COOPERATIVE OFFERING PLAN

THIS OFFERING IS PART OF A "COND-OP" STRUCTURE

A Plan for Housing Development Fund Corporation ("HDFC")
Cooperative Ownership of Unit 1 of the
1402 York Avenue Condominium
located at 1402 York Avenue, New York, New York 10021

Cash Amount of Offering (10,000 Shares Allocated to 10 Affordable Apartments)	$594,056.24
Mortgage Indebtedness (as of Closing Date)	$0.00
Administering Agent Reserve Account*	$8,576.00
Working Capital Account*	$18,871.00
Capital Reserve Account*^	$194,565.00
Operating Reserve Account*	$101,013.00
Total Offering Price	$594,056.24

* Amounts contributed by Sponsor prior to the Cooperative Conversion Date

^ Capital Reserve Account includes the Capital Reserve Account and Additional Capital Reserve Account obligations in the IH Regulatory Agreement.

The Sponsor will be required to make a contribution to the Working Capital Fund (on behalf of each Purchaser) in an amount equal to two (2) months' Maintenance Charges. See "Section 19. Working Capital Fund and Building Reserve Funds".

Name and Address of HDFC Apartment Corporation Whose Shares are Offered:

1402 York Avenue Owners Housing Development Fund Company, Inc.

1402 York Avenue
New York, New York 10021

Name and Address of Sponsor:

Beach Path, LLC
1201 Route 112, Suite 900
Port Jefferson Station, New York 11776

Name and Address of Marketing Agent:

Housing Partnership Development Corporation, c/o Housing Partnership Development Corporation
253 West 35th Street, 3rd Floor
New York, New York 10001

THIS PLAN CONTAINS SPECIAL RISKS TO PURCHASERS. SEE PAGE 1.

THE APPROXIMATE DATE OF THE FIRST OFFERING TO THE PUBLIC IS ANTICIPATED FOR _____ 2021. THE TERM OF THE INITIAL OFFER IS TWELVE MONTHS COMMENCING FROM THE ACCEPTANCE DATE. THE TERM MAY BE EXTENDED BY AN AMENDMENT TO THE OFFERING PLAN.

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

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SPECIAL RISKS

THE PURCHASE OF SHARES IN AN APARTMENT CORPORATION HAS MANY SIGNIFICANT LEGAL AND FINANCIAL CONSEQUENCES. MOST PURCHASERS OBTAIN ATTORNEYS TO ASSIST THEM WITH MAKING THIS TYPE OF LARGE INVESTMENT. THE ATTORNEY GENERAL STRONGLY URGES YOU TO READ THIS OFFERING PLAN CAREFULLY AND TO CONSULT WITH AN ATTORNEY WHO IS SEPARATE AND INDEPENDENT FROM THE SPONSOR BEFORE SIGNING ANY AGREEMENTS.

The provisions of this Offering Plan (the "Plan") are subject to a number of special risk factors which should be carefully considered by every prospective Purchaser. The following is a summary of certain special risk considerations in connection with the Plan but is not intended to summarize all major features of the Plan. Prospective purchasers are urged to read the following special risk factors in conjunction with the Plan for a discussion of these and other important aspects of this cooperative offering. Prospective Purchasers are further urged to visit the site of the Building and to consult with their attorneys and financial advisors before executing a Purchase Agreement. Certain terms used in this Plan are defined in Section 2 or elsewhere in the text. Unless otherwise noted, section references in this Special Risks section are references to sections in Part I of this Plan. The Special Risks include the following:

a. Deed

On May 23, 2017, Sponsor conveyed title to certain real property located at 1402 York Avenue, New York, New York, and located on the tax map of the City of New York at Block 1486, Lot 4 in the County of New York, City of New York (the "Property") to 1402 York Avenue Housing Development Fund Company, Inc. (hereinafter the "HDFC"), which lot comprises the Property. Pursuant to a Declaration of Interest and Nominee Agreement, dated May 23, 2017, the HDFC conveyed the beneficial ownership of the Property to the Sponsor, Beach Path, LLC.

b. HDFC Apartment Corporation as a Unit in a Condominium

The Property will be developed as a condominium to be known as the 1402 York Avenue Condominium (the "Condominium"). The Condominium will be subject to and comply with Article 9-B of the Real Property Law of the State of New York (hereinafter referred to as the "Condominium Act"). A Declaration of Condominium (the "Declaration") submitting the Property to the Condominium Act, and the By-Laws will be recorded in the office of the City Register of New York County prior to the transfer of title to the Apartment Corporation (i.e., the "Cooperative Conversion Date"). This Building will consist of one un-regulated residential studio unit ("Unit 2") located on the first floor and one residential unit ("Unit 1") located on the second through eleventh floors. Unit 1 will be conveyed to the 1402 York Avenue Owners Housing Development Fund Company, Inc., the HDFC Apartment Corporation. A total of 10,000 Shares of the HDFC Apartment Corporation's common stock, allocated to the ten (10) Apartments to

be sold, is to be offered by the Sponsor. Unit 2 is to be sold pursuant to a No Action Letter (File No. NA21-0028) issued by the New York State Department of Law on May 17, 2021 and is not offered pursuant to this Plan.

Each of the Unit Owners must pay monthly Common Charges to the Condominium in accordance with Sections 339(i) and (m) of the Condominium Act. Unit 1's Common Charges will be included in each Tenant-Shareholder's monthly Maintenance Charges. See "Section 5. Schedule B" and "Section 6. Schedule C". The primary obligation for operating the Condominium rests with the Board of Managers, which will be elected by the Unit Owners. The Board of Managers will be comprised of three (3) members, two (2) representatives appointed by the HDFC Apartment Corporation as the owner of Unit 1 and one representative appointed by the owner of Unit 2. A Purchaser of Shares in the HDFC Apartment Corporation is known as a Tenant-Shareholder. The primary obligation for operating the HDFC Apartment Corporation rests with the Board of Directors which will be elected by the Tenant-Shareholders. The Board of Directors will be comprised of no less than three and no more than seven members. For a detailed description of the Condominium and the HDFC Apartment Corporation see "Section 1. Introduction", "Section18. HDFC Apartment Corporation and By-laws'' and "Section 20. Condominium."

c. Regulatory Agreement

The Building, known as 1402 York Avenue, was developed with private financing. There will be no underlying mortgage on Unit 1 of the Condominium held by the HDFC Apartment Corporation and as of the date hereof all mortgages from the Construction Lender are satisfied on record. The purpose of the 1402 York Avenue Housing Development Fund Company, Inc. is to provide cooperative apartments that are affordable to low-income individuals and families. The IH Regulatory Agreement is applicable as long as the Building stands and the By-laws of the HDFC Apartment Corporation contain income restrictions which will maintain the affordability of the apartments. As further provided in Section 16, the HDFC Apartment Corporation:

(i) will assume an Inclusionary Housing Regulatory Agreement with HPD, which has been recorded, dated as of May 23, 2017, as amended (the "IH Regulatory Agreement") (See Exhibit 9a); and

(ii) receive an Article XI Tax Exemption (as defined below in Special Risk d) pursuant to a Certificate of Eligibility that was issued on March 24, 2021 by the City of New York acting through its Department of Housing Preservation and Development ("HPD") and registered at the New York City Department of Finance and receive the benefits without being encumbered by an Article XI Regulatory Agreement. (See Section 11 for the copy of the Certificate of Eligibility.)

d. Real Estate Taxes and Tax Exemption Benefits

On November 19, 2020, Sponsor received approval from the City Council of the City of New York for a real property tax exemption ("Article XI Tax Exemption") pursuant to Section 577 of Article XI ("Article XI") of the New York Private Housing

Finance Law ("PHFL"). On March 24, 2021, HPD issued a Certificate of Eligibility for exemption from Real Property Tax pursuant to Article XI of the Private Housing Finance Law. A copy of the Certificate of Eligibility is set forth in Section 11 of the Plan. The Article XI Tax Exemption eliminates all real property taxes for to-be-formed Lot 1001 (and the proportionate portion of the property as of the date hereof) for a period of 40 years, commencing on the date specified in Certificate of Eligibility. After 40 years the exemption will expire and unless renewed, the HDFC Apartment Corporation will not be exempt from real estate taxes. Pursuant to Article XI, at all times Unit 1 (inclusive of the Apartments therein) must be owned by a housing development fund corporation formed pursuant to the PHFL that has been organized exclusively to develop a housing project for persons of low income. If at any time this project fails to meet that standard, HPD may, in its sole and absolute discretion, remove the Article XI Tax Exemption, the HDFC Apartment Corporation will not be exempt from real estate taxes, and Purchasers will have the right to rescind their Purchase Agreements.

A copy of the Certificate of Eligibility issued on March 24, 2021 by the City of New York acting through HPD for exemption from Real Property Tax pursuant to Article XI of the Private Housing Finance Law is set forth in Section 11 of the Plan. See also "Section 10. Real Estate Benefits".

e. Income Limits on Initial Sales

The IH Regulatory Agreement has been recorded and contain certain restrictions and conditions, including, but not limited to restrictions providing that the shares allocated to the ten (10) Apartments must be sold to individuals and families who will use the Apartments as their primary residence and whose annual income do not exceed 80% of Initial AMI as adjusted for household factor pursuant to HPD IH Guidelines and the Zoning Resolution and whose estimated total housing costs do not exceed 35% of their income and are not less than 25% of their income. Effective April 1, 2021, the household asset limit (set by HPD IH Guidelines and subject to change by HPD) for Applicants to homeownership units is $208,775, excluding the amount of the down payment. The shares will be sold in compliance with the first-time homebuyer preference and the HPD Marketing Guidelines. Purchasers will be required to certify their income at the time of their Initial application to purchase and also again on their Apartment Closing Date. See "Section 12. Procedure to Purchase and Close".

f. Income Limits on Resale

The IH Regulatory Agreement provides that the sale of Units by shareholders shall be restricted by the income level of the prospective purchaser and the sales price that is paid upon resale of an Apartment, as such restrictions are determined pursuant to Section 23-90 *et. seq.* of the LLC New York City Zoning Resolution as amended, (the "Zoning Resolution"), the Rules of the City of New York, Title 28, Chapter 41 ("HPD IH Guidelines") and the IH Regulatory Agreement (collectively, the "Resale Restrictions"). The IH Regulatory Agreement provides for the following income restrictions upon resale and restrictions on the resale prices, for the Apartments:

- The Apartments shall be sold only to households (of not more than two (2) persons) whose annual income does not exceed 80% of Initial AMI and

whose estimated total housing costs are not less than 25% of their income and not more than 35% of their income; and

- Such other limitations on Resale pursuant to the Resale Restrictions.

Regardless of whether or not the HDFC Apartment Corporation is still subject to a Regulatory Agreement, HDFC Apartment Corporation's corporate purpose of providing affordable housing to low-income households will remain.

See "Sections 1(i)" and "16. Terms of IH Regulatory Agreement".

g. Calculation of Resale Prices

The following limits have been placed upon the resale prices for shareholders: the HDFC Apartment Corporation shall prohibit shareholders from selling Apartments for prices that exceed the Maximum Resale Price as defined in the Zoning Resolution. The Resale Restrictions on the Building do not expire, and the Apartments must be re-sold to purchasers who meet the income limitations set forth in this Plan. A Tenant-shareholder's equity will be limited because the resale price will be lower than the price for his or her Apartment for sale on the open market. Future purchasers from Initial Tenant Shareholders must be in compliance with the requirements of the HPD Marketing Guidelines and all related laws and policies regarding the marketing and sale of the shares allocated to each Cooperative Apartment. All sales must be conducted through Housing Connect or such other platform adopted by HPD from time to time. All resales must be approved by HPD, the Administering Agent under the Regulatory Agreement and the Board of Directors of HDFC Apartment Corporation.

See "Exhibit 9C Sample Resale Price: HPD 2009 Inclusionary" for a sample Resale Price as calculated by HPD, provided in HPD 2009 Inclusionary Housing Text Amendments Overview, as may be updated by HPD.

See "Sections 1(i) Resale Restrictions" and "16. Terms of IH Regulatory Agreement".

h. No Mortgage Indebtedness

Unit 1 will not be encumbered at the Cooperative Conversion Date by any mortgages. Pursuant to the IH Regulatory Agreement, any new underlying mortgages require HPD Approval. In addition, any underlying mortgages must be modified, consolidated or extended in accordance with the IH Regulatory Agreement and HPD's approval.

i. The Budget: Special Allocations and Utility Costs.

Schedule C provides for specially allocated common expenses for the two Units; the allocation of common charges is not based on the percentage of the Common Interest of the two Units. The Footnotes to Schedule C discloses that a prescribed percentage of all costs have been allocated to the two Units: Unit 1 at 91.24% and to Unit 2 at 8.76%. This allocation is based on the provision in Section 339-m of the Real

Property Law which permits that "common expenses may be charged to the owners of units that are subject to a regulatory agreement with a governmental entity or instrumentality limiting the household income of the residents of such units upon Initial occupancy that are less than the common expenses charged to owners of other units where such lesser charges are necessary to ensure that the combined common expenses, mortgage and other housing costs paid by owners of units subject to such regulatory agreements do not exceed thirty percent of the household income limit specified in such regulatory agreements. Where so authorized by the declaration and bylaws, common expenses may be charged to owners of units subject to such regulatory agreements in a manner that (i) is not proportional to the respective common interests of such owners, (ii) limits the amount charged to such owners, or (iii) limits the rate at which the amount charged to such owners may increase. "See "Section 6: Schedule C- Footnotes". The Board of Managers of the Condominium may not increase these expenses beyond the lesser of (i) substantiated increases to the Condominium Budget prepared by the Board of Managers, and (ii) a five percent (5%) annual increase to the prior year's Common Charges, without the unanimous consent of the two (2) Unit Owners. If there is a dispute between the Unit Owners and the Board of Managers, which is not settled within 60 days, it will be settled by arbitration. (Need to add a reference and language in the by-laws- may be Article XIV.) See "Exhibit 8: By-Laws, Article VI, Section 1 for Section 339-m allocation and Article XIII for Arbitration".

The Sponsor's budget expert has certified as to the adequacy of the Common Charges payable by the Unit Owners. See Exhibit 10d Certification of Sponsor's Expert on Adequacy of Condominium Budget. The special allocations do not have an adverse financial impact on the Unit Owners.

Purchasers are also advised that the budget for the first year of cooperative ownership does not include an individual Tenant-Shareholders costs for electricity as consumed in his or her Apartment for lighting and appliances. See Section 5: Schedule B-Projected Budget for First Year of Cooperative Operation and Schedule B-1: Individual Electricity Costs.

j. Completion of Work

A Temporary Certificate of Occupancy for the Building was issued on August 25, 2020, last renewed on May 17, 2021, and expires on August 15, 2021; a copy is included in Part II, Exhibit 3- Architect's Report. Subject to the review processes of the Department of Buildings, which are outside the control of the Sponsor, the Final Certificate of Occupancy for the Building should be issued by July 1, 2021.

Under present plans, all of the services and facilities described herein will Initially be provided and made available to Tenant-Shareholders following the Cooperative Conversion Date.

k. Purchaser's Right to Rescind.

A Purchaser will be afforded the right to rescind his or her Purchase Agreement if the Apartment Closing does not take place within twelve (12) months of the date the first year of cooperative operation and condominium operation is projected to begin

(currently July 1, 2021) or one year from the date of the Purchase Agreement, whichever is earlier. See "Section 12(h): Procedure to Purchase-and Close" and "Exhibit 1: Purchase Agreement".

Purchasers should note that even if the Cooperative Closing Date occurs on or before July 1, 2021 (or such other date projected as the date of the commencement of operation at the time the Purchase Agreement was entered into) or within the twelve-month period thereafter, the Apartment Closing of subsequent Apartments may be substantially delayed beyond such dates if a Temporary Certificate of Occupancy has not been issued for such Apartments or for the floor on which such Apartments are located. In such a case, provided that Sponsor and its principal is diligently pursing completion of construction and the issuance of a certificate of occupancy and is otherwise in compliance with its obligations under the Plan, Purchaser will not be entitled to a right of rescission or to make claims against the Sponsor for damages or losses as a result of such delays and will not be excused from paying the full Purchase Price for the Unit. PROSPECTIVE PURCHASERS SHOULD THEREFORE CAREFULLY CONSIDER THE POSSIBILITY OF SUCH DELAYS IN THEIR DETERMINATION AS TO WHETHER TO PURCHASE A UNIT. In the event, however, Sponsor cannot convey title to the Apartment on or before twelve months from the date of the Purchase Agreement, affected Purchasers will be afforded the right of rescission.

l. Contingency Reserve

The contingency reserve is not expected to be required during the first year of cooperative operation. It has been established in order to fund unanticipated expenses or increases in projected expenses. If Sponsor elects to modify the Budget for any reason, it is anticipated that the amount of the Contingency Reserve, if any, may be reduced.

m. Procedure to Purchase

All applications postmarked by the Application Deadline Date of June 29, 2021 will be entered into the HPD Lottery Log and will be reviewed by the Marketing Agent and HPD to determine whether the applicant is eligible to purchase an apartment. Applications which arrive after the application deadline date will be set aside for possible future consideration.

Submission of a Purchase Agreement signed by Purchaser and the tender of the Down Payment does not constitute acceptance of the Purchase Agreement by Sponsor. If Purchaser is found by the Sponsor, Housing Partnership Development Corporation ("HPDC") and HPD to be eligible to purchase in accordance with the requirements of the IH Regulatory Agreement, then Sponsor will execute the Purchase Agreement, and it will return to Purchaser a fully executed counterpart. If Purchaser is found to be ineligible to purchase an Apartment, then Sponsor will direct Escrow Agent to return to Purchaser the Down Payment, and the Purchase Agreement will not be entered into by the Sponsor. See also "Section 12. Procedure to Purchase and Close".

n. Events of Default

After the Plan has been declared effective, a Purchaser will be given thirty (30) calendar days prior written notice of the date, time and place for the Apartment Closing and of Purchaser's obligation to pay the balance of the Purchase Price. If the Purchaser defaults in his or her obligations under the Purchase Agreement, the Sponsor may cancel the Purchase Agreement if such default has not been cured within thirty (30) calendar days after written notice of such default has been given to the Purchaser. Time is of the essence to cure such default within said thirty (30) day period. If the default is not timely cured, then Sponsor shall have the right to retain as liquidated damages, the Down Payment of ten percent (10%) of the Purchase Price and sell the Apartment to another Purchaser as if Purchase Agreement had never been made. If the Sponsor elects not to cancel the Purchase Agreement as a result of the failure of the Purchaser to close on the date specified by the Sponsor in such notice, or if the Sponsor approves the Purchaser's request to adjourn the Apartment Closing Date, then the apportionments between the Sponsor and the Purchaser shall be made as of the original Closing Date. Sponsor may also apply to a court of competent jurisdiction for reimbursement of any reasonable additional costs incurred by the Sponsor as a result of the Purchaser's delay. See "Section 12-Procedure to Purchase and Close", for further details.

o. Financing Contingency.

The Plan provides that any Purchaser who executes a Purchase Agreement must make the purchase of an Apartment contingent on mortgage financing in an amount up to ninety percent (90%) of the Purchase Price. The amount of the downpayment is 10% of the Purchase Price: There is no financial assistance available under the terms of the Plan for the down payment. Purchasers should note that it may be difficult to obtain a financing commitment until a certain percentage of the apartments in the Building have been sold. Prospective Purchasers should also be aware that even if a loan commitment is obtained, its term may be limited, and it could expire before the Apartment Closing Date. Under New York law, when a mortgage commitment is not fulfilled through no fault of a purchaser, performance is excused. Therefore, if the Purchaser acts in good faith and the lender revokes the loan commitment after the contingency period expires, performance is excused and the Sponsor must grant such Purchaser a right of rescission, a reasonable period of time to exercise such right and return the down payment. If a commitment expires as a result of Purchaser's refusal, inability or unwillingness to close title or delay in closing title or the revocation of a commitment by a lending institution resulting from Purchaser's acts or omissions, including but not limited to, Purchaser's failure to satisfy any of the conditions of the commitment, the Purchase Agreement will be deemed null and voice and the Purchaser may lose their Down Payment. The Plan will be amended to include a list of preferred lenders and any requirements of those preferred lenders. In addition, HPD must approve any refinance of the Tenant –Shareholder's mortgage or any second mortgage on the shares. For further details, see "Section 12. Procedure to Purchase and Close."

p. Legal Fees.

Sponsor will pay, on behalf of the Purchaser, $2,500 for Sponsor's Attorney's Fees and $250 to Sponsor's Attorney for the cost of preparation of the applicable real estate transfer tax returns on the Automated City Register Information Service ("ACRIS") forms required by the Register's Office. The Purchaser will be obliged to pay the fees of his own professionals, including attorneys. There is no financial assistance available for these fees. If, at Purchaser's or Purchaser's attorney's or lender's request, the Apartment Closing does not occur at the office the Sponsor's Attorney, Purchaser shall pay Sponsor's Attorney a travel fee of $250.00, if the Apartment Closing is held in Manhattan, or $300.00 if the Apartment Closing is held in another borough. Special arrangements will have to be made for closings outside of the City of New York. See "Section 12. Procedure to Purchase and Close".

q. Pre-closings

Sponsor may require Purchasers to "pre-close" under their Purchase Agreements after the Plan is declared effective but prior to the Cooperative Conversion Date. The Purchaser will not be required to pay maintenance charges and will not be able to occupy the Apartment until the actual Apartment Closing. No occupancy will take place prior to the issuance of a Temporary Certificate of Occupancy by the New York City Department of Buildings. A Purchaser will be required to pay the entire balance of the Purchase Price then due under the Purchase Agreement (less the amount to be financed by Purchaser) into escrow with the Escrow Agent. Payment amount, type of checks and documents required shall be on the same terms and conditions as if the Cooperative Conversion were occurring on the Apartment Closing Date after the Cooperative Conversion Date. A Purchaser who pre-closes will not be deemed to be a Tenant-Shareholder until the Purchaser's actual Apartment Closing Date or, if the Purchaser paid 100% of the Purchase Price at the pre-Apartment Closing, on the Cooperative Closing Date. Purchaser's failure to pre-close after the Plan has been declared effective will be a default under the Purchase Agreement, entitling the Sponsor to terminate the Purchase Agreement and retain the Purchaser's Down Payment. If the Sponsor is unable to deliver the Apartment, the Purchaser's down payment will be refunded, and Purchaser may be entitled to pursue other remedies under the law.

SPONSOR RESERVES THE RIGHT TO MAKE TIME OF THE ESSENCE WITH RESPECT TO PURCHASER'S OPPORTUNITY TO CURE THE DEFAULT WITHIN ANY SPECIFIED CURE PERIOD. AFTER THE SPECIFIED CURE PERIOD EXPIRES, IF PURCHASER'S DEFAULT REMAINS UNCURED, SPONSOR MAY TERMINATE THE PURCHASE AGREEMENT AND, RETAIN PURCHASER'S DOWN PAYMENT, AS LIQUIDATED DAMAGES AND SELL THE APARTMENT TO ANOTHER PURCHASER AS IF THE PURCHASE AGREEMENT HAD NEVER BEEN MADE. See "Section 12. Procedure to Purchase and Close" for further details.

r. Closing Costs.

At each Closing, Sponsor will be responsible for paying closing costs on behalf of the Purchaser. These costs include a contribution to the Working Capital Fund of the HDFC Apartment Corporation in the amount of two (2) months' Maintenance Charges,

but it is anticipated that Sponsor shall have already funded the Working Capital Fund in full for all Apartments prior to the Cooperative Conversion Date. If applicable, Sponsor shall also be obligated to pay the New York City Real Property Transfer Tax at 1.00% of the Purchase Price, plus the allocated mortgage and unit debt, if any (together with the $125 filing fee) and, if applicable, New York State Real Estate Transfer Tax at 0.04% of the Purchase Price and any stamp taxes, plus the legal charges and disbursements of Sponsor's attorneys for closing title to an apartment (see "o" above). In addition, there are closing costs for a Purchaser, including without limitation, the HUD-Certified First Time Homebuyer Course at Purchaser's expense (approximately $150) and the cost of a credit check ($50-$75). No apartment closing will take place without the completion of the course. See "Section 12. Procedure to Purchase and Close" for further details.

s. Effective Date and Abandonment of Plan

The Attorney General Regulations provide that the Plan may be declared effective when Purchase Agreements are accepted for the sale of 15% (i.e., 2 Apartments) or more of the Apartments offered under the Plan and it must be declared effective when more than 80% of the Apartments offered under the Plan are under contract (i.e., 8 Apartments). However, under the terms of the IH Regulatory Agreement, 50% of the Apartments offered under the Plan (i.e., 5 Apartments) must be under contract before the Plan is declared effective. In no event may the Plan be abandoned after it is declared effective or after 80% of the Apartments offered are under contract. The Sponsor may not abandon the Plan without the prior consent of HPD. Even if the Plan is declared effective with a minimum number of sales, it is possible that the Sponsor may convert with fewer than such minimum number, if Purchasers counted toward effectiveness do not ultimately purchase the shares allocated to their apartments. If all Purchase Agreements are either rescinded or terminated prior to the Cooperative Conversion Date, Sponsor must re-declare the Plan effective. See "Section 13. Effective Date of the Plan and Closing Date".

t. Representation on the Board of Directors and the Board of Managers.

The Sponsor shall retain voting control by electing or designating a majority of the members of the Board of Directors of the HDFC Apartment Corporation until the first annual meeting of the Tenant-Shareholders, which will take place the earlier of (i) 30 days after the closing of all apartments in the Building or (ii) one year from the Cooperative Conversion Date. At that time, all directors must be Tenant-Shareholders. During the term of the IH Regulatory Agreement, the size of the Board may not be increased without the approval of HPD and the Administering Agent.

At the first annual meeting of Condominium Unit Owners, the HDFC Apartment Corporation, as owner of Unit 1, is to appoint two (2) representatives to the Board of Managers, referred to in the Declaration as a "Unit 1 Owner Representative." The Owner of Unit 2 is to appoint one (1) representative to the Board of Managers, referred to in the Declaration as the "Unit 2 Owner Representative." Unit 1 will be in control of the Board of Managers. See "Section 18. HDFC Apartment Corporation and By-laws" and "Section 20. The Condominium"

u. Working Capital Fund.

Any closing adjustments or credits the Sponsor owes the Board of Directors, acting on behalf of the Tenant-Shareholders, will be paid by the Sponsor into the Working Capital Fund. Any closing adjustments or credits the Board of Directors owes the Sponsor will be paid by the Board of Directors from the funds deposited into the Working Capital Fund by the Sponsor on behalf of the Purchasers at the Apartment Closings. The total amount paid to the Sponsor shall not exceed two (2) months' maintenance charges for the HDFC Apartment Corporation and if this amount is not sufficient, the excess will be forgiven by the Sponsor. See "Section 19. Working Capital Fund and Building Reserve Funds".

v. No Bond.

No bond or other security has been obtained by the Sponsor to guarantee the completion of the work or Sponsor's financial obligations described in the Plan, other than any guarantees of completion which were required by Sponsor's construction lender. Notwithstanding the foregoing, Sponsor has the present ability to complete the Building and if such ability changes, this Plan will be amended. See "Section 24. Rights and Obligations of the Sponsor".

w. Super Majority Voting Requirement.

During the three-year period following the Cooperative Conversion Date, the HDFC Apartment Corporation may not, among other things, without the consent of Tenant-Shareholders owning at least 66% of the issued and outstanding Shares of the HDFC Apartment Corporation, (i) increase the number or change the kind of employees Initially hired or provide services in addition to those contemplated in Schedule B of this Plan as same may be amended (unless the aggregate annual cost of any such additional employees or services, when added to the aggregate annual cost of all other expenses for that year does not exceed the aggregate projected income for that year, without increasing annual Maintenance Charges for that year, (ii) undertake any capital or major improvement, unless required by law or by the holder or insurer of an Underlying Mortgage, (iii) increase, extend, modify or refinance the mortgage indebtedness of the HDFC Apartment Corporation, (iv) enter into any new mortgage, contract of sale or ground lease of Unit 1, or (v) increase the reserves or establish any reserves in addition to those described in this Plan including, without limitation, any reserves for contingencies, repairs, improvements or replacements, other than a reserve for contingencies not exceeding 5% of the annual operating budget for that year. The foregoing super-majority voting requirement shall not be required after the third anniversary of the Cooperative Conversion Date, or to comply with obligations of law (including subsequently enacted provisions) or to cure or remedy any notices of violation of law or any work orders or other requirements of the IH Regulatory Agreement or to remedy any matter pertaining to the health and safety of the occupants of the Building. See "Section 18. HDFC Apartment Corporation and By-Laws".

x. Sales of Apartments by Sponsor.

As sales will only be made to purchasers who meet the qualifications set forth in the Plan, no purchaser can buy more than one Apartment. Sponsor does not have the right to sell Unsold Shares to purchasers buying for investment and not personal occupancy. Neither the Sponsor nor the HDFC Apartment Corporation will have the right to rent apartments. See "Section 24 (i) Rights and Obligations of Sponsor- Holders of Unsold Shares".

y. Marketing Plan and Subletting.

Purchasers are advised that sales of Shares allocated to the Apartments must be made by the Sponsor pursuant to the marketing plan described in Section 12. Pursuant to the terms of the IH Regulatory Agreement, all Initial and subsequent Purchasers of the Apartments will be subject to the Resale Restrictions described in Section 1. As a general matter, pursuant to the terms of the IH Regulatory Agreement, Tenant-Shareholder may not sublet its Apartment. In the event a Tenant-Shareholder seeks to request a sublease the Apartment, the sublease request shall be subject to the following restrictions: (i) The Tenant-Shareholder must obtain prior written approval of the Administering Agent, Board of Directors and HPD to sublet the Apartment, on terms and requirements as required by the Board of Directors and HPD, each in their sole discretion; (ii) The Tenant-Shareholder may not sublease an Apartment to households whose Annual Household Income exceeds the AMI limit applicable to purchasers for such Apartment; (iii) The Tenant–Shareholder may not sublet an Apartment for more than a total of two (2) years, including the term of the proposed sublease, and (iv) the aggregate payments made by the sublease to the Tenant-Shareholder may not in any calendar month exceed the combined cost of Maintenance Charges, any Security agreement or mortgage payments and utilities paid by the Tenant-Shareholder; and (v) any such sublet shall not violate the Certificate of Incorporation of the HDFC Apartment Corporation. Notwithstanding the foregoing, if the Shareholder is a lender who has provided an end loan insured by Fannie Mae and/or the State of New York Mortgage Agency or is an assignee of such lender ("Fannie/SONYMA Lender"), who has taken title to the shares through a foreclosure or deed in lieu of foreclosure, such Shareholder may sublet for a maximum of three (3) years, beginning immediately after Shareholder's failure to effectuate a sale of the Unit after marketing said Unit for a minimum of sixty (60) calendar days.

z. Limited Warranty.

The Sponsor is obligated to build and complete the Building in accordance with the NYC Building Code, the Architect's Floor Plans and the Architect's Report identified in this Plan. Because the Building exceeds five stories, the Housing Merchant Implied Warranty (GBL Article 36-B) is not applicable to this offering. Sponsor shall not be obligated to correct, repair or replace any defects relating to construction of the Building, except as expressly set forth in the Plan. Regardless of any limitations in this Plan, Sponsor's obligation cannot go below the duty to construct the premises in accordance with all applicable codes and regulations. See "Section 24 (d). Rights and Obligations of the Sponsor- Warranties".

aa. Notices

All notices, letters, requests, elections, consents, demands or other communications shall be delivered personally or given in writing by first class mail, registered or certified mail, return receipt requested, postage prepaid. Either party may, by notice to the other, change the address to which notices are to be sent. Unless otherwise provided in the Plan, all notices shall be deemed given when personal delivery is effected or five (5) days after the date it is mailed, except that a notice of address change shall be considered given when received. Any notice sent by the Closing Attorneys on Sponsor's behalf to Purchaser or to Purchaser's attorney shall be deemed notice by Sponsor. A delay on the actual delivery of a notice to Purchaser may affect the time period allotted to Purchaser to respond in instances where the Purchaser is required to respond within a specified time period. See "Exhibit 1 Purchase Agreement".

bb. Adjournment of Closing Date

If Purchaser fails to close within fourteen (14) calendar days after the Originally Scheduled Apartment Closing Date, any adjournments granted by Sponsor at Purchaser's request shall, at Sponsor's discretion, be on the condition that (i) all adjustments made at the Apartment Closing will be made as of the date that is fifteen (15) calendar days after the Originally Scheduled Apartment Closing Date and (ii)Purchaser shall pay to Sponsor (or to anyone Sponsor designates) at the Apartment Closing, by unendorsed personal certified check or by bank check or wire transfer, in either event drawn on a bank that is a member of the New York Clearing House Association, an amount equal to $100 per day multiplied by the number of calendar days that the Apartment Closing is delayed beginning with the date that is fourteen (14)calendar days after the Originally Scheduled Apartment Closing Date and ending with and including the actual Apartment Closing Date. The interest/penalty charged for the delay in closing will not exceed New York State usury rates. The foregoing fees also shall be applicable in the event Purchaser defaults under the Purchase Agreement and cures the default by closing later than the Originally Scheduled Apartment Closing Date. The provisions of this paragraph shall not be applicable if, through no fault of Purchaser, Sponsor adjourns the Apartment Closing Date. The provisions shall apply, however, to any postponements by Purchaser of the Originally Scheduled Apartment Closing Date. Sponsor reserves the right to waive any or all provisions of this paragraph. See "Section 12. Procedure to Purchase and Close; Exhibit 1, Purchase Agreement."

cc. 2017 Tax Cuts and Jobs Act.

On January 1, 2018, the Tax Cuts and Jobs Act of 2017 went into effect. This federal law significantly changed the previously existing Internal Revenue Code, including the taxes and deductions related to homeownership (real estate taxes and mortgage interest).

In general, for tax years beginning after December 31, 2017, and before January 1, 2026, interest with respect to a mortgage made to purchase a Unit is generally deductible only to the extent the total amount of the Unit Owner's indebtedness with respect to his or her primary residence and second residence does not exceed

$750,000 (or $375,000 in the case of a married person filing a separate return). In addition, an individual may deduct, generally, the interest on other debt secured by such residences to the extent the principal amount is not in excess of $100,000 ($50,000 for married persons filing separately).

Pursuant to changes in the 2017 Tax Cuts and Jobs Act, for a taxable year beginning after December 31, 2017, and before January 1, 2026, the aggregate deduction for state and local real property taxes, state and local personal property taxes, state and local, and foreign, income, war profits, excess profits taxes, and general sales taxes (if elected) for any such taxable year is limited to $10,000 ($5,000 in the case of a married individual filing a separate return).

Purchasers are advised to consult with a tax expert regarding whether and how the new law will affect the purchaser's taxes. See "Section 9: Attorney's Income Tax Opinion".

dd. Geographic Targeting Order

The Financial Crimes Enforcement Network ("FinCEN") has issued a Geographic Targeting Order ("GTO") with respect to residential real property located in New York City for closings which occur on or after November 17, 2018, and meet the criteria below. Please be advised that United States title insurance companies are required to report to FinCEN the personal identity of purchasers in residential real estate transactions in which: (1) the Purchaser is a legal entity as defined in the GTO, (2) the Purchaser purchases residential real property located in the Boroughs of Bronx, Brooklyn, Queens, Manhattan and Staten Island; (3) the total purchase price is in the amount of $300,000 or more; (4) such purchase is made without a bank loan or other similar form of external financing; and (5) the purchase is made, at least in part, using currency or a cashier's check, a certified check, a traveler's check, a personal check, a business check, a wire transfer, a money order in any form, a funds transfer, or virtual currency.

ee. Engineering Special Risks: Window Guards.

Each Tenant-Shareholder shall notify the Board of Directors or the Managing Agent in writing, when a child, or children, under the age of eleven (11) years lives or resides (even temporarily) in the Apartment. Each Apartment will be provided with the required window guards, (or safety "stops" in lieu of window guards, designed specifically to prevent a child from falling out the window) in all windows of the apartment in compliance with all applicable New York City Administrative Code requirements. The Tenant-Shareholder shall maintain all window guards or stops installed in the Apartment and shall not remove same until permitted by applicable law and in no event without prior written notice to the Board of Directors or Managing Agent, if any. The Board of Directors may choose to have any new window guards or stops installed at the HDFC Apartment Corporation's expense. See Exhibit 3(b) in Part II, Architect's Report.

ff. Engineering Special Risks: Certificate of Occupancy.

Purchasers are advised that in New York City, newly constructed and newly renovated buildings are sometimes offered as condominium or cooperative projects without a final certificate of occupancy ("FCO") covering the entire building but with only a temporary certificate of occupancy ("TCO"), and sometimes with several successive temporary certificates of occupancy. Certificates of occupancy are generally governed by Section 301 of the New York Multiple Dwelling Law and local building codes and rules. Both TCOs and FCOs are issued by the New York City Department of Buildings ("DOB "). A TCO is intended to indicate that the property is safe for occupancy but means that not all of the construction work and/or inspections have been performed, or that not all of the required documents have been submitted to the DOB. All TCOs have an expiration date. A TCO typically expires 90 calendar days after the date of issuance. When a TCO expires and is not renewed, it may be difficult or impossible to buy insurance, refinance, or sell units. In New York City, it is common for sponsors to commence unit closings when some or all units are covered by a TCO rather than a FCO. Sponsor anticipates this scenario may occur. Sponsor and its principals will undertake the responsibility for extending each TCO received prior to expiration thereof and ultimately for obtaining a FCO covering the entire building within two years from the date of the issuance of the first TCO. However, Sponsor and its principals make no representation or guarantee that DOB will issue the FCO within such two-year period. Notwithstanding the foregoing, Sponsor and its principals are obligated to procure the FCO for the entire building and shall exercise best efforts to obtain the FCO within such two-year period while keeping the TCO current. Tenant-Shareholders, the Board of Directors and the Board of Managers shall be obligated to cooperate with and refrain from obstructing sponsor in these undertakings.

Furthermore, because Sponsor and the by-laws of the HDFC Apartment Corporation may permit Tenant-shareholders to undertake renovations to individual apartments prior to the procurement of a FCO, such renovations may cause additional delays in the issuance thereof. Notwithstanding the foregoing, Sponsor and its principals are obligated to procure the FCO.

The New York City Department of Buildings advises purchasers of houses and apartments, who close with only a Temporary Certificate of Occupancy in place, to consult with their attorneys and engineers to assure that sufficient funds are escrowed or otherwise secured for Sponsor to obtain a Permanent or final Certificate of Occupancy. It is strongly recommended that Purchasers consult the “DOB website for further recommendations when purchasing units in a building that does not have a Final Certificate of Occupancy. A Factsheet on Certificate of Occupancy is available on the DOB website at: http:// www.nyc.gov/html/dob/downloads/pdf/co_factstheet.pdf

gg. Engineering Special Risks: Square Footage of Apartments

The total square footage of each of the Apartments set forth in Exhibit 4 (Floor Plans) has been calculated by Kossar+Garry Architects, LLP. The measurement of each Apartment is to the inside face of the walls enclosing the apartment and consists of all floor surfaces, including closets and partitions and excludes the thickness of the partitions separating the apartment from other common spaces in the building. As a

result, the useable area of the apartment may be less than the area listed on Schedule A. In addition, the total square footage of each Apartment is subject to construction variances. A decrease in an apartment's area of 5% or less will not affect a Purchaser's obligations unless such decrease is determined to be a material change. There is a rebuttable presumption that an area that is diminished by 5% or less is not material.

hh. Engineering Special Risks: Smoke and Carbon Dioxide Detectors

Each Tenant-Shareholder is responsible for the maintenance of the combination Smoke and Carbon Dioxide Detectors See "Exhibit 4(b): Architect's Report.

ii. Engineering Special Risks: Noise

The Building is located in a densely populated area. Exterior noise levels are consistent with that of an urban area and may be audible inside the Apartment. Some Tenant-Shareholders may install amplified loudspeakers and television monitors on walls within their Unit which share a common wall with another Apartment, and this may result in vibration and sound transmission to adjoining Tenant-Shareholders. Apartments that are adjacent to equipment on the roof of the Building may also experience high noise levels. Section 3: Description of Property and Improvements.

jj. Engineering Special Risks: Local Law 11

Local Law 11 (26-1-5.3) applies to buildings greater than six stories in height and requires an inspection at least once every five years for exterior walls and appurtenances. The exterior façade report is required to filed with NYC Department of Buildings five years after the issuance of the Initial Temporary Certificate of Occupancy. The Managing Agent for the Condominium Board will be responsible for meeting this requirement. See "Exhibit 4(b): Architect's Report."

kk. Engineering Special Risk: Lot Line Windows

Lot Line windows exist on the north and south facades of 1402 York Avenue. As disclosed in the Description of Property and improvements set forth in Part II of the Plan, the following Apartments have lot line windows: Apartments 2 through 9 each have three (3) lot line windows at the north elevation. Apartments 10 and 11 have two (2) lot line windows at the north elevation and one (1) lot line window at the south elevation. The lot line windows are each four feet by four feet. Lot-line windows are windows located less than thirty (30) feet away from a property line and up to seventy-five (75) feet above the average curb where the adjacent property is owned by others. While such windows provide views, light and air to spaces in the Apartment, they cannot be utilized to meet light and ventilation required by the Building Code of the City of New York. Apartments having lot-line windows have other windows which satisfy requirements for the lawful use of such Apartments for habitation. Lot-line windows are considered amenities that potentially can be lost. Should an abutting property owner redevelop such property with one of more buildings of different configurations, it may be necessary to close the affected lot line windows and seal them in a manner and with such materials as are acceptable to the Buildings Department and the HDFC Apartment Corporation. Neither Sponsor, Sponsor's architect, the HDFC Apartment Corporation, or any other person who took part in this offering will have any liability or obligation if the

closing up of any lot line window is required. The projected cost of sealing a lot line window is currently $1000 - $3,000 per window. The cost of sealing a lot line window, if required, will be passed along as an increase in maintenance charges or a special assessment to the affected Tenant-Shareholder or Tenant-Shareholders. The presence of a lot line window in the Building will not have an impact on the Sponsor's ability to obtain a Final Certificate of Occupancy. See “Exhibit 3b. Architect’s Report”.

ll. Engineering Special Risks: No Smoking

Purchasers should carefully consider that the Building will be a smoke-free building. There will be no smoking permitted in the Apartments or in the Common Elements of the Building.

