be owing by such shareholder to the Corporation, arising under the provisions of any proprietary lease issued by the Corporation and at any time held by such shareholder or otherwise arising. 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 issued to such defaulting shareholder, and thereupon 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 give the Corporation a bond in such reasonable sums as it directs, to indemnify the Corporation.

Section 8. Legend on Share Certificates: Certificates representing shares of the Corporation shall bear a legend stating substantially that:

> The rights of any holder hereof are subject to the provisions of the By-laws of the Corporation, and to all the terms, covenants and conditions of the proprietary lease of the person in whose name the share certificate is issued, which limits and restricts the title and rights of any transferee of the share certificate. The shares represented by the certificate are transferable only as an entirety and only to an approved assignee of such proprietary lease. Copies of the proprietary lease and the By-laws are on file and available for inspection at the office of the Corporation.
>
> The Directors of the Corporation may refuse to consent to the transfer of the shares represented by the certificate until any indebtedness of the shareholder to the Corporation is paid. The Corporation, by the terms of the By-Laws and proprietary lease has a first lien on the shares represented by the certificate for all sums due and to become due under said proprietary lease.

ARTICLE VII

Indemnification

Section 1. Right to Indemnification: To the extent allowed by law, the Corporation shall indemnify any person, made a party to an action by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he, his testator or, intestate

is or was a director or an 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 the 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. Seal: The seal of the Corporation shall be circular in form and have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal" and "New York."

ARTICLE IX

Negotiable Instruments

Section 1. Checks, etc.: 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 and Transfers: Endorsements or transfers of 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.

Section 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. Calendar Year: 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 director or officer, or otherwise, 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.

ARTICLE XII

Amendments

Section 1. Amendment: These By-laws may be amended, altered, enlarged, diminished or repealed either (a) at any shareholders' meeting by a vote of shareholders owning at least two-thirds of the amount of then 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 the 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.

§ 352-eeee. Conversions to cooperative or condominium ownership in the city of New York

1. As used in this section, the following words and terms shall have the following meanings:

(a) "Plan". Every offering statement or prospectus submitted to the department of law pursuant to section three hundred fifty-two-e of this article for the conversion of a building or group of buildings or development from residential rental status to cooperative or condominium ownership or other form of cooperative interest in realty, other than an offering statement or prospectus for such conversion pursuant to article two, eight or eleven of the private housing finance law.

(b) "Non-eviction plan". A plan which may not be declared effective until written purchase agreements have been executed and delivered for at least fifteen percent of all dwelling units in the building or group of buildings or development by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family intend to occupy the unit when it becomes vacant. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made in good faith without fraud and discriminatory repurchase agreements or other discriminatory inducements.

(c) "Eviction plan". A plan which, pursuant to the provisions of this section, can result in the eviction of a non-purchasing tenant by reason of the tenant failing to purchase pursuant thereto, and which may not be declared effective until at least fifty-one percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general (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.

(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 addiction to alcohol, gambling, or any controlled substance, which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques, and which are expected to be permanent and which prevent the tenant from engaging in any substantial gainful employment on the date the attorney general has accepted the plan for filing, and the spouses of any such tenants on such date, and who have elected, within sixty days of the date the attorney general has accepted the plan for filing, on forms promulgated by the attorney general and presented to such tenants by the offeror, to become non-purchasing tenants under the provisions of this section; provided, however, that if the disability first occurs after acceptance of the plan for filing, then such election may be made within sixty days following the onset of such disability unless during the period subsequent to sixty days following the acceptance of the plan for filing but prior to such election, the offeror accepts a written agreement to purchase the apartment from a bona fide purchaser; and provided further that such election shall not preclude any such tenant from subsequently purchasing the dwelling unit or the shares allocated thereto on the terms then offered to tenants in occupancy.

2. The attorney general shall refuse to issue a letter stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this chapter has been filed whenever it appears that the offering statement or prospectus offers for sale residential cooperative apartments or condominium units pursuant to a plan unless:

(a) The plan provides that it will be deemed abandoned, void and of no effect if it does not become effective within fifteen months from the date of issue of the letter of the attorney general stating that the offering statement or prospectus has been accepted for filing and, in the event of such abandonment, no new plan for the conversion of such building or group of buildings or development shall be submitted to the attorney general for at least twelve months after such abandonment.

(b) The plan provides either that it is an eviction plan or that it is a non-eviction plan.

(c) The plan provides, if it is a non-eviction plan, as follows:

(i) The plan may not be declared effective until written purchase agreements have been executed and delivered for at least fifteen percent of all dwelling units in the building or group of buildings or development subscribed for by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family occupy the dwelling unit when it becomes vacant. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made without discriminatory repurchase agreements or other discriminatory inducements.

(ii) No eviction proceedings will be commenced at any time against non-purchasing tenants for failure to purchase or any other reason applicable to expiration of tenancy; provided that such proceedings may be commenced for non-payment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the owner or a 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.

APPLICABLE RENT REGULATIONS

Section YY51-6.0 Real estate industry stabilization association

a. The real estate industry stabilization association registered with the department of housing preservation and development is hereby divested of all its powers and authority under this law.

b. The stabilization code heretofore promulgated by such association, as approved by the department of housing preservation and development, is hereby continued to the extent that it is not inconsistent with law. Such code may be amended from time to time, provided, however, that no such amendments shall be promulgated except by action of the commissioner of the division of housing and community renewal and provided further, that prior to the adoption of any such amendments, the commissioner shall (i) submit the proposed amendments to the commissioner of the department of housing preservation and development and allow such commissioner thirty days to make comments or recommendations on the proposed amendments, (ii) review the comments or recommendations, if any, made pursuant to clause (i) of this subdivision and make any revisions to the proposed amendments which the commissioner of the division of housing and community renewal deems appropriate provided that any such review and revision shall be completed within thirty days of receipt of such comments or recommendations and (iii) thereafter hold a public hearing on the proposed amendments. No provision of such code shall impair or diminish any right or remedy granted to any party by this law or any other provision of law.

c. A code shall not be adopted hereunder unless it appears to the division of housing and community renewal that such code

(1) provides safeguards against unreasonably high rent increases and, in general, protects tenants and the public interest, and does not impose any industry wide schedule of rents or minimum rentals;

(2) requires owners not to exceed the level of lawful rents as provided by this law;

(3) provides for a cash refund or a credit, to be applied against future rent, in the amount of any rent overcharge collected by an owner and any penalties, costs, attorneys' fees and interest from the date of the overcharge at the rate of interest payable on a judgment pursuant to section five thousand four of the civil practice law and rules for which the owner is assessed;

(4) includes provisions, subject to section YY51-4.1(1) f. requiring owners to grant a one or two year vacancy or renewal lease at the option of the tenant except where a mortgage or mortgage commitment existing as of April first, nineteen hundred sixty-nine, provides that the mortgagor shall not grant a one year lease;

(5) includes guidelines with respect to such additional rent and related matters as, for example, security deposits, advance rental payments, the use of escalator clauses in leases and provision for increase in rentals for garages and other ancillary facilities, so as to insure that the level of fair rent increase established under this law will not be subverted and made ineffective;

(6) provides criteria whereby the commissioner may act upon applications by owners for increases in excess of the level of fair rent increase established under this law provided, however, that such criteria shall provide (a) as to hardship applications, for a finding that the level of fair rent increase is not sufficient to enable the owner to maintain approximately the same average annual net income (which shall be computed without regard to debt service, financing costs or management fees) for the three year period ending on or within six months of the date of an application pursuant to such criteria as compared with annual net income, which prevailed on the average over the period nineteen hundred sixty-eight through nineteen hundred seventy, or for the first three years of operation if the building was completed since nineteen hundred sixty-eight or for the first three fiscal years after a transfer of title to a new owner provided the new owner can establish to the satisfaction of the commissioner that he acquired title to the building as a result of a bona fide sale of the entire building and that the new owner is unable to obtain requisite records for the fiscal years nineteen hundred sixty-eight through nineteen hundred seventy despite diligent efforts to obtain same from predecessors in title and further provided that the new owner can provide financial data covering a minimum of six years under his continuous and uninterrupted operation of the building to meet the three year to three year comparative test periods herein provided; and (b) as to completed building-wide major capital improvements, for a finding that such improvements are deemed depreciable under the Internal Revenue Code and that the cost is to be amortized over a five-year period, based upon cash purchase price exclusive of interest or service charges. Notwithstanding anything to the contrary contained herein, no increase granted pursuant to this paragraph shall, when added to the annual gross rents, as determined by the commissioner, exceed the sum of, (i) the annual operating expenses, (ii) and allowance for management services as determined by the commissioner, (iii) actual annual mortgage debt service (interest and amortization) on its indebtedness to a lending institution, an insurance company, a retirement fund or welfare fund which is operated under the supervision of the banking or insurance

laws of the state of New York or the United States, and (iv) eight and one-half percent of that portion of the fair market value of the property which exceeds the unpaid principal amount of the mortgage indebtedness referred to in subparagraph (iii) of this paragraph. Fair market value for the purposes of this paragraph shall be six times the annual gross rent. The collection of any increase in the stabilized rent for any apartment pursuant to this paragraph shall not exceed six percent in any year from the effective date of the order granting the increase over the rent set forth in the schedule of gross rents, with collectability of any dollar excess above said sum to be spread forward in similar increments and added to the stabilized rent as established or set in future years;