New York City Law prohibits smoking and using e-cigarettes of any kind in indoor common areas, including but not limited to lobbies, hallways, stairwells, mailrooms, fitness areas, storage areas, garages and laundry rooms in any building with three or more residential units. NYC Admin. Code Section 17-505.

The smoking policy is contained in Rider 3 to the Purchase Agreement. Smoking is not allowed inside of residential apartments; outside of areas that are parts of residential apartments, including terraces; outdoor common areas, including the roof terrace and outdoors within 25 feet of entrances, exits, windows, and air intake units on property grounds. See “Section 12. Procedure to Purchase and Close” and “Exhibit 1: Purchase Agreement, Rider 3”

mm. Engineering Special Risks: Cellar

The Cellar may not be used as bedrooms or dining rooms for sleeping, cooking and/or living purposes and will not be rented independently. To do so may result in the New York City Department of Building issuing a violation against the Building which will be the obligation of the Tenant- Shareholder to remove. See “Section 4. Schedule A.”

nn. Engineering Special Risk: Facade Inspection

Since the Building is over six (6) stories, the property will have to undergo the Façade Inspection Safety Program (FISP) inspections. A newly constructed building is governed by FISP reporting requirements once five years have passed since the Initial Temporary Certificate of Occupancy (TCO) was issued. The Initial TCO was issued in August 2020. Therefore, an inspection will need to take place in the A Subcycle of the 10th Reporting Cycle in 2025. The technical report must be submitted by a Qualified Exterior Wall Inspector (QEWI) through, DOB NOW: Safety. See Exhibit 3. Architect's Report

oo. Arbitration

The By-laws provide that any matter required or permitted to be determined by arbitration shall be submitted for resolution before a single arbitrator in a proceeding held in New York City. Any arbitrator will be an independent third party not related to either party of the dispute. See “Section 20. The Condominium”.

pp. Waiver of Jury Trial

Except as prohibited by Law, the parties expressly waive trial by jury in any action, proceeding or counterclaim arising out of or relating to the Purchase Agreement or the relationship created thereby. With respect to any matter for which a jury trial cannot be waived, the parties agree not to assert any such claim as a counterclaim in, or move to consolidate such claim with, any action or proceeding in which a jury trial is waived. This provision shall survive the Cooperative Conversion Date or termination of the Purchase Agreement. See Exhibit 1- Purchase Agreement, paragraph 21. Jury Waiver.

qq. Marketing Plan

Purchasers are advised that sales of Shares allocated to the Apartments must be made by the Sponsor pursuant to the marketing plan prepared by Sponsor and Purchasers must be approved for purchase by the Sponsor, HPDC and HPD. A Purchaser may be disqualified from purchasing at any time for the following reasons, including but not limited to:

- Submission of multiple applications as defined by the Marketing Guidelines.
- Based on a criminal background check.
- Failure to respond to the request in the Eligibility Letter for document submission, or other document submission requests.
- Unsatisfactory outcome of Applicant Documentation (for example, Applicant exceeded income/asset criteria, could not meet monthly mortgage payments, had irreparable credit issues).
- Failure to respond to Sponsor's or HPDC's request for supplemental information or for an in-person or video-conference appointment.
- Discovery via document verification that Applicant Submission Information was misrepresented in a way that renders the candidate ineligible.
- Inability to qualify for financing.
- Previous purchase of a government-assisted home developed under an HPD project or program.
- Ownership or previous purchase of any interest in real estate, including timeshares and Mitchell- Lama coop by any member of the Applicant's household.

See" Section 12. Procedure to Purchase and Close."

rr. Marketing Preferences

Purchasers Applicants will be selected from the HPD Lottery Log in log number order, subject to the following preferences: (i) 5% of the Apartments for households having a member with a mobility disability (one Unit); (ii) 2% of the Apartments for households with a member having a hearing/visual disability (one Unit); (iii) 50% of the Apartments (five units) for residents of Manhattan Community Board No 8; and (iv) 5% of the Apartments for applicants who are municipal employees of the City of New York (one Unit). For the remaining units, Applicants will be selected in log number order, first from residents of New York City and then from residents of New York State. If a

Purchaser selected from the HPD Lottery Log is disqualified or fails to close, the next Applicant will be selected from the HPD Lottery Log in log number order. A copy of the Plan will be delivered to the Purchaser after HPD approval and an offer to purchase has been made. See" Section 12. Procedure to Purchase and Close."

ss. Administering Agent Agreement

Pursuant to the IH Regulatory Agreement, the HDFC Apartment Corporation must enter into a contract with an Administering Agency that will monitor the resales and changes in maintenance charges to assure compliance with the Regulatory Agreement. Pursuant to an agreement signed on May 23, 2017, Housing Partnership Development Corporation ("HPDC"), located at 253 West 35th Street, 3rd Floor, New York, New York 10001, will provide these services for an annual cost of $5,000. HPDC, in its capacity as Administering Agent, will also serve as an informational resource for the Board of Directors and for the Managing Agent. The term of the agreement expires five years from the last Apartment Closing. However, pursuant to the terms of the IH Regulatory Agreement set forth as Exhibit 9a in Part II of the Plan and the Administering Agency Agreement attached as Exhibit F, the Administering Agent can be removed or terminated at the sole discretion of HPD, if requested by the HDFC Apartment Corporation. The Administering Agent also serves as the Marketing Agent for Initial sales of apartments. See "Exhibit 9a. Regulatory Agreements, Inclusionary Housing Regulatory Agreement."

tt. Exculpation of HDFC Apartment Corporation

Notwithstanding any provision to the contrary contained here in this Offering Plan, neither the Apartments Corporation, nor any of its members, directors, officers, agents, or employees (the HDFC Apartment Corporation and such other parties, collectively, the "Exculpated Parties") shall have any personal liability for the payment or performance of the duties or obligations contemplated under this Offering Plan, Proprietary Lease and Shares, the By-laws, and House Rules.

1. INTRODUCTION

a. Sponsor and Offer to Sell

The Sponsor of this Plan is Beach Path, LLC, a New York limited liability company with offices at 1201 Route 112, Suite 900, Port Jefferson Station, New York 11776. 1402 York Avenue Housing Development Fund Company, Inc., a New York not-for profit corporation (the "HDFC") is the legal owner of the Property and Beach Path, LLC is the beneficial owner. Sponsor is in the process of constructing a housing development on said parcel of land to be owned as a condominium under the laws of the State of New York and to submit same to the provisions of N.Y Real Property Law Section 339 *et. seq.* (or Article 9-B of the New York Real Property Law known as the Condominium Act). Sponsor received a no action letter on May 17, 2021, for the creation of the two-unit Condominium, (File Number NA21-0028). The 1402 York Avenue Condominium. Said project will consist of one un-regulated residential studio unit ("Unit 2") located on the first floor and one residential unit ("Unit 2"). Unit 2 is to be sold pursuant to a No Action Letter issued by the New York State Department of Law and is not offered pursuant to this Plan. Following the completion of construction, Unit 1 will be conveyed to the 1402 York Avenue Housing Development Fund Company, Inc. This Plan provides for the conversion to cooperative ownership of Unit 1 of the 1402 York Avenue Condominium ("Unit 1") located at 1402 York Avenue, New York, New York 10021. The HDFC Apartment Corporation will purchase a fee interest in Unit 1 from the HDFC. A total of 10,000 Shares of the HDFC Apartment Corporation's common stock, allocated to the ten (10) Apartments to be sold, is to be offered by the Sponsor. Housing Partnership Development Corporation ("HPDC") shall serve as the Administering Agent under the IH Regulatory Agreement and will market the Apartments.

The purpose of the 1402 York Avenue Housing Development Fund Company, Inc. is to provide cooperative apartments that are affordable to low income individuals and families. The IH Regulatory Agreement is applicable as long as the Building stands and the By-laws of the HDFC Apartment Corporation contain income restrictions which will maintain the affordability of the apartments. Neither the Sponsor nor the HDFC Apartment Corporation will have the right to rent apartments.

The Shares of the HDFC Apartment Corporation are being offered under this Plan to individuals eighteen (18) years of age and older who satisfy the eligibility requirements of this offering. Under no circumstances is this offering being made in any state or jurisdiction where this offering would be unlawful. The purpose of this Plan is to set forth all material terms of the offer. This Plan may be amended from time to time when an amendment is filed with the New York State Department of Law. All such amendments will be served on all Purchasers and Tenant-Shareholders, and they shall become a part of this Plan, unless the Department of Law consents to service on the Board of Directors or a specified class of offerees.

The Plan is presented in two parts (in one volume), which constitute the entire Plan. Part I sets forth a general description of the Cooperative. Part II contains a

detailed physical description of the Property, together with copies of the forms of many of the documents that will affect the use, resale, leasing or mortgaging of each Apartment, including floor plans showing the approximate layout and dimensions of the apartments. They should be reviewed carefully by a prospective Purchaser and his, her, or their attorney prior to signing a Purchase Agreement.

b. Submission of Property to Condominium Statute

The Property will be developed as a condominium to be known as the 1402 York Avenue Condominium (the "Condominium"). The address of the Condominium and the new Unit Owners will be 1402 York Avenue, New York, New York 10021. The Condominium will be subject to and comply with Article 9-B of the Real Property Law of the State of New York (hereinafter referred to as the "Condominium Act"). A Declaration of Condominium (the "Declaration") submitting the Property to the Condominium Act, and the By-Laws will be recorded in the office of the City Register of New York County prior to the transfer of title to the HDFC Apartment Corporation (i.e., the transfer of title in Unit 1 to HDFC Apartment Corporation being the "Cooperative Conversion Date"). The Declaration and the By-Laws will be substantially similar to those set forth in Part II of this Offering Plan as Exhibit 8; they will not be changed so as to adversely affect any Purchaser in any material respect.

The Condominium shall consist of Unit 1 containing the 10 cooperative apartments (each as "Apartment"). An unregulated studio apartment, Unit 2, will also be located in the Building; it will be used for residential purposes. The Condominium also contains certain areas and facilities that are common to all Units, known as "Common Elements".

Each of the Unit Owners must pay monthly Common Charges to the Condominium in accordance with Sections 339(i) and (m) of the Condominium Act. These Sections of the Act require that Common Charges be generally charged to Unit Owners according to their Common Interests in the Condominium. The Act, including Section 339(i), sets forth certain requirements with respect to establishing the Common Interests, including Sponsor's analysis that is based on the approximate proportion that the floor area of the unit bears to the aggregate floor area of all of the Apartments, and such proportion reflects the substantially exclusive advantages enjoyed by one or more, but not all of the Apartments in a part or part of the Common Element, pursuant to Section 339-i(1)(ii) of the Condominium Act. However, pursuant to Section 339-m of the Real Property Law, common expenses may be charged to the owners of units that are subject to a regulatory agreement with a governmental entity or instrumentality limiting the household income of the residents of such units upon initial occupancy that are less than the common expenses charged to owners of other units where such lesser charges are necessary to ensure that the combined common expenses, mortgage and other housing costs paid by owners of such Unit(s) subject to such regulatory agreements do not exceed thirty percent of the household income limit specified in such Unit(s)' regulatory agreement(s). Section 339-m of the Real Property Law further provides that where so authorized by the declaration and bylaws, common expenses may be charged to owners of units subject to such regulatory agreements in a manner that (i) is not proportional to the respective common interests of such owners,

(ii) limits the amount charged to such owners, or (iii) limits the rate at which the amount charged to such owners may increase. The Condominium Declaration and By-Laws disclose that a prescribed percentage of Common Charges have been allocated to the two (2) Units, that places a greater allocation on Unit 2 (i.e., the un-regulated residential studio dwelling) than would be ascribed pursuant to its Common Interests under section 339-i(1)(ii). See Article VI, Section 1 of the By-Laws. The Common Charges for Unit 1 will be included in each Tenant-Shareholder's monthly Maintenance Charges.

The Common Charges are assessed by the Board of Managers for the operation of the Condominium and maintenance of the Common Elements of the Condominium. See Article VI, Section 3 of the Condominium By-Laws. The estimated Common Charges for each Unit for the first year of operation of the Condominium are set forth in Schedule C of Part I of this Offering Plan. They have been estimated or reviewed by Flatiron Real Estate Advisors LLC and include fire and liability insurance for the Building and Common Elements and maintenance and operations of the Common Elements.

The primary obligation for operating the Condominium rests with the Board of Managers, which will be elected by the Unit Owners. A description of the rights and obligations of the Board of Managers is contained in Section 20 and the Condominium By-Laws (Exhibit 8). The HDFC Apartment Corporation, constituting Unit 1 Owner, will appoint two (2) representatives for Unit 1 to the Board of Managers, and the Sponsor, as Unit 2 Owner, will appoint one representative for Unit 2 to the Board of Managers, but only until such time as Sponsor conveys the Unit 2 to a subsequent purchaser pursuant to an amended no-action letter or offering plan. Unit 1 will be in control of the Board of Managers. After Unit 2 is transferred to a subsequent purchaser, the subsequent purchaser will appoint one representative to the Board of Managers.

c. <u>The HDFC Apartment Corporation and Sale of Shares</u>

The HDFC Apartment Corporation is a New York not-for-profit corporation, formed pursuant to Article XI of the Private Housing Finance Law and Section 402 of the Business Corporation Law. A particular number of Shares has been allocated to each Apartment and are being offered for sale by the Sponsor; the HDFC currently owns all of the Shares, as nominee for and benefit of Sponsor. The Initial prices for the blocks of Shares allocated to the Apartments are set forth on Schedule A in this Plan. THESE PRICES HAVE BEEN SET BY THE SPONSOR AND APPROVED BY HPD PURSUANT TO THE TERMS OF THE IH REGULATORY AGREEMENT AND ARE NOT SUBJECT TO THE APPROVAL BY THE DEPARTMENT OF LAW. The estimated annual Maintenance Charges to be paid by each Tenant-Shareholder of the HDFC Apartment Corporation for the first year of cooperative operation are set forth in Schedule B to this Plan. It should be noted that the actual Maintenance Charges may vary from those set forth in such Schedule if there are changes in the projected expenses.

d. Cooperative Ownership and Operation

A Purchaser of Shares is known as a Tenant-Shareholder. A Tenant-Shareholder will have two legal relationships with the HDFC Apartment Corporation. As a shareholder, such Purchaser will own Shares of the HDFC Apartment Corporation and will have the right to vote for the election of directors of the HDFC Apartment Corporation, which will control and otherwise conduct the affairs of the HDFC Apartment Corporation. As a tenant, such Purchaser will become the lessee under the Proprietary Lease with the HDFC Apartment Corporation. As lessee, such Purchaser will have the right to occupy a specific Apartment in the Building, and he or she will be required to pay rent and observe the other requirements set forth in the Proprietary Lease. This "rent", commonly called Maintenance Charges, is a proportionate share of the HDFC Apartment Corporation's cash requirements for the sound and necessary operation, repair and maintenance of the Building and the Property, the payment of debt service on the mortgage, if any, secured by the Building, the payment of common charges of the Condominium (as set forth in more detail in Schedule C of Part I of this Offering Plan for the First Year of Operation), any special assessments imposed by the HDFC Apartment Corporation and other charges on any borrowings, and the creation of such reserves as the Board of Directors may deem appropriate or as may be required by HPD.

Tenant-Shareholders must obtain the consent of the Board of Directors before selling or assigning their Proprietary Leases and Shares, and before permitting anyone, other than Family Members, and, for a limited period, their guests, to use their Apartments. A pledge of the Shares and Proprietary Lease to secure a loan to a Tenant-Shareholder by certain lending institutions is permitted, on the conditions set forth in the Proprietary Lease. All Initial and subsequent Purchasers of the Apartments must comply with any income eligibility and occupancy criteria that are described in this Plan. If a Purchaser is approved by the Sponsor, HPDC and HPD, a fully executed Purchase Agreement will be returned to Purchaser. The definition of "Apartment Closing" and "Apartment Closing Date" are set forth in the Definitions, being Section 2 of Part 1 of this Offering Plan; it will occur on or after the Cooperative Closing Date.

A summary of some of the principal terms of the Proprietary Lease is set forth in Section 17 of Part I of this Plan; it includes some of the eligibility, occupancy and Resale Restrictions. A full copy of the Proprietary Lease is included as Exhibit 5 in Part II of this Plan. A summary of some of the principal provisions of the By-Laws of the HDFC Apartment Corporation may be found in Section 18 of Part I of this Plan. The agreement to purchase the HDFC Apartment Corporation's Shares owned by the Sponsor and to enter into a Proprietary Lease is called a Purchase Agreement. The procedure to purchase is summarized in Section 12 of Part I of the Plan, and the form of the Purchase Agreement and Purchaser Application of Interest and Credit Authorization are contained in Exhibits 1 and 2 to Part II of this Plan.

In this Plan, reference is sometimes made to the "purchase of an Apartment" or the "sale of an Apartment", rather than to the purchase or sale of the Shares allocated to such Apartment and the assignment of the Proprietary Lease attributable to the Apartment. Such references are made for convenience only, and they should not be

deemed to suggest that the Purchaser is acquiring an Apartment.

A detailed description of the Property, which should be carefully reviewed by prospective Purchasers, is contained in Part II of this Plan as part of Exhibit 3. Prospective Purchasers are also urged to inspect the entire Property and the surrounding neighborhood, in addition to the Apartment in which they may be interested (if construction has progressed to a point where this is feasible), and, if feasible, to arrange for a detailed physical inspection, before deciding to purchase any Shares pursuant to this Plan. The Property is being conveyed to the HDFC Apartment Corporation in its present condition with no representations, warranties or other agreements on the part of the Sponsor or any other person, except as specifically set forth in this Plan. The Sponsor will have no obligation to make any other alterations or improvements to the Apartments or the Property, except as set forth in the Plan.

The opinions of counsel to the Sponsor as to the availability of certain income tax deductions to Tenant-Shareholders and the real estate tax benefits regarding the Property are set forth in Sections 10 and 11 to this Plan.

A Temporary Certificate of Occupancy for the Building was issued on August 25, 2020, last renewed on May 17, 2021, and expires on August 15, 2021; a copy is included in Part II, Exhibit 3-Architect's Report. Subject to the review processes of the Department of Buildings, which are outside the control of the Sponsor, the Final Certificate of Occupancy for the Building should be issued by July 1, 2021.

e. Right of Inspection

This Offering Plan, including all Schedules and Exhibits thereto, contains all of the material terms of the transaction and constitutes the entire offer of the Sponsor. Copies of the Plan, all documents referred therein, and all Exhibits submitted to the Department of Law in connection with the filing of the Plan, will be available for inspection by prospective Purchasers and their attorneys without charge or at the offices of the Sponsor or Marketing Agent during regular business hours. Copies of the Plan will also be available for inspection and copying at a reasonable cost at the New York State Department of Law. Plans will be made available to Persons who wish to have their own copies upon receipt of a deposit in the amount of $100, payable by check or money order, as directed by the Marketing Agent. The $100 deposit will be (a) refunded after the Purchaser closes on the Apartment or (b) refunded if a copy of the Offering Plan is returned undamaged to the Sponsor or HPDC should the Purchaser fail to close.

f. Special Features of Offering

The Building was developed with private financing. There will be no underlying mortgage on Unit 1 of the Condominium held by the HDFC Apartment Corporation, and as of the date hereof all mortgages from the Construction Lender are satisfied on record.

Title to the Property on which the Building is being constructed was conveyed by deed to the HDFC on May 23, 2017. The HDFC and the Sponsor entered into a Declaration of Interest and Nominee Agreement, dated May 23, 2017, pursuant to which the HDFC transferred beneficial interest in the Property to the Sponsor. The terms of the deed will run with the land when the Property is conveyed to the HDFC Apartment Corporation. Sponsor has entered into one Regulatory Agreement (as hereinafter defined), copies of which are included in Exhibit 8 in Part II of this Plan. Initial and subsequent sales of the shares are subject to the terms of the IH Regulatory Agreement, as described in Section 16. Terms of IH Regulatory Agreement.

Pursuant to the terms of this Plan, the Sponsor will cause the HDFC to deliver title to Unit 1 to the HDFC Apartment Corporation by bargain and sale deed with covenants against grantor's acts and convey the Unsold Shares to the HDFC on the Cooperative Conversion Date. A total of 10,000 Shares of the HDFC Apartment Corporation's common stock, allocated to ten (10) Apartments, is to be offered by the Sponsor and shall be conveyed to the Purchasers by the HDFC, which holds the Shares as nominee for Sponsor.

g. IH Regulatory Agreement

The HDFC Apartment Corporation is subject to the provisions of the Inclusionary Housing Regulatory Agreement and is subject to an Article XI Tax Exemption, granted by New York City Council. The IH Regulatory Agreement appears in Part II of this Plan as Exhibit 9a. The IH Regulatory Agreement contains certain restrictions and conditions. Shares allocated to the Apartments may only be sold to Purchasers who occupy their Apartments as their primary residences and who meet certain income and eligibility requirements as set forth in the IH Regulatory Agreement, and as further limited by the Zoning Resolution and HPD IH Guidelines. See "Section 16. Terms of IH Regulatory Agreement."

h. Eligible Purchasers

Pursuant to certain provisions of the IH Regulatory Agreement, the Sponsor is required to offer the Shares allocated to the Apartments in the Building to Eligible Purchasers. An Eligible Purchaser is a purchaser of an Apartment who (i) at the time of executing a Purchase Agreement, satisfies the requirements of Article XI of the New York Private Housing Finance Law, (ii) agrees to be an owner/occupant of the Cooperative Apartment as his/her Primary Residence, as provided in the IH Regulatory Agreement, (iii) is a home buyer who has not previously purchased a residence developed under an HPD project or program, (iv) is from a household whose annual income, at the time of the execution of a Purchase Agreement for an Apartment, from all sources does not exceed specified percentages for AMI (adjusted for family size), and (v) is otherwise eligible to purchase an Apartment under the criteria set forth in the IH Regulatory Agreement.

Under the terms of the IH Regulatory Agreements, all ten apartments must be sold to households (of not more than two persons) whose annual income does not exceed 80% of Initial AMI, as adjusted for household factor pursuant to HPD IH

Guidelines and the Zoning Resolution and whose estimated total housing costs are not less than 25% of their income and not more than 35% of their income. Effective April 1, 2021, the household asset limit (set by HPD IH Guidelines and subject to change) for Applicants to homeownership units is $208,775, excluding the amount of the down payment. Neither the Sponsor nor the HDFC Apartment Corporation will have the right to rent apartments.

Sponsor's sales to Eligible Purchasers are subject to a specific marketing plan, established in accordance with the Marketing Guidelines of the Inclusionary Housing Program of HPD. See "Section 12. Procedure to Purchase and Close."

i. Resale Restrictions

The Resale Restrictions on the Building do not expire, and the Apartments must be re-sold to purchasers who meet the income limitations set forth in this Plan. A Tenant-shareholder's equity will be limited because the resale price will be lower than the price for his or her Apartment for sale on the open market. Future purchasers from Initial Tenant-Shareholders must be in compliance with the requirements of the HPD Marketing Guidelines and all related laws and policies regarding the marketing and sale of the shares allocated to each Cooperative Apartment. All resales must be approved by HPD, the Administering Agent under the Regulatory Agreement and the Board of Directors of HDFC Apartment Corporation.

Shares allocated to the Apartments are subject to the following resale and refinancing restrictions:

(1) **Resale Restrictions on Purchasers' Income**

The IH Regulatory Agreement restricts the sale of Units by shareholders to future purchasers as follows:

The Apartments shall be sold only to households (of not more than two (2) persons) whose annual income does not exceed 80% of Initial AMI as adjusted for household factor pursuant to HPD IH Guidelines and the Zoning Resolution and whose estimated total housing costs are not less than 25% of their income and not more than 35% of their income and to an Eligible Buyer as defined in the Zoning Resolution, and terms set forth more specifically in the IH Regulatory Agreement.

This requirement will apply to all sales of Units by shareholders in perpetuity (except if the Real Estate Tax Abatement is not renewed), except with respect to re-sales made in connection with a foreclosure pursuant to the terms of the IH Regulatory Agreement.

(2) **IH Regulatory Agreement Resale Restrictions on Resale Prices**

The HDFC Apartment Corporation (and/or HPDC and/or HPD) shall prohibit shareholders from selling Units for prices that exceed the Maximum Resale Prices as defined in the Zoning Resolution.

If upon request by the HDFC Apartment Corporation (or HPDC), HPD determines in its sole and absolute discretion that an Apartment cannot be sold pursuant to the resale requirements contained in the IH Regulatory Agreement then HPD may approve a modification to the resale requirement at such time in order to permit a resale that is consistent with HPD and the City of New York's disposition approvals for the Building.

THE PURCHASE OF A COOPERATIVE APARTMENT HAS MANY SIGNIFICANT LEGAL AND FINANCIAL CONSEQUENCES AND MAY BE ONE OF THE MOST IMPORTANT FINANCIAL TRANSACTIONS OF YOUR LIFE. THE ATTORNEY GENERAL STRONGLY URGES YOU TO READ THIS OFFERING PLAN CAREFULLY AND TO CONSULT WITH AN ATTORNEY BEFORE SIGNING A PURCHASE AGREEMENT.

2. DEFINITIONS

Administering Agent: shall mean Housing Partnership Development Corporation ("HPDC")

Affordable Housing Lottery Application and Applicant Authorization to Release Information: NYC Housing Connect forms which are contained in Part II of this Plan.

Annual Household Income: as defined in the IH Regulatory Agreement as "Annual Income", the annual household income of the proposed Purchaser of an Apartment, from all sources to be received by the household head and spouse and by each additional member of the household, including all net income derived from assets, for the twelve (12) month period following the date of Initial determination of income. Annual household income includes gross pay, overtime pay, part-time pay, bonuses, commissions, tips, dividends, interest, royalties, trust income, net rental income, Veterans Administration compensation, pensions, social security benefits, unemployment compensation, alimony, child support, public assistance, sick pay, business activity income, investment income and other income. "Annual Household Income" is a factor in determining the income eligibility of a potential Purchaser of an Apartment both under the Plan and in the event of a resale of an Apartment by a Tenant-Shareholder.

Apartment: each of the ten (10) residential apartments located within Unit 1 to which the Shares of the HDFC Apartment Corporation have been allocated.

Apartment Closing: the act of a Purchaser under the Plan closing under a Purchase Agreement and becomes the Tenant-Shareholder under a Proprietary Lease for an Apartment and acquires the Shares allocated to that Apartment. It will not be earlier than the Cooperative Conversion Date.

Apartment Closing Date: the date as of which a Purchaser under the Plan closes under a Purchase Agreement, becomes the Tenant-Shareholder under a Proprietary Lease for an Apartment and acquires the Shares allocated to that Apartment. It will not be earlier than the Cooperative Conversion Date.

HDFC Apartment Corporation: 1402 York Avenue Owners Housing Development Fund Company, Inc., a New York corporation formed under the Private Housing Finance Law and the New York Business Corporations Law, whose Shares are being offered for sale pursuant to this Plan. The HDFC Apartment Corporation is sometimes referred to as the "Cooperative".

HDFC Apartment Corporation By-Laws: the rules for governance of the HDFC Apartment Corporation by its Board of Directors, which are included in this Plan as Exhibit 7, as the same may be amended from time to time.

Board of Directors: the executive and administrative entity of the HDFC Apartment Corporation, whose members are selected pursuant to the terms of the By-Laws of the HDFC Apartment Corporation.

Board of Managers: the governing body of the Condominium, whose members are Representatives of Unit 1 and Unit 2.

Building: the Building, which is being constructed at 1402 York Avenue, New York, and will consist of a 11-story structure with two Condominium Units, a Unit 2 and a Unit 1 consisting of 10 cooperative Apartments

Closing: the transaction pursuant to which ownership of Unit 1 is transferred in fee simple to the HDFC Apartment Corporation in accordance with the Plan.

Common Charges: the charges allocated and assessed by the Board of Managers to the Unit Owners, pro-rata in accordance with their respective Common Interests (except as otherwise provided in the Declaration or the By-Laws), to meet the Common Expenses. Common Charges payable by Unit 2 Owner will be based on its allocated share of those Common Expenses incurred by the Board in furnishing service to, or in operating, maintaining and repairing those Common Elements that are used by it.

Common Elements: as used in the Condominium Act, consisting of the Property, other than the Units, including those facilities and areas of the Condominium that are not part of a Unit and which are necessary or convenient to the existence, management, operation, maintenance and/or systems of the Property or normally in common use.

Common Expenses: all costs and expenses incurred generally by the Unit Owners pursuant to the Condominium Declaration and/or the By-Laws in connection with: (i) the repair, maintenance, replacement, restoration and operation of, and any alteration, addition, or improvement to, the Common Elements or (ii) the establishment and/or maintenance of any general operating reserve or a reserve fund for working capital or for replacements with respect to the Common Elements or to make up any deficit in the Common Charges for any prior year(s). The Common Expenses are paid by the Unit Owners as Common Charges.

Common Interest: the proportionate undivided interest in the Common Elements allocated and appurtenant to a Unit, as set forth in the Condominium Declaration. Said Interest is expressed as a numerical percentage. The Total Common Interests in the Condominium equals 100%.

Condominium: The 1402 York Avenue Condominium consisting of Unit 1 and Unit 2 and the Common Elements, located at 1402 York Avenue, New York, New York, as established by the Condominium Declaration.

Condominium Act: Article 9-B of the Real Property Law of the State of New York, as the same may be amended from time to time.

Condominium By-Laws: The By-Laws of the Condominium, which are attached as a Schedule to the Condominium Declaration, as the same may be amended from time to time.

Construction Lender: BNB Bank, successor in interest to The Bridgehampton National Bank, 2200 Montauk Highway, Bridgehampton, New York 11932 which provided construction financing to Sponsor to permit the development of the Condominium and the HDFC Apartment Corporation. The mortgages held by Construction Lender are satisfied of record.

Cooperative Conversion Date: the date of the transfer of title to Unit 1 in fee simple to the HDFC Apartment Corporation in accordance with the Plan.

Department of Law: the New York State Department of Law, also known as the Office of the Attorney General.

Effective Date: the date on which the Plan is declared effective by the Sponsor, at which time most of the major prerequisites to Closing have been satisfied and a Cooperative Conversion Date may be set.

Equal or Better Quality: shall mean comparable of better quality as recognized by industry standards for performance, efficiency, longevity, and/or classifications, as applicable.

Family Members: subject to the provisions of the IH Regulatory Agreement, the spouse, children (natural and adopted), stepchildren, grandchildren, brothers, sisters, parents, parents-in-law and grandparents of a Tenant-Shareholder or no more than three (3) persons unrelated by blood or marriage who reside in such Tenant-Shareholder's Apartment. The term "spouse", as used herein, shall mean an adult person to whom the Tenant-Shareholder is married or an adult lifetime partner whose relationship with the Tenant-Shareholder is characterized by an emotional and financial commitment and interdependence.

Filing: the submission to and acceptance by the New York State Department of Law of this Plan, an amendment thereto or any other document.

HDFC: 1402 York Avenue Housing Development Fund Company, Inc.

Holder of Unsold Shares: The Sponsor or individuals produced by the Sponsor pursuant to the Plan who hold Shares allocated to Apartments that are neither sold nor fully paid for by the Cooperative Conversion Date.

House Rules: the rules and regulations for the operation of the Building adopted by the HDFC Apartment Corporation's Board of Directors pursuant to the Proprietary Lease, which are included in the Plan as Exhibit 6.

HPD: New York City Department of Housing Preservation and Development.

IH Regulatory Agreement: The IH Regulatory Agreement with HPD, which has been recorded as of May 23, 2017, and the Amendment to the IH Regulatory Agreement, which has been recorded as of May 18. 2020.

Income Determination Procedures: as provided in the IH Regulatory Agreement, the calculation of the Annual Household Income of a potential Purchaser of an Apartment in a manner consistent with the standards for determination of income under Section 7 of the United States Housing Act of 1937, as amended.

Initial AMI: shall mean the AMI for the Metropolitan New York City statistical area as determined by the U.S. Department of Housing and Urban Development ("HUD") for Fiscal Year 2016 for a family of four.

Land: all that certain tract, plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan and the County, City and State of New York, on which the Building is to be developed.

Law: the laws and ordinances of any or all of the Federal, New York State, New York City, New York County and Borough of Manhattan governments, the rules, regulations, orders and directives of any or all departments, subdivisions, bureaus, agencies or offices thereof or of any other governmental, public or quasi-public authorities having jurisdiction over the Property, the Building and/or of the HDFC Apartment Corporation and/or the direction of any public officer pursuant to Law.

Maintenance Charges: the sums payable by Tenant-Shareholders to the HDFC Apartment Corporation for operation of the Building and related purposes under their Proprietary Leases, including, but not limited to, real estate taxes, debt service and insurance.

Managing Agent: any Person employed by the HDFC Apartment Corporation, pursuant to the terms of the By-Laws, to manage Unit 1 and by the Condominium to manage the Building. The Initial managing agent shall be Flatiron Real Estate Advisors, LLC. The Budget includes a provision for payment of a management fee to the managing agent.

Marketing Agent: Housing Partnership Development Corporation ("HPDC"), a New York State not-for-profit corporation, or such other person or firm as may be designated and employed by the Sponsor in connection with the sale, renting, management, operation and/or promotion of Unsold Shares.

New York City Community Board 8: The geographic area that encompasses parts of the neighborhoods of Carnegie Hill, Lenox Hill, Roosevelt Island, Upper East Side, and Yorkville, and in which the Property is located.

Opinion of Reasonable Relationship: the opinion of Flatiron Real Estate Advisors, LLC set forth in this Plan as Section 8 with respect to the allocation of Shares and the cash payment for Shares.

Plan: This offering plan to convert Unit 1 of the 1402 York Avenue Condominium to cooperative ownership filed with the Department of Law of the State of New York pursuant to Section 352-e of Article 23-A of the General Business Law of the State of New York, as the same may be amended or supplemented from time to time.

Plans and Specifications: the plans and specifications for the Building prepared by Sponsor's Architect, which (to the extent required by Law) are filed with and approved by the Department of Buildings of the City of New York and other municipal agencies or authorities having jurisdiction, as same may be amended from time to time.

Plot Plan: a site plan of the Building. The Plot Plan appears as part of Exhibit 3(a) to the Plan.

Pre-Closing: The date that the Purchaser shall be required to pay the entire balance of the Purchase Price then due under the Purchase Agreement (less the amount to be financed by Purchaser) into escrow with the Escrow Agent.

Pre-Closing Procedure: the procedures set forth in the Procedure to Purchase and Close section of the Plan.

Primary Residence: for purposes of the IH Regulatory Agreement described in the Plan, occupancy of the premises as the primary place of residence means that the Tenant-Shareholder occupy the Apartment as a primary residence, as defined in 19 NYCRR Parts 2520-2530, as authorized under the N.Y.C. Admin. Code, 26-511(b), 26-518(a), each as amended ("Rent Stabilization"), by natural persons or families pursuant to a Proprietary Lease.

Project: The Building being constructed by Sponsor on the Land and all alterations and improvements.

Projected Maintenance Charges: the total maintenance charges for a Unit during the Applicable Year taking into account maintenance charge Increases that have been approved but not yet taken effect.

Property: the Building and the Land, all improvements erected on the land, all easements, rights and appurtenances pertaining thereto and all other property, real, personal or mixed, used or intended to be used in connection therewith, located at 1402 York Avenue, New York, New York 10021.

Proprietary Lease: the lease between each Tenant-Shareholder, as Lessee, and the HDFC Apartment Corporation, as Lessor, for occupancy of an Apartment in the Building, a copy of which appears as Exhibit 5 to this Plan.

Purchase Agreement: the agreement to purchase the HDFC Apartment Corporation's Shares and to enter into a Proprietary Lease, the form of which is contained in Exhibit 1 to this Plan.

Purchase Price: the purchase price for the Apartment that is payable under the Purchase Agreement.

Purchaser: (a) person(s) who executes a Purchase Agreement which is subsequently executed by an officer or agent of the Sponsor or the HDFC Apartment Corporation. If two or more persons are jointly purchasing an Apartment, the restrictions and obligations in this Offering Plan will apply jointly and individually to such persons.

Purchaser Application of Interest and Credit Authorization: Purchaser's Affidavit, Purchaser's Income Eligibility Worksheet and Seller's Affidavit, forms of which are contained in Part II of this Plan.

Register's Office: The Office of the Register of the City of New York, New York County.

Resale Restrictions: collectively, the restrictions contained in the IH Regulatory Agreement with respect to income restrictions upon resale and restrictions on the resale prices for the Apartments, the restrictions on resale in the HPD IH Guidelines and the Zoning Resolution:

Shares: the issued shares of common stock of the HDFC Apartment Corporation allocated to Apartments and offered for sale under this Plan.

Sponsor: Beach Path, LLC, a New York limited liability company, having its principal place of business at 1201 Route 112, Suite 900, Port Jefferson Station, New York 11776

Sponsor's Architect: Kossar+Garry Architects, LLP, with an address at 115 West 30th Street, Suite 1201, New York, New York 10001.

Sponsor's Counsel: Hirschen Singer & Epstein LLP, with an address at 902 Broadway, New York, New York 10010.

Tenant-Shareholder: the owner of Shares of the HDFC Apartment Corporation allocated to a particular Apartment within the Building, who is also the lessee of the Apartment under a Proprietary Lease.

Unit: as defined in the Condominium Act. It specifically refers to Unit 1 and Unit 2 in the Condominium, together with each Unit's Common Interest.

Unit Owner: Unit 1 Owner and Unit 2 Owner.

Unit 1: The Unit identified in the Condominium Declaration as Unit 1, together with the Common Interests appurtenant thereto.

Unit 1 Owner: 1402 York Avenue Housing Development Fund Company, Inc., the Owner in fee simple absolute of Unit 1.

Unit 1 Representative: a representative to the Board of Managers of the Condominium appointed by the HDFC Apartment Corporation in accordance with the Condominium Declaration to represent Unit 1 and Unit 1 Owner in matters concerning the Condominium.

Unit 2 Owner: The Unit Owner in fee simple absolute of Unit 2, together with its appurtenant Common Interest in the Condominium. The Initial Unit 2 Owner shall be the Sponsor or its designee.

Unit 2 Representative: A representative to the Board of Managers of the Condominium appointed by Unit 2 Owner in accordance with the Condominium Declaration to represent Unit 2 and Unit 2 Owner in matters concerning the Condominium.

Unsold Shares: Shares allocated to Apartments that are neither sold nor fully paid for by the Cooperative Conversion Date and which are to be issued to the Sponsor or to individuals produced by the Sponsor pursuant to the Plan. Unsold Shares retain their character as such until they become the property of a Purchaser for bona fide occupancy by such Purchaser or a Family Member of the Apartment to which they are allocated. Holders of Unsold Shares have certain rights and privileges as described in the Plan.

3. DESCRIPTION OF PROPERTY AND IMPROVEMENTS

a. General Description

The Project is being developed on one parcel comprising lot area of approximately 2,015 square feet on York Avenue between 74th and 75th Streets in the Yorkville section of Manhattan. Upon completion, the Project will contain two Condominium Units, a Unit 2 and a Unit 1, containing ten (10) cooperative Apartments.

Part II (Exhibit 3) of this Plan contains a detailed description of the Property and Specifications prepared by Kossar+Garry Architects, LLP. Exhibit 4 also contains Plans for each type of Apartment.

Each Tenant-Shareholder will pay for any electricity consumed in his or her Apartment for light and other power requirements. Common area electricity, gas for heat, hot water and cooking and water and sewer consumption by the Tenant-Shareholders will be measured by a master meter or meters installed in the Building and paid for as part of the Maintenance Charges as part of the Condominium Common Charges line item shown on Schedule B.

b. Compliance with Applicable Laws

The Project is being developed in accordance with, and will comply with, all applicable rules, regulations, laws and other requirements of all governmental authorities having jurisdiction thereof, including those governing zoning, and construction. The Sponsor and all persons and firms engaged by the Sponsor in connection with this Plan have complied and will comply with all applicable rules, laws, regulations and other governmental requirements pertaining thereto, including but not limited to the New York City Zoning Resolution, the New York City Building Code, and the Multiple Dwelling Law of New York State, if applicable.

c. Construction Timetable

The Sponsor commenced the construction of the Project in June 2018. A Temporary Certificate of Occupancy for the Building was issued on August 25, 2020, last renewed on May 17, 2021, and expires on August 15, 2021; a copy is included in Part II, Exhibit 3- Architect's Report. Subject to the review processes of the Department of Buildings, which are outside the control of the Sponsor, the Final Certificate of Occupancy for the Building should be issued by July 1, 2021. Pre-closing or closings with Purchasers of Apartments in Unit 1 should commence no earlier than July 2021 provided that the Condominium has been formed and the Plan declared effective. The dates for completion may change as a result of bad weather, strikes, lock-outs, acts of God, shortages of, or inability to obtain materials, equipment or labor, governmental restrictions or preemption, damage by fire or the elements, or any other cause over which the Sponsor has no control. The foregoing is not a guaranty or warranty as to the date the pre-closings or closings will commence or as to the date of completion of the Project or the Cooperative Conversion Date. A general description of the construction

plans appears in subsection “a” of this Section 3. As of the Cooperative Conversion Date, the construction of all Apartments in the Building will have been substantially completed. Exterior painting or lobby decoration should be completed prior to the Cooperative Conversion Date, but the Sponsor reserves the right to perform these functions after closing of title, if precluded from doing so prior to the Apartment Closing by weather or other conditions beyond the Sponsor’s control.