(6-a) provides criteria whereby as an alternative to the hardship application provided under paragraph six of this subdivision owners of buildings acquired by the same owner or a related entity owned by the same principals three years prior to the date of application may apply to the division for increases in excess of the level of applicable guideline increases established under this law based on a finding by the commissioner that such guideline increases are not sufficient to enable the owner to maintain an annual gross rent income for such building which exceeds the annual operating expenses of such building by a sum equal to at least five percent of such gross rent. For the purposes of this paragraph, operating expenses shall consist of the actual, reasonable, costs of fuel, labor, utilities, taxes, other than income or corporate franchise taxes, fees, permits, necessary contracted services and non-capital repairs, insurance, parts and supplies, management fees and other administrative costs and mortgage interest. For the purposes of this paragraph, mortgage interest shall be deemed to mean interest on a bona fide mortgage including an allocable portion of charges related thereto. Criteria to be considered in determining a bona fide mortgage other than an institutional mortgage shall include; condition of the property, location of the property, the existing mortgage market at the time the mortgage is placed, the term of the mortgage, the amortization rate, the principal amount of the mortgage, security and other terms and conditions of the mortgage. The commissioner shall set a rental value for any unit occupied by the owner or a person related to the owner or unoccupied at the owner's choice for more than one month at the last regulated rent plus the minimum number of guidelines increases or, if no such regulated rent existed or is known, the commissioner shall impute a rent consistent with other rents in the building. The amount of hardship increase shall be such as may be required to maintain the annual gross rent income as provided by this paragraph. The division shall not grant a hardship application under this paragraph or paragraph six of this subdivision for a period of three years subsequent to granting a hardship application under the provisions of this paragraph. The collection of any increase in the rent for any housing accommodation pursuant to this paragraph shall not exceed six percent in any year from the effective date of the order granting the increase over the rent set forth in the schedule of gross rents, with collectability of any dollar excess above said sum to be spread forward in similar increments and added to the rent as established or set in future years. No application shall be approved unless the owner's equity in such building exceeds five percent of: (i) the arms length purchase price of the property; (ii) the cost of any capital improvements for which the owner has not collected a surcharge; (iii) any repayment of principal of any mortgage or loan used to finance the purchase of the property or any capital improvements for which the owner has not collected a surcharge and (iv) any increase in the equalized assessed value of the property which occurred subsequent to the first valuation of the property

after purchase by the owner. For the purposes of this paragraph, owner's equity shall mean the sum of (i) the purchase price of the property less the principal of any mortgage or loan used to finance the purchase of the property, (ii) the cost of any capital improvement for which the owner has not collected a surcharge less the principal of any mortgage or loan used to finance said improvement, (iii) any repayment of the principal of any mortgage or loan used to finance the purchase of the property or any capital improvement for which the owner has not collected a surcharge, and (iv) any increase in the equalized assessed value of the property which occurred subsequent to the first valuation of the property after purchase by the owner.[1]

(7) establishes a fair and consistent formula for allocation of rental adjustment to be made upon granting of an increase by the commissioner;

(8) requires owners to maintain all services furnished by them on May thirty-first, nineteen hundred sixty-eight, or as otherwise provided by law, in connection with the leasing of the dwelling units covered by this law;

(9) provides that an owner shall not refuse to renew a lease except:

(a) where he intends in good faith to demolish the building and has obtained a permit therefor from the department of buildings; or

(b) where he seeks to recover possession of one or more dwelling units for his own personal use and occupancy as his primary residence in the city of New York and/or for the use and occupancy of a member of his immediate family as his primary residence in the city of New York, provided however, that this subparagraph shall not apply where a tenant or the spouse of a tenant lawfully occupying the dwelling unit is sixty-two years of age or older, or has an impairment which results from anatomical, physiological or psychological conditions, other than addiction to alcohol, gambling, or any controlled substance, which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques, and which are expected to be permanent and which prevent the tenant from engaging in any substantial gainful employment, unless such owner offers to provide and if requested, provides an equivalent or superior housing accommodation at the same or lower stabilized rent in a closely proximate area. The provisions of this subparagraph (b) shall only permit one of the individual owners of any building to recover possession of one or more dwelling units for his own personal use and/or for that of his immediate family. Any dwelling unit recovered by an owner pursuant to this subparagraph shall not for a period of three years be rented, leased, subleased or assigned to any person other than a person for whose benefit recovery of the dwelling unit is permitted pursuant to this subparagraph or to the tenant in occupancy at the time of recovery under the same terms as the original lease. This subparagraph shall not be deemed to establish or eliminate any claim that the former tenant of the dwelling unit may otherwise have against the owner. Any such rental, lease, sublease or assignment during such period to any other person may be subject to a penalty of a forfeiture of the right to any increases in residential rents in such building for a period of three years; or