The Condominium Units, Common Elements and the Building will be constructed substantially in the manner set forth in the working drawings and specifications drawn by Kossar+Garry Architects, LLP and filed with the City Department of Buildings. The Property will be improved, and the Apartments and Units constructed in accordance with all applicable zoning and building laws. The plans and specifications will not be changed after the date hereof so as to materially adversely affect the Tenant-Shareholders. For a detailed description of the Condominium Units and Common Elements, see “Exhibit 8. Declaration of Condominium.”

d. **Services and Facilities**

Under present plans, all of the services and facilities described herein will Initially be provided and made available to Tenant-Shareholders following the Cooperative Conversion Date. The bicycle storage room, the fitness center and the common roof terrace with be available to the Tenant Shareholder and to the owner of Unit 2.

(i) An intercom will be provided between the exterior entry door and all Apartments. The system will be a “Talk and Return Call” system with a door release system.

(ii) All Apartments will be wired for cable television and high-speed internet. Any Purchaser desiring cable television service must contact the cable provider to activate service to the Apartment. The cost of cable television service will not be part of the Maintenance Charges and must be paid directly to the cable company by any Tenant-Shareholder subscribing for such service, based on the cable company’s applicable rate for the services selected.

(iii) A passenger elevator will be in service twenty-four (24) hours a day, seven (7) calendar days per week, for the use of the Tenant-Shareholders. There will not be a service elevator.

(iv) All incoming mail will be delivered to Tenant-Shareholders by the United States Post Office and deposited by its personnel in mailboxes located in the first floor lobby.

(v) It is anticipated that the Building will be staffed by a non-resident superintendent.

(vi) Each Apartment will have its own refrigerator, gas range and microwaves. Heat and air-conditioning will be provided through an in-unit combination hot water

heater/boiler and centralized boilers and laundry equipment consisting of an electric washer and an electric ventless dryer.

(vii) Each typical floor of the Building will have a refuse room with a chute to the compactor.

(viii) There will be a shared trash room, Fitness Center with exercise equipment provided by Sponsor, and a bicycle storage room on the first floor of the Building.

(ix) There is a common roof terrace, per zoning.

No representation or warranty is made, and no assurance can be given that the security systems and procedures of the Project will prevent personal injury or damage to or loss of personal property. While Apartments are being offered for sale by Sponsor, there will be a greater number of visitors to the Building than would otherwise be the case. No representation or warranty is made, and no assurance is given as to when such selling and leasing activity will terminate. Neither Sponsor, Marketing Agent nor any Managing Agent shall be liable or responsible for any personal injury or for any loss or damage to personal property which may result from the failure of the Building's security systems and procedures, including, without limitation, those procedures with regard to the Building's residential lobby, provided that any such failure is not caused by the gross negligence or willful misconduct of Sponsor, Marketing Agent , the Managing Agent or their respective agents.

e. **Streets**

The Building is located on York Avenue in Manhattan between 74th and 75th Streets. The ownership and maintenance of the streets will remain with the City. The cost of the maintenance of these areas is not included in the Maintenance Charges paid by Tenant-Shareholders.

f. **Easements**

The Sponsor and its designee shall have an easement to erect, maintain and replace any sign permitted by Law on the Property for the purposes of advertising the sale of any Apartment or to meet any requirements of HPD or any construction lender.

Unit 2 Owner, its designees and invitees, are hereby granted an easement over and through the elevators, lobby and stairs which are part of Unit 1 in order to access the roof of the Building and mechanical chimney for the purpose of maintaining, repairing and replacing any equipment located thereon or therein which is part of or exclusively serves Unit 2, including the installation of any addition and/or new equipment or flues, and otherwise in furtherance of any lawful purpose not prohibited by the Declaration or By-Laws. The owner of Unit 2 will exercise this easement in a manner that does not interfere with the use and enjoyment of the Tenant Shareholders in these areas. The Owner of Unit 2 will be responsible for paying for any repairing any damage caused to these areas by its usage or the usage of its designees or invitees.

Unit 2 Owner, its designees and invitees are hereby granted an easement over and through the stairs, hallways, and elevators in Unit 1 in order to perform any maintenance, repairs and replacement in the mechanical rooms located in the cellar of the Building and otherwise in furtherance of any lawful purpose not prohibited by the Declaration or By-Laws.

Title insurance may be available on each Unit to ensure that these easements will not substantially interfere with the use and enjoyment of the Units. The easements described herein are general in nature and cannot be specifically located on any map or drawings submitted as part of this Plan.

4. PURCHASE PRICE OF SHARES: SCHEDULE A

1402 YORK AVENUE OWNERS HOUSING DEVELOPMENT FUND COMPANY, INC.

Purchase Prices and Projected Maintenance Charges
For the First Year of Cooperative Operation
July 1, 2021 through June 30, 2022

The attached footnotes corresponding to the top row are an integral part of this Schedule.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
APT ID	APT TYPE BR/BA	APPROXIMATE NET SQUARE FOOTAGE	NO. OF SHARES	CASH PURCHASE PRICE	MONTHLY MAINTENANCE CHARGES	ANNUAL MAINTENANCE CHARGES
					($0.874 / Share)	($10.486 / Share)
2	0/1.5	1,306	1,041	$50,160.52	$909.59	$10,915.08
3	0/1.5	1,306	1,041	$50,160.52	$909.59	$10,915.08
4	0/1.5	1,306	1,041	$50,160.52	$909.59	$10,915.08
5	0/1.5	1,306	1,041	$50,160.52	$909.59	$10,915.08
6	0/1.5	1,306	1,041	$50,160.52	$909.59	$10,915.08
7	0/1.5	1,306	1,041	$50,160.52	$909.59	$10,915.08
8	0/1.5	1,306	1,041	$50,160.52	$909.59	$10,915.08
9	0/1.5	1,306	1,041	$50,160.52	$909.59	$10,915.08
10	1/1	1,049	836	$96,386.05	$730.60	$8,767.17
11	0/1	1,049	836	$96,386.05	$730.60	$8,767.17
		12,546	10,000	$594,056.24	$8,737.92	$104,855.00

*The cellar space is not for habitable use.

NOTES TO SCHEDULE A

PURCHASE PRICE OF SHARES

There are 10 Apartments in Unit 1. All Apartments are vacant. Interim leases will not be given to Purchasers.

(1) Apartment Designation

(2) The room count for each Apartment was calculated by using the number of "habitable rooms":

Apartments 2-9	Studio	1 room 1.5 baths
Apartment 10	Studio	1 room 1 bath with a clear view above the building adjacent to the Property's rear yard.
Apartment 11	Studio	1 room 1 bath with a clear view above the building adjacent to the Property's rear yard.

Any floor plan or sketch shown to a prospective Purchaser is only an approximation of the dimensions and layout of a typical Apartment. The actual layout of the Apartment may not be the same. Accordingly, each Apartment should, to the extent possible, be inspected prior to purchase to determine its actual dimensions, layout and physical condition. The measurement of each Apartment is to the inside face of the walls enclosing the apartment and consists of all floor surfaces, including closets and partitions and excludes the thickness of the partitions separating the Apartment from other common spaces in the building. As a result, the useable area of the Apartment may be less than the area listed on Schedule A. In addition, the total square footage of each Apartment is subject to construction variances. A decrease in an apartment's area of 5% or less will not affect a Purchaser's obligations unless such decrease is determined to be a material change. There is a rebuttable presumption that an area that is diminished by 5% or less is not material. Floor Plans for each Apartment or group of Apartments appear as Exhibit 4 to Part II of this Plan.

(3) See Part II, Exhibit 4 for the Apartment Floor Plans.

(4) The number of Shares allocated to each Apartment is based upon the following criteria: (a) the total number of rooms and/or baths located in the Apartment, (b) the floor area, location, overall dimensions, layout and other factors pertaining to the Apartment in the Building, (c) the fair market value of the equity of the Property attributable to the Apartment and/or (d) other unique characteristics of the Apartment. The allocation of Shares determines the Maintenance Charges payable by the Tenant-Shareholder of the HDFC Apartment Corporation.

(5) The Purchase Price consists of a cash purchase price of $1.00 per Share, plus an additional cash payment (with Apartments 10 and 11 set at an Initial Purchase Price higher than Apartments 2-9 as a result of certain amenities and benefits indicated in Note 2 and lower monthly maintenance charges) as a contribution to the HDFC Apartment Corporation's capital, dependent on the size and income limitations of the Apartment. The Initial Purchase Prices may not be increased without the prior written consent of HPD. The Sponsor's right to make changes in the Initial Purchase Prices is set forth in 'Section 7. Changes in Offering Terms and Apartments". In addition, there are closing costs for a Purchaser, including without limitation, the HUD-Certified First Time Homebuyer Course at Purchaser's expense (approximately $150) and the cost of a credit check ($50-$75). No apartment closing will take place without the completion of the course. A Purchaser who finances his or her purchase may be required to pay certain closing costs as required by the lender. These costs include attorney's fees of the lending institution, loan application fees and loan origination fees. Purchasers are urged to investigate such costs with all prospective lenders. There is no financial assistance available from Sponsor for these fees. Sponsor will pay the Working Capital Fund Contribution for each Purchaser and may already be paid in advance by Sponsor by deposit in a reserve fund held by HPD or its designee. Sponsor has agreed to pay (i) a fee of $2,500 to counsel to the Sponsor for legal services, (ii) a fee of $250 to counsel to the Sponsor for the ACRIS preparation and (iii) any New York City and New York State transfer taxes and stamp taxes, as more fully described in "Section 12. Procedure to Purchase and Close". Purchasers are also responsible for assuming payment of Maintenance Charges from and after the Apartment Closing Date. Unit 1 of the Condominium will not be encumbered at the Cooperative Conversion Date by any mortgage loans. The cash Purchase Price is based on the requirements of the Regulatory Agreement.

(6-7) The estimated Maintenance Charges are for the first year of cooperative operation only and assume that year will commence in July 1, 2021. (See "Schedule B"). The amounts are not guaranteed for the first or later years and will change in subsequent years because of modifications in the HDFC Apartment Corporation's operating expenses. The figures assume that the HDFC Apartment Corporation will not pay real estate taxes because the Article XI Tax Exemption will be available for the HDFC Apartment Corporation, but Purchasers are expressly advised that the exemption is not guaranteed and the HDFC Apartment Corporation may be required to pay real estate taxes.

Projected Maintenance Charges include the cost of gas for Apartment heating cooking, and hot water use (see Note 2 in Schedule B), and also includes gas for common areas and electricity supplied to common areas, Unit 1 common charges for such utilities (see Note 1&2 and Note 4 on Schedule C), but does not include the cost of electricity to the Apartments, which is individually metered.

In addition, each Tenant-Shareholder will be responsible for the cost of interior repairs in, and the maintenance, painting and decoration of his or her Apartment

(including, without limitation, the equipment and appliances), as well as the cost of any personal property or liability insurance that is purchased. The interest and amortization payments on any cooperative apartment loan being obtained by a Tenant-Shareholder to finance the purchase of the Shares allocated to an Apartment will be an additional expense of the Tenant-Shareholders.

The first year's tax deduction, under current assumptions, is estimated to be $0 per Share as there will be no underlying mortgage on Unit 1 and there will be no real estate taxes payable as it is anticipated that there will be Article IX tax benefits.

The exemption will expire after forty (40) years, and unless renewed, the HDFC Apartment Corporation will not be exempt from real estate taxes.

The amount of any deductions will vary in future years because of changes in the amount of the HDFC Apartment Corporation's mortgage indebtedness, if any. If real estate tax benefits expire, are terminated or reduced or the tax rate or method of assessing real property is changed, the HDFC Apartment Corporation's tax liability may increase, as would the amount of the tax deduction for Tenant-Shareholders. The estimated tax deductions do not include additional amounts which may be entitled to be deducted on account of any interest paid by those Purchasers who have financed the purchase of Shares allocated to their respective Apartments.

As fully described in "Section 12. Procedure to Purchase and Close", to be eligible to Purchase an Apartment, Purchasers must have an Annual Household Income no greater than the designated percentage of area median income ("AMI"), as adjusted for family size, as follows:

80% of Initial AMI for all ten Apartments and estimated total housing costs which are not less than 25% of their income and do not exceed 35% of their income.

80% of the 2016 AMI for a family of four is $90,600.

For all subsequent resales of the Apartments, all Purchasers must have Annual Household Incomes at the percentage income limitation described above and be otherwise in compliance with the IH Regulatory Agreement.

THE FOREGOING INFORMATION IS NOT A REPRESENTATION OR WARRANTY WITH RESPECT TO THE AMOUNT OF MAINTENANCE CHARGES A TENANT-SHAREHOLDER WILL BE REQUIRED TO PAY OR THE AMOUNT OF TAX DEDUCTIONS, IF ANY, TO WHICH A TENANT-SHAREHOLDER MAY BE ENTITLED. PURCHASERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS OR ATTORNEYS WITH RESPECT TO THE FINANCIAL ASPECTS OF THE PROJECT OR HOW THEY MAY IMPACT ON PURCHASER'S OWN FINANCIAL SITUATION.

5. SCHEDULE B

SCHEDULE B
1402 York Avenue
Projected Budget for First Year of Cooperative Operation (See Note 1)
July 1, 2021 to June 30, 2022

ESTIMATED INCOME	
Maintenance Charges (1)	$104,855
Total Estimated Income	$104,855

ESTIMATED EXPENSES	
Gas (Heat, Cooking, Hot Water) (2*)	$9,524.00
HPD Admin Agent Reserve Account (3)	$5,000
HPDC Marketing and Administrating Agency Fees (4)	$5,000
Accounting for Cooperative (5)	$1,000
Legal (6)	$1,000
Condominium Common Charges (see Schedule C)	$91,331
Real Estate Taxes (7) Note: Assuming Article XI Exemption"	$ 0.00
Debt Service (8)	$ 0.00
Total Estimated Expenses	$104,855

The Footnotes to Schedule B below and corresponding to the line items above are an integral part of this Schedule and should be read in conjunction herewith. There are no projected real estate taxes as Unit 1 will have real estate tax benefits but such exemption is explicitly not an assurance under this Offering Plan (see footnote 13) and there is no projected debt service as there is no underlying mortgage on Unit 1(see footnote 14) .

The Sponsor is not offering or procuring mortgage financing. If a Purchaser obtains financing, the Purchaser's debt service will be an additional expense.

FOOTNOTES TO SCHEDULE B - PROJECTED BUDGET
FOR FIRST YEAR OF OPERATION
July 1, 2021 – June 30, 2022

The Budget is based upon a twelve (12) month period commencing on the Cooperative Conversion Date, presently estimated to be July 1, 2021, which represents Sponsor's projection as to when cooperative operation will begin. If the projected commencement of the budget year differs by six (6) months or more from the anticipated date of Closing, the Plan will be amended to include a revised budget disclosing updated projections. If such amended projections exceed the original projections by twenty-five percent (25%) or more, the Sponsor will offer all Purchasers the right to rescind their offer to purchase within fifteen (15) days following presentation of such amendment. In such event, all such Purchasers shall also have their deposits refunded.

(1) Maintenance Charges ($104,855.00):

These Charges are based on 10,000 Shares being duly issued at approximately $10.486 per Share per year.

(2) Gas for Heat & Cooking & Hot Water ($9,524):

Gas is used for supplemental Apartment heating, gas cooking and hot water use within Apartments of Unit 1. Gas charges estimated to be incurred by HDFC Apartment Corporation, as stated in Schedule B, shall be paid by and charged to Tenant-Shareholders as Maintenance Charges. This first year projection was prepared and calculated by RDS Associates Consulting Engineers, Inc. in a letter, dated April 15, 2020 (the "Energy Engineer Letter"). This estimate is based on 7,937 therms of usage at a cost of $1.20 per therm.

(3) HPD Administering Agent Reserve Account ($5,000):

This budget item is required pursuant to the IH Regulatory Agreement, as set forth in Section 16 therein of the IH Regulatory Agreement. This annual amount is charged as part of Maintenance Charges to the Tenant-Shareholders and paid over to a blocked reserve account to be administered by HPD (or its designee), in compliance with the IH Regulatory Agreement.

(4) HPDC Marketing and Administering Agency Fees ($5,000):

Pursuant to the IH Regulatory Agreement, the cooperative must enter into a contract with an Administering Agency that will monitor the marketing, Initial sale and resale, as applicable, in compliance with the Regulatory Agreement. A monitoring proposal has been submitted by the HPDC to provide these services for an annual cost of $5,000. HPDC, in its capacity as Administering Agent, will also serve as an informational resource for the cooperative board and managing

agent. Pursuant to the IH Regulatory Agreement and the Administering Agent Agreement that is attached within the Inclusionary Regulatory Agreement as Exhibit F, the Administering Agent can be removed or terminated at the sole discretion of HPD, if requested by the HDFC Apartment Corporation.

(5) Accounting ($1,000)

This figure is based on an estimate from Rosenblatt, Levittan, Vulpis, Goetz & Co. LLP, 1700 Jericho Turnpike, New Hyde Park, New York 11040, dated March 11, 2021. This fee includes preparing the annual financial statements for the HDFC Apartment Corporation and filing the associated federal and state income tax returns.

(6) Legal ($1,000)

Legal fees are estimated to be $1,000 for miscellaneous, but not major, legal services.

(7) Real Estate Taxes ($0):

On November 19, 2020, Sponsor received approval Article XI Tax Exemption pursuant to Article XI of the PHFL. On March 24, 2021, HPD issued a Certificate of Eligibility for exemption from Real Property Tax pursuant to Article XI of the Private Housing Finance Law. A copy of the Certificate of Eligibility is set forth in Section 11 of the Plan. As of the date hereof, the Article XI Tax Exemption eliminates all real property taxes for to-be-formed Lot 1001 (and the proportionate portion of the property as of the date hereof) for a period of 40 years, commencing on the date specified in Certificate of Eligibility. After 40 years the exemption will expire and unless renewed, the HDFC Apartment Corporation will not be exempt from real estate taxes. Pursuant to Article XI, at all times Unit 1 (inclusive of the Apartments therein) must be owned by a housing development fund corporation formed pursuant to the PHFL that has been organized exclusively to develop a housing project for persons of low income. If at any time this project fails to meet that standard, HPD may, in its sole and absolute discretion, remove the Article XI Tax Exemption, the HDFC Apartment Corporation will not be exempt from real estate taxes, and Purchasers will have the right to rescind their Purchase Agreements or adjourn the Closing.

SPONSOR MAKES NO REPRESENTATION THAT THE ASSESSED VALUE OF THE PROPERTY, THE TAX RATE OR THE APPLICABLE LAW CREATING THE TAX EXEMPTION WILL NOT BE CHANGED OR THAT THE PROPERTY WILL BE ENTITLED TO ANY SUCH EXEMPTION. IN THE UNLIKELY EVENT THAT, FOR ANY REASON, THE ARTICLE XI TAX EXEMPTION BENEFITS ARE NOT ACTUALLY GRANTED TO THE HDFC APARTMENT CORPORATION AND ITS TENANT-SHAREHOLDERS, THE SPONSOR WILL AMEND THE PLAN TO REFLECT THAT FACT, AND THE HDFC APARTMENT CORPORATION WILL BE LIABLE FOR THE PAYMENT OF FULL REAL

ESTATE TAXES AND EACH TENANT-SHAREHOLDER'S MAINTENANCE CHARGE WILL BE ADJUSTED UPWARD ACCORDINGLY. SPONSOR RESERVES THE RIGHT, BUT NOT OBLIGATION, TO CANCEL ANY PURCHASE AGREEMENTS WITH A RETURN OF ANY DOWN PAYMENT TO PURCHASER, UPON THE REVOCATION OR REDUCTION OF THE ARTICLE XI TAX EXEMPTION BENEFITS.

(8) Debt Service: Mortgage Interest ($0):

As of the Cooperative Conversion Date, Unit 1 will not be encumbered by a mortgage. If a Mortgage is placed on Unit 1 in the future, Tenant-Shareholders will have no personal liability to the mortgagee for payment of the HDFC Apartment Corporation's Mortgage indebtedness, although a failure to make payments when due could cause the HDFC Apartment Corporation to lose title to the Property. Pursuant to the terms of the Regulatory Agreement, any underlying mortgages require the approval of HPD.

The Sponsor is not offering or procuring mortgage financing. If a Purchaser obtains financing, the Purchaser's debt service will be an additional expense.

IN THE OPINION OF MANAGING AGENT, THE PROJECTED RECEIPTS ARE ADEQUATE TO MEET THE ESTIMATED EXPENSES FOR THE HDFC APARTMENT CORPORATION'S FIRST YEAR OF OPERATIONS, ASSUMING SUCH FIRST YEAR COMMENCES JULY 1, 2021. THE FOREGOING SCHEDULE, HOWEVER, IS NOT INTENDED AND SHOULD NOT BE TAKEN AS A GUARANTEE BY ANYONE THAT THE ANNUAL RECEIPTS (INCLUDING MAINTENANCE CHARGES) OR EXPENSES FOR THE FIRST YEAR OR ANY SUBSEQUENT YEAR OF OPERATION OF UNIT 1 BY THE HDFC APARTMENT CORPORATION WILL BE AS SET FORTH IN SAID SCHEDULE. ALTHOUGH SPONSOR HAS SOUGHT TO MAKE REASONABLE PROJECTIONS, THE FOREGOING SCHEDULE IS ONLY A PROJECTION, AND IT IS LIKELY THAT THE ACTUAL ANNUAL MAINTENANCE CHARGES OR EXPENSES WILL VARY FROM THE AMOUNTS SHOWN IN SUCH SCHEDULES.

THE SPONSOR HAS RESERVED THE RIGHT TO MODIFY, RENEW AND REPLACE EXISTING SERVICE, MAINTENANCE, EMPLOYMENT, CONCESSIONAIRE AND OTHER AGREEMENTS AND INSURANCE POLICIES AND TO ENTER INTO NEW AGREEMENTS AND POLICIES THAT WILL BE BINDING ON THE HDFC APARTMENT CORPORATION ON THE CLOSING DATE. ANY SUCH NEW AGREEMENT WHICH HAS THE EFFECT OF MATERIALLY INCREASING MAINTENANCE CHARGES OR IS BINDING ON THE HDFC APARTMENT CORPORATION FOR MORE THAN TWO (2) YEARS WILL BE DISCLOSED BY A DULY FILED AMENDMENT TO THIS PLAN.

Schedule B-1
Projected Budget for Tenant-Shareholder's Individual Electricity Costs

RDS Associates Consulting Engineers, Inc. in a letter, dated April 15, 2020 (the "Energy Engineer Letter"), provided estimates for the consumption and use of electricity by individual Tenant-Shareholders. The cost of gas for providing heat, cooking and domestic hot water is included in the Maintenance Charges to the Tenant-Shareholder, as is the cost of water and sewer charges. The common uses of electricity, such as for the elevator, lighting and hallways, and other common areas, pumps and fans are also included in the Maintenance Charges to the Tenant-Shareholder.

RDS Engineers estimated the annual cost of electricity use by individual Tenant-Shareholders. The estimated cost of electricity is based on the average charge of Con Edison of the kilowatt per hour rate of 20 cents per KWH.

In view of the fact that these averages may include the use of energy by persons of varying need, occupying apartments of varying design, with different standard of comfort, or with families of different sizes, the amount of energy used by the Purchasers may vary substantially from the average estimates herein provided. In addition, the effect of inflation, shortages and other factors may raise the costs of utilities substantially higher than the current rate. ACCORDINGLY, NO WARRANTY OF ANY KIND IS BEING MADE BY THE SPONSOR OR ANY OTHER PERSON AS TO WHAT SEPARATELY METERED ELECTRICITY COSTS MAY BE.

Although the Sponsor is obligated to provide accurate information to prospective Purchasers, factors beyond its control may substantially affect the cost of electricity after the purchase of an apartment or in subsequent years. The estimates include lighting and appliances, as well as cooling and ventilation. The actual cost of operating the appliances and equipment will depend on the size and make of any units installed by Purchasers.

The estimated first year cost for electric consumption:

Unit	Total Electricity (KWH)	Effective Price ($/KWH)	Annual Cost ($/yr)
2	9,875	$0.20/kWh	$1,975
3	9,875	$0.20/kWh	$1,975
4	9,875	$0.20/kWh	$1,975
5	9,875	$0.20/kWh	$1,975
6	9,875	$0.20/kWh	$1,975
7	9,875	$0.20/kWh	$1,975
8	9,875	$0.20/kWh	$1,975
9	9,875	$0.20/kWh	$1,975
10	9,875	$0.20/kWh	$1,975
11	9,875	$0.20/kWh	$1,975

6. SCHEDULE C

1402 York Avenue Condominium

Projected Budget for the First Year of Operation

July 1, 2021 through June 30, 2022

Estimated Condominium Common Charges $91,331.00

Total Unit 1 Contribution (1) (91.24%).....$83,330

Total Unit 2 Contribution (2) (8.76%).....$8,000.60

Estimated Expenses

		Unit 1 (Common Charge Allocation %)	Unit 2 (Common Charge Allocation %)
		91.24%	8.76%
Payroll and Benefits (3)	$9,000	$8,211.60	$788.40
Electric and Gas (4)	$19,682	$17,957.86	$1,724.14
Water & Sewer (5)	$5,041	$4,599.41	$441.59
Repairs, Maintenance and Supplies (6)	$4,340	$3,959.82	$380.18
Service Contracts and Inspections (7)	$11,268	$10,280.92	$987.08
Contingency Reserve (8)	$5,000	$4,562.00	$438.00
Insurance (9)	$17,000	$15,510.80	$1,489.20
Accounting Fees (10)	$1,000	$912.40	$87.60
Management Fee (11)	$19,000	$17,335.60	$1,664.40
Estimated Total Expenses	**$91,331.00**	**$83,330.00**	**$8,000.60**

The attached footnotes are an integral part of this Schedule.

FOOTNOTES TO SCHEDULE C

Condominium Budget

(1)(2) Unit 1 ($83,330.40) and Unit 2 ($8,000.60) Common Charges:

Schedule C provides for specially allocated common expenses for the two Units; the allocation of common charges is not based on the percentage of the Common Interest of the two Units. The Footnotes to Schedule C discloses that a prescribed percentage of all costs have been allocated to the two Units: Unit 1 at 91.24% and to Unit 2 at 8.76%. This allocation is based on the provision in Section 339-m of the Real Property Law which permits that "common expenses may be charged to the owners of units that are subject to a regulatory agreement with a governmental entity or instrumentality limiting the household income of the residents of such units upon initial occupancy that are less than the common expenses charged to owners of other units where such lesser charges are necessary to ensure that the combined common expenses, mortgage and other housing costs paid by owners of units subject to such regulatory agreements do not exceed thirty percent of the household income limit specified in such regulatory agreements. Where so authorized by the declaration and bylaws, common expenses may be charged to owners of units subject to such regulatory agreements in a manner that (i) is not proportional to the respective common interests of such owners, (ii) limits the amount charged to such owners, or (iii) limits the rate at which the amount charged to such owners may increase." The Board of Managers of the Condominium may not increase these expenses beyond the lesser of (i) substantiated increases to the Condominium Budget prepared by the Board of Managers, and (ii) a five percent (5%) annual increase to the prior year's Common Charges, without the unanimous consent of the two (2) Unit Owners. If there is a dispute between the Unit Owners and the Board of Managers, which is not settled within 60 days, it will be settled by arbitration. See "Exhibit 8: By-Laws, Article VI, Section 1 for 339-m allocation and Article XIII for Arbitration"

These amounts represent the total Common Charges to be levied against and collected from Units 1 and 2 during the anticipated First Year of Condominium operation. The Common Charges will be utilized by the Condominium Board to defray the operational expenses of the Condominium. Sponsor's budget expert has certified that the common charges payable by the two Units are sufficient to cover the expenses attributable to the two Units.

(3) Payroll ($9,000):

The Building's staff will consist of part-time, non-resident porter employed by an outside service company who will work approximately six hours per week at the then prevailing wage rate.

The wage estimates have been made by Managing Agent; the staff will be

provided by a maintenance company related to the management company. Disability and Workers Compensation insurance shall be covered by the maintenance company and as stated in Footnote (7) below.

No warranty is made as to the actual wages, salaries, benefits and related payroll taxes and similar expenses which will be applicable and in effect during the first year of cooperative operation. The projected expenses for wages, salaries and benefits are, however, believed to be reasonable and reflect the experience of Managing Agent. Members of the staff will not be union members and will be employees of the maintenance company. In the opinion of the Managing Agent, the level of staffing described herein complies with all applicable housing and labor laws.

The Managing Agent will provide the Condominium with non-resident janitorial services on a 24-hour basis in compliance with Section 2053 of the Administrative Code of the City of New York, at no extra cost to the Condominium. In the opinion of the Sponsor, the level of staffing described complies with all applicable housing and labor laws.

(4) Electric & Gas ($19,682):

Electricity will be used for common area lighting and for power to common area building systems such as the elevator, pumps, compactor, unit heaters, sewage ejectors and emergency equipment. This first year projection was prepared and calculated in the Energy Engineer Letter. This estimate is based on usage at a cost of 20.00 cents per KWH. Electricity costs can vary depending on consumption and demand factors. Individual projections for electricity costs for the cooperative Apartments are included on Schedule B-1.

Gas heating for common areas are projected by RDS Associates Consulting Engineers, Inc. in a letter, dated April 15, 2020 (the “Energy Engineer Letter”) will cost $820 and is based on the estimated 683 therms of usage at a cost of $1.20 per therm.

(5) Water & Sewer ($5,041):

Water is used for resident consumption and the sprinkler system. This first year projection was prepared and calculated in the Energy Engineer Letter. This estimate is based on estimated daily consumption of water is 50gpm/person for twenty (20) people at water rate of $3.99/100 cu.ft and $10.33/100 cu.ft for combined water and sewer rate.

(6) Repairs, Maintenance and Supplies ($4,340):

This estimate does not include maintenance and repairs within specific Apartments, which are the obligations of the respective Tenant-Shareholders; it is designed to cover the cost of maintaining the common areas only.

Supplies (Cleaning materials, lubricants, bulbs fixtures, general and hardware supplies, office supplies, etc.) are estimated at $1,500 per year.

Telephone lines servicing the elevator and fire alarm systems are estimated at $840 per year.

General repairs needed for minor physical damage or wear and tear of common areas are estimated at $5,000 per year.

This estimate is based on Managing Agent's experience operating comparable buildings.

(7) Service Contracts and Inspections ($11,268)

This estimate includes the cost of various services used in or for the Building operations, including but not limited to elevator service and extermination,

Elevator Maintenance	$4,500
Elevator Inspection Fees	$830
Local Law 11 Inspection	$1,160
Backflow Preventer Inspection	$660
Sprinkler inspection	$1,000
Fire Alarm Monitoring & Inspection	$2,268
Exterminating	$850

No maintenance or service contracts have been entered into as of the filing date of the Plan. The budgeted amounts are based on estimates received from contractors and the experience of Managing Agent, in operating comparable buildings. While this Schedule C includes a reasonable allowance for possible increases in cost, which may occur prior to and during the First Year of Condominium Operation, no warranty or guarantee is made that the actual cost for these services or other services will be in accordance with this projection.

(8) Contingency Reserve ($5,000)

This budget item is for a contingency reserve of $5,000 per year. The contingency reserve has been established in order to fund unanticipated expenses or increases in projected expenses.

(9) Insurance ($17,000):

The insurance premiums are based on the letter, dated March 31, 2020 from Mackoul Risk Solutions Insurance. The insurance coverage is on the terms set forth therein.

Commercial Package (Lower Premium and Higher Deductible, per letter, dated March 31, 2020 from Mackoul Risk Solutions Insurance).

$8,000,000 Building Limit
Extended Replacement Cost up to $10,000,000
Coinsurance is Waived/Agreed Amount Applies
$5,000 Property, Wind/Hail and Water Damage Deductible
$1,000,000 Loss of Business Income
Systems Breakdown Included
$1,000,000 of Flood with $25,000 Deductible
$1,000,000 of Earthquake with $5,000 Deductible
$1,000,000 of Broad Form Water with $5,000 Deductible
Building Ordinance Included
$1,000,000 Combined for Demolition Costs & Increased Cost of Construction
$1,000,000 General Liability per Occurrence
$2,000,000 General Liability Aggregate
$1,000,000 Hired/Non-Owned Automobile Liability
$1,000,000 Employee Benefit Liability

Commercial Umbrella
$25,000,000 Limit per Occurrence
$25,000,000 Aggregate
$10,000 Retention
Premium: $2,369

Directors & Officers Liability – for Cooperative Portion
$1,000,000 Limit
$2,500 Deductible
Includes Managing Agent as Additional Insured

Commercial Crime/Employee Dishonesty – for Cooperative Portion
$50,000 Limit
$250 Deductible
Premium for both D&O and Crime for Cooperative: $2,597
Directors & Officers Liability – for Condominium Portion
$1,000,000 Limit
$2,500 Deductible
Includes Managing Agent as Additional Insured

Commercial Crime/Employee Dishonesty – for Condominium Portion
$50,000 Limit
$250 Deductible
Premium for both D&O and Crime for Condominium: $2,375

Worker's Compensation (as required by NYS) n/a – all vendors shall be required to have their own coverage Disability Insurance (as required by NYS) n/a – all vendors shall be required to have their own coverage.

The total premium for these various coverages is estimated at $16,841. Although the budgeted amount is higher than the quoted policy, it is noted that insurance premiums have increased substantially in the recent past and may continue to

rise in the future, so the higher budget number has been utilized. Tenant-Shareholders are advised to obtain additional insurance at their own cost to cover such risks as fire and casualty losses to apartment contents, replacements, additions, fixtures, upgraded fixtures, and improvements, and liability coverage for occurrences within the Apartment. Purchasers should note that the foregoing insurance policy will not cover losses sustained to personal property or to fixtures located within Apartments. Insurance coverage for such items, if desired, will be at the sole expense of each-Tenant-Shareholder.

In the opinion of Mackoul Risk Solutions Insurance, the amount of fire insurance coverage is adequate to cover replacement costs; the policy is for an agreed amount without co-insurance. The fire, casualty and general liability insurance will provide that each Unit Owner is an additional insured and that there will be no cancellation without notice to the Board of Managers or other authorized party and Permitted Mortgagees who have requested such notice in writing. The policy will waive subrogation, invalidity because of the acts of the insured and Unit Owners and any pro-rata reduction if Unit Owners obtain additional coverage.

The insurance coverage satisfies the requirements of the managing agent contract.

(10) Accounting Fees ($1,000):

This figure is based on an estimate from Rosenblatt, Levittan, Vulpis, Goetz & Co. LLP, 1700 Jericho Turnpike, New Hyde Park, New York 11040, dated March 11, 2021. This fee includes preparing the annual financial statements for the Condominium and filing the associated federal and state income tax returns.

(11) Management Fee: ($19,000)

Based on the management agreement to be entered into with the Managing Agent at or before the Cooperative Conversion Date, it is expected that the Managing Agent on behalf of the entire Building will receive an annual fee of $19,000 for the first year, payable in equal monthly installments of $1,583.33. Reference should be made to “Management Agreement, Contracts and Leases” for further discussion of the terms of the Management Agreement.

7. CHANGES IN OFFERING TERMS AND APARTMENTS

The Sponsor reserves the right at any time and from time to time to change the amount of, manner of payment of, or other terms of sale relating to the Shares for any Apartment being offered pursuant to the Plan. Apartments will be offered for sale at the Purchase Prices set forth in Schedule A, which prices are subject to change at the discretion of the Sponsor, with the consent of HPD. Purchasers for Shares affected by any such change may pay, or may have paid, more or less than other Purchasers under the Plan for the same number of Shares allocated to similar Apartments. Any such change in price shall be by duly filed amendment to this Plan when the change in price (i) is an across-the-board change (as opposed to an isolated price change) affecting one or more lines of Apartments or Apartment models, if any, (ii) is to be advertised or (iii) is a price increase for an individual Purchaser. The Sponsor may, however, enter into an individually negotiated agreement with a Purchaser to sell Shares allocated to one or more Apartments at a price lower than that set forth in Schedule A without filing an amendment before entering into the Agreement. In addition, the Sponsor shall obtain prior to Cooperative Conversion Date a further Opinion of Reasonable Relationship (as hereinafter described in Section 8) from a licensed real estate broker or similar expert with respect to all such price changes. No price change will be effective with respect to any apartment for which a Purchase Agreement is in effect without the consent of the Purchaser. If the Purchase Agreement is terminated for any reason, however, the new price may be used in any Purchase Agreement entered into after such termination.

Sponsor reserves the additional right, without further amendment to the Plan, to negotiate any terms of the Plan or Purchase Agreement or any obligation of the Purchaser, including, but not limited to: “as is” condition of the Apartment, renovations or improvements to the Apartment or the fixtures or equipment contained therein or credits or allowances therefor; promotional inducements interim lease or use agreements, the application of rents or other charges against the Purchase Price, rights of cancellation if the Purchase Agreement is not consummated by a certain date or other contingency, treatment and amount of downpayment; financing contingencies; extension of period to secure financing, Sponsor financing on such terms as may be set forth in the Plan; Maintenance Charge subsidies or rebates at Closing or payable on a periodic basis or in some other manner; payment of all or part of Purchaser’s acquisition or financing costs, such as, but not limited to: closing costs, attorneys’ fees, origination fees, commitment fees; and any and all other costs relating to the cost of acquiring an Apartment.

Disclosure of the fact that the items discussed in the previous paragraph may be requested by a Purchaser or may be the subject of negotiation does not mean that any of them, or any other particular item, except as is otherwise specifically disclosed is actually being offered to any particular Purchaser, and Sponsor shall not be obligated to alter the terms of sale or to impose any such obligation on itself as to a particular Purchaser, whether or not it makes such allowances to any other Purchaser or Purchasers. The negotiation of such terms shall be on a case-by-case basis in Sponsor’s sole discretion and without amendment to the Plan. In accordance with the

foregoing, it should be understood that there is no obligation for any particular item to be negotiated or granted to any particular Purchaser, and that Purchasers purchasing similar interests may pay different amounts or receive different terms with respect to the transaction.

In order to meet the possible varying demands for number and type of Apartments, or to meet particular requirements of prospective Purchasers, or for any other reason, the Sponsor, for itself and its designees, reserves the right (except to the extent prohibited by Law, and the IH Regulatory Agreement) at any time prior to execution of Purchase Agreements or Apartments affected, by duly filed amendment to the Plan to (1) change the internal partitioning of any Apartment by altering the boundary walls or internal partitioning of such Apartment or otherwise and (2) make any changes in the common areas of the Building necessary as a result of the foregoing modifications to Apartments, provided only that the consent of all government authorities having jurisdiction is first obtained, to the extent such approval is required by Law. Holders of Unsold Shares must comply with this provision. In order to facilitate such compliance, the Board of Directors of the HDFC Apartment Corporation shall, at the request of the Sponsor, make, execute, and deliver any and all applications and documents required by applicable Law, including, but limited to, any applications and documents sufficient for the purpose of obtaining an amended Certificate of Occupancy. If any of the foregoing changes are put in effect, the Plan will be amended.

The Sponsor also reserves the right prior to Cooperative Conversion Date, by duly filed amendment to the Plan, to revise Share allocations, the total number of Shares to be offered, or the size and quality of common areas. In such event, an Opinion of Reasonable Relationship shall be obtained prior to Closing from a licensed real estate broker or other expert with respect to any change in the total number of Shares or in Share allocations. Holders of Unsold Shares must comply with this provision.

In addition, if any material change is made in the total number of Shares, or in the size or quality of the common areas, Purchasers, who are not at the time in default under their Purchase Agreements, shall have the right to cancel their Purchase Agreements and obtain the return of any deposits, if such cancellation right is exercised within fifteen (15) calendar days following delivery to them of a duly filed amendment to the Plan with respect to such material change,

No change in the price for a block of Shares allocated to an Apartment, or in the number of such Shares, or in the layout of the Apartment itself will be made with respect to any Apartment for which a Purchase Agreement has been accepted and is not then in default, unless the Purchaser consents to such changes in writing.

It should be noted by prospective Purchasers that any change in the number of Shares allocated to a particular Apartment or in the total number of Shares being offered, may have the effect of increasing the Maintenance Charges payable or the tax deductions possibly available with respect to such Apartment.

Any of the aforesaid changes may be subject to the prior approval of HPD.

8. OPINION OF REASONABLE RELATIONSHIP & 339i OPINION LETTER

FLATIRON REAL ESTATE ADVISORS, LLC

119 West 23rd Street, Suite 903
New York, NY 10011
t 212-675-3699
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www.flatiron-rea.com

LETTER OF REASONABLE RELATIONSHIP

March 24, 2021

New York State Department of Law
120 Broadway
New York, New York 10271
Attention: Real Estate Financing Bureau

Re: The 1402 York Avenue Condominium and
1402 York Avenue Owners Housing Development Fund Company, Inc
1402 York Avenue
New York, NY 10021

To Whom It May Concern:

The allocation of Shares and the total cash payment for apartments shown on Schedule A of the offering plan for 1402 York Avenue Condominium and 1402 York Avenue Owners HDFC, Inc have been reviewed by this firm, Flatiron Real Estate Advisors, LLC.

It is our opinion that (i) the distribution of Shares of the Apartment Corporation shown on Schedule A is reasonable and equitable, (ii) the total purchase price paid with respect to each block of Shares allocated to each apartment as set forth on said schedule and the value of such shares is not less than an amount which bears a reasonable relationship to the portion of the fair market value of the Apartment Corporation's equity in the Residential Unit as defined in the Plan which is attributable to each apartment to which such block of Shares is allocated and (iii) the contribution by Sponsor to the capital of the Apartment Corporation and the value of the shares it owns is not less than an amount that bears a reasonable relationship to the fair market value of the Apartment Corporation's equity in the Residential Unit which is attributable to each Apartment to which such shares are allocated.

We are also of the opinion that such reasonable relationship will continue until the Offering Plan is consummated, at which time, if such be the case, we will give you further written opinion that such reasonable relationship has continued until such time and that the cash Purchase Price paid for each block of Shares meets that standard.

Flatiron Real Estate Advisors, LLC has over 20 years of property management experience, including co-op management.

Flatiron Real Estate Advisors, LLC has no beneficial interest in the sponsor, or in the profitability of the offering, other than the fee paid, which is not contingent upon the profitability of the offering.

We consent to the inclusion of this letter in the Offering Plan.

Steven Ancona
President
Flatiron Real Estate Advisors, LLC

KGA

Kossar + Garry Architects, LLP
115 West 30 Street, 1201
New York, NY 10001
Tel: 212-947-6161
Fax: 212-947-9890
www.kganyc.com

Beach Path, LLC
1201 Route 112, Suite 900
Port Jefferson Station
New York 17776

January 21, 2021

Re: 1402 York Avenue Condominium
1402 York Avenue
New York, New York 10021

Ladies and Gentlemen:

This firm has been engaged to prepare the allocation of Common Interests to be shown on Schedule "C", which shall be included in the Declaration for the 1402 York Avenue Condominium, 1402 York Avenue, New York, New York 10021.

The Common Interests for the Units are approximately as follows:

Unit 1 has an 97.62% interest in the Common Elements.
Unit 2 has a 2.38% interest in the Common Elements.

The Declarant has used the method contained in subsection (1)(ii) of Section 339-i of the New York Condominium Act that is based upon the approximate proportion that the floor area of the unit on the date of the Declaration bears to the aggregate floor area of all of the units, but such proportion reflects the substantially exclusive advantages enjoyed by one or more, but not all of the units in a part or parts of the common elements.

I have been a New York State registered architect in practice since 1982. I understand that this letter may be made a part of the Declaration and consent to its use therein.

Sincerely yours,

REGISTERED ARCHITECT
DEBRA S. KOSSAR
STATE OF NEW YORK
015403

Debra S. Kossar, Principal
Kossar+Garry Architects, LLP

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9. ATTORNEY'S INCOME TAX OPINION

HIRSCHEN SINGER & EPSTEIN LLP

902 Broadway, 13th Floor
New York, New York 10010
TELEPHONE: (212) 819-1130
FACSIMILE: (212) 302-8536

July 8, 2021

Beach Path, LLC
c/o 1402 York Avenue Housing
Development Fund Company, Inc.
1402 York Avenue
New York, New York 10021

Re: 1402 York Avenue Owners Housing Development Fund Company, Inc.

Ladies and Gentlemen:

You have requested our opinion as to whether, under present tax laws and regulations, 1402 York Avenue Owners Housing Development Fund Company, Inc. (the "HDFC Apartment Corporation"), a corporation organized under the Business Corporation Law and the Private Housing Finance Law of the State of New York, pursuant to a Cooperative Offering Plan for Cooperative Ownership of the 1402 York Avenue Condominium (the "Plan"), (a) will qualify, upon consummation of the Plan, as a "cooperative housing corporation", as defined in Section 216(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code") and (b) the Tenant-Shareholders of the HDFC Apartment Corporation will be entitled to deduct, in any taxable year, for Federal, New York State and New York City income tax purposes, their proportionate share of real estate taxes, if any, paid or incurred by the HDFC Apartment Corporation after the Cooperative Conversion Date. You have also asked us to discuss certain ancillary matters.

You are serving as Sponsor of the Plan whereby the HDFC Apartment Corporation will acquire for cooperative ownership Unit 1 of the 1402 York Avenue Condominium which consists of ten (10) Cooperative Apartments, located at 1402 York Avenue, New York, New York 10021 (the "Property"). We have prepared or reviewed the Certificate of Incorporation and By-Laws of the HDFC Apartment Corporation. We have further reviewed the schedules and other documents set-forth or referred to in the Plan. Unless the context requires otherwise, capitalized terms in this opinion have the same meaning as in the Plan.

The opinion expressed herein assumes the Plan is declared effective and is consummated. It is based solely on the information contained in the Plan, the foregoing documents and validity and correctness of the facts and assumptions set forth in this

letter. Pursuant to an Article XI tax exemption, there will be no real estate taxes on the Building. The exemption lasts for forty (40) years, and there may be real estate taxes on the Property after it has expired if it is not renewed or replaced by another exemption program.

Pursuant to Section 216 of the Code, a qualified tenant-stockholder (as defined in the Code) of a qualified "cooperative housing corporation" is allowed to deduct that portion of the amounts paid by that tenant-stockholder to the cooperative housing corporation within the tenant-stockholder's taxable year, that represents that tenant-stockholder's proportionate share of (a) real estate taxes allowable as a deduction to the corporation paid or incurred by the corporation on the building and the land on which such building is situated, and (b) the interest allowable as a deduction to the corporation paid or incurred by the corporation on its indebtedness contracted in the acquisition, construction, alteration or maintenance of the building or in the acquisition of the land on which the building is situated.

Under Section 216 of the Code, four fundamental requirements must be met in order to qualify as a "cooperative housing corporation".

1. The HDFC Apartment Corporation may have one and only one class of stock outstanding. Since Paragraph 18 of the HDFC Apartment Corporation's Certificate of Incorporation provides that it is authorized to issue only one class of stock, this requirement is satisfied, provided that no other inconsistent action is taken by the HDFC Apartment Corporation or its Tenant-Shareholders.

It should be noted, however, that the Sponsor and/or holders of Unsold Shares have certain obligations under regulations promulgated by the Department of Law (collectively, the "Regulatory Requirements"), which Requirements are incorporated into the Proprietary Lease and do not apply to other Tenant-Shareholders. In addition, certain provisions of the Proprietary Lease do not apply to sales under the Offering Plan, which sales, as a practical matter, will be made only by the Sponsor and holders of Unsold Shares, if any. It should also be noted that Tenant-Shareholders are limited as to their income and to whom they may sell their Shares. As a result, the Internal Revenue Service ("IRS") might take the position that the HDFC Apartment Corporation does not satisfy the one class of stock requirement and therefore does not constitute a "cooperative housing corporation" under the Code. In addition, HPD has imposed certain requirements that affect the operations of the HDFC Apartment Corporation in the IH Regulatory Agreement and which may affect certain Tenant-Shareholders differently.

Although there is no authority directly on this point, it is our opinion that (i) the provisions of the Proprietary Lease that are inapplicable to sales under this Plan do not differentiate based on the type of Shares or the identity of the owners thereof, but instead differentiate based on the nature of the transfer and (ii) in any event, the distinctions created by such Proprietary Lease provisions, by the regulatory requirements arise from the Proprietary Lease and/or governmental regulations or mortgage insurance requirements, rather than from the HDFC Apartment Corporation's corporate documents (i.e., the Certificate of Incorporation and the By-Laws), and

therefore, for purposes of Section 216, the HDFC Apartment Corporation should not be treated as having more than one class of stock as the result of such provisions. Nevertheless, the foregoing represents merely an opinion of counsel and there can be no assurance that the IRS will not successfully assert that the HDFC Apartment Corporation should be treated as having a second (or third) class of stock.

2. Each Tenant-Shareholder must be entitled, solely by reason of his or her ownership in the HDFC Apartment Corporation's Shares, to occupy for dwelling purposes an Apartment in the Building owned by the HDFC Apartment Corporation. Under the terms of the Plan, as well as under the Certificate of Incorporation, each Tenant-Shareholder is entitled, by virtue of his or her ownership of the Shares, to a Proprietary Lease covering the Apartment to which his or her block of Shares is allocated. The Proprietary Lease will have an original term of approximately seventy-nine (79) years and grants the proprietary lessee the right, as against the HDFC Apartment Corporation, to occupy the Apartment for dwelling purposes. Consequently, this requirement of the Code appears to be satisfied, assuming such proprietary lease is in fact issued to each Tenant-Shareholder concurrently with the issuance of the certificate for that Tenant-Shareholder's Shares.

3. No Tenant-Shareholder is entitled (either conditionally or unconditionally) to receive any distribution not out of earnings or profits of the HDFC Apartment Corporation, except on its complete or partial liquidation. The By-Laws provide that no Tenant-Shareholder shall be entitled, either conditionally or unconditionally, except upon a complete or partial liquidation of the HDFC Apartment Corporation, to receive any distribution not out of earnings and profits of the HDFC Apartment Corporation.

4. Eighty (80%) or more of the gross income of the HDFC Apartment Corporation for the taxable year in which real estate taxes and mortgage interest are paid or incurred by the HDFC Apartment Corporation must be derived from "tenant-stockholders".[1]

The term "tenant-stockholder" is defined in Section 216(b)(2) of the Code as a person who is a stockholder in a cooperative housing corporation, "whose stock is fully paid up in an amount not less than an amount bearing a reasonable relationship to the portion of the value of the corporation's equity in the apartment building and the land on which it is situated which is attributable to the apartment which such person is entitled to occupy."

This fourth statutory test contains three, distinct, but related tests to be met:

A. The first is known as the "eighty (80%) percent gross income test".

In "Schedule B - HDFC Apartment Corporation's Projected Budget for First Year of Operation" ("First Year of Operation") as set forth in the Plan, the HDFC Apartment

[1] This provision of the Code (Section 216(b)(1)(o)) was amended in December 2007 as part of the Mortgage Forgiveness Debt Relief Act of 2007, to provide two alternative tests which need not be addressed here because the.80% gross income test is met (see below).

Corporation is projected to receive at least eighty (80%) percent of its gross income from the Maintenance Charges to be paid by Tenant-Shareholders (i.e., tenant-stockholders) under their respective Proprietary Leases. Based upon such Schedule, the HDFC Apartment Corporation is not scheduled to receive rental income from a laundry lease or license agreement; such income would not qualify as income received from a tenant-stockholder under the Code, and interest from the working capital fund reserve on deposit or replacement reserve may also not qualify. Based on the foregoing information, during the First Year of Operation, the projected non-qualifying income constitutes less than 20% of the gross income of the HDFC Apartment Corporation. Assuming the budget projections are accurate, but without making any guarantee or warranty in that regard, and subject to the further qualifications set forth below, it is our opinion that the "eighty (80%) percent gross income test" will be met for the First Year of Operation.

i. The Maintenance Charges will be used to pay the operating costs. The Proprietary Lease provides that you may determine that such portion of the Maintenance Charges attributable to amortization be credited on your books as "paid in surplus". The IRS may treat such portion as a contribution to capital by each of your Tenant-Shareholders and added to the cost basis of their Shares. In such case, any excess of your income over expenses (including depreciation of the residential portion of the Property) would be treated as additional taxable income to you under Section 277 of the Code.

ii. We note that you may generate additional income through investment of the proceeds of any contingency reserve, replacement reserve or any of your operating reserves. In addition, you may receive income from sources other than Tenant-Shareholders. In the event such funds exceed current estimates or if Maintenance Charges actually paid by Tenant-Shareholders are lower than scheduled, then the eighty percent gross income test may not be met. It may also be necessary to increase Maintenance Charges to cover any tax payments, if it is determined that any excess income has been realized.

B. The second test is that the "tenant-stockholder" must be a person. For purpose of the Code, a "person" may be an individual, trust, estate, partnership, association, company or corporation. Thus, an individual, trust, estate, partnership, association, company or corporation may be a tenant-stockholder. Although not specifically listed, a limited liability company, whose members are deemed to be "persons", may also be a tenant-stockholder.

C. The third test is referred to as the "reasonable relationship" test, which requires that each block of shares be fully paid for in an amount at least equal to an amount which bears "a reasonable relationship to the portion of the fair market value, as of the date of the original issuance of stock, of the corporation's equity in the building and the land on which it is situated which is attributable to the apartment which such individual is entitled to occupy". (Treasury Regulation, Section 1.216-1(e)).

This is actually a twofold test: (i) the Shares must be "fully paid up" and (ii) the amount paid must equal at least equal to the price that bears a reasonable relationship

to the fair market value of the corporation's equity in the property. The proper time for applying this twofold test is the first time the Shares are issued (or sold) under the Offering Plan (generally where the HDFC Apartment Corporation first qualifies under Section 216 of the Code. See also Rev. Rul. 73-444, 1973-2 C.B. 76, G.C.M. 38999.

With respect to (i) the first part of the test, the cash contributed to the HDFC Apartment Corporation in exchange for the issued Shares at least equals the par value of the Shares (i.e., $1.00) per Share and the cash purchase price ("Purchase Price") of each block of Shares set forth in the Plan exceeds par value of the Shares. Assuming the full Purchase Price is paid, including the par value of the Shares, and assuming that the Shares that are not sold or fully paid for are retained by the Sponsor as Unsold Shares, then, in our opinion, the "fully paid up" test should be met

With respect to the second part of this test, Flatiron Real Estate Advisors LLC ("Flatiron") has rendered his "Opinion of Reasonable Relationship", as set forth in the Plan. Flatiron has opined that (a) the distribution of Shares shown on Schedule A is reasonable and equitable and the total purchase price to be paid for the shares appurtenant to each of the respective Apartments is not less than an amount that bears a reasonable relationship to the portion of the fair market value of the HDFC Apartment Corporation's equity in the Property which is attributable to each such Apartment. The HDFC Apartment Corporation argues that the concept of fair market value or units can be affected by various factors, such as income eligibility requirements and resale restrictions. You have agreed to obtain a new opinion letter from Flatiron or a similar expert when the Plan is consummated, which letter will confirm that these conditions continued to be satisfied.

The proportionate share of interest allocated to a Tenant-Shareholder will be deductible without limitation only if it is "qualified residence interest", as defined in Section 163(h) of the Code. To meet the definition of "qualified residence interest", it must be interest paid or accrued during the taxable year by an individual on (i) any indebtedness incurred in acquiring, constructing or substantially improving his or her primary residence or specifically selected secondary residence (each, a "qualified residence") ("Acquisition Indebtedness") and (ii) interest on any indebtedness (other than Acquisition Indebtedness) secured by a "qualified residence" ("Equity Indebtedness") to the extent that the aggregate amount of such Equity Indebtedness does not exceed the fair market value of such "qualified residence" less any Acquisition Indebtedness with respect to such "qualified residence". The aggregate amount of Acquisition Indebtedness for any period shall not exceed $1,000,000 (or $500,000 for a married individual filing a separate return) and the aggregate amount treated as Equity Indebtedness for any period shall not exceed $100,000 (or $50,000 for a married individual filing a separate return).

The proportionate share of interest of a Tenant-Shareholder will meet the definition of qualified residence interest provided the Apartment under a Proprietary Lease is a qualified residence for the particular Tenant-Shareholder.

The above limitations are likely to apply to a Tenant-Shareholder's allocable share of the interest paid or accrued by a cooperative housing corporation with respect

to indebtedness incurred to acquire, construct or maintain the houses or apartment buildings it owns, and in Internal Revenue Service Publication 936 (2007) the Service has informally so interpreted such limitations to apply.

The current provisions of the New York State Tax Law and the Administrative Code of the City of New York do not currently contain any separate requirements with respect to the tax deductions described in this letter. These statutes permit Tenant-Shareholders to deduct for State and City income tax purposes to the same extent such deductions are allowed under the Code.

If you, as the sole shareholder of the HDFC Apartment Corporation, transfer your Shares only to persons and to the Sponsor, who shall have each executed a Proprietary Lease ("Proprietary Lease") for the Apartment in the Property to which the Shares have been allocated, and the "reasonable relationship" letter referred to herein is obtained, all in accordance with the terms and conditions of the Plan, then it is our opinion that, under present law, regulations, rulings and decisional-law and based on the terms of the Plan:

1. In any taxable year in which 80% of more of the HDFC Apartment Corporation's gross income is derived from qualified Tenant-Shareholders, the HDFC Apartment Corporation will qualify at Closing as a "cooperative housing corporation", as presently defined in Section 216 of the Code and

2. Each Tenant-Shareholder will be entitled to deduct from his or her adjusted gross income for Federal, State and City income tax purposes, that portion of the Maintenance Charges paid or incurred by him or her that represents his or her proportionate share of (a) real estate taxes, if any, on the Property which are paid or incurred by you before the close of the taxable year for the Tenant-Shareholders and are allowed as a deduction under Section 164 of the Code and (b) interest paid or incurred, if any, by the HDFC Apartment Corporation before the close of the taxable year for the Tenant-Shareholder pursuant to the terms of the mortgage encumbering the Property, and which interest is allowed as a deduction under Section 163 of the Code.

If by reason of the receipt of income not derived from Tenant-Shareholders, less than 80% of the HDFC Apartment Corporation's gross income for any taxable year is derived from Tenant-Shareholders, the HDFC Apartment Corporation will not qualify as a cooperative housing corporation under Section 216 for such years and (i) Tenant-Shareholders will not be permitted to deduct for such year (a) their share of the HDFC Apartment Corporation's interest and real estate taxes and (b) interest on any loan owed by a Tenant-Shareholder secured by an Apartment; (ii) Tenant-Shareholders who use their Apartment as their Primary Residence, will not be eligible for the exclusion from income under Section 121 of the Code of up to $250,000 ($500,000 for joint returns) upon the sale of the Apartment during such year and probably will not be able to count the period for which the HDFC Apartment Corporation did not qualify as a cooperative housing corporation for purposes of meeting certain requirements necessary to use such exemption during a subsequent year.

It should be noted that the deduction for real estate taxes is not allowed as a deduction for purposes of the alternative minimum tax. Therefore, the tax benefits derived by a Tenant-Shareholder will depend upon that individual's personal income tax situation.

The amount of real estate tax and interest allocated to a Tenant-Shareholder is based on the proportionate stock interest of a Tenant-Shareholder. For tax years beginning after December 31, 1986, "cooperative housing corporations" may elect to separately allocate taxes and interest based on the interest and taxes attributable to a Tenant-Shareholder's Apartment. An election made by the HDFC Apartment Corporation is revocable only with permission by the Secretary of the Treasury. Therefore, the amount of taxes and interest allocated to a Tenant-Shareholder will depend on the allocation method used by the HDFC Apartment Corporation.

In addition, the deductions for real estate taxes and interest will be available only to those taxpayers who elect to itemize their deductions and whose aggregate itemized deductions exceed a floor amount. For 1987 and thereafter, the aggregate deductions must exceed the "standard deductions".

The basis for depreciation of the property is the purchase price of the Property paid by you. The sale of shares by the Sponsor at the aggregate price in excess of your cost of the Property will not serve to increase your basis for depreciation.

Under Section 216(c) of the Code, any Tenant-Shareholder who uses his or her Apartment in a trade or business or for the production of income, and not exclusively as a residence may depreciate his or her stock in an allocable amount. Such Tenant-Shareholder may, however, also be liable for New York City Real Property Transfer Tax.

The actual amount of any income tax deduction may increase or decrease as the amount of such taxes or interest paid by you changes. The exact amount of any such tax savings to any individual will depend upon his or her individual tax will depend upon his or her individual tax bracket, the manner in which income is reported and particular tax situation.

We express no views at to the tax consequences other than those explicitly discussed in this opinion. Specifically, this opinion does not address the tax consequences which result from the ownership of an Apartment in connection with a Tenant-Shareholder's trade or business or for the production of income (including the possible application of the at-risk rules and the passive loss rules), limitations on itemized deductions, any potential application for the original issue discount rates, transfer tax issues, the reasonableness of any fees, federal income tax or New York State or New York City franchise or corporate tax liabilities of the HDFC Apartment Corporation or the computation of such liabilities, the date that ownership is deemed to transfer for income tax purposes, any potential disallowance of interest deductions under current law or administration proposals if the HDFC Apartment Corporation should old investments generating tax exempt interest income, and the treatment of reserve funds, other than those explicitly discussed herein. We strongly urge each

person contemplating the purchase of an Apartment consult his or her own tax advisor on all tax matters.

This is an opinion, not a guarantee that the HDFC Apartment Corporation will qualify as a "cooperative housing corporation" and that Tenant-Shareholders will be entitled to income tax deductions. This opinion is based solely on the facts and documents referred to above. No warranties or representations are made that the tax taws upon which this opinion is based will not change so as to disallow or modify the deductions herein in whole or in part. In no event will the Sponsor (or any manager, member or authorized person thereof), Sponsor's counsel, the HDFC Apartment Corporation (or any Initial director or office thereof), any counsel to the HDFC Apartment Corporation, the Marketing Agent, Managing Agent or any other person connected with this offering be liable if, for any reason it shall be determined that the HDFC Apartment Corporation does not meet or at any future time ceases to meet the requirements of the Internal Revenue Code of 1986, the New York State Tax Law or the New York City Administrative Code or any other taxation law or regulation or any amendment thereof by reason of future changes in facts or applicable law, regulations, decisional law or Internal Revenue Service rulings. Moreover, none of the aforesaid persons or organizations makes any warranties or representations with respect either to the tax consequences of the Plan or the tax consequences of the ownership of any Shares offered under the Plan, except as expressly set forth herein. No one else has been authorized to make any representations, other than those herein contained, and no other opinions are made or implied.

This opinion was written to support the promotion of marketing of the sale of Shares allocated to Residential Apartments. To ensure compliance with requirements imposed by the Internal Revenue Service, we are informing you that this opinion was not intended or written by us to be used, and cannot be used, by any taxpayer, including Purchasers of Shares allocated to Residential Apartments, for the purpose of avoiding tax-related penalties that may be imposed on the taxpayer under the Code. Purchasers of Shares allocated to Residential Apartments should seek advice based on their particular circumstances from an independent tax advisor.

We have not passed upon the accuracy of any figures or estimates contained in the Plan and do not warrant the amount deductible from income tax for any period, assuming such tax deductions are allowed, or the amount that Tenant-Shareholders may save, in Federal, State or City income taxes, if any, as a result of such deductions.

You have advised us of your intention to reproduce this letter in the Plan and we hereby consent to such use.

Very truly yours,

Hirschen Singer & Epstein LLP

Hirschen Singer & Epstein LLP

10. REAL ESTATE TAX BENEFITS

On March 24, 2021, HPD issued a Certificate of Eligibility for exemption from Real Property Tax pursuant to Article XI of the Private Housing Finance Law. A copy of the Certificate of Eligibility is set forth in Section 11 of the Plan. As of the date hereof, the Article XI Tax Exemption eliminates all real property taxes for to-be-formed Lot 1001 (and the proportionate portion of the property as of the date hereof) for a period of 40 years, commencing on the date specified in Certificate of Eligibility. After 40 years the exemption will expire and unless renewed, the HDFC Apartment Corporation will not be exempt from real estate taxes. Pursuant to Article XI, at all times Unit 1 (inclusive of the Apartments therein) must be owned by a housing development fund corporation formed pursuant to the PHFL that has been organized exclusively to develop a housing project for persons of low income. If at any time this project fails to meet that standard, HPD may, in its sole and absolute discretion, remove the Article XI Tax Exemption, the HDFC Apartment Corporation will not be exempt from real estate taxes, and Purchasers will have the right to rescind their Purchase Agreements or adjourn the Closing.

Notwithstanding anything above to the contrary, Sponsor makes no representation or warranty that the HDFC Apartment Corporation will receive real estate tax exemption benefits, and no warranty as to the date that such benefits will take effect, if received. The effective date of the Article XI exemption is May 23, 2017 (the date of the IH Regulatory agreement) and the benefits will be in place on the Cooperative Conversion Date.

The estimated real estate tax liability is based on interpretations of Law, the Administrative Code of the City of New York and the applicable rules and regulations of the Department of Finance then in effect. They are not intended and should not be construed as representations or warranties.

In the event the Article XI Tax Exemption is revoked, Purchasers will have the right to rescind their Purchase Agreements, and the HDFC Apartment Corporation will be responsible for all real estate taxes assessed against Unit 1. See Special Risks, paragraph “c”. The Sponsor shall not be liable for any portion thereof, except to the extent that it is the Holder of Unsold Shares.

SPONSOR MAKES NO REPRESENTATION THAT THE APPLICABLE LAW CREATING THE TAX EXEMPTION WILL NOT BE CHANGED OR THAT THE PROPERTY WILL BE ENTITLED TO ANY SUCH EXEMPTION. IN THE UNLIKELY EVENT THAT, FOR ANY REASON, THE ARTICLE XI TAX EXEMPTION BENEFITS ARE NOT ACTUALLY GRANTED TO THE HDFC APARTMENT CORPORATION, THE SPONSOR WILL AMEND THE PLAN TO REFLECT THAT FACT, AND THE HDFC APARTMENT CORPORATION WILL BE LIABLE FOR THE PAYMENT OF FULL REAL ESTATE TAXES. SPONSOR RESERVES THE RIGHT, BUT NOT OBLIGATION, TO CANCEL ANY PURCHASE AGREEMENTS WITH A RETURN OF ANY DOWN PAYMENT TO PURCHASER, UPON THE REVOCATION OR REDUCTION OF THE ARTICLE XI TAX EXEMPTION BENEFITS.

Although in Sponsor's opinion this method of calculating the real estate taxes applicable to the HDFC Apartment Corporation is reasonable, there can be no assurance that preliminary or final exemption has been granted or that this method of calculation of real estate taxes applicable to the HDFC Apartment Corporation will be the final method used by the New York City taxing authorities in establishing the real estate tax assessment for Unit 1. If for any reason a different method of calculation is used or a different assessment placed upon Unit 1 by such authorities, real estate taxes may increase or decrease, depending upon the final decision of such taxing authorities. In addition, the Sponsor anticipates that the real estate tax rate will increase in future years rather than remain constant.

NEITHER THE SPONSOR, SPONSOR'S CONSULTANT, THE SPONSOR'S COUNSEL, NOR ANY OTHER PERSON MAKES ANY WARRANTY OR REPRESENTATION THAT ARTICLE XI BENEFITS DEFINITELY WILL BE AVAILABLE, OR AS TO THE AMOUNT OF ANY MINIMUM TAX WHICH WILL BE ASSESSED AGAINST THE PROPERTY OR THE AMOUNT OF REAL ESTATE TAXES PAYABLE AT ANY TIME BY THE HDFC APARTMENT CORPORATION OR THAT THE TAX LAWS OR RULINGS OR JUDICIAL INTERPRETATIONS THEREOF, AND PURCHASER'S REAL ESTATE TAX LIABILITIES WILL NOT CHANGE. IN NO EVENT WILL THE SPONSOR OR THE SPONSOR'S COUNSEL BE LIABLE TO ANY PURCHASER UNDER THIS PLAN IN THE EVENT ARTICLE XI BENEFITS ARE NOT GRANTED OR, IF GRANTED, IN THE EVENT THE AMOUNT OF SUCH EXEMPTION AND THE RESULTING TAXES DIFFER FROM THOSE PROJECTED.

The Sponsor does represent, however, that all information submitted and to be submitted to the local taxing authority to secure such benefits is and will be true and does not and will not omit any material fact or matter. On the Cooperative Conversion Date, the Sponsor will make all tax benefit documents available to the Board of Directors for inspection and copying for the life of the benefits. The Sponsor will file all applications and timely comply with all procedures required to properly process and maintain the tax benefits. It will also keep all records required by HPD and will make them available to HPD whenever requested to do so. HPD routinely conducts audits, which can result in the reduction or revocation of benefits if proper documentation is not provided.

The Sponsor will use best efforts to obtain and retain the real estate tax benefits described in this Section.

The Article XI exemption lasts for forty (40) years, and there may be real estate taxes on the Property after it has expired if it is not renewed or replaced by another exemption program.

There are no tax certiorari proceedings pending for the Property.

11. REAL ESTATE TAX BENEFITS: CERTIFICATE OF ELIGIBILITY (ARTICLE XI)

Department of Housing Preservation & Development

OFFICE OF DEVELOPMENT
DIVISION OF TAX CREDITS & INCENTIVES
ARTICLE XI & 420-C UNIT – ROOM 9-Z3
100 GOLD STREET, NEW YORK, N.Y. 10038

CERTIFICATE OF ELIGIBILITY

FOR EXEMPTION FROM REAL PROPERTY TAX PURSUANT TO ARTICLE XI OF THE PRIVATE HOUSING FINANCE LAW

DOCKET NUMBER S0675 **DATE** MAR 24 2021 **BOROUGH** Manhattan

PROJECT NAME 1402 York Avenue **NUMBER OF UNITS** 10

ORIGINAL BLOCK & LOT(S) PER CITY COUNCIL RESO. NO: 1490 **DATED** November 19, 2020

BLOCK(S) 1486 **LOT(S)** p/o Lot 4 (Tentative Lot 1001)

PROPERTY ADDRESS(ES) 1402 York Avenue

OWNER 1402 York Avenue Housing Development Fund Company, Inc.

OWNER'S ADDRESS 253 West 35th Street, 3rd Floor, New York, NY 10001

HPD/NYC PROGRAM Voluntary Inclusionary Housing

EFFECTIVE DATE OF EXEMPTION May 23, 2017 **DURATION OF EXEMPTION** May 23, 2057

PORTION(S) OF THE REAL PROPERTY IDENTIFIED BELOW WHICH ARE SUBJECT TO TAX (IF ANY):

LOCATION	SPACE USE	SQUARE FOOTAGE
None	None	None

OTHER LIMITATIONS ON EXEMPTION (IF ANY): The exemption is only applicable to part of Lot 4 (Tentative Lot 1001), however, no lot apportionment has yet occurred. The part of Lot 4 that comprises the exemption area (Tentative Lot 1001) accounts for approximately 97.62% of the aggregate floor area of Lot 4.

PURSUANT TO SECTION 577 OF ARTICLE XI OF THE PRIVATE HOUSING FINANCE LAW, THE DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT HAS DETERMINED AND HEREBY CERTIFIES THAT THE ABOVE-DESCRIBED PREMISES ARE ENTITLED TO A FULL EXEMPTION FROM REAL PROPERTY TAXES (OTHER THAN ASSESSMENTS FOR LOCAL IMPROVEMENTS), SUBJECT TO THE LIMITATIONS (IF ANY) AS SET FORTH ABOVE.

John Leonard, Director
Article XI & 420-c Unit

MAR 24 2021

Number of Additional Pages (Schedule A) Attached: 0

12. PROCEDURE TO PURCHASE AND CLOSE

a. Marketing of Apartments prior to entering into a Purchase Agreement.

The Sponsor has made an application with the Office of the Attorney General of the State of New York to test the market with respect to the Property, and the application was found to be in compliance with the Attorney General's Cooperative Policy Statement No. 1 ("CPS-1") (File No. CP20-0013) Marketing under the CPS-1 and sales under this Plan Initially have been and will be targeted by Sponsor to a list of potential Purchasers (the "HPD Lottery Log"), which Sponsor will establish in accordance with the requirements of HPD's Marketing Guidelines (the "Marketing Guidelines"). Sponsor has engaged Housing Partnership Development Fund Corporation ("HPDC") as the Marketing Agent to market the shares in accordance with HPD's requirements.

HPDC will run newspaper advertisements describing 1402 York Avenue Owners Housing Development Fund Company, Inc. in local and city-wide newspapers. The advertisements will contain a postmark deadline date for submission of applications by interested parties (the "Application Deadline Date") and a mailing address and website link, through which applications will be available. HPDC will also conduct two informational seminars to inform potential applicants about the lottery process, eligibility requirements and financing requirements and explain the operation of the HDFC Apartment Corporation and the Building. The applications will require interested parties (hereinafter "Applicant" or "Applicants") to supply information about themselves and all other proposed occupants of the Apartment, including without limitation, current address, employment status, annual income, available down payment amount and eligibility for preferences ("Applicant Submission Information"). Applications must be sent to a locked Post Office Box. The Application deadline date is June 29, 2021.

All applications postmarked by the Application Deadline Date will be entered into HPD's Housing Connect system. HPD's Housing Connect system randomly assigns a number to each application and generates the HPD Lottery Log, which is sent to HPDC within a month of the Application Deadline Date. The Applicant Submission Information will be used to preliminarily determine the Apartment size and price level for which the Applicant is eligible ("Applicant Eligibility"). The HPD Lottery Log will be examined for multiple entries. If multiple entries are found, all will be deemed ineligible. HPDC will send a letter or electronic mail to Applicants whose applications were deemed ineligible (the "Ineligible Letter"). HPDC will review all appeals that are submitted within ten (10) business days of the date of the Ineligible Letter.

Applicants will be selected from the HPD Lottery Log in log number order, subject to the following preferences: (i) 5% of the Apartments for households having a member with a mobility disability (one Units); (ii) 2% of the Apartments for households with a member having a hearing/visual disability (one Unit); (iii) 50% of the Apartments (five (5) Apartments) for residents of Manhattan Community Board No 8; and (iv) 5% of the Apartments for applicants who are municipal employees of the City of New York (one

Unit). For the remaining Apartments, Applicants will be selected in log number order, first from residents of New York City and then from residents of New York State.

Applications which arrive after the application deadline date will be set aside for possible future consideration.

b. Applicant Submission Information

Based on the process outlined above, HPDC will send a letter or electronic mail (the "Eligibility Letter") to Applicants requesting that they submit backup documentation, which will be used to verify Applicant Submission Information (the "Applicant Documentation"). Applicants who do not submit documentation will be sent an Ineligible Letter. HPDC will review responses to the Applicant Documentation and may run a credit check and criminal background check if the Applicant appears otherwise eligible based on income and asset guidelines. Applicants' whose Applicant Documentation does not verify the Applicant's eligibility will be sent an Ineligible Letter. HPDC will review all appeals that are submitted within ten (10) business days of the date of the Ineligible Letter.

Applicants are advised that in order to confirm their continued eligibility, they will be required to submit updated backup documentation to HPDC (prior to approval by HPD and execution of the Purchase Agreement) and/or their mortgage lender every six (6) months and at the Apartment Closing until the date of their Apartment Closing.

To summarize, **Applicants could be deemed ineligible at any time before the Apartment Closing** during the procedure outlined above for any of the following reasons, including but not limited to:

- Submission of multiple applications, as defined by the Marketing Guidelines.
- Based on a criminal background check.
- Failure to respond to the request in the Eligibility Letter for document submission, or other document submission requests.
- Unsatisfactory outcome of Applicant Documentation (for example, Applicant exceeded income/asset criteria, could not meet monthly mortgage payments, had irreparable credit issues).
- Failure to respond to Sponsor's or HPDC's request for supplemental information or for an in-person or video-conference appointment.
- Discovery via document verification that Applicant Submission Information was misrepresented in a way that renders the candidate ineligible.
- Inability to qualify for financing.

- Previous purchase of a government-assisted home developed under an HPD project or program.

- Ownership or previous purchase of any interest in real estate, including timeshares and Mitchell- Lama coop by any member of the Applicant's household.

Pursuant to the Regulatory Agreements, HPD and HPDC shall have the right to (i) review each Applicant's application and Applicant Documentation, and (ii) reject or approve each Applicant. See "Section 16 of this Part I for Terms of Regulatory Agreement".

c. <u>Purchase Agreement</u>

After Applicant is determined to be eligible, HPDC will send Applicant Documentation to HPD for review and approval. Applicant will be allowed to choose from a list of Apartments which are available and appropriate for Applicant's family size and shown the floor plans of the available Apartments. After being approved by HPD, Applicant will receive an offer letter and be invited to pay a $100 deposit (payable by check or money order as directed by the Marketing Agent) to obtain a copy of the Offering Plan and given the opportunity to review the Offering Plan with an attorney of their choice. The $100 deposit will be refunded (a) after the Purchaser (as defined below) closes on the Apartment, or (b) refunded if the copy of the Offering Plan is returned undamaged to the Sponsor or HPDC should the Purchaser fail to close.

An Applicant who has not been afforded at least ten (10) business days to review the Offering Plan and all amendments thereto prior to executing a Purchase Agreement shall be given seven (7) calendar days, after delivering executed Purchase Agreements, together with the required Down Payment, to rescind the Purchase Agreement and have the full Down Payment refunded promptly. Such rescission must be in writing, addressed and sent to Sponsor and be postmarked or hand delivered by the seventh day subsequent to Applicant executing and delivering such Purchase Agreement. Applicant who executes a Purchase Agreement after having had ten (10) business days to review the Plan shall not be permitted the aforementioned time period to rescind. The provisions of the Offering Plan, including all of the documents in Part II thereof, are incorporated by reference in the Purchase Agreement.

Applicant shall complete and deliver the following documents and payments to Sponsor at the time a Purchase Agreement is executed by Applicant:

1. A Certified bank or Cashier's check or wire transfer in the amount of ten (10%) percent of the Purchase Price, representing the Down Payment required under the Purchase Agreement, payable to "Hirschen Singer & Epstein LLP Attorney Escrow".

2. Form W-9, Payer's Request for Taxpayer Identification Number, or if Purchaser is not a citizen of the United States, Form W-8BEN, Certificate of

Foreign Status.

3. Designation of Interest-Recipient (if Purchaser comprises more than one person).

4. Four signed counterpart originals of the Purchase Agreement

A Purchase Agreement will not be binding upon Sponsor until a fully executed counterpart of the Purchase Agreement is returned to Applicant, and upon such time the Applicant shall be deemed a "Purchaser".

Upon receipt of the countersigned Purchase Agreement, Purchaser may be required to attend pre-closing workshops to educate Purchaser about the rights and obligations of a shareholder in an HDFC Apartment Corporation and to prepare for pre-closing or closing. Purchaser will be required to attend and complete a HUD-certified First Time Homebuyer Course prior to closing, which shall be at the Purchaser's expense (approximately $150) and the cost of a credit check ($50-$75). No apartment closing will take place without the completion of the course.

To summarize, parties interested in purchasing must take the following steps:

1. Applicant submits application.

2. If Applicant is selected from the HPD Lottery Log, Applicant shall provide HPDC with complete and accurate information provided via document submission as detailed in the request in the Eligibility Letter for document submission.

3. HPDC makes a determination of the Applicant's income and other eligibility and the availability of an Apartment appropriate for family size and send the Applicant's Submission Information, and Applicant Documentation, if any, to HPD for approval. HPD reviews Applicant's application the Applicant's Submission Information, and Applicant Documentation, if any. An Applicant approved by HPD will receive an offer letter and be invited to pay a $100 deposit (payable by check or money order, as directed by Marketing Agent) to obtain a copy of the Offering Plan. The $100 deposit will be (a) refunded after the Purchaser closes on the Apartment or (b) refunded if a copy of the Offering Plan is returned undamaged to the Sponsor or HPDC should the Purchaser fail to close.

4. Applicant returns four (4) signed counterpart originals of the Purchase Agreement and a certified or bank check or wire transfer in the amount of 10% of the purchase price, representing the Down Payment required under the Purchase Agreement to Sponsor's Attorney.

5. Sponsor countersigns the Purchase Agreement and forwards a copy to Applicant, who thereby becomes a "Purchaser";

6. Purchaser fulfills obligations under Purchase Agreement, including obtaining a mortgage commitment; and

7. Purchaser attends a pre-closing or closing.

d. Financing

Each Purchaser must obtain financing for up to ninety (90%) percent of the Purchase Price of the Apartment. The Purchase Agreement, as set forth in Part II of the Plan, contains a financing contingency clause. The Apartment Closing will not take place if the Purchaser does not qualify for financing. Purchaser must submit the financing application for such financing together with all required fees within eight (8) business days after Sponsor accepts and delivers to Purchaser the fully executed Purchase Agreement. Sponsor shall have the right, but not the obligation, to cancel the Purchase Agreement if Purchaser fails to submit to Sponsor a copy of the application for such financing to the Sponsor within such eight (8) day time period. The contingency clause provides that Purchaser shall have forty-five (45) calendar days from the date Sponsor accepts and delivers the fully executed Purchase Agreement to obtain a written loan commitment for financing from a lending institution. In the event Purchaser fails to obtain a written loan commitment within such time period, Purchaser shall notify Sponsor of same within five (5) calendar days subsequent to such forty-five (45) calendar days period.

The Plan will be amended to include a list of preferred lenders and any requirements of those preferred lenders. In addition, any refinance of the Tenant-Shareholder's mortgage or second mortgages must be approved by HPD.

In the event no such financing is furnished, Sponsor may, at Sponsor's sole option, upon written notice to Purchaser postmarked or delivered within ten (10) calendar days of Sponsor's receipt of notice from Purchaser that a written loan commitment had not been obtained (a) declare the Purchase Agreement null and void or (b) extend the period of time in which Purchaser may obtain a written loan commitment. In the event no financing is obtained, Purchaser, may also declare the Purchase Agreement null and void by written notice to the Sponsor postmarked or delivered within five (5) calendar days subsequent to such forty-five (45) calendar day period. If such notice is not sent within such five (5) calendar day period; the Purchase Agreement will be deemed null and void. In the event the Purchase Agreement is declared null and void by Seller or Purchaser by reason of Purchaser's failure to obtain a written loan commitment, the Down Payment shall be returned to Purchaser. No other financing contingency is permitted by this Offering Plan. Failure of Purchaser to comply with the terms and conditions of the commitment which are unrelated to Sponsor's responsibility to perform under the terms of the Plan does not relieve Purchaser of its obligation to close title.