(c) where the housing accommodation is owned by a hospital, convent, monastery, asylum, public institution, college, school dormitory or any institution operated exclusively for charitable or educational purposes on a non-profit basis and either:

(i) the tenant's initial tenancy commenced after the owner acquired the property and the owner requires the unit in connection with its charitable or educational purposes including, but not limited to, housing for affiliated persons; provided that with respect to any tenant whose right to occupancy

commenced prior to July first, nineteen hundred seventy-eight pursuant to a written lease or written rental agreement and who did not receive notice at the time of the execution of the lease that his tenancy was subject to non-renewal, the institution shall not have the right to refuse to renew pursuant to this subparagraph; provided further that a tenant who was affiliated with the institution at the commencement of his tenancy and whose affiliation terminates during such tenancy shall not have the right to a renewal lease; or

(ii) the owner requires the unit for a non-residential use in connection with its charitable or educational purposes; or

(d) on specified grounds set forth in the code consistent with the purposes of this law; or

(e) where a tenant violates the provisions of paragraph twelve of this subdivision.[1]

(9-a) provides that where an owner has submitted to and the attorney general has accepted for filing an offering plan to convert the building to cooperative or condominium ownership and the owner has presented the offering plan to the tenants in occupancy, any renewal or vacancy lease may contain a provision that if a building is converted to cooperative or condominium ownership pursuant to an eviction plan, as provided in section three hundred fifty-two-eeee of the general business law, the lease may only be cancelled upon the expiration of three years after the plan has been declared effective, and upon ninety days notice to the tenant that such period has expired or will be expiring.[1]

(10) specifically provides that if an owner fails to comply with any order of the commissioner or is found by the commissioner to have harassed a tenant to obtain vacancy of his housing accommodation, he shall, in addition to being subject to any other penalties or remedies permitted by law, be barred thereafter from applying for or collecting any further rent increase. The compliance by the owner with the order of the commissioner or the restoration of the tenant subject to harassment to the housing accommodation or compliance with such other remedy as shall be determined by the commissioner to be appropriate shall result in the prospective elimination of such sanctions;

(11) includes provisions which may be peculiarly applicable to hotels including specifically that no owner shall refuse to extend or renew a tenancy for the purpose of preventing a hotel tenant from becoming a permanent tenant; and

(12) permits subletting of units subject to this law pursuant to section two hundred twenty-six-b of the real property law provided that (a) the rental charged to the subtenant does not exceed the stabilized rent plus a ten percent surcharge payable to the tenant if the unit sublet was furnished with the tenant's furniture; (b) the tenant can establish that at all times he has maintained the unit as his primary residence and intends to occupy it as such at the expiration of the sublease; (c) an owner may terminate the tenancy of a tenant who sublets or assigns contrary to the terms of this paragraph but no action or proceeding based on the non-primary residence of a tenant may be commenced prior to the expiration date of his lease; (d) where an apartment is sublet the prime tenant shall retain the right to a renewal lease and the rights and status of a tenant in occupancy as they relate to conversion to condominium or cooperative ownership; (e) where a tenant violates the provisions of subparagraph (a) of this paragraph the subtenant shall be entitled to damages of three times the overcharge and may also be awarded attorneys fees and interest from the date of the overcharge at the rate of interest payable on a judgment

pursuant to section five thousand four of the civil practice law and rules; (f) the tenant may not sublet the unit for more than a total of two years, including the term of the proposed sublease, out of the four-year period preceding the termination date of the proposed sublease. The provisions of this subparagraph (f) shall only apply to subleases commencing on and after July first, nineteen hundred eighty-three; (g) for the purposes of this paragraph only, the term of the proposed sublease may extend beyond the term of the tenant's lease. In such event, such sublease shall be subject to the tenant's right to a renewal lease. The subtenant shall have no right to a renewal lease. It shall be unreasonable for an owner to refuse to consent to a sublease solely because such sublease extends beyond the tenant's lease; and (h) notwithstanding the provisions of section two hundred twenty-six-b of the real property law, a not-for-profit hospital shall have the right to sublet any housing accommodation leased by it to its affiliated personnel without requiring the landlord's consent to any such sublease and without being bound by the provisions of subparagraphs (b), (c) and (f) of this paragraph. Commencing with the effective date of this subparagraph, whenever a not-for-profit hospital executes a renewal lease for a housing accommodation, the legal regulated rent shall be increased by a sum equal to fifteen percent of the previous lease rental for such housing accommodation, hereinafter referred to as a vacancy surcharge, unless the landlord shall have received within the seven year period prior to the commencement date of such renewal lease any vacancy increases or vacancy surcharges allocable to the said housing accommodation. In the event the landlord shall have received any such vacancy increases or vacancy surcharges during such seven year period, the vacancy surcharge shall be reduced by the amount received by any such vacancy increase or vacancy surcharges.

d. (1) Each owner subject to the rent stabilization law shall furnish to each tenant signing a new or renewal lease, a rider describing the rights and duties of owners and tenants as provided for under the rent stabilization law. Such publication shall conform to the intent of section 5-702 of the general obligations law and shall be attached as an addendum to the lease. Upon the face of each lease, in bold print, shall appear the following: "Attached to this lease are the pertinent rules and regulations governing tenants and landlords' rights under the rent stabilization law".