Purchasers are advised that, prior to the Apartment Closing, their loan commitments may expire, or the terms of their loan commitments may change. If the Purchaser obtains a loan commitment within the time period set forth above, the

Agreement shall nonetheless be subject to Purchaser's loan commitment being in full force and effect at the Cooperative Conversion Date, provided, however, that any expiration of a commitment as a result of Purchaser's refusal, inability or unwillingness to close title or delay in closing title or the revocation of a commitment by a lending institution resulting from Purchaser's acts or omissions, including but not limited to, Purchaser's failure to satisfy any of the conditions of the commitment, shall be excepted from this requirement, and Purchaser may lose their Down Payment. Purchaser shall take all possible steps to maintain his commitment, including good faith application for an extension of such commitment to the same lending institution and written application to at least one (1) other lending institution, all at the prevailing rate of interest. In the event Purchaser notifies Sponsor within thirty (30) calendar days after the expiration date of his previous loan commitment by registered or certified mail of his inability to obtain an extension of such previous loan commitment or a new loan commitment, the Agreement shall be null and void, and Purchaser's Down Payment shall be returned by Sponsor. If Purchaser does not provide such notification, the Purchase Agreement will be deemed binding and Purchaser may lose their Down Payment. A Purchaser shall have no right to rescind his or her Purchase Agreement, however, if the commitment may be extended by the lending institution upon different terms than originally provided.

e. Escrow and Trust Fund Requirements

The Sponsor will comply with the escrow and trust fund requirements of General Business Law Sections 352-e (2)(b) and 352-h and the Attorney General's regulations promulgated pursuant thereto.

(1) **The Escrow Agent**:

The law firm of Hirschen Singer & Epstein LLP, with an address at 902 Broadway, New York, New York 10010, telephone number (212) 819-1130, shall serve as escrow agent ("Escrow Agent") for Sponsor and Purchaser. Escrow Agent has designated the following attorneys to serve as signatory: Richard C. Singer, Esq. and Russell A. Kivler, Esq., and Oliver G. Chase, Esq. The designated signatory is admitted to practice law in the State of New York. Neither the Escrow Agent nor any authorized signatory on the account are the Sponsor, Marketing Agent, Managing Agent, or any principal thereof, or have any beneficial interest in any of the foregoing.

(2) **The Escrow Account**:

The Escrow Agent has established the escrow account at TD Bank, 160 Park Avenue South, New York, New York ("Bank"), a bank authorized to do business in the State of New York, or by amendment to the Plan, at such other New York bank, trust company or Federal savings and loan association as the Sponsor may select. The escrow account is entitled "Hirschen Singer & Epstein LLP Attorney Escrow" ("Escrow Account"). The Escrow Account is federally insured by the Federal Deposit Insurance Corporation ("FDIC") at the maximum amount of $250,000 per Down Payment. Any Down Payment in excess of $250,000 will not be insured. If purchaser has other deposits at TD Bank, those deposits will factor into the $250,000 FDIC limit.

The account will be a New York State Interest on Lawyer Account Fund ("IOLA") and shall not be interest-bearing to either party to this Agreement. No fees of any kind may be deducted from the Escrow Account, and the Sponsor shall bear all costs associated with the maintenance of the Escrow Account. A fiduciary relationship shall exist between Escrow Agent and Purchaser, and Escrow Agent acknowledges its fiduciary and statutory obligations pursuant to GBL §§ 352(e)(2-b) and 352(h).

All Down Payments received by Sponsor shall be in the form of Purchaser's unendorsed, personal checks drawn on, or a cashier's check or wire transfer of a bank or trust company which is a member of the New York Clearing House Association and shall be made payable to or endorsed by the Purchaser to the order of "Hirschen Singer & Epstein LLP Attorney Escrow".

(3) **The Purchase Agreement:**

The Purchase Agreement, as revised to reflect the foregoing, is attached hereto as Exhibit 1. The escrow provisions are included in Paragraph 5 of the Purchase Agreement, which must be executed by the Escrow Agent.

(4) **Notification to Purchaser**:

Within five (5) business days after the Purchase Agreement has been tendered to Escrow Agent along with the Down Payment, the Escrow Agent shall sign the Purchase Agreement and place the Down Payment into the Escrow Account. In some cases, such Down Payment may be deposited before the Purchase Agreement is signed or rejected. Within ten (10) business days of the placing the Down Payment in the Escrow Account, Escrow Agent shall provide written notice to Purchaser and Sponsor, confirming the Down Payment. The notice shall provide the account number and the Initial interest rate to be earned on the Down Payment. Any Down Payments made for upgrades, extras, or custom work shall be Initially deposited into the Escrow Account and released in accordance with the terms of a written agreement between Purchaser and Sponsor.

The Escrow Agent is obligated to send notice to the Purchaser once the Down Payment is placed in the Escrow Account. If the Purchaser does not receive notice of such Down Payment within fifteen (15) business days after tender of the Down Payment, he or she may cancel the Purchase Agreement within ninety (90) calendar days after tender of the Purchase Agreement and Down Payment to Escrow Agent. Complaints concerning the failure to honor such cancellation requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 28 Liberty Street, 21st Floor, New York, N.Y. 10005. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Down Payment was timely placed in the Escrow Account in accordance with the New York State Department of Law's regulations concerning Down Payments and requisite notice was timely mailed to the Purchaser.

(5) **Release of Funds**:

All Down Payments, except for advances made for upgrades, extras, or custom work received in connection with the Purchase Agreement, are and shall continue to be the Purchaser's money, and may not be comingled with any other money or pledged or hypothecated by Sponsor, as per GBL § 352-h.

Under no circumstances shall Sponsor seek or accept release of the Down Payment of a defaulting Purchaser until after consummation of the Plan, as evidenced by the acceptance of a post-closing amendment by the New York State Department of Law. Consummation of the Plan does not relieve the Sponsor of its obligations pursuant to GBL §§ 352-e (2-b) and 352-h.

The Escrow Agent shall release the Down Payment if so directed:

(i) pursuant to the terms and conditions set forth in the Purchase Agreement upon closing of title to the Unit; or

(ii) in a subsequent writing signed by both Sponsor and Purchaser; or

(iii) by a final, non-appealable order or judgment of a court.

If the Escrow Agent is not directed to release the Down Payment pursuant to paragraphs (i) through (iii) above, and the Escrow Agent receives a request by either party to release the Down Payment, then the Escrow Agent must give both the Purchaser and Sponsor prior written notice of not fewer than thirty (30) calendar days before releasing the Down Payment. If the Escrow Agent has not received notice of objection to the release of the Down Payment prior to the expiration of the thirty (30) day period, the Down Payment shall be released, and the Escrow Agent shall provide further written notice to both parties informing them of said release. If the Escrow Agent receives a written notice from either party objecting to the release of the Down Payment within said thirty (30) day period, the Escrow Agent shall continue to hold the Down Payment until otherwise directed pursuant to paragraphs (i) through (iii) above. Notwithstanding the foregoing, the Escrow Agent shall have the right at any time to deposit the Down Payment contained in the Escrow Account with the clerk of the county where the Unit is located and shall give written notice to both parties of such deposit.

The Sponsor shall not object to the release of the Down Payment to:

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

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

The Escrow Agent will maintain all records concerning the escrow account for seven (7) years after the release of all funds from the escrow account. The

Department of Law may perform random reviews and audits of any records involving the Escrow Account to determine compliance with all applicable statutes and regulations.

Prior to release of the Down Payment, Escrow Agent's fees and disbursements shall neither be paid by Seller from the Down Payment nor deducted from the Down Payment by any financial institution under any circumstance.

Seller agrees to defend, indemnify and hold Escrow Agent harmless from and against all costs, claims, expenses and damages incurred in connection with or arising out of Escrow Agent's responsibilities arising in connection with this Purchase Agreement or the performance or non-performance of Escrow Agent's duties under this Purchase Agreement, except with respect to actions or omissions taken or suffered by Escrow Agent in bad faith or in willful disregard of the obligations set forth in this Purchase Agreement or involving gross negligence of Escrow Agent. This indemnity includes, without limitation, disbursements and attorneys' fees either paid to retain attorneys or representing the hourly billing rates with respect to legal services rendered by Escrow Agent to itself.

(6) **Waiver Void**:

Any provision of any Purchase Agreement or separate agreement, whether oral or in writing, by which a Purchaser purports to waive or indemnify any obligation of the Escrow Agent holding any Down Payment in trust is absolutely void. The provisions of the Attorney General's regulations and GBL §§ 352-e(2-b) and 352-h concerning escrow trust funds shall prevail over any conflicting or inconsistent provisions in the Purchase Agreement, Plan, or any amendment thereto.

(7) **Alternate Security:**

In lieu of a deposit of the Down Payment, the Sponsor may post a bond or contract of indemnity in a form approved by the Department of Law and issued by a surety company licensed in the State of New York or obtain an irrevocable letter of credit from a New York lending institution. The Sponsor must first apply to the Attorney General and will amend the Plan prior to taking such action.

(8) **Change in Escrow Agent or Escrow Account:**

Before funds are transferred to a new escrow account, or if the escrow agent is replaced, the Plan will be amended to provide the same full disclosure with respect to the new account, the escrow agent and the escrow agreement as was originally provided.

f. Pre-Closings

Sponsor may require Purchasers to "pre-close" under their Purchase Agreements. To "Pre-Close", Purchaser shall be required to pay the entire balance of the Purchase Price then due under the Purchase Agreement (less the amount to be

financed by Purchaser) into escrow with the Escrow Agent.

The Purchaser will not be required to pay maintenance charges and will not be able to occupy the Apartment until the actual Apartment Closing Date.

No occupancy will take place prior to the issuance of a Temporary Certificate of Occupancy by the New York City Department of Buildings.

A Purchaser who pre-closes will not be deemed to be a Tenant-Shareholder until the Purchaser's actual Apartment Closing Date or, if the Purchaser paid 100% of the Purchase Price at the pre-Apartment Closing, on the Cooperative Closing Date.

Purchaser's failure to pre-close after the Plan has been declared effective will be a default under the Purchase Agreement, entitling the Sponsor to terminate the Purchase Agreement and retain the Purchaser's Down Payment.

If the Sponsor is unable to deliver the Apartment, the Purchaser's down payment will be refunded, and Purchaser may be entitled to pursue other remedies under the law.

Payment amount, type of checks, wire transfers and any other documents required, shall be on the same terms and conditions as if the Apartment Closing were occurring on the Apartment Closing Date after the Cooperative Conversion Date, as described further on in this Section of the Offering Plan. The balance of the Purchase Price paid by Purchaser at Pre-Closing will be deposited into the same Escrow Account and held upon the same terms and conditions as the Down Payment.

All funds held in the Escrow Account on account of the Purchase Price are referred to in this section of the Plan as "Escrow Funds."

The HDFC Apartment Corporation will establish a Working Capital Fund of contributions in the amount of two (2) months' maintenance for each Apartment, such payments made by the Sponsor on or before the Cooperative Conversion Date, on behalf of the Purchasers. Such fund will be available for such purposes as the Board of Directors of the HDFC Apartment Corporation deems appropriate. Up to one half of the Working Capital Fund will be used to pay closing adjustments and the balance will be held as a Working Capital Fund, to be used for the appropriate corporate purposes as determined by the Board of Directors.

At the Pre-Closing, Purchaser shall also be required to execute the Proprietary Lease (or an acceptance of the assignment thereof), New York City Real Property Transfer Tax Return, New York State Real Estate Transfer Tax Return and any similar forms then in effect (collectively, the "Transfer Tax Returns"), smoke detector and carbon monoxide affidavit, window guard notice, and all other documents necessary to consummate the purchase under the Purchase Agreement (collectively, the "Escrow Closing Documents"). Purchaser authorizes Sponsor to insert or correct the estimated Cooperative Closing Date with the actual Cooperative Closing Date.

The Escrow Funds and the Escrow Closing Documents shall be held in escrow by the Escrow Agent until the Cooperative Conversion Date. If the Plan is abandoned, however, all Escrow Funds shall be returned to the Purchaser and the Escrow Closing Documents will be void and of no further force and effect.

In the event that the Plan cannot be declared effective in accordance with the conditions and time periods set forth in "Section 13. Effective Date of the Plan and Closing Date," Sponsor has the right to abandon the Plan and convert the development into a mixed-income rental building.

If a rescission right is provided in an amendment to the Plan, the terms of the rescission offer and the conditions for release of the Escrow Funds will be described in the amendment.

All Purchasers who Pre-Close and are not in default on the Cooperative Conversion Date and have paid 100% of the Purchase Price into escrow at their Pre-Closing as described above or as of the Cooperative Conversion Date, will become Tenant-Shareholders as of the Cooperative Conversion Date, and that date will be deemed to be their Apartment Closing Date.

On or shortly following the Cooperative Conversion Date, original counterparts of the Escrow Closing Documents as well as the certificate for the Shares attributable to the Apartment will be released from escrow and forwarded by Escrow Agent to Purchaser, the Working Capital Fund Contribution will be released and delivered by Escrow Agent to Sponsor, and all Escrow Funds will be released and forwarded by Escrow Agent to Sponsor (or to anyone Sponsor designates or directs).

After an amendment indicating that the Plan has been declared effective has been accepted for filing by the Department of Law, Sponsor shall have the right to require that any Purchaser who has not Pre-Closed, do so. If Sponsor exercises this right, Sponsor will give Purchasers who have not Pre-Closed at that time, at least thirty (30) calendar days' notice of their Pre-Closing date (the "Scheduled Pre-Closing Date") A Pre-Closing will be scheduled pursuant to this provision only after an amendment indicating that the Plan has been declared effective has been accepted for filing by the Department of Law, and only if the Apartment is covered by at least a temporary certificate of occupancy.

A Purchaser who fails to Pre-Close in accordance with a Pre-Closing scheduled by Sponsor on the Scheduled Pre-Closing Date or any adjournment thereof, to which Sponsor has consented, shall be in default under the Purchase Agreement. Sponsor will notify Purchaser of Purchaser's default by written notice sent by certified mail, return receipt requested, specifying the reason Purchaser is in default and granting Purchaser at least ten (10) business days within which to cure the default. Notwithstanding anything contained herein, Sponsor shall make a written demand (or demands) for payment aggregating a total of at least thirty (30) calendar days before a Purchaser is declared to be in default.

SPONSOR RESERVES THE RIGHT TO MAKE TIME OF THE ESSENCE WITH RESPECT TO PURCHASER'S OPPORTUNITY TO CURE THE DEFAULT WITHIN THE SPECIFIED CURE PERIOD. AFTER THE SPECIFIED CURE PERIOD EXPIRES, IF PURCHASER'S DEFAULT REMAINS UNCURED, SPONSOR MAY TERMINATE THE PURCHASE AGREEMENT AND RETAIN PURCHASER'S DOWN PAYMENTAS LIQUIDATED DAMAGE AND SELL THE APARTMENT TO ANOTHER PURCHASER AS IF THE PURCHASE AGREEMENT HAD NEVER BEEN MADE.

g. Contracts and Closings After Cooperative Conversion Date

The Cooperative Conversion Date will not occur until after the Plan has been declared effective, an amendment to this Plan reflecting such effectiveness has been accepted for filing by the Department of Law, and Sponsor has obtained a temporary or permanent certificate of occupancy covering the Apartments to be closed on that date. See "Section 13. Effective Date of the Plan and Closing Date".

If Purchaser has not Pre-Closed on the Apartment as described above, or if a Purchase Agreement is executed on or after the Cooperative Conversion Date, Sponsor will notify Purchaser after the Cooperative Conversion Date, at least ten (10) calendar days in advance, as to the Apartment Closing Date and time and location of Closing (the "Originally Scheduled Apartment Closing Date"). At least five (5) calendar days before the Originally Scheduled Apartment Closing Date, Sponsor will advise Purchaser of a date and time prior to the Originally Scheduled Apartment Closing Date when Purchaser may inspect the Apartment. (See the provisions of this Section under the sub-heading "Inspection Procedures," for further details.) On the Originally Scheduled Apartment Closing Date, a Purchaser who has not Pre-Closed will be obligated to pay the balance of the Purchase Price set forth in the Purchase Agreement by unendorsed bank or cashier's check(s) or unendorsed personal certified check(s) or wire transfer of Purchaser drawn on or issued by a New York bank, trust company or other New York lending institution which is a member of the New York Clearing House Association, payable to Sponsor (or to anyone Sponsor designates or directs).

On an Apartment Closing Date occurring after the Cooperative Conversion Date, a Purchaser who has not Pre-Closed will be required to adjust with Sponsor for Maintenance Charges for the balance of the month in which the Apartment Closing occurs.

On an Apartment Closing Date occurring after the Cooperative Conversion Date, Sponsor will deliver or cause to be delivered to Purchaser an assignment of the Proprietary Lease accompanied by Sponsor's original counterpart of the Proprietary Lease (or in Sponsor's discretion an original Proprietary Lease in Purchaser's name) and a certificate for the Shares allocated to the Apartment in the name of Purchaser. Sponsor also will deliver to Purchaser a written statement by the HDFC Apartment Corporation's Managing Agent confirming that Maintenance Charges attributable to the Apartment for the month in which the Apartment Closing occurs has been paid.

A Purchaser who fails to pay the balance of the Purchase Price due under the Purchase Agreement (or any other cost required in connection with the purchase) on the Originally Scheduled Apartment Closing Date or any permitted adjournment thereof, or fails to sign any closing document when and as required pursuant to the Plan, will be in default under the Purchase Agreement. Sponsor shall notify Purchaser in writing of Purchaser's default by a written notice sent by certified mail return receipt requested specifying the reason Purchaser is in default and granting Purchaser a period of at least ten (10) business days within which to cure such default. Notwithstanding anything contained herein, Sponsor shall make a written demand (or demands) for payment aggregating a total of at least thirty (30) calendar days before a Purchaser is declared to be in default.

SPONSOR RESERVES THE RIGHT TO MAKE TIME OF THE ESSENCE WITH RESPECT TO PURCHASER'S OPPORTUNITY TO CURE SAID DEFAULT WITHIN THE SPECIFIED CURE PERIOD. AFTER THE SPECIFIED CURE PERIOD EXPIRES, IF PURCHASER'S DEFAULT REMAINS UNCURED, SPONSOR MAY TERMINATE THE PURCHASE AGREEMENT AND RETAIN PURCHASER'S DOWN PAYMENT, AS LIQUIDATED DAMAGES, AND SELL THE APARTMENT TO ANOTHER PURCHASER, AS IF THE PURCHASE AGREEMENT HAD NEVER BEEN MADE.

If Purchaser fails to close within fourteen (14) calendar days after the Originally Scheduled Apartment Closing Date, any adjournments granted by Sponsor at Purchaser's request shall, at Sponsor's discretion, be on the condition that (i) all adjustments made at the Apartment Closing will be made as of the date that is fifteen (15) calendar days after the Originally Scheduled Apartment Closing Date and (ii) Purchaser shall pay to Sponsor (or to anyone Sponsor designates) at the Apartment Closing, by unendorsed personal certified check or by bank check or wire transfer, in either event drawn on a bank that is a member of the New York Clearing House Association, an amount equal to $100 per day multiplied by the number of calendar days that the Apartment Closing is delayed beginning with the date that is fourteen (14) calendar days after the Originally Scheduled Apartment Closing Date and ending with and including the actual Apartment Closing Date. The interest/penalty charged for the delay in closing will not exceed New York State usury rates. The foregoing fees also shall be applicable in the event Purchaser defaults under the Purchase Agreement and cures the default by closing later than the Originally Scheduled Apartment Closing Date. The provisions of this paragraph shall not be applicable if, through no fault of Purchaser, Sponsor adjourns the Apartment Closing Date. The provisions shall apply, however, to any postponements by Purchaser of the Originally Scheduled Apartment Closing Date. Sponsor reserves the right to waive any or all provisions of this paragraph.

If Purchaser requests more than one adjournment of the Apartment Closing Date, or if Purchaser requests an adjournment of the Originally Scheduled Apartment Closing Date in excess of fifteen (15) calendar days, Sponsor shall have the right to make TIME OF THE ESSENCE with respect to Purchaser's obligation to close on any rescheduled closing date to which Sponsor consents.

h. Interim Leases

Interim leases will not be given to Purchasers. No Purchaser shall have the right to occupy his or her Apartment prior to the Apartment Closing date.

i. Inspection Procedures

Purchasers will be notified by Sponsor in advance of their mutually agreed-upon Pre-Closing Date, Scheduled Pre-Closing Date or Originally Scheduled Apartment Closing Date, as applicable, of a date and time that Purchaser may inspect Purchaser's Apartment. Purchaser may attend an inspection only with an authorized representative of Sponsor, and shall, at the inspection, together with Sponsor's representative, complete, date and sign an inspection statement (the "Inspection Statement").

The Inspection Statement will serve as an acknowledgment of Purchaser's acceptance of the Apartment in accordance with the terms of the Plan. If Purchaser finds that certain minor construction items remain open, although the Apartment otherwise has been substantially completed, and if Sponsor's representative agrees with this finding, Purchaser and Sponsor's representative shall agree on a list of "punchlist items" to be completed by Sponsor post-closing and shall itemize same as an attachment to the Inspection Statement. The agreed-upon Inspection Statement and any attachments thereto, shall be dated and executed by both parties. Purchaser's failure to permit Sponsor or Sponsor's contractors, agents or employees' access to the Apartment to complete punchlist items on the Inspection Statement, shall constitute Purchaser's waiver of the punchlist items, and shall cause Sponsor's obligation to complete the punchlist items to be deemed satisfied.

No discussion of punch list items may occur at the Pre-Closing or Closing, and the fact that an Inspection Statement containing punchlist items has been executed, shall not be grounds for Purchaser's delay of the Pre-Closing or Closing, as applicable, or for Purchaser's refusal to close. No escrows will be established with respect to any open punch list items.

Purchaser shall be obligated to Pre-Close or Close, as applicable, notwithstanding incomplete construction of (i) minor details in the Apartment (provided the Apartment is covered by at least a temporary certificate of occupancy), (ii) other Apartments in Unit 1 or (iii) the common areas of the Building.

Purchaser's failure to attend an inspection during the period Sponsor provides Purchaser an opportunity to do so at a mutually convenient date and time, and/or Purchaser's failure to sign and deliver an Inspection Statement, shall not excuse Purchaser from Pre-Closing or Closing, as applicable, and shall constitute Purchaser's full and unconditional acceptance of the Apartment.

Sponsor shall not have any obligation to complete or cause to be completed, any work in an Apartment not specifically itemized on an Inspection Statement, except work required to be completed to obtain a permanent certificate of occupancy, if one is yet to

be obtained at the time of Purchaser's Apartment Closing Date.

j. Purchaser's Pre-Closing or Closing Costs

Sponsor will pay, on behalf of the Purchaser, $2,500 for Sponsor's Attorney's Fees and $250 to Sponsor's Attorney for the cost of preparation of the applicable real estate transfer tax returns on the Automated City Register Information Service ("ACRIS") forms required by the Register's Office. The Purchaser will be obliged to pay the fees of his own professionals, including attorneys. In addition, if, at Purchaser's or Purchaser's attorney's or lender's request the Apartment Closing does not occur at the office of Hirschen Singer & Epstein, LLP, Purchaser shall pay Hirschen Singer & Epstein LLP a travel fee of $250.00, if the Apartment Closing is held in Manhattan, or $300.00 if the Apartment Closing is held in another borough. Special arrangements will have to be made for closings outside of the City of New York. There is no financial assistance available from Sponsor for these fees.

Under this Offering Plan and the Purchase Agreement, if applicable, Sponsor will be obligated to pay the New York City Real Property Transfer Tax (the "RPT Tax"). The RPT Tax Rate is currently 1% of the Purchase Price with respect to single residential apartments which are sold for less than $500,000.00 including the proportionate share of the Underlying Mortgages attributable to the Apartment, if any. For the purposes of paying this tax with respect to this offering, consideration also includes the amount of the RPT Tax and the NYS Transfer Tax to be paid for the Apartment so that the effective tax rate is 1.014% of the purchase price where the purchase price is $500,000.00 or less. A check or wire transfer must be delivered by Sponsor at Pre-Closing if Purchaser Pre-Closes and if there is no Pre-Closing, then on Purchaser's Apartment Closing Date. Such check or wire transfer must also include the amount of the City's filing fee, which is currently $125.00. Sponsor's Closing Counsel, on behalf of Sponsor, will file the RPT Tax Return after Purchaser's Apartment Closing Date. If a check or wire transfer for the RPT Tax is delivered at Pre-Closing, it will be held in escrow without deposit until Purchaser's Apartment Closing Date. Notwithstanding the foregoing, it is expected (but not guaranteed) that the RPT Tax will be zero, as transfers from a not-for-profit corporation are exempt from RPT Tax; at the time of transfer, the holder of the shares will be the HDFC, is a not-for-profit corporation, for the benefit of Sponsor.

Under this Offering Plan and the Purchase Agreement, Sponsor will be obligated to pay the New York State Real Estate Transfer Tax (the "NYS Transfer Tax") due in connection with their purchase. The NYS Transfer Tax rate is currently $2.00 per $500 (or any portion thereof) of consideration paid. Since this tax is an obligation of the Purchaser's, the amount of the consideration subject to tax is increased by the amount of the tax itself. Thus, the effective rate of NYS Transfer Tax is $2.04 per $500.00 of consideration.

A check or wire transfer in the amount of the NYS Transfer Tax must be delivered by Sponsor at Pre-Closing if Purchaser Pre-Closes and if there is no Pre-Closing, then on the Apartment Closing Date. The tax must be paid by bank check or

Purchaser's personal certified check or wire transfer to the order of the "NYS Department of Taxation and Finance." If a check or wire transfer for the NYS Transfer Tax is delivered at Pre-Closing, it will be held in escrow without deposit until Purchaser's Apartment Closing Date.

Purchasers will be obligated to pay for the cost of a credit check on each of the adult members of the household. The cost of such check or wire transfer will be $50 for a household with up to two (2) adults or $75 for a household with three (3) or more adults.

Example of Pre-Closing and Closing Costs:

A numerical example for the costs set forth will be included in this Section of the Offering Plan for a typical Apartment (#3), to which 1306 shares of the HDFC Apartment Corporation are attributed, with a gross purchase price of $50,160.52, is set forth below.

a.	Credit Check:	$50 (assuming two adult members of the household);
b.	New York City Real Property Transfer Tax (if applicable, and as a Stock Transfer ("Stamp") Tax):	$516.60 plus $100 filing fee);
c.	New York State Real Property Transfer Tax (if applicable, and as a Stock Transfer ("Stamp") Tax):	$250.00
d.	Working Capital Fund Contribution (paid in advance by Sponsor on behalf of Purchaser):	$1,819.18 (2 months Maintenance Charges)
e.	Closing Fee of Sponsor's attorney	$2,500 (assuming basic fee). $250 (ACRIS fee).

The transfer taxes are based on the Estimated Sales Price. It is, however, anticipated (but not guaranteed or warranted) that the Unit Sales will be exempt from New York City Real Property Transfer Tax, the HDFC is a not-for-profit corporation that has received exemption from New York State Sales. Sponsor has agreed to pay all transfer taxes, the Working Capital Fund Contribution and the Apartment Closing fees of Sponsor's attorney.

Other fees which cannot be estimated because they pertain to events outside of Sponsor's control include Purchaser's attorney's fee, lender's attorney's fee, possible commitment fee or loan origination fee, and monthly Maintenance Charges prospectively from the Apartment Closing Date.

k. Miscellaneous

In the event of Purchaser's death prior to the Apartment Closing Date, Sponsor shall have the right to terminate the Purchase Agreement and return the Down Payment and any other Escrow Funds, if applicable, and the Working Capital Fund Contribution, to Purchaser's executor or administrator, as applicable, and sell the Apartment to another Purchaser as if the Purchase Agreement had never been made. Purchaser's executor, administrator and/or heirs shall have no right to the Apartment or under the Purchase Agreement, once those documents are terminated pursuant to the foregoing.

Purchase Agreements are not assignable. The assignment of a Purchase Agreement shall be a default under the Purchase Agreement.

The risk of loss from fire or other casualty shall remain with Sponsor unless and until the Shares and Proprietary Lease appurtenant to an Apartment are transferred to Purchaser. However, prior to the Apartment Closing, neither Sponsor nor the HDFC Apartment Corporation will be obligated to repair or restore the Apartment, or any part of the Building in the event of a fire or other casualty. Tenant-Shareholders are advised to obtain insurance at their own cost to cover such risks as fire and casualty losses to apartment contents, replacements, additions, fixtures, upgraded fixtures, and improvements, and liability coverage for occurrences within the Apartment.

Any conflict between the terms of the Purchase Agreement and the Plan will be resolved in favor of the Plan.

The Purchase Agreement may not contain, or be modified to contain, a provision waiving Purchaser's rights or abrogating Sponsor's obligations under the Plan or under Article 23-A of the General Business Law.

In addition to the foregoing criteria, Purchaser must satisfy the following income and debt restrictions established by HPD and as provided in the IH Regulatory Agreement (See Exhibit 9a):

All ten (10) of the Apartments shall be available to Purchasers who, at the time a Purchaser sign a Purchaser Agreement have an annual household income not exceeding 80% of Initial AMI and whose estimated total housing costs are not less than 25% of their income and do not exceed 35% of their income. For a family of four, 80% of the 2016 AMI level is $90,600.

Pursuant to the IH Regulatory Agreement, the maximum incomes listed herein are subject to adjustments by HPD.

Eligible Purchaser's Aggregate Annual Household Income shall be calculated in accordance with the IH Regulatory Agreement. A Purchaser who satisfies such income criteria at the time a Purchase Agreement is signed shall be entitled to remain in occupancy of the Apartment notwithstanding that such Purchaser's Aggregate Annual

Household Income, after Initial occupancy, exceeds the maximum for Initial eligibility under the IH Regulatory Agreement.

l. No special work

The Sponsor will not be offering any special work, upgrades or extras and will not accept funds for special work, upgrades or extra.

m. Smoking Policy

New York City Law prohibits smoking and using e-cigarettes of any kind in indoor common areas, including but not limited to lobbies, hallways, stairwells, mailrooms, fitness areas, storage areas, garages and laundry rooms in any building with three or more residential units. NYC Admin. Code Section 17-505.

The smoking policy is contained in Rider 3 to the Purchase Agreement. Smoking is not allowed inside of residential apartments; outside of areas that are parts of residential apartments, including terraces; outdoor common areas, including the roof terrace and outdoors within 25 feet of entrances, exits, windows, and air intake units on property grounds.

13. EFFECTIVE DATE OF THE PLAN AND CLOSING DATE

The offer to sell which is set forth in this Plan is contingent upon the Plan's being declared effective and upon compliance with the conditions and time periods set forth herein.

The Attorney General Regulations provide that the Plan may be declared effective when Purchase Agreements are accepted for the sale of 15% (i.e., 2 Apartments) or more of the Apartments offered under the Plan and it must be declared effective when more than 80% of the Apartments offered under the Plan are under contract (i.e., 8 Apartments). However, under the terms of the IH Regulatory Agreement, 50% of the Apartments offered under the Plan (i.e., 5 Apartments) must be under contract before the Plan is declared effective. In no event may the Plan be abandoned after it is declared effective or after 80% of the Apartments offered are under contract. The Sponsor may not abandon the Plan without the prior consent of HPD.

The Plan will be declared effective by a duly filed amendment to the plan. The Sponsor shall also submit to the Department of Law upon request, copies of all Purchase Agreements (and any amendments thereto) that formed the basis of the declaration of effectiveness. Conveyance of Unit 1 to the HDFC Apartment Corporation may not occur until an amendment declaring the Plan effective is filed with the Department of Law. Even if the Plan is declared effective with a minimum number of sales, it is possible that the Sponsor may convert with fewer than such minimum number, if Purchasers counted toward effectiveness do not ultimately purchase the shares allocated to their apartments. If all Purchase Agreements are either rescinded or terminated prior to the Cooperative Conversion Date, Sponsor must re-declare the Plan effective.

After the Plan has been declared effective, the date for Cooperative Conversion shall occur not less than thirty (30) calendar days nor more than one hundred twenty (120) calendar days thereafter, unless the Cooperative Conversion is adjourned. On the Cooperative Conversion Date, title to the Property will be transferred to the HDFC Apartment Corporation, and each Purchaser will become obligated to pay the Maintenance Charges and perform the other obligations set forth under the Purchaser's Proprietary Lease, whether or not the Purchaser has taken possession of the Apartment and whether or not any tenant in possession pays the rent required to be paid by him or her. Certificates for Shares of the HDFC Apartment Corporation and the accompanying Proprietary Leases will be delivered promptly thereafter to each Purchaser who has made the Total Cash Payment and complied with all of such Purchaser's other obligations under the Purchase Agreement (or, if applicable, to any lending institution that has provided secured financing to such Purchaser in compliance with the terms of the Purchase Agreement and this Plan).

Once the Plan is declared effective, the Plan may not be abandoned, except if:

a. there is a defect in title to the Property which cannot be reasonably cured without litigation, or for less than five percent of the offering price, or which defect is not waived in writing by all of the then Purchasers;

b. there is substantial damage or destruction to the Building or Property by fire or other casualty which is not fully covered by insurance, or which cannot be repaired for less than five percent of the offering price;

c. there is a taking of any material portion of the Building or Property by condemnation or eminent domain; or

There is no obligation of the Sponsor under this Plan to incur any expense or to engage in litigation to cure title defects, to make repairs or to obtain consents, except as set forth herein.

If the Offering Plan is to be abandoned, the Sponsor shall first obtain the consent of HPD and thereafter submit an amendment to the Office of the Attorney General together with form RS-3 as promulgated by the Office of the Attorney General. If payments under Purchase Agreements have been received, the amount of such funds and the manner and time when these funds will be returned to Purchasers must be disclosed. The funds must be returned within five (5) calendar days after the amendment abandoning the plan has been accepted for filing. If there are no outstanding Purchase Agreements, the Sponsor need not submit an amendment but shall submit a form RS-3 to the Office of the Attorney General which shall be served simultaneously by the Sponsor on all commercial or professional tenants, if any, in the manner specified by 13 NYCRR Section 21.1(d)(1).

The stated dollar amount relied upon as a basis for abandonment after effectiveness does not include any attorney's fees or any such title defects or determinations of any authority or regulatory association, which exists on the Presentation Date and are either known to the Sponsor or are a matter of public record. The foregoing provisions are based upon the laws in effect on the Presentation Date. The Sponsor reserves the right, subject to the requirements of applicable laws, rules and regulations, to amend such provisions and any other portion of the Plan which the Sponsor deems appropriate, if such requirements or rules and regulations expire or are modified or repealed.

14. UNSOLD SHARES

The Sponsor shall retain ownership of all Shares and the appurtenant Proprietary Leases until such Shares are sold and Proprietary Leases are executed by Sponsor under this Offering Plan. Any Shares for which a Purchase Agreement has not been executed as of the Cooperative Conversion Date shall be considered "Unsold Shares". Commencing as of such Date, Sponsor shall pay all Maintenance Charges with respect to all Unsold Shares that it holds, until such Shares are sold.

Unsold shares, as the case with all Shares offered under this Plan, may not be sold, assigned, pledged or transferred without the approval of HPD during the period when the Regulatory Agreements are in effect. Apartments to which Unsold Shares are appurtenant may not be sublet by Sponsor as the Holder of Unsold Shares without the prior approval of HPD.

Unsold Shares can only be transferred to a Purchaser for bonafide occupancy by such Purchaser, or a Family member, of the Apartment to which such Shares are allocated. As sales will only be made to Purchasers who meet the qualifications set forth in the Plan, no Purchaser can buy more than one Apartment. Sponsor does not have the right to sell Unsold Shares to Purchasers buying for investment and not personal occupancy. Neither the Sponsor nor the HDFC Apartment Corporation will have the right to rent apartments. If necessary, the Sponsor will obtain and deliver prior to Cooperative Conversion Date a further Opinion of Reasonable Relationship with respect to the consideration to be paid for any Unsold Shares at the Cooperative Conversion Date.

So long as the Sponsor is the Holder of Unsold Shares, Sponsor has agreed to pay all Maintenance Charges and assessments which may be due under the Proprietary Lease. No bond or other security has been furnished by the Sponsor for the performance of this obligation, and the Sponsor's ability to perform will depend solely upon its financial condition if and when called upon to perform. Sponsor represents, however, that it has the financial resources from its principal to enable it to meet its obligations with respect to payment of maintenance charges. The Apartment Corporation will have a lien upon the Unsold Shares to secure the performance of all obligations by the Sponsor under the Proprietary Leases for the Apartments to which such Shares are allocated.

Holders of Unsold Shares (including the Sponsor) enjoy certain rights not afforded to other Tenant-Shareholders. None of the rights, privileges or obligations of a Holder of Unsold Shares under such Holder's Proprietary Lease or under the Building Rules may be eliminated or modified without such Holder's consent.

The Board of Directors' consent is not required for any alterations or additions carried out to an Apartment by Sponsor as Holder of Unsold Shares. Such alterations or additions are, however, required to be carried out in full compliance with applicable Law and must not permanently encroach upon any public area. A Holder of Unsold Shares also has the right to use Apartments as models and to post signs in and about the Building and at the windows of Apartments to which Unsold Shares are allocated relating to the sale of Unsold Shares.

A Holder of Unsold Shares shall also have the absolute right, without the consent of the Board of Directors or the payment of any fee or charge to change the layout of any Apartment covered by any Proprietary Lease to which Unsold Shares are allocated.

The Holder of Unsold Shares (the Sponsor) shall retain voting control by electing or designating a majority of the members of the Board of Directors of the HDFC Apartment Corporation until the first annual meeting of the Tenant-Shareholders, which will take place the earlier of (i) 30 days after the closing of all apartments in the Building or (ii) one year from the Cooperative Conversion Date. At that time, all directors must be Tenant-Shareholders. During the term of the IH Regulatory Agreement, the size of the Board may not be increased without the approval of HPD and the Administering Agent.

In addition, until the earlier of the third (3rd) anniversary of Cooperative Conversion Date, the consent of the holders of at sixty-six (66%) percent of the HDFC Apartment Corporation's shares will be required to engage employees, in addition to those referred to in the Projected Budget (Schedule B), or provide services or equipment to make capital improvements in excess of those contemplated in Schedule B), unless such additional employees, services equipment or capital improvements are required by Law, or to increase in any twelve month period the amounts to be raised for any contingency or other reserve beyond any amounts set forth in Schedule B or to borrow any money on behalf of the HDFC Apartment Corporation.

Until such time as all Shares have been sold pursuant to this Plan, the Sponsor (or any subsequent designated Holder of Unsold Shares) shall amend the Plan to provide current and accurate information about the offering, subject to Sponsor's right to file an exemption from filing amendments under Cooperative Policy Statement No. 5. Sponsor may apply for such exemption if either five or more years have elapsed since the acceptance of the post-closing amendment for filing or three (3) or more years have elapsed since the Sponsor relinquished control of the Board of Directors and the Sponsor owns ten percent or less of the shares. The HDFC Apartment Corporation shall be expected to cooperate in connection with the compilation of materials to be included in such amendments.

Any party selling Shares under this Plan shall comply with the trust fund and escrow provisions of Sections 352-e (2-b) and 352(h) of the General Business Law.

15. FINANCIAL FEATURES

The total proceeds of this offering, if all Shares are sold at the prices set forth in Schedule A contained in this Plan will amount to $594,056.24. As there are no underlying mortgages, these proceeds are the total amount of this offering.

The actual cash proceeds from this offering may be significantly greater or less than shown, depending on the actual Total Purchase Price for each block of Shares. See “Section 7. Changes in Offering Terms and Apartments”.

The expenses of the offering shall be paid by the Sponsor, on behalf of the HDFC Apartment Corporation. These expenses include, but are not limited to, the net cost of a title insurance policy in the amount of the total consideration paid for the property, legal fees and disbursements incurred by attorneys for the HDFC Apartment Corporation and governmental recording fees. Closing adjustments shall be apportioned between the Seller and the HDFC Apartment Corporation, as set forth in “Section 21. HDFC Apartment Corporation’s Acquisition of Unit 1 “.

16. TERMS OF IH REGULATORY AGREEMENT

The HDFC Apartment Corporation will assume or enter into the IH Regulatory Agreement. The IH Regulatory Agreement are described in detail below:

IH Regulatory Agreement

Sponsor has entered into a certain Inclusionary Housing Regulatory Agreement (the "IH Regulatory Agreement") with HPD, which has been recorded. The IH Regulatory Agreement appears in Part II of the Plan. The following is a summary of the IH Regulatory Agreement, but it is recommended that the IH Regulatory Agreement be read in its entirety by prospective Purchasers.

(a) The IH Regulatory Agreement applies to the entire HDFC Apartment Corporation.

(b) The restrictions contained in the IH Regulatory Agreement, with respect to Section 7 therein as to eligible purchasers and Resale Restrictions (as summarized herein and definitely set forth in the IH Regulatory Agreement) shall encumber the Land for so long as the Building contains the 10 Apartments. The IH Regulatory Agreement is applicable as long as the Building stands and the By-laws of the HDFC Apartment Corporation contain income restrictions which will maintain the affordability of the apartments.

(c) In the event of a breach or threatened breach of any of the covenants and agreements contained in the IH Regulatory Agreement, HPD shall have the right, subject to notice and cure periods contained in the IH Regulatory Agreement, to (i) institute and prosecute any proceeding for an injunction of the HDFC Apartment Corporation's obligations hereunder (ii) extend the term of the IH Regulatory Agreement by the period of such noncompliance upon the recording of an appropriate document executed solely by HPD against the Premises The period of noncompliance shall be presumed to be the period running from the date of the IH Regulatory Agreement to the date that HPD notifies the HDFC Apartment Corporation of such noncompliance which presumption may be rebutted by HDFC Apartment Corporation (iii) appoint to the board of directors of the HDFC Apartment Corporation a number of new directors which number shall be sufficient to constitute a majority of such board notwithstanding any other provision In the certificate of incorporation of the HDFC Apartment Corporation and/or (iv) order such repairs as will preserve the health and safety of the occupants of the Premises.

(d) The IH Regulatory Agreement provides for the following income restrictions upon resale and restrictions on the resale prices, for the Apartments (collectively, the "Resale Restrictions"):

- Those Units designated as "80% of Initial AMI Units" shall be sold only to families whose annual incomes do not exceed 80% of Initial AMI and whose estimated total housing costs do not exceed 35% of their income and are not less than 25% of their income.

Pursuant to the IH Regulatory Agreement, the income eligibility for purchasers upon a resale will be modified in the event of a foreclosure. If (i) a lender has declared an end loan provided to a Tenant-Shareholder that is insured by either the State of New York Mortgage Agency ("SONYMA") or the Federal National Mortgage Association ("Fannie Mae") or any successor (collectively, the "Insurer") of a Unit other than a 165% of Initial AMI Unit to be In default and (ii) If the Insurer notifies HPD In writing that in the event the Unit is foreclosed the Restricted Sales Price is less than the Targeted Sales Price (which notice shall Indicate the Insured End Loan Balance the Foreclosure Expenses and the Targeted Sales Price) then within ten business days of receipt of such notice HPD will change the Resale Restrictions for the Unit as follows:

Notwithstanding the above, a change to the Resale Restrictions for an 80% of Initial AMI Unit shall be effective only If the foreclosure recognizes any contractual or legal rights of public agencies nonprofit sponsors or others to take actions that would avoid termination of low Income affordability In addition If at any time following transfer by foreclosure or transfer In lieu of foreclosure of a Unit which was Initially an 80% of Initial AMI Unit but still during the term of the affordability period under the Regulatory Agreement the owner of record prior to the foreclosure or transfer In lieu of foreclosure or any entity that Includes the former owner or those with whom the former owner has or had family or business ties obtains an ownership Interest In the project or property the change to the Resale Restrictions for such Unit shall be void and the Unit shall revert to an 80% of Initial AMI Unit.

The IH Regulatory Agreement restricts the sale of Apartments by shareholders to future purchasers as follows:

Owner shall prohibit shareholders from selling Units for prices that exceed the Maximum Resale Price as defined in the Zoning Resolution.

If upon request by the HDFC Apartment Corporation, HPD determines In its sole and absolute discretion that an Apartment cannot be sold pursuant to the resale requirements contained in the IH Regulatory Agreement then HPD may approve a modification to the resale requirement at such time in order to permit a resale that is consistent with HPD and the City of New York's disposition approvals for the Building.

As a general matter, pursuant to the terms of the IH Regulatory Agreement, Tenant-Shareholder may not sublet its Apartment. In the event a Tenant-Shareholder seeks to request a sublease the Apartment, the sublease request shall be subject to the following restrictions: (i) The Tenant-Shareholder must obtain prior written approval of the Administering Agent, Board of Directors and HPD to sublet the Apartment, on terms and requirements as required by the Board of Directors and HPD, each in their sole discretion; (ii) The Tenant-Shareholder may not sublease an Apartment to households whose Annual Household Income exceeds the Initial AMI limit applicable to purchasers for such Apartment; (iii) The Tenant–Shareholder may not sublet an Apartment for more than a total of two (2) years, including the term of the proposed sublease, and (iv) the aggregate payments made by the sublease to the Tenant-Shareholder may not in any calendar month exceed the combined cost of Maintenance Charges, any Security

agreement or mortgage payments and utilities paid by the Tenant-Shareholder; and (v) any such sublet shall not violate the Certificate of Incorporation of the HDFC Apartment Corporation. Notwithstanding the foregoing, if the Shareholder is a lender who has provided an end loan insured by Fannie Mae and/or the State of New York Mortgage Agency or is an assignee of such lender ("Fannie/SONYMA Lender"), who has taken title to the shares through a foreclosure or deed in lieu of foreclosure, such Shareholder may sublet for a maximum of three (3) years, beginning immediately after Shareholder's failure to effectuate a sale of the Unit after marketing said Unit for a minimum of sixty (60) calendar days

(a) Tenant-Shareholders may not occupy or use an Apartment or any part of it for any purpose other than as a Primary Residence for the shareholder the Tenant-Shareholder's spouse, children, parents, brothers, sisters, grandparents, grandchildren and domestic partners. Primary Residence is defined as set forth in Section 2 "Definitions" of this Part I of the Offering Plan.

(b) HPD has the right to audit books and records and to inspect the Premises.

(c) The IH Regulatory Agreement has been recorded against the Building. See CRFN 2017000248280. An amendment to the IH Regulatory Agreement has been recorded against the Building. See CRFN 20200000150126.

17. SUMMARY OF PROPRIETARY LEASE

All Tenant-Shareholders are issued Proprietary Leases that entitle them to live in their Apartments for a term of approximately eighty (80) years (unless such term is extended by amendment to the Proprietary Leases), so long as they meet their obligations under the Proprietary Leases and House Rules. The form of the Proprietary Lease referred to in this Plan and to be used by the HDFC Apartment Corporation is contained as Exhibit 5 in Part II. The Article XI exemption lasts for forty (40) years, and there may be real estate taxes on the Property after it has expired if it is not renewed or replaced by another exemption program.

The Proprietary Lease defines a Tenant-Shareholder's rights and obligations with respect to the possession, use and occupancy of an Apartment and with respect to the HDFC Apartment Corporation. It creates a special kind of tenancy different from that of a person who is simply renting an apartment and gives certain benefits of home ownership to Tenant-Shareholders.

The following is a summary of certain provisions of the Proprietary Lease. For a complete statement of all of the terms and conditions of the Proprietary Lease, prospective Purchasers and their advisors are urged to review the form of Proprietary Lease contained in Part II of this Plan:

a. Escape Clause.

A Tenant-Shareholder, other than a Holder of Unsold Shares, may, subject to the approval of the Tenant-Shareholder's lenders and any holders of instruments secured by the Shares, if not in default, cancel his or her Proprietary Lease and surrender the Shares and possession of the Apartment to the HDFC Apartment Corporation, effective as of December 31 after the third anniversary of Cooperative Conversion Date or as of any December 31 thereafter on at least six (6) months prior notice to the HDFC Apartment Corporation. A Tenant-Shareholder who so cancels will have no further liability for the payment of Maintenance Charges or any other obligations after the date of cancellation and surrender but will remain liable for any indebtedness prior to the effective date of cancellation. Since the HDFC Apartment Corporation has no obligation to make any payment to Tenant-Shareholders who cancel their Proprietary Leases and surrender their Apartments, Tenant-Shareholders who exercise this right will lose the purchase price of their Apartments and any investment made in alterations or improvements belonging to the Tenant-Shareholders which they do not or are not permitted to remove. A Holder of Unsold Shares may not cancel unless (a) owners of a majority of all outstanding Shares (other than Unsold Shares) have elected to cancel their Proprietary Leases or (b) the Unsold Shares constitute fifteen percent (15%) or less of the outstanding Shares, at least five (5) years have elapsed since the Cooperative Conversion Date and on the cancellation date, the Holder of Unsold Shares pays to the HDFC Apartment Corporation a sum equal to twenty-four (24) times the current monthly Maintenance Charges for the Apartment or Apartments being surrendered. (See Paragraphs 35 and 38(g) of Proprietary Lease).

b. Sale of Shares; Assignments and Subletting.

A Tenant-Shareholder may not sell his or her Shares or assign his or her Proprietary Lease without first obtaining the consent of the Board of Directors of the HDFC Apartment Corporation or, if the Board of Directors shall have failed or refused to give such consent, by written consent or vote of Tenant-Shareholders holding at least two-thirds of the then issued Shares of the HDFC Apartment Corporation. The sale or transfer of all Shares shall be done in compliance with federal and state security disclosure laws. If the IH Regulatory Agreement is in effect the prospective Purchaser must also be approved by HPD and the Administering Agent. Consent may not be withheld if based upon race, color, creed or any other grounds prohibited by law or any applicable provisions of the IH Regulatory Agreement.

c. Subletting.

As a general matter, pursuant to the terms of the IH Regulatory Agreement, Tenant-Shareholder may not sublet its Apartment. In the event a Tenant-Shareholder seeks to request a sublease the Apartment, the sublease request shall be subject to the following restrictions: (i) The Tenant-Shareholder must obtain prior written approval of the Administering Agent, Board of Directors and HPD to sublet the Apartment, on terms and requirements as required by the Board of Directors and HPD, each in their sole discretion; (ii) The Tenant-Shareholder may not sublease an Apartment to households whose Annual Household Income exceeds the Initial AMI limit applicable to purchasers for such Apartment; (iii) The Tenant–Shareholder may not sublet an Apartment for more than a total of two (2) years, including the term of the proposed sublease, and (iv) the aggregate payments made by the sublease to the Tenant-Shareholder may not in any calendar month exceed the combined cost of Maintenance Charges, any Security agreement or mortgage payments and utilities paid by the Tenant-Shareholder; and (v) any such sublet shall not violate the Certificate of Incorporation of the HDFC Apartment Corporation. Notwithstanding the foregoing, if the Shareholder is a lender who has provided an end loan insured by Fannie Mae and/or the State of New York Mortgage Agency or is an assignee of such lender ("Fannie/SONYMA Lender"), who has taken title to the shares through a foreclosure or deed in lieu of foreclosure, such Shareholder may sublet for a maximum of three (3) years, beginning immediately after Shareholder's failure to effectuate a sale of the Unit after marketing said Unit for a minimum of sixty (60) calendar days.

An assignment or subletting will not be effective unless and until the additional requirements of the Proprietary Lease are met. In addition, a charge to cover expenses of the HDFC Apartment Corporation may be assessed. These restrictions do not apply to holders of Unsold Shares, who may freely sell such Shares and assign the appurtenant Proprietary Leases and freely sublet their Apartments without payment of any charges, provided the consent of the managing agent is first obtained. (See Paragraphs 15, 16 and 38 of the Proprietary Lease).

d. Maintenance Charges (Rent).

Each Tenant-Shareholder must pay Maintenance Charges, which represent such Tenant-Shareholder's proportionate share of the cash requirements for the operation, maintenance, care, alteration and improvement of the Building and the creation of reserve(s) for contingencies. These cash requirements will be fixed by the Board of Directors of the HDFC Apartment Corporation and must be approved by HPD. A Tenant-Shareholders proportionate share of these cash requirements is based on the ratio of his or her Shares to the total number of Shares issued and outstanding. Maintenance shall be payable in equal monthly installments. It may be fixed for a year or a portion of a year and may include any Tenant-Shareholder's pro rata share of any special assessment or any deficit from operations for a prior period. The Maintenance Charges and Special Assessments charge to Tenant-Shareholders in any given twelve (12) month period shall not exceed thirty-five percent (35%) of the Tenant-Shareholder's Income, provided, however, as noted in the Special Risks section the Article XI Tax Exemption is a time-limited real property tax exemption and shall require renewal by the Board prior to its expiration or an alternative property tax exemption or abatement, and further provided that Sponsor does not represent or warrant costs and expense beyond the first annual meeting of the Tenant-Shareholders, which will take place the earlier of (i) 30 days after the closing of all apartments in the Building or (ii) one year from the Cooperative Conversion Date.

The total amount of increases in Maintenance Charges over a twelve-month period shall be the lesser of (1) the increase in Maintenance required to cover the common expenses of the HDFC Apartment Corporation for such twelve month period; and (ii) a percentage increase in Maintenance equal to the percentage increase in rents approved by the Rent Guidelines Board for two (2) year rent stabilized leases, for such twelve month period. (See Paragraphs 1 and 12 of the Proprietary Lease).

e. Use of Apartments.

The Apartments are to be used as private dwellings for the Tenant-Shareholder's primary residence and for any home occupation permitted by Law for the benefit of Tenant-Shareholders and Family Members. No Apartment may be occupied by more than one family, and no more than the maximum persons as permitted under the Housing Maintenance Code of the City of New York. Apartments to which Unsold Shares are allocated may in addition be used as models, sales offices and professional apartments. (See Paragraph 14 of the Proprietary Lease).

f. Termination of Proprietary Leases.

A Tenant-Shareholder will be in default under his or her Proprietary Lease and may have such Proprietary Lease terminated on the happening of certain events, including, but not limited to:

1. the Proprietary Lease and Shares are not owned by the same person(s);

2. certain acts of bankruptcy or insolvency;

3. unauthorized assignment of the Proprietary Lease or any unauthorized subletting or occupancy of the Apartment;

4. failure for one month to pay Maintenance Charges or default in the performance of any covenants after an opportunity to cure;

5. Tenant-Shareholder's objectionable conduct, as determined by two-thirds of the Board of Directors;

6. destruction or condemnation of the Building or Property, in certain instances;

7. default under a security or pledge agreement if the purchase of the Tenant-Shareholder's Apartment, if financed;

8. termination of all Leases pursuant to the Escape Clause. (See Paragraph 31 of the Proprietary Lease); and

9. a default under the IH Regulatory Agreement.

In the event a Tenant-Shareholder's Proprietary Lease is so terminated, such Tenant-Shareholder will be required to vacate the Apartment and may lose all or a portion of his or her investment in the Apartment and the purchase price of the Shares. The HDFC Apartment Corporation will, pursuant to the terms of a Recognition Agreement to be entered into by and between the HDFC Apartment Corporation and the Tenant-Shareholder's lenders, notify any of Tenant-Shareholder's lenders of such termination.

All proprietary leases may be terminated upon the affirmative vote of at least two thirds of then then issued shares at a meeting of the Tenant-Shareholders called for that purpose. (See Paragraph 32 (h) of the Proprietary Lease).

g. <u>Pledge of Lease and Shares</u>.

A Tenant-Shareholder may assign or pledge his or her Proprietary Lease and appurtenant Shares as security for a Loan from an approved lender in accordance with the terms of the Proprietary Lease and upon such rules and regulations that the Board of Directors may direct. If the Tenant-Shareholder defaults under any of the terms, covenants and conditions of the Proprietary Lease, the HDFC Apartment Corporation will give written notice thereof to any lender which has given the HDFC Apartment Corporation written notice of such assignment or pledge, provided a resignation agreement requiring such notice has been signed by the HDFC Apartment Corporation, Tenant-Shareholder and Lender. (See Paragraph 17 of the Proprietary Lease).

h. <u>Maintenance, Repairs and Alterations by Tenant-Shareholders</u>.

A Tenant-Shareholder is generally responsible for painting, decorating and maintaining his or her Apartment. This obligation extends not only to the interior of each

Tenant-Shareholder's Apartment but also to the appliances and equipment therein and the pipes, wires and conduits serving the Apartment up to and including the point where they enter the interior of the Apartment, but not including gas, steam, water or other pipes or conduits within the walls, ceilings or floors, or air conditioning or heating equipment which is part of the standard building equipment or (with a few exceptions) windows, window panes, sashes, sills and entrance doors, frames and saddles. Alterations or additions are subject to the consent of the Board of Directors and to any applicable Rules and Regulations of the HDFC Apartment Corporation. (See Paragraphs 18 and 21 of the Proprietary Lease).

i. Amendments.

Each Proprietary Lease shall be substantially in the form set forth in Part II of this Plan. Proprietary Leases may only be amended by the authorization of Tenant-Shareholders owning at least two-thirds of the HDFC Apartment Corporation's outstanding Shares. In no event, however, may a Proprietary Lease be amended so as to impair the right of a Holder of Unsold Shares or a secured party holding such Proprietary Lease and appurtenant Shares as collateral pursuant to the terms of the Proprietary Lease. During the period when the IH Regulatory Agreement are in effect, HPD must consent to all changes in the Proprietary Lease. (See Paragraph 6 of the Proprietary Lease).

j. House Rules.

Tenant-Shareholders must comply with House Rules of the HDFC Apartment Corporation as they are from time to time in effect. A copy of the present House Rules appears as Exhibit 6 in Part II to this Plan. Violation of the House Rules constitutes a breach of the Proprietary Lease. (See Paragraph 13 of the Proprietary Lease).

k. Unsold Shares.

Holders of Unsold Shares have special rights under their Proprietary Leases with respect to assignments and subletting, use of their Apartments, alterations, changes in the HDFC Apartment Corporation's budget, allocation of Shares, amendments to the Proprietary Lease and House Rules, designation of a director to the HDFC Apartment Corporation and other matters. A discussion of these special rights is contained in "Section 14. Unsold Shares." (See also Paragraph 38 of the Proprietary Lease).

l. Super Majority Voting Requirement.

The HDFC Apartment Corporation has the right to accumulate reserves for capital replacements subject to the following super majority voting requirement: During the three-year period following the Cooperative Conversion Date, the HDFC Apartment Corporation may not, among other things, without the consent of Tenant-Shareholders owning at least 66% of the issued and outstanding Shares of the HDFC Apartment Corporation, (i) increase the number or change the kind of employees Initially hired or provide services in addition to those contemplated in Schedule B of this Plan as same may be amended (unless the aggregate annual cost of any such additional employees or

services, when added to the aggregate annual cost of all other expenses for that year does not exceed the aggregate projected income for that year, without increasing annual Maintenance for that year), (ii) undertake any capital or major improvement, unless required by law or by the holder or insurer, (iii) increase, extend, modify or refinance the mortgage indebtedness of the HDFC Apartment Corporation, (iv) enter into any new mortgage, contract of sale or ground lease of Unit 1, or (v) increase the reserves or establish any reserves or establish any reserves in addition to those described in this Plan including, without limitation, any reserves for contingencies, repairs, improvements or replacements, other than a reserve for contingencies not exceeding 5% of the annual operating budget for that year. The foregoing super-majority voting requirement shall not be required after the third anniversary of the Cooperative Conversion Date, or to comply with obligations of law (including subsequently enacted provisions) or to cure or remedy any notices of violation of law or any work orders or other requirements of HPD or to remedy any matter pertaining to the health and safety of the occupants of the Building.

m. Resale Restrictions on Purchaser's Income and Resale Prices

The IH Regulatory Agreement restricts the sale of Units by shareholders to future purchasers as follows:

- The Apartments shall be sold only to families whose annual incomes do not exceed 80% of Initial AMI, and whose estimated total housing costs do not exceed 35% of their income and not less than 25% of their income (and such other requirements to qualify as an Eligible Buyer as defined under the Resale Restrictions), and terms set forth more specifically in the IH Regulatory Agreement.

This requirement will apply to all sales of Units by shareholders in perpetuity (except if the Real Estate Tax Abatement is not renewed), except with respect to re-sales made in connection with a foreclosure pursuant to the terms of the IH Regulatory Agreement.

The HDFC Apartment Corporation (and/or HPDC and/or HPD) shall prohibit shareholders from selling Units for prices that exceed the Maximum Resale Price as defined in the Resale Restrictions.

See Paragraph 16 of the Proprietary Lease.

n. Section 352-l.

The provisions of General Business Law Section 352-l allowing the HDFC Apartment Corporation to direct that the tenant of an Apartment owned by a "non-occupying" Tenant-Shareholder pay rent directly to the HDFC Apartment Corporation instead of to the Tenant-Shareholder, if the Tenant-Shareholder defaults in payment of Maintenance and/or assessments and/or late fees for more than sixty (60) calendar days, are deemed incorporated into the Proprietary Lease.

o. Smoking Policy

New York City Law prohibits smoking and using e-cigarettes of any kind in indoor common areas, including but not limited to lobbies, hallways, stairwells, mailrooms, fitness areas, storage areas, garages and laundry rooms in any building with three or more residential units. NYC Admin. Code Section 17-505.

The smoking policy is contained in Rider 3 to the Purchase Agreement. Smoking is not allowed inside of residential apartments; outside of areas that are parts of residential apartments, including terraces; outdoor common areas, including the roof terrace and outdoors within 25 feet of entrances, exits, windows, and air intake unis on property grounds.

THE FOREGOING SUMMARY OF THE PROPRIETARY LEASE IS ONLY A SUMMARY OF THE ENTIRE PROPRIETARY LEASE AND DOES NOT PURPORT TO BE COMPLETE. THE COMPLETE FORM OF THE PROPRIETARY LEASE IS PRINTED IN PART II OF THIS PLAN AND SHOULD BE CAREFULLY REVIEWED BY EACH PURCHASER FOR A FULL UNDERSTANDING OF ITS TERMS AND PROVISIONS.

18. HDFC APARTMENT CORPORATION AND BY-LAWS

The HDFC Apartment Corporation was formed pursuant to Section 402 of the New York State Business Corporation Law and Article XI of the Private Housing Finance Law on April 16, 2021. The purpose of the HDFC Apartment Corporation is to provide cooperative apartments that are affordable to low-income individuals and families. It has only one class of stock, consisting of an authorized capital of 50,000 Shares of common stock of $1.00 par value per share, of which 10,000 Shares have been allocated to the Apartments. Until the Cooperative Conversion Date, the HDFC will, as nominee for Sponsor, own all of the issued shares for the HDFC Apartment Corporation. The HDFC Apartment Corporation By-Laws provide that until the first annual meeting of Tenant-Shareholders is held after the Cooperative Conversion Date, there shall be three (3) Initial directors of the HDFC Apartment Corporation. The Board of Directors of the HDFC Apartment Corporation has a fiduciary duty to act in the best interest of the HDFC Apartment Corporation, including during the time when the Sponsor is in control of the Board of Directors.

The By-laws adopted by the HDFC Apartment Corporation appear as Exhibit 7 to Part II of this Plan. A summary of certain relevant provisions of the By-Laws is set forth below, but reference should be made to Exhibit 7 for the full text of the By-Laws. The By-laws of the HDFC Apartment Corporation contain income restrictions which will maintain the affordability of the apartments.

The By-laws provide that Tenant-Shareholder are entitled to elect a Board of Directors consisting of not more than seven (7) nor less than three (3) directors. The first annual meeting of Tenant-Shareholders will be held within one year of the Cooperative Conversion Date. Tenant- Shareholders will be given at least ten (10) days and not more than fifty (50) days' notice of the annual meeting. The present directors of the HDFC Apartment Corporation will resign in favor of the directors to be elected by the Tenant-Shareholders. The newly elected directors will elect the officers. Thereafter, directors shall be elected by the Tenant-Shareholders at each annual meeting of the Tenant-Shareholders.

The first Board of Directors will consist of the following three (3) persons designated by the Sponsor

Name	Office	Relationship to the Sponsor
Enrico Scarda	President	Principal of the Sponsor
David Arnow	Vice President	Employee of Affiliate of the Sponsor
Shelia Martin	Treasurer/Secretary	Employee of the Administering Agent of the Sponsor

At all meetings for the election of directors, each Tenant-Shareholder, including Sponsor, will be entitled to cast as many votes as equal the number of shares it owns for each director. Directors shall be elected by a plurality of the votes cast at a meeting at which a quorum shall be present. The voting of shares attributable to an Apartment may

not be divided and cumulative voting shall not be permitted.

The holders of Unsold Shares, who will be the Sponsor or financially responsible persons designated by the Sponsor, or both, will be entitled to vote all the Shares held by them. Sponsor and Sponsor's designees may not exercise veto power over expenses described in Schedules B and C of the Plan, or for capital repairs or expenses required to comply with applicable laws or regulations.

The HDFC Apartment Corporation will have a lien on the Shares of each Tenant-Shareholder to secure payment of the Maintenance Charges, assessments and other indebtedness under the Proprietary Lease, as well as the faithful performance of all other terms, covenants and conditions of such Lease. As a result, if a Tenant-Shareholder fails to pay Maintenance Charges and does not cause such default within the given period provided in the Proprietary Lease, the HDFC Apartment Corporation may foreclose such lien and require the defaulting Tenant-Shareholder's shares and Proprietary Lease to be sold in the same manner as a foreclosure of a mortgage.

As noted in Section 24 of the Plan, all expenses of the HDFC Apartment Corporation accruing up to and including the date of Cooperative Conversion Date (including Marketing Agent 's commissions, if any) will be paid by the Sponsor.

The By-Laws may be amended, altered, repealed and added to by vote of Tenant-Shareholders of at least two-thirds (2/3) of the then outstanding Shares or two-thirds (2/3) of the Board of Directors, except that the directors may not amend, repeal or alter certain By-Law provisions and except further that so long as there are any Unsold Shares, the By-Laws may not be altered, amended, repealed or added to without the unanimous consent of all Tenant-Shareholders. During the time that the IH Regulatory Agreement is in effect, all amendments to the By-Laws shall require the prior written consent of HPD.

The Board of Directors shall be obligated to obtain and maintain hazard, liability and fidelity insurance for the Building and the budget shall include the cost of insurance. (See Article II, Section 8 of the By-laws.) If the Building is damaged by fire or other cause covered by the property insurance maintained by or on behalf of the HDFC Apartment Corporation with respect to the Building, the HDFC Apartment Corporation shall, using insurance proceeds or other funds of the HDFC Apartment Corporation for such purpose, repair or replace or cause to be repaired or replaced, the Building, as the case may be.

The HDFC Apartment Corporation shall, at its expense, keep in good repair Unit 1 and the Building, including, without limitation, the Apartments, except those portions the maintenance and repair of which are to be the responsibility of Tenant-Shareholders under the terms of the Proprietary Lease. Tenant-Shareholders shall keep the interior of the Apartment (including interior walls, floors and ceilings, but excluding windows, windowpanes, window frames, sashes, sills, and entrance doors and doors leading to any terraces, balconies or patios appurtenant to this Apartment, and frames and saddles) in good repair, shall do all of the painting and decorating required for the interior of the Apartment, including, without limitation, the interior of window frames, sashes and sills. Tenant-Shareholders shall be solely responsible for the maintenance, repair and

replacement of interior walls, floor and ceilings, and all plumbing, electrical, gas and heating fixtures, appliances and equipment within the Apartment, including, without limitation, toilets, bathtubs, sinks, refrigerator, incremental units (if any), including the fans inside the Apartments, air-conditioning equipment, ranges and other appliances. See Proprietary Lease in Part II of the Plan for further details.

The HDFC Apartment Corporation may impose on its Tenant-Shareholders and/or authorize its Managing Agent to collect from Tenant-Shareholders, fees in connection with the sale, refinance and/or subletting of Apartments, fees to process applications for alterations to Apartments, and other similar fees. No assignment of any Proprietary Lease or transfer of the Shares of the HDFC Apartment Corporation shall take effect as against the HDFC Apartment Corporation for any purpose until the Tenant-Shareholder has complied with the assignment requirements of the Proprietary Lease, a proper assignment has been delivered to the HDFC Apartment 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 of the Proprietary Lease, all Shares of the HDFC Apartment Corporation appurtenant to the lease have been transferred to the assignee, all sums due under the Proprietary Lease or otherwise have been paid to the HDFC Apartment Corporation, and all necessary consents have been obtained. The Board of Directors shall be authorized, in connection with determining whether or not to approve a proposed assignment of the Proprietary Lease and transfer of Shares, as more fully described in the Proprietary Lease, to request from the potential purchaser such financial and other information about the purchaser as the Board of Directors shall deem reasonably necessary to enable it to make a prudent decision on behalf of the HDFC Apartment Corporation, and/or as may be required pursuant to the IH Regulatory Agreement.

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

The HDFC Apartment Corporation shall provide to Tenant-Shareholders notice of the holding of an annual meeting of Tenant-Shareholders for the purpose of, among other things, election of members to the Board of Directors. The HDFC Apartment Corporation shall keep full and correct books of account at its principal office and same shall be open during all reasonable business hours to inspection by Tenant-Shareholders upon reasonable prior notice and request of Tenant-Shareholders.

The Directors shall manage the affairs of the HDFC Apartment Corporation; certain specific tasks are delegated to certain officers by the By-laws. The President is charged with general management of the affairs of the HDFC Apartment Corporation. The Secretary is required to keep the minutes of meetings, records of stock ownership and transfers, and other records of the HDFC Apartment Corporation. The Treasurer is required to furnish to each Tenant-Shareholder by March 15th (or as soon thereafter as is practicable) a statement of the income, expenses and paid-in surplus of the HDFC Apartment Corporation during the prior year. The Treasurer shall also provide the allowable sales prices for each Unit on an annual basis. These statements shall indicate the portion of the Maintenance Charges paid by such Tenant-Shareholders during such year which was used by the HDFC Apartment Corporation for the payment of real estate

taxes, if any, on the Property and interest on the HDFC Apartment Corporation's Mortgage or other indebtedness, if any.

The directors and officers shall serve without compensation. Directors may be removed from office by a majority if the Tenant-Shareholders of record so vote at a Tenant-Shareholders' meeting; however, for the period ending one year after Cooperative Conversion Date, directors elected by the holders of Unsold Shares can be removed only for cause by a vote of the majority of the Tenant-Shareholders of record or without cause by holders of Unsold Shares. Officers may be removed from office if a majority of directors so vote at a directors' meeting. All directors and officers who are made a party to an action by or in the right of the HDFC Apartment Corporation shall be indemnified by the HDFC Apartment Corporation for reasonable expenses, including attorney's fees, actually and necessarily incurred, to the fullest extent allowed by law. For other actions, officers or directors shall be indemnified by the HDFC Apartment Corporation, provided the officers and directors acted in good faith. Notwithstanding the foregoing, no director of officer shall have any personal liability with respect to any contract, act or omission of the Board of Directors in connection with the affairs and operations of the HDFC Apartment Corporation.

19. WORKING CAPITAL FUND AND BUILDING RESERVE FUNDS

On the Cooperative Conversion Date, the HDFC Apartment Corporation will establish a Working Capital Fund of contributions in the amount of two (2) month's maintenance for each Apartment, made by the Sponsor, on behalf of the Purchasers. Any closing adjustments or credits the Sponsor owes the Board of Directors, acting on behalf of the Tenant-Shareholders, will be paid by the Sponsor into the Working Capital Fund. Any closing adjustments or credits the Board of Directors owes the Sponsor will be paid by the Board of Directors from the funds deposited into the Working Capital Fund by the Sponsor on behalf of the Purchasers at the Apartment Closings. The total amount paid to the Sponsor shall not exceed two months' maintenance charges for the HDFC Apartment Corporation and if this amount is not sufficient, the excess will be forgiven by the Sponsor.

The following reserve accounts have been funded by the Sponsor and placed in segregated bank accounts and will be administered by HPD:

Operating Reserve Account in the amount of $101,013.00

Capital Reserve Account in the amount of $194,565.00, which is inclusive of the Capital Reserve Account and Additional Capital Reserve Account.

Administering Agent Reserve Account in the amount of $8,576.00

During the period that the IH Regulatory Agreement are in effect, no withdrawals may be made from these funds without the consent of HPD and funds may be drawn down by HPD in its sole discretion.

No representation is made that the Reserve Funds or the Working Capital Fund will be adequate to cover current or future repairs and replacements, working capital needs, operating deficits or contingencies. If additional funds are required over and above these reserve funds, it may be necessary for the HDFC Apartment Corporation to increase the Maintenance Charges payable by the Tenant-Shareholders or to impose a special assessment against the Tenant-Shareholders.

During the period when the Sponsor is in control of the Board of Directors, neither the Working Capital Fund nor the Building Reserve Funds may be used to reduce Maintenance Charges.

NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENT AGENCY HAS PASSED UPON THE ADEQUACY OF THE WORKING CAPITAL FUND OR THE BUILDING RESERVE FUND OR ON THE PHYSICAL CONDITION OF THE BUILDING.

20. THE CONDOMINIUM

The Property is to be converted into a Condominium pursuant to the terms of the IH Regulatory Agreement(s). The purpose of the Condominium regime is to manage and share the operating expenses of the two (2) Units in the Condominium. The address of Unit 1 is 1402 York Avenue; this Unit will be owned by 1402 York Avenue Owners Housing Development Fund Company, Inc. pursuant to the terms of this Offering Plan. The address of Unit 2 is 1402 York Avenue and it is located on the first floor of the Building. Unit 2 is to be sold pursuant to an amendment to the No Action Letter (File Number NA21- 0028) issued by the Department of Law on May 17, 2021, and is not offered pursuant to this Plan. Sponsor intends to either sell Unit 2 to a third-party purchaser at the prevailing market rate or retain Unit 2 (either in its own name or in the name of an affiliated entity) and rent the apartment to an individual tenant.

The Condominium will be subject to and comply with Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"). A Declaration of Condominium, together with By-Laws, submitting the Property to the Condominium Act will be recorded prior to the conveyance of Unit 1 to the HDFC Apartment Corporation and prior to the Cooperative Conversion Date plus at least two (2) additional directors nominated by the Sponsor or holder or holders of Unsold Shares. The Declaration and By-Laws will be substantially similar to those set forth in Part II of this Offering Plan (see Exhibits 7 and 8) and recorded in the City Register's Office, and the Tax Lot Drawings will be filed simultaneously on or about August 30, 2021. The Plan will be amended to disclose the recording of the Declaration of Condominium. On the Cooperative Conversion Date, the Sponsor will be obligated to release Unit 1 from all mortgage liens and other encumbrances on such Unit.

Each Unit is assessed as a separate tax lot for real estate tax purposes, and each Unit may be mortgaged or not, as the owner of the Unit elects. Unit 1 is not subject to mortgages on Unit 2 and vice versa.

The HDFC Apartment Corporation, as owner of Unit 1, will be responsible for payment of any real estate taxes and for the maintenance and repair of Unit 1. Sponsor or its designee, as owner of Unit 2, will be responsible for maintenance and repair of Unit 2, as well as payment of any real estate taxes.

Ownership of a Unit includes ownership of an undivided interest in the Common Elements (i.e., the "Common Interest"). The Common Interest allocated to each Unit has been determined pursuant to Section 339-i(1)(ii) of the Condominium Act. It has thus been based on floor space, subject to the location of such space and additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the Unit. The Common Interest attributable to Unit 1 is 97.62%; and the Common Interest attributable to Unit 2 is 2.38% for a total of 100%. Neither Unit 1, nor Unit 2 has any Limited Common

Elements. The Common charges of the Condominium are disclosed in Schedule C and include payroll and benefits, electricity for the common areas, water and sewer, repairs, maintenance and supplies, service contracts and inspections, contingency reserve, insurance, audit fees and management fees.

The Condominium will be operated by its Board of Managers in accordance with the Condominium Declaration and Condominium By-laws. The Board of Managers will comprise representatives of Unit 1 and Unit 2 appointed by the owner of each Unit. The Board of Managers will consist of three (3) individuals appointed by Sponsor, until such time as the first annual meeting of Unit Owners. The first Board of Managers will consist of the following three (3) persons designated by the Sponsor.

Name	Office	Relationship to the Sponsor
Enrico Scarda	President	Principal of the Sponsor
David Arnow	Vice President	Employee of Affiliate of the Sponsor
Shelia Martin	Treasurer/Secretary	Employee of the Administering Agent of the Sponsor

These individuals will resign at the first annual meeting of Unit Owners, which is to take place within approximately 90 calendar days after the Cooperative Conversion Date. At the first annual meeting of Condominium Unit Owners, the HDFC Apartment Corporation, as owner of Unit 1, is to appoint two (2) representatives to the Board of Managers, referred to in the Declaration as the "Unit 1 Representative" and the Owner of Unit 2 is to appoint one (1) representative to the Board of Managers, called the "Unit 2 Representative." After Unit 2 is transferred to a subsequent purchaser, the subsequent purchaser will appoint one representative to the Board of Managers.

While the HDFC Apartment Corporation is the owner of Unit 1, Unit 1 Representatives appointed to the Board of Managers must be Tenant-Shareholders of the HDFC Apartment Corporation (subject, however, to the right of a lender foreclosing on Unit 1 or a receiver of Unit 1 to appoint non-Tenant-Shareholders as Unit 1 Representatives, as more fully set forth in the Condominium By- laws).

Pursuant to the provisions of the IH Regulatory Agreement, in the event of a default by the HDFC Apartment Corporation under the Regulatory Agreement HPD shall have the right to remove any or all of the then existing members of the Board of Directors and any or all of the HDFC Apartment Corporation's representatives on the Condominium's Board of Managers, and appoint such persons as HPD, in its sole discretion, deems advisable, including officers or employees of HPD, as new directors or representatives to serve in the place of those removed.

The term of office of members of the Board of Managers appointed at the first annual meeting of Unit Owners shall be two (2) years, or until their respective successors are appointed. Thereafter, at all annual meetings of Unit Owners, representatives will be appointed for two-year terms.

The Board of Managers shall have the powers and duties necessary for administration of the affairs of the Condominium. All determinations, however, which (i) affect only Unit 1 and do not adversely affect Unit 2 may be made by Unit 1 Owner, and (ii) affect only Unit 2 and do not adversely affect Unit 1, may be made by Unit 2 Owner.

The Common Expenses of the Condominium will be paid by Unit 1 Owner and Unit 2 Owner as Common Charges, as disclosed in Schedule C. The costs of Common Expenses generally are allocated pursuant to Section 339-m (See Section 1(b) of Part I, and Notes (1)(2) on Schedule C of Part 1). However, upon unanimous vote of all members of the Board of Managers, Common Charges for a particular Common Expense may be based on the estimated amount by which the particular expense item benefits or is used by the Unit or the Unit Owner, provided the allocation is fairly attributable to the Unit and reasonable under the circumstances.

Disputes arising under the Condominium Declaration and By-laws are to be resolved by arbitration as provided in the Condominium By-Laws.

21. HDFC APARTMENT CORPORATION'S ACQUISITION OF UNIT 1

On the Cooperative Conversion Date, the Sponsor will convey title to Unit 1 to the HDFC Apartment Corporation. This will not occur until (a) substantial completion of the construction of the Building, as certified by inspectors for the construction lenders, (b) issuance of a Temporary Certificate of Occupancy and (c) declaration of effectiveness of this Plan.

In accordance with the terms of the Regulatory Agreement, HPD has issued a Certificate of Completion. The Sponsor shall assign to the HDFC Apartment Corporation or to each Purchaser, as the case may be, all warranties and guaranties that the Sponsor has received from any subcontractor or manufacturer applicable to the Building or to individual Apartments.

On the Cooperative Conversion Date, the Sponsor will secure for the HDFC Apartment Corporation fee title insurance through Chicago Title Insurance Company, or another title company of Sponsor's choice, which is a member of the New York Board of Title Underwriters (the "Title Company") insuring the HDFC Apartment Corporation's legal title to Unit 1. Coverage will be in an amount equal to $594,056.24. The cost of the title insurance will be paid for by the Sponsor.

1. The HDFC Apartment Corporation will acquire Unit 1, free and clear of all liens and encumbrances, subject, however, to the following:

(a) the provisions of all laws, codes, statutes, ordinances, acts, rules and regulations of any local, state or federal government, or any agency or subdivision thereof, having jurisdiction, or any violation of same, existing at the time of delivery of the deed, including the consequences of the exercise and enforcement of any governmental, war or police powers over the Property;

(b) building restrictions and zoning and environmental laws, regulations and ordinances, and any amendments thereto in effect at the time of Cooperative Conversion Date and any facts disclosed in the City of New York tax and zoning maps and zoning resolutions, now or hereafter adopted, provided same do not prohibit the existence of the Building or its use as an apartment building.

(c) judgments against the HDFC Apartment Corporation or estates, interests, defects, objections, liens or encumbrances created, suffered, assumed or agreed to by or with the privity of the HDFC Apartment Corporation;

(d) covenants, party wall or other agreements, easements and restrictions or record and encroachments of stoops, areas, cellar steps, trim, cornices, projecting air conditioner units or equipment, if any, utility easements and rights of way that may affect the Property, (including, but not limited to Covenants and Restrictions which covenants and restrictions do not

prohibit the use of the premises for residential or commercial purposes as permitted by applicable law or ordinance), provided that the same have not been violated by the existing improvements and do not prevent the use of the Building or Unit 1 for residential purposes, unless the title insurance company for the HDFC Apartment Corporation will affirmatively insure the HDFC Apartment Corporation against the enforcement thereof against the Property;

(e) state of facts shown on a survey of the Property. Title will also be subject to any additional state of facts which an accurate survey or personal inspection of the Property since that date would disclose, provided such state of facts does not prevent the use of the Apartments for dwelling purposes or render title uninsurable if the Building remains standing.

(f) title to any property beyond the lines of the Property or title to areas within or rights or easements in any abutting streets, roads, avenues, lanes, ways or waterways, or the right to maintain therein vaults, tunnels, ramps or any other structure or improvement;

(g) title to any personal property, whether the same is attached to or used in connection with the Property or otherwise;

(h) easements and other rights of public utilities to install, replace, repair and maintain lines, pipes and equipment or any sidewalk violations;

(i) the lien or encumbrance or state of facts of any (i) unpaid franchise or corporation taxes with respect to any corporation in the chain of title, (ii) unpaid federal or estate taxes due or owing by the estates of any predecessors in the chain of title; (iii) unpaid parking violation bureau judgments with respect to any member, shareholder, partner, officer, director or individual in the chain of title to the Property or (iv) other matter, provided that a title insurance company agrees to insure in a fee policy the HDFC Apartment Corporation against the collection thereof out of the Property or, if not a lien, will not be enforced against the Property;

(j) variations between record lot lines of the land and those shown on the tax map of the City of New York, if any;

(k) the rights of tenants and persons in possession of the Property or any part thereof, if any;

(l) pending assessments, if any, all of which the HDFC Apartment Corporation hereby agrees to assume and pay;

(m) consents by any former owner of the Property for the erection of any structure or structures on, under or above any street or streets on which the Property may abut;

(n) terms and conditions of the Plan;

(o) terms, covenants, reservations, agreements and conditions contained in the IH Regulatory Agreement, and the benefits and obligations of any assignment of Reserve Accounts to be assigned or designated to HDFC Apartment Corporation, for its benefit;

(p) the lien of any unpaid real estate taxes, vault charges, water rates, sewer rents, as apportioned;

(q) service, union, maintenance, employment and concessionaire contracts and agreements, if any, in effect on the Cooperative Conversion Date (including any Management Agreement described in Section 22);

(r) any assignment of rents, other documents or UCC financing statements securing the Underlying Mortgages or executed in connection therewith;

(s) defects or encumbrances in title arising or becoming a lien after Cooperative Conversion Date, except as specifically provided herein; and

(t) standard exceptions of title set forth in the printed form of title insurance policy of the title company insuring the HDFC Apartment Corporation's title.