(2) The rider shall be in a form promulgated by the commissioner in larger type than the lease and shall be utilized as provided in paragraph one of this subdivision.

e. Each owner of premises subject to the rent stabilization law shall furnish to each tenant signing a new or renewal lease, a copy of the fully executed new or renewal lease bearing the signatures of owner and tenant and the beginning and ending dates of the lease term, within thirty days from the owner's receipt of the new or renewal lease signed by the tenant.

NEW YORK STATE DIVISION OF HOUSING AND COMMUNITY RENEWAL --
RENT STABILIZATION CODE FOR RENT STABILIZED APARTMENTS IN NEW YORK CITY

PART 2524 - EVICTIONS

Section 2524.1 Restrictions on removal of tenant.

(a) As long as the tenant continues to pay the rent to which the owner is entitled, no tenant shall be denied a renewal lease or be removed from any housing accommodation by action to evict or to recover possession, by exclusion from possession, or otherwise, nor shall any person attempt such removal or exclusion from possession, except on one or more of the grounds specified in this Code.

(b) It shall be unlawful for any person to remove or attempt to remove any tenant from any housing accommodation or to refuse to renew the lease or rental agreement for the use of such housing accommodation, because such tenant has taken, or proposes to take any action authorized or required by the RSL or this Code, or any order of the DHCR.

(c) No tenant of any housing accommodation shall be removed or evicted unless and until such removal or eviction has been authorized by a court of competent jurisdiction on a ground authorized in this Part or under the Real Property Actions and Proceedings Law.

24.2 Termination notices.

(a) Except where the ground for removal or eviction of a tenant is non-payment of rent, no tenant shall be removed or evicted from a housing accommodation by court process, and no action or proceeding shall be commenced for such purpose upon any of the grounds permitted in section 2524.3 (Proceedings for Eviction - Wrongful Acts of Tenant) or section 2524.4 (Grounds for Refusal to Renew Lease, or In Hotels, Discontinuing a Hotel Tenancy, Without Order of the DHCR) of this Part, unless and until the owner shall have given written notice to such tenant as hereinafter provided.

(b) Every notice to a tenant to vacate or surrender possession of a housing accommodation shall state the ground under section 2524.3 (Proceedings for Eviction - Wrongful Acts of Tenant) or 2524.4 (Grounds for Refusal to Renew Lease, or In Hotels, Discontinuing a Hotel Tenancy, Without Order of the DHCR) of this Part, upon which the owner relies for removal or eviction of the tenant, the facts necessary to establish the existence of such ground, and the date when the tenant is required to surrender possession.

(c) Every such notice shall be served upon the tenant:

(1) in the case of a notice based upon subdivision (f) of section 2524.3 of this Part (Refusal To Renew), at least 15 days prior to the date specified therein for the surrender of possession; or

(2) in the case of a notice on any other ground pursuant to section 2524.3 (Proceedings for Eviction - Wrongful Acts of Tenant) at least 7 calendar days prior to the date specified therein for the surrender of possession or in the case of a notice pursuant to subdivision (c) of section 2524.4 of this Part (Primary Residence), at least 120 and not more than 150 days prior to the expiration of the lease term; or

(3) in the case of a notice pursuant to subdivision (a) of section 2524.4 (Occupancy by Owner or Member Of Owner's Immediate Family), and section 2524.5 of this Part (Grounds For Refusal To Renew Lease Or Discontinue Hotel Tenancy And Evict Which Require Approval Of The DHCR), at least 120 and not more than 150 days prior to the expiration of the lease term, or in the case of a hotel permanent tenant without a lease, at least 120 and not more than 150 days prior to the commencement of a court proceeding; or

(4) in the case of a notice pursuant to subdivision (b) of section 2524.4 of this Part (Recovery By Not-For-Profit Institution), at least 120 and not more than 150 days prior to the expiration of the lease term, or within 120 days of the expiration of the tenant's lease term, provided no summary proceeding can be commenced until the expiration of 120 days from the service of such notice, accompanied by a form prescribed by the DHCR advising the tenant of the penalties set forth in section 2524.4(b) of this Part for failure to use the housing accommodation for the charitable or educational purposes for which recovery is sought.

(d) All notices served pursuant to subdivision (c) of this

section shall be in lieu of any notice in any lease or rental agreement providing for a lesser time for termination of tenancy.

2524.3 Proceedings for eviction - wrongful acts of tenant.

Without the approval of the DHCR, an action or proceeding to recover possession of any housing accommodation may only be commenced after service of the notice required by section 2524.2 of this Part (Termination Notices), upon one or more of the following grounds, wherein wrongful acts of the tenant are established as follows:

(a) The tenant is violating a substantial obligation of his or her tenancy other than the obligation to surrender possession of such housing accommodation, and has failed to cure such violation after written notice by the owner that the violations cease within ten days; or the tenant has willfully violated such an obligation inflicting serious and substantial injury upon the owner within the three month period immediately prior to the commencement of the proceeding; or

(b) The tenant is committing or permitting a nuisance in such housing accommodation or the building containing such housing accommodation; or is maliciously, or by reason of gross negligence, substantially damaging the housing accommodation; or the tenant engages in a course of conduct, the primary purpose of which is intended to harass the owner or other tenants or occupants of the same or an adjacent building or structure by interfering substantially with their comfort or safety. The exercise by a tenant of any rights pursuant to any law or regulation relating to occupancy of a housing accommodation, including the RSL or this Code, shall not be deemed a ground for eviction pursuant to this subdivision (b); or

(c) Occupancy of the housing accommodation by the tenant is illegal because of the requirements of law and the owner is subject to civil or criminal penalties therefor, or such occupancy is in violation of contracts with governmental agencies; or

(d) The tenant is using or permitting such housing accommodation to be used for an immoral or illegal purpose; or

(e) The tenant has unreasonably refused the owner access to the housing accommodation for the purpose of making necessary repairs or improvements required by law or authorized by the DHCR, or for the purpose of inspection or showing the housing accommodation to a prospective purchaser, mortgagee or prospective mortgagee, or other person having a legitimate interest therein; provided, however, that in the latter event such refusal shall not be a ground for removal or eviction unless the tenant shall have been given at least 5 days notice of the inspection or showing, to be arranged at the mutual convenience of the tenant and owner so as to enable the tenant to be present at the inspection or showing, and that such inspection or showing of the housing accommodation is not contrary to the provisions of the tenant's lease or rental agreement.

(f) The tenant has refused, following notice pursuant to section 2523.5 of this Title (Notice For Renewal Of Lease And Renewal Procedure), to renew an expiring lease in the manner prescribed in such notice at the legal regulated rent authorized under this Code and the RSL, and otherwise upon the same terms and conditions as the expiring lease. This subdivision (f) does not apply to permanent hotel tenants, nor may a proceeding be commenced based on this ground prior to the expiration of the existing lease term.

(g) For housing accommodations in hotels, the tenant has refused, after at least twenty days written notice to move to a substantially similar housing accommodation in the same building at the same legal regulated rent where there is a rehabilitation as set forth in section 2524.5(a)(3) of this Part (Other Grounds For Eviction), provided:

(1) that the owner has an approved plan to reconstruct, renovate or improve said housing accommodation or the building in which it is located; and

(2) that the move is reasonably necessary to permit such reconstruction, renovation or improvement; and

(3) that the owner moves the tenant's belongings to the other housing accommodation at the owner's cost and expense; and

(4) that the owner offers the tenant the right of re-occupancy of the reconstructed, renovated, or improved housing accommodation at the same legal regulated rent unless such rent is otherwise provided for pursuant to section 2524.5(a)(3) of this Part (Other Grounds For Eviction).

(h) In the event of a sublet, an owner may terminate the tenancy of the tenant if the tenant is found to have violated the provisions of section 2525.6 of this Title (Subletting; Assignment).

§24.4 Grounds for refusal to renew lease, or in hotels, discontinuing a hotel tenancy, without order of the DHCR.

The owner shall not be required to offer a renewal lease to a tenant, or in hotels, to continue a hotel tenancy, and may commence an action or proceeding to recover possession in a court of competent jurisdiction, upon the expiration of the existing lease term, if any, after serving the tenant with a notice as required pursuant to section 2524.2 of this Part (Termination Notices) only on one or more of the following grounds:

(a) Occupancy by owner or member of owner's immediate family.

(1) An owner who seeks to recover possession of a housing accommodation for such owner's personal use and occupancy as his or her primary residence in the City of New York and/or for the use and occupancy of a member of

his or her immediate family as his or her primary residence in the City of New York, except that tenants in a non-eviction conversion plan pursuant to section 352-eeee of the General Business Law may not be evicted on this ground on or after the date the conversion plan is declared effective.