(u) There is no obligation on the part of the Sponsor to engage in litigation or to incur expenses in excess of .5% or the Purchase Price to cure title defects or to remove violations of record.

2. With regard to violations, the Sponsor will convey title to the Premises free of all violations of record existing on Cooperative Conversion Date or will deliver its written undertaking to remove any such violations as soon after Cooperative Conversion as practicable, including the depositing in escrow of a reasonable sum to secure the reasonable expeditious removal of such violations. Further, if the cost to the Sponsor for the removal of violations existing prior to the filing date of this Offering Plan or the removal of any title impediments exceeds .5% of the Purchase Price, Sponsor shall have the right, at its option, cancel the contract and declare this Plan and offer withdrawn, subject to the consent of HPD.

The HDFC is currently the sole shareholder of the HDFC Apartment Corporation, holdings such shares as nominee for and benefit of Sponsor. The Sponsor expects to make or advance payments on behalf of the HDFC Apartment Corporation before the Cooperative Conversion Date for costs incurred in operating Unit. As of the Cooperative Conversion Date, the Working Capital Fund will have been established by Sponsor on behalf of Sponsor.

The total proceeds of this offering if all Shares are sold at the prices set forth in Schedule A will amount to $594,056.24. This amount will be paid on the Cooperative Conversion Date and on the dates of the subsequent apartment closings.

The sum due the Sponsor will be substantially the same amount as would be adjusted between the Sponsor and the HDFC Apartment Corporation if a sale of Unit 1 to the HDFC Apartment Corporation occurred on the Cooperative Conversion Date. To the extent that the Sponsor paid expenses or advanced funds covering or attributable to the time after the Cooperative Conversion Date, or if Sponsor received income with respect to Unit 1 attributable to the period of time on or after the Cooperative Conversion Date, the HDFC Apartment Corporation will adjust with the Sponsor to provide for apportionment of those expenses and income attributable to the period from and after the Cooperative Conversion Date.

Such items will be apportioned between the Sponsor and the HDFC Apartment Corporation, as of the date preceding the Cooperative Conversion Date:

(a) real estate taxes (if any), water charges, sewer rent and vault charges (if any);

(b) wages and payroll expenses, including holiday and vacation pay accruals, building service, welfare and employees' pension fund contributions;

(c) electricity and other utility costs for the common areas of the Building;

(d) charges and receipts in connection with any service and maintenance agreements;

(e) cost of fuel on hand, plus sales tax;

(f) deposits with utility companies and permit fees;

(g) premiums on transferable insurance policies;

(h) building supplies on hand, plus tax;

(i) management fees;

(j) rental income and maintenance; and

(k) other customary adjustments.

If any of the foregoing items cannot be adjusted by the Cooperative Conversion Date because they are not fully ascertainable, they shall be apportioned and adjusted on that date to the extent feasible, with the final adjustment to be made as soon as possible thereafter.

It shall be the responsibility of the HDFC Apartment Corporation to make any deposits or other payments required for the commencement or transfer of any required services to the Property as of Cooperative Conversion.

The HDFC Apartment Corporation shall assume the obligations of the Sponsor for all service and concessionaire contracts in existence on the Cooperative Conversion Date, if any, and such substitute contracts as may be in force on the Cooperative Conversion Date.

3. The HDFC Apartment Corporation has no liability for any costs or expenses related to the promulgation and consummation of the Plan and transfer of title. The Sponsor will pay all costs and expenses of the above, including such items as: selling expenses and commissions, filing fees under Section 352(e) of the General Business Law, printing, title insurance, survey, deed stamps, recording charges and legal fees for the attorney for the Sponsor. In addition, the Sponsor will pay for the organization of the HDFC Apartment Corporation but not for legal fees of counsel if retained by the HDFC Apartment Corporation.

4. The Sponsor will cause the HDFC to convey title to Unit 1 to the HDFC Apartment Corporation by bargain and sale deed, with covenants against grantor's acts, as provided in the Contract of Sale, dated June 22, 2021. The encumbrances set forth hereinabove in subparagraphs (1) (a)-(u) will survive delivery of the deed. The deed will provide that the trust fund provisions of Section 13 of the New York State Lien Law control. All obligations in the Plan to be performed subsequent to the Cooperative Conversion Date will survive the delivery of the deed.

5. If the Sponsor is unable to convey title to the HDFC Apartment Corporation in accordance with the IH Regulatory Agreement, or if the Plan is abandoned or is not consummated or any reason whatsoever, the Purchase Agreements will be null and void, and neither party will have any rights, claims or demands against, or obligations to, the other party. In such event, the Sponsor will be required to refund to the prospective Purchasers all down payments made, pursuant to the Purchase Agreements.

6. The sale is subject to the construction of the Building. The sale includes all fixtures and articles of personal property attached to or used in connection with the operation of Unit 1 at the time of such sale.

7. In the event of condemnation, the provisions of Section 5-1311 of the General Obligations Law of the State of New York shall apply. If all or a portion of the Property is taken in condemnation, the Plan may be abandoned by the Sponsor.

8. The Sponsor further reserves the right, prior to the Cooperative Conversion Date, to renew, extend or modify any existing service, maintenance and concessionaire contracts, and to enter into new service, maintenance and concessionaire contracts in place of present contracts on such terms as it deems desirable. If, however, the terms of the service, maintenance and concessionaire agreements to be assumed by the HDFC Apartment Corporation at closing are substantially different from those set forth in this Plan, the Plan will be amended accordingly to reflect such difference. No service or maintenance contract will be made after this Plan is presented which will materially raise the estimated maintenance charges for the first year of cooperative operation.

9. In the event the Property and/ or Unit 1 is damaged by fire or other casualty prior to the Cooperative Conversion, the Sponsor will repair the damage if the cost of repairs is fully covered by insurance proceeds collected and retained by the Sponsor or if the cost does not exceed .5% of the Purchase Price, as estimated by an insurance adjuster obtained by the Sponsor. In any other event, the Sponsor may, but is not obligated to repair the damage. If the Sponsor elects not to repair the damage, the Plan will be abandoned.

10. In the event of any conflict between the provisions of the Contract of Sale and this Plan, the provisions of the Plan shall govern.

22. MANAGEMENT AGREEMENT AND OTHER CONTRACTUAL ARRANGEMENTS

Management Agreement

It is anticipated that the HDFC Apartment Corporation will enter into a Management Agreement (the "Agreement") with Flatiron Real Estate Advisors, LLC, to act as managing agent for the HDFC Apartment Corporation and the Condominium for a term of one (1) year, commencing as of the Cooperative Conversion Date and which term will be automatically extended monthly thereafter unless modified in writing by the parties or cancelled by either party on at least thirty (30) calendar days prior written notice at any time. Flatiron Real Estate Advisors, LLC is a management company which is not an affiliate of the Sponsor and has offices at 119 West 23rd Street, Suite 903, New York, New York (the "Managing Agent"). The Sponsor reserves the right to substitute another Managing Agent or the Agreement may be assigned by the Managing Agent to any other agent prior to the Cooperative Conversion Date and with notice to the Purchasers.

The Agreement is subject to termination without penalty upon written request by HPD in the event that HPD determines that the Building is not being operated in compliance with the IH Regulatory Agreement. Upon receipt of such written request, the HDFC Apartment Corporation and the Condominium shall immediately terminate the Agreement.

If the Agreement ends or is expected to end, or if the Manager otherwise ceases to perform or is expected to cease to perform the function of the Manager as described in the Agreement, and the HDFC Apartment Corporation fails to promptly request HPD's consent to enter into a new Management Agreement with a new Manager, or if HPD denies such consent, HPD may, upon ten (10) days' written notice to the HDFC Apartment Corporation and at the cost of the HDFC Apartment Corporation, (i) perform such functions of the Manager as HPD deems necessary and appropriate, (ii) designate a third party to perform such functions, and/or (iii) appoint a new Manager and require the HDFC Apartment Corporation to enter into a Management Agreement with such Manager upon such terms as HPD shall reasonably determine."

The Managing Agent will receive an Initial annual fee equal fee of $19,000 payable in equal monthly installments of $1,583.33. Thereafter, the annual fee will increase annually by three (3%) percent. It shall be subject to the right of either party to cancel at any time upon at least thirty (30) calendar days prior written notice without cause. The fees for the Managing Agent are included in Schedule C, the Budget for the Condominium and are allocated based on the percentage of common interest of Unit 1 (the HDFC Apartment Corporation) and Unit 2 of the Condominium.

The duties and services to be rendered by the Managing Agent include, among others:

1. Assist the HDFC Apartment Corporation in the billing and collection of Maintenance Charges and other charges and, if authorized by the HDFC Apartment Corporation, to assist counsel in representing the Corporation in any union disputes or in

instituting summary proceedings to recover possession of Apartments against Tenant-Shareholders in default in Maintenance and other charges.

2. Supervise, pay, hire and discharge employees, maintain and prepare payroll records and file tax statements.

3. To assist the HDFC Apartment Corporation in maintaining, repairing and altering the condition of the Building, as deemed advisable by the HDFC Apartment Corporation, except that the approval of the HDFC Apartment Corporation is necessary for any expenditure of over Three Thousand ($3,000.00) Dollars for any one item of ordinary repairs or alterations (other than emergency repairs, where this limit shall not be applicable).

4. Contract for necessary services for the Building, such as electricity, gas window cleaning, exterminator service, telephone, water treatment, rubbish removal and fuel oil, but no such contract shall be for a term longer than one (1) year, other than for contracts with electricity and gas providers, or require annual payments in excess of Three Thousand ($3,000.00) Dollars, unless authorized by the HDFC Apartment Corporation.

5. Purchase all supplies necessary to properly maintain and operate the Building and Unit 1.

6. Obtain and maintain (to the extent obtainable) fire, liability and other insurance, and in such amounts, as may be designated by the HDFC Apartment Corporation or required by its lender.

7. Check all bills received in connection with the operation of the Building and Unit 1 and cause to be paid all such bills and other expenses (such as mortgage debt service, taxes, etc.).

8. Render monthly statement of receipts and disbursements.

9. Maintain an accurate set of books or records (other than books of account to be maintained by the HDFC Apartment Corporation’s accounts) and orderly files of rent records, insurance policies, Proprietary Leases, receipted bills, etc.

10. If applicable and requested by the HDFC Apartment Corporation, list and offer for sale or lease space in Unit 1.

11. Accept applications which conform with the IH Regulatory Agreement and HPD’s Marketing Guidelines, and references from all prospective Tenant-Shareholders and submit same to the HDFC Apartment Corporation, act as transfer agent in connection with the transfer of shares and supervise move-ins and attend to shareholder complaints, but the preceding not to be in duplication of any such services if rendered by Administering Agent.

12. Cooperate with the accountants of the HDFC Apartment Corporation in regard to the preparation of the annual report and all tax returns.

13. Prepare and submit annually to the Board of Directors an operating budget of the anticipated income and expenses for the ensuing year.

14. Prepare necessary notices and reports for monthly meetings of the Board of Directors and shareholders.

15. Keep all nonproprietary space rented and, generally, do all things reasonably deemed necessary for the proper management of the Building and Unit 1.

The Managing Agent will not prepare the HDFC Apartment Corporation's annual financial statement; such statement will be prepared by an independent certified public accountant employed by the HDFC Apartment Corporation at its own expense, and a copy as required to be provided to HPD as required in the IH Regulatory Agreement.

As specified in the Management Agreement, expenses incurred by the Managing Agent in performance of its duties shall be paid by the HDFC Apartment Corporation, which will also indemnify the Managing Agent against any liability for acts properly performed by it pursuant to the agreement or the HDFC Apartment Corporation's instructions or for injury to person or property not resulting from the Managing Agent's negligence or failure to comply with its obligations under the Management Agreement.

There will be no other agreements binding on the HDFC Apartment Corporation at the time of Cooperative Conversion, except for as disclosed in Schedules B and C; the Plan will be amended to disclose any agreements entered into by the Sponsor.

Administering Agent Agreement

Pursuant to the IH Regulatory Agreement and HPD's Marketing Guidelines, the HDFC Apartment Corporation must enter into a contract with an Administering Agency that will monitor the resales and changes in maintenance charges to assure compliance with the Regulatory Agreement and HPD's Marketing Guidelines. Pursuant to an agreement signed on May 23, 2017, Housing Partnership Development Corporation ("HPDC"), located at 253 West 35th Street, 3rd Floor, New York, New York 10001, will provide these services for an annual cost of $5,000. HPDC, in its capacity as Administering Agent, will also serve as an informational resource for the Board of Directors and for the Managing Agent. The term of the agreement expires five years from the last Apartment Closing. However, pursuant to the terms of the IH Regulatory Agreement set forth as Exhibit 9A in Part II of the Plan and the Administering Agency Agreement attached as Exhibit F, the Administering Agent can be removed or terminated at the sole discretion of HPD, if requested by the HDFC Apartment Corporation. The Administering Agent also serves as the Marketing Agent for Initial sales of apartments.

23. IDENTITY OF PARTIES

a. Sponsor. The Sponsor of this Plan is Beach Path, LLC, a New York limited liability company, with a principal place of business at 1201 Route 112, Suite 900, Port Jefferson Station, New York 11776. The sole member of Beach Path, LLC is Rise Above III LLC; its manager is Enrico Scarda. The principal of the Sponsor is Enrico Scarda.

Enrico Scarda is the manager of Rise Above III, LLC, a real estate development firm focusing on New York City with a business address at 1201 Route 112, Suite 900, Port Jefferson Station, New York 11776. Mr. Scarda has over eight years of experience in real estate investment and development within New York City and has previously been involved in the development of two affordable housing projects under New York City's Inclusionary Housing Program.

The legal owner is 1402 York Avenue Housing Development Fund Company, Inc. ("HDFC") was formed as a New York State not-for-profit corporation under Article XI of the New York Private Housing Finance Law and Section 402 of the New York Not-for-Profit Corporation Law.

Neither the Sponsor, nor the principals of the Sponsor, have ever been convicted of a felony and there are no prior convictions, injunctions, or judgments against the Sponsor or any principals of the Sponsor that may be material to the Plan or an offering of securities generally.

The Sponsor and principal of the Sponsor have not offered for sale any properties as cooperatives, condominium, planned unit development homes in New York which were Initially offered during the past five years and do not own ten percent (10%) or more of the unsold units or unsold shares in any building.

b. Marketing/Administering Agent. The Marketing/Administering Agent is HPDC with an address of 253 West 35th Street, 3rd Floor, New York, New York, 10001. HPDC is a not-for-profit corporation which has been actively involved in sponsoring the creation of 60,000 units of affordable housing in over 13,000 projects since 1987. HPDC entered into its first Administering Agency Agreement in 2013. Neither the Marketing Agent/Administering Agent or its principals have any prior felony convictions; or prior bankruptcies, convictions, injunctions and judgments against them or entities in which they were principals that may be material to the offering plan of to an offering of securities generally and that occurred within the fifteen (15) years prior to the submission of the plan.

c. Counsel to the Sponsor. The Sponsor has retained the law firm of Hirschen Singer & Epstein LLP, 902 Broadway 13th Floor, New York, New York 10010 to prepare this Plan and the underlying documents and to represent the Sponsor in all legal matters in connection with this Plan. Hirschen Singer & Epstein LLP has no financial relationship, past or present, in the property or to the Sponsor, except for the fee paid for its services.

d. **Counsel to the HDFC Apartment Corporation.** No counsel has been retained to represent the interests of the HDFC Apartment Corporation in connection with this Plan. The Sponsor may retain separate counsel prior to Closing to represent the interests of the HDFC Apartment Corporation. Each prospective Purchaser of Shares pursuant to this Plan is advised to retain his or her own counsel.

e. **Architect/Engineer.** The architectural firm that prepared the architectural plans filed with the Department of Buildings was Kossar+Garry Architects, LLP, 115 West 30th Street, New York, New York 10001. The Floor Plans that are included in this Offering Plan in Part II were also prepared by that firm, as was the Description of Property and Specifications. Kossar + Gary Architects, LLP have over 30 years of experience as architects in New York City. The firm's residential projects include apartment buildings; government assisted housing; conversions of historic buildings to residences; housing for the elderly; housing for people with special needs; and private homes. A representative list of projects includes 35 Cooper Square, 316 East 91st Street, 9 East 30th Street, 508-510 West 20th Street and 545 West 25th Street, all located in New York, New York and 490 Fulton Street, located in Brooklyn, New York.

f. **Managing Agent.** Flatiron Real Estate Advisors, LLC, with an address of 119 West 23rd Street, #903, New York, NY 10011, will serve as the Managing Agent for the Property. Flatiron Real Estate Advisors, LLC has more than twenty years of experience, manages more than 36 properties throughout New York City, with 433 apartments. A representative list of properties managed by the Managing Agent include 3264 West 22nd Street, 344 West 52nd Street, 346 West 52nd Street, 29 West 12th Street, 123 Lexington Avenue and 1402 York Avenue, all located in New York City.

24. RIGHTS AND OBLIGATIONS OF SPONSOR

a. Compliance with Mortgage Terms

The Sponsor built the Project with the proceeds of a building loan, project loan and/or land loan from Construction Lender. This building loan has been paid off and there is no construction loan encumbering the Project. In addition, there will be no permanent mortgage loan for Unit 1. See "Section 16. Terms of IH Regulatory Agreement".

b. Completion of Construction

The Sponsor commenced construction in June 2018 and has performed work substantially in accordance with the plans and specifications filed with the New York City Department of Buildings by Kossar+Garry Architects, LLP and will diligently perform all of its obligations set forth in this Plan. The Sponsor shall deliver a set of "as built" plans to the Board of Directors of the HDFC Apartment Corporation following completion of construction. The Sponsor shall deliver to the Board of Directors all Floor Plans maintained during construction (i.e., structural, mechanical, electrical, plumbing and shop drawings, as applicable), together with (i) operation and maintenance manuals for mechanical equipment, electronic systems, and re-commissioning manual, (ii) equipment and NDL manufacturer's roof warranties, (iii) major equipment startup sheets, (iv) control systems as built, (v) original test and balance report for the HVAC system and (vi) indoor air quality report, all to the extent in Sponsor's possession. A Temporary Certificate of Occupancy for the Building was issued on August 25, 2020, last renewed on May 17, 2021 and expires on August 15, 2021; a copy is included in Part II, Exhibit 3- Architect's Report. Subject to the review processes of the Department of Buildings, which are outside the control of the Sponsor, the Final Certificate of Occupancy for the Building should be issued on July 1, 2021.

The Sponsor's obligation, regardless of any limitations in this Plan cannot go below the duty to construct the premises in accordance with all applicable codes and filed plans and specifications. Any conflict between the disclaimers and the Sponsor's obligation to construct the premises in accordance with all applicable codes and filed plans and specifications shall be resolved in favor of the latter.

c. Quality of Construction.

The quality of construction shall be comparable to local standards customary in the particular trade and substantially in accordance with the plans and specifications. The Sponsor makes no undertakings or warranties and has no obligation to make any repair or cure defects to the Apartments or the common areas, except as expressly set forth in this Plan or the Purchase Agreement, and none should be inferred.

The Sponsor reserves the right to amend or modify from time to time said plans and specifications (including, without limitation, changes affecting the materials, appliances, equipment, fixtures and other construction details) and to substitute materials, appliances, equipment and fixtures in place of those described in the plans and specifications, provided such substitutions are of Equal or Better Quality and,

provided further, that the required approvals of any governmental authorities having jurisdiction is first obtained. All the foregoing amendments, modifications and changes to the plans and specifications may be made without prior notice or amendment to this Plan, except that the Plan will be amended if changes are made in the size, layout, number of rooms or number of Apartments, their Maintenance Charges or in the amount or quality of the common areas.

In no event, however, may the Sponsor:

i. substitute equipment, fixtures, appliances or materials of lesser quality or design than those described in the Architect's Report by Kossar+Garry Architects, LLP and in the Plans and Specifications; or

ii. change the size and/or location of the Building, Unit 1, Apartments, other improvements or other improvements public areas, if such changes adversely affect the public areas or adversely affect the value of any Apartment for which Shares have been allocated and issued or for which a Purchase Agreement has been executed and is in effect, unless all affected Tenant-Shareholders consent in writing to such change and all affected Purchasers are given the right to rescind and receive a return of their Down Payments. In the event a Purchaser is given the right to rescind by reason of such changes, he or she will have 15 calendar days to cancel his or her Purchase Agreement from the date of delivery of the notice.

d. Certificates of Occupancy

Purchasers are advised that in New York City, newly constructed and newly renovated buildings are sometimes offered as condominium and cooperative projects without a final certificate of occupancy ("FCO") covering the Buildings but with only a temporary certificate of occupancy ("TCO"), and sometimes with several successive temporary certificates of occupancy. Certificates of occupancy are generally governed by Section 301 of the New York Multiple Dwelling Law and local building codes and rules. Both TCOs and FCOs are issued by the New York City Department of Buildings ("DOB"). A TCO is intended to indicate that the property is safe for occupancy but means that not all of the construction work and/or inspections have been performed, or that not all of the required documents have been submitted to the DOB. All TCOs have an expiration date. A TCO typically expires 90 calendar days after the date of issuance. When a TCO expires and is not renewed, it may be difficult or impossible to buy insurance, refinance, or sell units. In New York City, it is common for sponsors to commence unit closings when some or all units are covered by a TCO rather than a FCO. Sponsor anticipates this scenario may occur. Sponsor and its principals will undertake the responsibility for extending each TCO received prior to expiration thereof and ultimately for obtaining a FCO covering the Buildings within two years from the date of the issuance of the first TCO. However, Sponsor and its principals make no representation or guarantee that DOB will issue the FCO within such two-year period. Notwithstanding the foregoing, Sponsor and its principals are obligated to procure the FCO for the Buildings and shall exercise best efforts to obtain the FCO within such two-year period while keeping the TCO current. Tenant-Shareholders and the Board of Directors shall be obligated to cooperate with and refrain from obstructing Sponsor in

these undertakings.

Furthermore, because Sponsor and the by-laws of the HDFC Apartment Corporation may permit Tenant-Shareholders to undertake renovations to individual units prior to the procurement of a FCO, such renovations may cause additional delays in the issuance thereof. Notwithstanding the foregoing, Sponsor and its principals are obligated to procure the FCO.

The New York City Department of Buildings advises Purchasers of houses and apartments, who close with only a Temporary Certificate of Occupancy in place, to consult with their attorneys and engineers to assure that sufficient funds are escrowed or otherwise secured for Sponsor to obtain a Permanent or final Certificate of Occupancy. It is strongly recommended that Purchasers consult the "DOB website for further recommendations when purchasing units in a building that does not have a Final Certificate of Occupancy. A Factsheet on Certificate of Occupancy is available on the DOB website at: http://www1.nyc.gov/site/buildings/homeowner/certificate-ofoccupancy.page

If the Cooperative Conversion occurs prior to the issuance of a Final Certificate of Occupancy for the Building, the Sponsor will continue to hold all monies previously deposited in a special escrow account, as required by Section 352-e(2)(b) and 352-h of the General Business Law, unless the Sponsor's engineer or architect certifies that a lesser amount will be reasonably sufficient to complete the work needed to obtain a Final Certificate of Occupancy, in which case such lesser amount so certified by the Sponsor's engineer or architect shall be placed in the special escrow account. The balance of the monies previously deposited will be released to the Sponsor.

In the alternative, the Sponsor may deposit with an escrow agent an unconditional, irrevocable letter of credit or post a surety bond in the amount certified by Sponsor's engineer or architect or provide other collateral acceptable to the Department of Law. Upon the issuance of a Final Certificate of Occupancy, the balance of the escrow deposit will be released to Sponsor.

The amount of the escrow and a copy of the most recent temporary Certificate of Occupancy will be disclosed in all post-closing amendments to the Offering Plan until the Final Certificate of Occupancy has been issued for the Building.

e. Warranties

Prospective Purchasers should note that the provisions of Article 36-B of the New York General Business Law ("Housing Merchant Implied Warranty Law") do not apply to the Apartments. Sponsor makes no other warranties, express or implied, in connection with this offering or the Units and all such warranties are excluded, except as provided in the limited warranty ("Limited Warranty") set forth in this Section.

The Sponsor will deliver to the Purchaser and/or Board of Directors, if applicable, on behalf of the Tenant-Shareholders, upon the sale of each Apartment in Unit 1, any manufacturer's or subcontractor`s warranties (or assignments thereof) in Sponsor's possession covering the kitchen appliances (if any), heating, electrical, plumbing, roofing

system and other equipment or systems as well as any subcontractors' warranties which may have been received by Sponsor relating to an Apartment or the common areas respectively, if any, to the extent made by such manufacturers and subcontractors and to the extent such warranties or bonds are assignable, together with a Bureau of Fire Underwriters Certificate, if then available. Any warranties relating to the Apartment rather than the common areas which are not available at the Apartment Closing will be delivered to the Purchaser within 90 calendar days thereafter.

With respect to the common areas, the Sponsor will give written notice to the Board of Directors when such common areas, or portions thereof, have been substantially completed. Such notice will not be binding upon either party with respect to the determination as to whether such portion(s) of the common areas have been substantially completed. The Sponsor makes no warranties as to the installation or operation of any appliances, equipment or fixtures, except that it will deliver to each Purchaser the manufacturer's warranties thereon.

The Sponsor will make periodic visits to the Property and will correct, repair, or replace any and all defects relating to construction of the Building, common areas or the Apartment or in the installation or operation of any appliances, fixtures, or equipment therein, or will cause the same to be corrected, repaired, or replaced, but only if:

(1) Such defects are due to improper workmanship or construction practices or the use of materials that are materially at variance with the Plans and Specifications for the same; and

(2) Sponsor is notified by the Board or the affected Tenant-Shareholder, as the case may be, of the same in accordance with the following, which notice shall be by certified mail, return receipt requested.

   (a) With respect to any latent defect (that is, a defect that is not visually ascertainable) in the construction of an Apartment, within six (6) months of the earlier to occur of (i) the Apartment Closing of Title or (ii) the commencement date of any agreement by which a Purchaser is permitted to occupy the Apartment prior to Closing;

   (b) With respect to any patent defect in the construction of an Apartment within three (3) months of the earlier to occur of (i) Cooperative Conversion of Title to the Unit or (ii) the commencement date of any agreement by which a Purchaser is permitted to occupy the Unit prior to Closing;

   (c) With respect to any defects (patent or latent) in the construction of the Common areas, within six (6) months from the date of substantial completion of the portion of the Common areas claimed to be defective. The issuance of a certification from a registered architect or licensed engineer shall be presumptive evidence that the construction of the Common areas has been substantially completed.

The method of correcting any defect will be selected by Sponsor in its sole discretion. The quality of construction as to any such correction will be comparable to local standards customary in the particular trade or trades involved and will be in accordance with the Plans and Specifications.

Sponsor will be conclusively considered to have discharged any obligation that it may have with respect to any defects, whether patent or latent, if:

(a) Sponsor is not notified of the existence of such defect, in the manner and within the appropriate time period specified above;

(b) The Board and/or the Managing Agent and/or the Tenant-Shareholder fails to allow prompt access to the common areas or Apartment in question by Sponsor or Sponsor's contractors; or

(c) Sponsor has corrected, or caused the correction of, the defect in accordance with the practices of the industry, as determined by Sponsor's general contractor, architect, or engineer, in their sole judgment.

(3) This Limited Warranty is only available to the first Purchaser of the Apartment and Sponsor shall have no liability to any subsequent Purchaser with respect to any claimed defects relating to construction of the Apartments, the common areas or the Building.

(4) Subsequent to the conveyance of title to an Apartment or the completion of the Common areas, as the case may be, the Sponsor will not be obligated to correct, and will not be liable to the Board or any Tenant-Shareholder as a result of any defects in construction, or in the installation or operation of any mechanical equipment, appliances, other equipment, finishes, materials or fixtures (including appliances and bathroom fixtures):

(a) With respect to which assignable warranties or other undertakings (however denoted) from manufacturers, contractors, material persons, or others which are assigned to the Board and/or any Tenant-shareholder;

(b) Resulting from normal wear and tear, natural deterioration, normal settling, deflection, or shifting of the Building; or

(c) That are not of a material nature, including, without limitation, the following:

(i) Death of trees or landscape improvements, cracks in roof ballast, or concrete cracks that do not impair or reduce the structural soundness of the Building, including cracks or discoloration in concrete used in walls and paving;

(ii) Leaching or color variation in colored mortar, tiles, and brick, dimensional variations in brick joints, mortar droppings on bricks;

(iii) Minimal ponding, and/or controlled drainage on roof, balconies and terrace surfaces;

(iv) Terrace tiles not laid flat, stained tiles, and cracks in pressure treated wood used, or intended for use, outside the Building;

(v) Protruding dry wall fastenings, nail pops, ridging on gypsum board, and slight variations in gypsum board taping visible only under certain lighting conditions;

(vi) Walls not square, lumber shrinkage, painting defects, and electrical plates not straight of a minimal nature;

(vii) Slight separation between base and floor;

(viii) Minimal variations in floor and ceiling levels;

(ix) Carpet or floor discoloring or stretching;

(x) Variations in width, length, thickness, finish, or color range of wood floors;

(xi) Minimal deviations in the level of ceilings, and imperfections in ceiling finishes;

(xii) Imperfections in painting finishes;

(xiii) Stains, runs, lumps, shags, or imperfections in weave in fabric panels;

(xiv) Expansion, contraction, or slight discoloration or unevenness of color of wood flooring and minor scratches or dents in the wood flooring;

(xv) Minimal deviations in the level of a floor, or buckling, sinking, gapping or spacing due to expansion or shrinkage;

(xvi) Alignment of bathroom finishes and variation in grouting thickness;

(xvii) Air infiltration and water infiltration from windows in accordance with the Architectural Aluminum Manufacturers Condominium Standard A-Z, if applicable;

(xviii) Bath tile grouting and any slight separation in joints of kitchen tile;

(xix) Door or window sticking due to weather, door warpage (including warpage of the main entrance door to an Apartment within reasonable tolerances of doors of similar size, weight and quality), adjustment of bi-fold doors, and air and water infiltration from windows in excess of industry standards;

(xx) Variations in tone or color of natural stone or variations in tone or color of vanity tops or other natural stone surfaces, slight scratches in plastic laminate, vitreous china, natural stone, wood, stainless steel, or porcelain surfaces, discoloration to hardware and plumbing finishes, cracked bath tile grouting, variation in grouting thickness, and misalignment of bathroom finishes;

(xxi) Variations in wood floor stains and finishes caused by normal foot traffic during construction and sales periods;

(xxii) Noise and vibration from normal plumbing, heating, air-conditioning, ventilating, and elevator operation, including boiler, water heaters, elevators machine room, and other equipment, and floor noises and creaking;

(xxiii) Repair of chips, scratches, mars, breaks, dents, cracks, and other defects in any windows and window sashes, sliding glass doors, shower doors, louvers, insulation attached to the curtain wall, electrical fixtures and globes, painted surfaces, sinks, tubs, basins, water closets, fan coil units, kitchen cabinets, backsplashes, and countertops, vanity tops and cabinets, medicine cabinets and counter tops, ceramic tile or natural stone floors and walls, saddles, appliances, woodwork, millwork, doors, mirrors, and hardware, or any defects of an insubstantial nature;

(xxiv) Damage caused by dampness or condensation due to the failure of the Tenant- Shareholders to maintain ventilation, which may result in a mold condition;

(xxv) Television, radio, or other telecommunications reception;

(xxvi) After the Apartment Closing date, paint touch–ups, repair of dented appliances, or replacement of light bulbs;

(xxvii) Normal wear, including chips, to passenger elevator cabs, cab doors, elevator door frames, cab panels, apartment doors, the exterior panels and apartment door frames; and

(xxviii) Any other imperfection or defect, except as expressly warranted pursuant to this Plan.

Notwithstanding the foregoing, Sponsor shall have discharged any obligation to repair abnormal scratches in plastic laminate, vitreous china, natural stone, wood, porcelain and metallic surfaces by filing or refinishing the same, provided such conditions was not caused by the by Tenant-Shareholders, but Sponsor will not be obligated to replace any such surfaces.

THE ITEMS AND CONDITIONS DESCRIBED ABOVE IN “4(c)” ARE NOT DEFECTS AND MAY BE FOUND IN ANY NEWLY CONSTRUCTED BUILDING. PURCHASERS WHO PURCHASE AN APARTMENT IN THE BUILDING OR IN ANY OTHER NEWLY CONSTRUCTED OR REHABILITATED BUILDING MAY EXPERIENCE SOME OR ALL OF THESE ITEMS AND CONDITIONS IN THEIR APARTMENTS OR THE COMMON AREAS. SPONSOR HAS NO OBLIGATION TO CORRECT OR REPAIR ANY OF SUCH ITEMS AND CONDITIONS AND SHALL NOT BE LIABLE TO ANY PURCHASER OR BOARD THEREFOR. IF PURCHASER OR BOARD DESIRES TO CORRECT OR REPAIR ANY SUCH ITEMS OR CONDITIONS, TO THE EXTENT THEY CAN BE CORRECTED OR REPAIRED, THE PURCHASER OR BOARD WILL HAVE TO PROCEED AT ITS SOLE COST AND EXPENSE AND/OR PURSUANT TO ANY WARRANTIES OR UNDERTAKINGS ASSIGNED TO IT BY SPONSOR.

(5) NOTHING CONTAINED IN THE PLAN OR THIS SECTION WILL BE CONSTRUED SO AS TO RENDER SPONSOR LIABLE FOR ANY MONEY DAMAGES (WHETHER BASED ON NEGLIGENCE, BREACH OF CONTRACT, BREACH OF WARRANTY, OR OTHERWISE), IT BEING INTENDED THAT SPONSOR'S SOLE OBLIGATION UNDER THE PLAN WILL BE TO REPAIR OR REPLACE ANY DEFECTIVE ITEM OF CONSTRUCTION UPON, AND SUBJECT TO, THE TERMS AND CONDITIONS SET FORTH ABOVE. ADDITIONALLY, EXCEPT AS EXPRESSLY SET FORTH ABOVE, SPONSOR WILL HAVE NO OBLIGATION TO CORRECT OR REPAIR ANY DEFECTIVE OR OTHER CONDITIONS IN THE BUILDING (INCLUDING IN THE UNSOLD SHARES AND THE COMMON AREAS) OR IN, OR WITH RESPECT TO, ITS INSTALLATIONS, APPARATUSES, FIXTURES, FINISHES, MATERIALS, AND APPURTENANCES. ASIDE FROM ANY SPONSOR WARRANTIES AND UNDERTAKINGS WITH RESPECT TO THE CONSTRUCTION AND COMPLETION OF THE BUILDING CONTAINED IN THIS SECTION, NO OTHER WARRANTIES OR UNDERTAKINGS SHALL BE IMPLIED. NOTWITHSTANDING THE FOREGOING, NOTHING CONTAINED IN THIS PLAN IS INTENDED TO RELIEVE THE SPONSOR OF LIABILITY FOR PROPERTY DAMAGE, PERSONAL INJURY, OR WRONGFUL DEATH ARISING AS A RESULT OF THE GROSS NEGLIGENCE OF THE SPONSOR OR ITS AUTHORIZED AGENTS OR EMPLOYEES IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED IN THE PLAN.

(6) THE SPONSOR SHALL NOT BE RESPONSIBLE FOR ANY WORK OR MATERIALS ORDERED BY PURCHASER DIRECTLY FROM SPONSOR'S CONTRACTORS OR SUPPLIERS.

(7) NOTHING IN THIS SECTION IS MEANT TO ABROGATE OR LIMIT THE PROTECTIONS PROVIDED UNDER ANY WARRANTY TO BE DELIVERED TO EACH PURCHASER AT THE TIME OF CLOSING. THE SPONSOR WILL NOT ESCROW ANY AMOUNTS IN RESPECT OF INCOMPLETE OR "PUNCH LIST" ITEMS.

Notwithstanding the foregoing and regardless of any limitations in the warranties or in this Offering Plan, Sponsor shall have the duty to construct the Building in accordance with all applicable codes and filed plans and specifications. Any conflict between the disclaimers contained herein and the Sponsor's obligation to construct the Building in accordance with all applicable codes and filed plans shall be resolved in favor of the latter. In addition, nothing contained herein shall in any way limit the office of the Attorney General of the State of New York in the enforcement of the New York General Business Law article 23-A, sections 352-353, and other applicable laws and regulations.

f. Construction Expenses and Liens

Except as to work performed or to be performed at Purchaser's request, the Sponsor will pay or cause to be paid all expenses incurred in connection with the construction of the Building, including, without limitation, all sums properly due to contractors, subcontractors and materialmen and all others involved in the construction for work performed and fixtures, material and equipment supplied or installed by or on

behalf of the Sponsor in the construction and will cause any and all mechanics' liens arising out of the construction or the furnishing or installation of fixtures or equipment, by or on behalf of the Sponsor, to be discharged or bonded promptly after the liens are filed, and it will deliver title to each Apartment free and clear of all such liens.

g. Lawsuits and Claims

The Sponsor shall be obligated to defend any suits or claims with respect to any Apartment, the Building or the Building arising out of the acts or omissions of Sponsor or representations made by Sponsor in this Plan and shall indemnify and hold harmless the HDFC Apartment Corporation with respect to any claims or suits with third parties to the fullest extent permitted by law.

h. No Bond or Security

No bond or other security other than that required by applicable Law has been furnished to secure Sponsor's obligations, including Sponsor's obligations to complete construction of the Building, except that the principal of the Sponsor executed guarantees of completion for the benefit of its construction lender.

i. Holders of Unsold Shares

As set forth in Section 14 of the Plan, the Sponsor has agreed to pay Maintenance Charges and special assessments with respect to each block of Unsold Shares. No bond or other security will be posted by Sponsor for this obligation.

j. Fire and Casualty Insurance

The Sponsor shall obtain on behalf of the 1402 York Avenue Condominium and the HDFC Apartment Corporation and at the expense of the Condominium and the HDFC Apartment Corporation, initial fire and casualty insurance to be effective from and after the Cooperative Conversion Date pursuant to an agreed amount replacement value policy or in an amount sufficient to avoid co-insurance in the amounts set forth in the footnotes to the Projected Budget in Schedule C.

k. Obligations of Principals

The Sponsor is a New York limited liability company. If the Sponsor is dissolved, the principals of the Sponsor shall remain liable for the obligations of the Sponsor under the Plan.

l. Sponsor's Right of Access

The Sponsor and/or any other person authorized by the Sponsor shall have the right of access to each Apartment and to all storage areas and all other appurtenances to each Apartment, if any, for the purpose of completing the construction of the Building during working hours (except in emergency situations), provided that requests for entry are made twenty-four (24) hours in advance (except for emergency situations). In case

of any emergency, such right of entry shall be immediate, whether or not a Purchaser is present at the time. If reasonable care under the circumstances is exercised to safeguard such Tenant- Shareholder's property, such entry shall not render the Sponsor or its authorized agents liable for any damage to the Apartment, personalty, or fixtures contained therein.

m. Real Estate Tax Benefits

The Sponsor will use best efforts to obtain and maintain the tax benefits described in Section 10 of the Plan.

n. Property Conveyed

The Sponsor will convey Unit 1 free of all liens, other than the mortgages and liens and other encumbrances described in the Plan. Only those obligations of Sponsor set forth herein which are to be performed subsequent to the Cooperative Conversion Date shall survive. Additional obligations of the Sponsor are described in the Plan, including, but not limited to sections of the Plan entitled "HDFC Apartment Corporation's Projected Budget for First Year of Operation," "Changes in Prices and Units," "Effective Date of the Plan and Closing Date," "HDFC Apartment Corporation and By-Laws," "Terms of IH Regulatory Agreement," "Working Capital Fund and Building Reserve Fund," "Documents on File" and "HDFC Apartment Corporation's Acquisition of the Property."

o. Representations or Warranties

No representation or warranty is made, and no assurance can be given that the security systems and procedures of the Project will prevent personal injury or damage to or loss of personal property. While Apartments are being offered for sale by Sponsor, there will be a greater number of visitors to the Building than would otherwise be the case. No representation or warranty is made, and no assurance is given as to when such selling and leasing activity will terminate. Neither Sponsor, Marketing Agent nor any Managing Agent shall be liable or responsible for any personal injury or for any loss or damage to personal property which may result from the failure of the Building's security systems and procedures, including, without limitation, those procedures with regard to the Building's residential lobby, provided that any such failure is not caused by the gross negligence or willful misconduct of Sponsor, Marketing Agent , the Managing Agent or their respective agents.

p. Sale and Rental of Apartments

The Sponsor will offer the ten cooperative apartments for sale to eligible purchasers pursuant to the terms of the IH Regulatory Agreement; no purchaser can buy more than one apartment. Neither the Sponsor nor the HDFC Apartment Corporation will rent apartments.

25. REPORTS TO SHAREHOLDERS

All Tenant-Shareholders of the HDFC Apartment Corporation will be entitled to receive annually from the HDFC Apartment Corporation, at its expense, copies of the following:

(1) an income tax deduction statement by March 15 after the close of each year (or as soon thereafter as is practicable);

(2) except as may otherwise be provided in the By-Laws, prior notice of the holding of the annual meeting of the Tenant-Shareholders at least ten (10) calendar days in advance of such meeting nor more than fifty (50) calendar days in advance of such meeting.