(2) The provisions of this subdivision (a) shall not apply where a tenant or the spouse of a tenant lawfully occupying the housing accommodation is a Senior Citizen or Disabled Person as previously defined herein, unless the owner offers to provide and, if requested, provides an equivalent or superior housing accommodation at the same or lower regulated rent in a closely proximate area.

(3) The provisions of this subdivision (a) shall only permit one of the individual owners of any building, whether such ownership is by joint tenancy, tenancy in common, or tenancy by the entirety to recover possession of one or more dwelling units for personal use and occupancy.

(4) No action or proceeding to recover possession pursuant to this subdivision (a) shall be commenced in a court of competent jurisdiction unless the owner shall have served the tenant with a termination notice in accordance with subdivisions (a), (b) and (c)(3) of section 2524.2 of this Part (Termination Notices).

(5) The failure of the owner to utilize the housing accommodation for the purpose intended after the tenant vacates, or to continue in occupancy for a period of three years, may result in a forfeiture of the right to any increases in the legal regulated rent in the building in which such housing accommodation is contained for a period of three years, unless the owner offers and the tenant accepts reoccupancy of such housing accommodation on the same terms and conditions as existed at the time the tenant vacated, or the owner establishes to the satisfaction of the DHCR that circumstances changed after the tenant vacated which prevented the owner from utilizing the housing accommodation for the purpose intended, and in such event, the housing accommodation may be rented at the appropriate guidelines without a vacancy allowance. This paragraph (5) shall not eliminate or create any claim that the former tenant of the housing accommodation may or may not have against the owner.

(b) Recovery by a not-for-profit institution.

(1) The owner is a hospital, convent, monastery, asylum, public institution, college, school dormitory, or any institution operated exclusively for charitable or educational purposes on a non-profit basis, and the owner, upon notice to the tenant in accordance with section 2524.2 (c)(4) of this Part (Termination Notices), requires the housing accommodation for its own use in connection with its charitable or educational purposes, and either:

(i) the tenant's initial tenancy commenced after the owner acquired the property, and the owner requires the housing accommodation in connection with its charitable or educational purposes, including, but not limited to, housing for affiliated persons; provided that the owner may not refuse to renew the lease of a tenant whose right to occupancy commenced prior to July 1, 1978 pursuant to a written lease or written rental agreement, and who did not receive notice at the time of the execution of the lease that the tenancy was subject to non-renewal; provided further that a tenant who was affiliated with the owning institution at the commencement of his or her tenancy and whose affiliation terminates during such tenancy shall not have the right to a renewal lease; or

(ii) the owner requires the housing accommodation for a non-residential use in connection with its charitable or educational purposes.

(2) In addition to such penalty provided in section 2526.2 of this Title (Orders to Enforce the RSL and Code), the failure of the owner without good cause to utilize or to continue to use the housing accommodation for the purpose intended after the tenant vacates, and for four years thereafter, shall result in a forfeiture of the right to any increases in the legal regulated rent for the housing accommodation involved for a four year period following the recovery of the housing accommodation from the tenant.

(3) If an owner who recovers a housing accommodation pursuant to this subdivision (b), or any successor in interest, within four years after recovery of the housing accommodation from the tenant, utilizes such housing accommodation for purposes other than those permitted hereunder without good cause, then such owner or successor shall be liable to the removed tenant for three times the damages sustained on

account of such removal, plus reasonable attorney's fees and costs as determined by a court of competent jurisdiction, provided that such tenant commences an action to recover such damages within three years from the date of recovery of the housing accommodation. The damages sustained by such tenant shall be the difference between the rent paid by such tenant for the recovered housing accommodation, and the rental value of a comparable rent regulated housing accommodation, plus the reasonable costs of the removal of the tenant's property.

(c) Primary residence.

The housing accommodation is not occupied by the tenant, not including subtenants or occupants, as his or her primary residence, as determined by a court of competent jurisdiction, provided, however, that no action or proceeding shall be commenced seeking to recover possession on the ground that the housing accommodation is not occupied by the tenant as his or her primary residence unless the owner or lessor shall have given thirty days notice to the tenant of his or her intention to commence such action or proceeding on such grounds. Such notice may be combined with the notice required by section 2524.2(c)(2) of this Title (Termination Notices). For the purpose of this subdivision (c), where a housing accommodation is rented to a not-for-profit hospital for residential use, affiliated subtenants authorized to use such accommodations by such hospital shall be deemed to be tenants for primary residence purposes.

2524.5 Grounds for refusal to renew lease or discontinue hotel tenancy and evict which require approval of the DHCR.

(a) The owner shall not be required to offer a renewal lease to a tenant or continue a hotel tenancy and shall file on the prescribed form an application with the DHCR for authorization to commence an action or proceeding to recover possession in a court of competent jurisdiction after the expiration of the existing lease term, upon any one of the following grounds:

(1) Withdrawal from the rental market.

The owner has established to the satisfaction of the DHCR after a hearing, that he or she seeks in good faith to withdraw any or all housing accommodations from both the housing and non-housing rental market without any intent to rent or sell all or any part of the land or structure and:

(i) that he or she requires all or part of the housing accommodations or the land for his or her own use in connection with a business which he or she owns and operates; or

(ii) that substantial violations which constitute fire hazards or conditions dangerous or detrimental to the life or health of the tenants have been filed against the structure containing the housing accommodations by governmental agencies having jurisdiction over such matters, and that the cost of removing

such violations would substantially equal or exceed the assessed valuation of the structure.

(2) Demolition.

The owner has established to the satisfaction of the DHCR after a hearing that he or she seeks in good faith to recover possession of the housing accommodations for the purpose of demolishing them and constructing a new building, provided that either he or she has obtained approved plans for a new building or the DHCR has determined that plans have been submitted to the city agency having jurisdiction over the demolition and new construction. However, a hearing shall not be conducted until the owner has submitted to the DHCR proof of his or her financial ability to complete the undertaking together with copies of the plans that have been submitted to such city agency. No order shall be issued approving the owner's application until said plans have been approved by such city agency, and an order approving the owner's application shall not be granted unless the owner proves that all necessary funding for the proposed construction has been secured.

(3) Other grounds.

The owner will eliminate inadequate, unsafe or unsanitary conditions and demolish or rehabilitate the dwelling unit pursuant to the provisions of article VIII, VIII-A, XIV, XV or XVIII of the PHFL, the Housing New York Program Act, or sections 8 and 17 of the U.S. Housing Act of 1937 (National Housing Act), on the condition that the owner:

(i) proves that it has a commitment for the required financing;

(ii) proves that any rehabilitation requires the temporary removal of the tenant; and

(iii) agrees to offer and will offer the tenants the right of first occupancy following any rehabilitation at an initial rent as determined pursuant to the applicable law and subject to any terms and conditions established pursuant to applicable law and regulations.

(b) Election not to renew.

Once an application is filed under this section, with tification to all affected tenants pursuant to section 2524.2 of this rt (Termination Notices), the owner may refuse to renew the affected nant's lease until a determination of the owner's application is made the DHCR. In such event, the owner may not increase the rent arged in excess of the rent provided in the expiring lease. If such

application is denied, or withdrawn, prospective renewal leases must be offered to all affected tenants within such time and at such guidelines rates as directed in the DHCR order of denial or withdrawal.

(c) Terms and conditions upon which orders authorizing refusal to offer renewal leases may be based.

The DHCR shall require an owner to pay all reasonable moving expenses and shall further condition the order upon the payment of a reasonable stipend and/or the relocation of the tenant by the owner to a suitable housing accommodation at the same or lower regulated rent in a closely proximate area. If no such housing accommodation is available at the same or lower regulated rent, the owner may be required to pay the difference in rent between the subject housing accommodation and the new housing accommodation to which the tenant is relocated for such period as the DHCR determines, commencing with the occupancy of the new housing accommodation by the tenant.

(d) Any order granting an application pursuant to this section shall not provide for a stay of eviction which exceeds one year. In addition, where the order of the DHCR is conditioned upon the owner's compliance with specified terms and conditions, if such terms and conditions have not been complied with, the order may be modified or revoked.

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3203 Nostrand Avenue
Brooklyn, New York

CERTIFICATION OF SPONSOR AND PRINCIPALS

We are the sponsor and the principals of sponsor of the cooperative offering plan 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 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:

(i) set forth the detailed terms of the transaction and be complete, current and accurate;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;

(iii) not omit any material fact;

(iv) not contain any untrue statement of a material fact;

(v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

(vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) 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 statements 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.

3203 NOST LIMITED PARTNERSHIP
By: 3203 NOSTRAND CORP., general partner

By: _____
Howard J. Lazarus,
Vice President

Sworn to before me this
28th day of March, 1988

_____
Notary Public

By: _____
William J. Mocsy,
President

Sworn to before me this
28th day of March, 1988

_____
Notary Public

KARLA JAN HODGES
Notary Public, State of New York
No. 31-4798308
Qualified in New York County
Commission Expires Nov. 30, 1989

(Signatures Continued)

Principals of Sponsor

Howard J. Lazarus

Howard J. Lazarus

Sworn to before me this
28th day of March, 1988

Notary Public

William J. Mocsy

Sworn to before me this
28th day of March, 1988

Notary Public

KARLA JAN HODGES
Notary Public, State of New York
No. 31-4798308
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