(3) Within four and one-half months of the end of each fiscal year, copies of an annual report of the HDFC Apartment Corporation and the Condominium, including a balance sheet and profit and loss statement prepared by a certified public accountant or public accountant; such statement shall be certified while the sponsor is in control of the Board of Directors and/or the Board of Managers.

The above dates may be changed pursuant to the HDFC Apartment Corporation By-Laws and the Proprietary Lease.

26. DOCUMENTS ON FILE

In accordance with Section 352-e(9) of the New York State General Business Law, a copy of this Plan, Parts A, B, C and D of the Exhibits and the documents referred to in this Plan shall be available for inspection and copying by prospective Purchasers and by any person who shall have purchased Shares offered by this Plan or shall have participated in such offering, at the Building and shall remain available for inspection and copying there or at another designated place for a period of six (6) years from the date of filing of this Plan.

27. GENERAL

a. Pending Litigation

As of the today's date, there are no law suits, administrative proceedings or other proceedings pending or any judgments outstanding which could materially and adversely affect this offering, the Property, Sponsor's capacity to perform its obligations under the Plan, the HDFC Apartment Corporation or the operation of the cooperative.

b. Profit

The Sponsor intends to make a profit in the sale of the blocks of Shares appurtenant to the various Apartments. It is impossible, however, to estimate the precise amount of the profit of the Sponsor in the development of this Project because of many contingent factors.

c. Prior Offerings

To the best of Sponsor's knowledge, the Property was not the subject of any prior cooperative or condominium offerings. As of the date of this Plan, neither the Sponsor, Marketing Agent nor any representative or agent thereof has accepted any deposits or advances of funds or made any preliminary offering or entered into any contracts of sale or made any agreements to or with prospective Purchasers with respect to the Apartments in the cooperative corporation, except pursuant to the CPS #1 (File No. CP20-0013). All of the Apartments offered under the Plan are vacant.

d. Non-Discrimination

In accordance with provisions of Law, the Sponsor represents that the Sponsor, the HDFC Apartment Corporation and their agents will not discriminate against any person because of his or her race, creed, sex, color, national origin, disability, marital status or sexual orientation in the sale of the Shares offered by this Plan or in the leasing of any Apartment in the Building.

e. Amendments

The Sponsor reserves the right to amend this Plan at any time provided that, if the amendment is a material and substantial modification of the Plan which materially adversely affects Purchasers, then anyone who has previously executed a Purchase Agreement shall be given not less than fifteen (15) calendar days after a copy of the duly filed amendment is mailed or otherwise delivered to them by written notice to the Sponsor to rescind from and cancel the Purchase Agreement and to obtain a refund, in full, of the Down Payment made therewith.

f. Plan as Fair Summary

This Plan does not contain a full summary of all of the provisions of the various documents referred to herein, but it does contain a fair summary of the material provisions of such documents. The Plan does not knowingly omit any material fact or

knowingly contain any untrue statement of any material fact relating to the offering. Any information or representation made, not contained in this Plan must not be relied upon. Exact copies of the Proprietary Lease, Purchase Agreement, HDFC Apartment Corporation By-Laws, House Rules and other relevant documents are contained in Part II of this Plan.

g. Gender, etc.

Unless the context otherwise requires, words used in the singular in Part I of the Plan include the plural and vice versa, and a reference herein to any one gender, masculine, feminine or neuter, includes the other two.

h. Miscellaneous

No person has been authorized to make any statement or representation or furnish any information not expressly contained herein. Any information not expressly contained herein or in the documents and exhibits referred to herein must not be relied upon. The Plan may not be changed orally.

The Property has not been the subject of any prior public offering.

As of the date of the Filing of this Plan, neither the Sponsor, Marketing Agent, the HDFC Apartment Corporation or any of their agents have raised funds or made any preliminary offering or binding agreement to or with prospective Purchasers with respect to the Apartments in the Building, except pursuant to the CPS #1.(CP20-0013).

Under no circumstances is this offering being made in any State or jurisdiction where it is unlawful.

28. SPONSOR'S STATEMENT OF BUILDING CONDITION

The Sponsor adopts the "Description of Property and Building Condition" set forth in Part II of this Plan.

A new building has been constructed at 1402 York Avenue, New York, New York 10021, as described in the Description of Property and Building Conditions.

The description which follows was prepared by the architectural firm of Kossar+Garry Architects, LLP, on the basis of site inspections, preparation of plans and obtaining approval of such plans by the Department of Buildings of the City of New York.

The Sponsor represents that, to the best of its knowledge, the "Description of Property and Building Conditions" accurately summarizes the general nature of the systems, materials, equipment, appliances and fixtures to be contained in the Building on completion of the construction, provided same are completed substantially in accordance with the plans and specifications.

The Property will be offered in the condition, as described in the Description of Property and Building Conditions in Part II of the Plan. Neither the Sponsor nor the HDFC Apartment Corporation will have any obligation to make any repairs or improvements, except as set forth in this Plan. Except as otherwise provided in the Plan, the Sponsor will cure or cause to be cured all violations of record against the Property on Cooperative Conversion Date and eliminate all known dangerous and hazardous conditions and will comply with all work orders from its construction lenders.

Beach Path, LLC
SPONSOR

Dated: _____, _____, 2021

PART II

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EXHIBIT 1

PURCHASE AGREEMENT

_____

Purchaser

with

BEACH PATH, LLC
1201 Route 112, Suite 900
Port Jefferson Station, New York 11776

Sponsor/Seller

_____Shares of

1402 YORK AVENUE OWNERS HOUSING DEVELOPMENT FUND COMPANY, INC.
1402 York Avenue
New York, New York 10021

Apartment ____

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PURCHASE AGREEMENT

for shares of

1402 YORK AVENUE OWNERS HOUSING DEVELOPMENT FUND COMPANY, INC.

Date: _____, 2021

Purchaser(s): _____

Address: _____

Phone Number: _____

Check one: _____ Tenants-in-Common
(if applicable) _____ Joint Tenants with Right of Survivorship
_____ Tenants by the Entirety

Apartment: _____

Number of Shares: _____

Cash Purchase Price: $_____

Less Down Payment (10%) $_____

Balance due at Closing: $_____

Amount to be Financed (see Par. 10): $_____

Working Capital Deposit (paid by Sponsor) $_____

Marketing Agent: Housing Partnership Development
Corporation ("HPDC")
253 West 35th Street, 3rd Floor
New York, New York 10001

Closing Date (See Par. 7): _____, 2021

1. Definitions

In this Purchase Agreement (this "Agreement"), the following terms will mean as follows:

(i) "I", "me" and "my" mean the person who signs this Agreement; if more than one person signs this Agreement, the terms "I", "me" and "my" shall mean "we", "us" and "our" and this Agreement will be binding on all or any of the persons who sign it.

(ii) "Apartment" means the apartment in Unit 1 of the 1402 York Avenue Condominium, contained within the building on 1402 York Avenue, New York, New York 10021, as identified on the first page of this Agreement (the "Building").

(iii) "HDFC Apartment Corporation" means the cooperative corporation called 1402 York Avenue Owners Housing Development Fund Company, Inc., which will acquire the Property.

(iv) "Business Day" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

(v) The "Cooperative Conversion Date" means the day on which the Sponsor transfers title and the deed to the Property to the HDFC Apartment Corporation.

(vi) The "Date the Plan has been declared effective" is the date of the Offering Plan amendment which states that the required number of persons have signed Purchase Agreements and other conditions have been met.

(vii) "Days" unless otherwise modified by the word "Business" immediately preceding it, shall mean calendar days.

(viii) "Plan" means the Offering Plan to convert the Property to cooperative ownership and any amendments to the Plan filed prior to the date I sign this Agreement.

(ix) "Property" shall mean Unit 1 of the 1402 York Avenue Condominium and its allocable and proportional general common elements on which it is erected.

(x) "Proprietary Lease" means the Lease to be entered into between the HDFC Apartment Corporation as landlord and me as Tenant-Shareholder, entitling me to possession of the Apartment.

(xi) "Sponsor" shall mean Beach Path, LLC. Sponsor is also the Seller.

(xii) "Shares" shall mean the number of shares of the HDFC Apartment Corporation allocated to the Apartment as shown on the first page of this Agreement.

All other initially capitalized terms shall have the meanings contained in the Plan.

2. Plan

A. I represent that I have received a copy of the Cooperative Offering Plan for the 1402 York Avenue Owners Housing Development Fund Company, Inc. (the "HDFC Apartment Corporation") for the Apartment located at 1402 York Avenue, New York, New York 10021, and all filed amendments thereto, not less than three (3) Business Days prior to signing this Agreement. *[Delete if inapplicable]*

B. If I executed this Agreement without having had the opportunity to review the Plan for ten (10) Business Days before signing, I may, within seven (7) days of delivery of this Agreement, together with the required Down Payment, rescind this Agreement and have the full Down Payment refunded promptly. Such rescission must be by notice in writing, and addressed to the Sponsor, as provided in Paragraph 15 of this Agreement and be postmarked or hand delivered by midnight of the seventh day after the date of delivery. Delivery of the executed Purchase Agreement shall be deemed to have occurred on the date of personal delivery or on the fifth day after the date of mailing. Paragraph "A" must be deleted and initialed by the parties for this Paragraph "B" to be effective.

3. Agreement to be Bound by the Documents

I hereby adopt, accept and approve the Plan and agree to abide and be bound by the terms and conditions. The Plan is incorporated in this Agreement with the same force and effect as if set forth at length. In the event of any inconsistency or conflict between the provisions of this Agreement and those contained in the Plan, the provisions of the Plan shall govern and be binding.

4. Agreement to Purchase

I hereby agree to purchase from the Sponsor for the Total Purchase Price shown on the first page of this Agreement (the "Purchase Price"), the Shares allocated to the Apartment and I agree to become the proprietary lessee of such Apartment, all on the terms and conditions set forth in this Agreement.

5. Monies to be Held in Trust

A. The law firm of Hirschen Singer & Epstein LLP, with an address at 902 Broadway, 13th Floor, New York, New York 10010, telephone number (212) 819-1130, shall serve as escrow agent ("Escrow Agent") for Seller and Purchaser. Escrow Agent has designated the following attorneys to serve as signatory: Russell A. Kivler, Esq., Richard C. Singer, Esq., Oliver G. Chase, Esq. The designated signatories are admitted to practice law in the State of New York. Neither the Escrow Agent nor any authorized signatories on the account are the Seller, Marketing Agent, Managing Agent, or any principal thereof, or has any beneficial interest in any of the foregoing.

B. Escrow Agent and the authorized signatory hereby submit to the jurisdiction of the State of New York and its Courts for any cause of action arising out of the Purchase

Agreement or otherwise concerning the maintenance of release of the Down Payment from escrow.

C. The Escrow Agent has established the escrow account at TD Bank, located at 160 Park Avenue, New York, New York 10017 ("Bank"), a bank authorized to do business in the State of New York. The escrow account is entitled “Hirschen Singer & Epstein LLP Attorney Escrow” ("Escrow Account"). The Escrow Account is federally insured by the FDIC at the maximum amount of $250,000 per Down Payment. Any Down Payment in excess of $250,000 will not be insured. If Purchaser has other deposits at TD bank, those deposits will factor into the $250,000 limit.

D. All Down Payments received by Seller shall be in the form of Purchaser’s unendorsed, personal checks drawn on, or a cashier’s check or wire transfer of a bank or trust company which is a member of the New York Clearing House Association and shall be made payable to or endorsed by the Purchaser to the order of “Hirschen Singer & Epstein LLP Attorney Escrow”.

E. The Escrow Account will be a New York State Interest on Lawyer Account Fund (“IOLA”) and shall not be interest-bearing to any party to this Agreement. No fees of any kind may be deducted from the Escrow Account, and the Seller shall bear all costs associated with the maintenance of the Escrow Account.

F. Within five (5) Business Days after the Purchase Agreement has been tendered to Escrow Agent along with the Down Payment, the Escrow Agent shall sign the Purchase Agreement and place the Down Payment into the Escrow Account. Within ten (10) Business Days of the placing the Down Payment in the Escrow Account, Escrow Agent shall provide written notice to Purchaser and Seller, confirming the Down Payment. The notice shall provide the account number. Any advances made for upgrades, extras or custom work shall be initially deposited into the Escrow Account, and released in accordance to the terms of a written agreement between Purchaser and Seller.

G. The Escrow Agent is obligated to send notice to the Purchaser once the Down Payment is placed in the Escrow Account. If the Purchaser does not receive notice of such Down Payment within fifteen (15) Business Days after tender of the Down Payment, he or she may cancel the Purchase Agreement within ninety (90) days after tender of the Purchase Agreement and Down Payment to Escrow Agent. Complaints concerning the failure to honor such cancellation requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 28 Liberty Street, 21st Floor, New York, N.Y. 10005. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Down Payment was timely placed in the Escrow Account in accordance with the New York State Department of Law’s regulations concerning Down Payments and requisite notice was timely mailed to the Purchaser.

H. All Down Payments, except for advances made for upgrades, extras or custom work, if any, received in connection with the Purchase Agreement, are and shall continue to be the Purchaser’s money, and may not be comingled with any other money or pledged or hypothecated by Seller, as per GBL § 352-h.

I. Under no circumstances shall Seller seek or accept release of the Down Payment of a defaulting Purchaser until after consummation of the Plan, as evidenced by the acceptance of a post-closing amendment by the New York State Department of Law. Consummation of the Plan does not relieve the Seller of its obligations pursuant to GBL §§ 352-e(2-b) and 352-h.

J. The Escrow Agent shall release the Down Payment if so directed:

(i) pursuant to terms and conditions set forth in the Purchase Agreement in Paragraph 7 upon closing of title to the Apartment; or

(ii) in a subsequent writing signed by both Seller and Purchaser; or

(iii) by a final, non-appealable order or judgment of a court.

K. If the Escrow Agent is not directed to release the Down Payment pursuant to paragraphs (i) through (iii) above, and the Escrow Agent receives a request by either party to release the Down Payment, then the Escrow Agent must give both the Purchaser and Seller prior written notice of not fewer than thirty (30) days before releasing the Down Payment. If the Escrow Agent has not received notice of objection to the release of the Down Payment prior to the expiration of the thirty (30) day period, the Down Payment shall be released and the Escrow Agent shall provide further written notice to both parties informing them of said release. If the Escrow Agent receives a written notice from either party objecting to the release of the Down Payment within said thirty (30) day period, the Escrow Agent shall continue to hold the Down Payment until otherwise directed pursuant to paragraphs (i) through (iii) above. Notwithstanding the foregoing, the Escrow Agent shall have the right at any time to deposit the Down Payment contained in the Escrow Account with the clerk of the county where the Apartment is located and shall give written notice to both parties of such deposit.

L. The Seller shall not object to the release of the Down Payment to:

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

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

M. The Escrow Agent will maintain all records concerning the escrow account for seven (7) years after the release of all funds from the escrow account. The Department of Law may perform random reviews and audits of any records involving the Escrow Account to determine compliance with all applicable statutes and regulations.

N. Any provision of any Purchase Agreement or separate agreement, whether oral or in writing, by which a Purchaser purports to waive or indemnify any obligation of the Escrow Agent holding any Down Payment in trust is absolutely void. The provisions of the Attorney General's regulations and GBL §§ 352-e(2-b) and 352-h concerning escrow trust funds

shall prevail over any conflicting or inconsistent provisions in the Purchase Agreement, Plan, or any amendment thereto.

O. Escrow Agent shall maintain the Escrow Account under its direct supervision and control.

P. A fiduciary relationship shall exist between Escrow Agent and Purchaser, and Escrow Agent acknowledges its fiduciary and statutory obligations pursuant to GBL §§ 352(e)(2-b) and 352(h).

Q. Escrow Agent may rely upon any paper or document which may be submitted to it in connection with its duties under this Purchase Agreement and which is believed by Escrow Agent to be genuine and to have been signed or presented by the proper party or parties and shall have no liability or responsibility with respect to the form, execution or validity thereof.

R. Seller agrees that Seller and its agents, including any Marketing Agents, shall deliver the Down Payment received by them prior to closing of the Apartment to a designated attorney who is a member of or employed by Escrow Agent, within five (5) Business Days of tender of the Down Payment by Purchaser.

S. Seller agrees that it shall not interfere with Escrow Agent's performance of its fiduciary duties and statutory obligations as set forth in GBL §§ 352-(e)(2-b) and 352-(h) and the New York State Department of Law’s regulations.

T. Seller shall obtain or cause the Marketing Agent under the Plan to obtain a completed and signed Form W-9 or W-8BEN, as applicable, from Purchaser and deliver such form to Escrow Agent together with the Down Payment and this Purchase Agreement.

U. Prior to release of the Down Payment, Escrow Agent's fees and disbursements shall neither be paid by Seller from the Down Payment nor deducted from the Down Payment by any financial institution under any circumstance.

V. Seller agrees to defend, indemnify and hold Escrow Agent harmless from and against all costs, claims, expenses and damages incurred in connection with or arising out of Escrow Agent's responsibilities arising in connection with this Purchase Agreement or the performance or non-performance of Escrow Agent's duties under this Purchase Agreement, except with respect to actions or omissions taken or suffered by Escrow Agent in bad faith or in willful disregard of the obligations set forth in this Purchase Agreement or involving gross negligence of Escrow Agent. This indemnity includes, without limitation, disbursements and attorneys’ fees either paid to retain attorneys or representing the hourly billing rates with respect to legal services rendered by Escrow Agent to itself.

W. Seller does not intend to post a bond or contract of indemnity or obtain a letter of credit. If Seller secures a bond or contract of indemnity or obtains a letter of credit, it will do so by means of a duly filed Amendment to the Plan.

X. If this Agreement is terminated due to Purchaser's Default, Seller will be entitled to receive the Liquidated Sum, as described in Paragraph J. above and Paragraph 7 below.

Y. In addition to the provisions of Paragraph J above, if Seller does not record the Declaration of Condominium, and transfer Unit 1 to the HDFC Apartment Corporation and cannot convey the shares allocated to the Apartment, and abandons the Plan, the Down Payment shall be returned to Purchaser, if interest, if any.

Z. I enclose herewith my check for the Down Payment drawn to the order of "Hirschen Singer & Epstein LLP Attorney Escrow". When Sponsor signs this Agreement, Sponsor or counsel will acknowledge receipt of Purchaser's check or wire transfer for the Down Payment, subject to collection.

AA. I understand and agree that, in accordance with the "Procedure to Purchase and Close" described in the Plan, I am executing the Purchase Agreement and the Affordable Housing Lottery Application and Applicant Authorization to Release Information and delivering same, together with Form W-9 or Form W-BEN8, whichever is applicable, and my check or wire transfer for the Down Payment, before I have been approved as a Purchaser by the Marketing Agent. I further understand and agree that until I have been approved by the Marketing Agent, Sponsor cannot and will not sign the Purchase Agreement as Seller, and until this Agreement is signed and returned to me, I shall have no rights under this Agreement or the Plan. Finally, I also understand and agree that Sponsor shall have the right to deliver the Down Payment to Hirschen Singer & Epstein LLP, as Escrow Agent, for deposit into the Escrow Account prior to my approval by the Marketing Agent. In such event, the deposit of the Down Payment shall not be deemed to mean that Purchaser has been approved or that the Purchase Agreement has been accepted by Sponsor, but it will mean simply that the Down Payment has been deposited in the Escrow Account. I understand that I will be notified subsequently of any approval by receipt of a copy of this Purchase Agreement signed by the Sponsor or of disapproval, by return of the Down Payment.

BB. I understand and agree that the Affordable Housing Lottery Application and Applicant Authorization to Release Information which I am executing and delivering simultaneously with this Purchase Agreement and all statements made in the Affordable Housing Lottery Application and Applicant Authorization to Release Information, including, without limitation, my statements about my income, are hereby made a part of this Purchase Agreement. A false statement in the Affordable Housing Lottery Application and Applicant Authorization to Release Information may be grounds for my disapproval if discovered prior to the time I am approved by the Marketing Agent, and it will be a default under this Purchase Agreement, entitling Sponsor to terminate this Agreement in accordance with its terms, if discovered after I have been approved by the Marketing Agent.

6. Purchaser's Representations

A. I represent that I am eighteen (18) years of age or over, and I am purchasing the Shares for my own account (beneficial and of record) without fraud or duress and with no discriminatory repurchase agreement or other discriminatory inducement.

B. In the event a temporary or permanent certificate of occupancy is obtained for the portion of the Building containing the Apartment, and the Plan has been declared effective, I understand and agree that I shall be obligated to Close (and, in certain instances, to Pre-Close) under this Purchase Agreement, upon notice from the Sponsor, as described in Paragraphs 7(A) and 7(G) below.

C. I understand and agree that the Sponsor has the right to make changes or substitutions of materials or construction items in the Apartment and/or in the Building from those set forth in the Plans and Specifications, subject to the provisions of the Plan, and that Sponsor shall have no obligation to perform any extras or special work in the Apartment. I may not enter the Apartment for purposes of inspection until notified by Sponsor that I may inspect the Apartment, as set forth in Paragraph 15 of this Agreement, and I may not permit my architect, contractor or interior decorator to enter the Apartment or to do work in the Apartment before I own the Apartment. I also understand that once I own the Apartment, I may not make any alterations in the Apartment (other than decorative) unless and until my proposed alteration plans have been reviewed and approved by the HDFC Apartment Corporation in accordance with the Proprietary Lease or other rules and regulations adopted by the HDFC Apartment Corporation.

D. I understand that any furniture, decorations, paint, wallpaper, built-ins, shelves or electrical fixtures shown in the model Apartments, if any, are not included in this sale.

E. I have examined or have been given the opportunity to examine and am satisfied with or have waived the examination of the Proprietary Lease and the HDFC Apartment Corporation's certificate of incorporation, by-laws and house rules and the Regulatory Agreement(s).

F. I understand and agree that I must use and reside in the Apartment as my primary residence and that I may not use the Apartment as an investment or for occupancy by someone other than me or a Family Member.

7. Closing and Pre-Closing

A. If Purchaser has not pre-closed on the Apartment as described in Paragraph 7(G) below or if this Agreement is executed after the Cooperative Conversion Date, Sponsor will notify Purchaser after the Cooperative Conversion Date, at least thirty (30) days in advance, as to the Apartment Closing Date and the time of Closing ("Sponsor's Closing Notice"). "Closing" refers to the time at which Purchaser (i) pays the balance of the Purchase Price for the Apartment and all associated Closing costs required pursuant to this Agreement and the Plan, (ii) executes all documents required under the Plan to be executed on the Apartment Closing Date and (iii) thereby becomes a Tenant-Shareholder. The Apartment Closing date set forth in Sponsor's Closing Notice will be at least thirty (30) Business Days after the date an amendment to the Plan indicating that the Plan has been declared effective has been accepted for filing by the Attorney General's office. The date scheduled for Closing in Sponsor's Closing Notice is called the "Original Scheduled Closing Date".

B. The Apartment Closing, or Pre-Closing, as applicable, shall occur at the offices of Sponsor's counsel, Hirschen Singer & Epstein LLP, 902 Broadway, 13th Floor, New York, New York 10010. Sponsor shall have the right, from time to time, to adjourn the Apartment Closing Date for any reason whatsoever on written notice to Purchaser. If adjourned, Seller shall fix a new date and time for the Apartment Closing and shall give Purchaser not less than five (5) days written notice of the newly scheduled Closing Date.

C. If I have inspected the Apartment as described in Paragraph 16 of this Agreement and have noted certain punchlist items on an Inspection Statement (see Rider 1) which Sponsor has agreed to attend to, I shall nevertheless be obligated to close under this Agreement on or about the Original Scheduled Closing Date (or on the date of the Scheduled Pre-Closing, as defined below, if applicable). Unfinished items specified on the Inspection Statement Punchlist will be completed by Sponsor within a reasonable period of time following the Apartment Closing (or pre-closing, as applicable), subject to force majeure delays, provided Purchaser permits Sponsor reasonable access to complete the work, as described in the Plan and in Paragraph 16 of this Agreement.

D. Any adjournment of the Original Scheduled Closing Date granted by Sponsor at Purchaser's request will be, at Sponsor's discretion, upon the conditions that (i) all adjustments made at the Apartment Closing shall be made as the date that is fourteen (14) calendar days after the Originally Scheduled Apartment Closing Date and (ii) at Closing, Purchaser shall pay to Sponsor, by unendorsed personal certified check, or by bank check or wire transfer, in either case drawn on a bank that is a member of the New York Clearinghouse Association, an amount equal to $100 per day multiplied by the number of days that the Apartment Closing is delayed (beginning with the date that is fifteen (15) calendar days after the Originally Scheduled Apartment Closing Date and ending with and including the actual Apartment Closing Date).

E. **PURCHASER UNDERSTANDS THAT IF PURCHASER REQUESTS MORE THAN ONE ADJOURNMENT OF THE ORIGINAL SCHEDULED CLOSING DATE OR IF PURCHASER REQUESTS AN ADJOURNMENT OF THE ORIGINAL SCHEDULED CLOSING DATE IN EXCESS OF FOURTEEN (14) DAYS, SPONSOR SHALL HAVE THE RIGHT UNILATERALLY TO MAKE TIME OF THE ESSENCE WITH RESPECT TO PURCHASER'S OBLIGATION TO CLOSE ON ANY RESCHEDULED CLOSING DATE TO WHICH SPONSOR CONSENTS. IF TIME IS OF THE ESSENCE RESPECTING PURCHASER'S OBLIGATION TO CLOSE, IT MEANS THAT IF PURCHASER FAILS TO CLOSE ON THE RESCHEDULED CLOSING DATE FOR ANY REASON WHATSOEVER, PURCHASER WILL BE IN DEFAULT UNDER THIS AGREEMENT, AND SPONSOR WILL HAVE THE RIGHT TO TERMINATE THIS PURCHASE AGREEMENT AND RETAIN PURCHASER'S DOWN PAYMENT TOGETHER WITH ANY INTEREST EARNED THEREON, AS LIQUIDATED DAMAGES. IN SUCH EVENT, SPONSOR MAY SELL THE APARTMENT TO ANOTHER PARTY AS IF THIS AGREEMENT HAD NEVER BEEN MADE. NOTHING HEREIN SHALL BE CONSTRUED TO REQUIRE SPONSOR TO GRANT ANY ADJOURNMENT OF THE ORIGINAL SCHEDULED CLOSING DATE.**

F. If the Shares and Proprietary Lease are to be conveyed or assigned, as applicable, by Sponsor to a Purchaser comprising more than one person, all co-purchasers must be present at the Apartment Closing and must sign all Closing documents.

G. (i) Notwithstanding anything in this Agreement to the contrary, if this Agreement is executed prior to the Cooperative Conversion Date, Sponsor reserves the right to permit, and in certain instances described below to require, that I "Pre-Close" under this Purchase Agreement. To "Pre-Close" means that I shall (a) pay all monies due in connection with the purchase into escrow, (less the amount to be financed, as stated on the first page of this Agreement) and (b) sign all Closing documents (which also will be held in escrow).

(ii) At Purchaser's Pre-Closing, if applicable, I will be obligated to pay the balance of the Purchase Price due under this Purchase Agreement (less the amount to be financed, as stated on the first page of this Agreement) into escrow with the Escrow Agent. Payment must be by unendorsed personal certified check of Purchaser or unendorsed official bank or cashier's check or wire transfer, in either case drawn on a New York Clearinghouse bank and payable to "Hirschen Singer & Epstein LLP Attorney Escrow".

(iii) In the event Purchaser Pre-Closes, the balance of the Purchase Price delivered by Purchaser at the Pre-Closing will be deposited into the same Escrow Account and held upon the same terms and conditions as the Down Payment. A Purchaser who Pre-Closes in accordance with the Plan and who is not in default under this Agreement on the Cooperative Conversion Date, and who has supplied any necessary recertification and been re-approved by the Marketing Agent to the extent necessary, will become a Tenant-Shareholder on the Cooperative Conversion Date.

(iv) All funds deposited and held in the Escrow Account on account of the Purchase Price are referred to in this Purchase Agreement as "Escrow Funds".

(v) At Pre-Closing, in addition to paying the Balance Due at Closing, Sponsor will be required to furnish evidence that two (2) month's Maintenance Charges allocable to the Purchaser's Apartment was deposited into the Working Capital Fund (the "Working Capital Fund Evidence"). At the Pre-Closing, I also will be required to execute the Proprietary Lease or, at Sponsor's sole discretion, an assumption thereof, the NYC RPT Tax Return and NYS Real Estate Transfer Tax Return, smoke detector/carbon monoxide detector affidavit and all other documents necessary to consummate the purchase under this Purchase Agreement (all such documents signed at the pre-closing are referred to collectively as the "Escrow Closing Documents").

(vi) The Escrow Funds, the Transfer Tax Checks or wire transfers and the Escrow Closing Documents shall be held in escrow by Escrow Agent until the later of the Cooperative Conversion Date or Purchaser's Apartment Closing Date, at which time the Escrow Funds, the Transfer Tax Checks or wire transfers and the Escrow Closing Documents will be disbursed in accordance with the terms of this Agreement and the Offering Plan. If the Plan is abandoned, the Escrow Funds, plus interest earned thereon, shall be returned to Purchaser, the Escrow Closing Documents will become void and of no force and effect, and Escrow Agent will have no further responsibilities or liabilities with respect thereto.

(vii) If I Pre-Close, I will be required to pay the first month's Maintenance Charges into escrow with Escrow Agent, to be released and adjusted between Purchaser and the

HDFC Apartment Corporation when the Purchase Price is released to Sponsor, or returned to me upon abandonment of the Plan.

(viii) Once the Plan has been declared effective, Sponsor may require that, if I have not yet Pre-Closed, that Purchaser do so. In the event Sponsor requires that Purchaser Pre-Close, Sponsor will give Purchaser at least ten (10) days written notice of the Pre-Closing date (the "Scheduled Pre-Closing"). A Scheduled Pre-Closing will be set by Sponsor only if the Apartment is covered by at least a temporary certificate of occupancy and the Plan has been declared effective.

(ix) If I elect voluntarily to pre-close prior to the time the Plan has been declared effective and if I thereafter fail to satisfy the required conditions of Pre-Closing set forth in this Agreement and the Plan, or if I fail to Pre-Close at a Scheduled Pre-Closing in accordance with a mandatory pre-closing scheduled by Sponsor pursuant to Paragraph 7(G)(viii) of this Agreement, I will be in default under thus Purchase Agreement. In the event of such default, Sponsor will notify me of the default in writing, granting me at least ten (10) Business Days within which to cure the default.

(x) As indicated in Paragraph 7(B) above, if Purchaser's Apartment Closing Date is to occur on a date which is more than six (6) months after the date on which Purchaser executed Purchaser's Income and Asset Worksheet contained in the Affordable Housing Lottery Application and Application Authorization to Release Information, the Marketing Agent must confirm that Purchaser continues to comply with the Annual Household income eligibility requirements in the IH Regulatory Agreement (6) months and at the Apartment Closing until the date of their Apartment Closing. The Apartment Closing cannot occur in such event until the Marketing Agent re-approves Purchaser's eligibility. Purchaser's failure to timely cooperate with a request for information from the Marketing Agent shall be a default under this Agreement.

(xi) **SUPPLEMENTING THE PROVISIONS OF PARAGRAPH 7 OF THIS PURCHASE AGREEMENT, PURCHASERS ARE ADVISED THAT SPONSOR RESERVES THE RIGHT TO MAKE TIME OF THE ESSENCE WITH RESPECT TO PURCHASER'S RIGHT TO CURE A DEFAULT UNDER THIS AGREEMENT WITHIN THE SPECIFIED CURE PERIOD. AFTER THE CURE PERIOD EXPIRES, IF PURCHASER'S DEFAULT REMAINS UNCURED, SPONSOR MAY TERMINATE THIS AGREEMENT, RETAIN THE DOWN PAYMENT TOGETHER WITH ALL INTEREST EARNED THEREON AS LIQUIDATED DAMAGES, AND THEREAFTER SELL THE APARTMENT TO ANOTHER PURCHASER AS IF THIS AGREEMENT HAD NEVER BEEN MADE.**

(xii) If Purchaser has Pre-Closed, then on or shortly following the Cooperative Conversion Date (assuming that Purchaser's Apartment Closing Date is deemed to have occurred as of the Cooperative Conversion Date and that Purchaser is deemed to have become a Tenant-Shareholder on that date), original counterparts of the Escrow Closing Documents, as well as the certificate for Shares attributable to Purchaser's Apartment, will be released from escrow and forwarded to Purchaser, the Escrow Funds will be released from escrow and forwarded to Sponsor, interest earned thereon will be forwarded to Purchaser, the Transfer Tax Checks or wire transfers will be released and used by or on

behalf of Sponsor to pay the Transfer Taxes, will be released and delivered to the HDFC Apartment Corporation.

(xiii) Escrow Closing Documents of a Purchaser who Pre-Closed but who for some reason (i.e., failure to timely supply a Recertification as and if necessary) did not become a Tenant-Shareholder on the Cooperative Conversion Date, will be released on Purchaser's Apartment Closing Date, when and if Purchaser pays the entire balance due under the Purchase Agreement to Sponsor and/or otherwise complies with Purchaser's obligations under this Agreement and the Offering Plan. At the time Purchaser closes under this Purchase Agreement, the Escrow Funds will be released from escrow to Sponsor, interest earned on the Escrow Funds will be delivered to Purchaser, the Transfer Tax Checks or wire transfers will be released and used by or on behalf of Sponsor to pay the Transfer Taxes, and the Working Capital Fund will be released and delivered back to the HDFC Apartment Corporation.

8. Apartment Closing Date: Delivery of Shares and Proprietary Lease: Payment of Balance Due: Payment of Taxes and Fees

A. On the Apartment Closing Date, Sponsor will deliver or cause to be delivered an assignment to Purchaser of the Proprietary Lease, accompanied by Sponsor's original counterpart of the Proprietary Lease (or in Sponsor's discretion, an original Proprietary Lease in Purchaser's name) and a certificate for the Shares in the name of Purchaser. Sponsor also will deliver a written statement by the HDFC Apartment Corporation or its Managing Agent setting forth the amount and payment status of Maintenance Charges and assessments, if any, attributable to the Apartment.

B. As of Purchaser's Apartment Closing Date, Purchaser will assume or enter into as applicable, (or will be deemed to have assumed or entered into, if Purchaser previously pre-closed) the Proprietary Lease and, subject to the provisions of Paragraph 7(G) above, will give Sponsor, or anyone Sponsor designates, Purchaser's unendorsed personal certified check(s) or official bank check(s) or wire transfers (in either case drawn on a New York Clearinghouse Bank), for the Balance Due at Closing as shown above, payable to the order of Sponsor, or to any other person(s) or entity(ies) Sponsor designates or directs.

C. If Purchaser does not pre-close as described above, Purchaser will be required to deliver to Sponsor on Purchaser's Apartment Closing Date, in addition to the Balance Due at Closing, the following payments and documents:

(i) Purchaser's unendorsed certified check or bank check or wire transfer (in either case drawn on a New York Clearinghouse Bank) payable to Sponsor in an amount equal to one month's Maintenance Charges allocated to the Apartment (or, if the Apartment Closing does not take place on the first day of the month, the amount of the check or wire transfer shall be pro-rated so that the reimbursement shall be equal to the number of days remaining in the month of the Apartment Closing multiplied by the per diem maintenance charge).

(ii) Sponsor will pay, on behalf of the Purchaser, the fee of Sponsor's Attorney in the amount of $2,500 and the ACRIS fee of $250. Purchaser will pay the legal fee of his or her attorney.

(iii) a duly completed New York City Real Property Transfer Tax return (the "RPT Tax Return"), together with a duly completed Smoke Detector /Carbon Monoxide Detector Affidavit, both signed before a notary public, to be filed by Sponsor with the City of New York, together with Sponsor's certified or official bank check or wire transfer, payable to the New York City Department of Finance in the aggregate amount of the RPT Tax due for the transaction, if any, plus all then applicable administrative filing fees due in connection therewith, and a check or wire transfer for the payment of stock transfer taxes;

(iv) a duly completed Form TP-584, "New York State Combined Gains Tax Affidavit, Real Estate Transfer Tax Return and Credit Line Mortgage Certificate" ("NYS Transfer Tax Return") to be filed by Sponsor with the New York State Department of Taxation and Finance, together with Sponsor's certified or official bank check or wire transfer payable to the New York State Department of Taxation and Finance in the aggregate amount of the NYS Transfer Tax due for the transaction, plus all then applicable administrative filing fees due in connection therewith;

(v) a check or wire transfer payable to Sponsor in reimbursement for Maintenance Charges paid by Sponsor for the month in which the Apartment Closing occurs, or depending on the date of the Apartment Closing, a check or wire transfer payable to the HDFC Apartment Corporation for that month's Maintenance Charges; and

(vi) any other documents required pursuant to this Agreement or the terms of the Plan.

D. Sponsor will submit Sponsor's Transfer Tax Checks or wire transfers to pay the applicable Transfer Taxes and/or filing fees, as applicable, when Sponsor files the RPT Tax Return and NYS Transfer Tax Return after the Apartment Closing Date.

9. <u>Liability to Convey Shares and Proprietary Lease; Liability for Adjournments</u>

A. Purchaser agrees that Sponsor may cancel this Agreement by returning the Down Payment to Purchaser, with interest earned thereon, if any, together with a written notice, in the event that (i) any governmental bureau, department or subdivision thereof imposes restrictions on the manufacture, sale, distribution and/or use of materials necessary in the construction of residential housing and such restrictions prevent Sponsor from obtaining such materials from regular suppliers or from using then in the construction and or completion of the Building and the apartments located therein, (ii) Sponsor is unable to obtain materials from its usual sources due to strikes, lockouts, wars, military operations and requirements, national emergencies or the installation of public utilities is restricted or curtailed, or (iii) the Plan is abandoned as set forth in Paragraph 9(B) of this Agreement.

B. In the event Sponsor is unable to convey title to the Shares and Proprietary Lease within twenty-four (24) months after Purchaser has signed this Agreement, except for force majeure delays and other delays due to circumstances and conditions beyond Sponsor's

control, in which case the period shall be extended to thirty (30) months, Purchaser shall have the option to cancel this Agreement. If Purchaser cancels this Agreement pursuant to the foregoing the Down Payment made by Purchaser, together with interest earned thereon, if any, shall be returned to Purchaser. Sponsor will have the option to abandon the Plan and Sponsor shall not be obligated to transfer the Shares to Purchaser if fewer than 50% of the Apartments offered under the Plan (i.e., five) attributable to Apartments are not sold to bona-fide, non-Sponsor related Purchasers pursuant to fully executed Purchase Agreements with, if applicable, mortgage commitments from acceptable lenders, so long as the Shares appurtenant to any Apartment have not been transferred to a Purchaser. If Sponsor exercises Sponsor's option to abandon the Plan, Sponsor shall immediately return Purchaser's Down Payment, together with interest earned thereon, if any, to Purchaser.

C. Sponsor's liability under this Agreement for failure to deliver the Shares and the Proprietary Lease for any reason, other than Sponsor's willful default, shall be limited to the return of Purchaser's Down Payment paid hereunder, together with interest earned thereon, if any. Upon the return of Purchaser's Down Payment, together with interest earned thereon, if any, this Agreement shall be null and void and Purchaser and Sponsor will be released from any and all liability to each other. In any event, Sponsor shall not be required to bring any action or proceeding or otherwise incur any expense to render title to the Shares and Proprietary Lease marketable or to cure any objection to title.

D. If Sponsor or Purchaser delays or adjourns the Apartment Closing, Sponsor shall not be liable for the costs, if any, Purchaser incurs as a result of the delay or adjournment, or for any other damages whatsoever.

10. Financing Contingency

A. Unless otherwise permitted, Purchaser will be required to secure a mortgage loan of not more than 90% of the Purchase Price of the Shares allocated to the Apartment. It is estimated that total housing expense (principal and interest, maintenance charges) will not be in excess of 35% of 85% of AMI, adjusted for family size. Purchaser must be able to qualify for mortgage financing in order to purchase the shares allocated to their apartment.

B. My obligations under this Agreement are subject to the issuance of a commitment letter by any other lending institution designated in writing by Sponsor. I may apply for financing from any commercial bank, savings bank or savings and loan association or other lending institution doing business in the State of New York, but I do so at my own risk. It is strongly advised that Purchaser seek a loan and commitment letter from a FHA approved lender or a SONYMA approved lender. I will not apply for more than the "Amount to be Financed", as set forth on Page 1 of this Agreement and as described in the Plan.

C. Within eight (8) days of the date hereof, I shall apply for the loan, furnish to the institution accurate and complete information on me and members of my family, as required, advise you of the name and address of the institution to which such application has been made and the date upon which it was made, and furnish you or the Marketing Agent with a copy of the completed loan application form, and caused to be furnished to you as soon as practicable the agreement proposed to be made by the institution with you (the "Recognition Agreement").

D. I shall accept any commitment letter complying with the terms of subparagraph A hereof, if issued, pay any application, appraisal, commitment or other fees in respect of the loan, and comply with the requirements of the commitment letter other than those relating to you.

E. Provided that I shall have fulfilled all of my obligations hereof, if the aforementioned commitment letter is not issued within forty-five (45) days after I apply for the loan pursuant to subparagraph B of this Section 10, I shall have the right to terminate this Agreement on notice given not more than five (5) days after such 45-day period has elapsed. In such event, my Down Payment will be returned to me, and this Agreement shall be cancelled, unless Sponsor, at Sponsor's sole option, upon written notice to me postmarked or delivered within ten (10) days of Sponsor's receipt of notice from me that a written loan commitment has not been obtained, either (i) declare the Purchase Agreement null and void or (ii) extend the period of time in which I have to obtain the commitment. I understand that if I fail to send notice within the five (5) day period, the financing contingency clause will be deemed waived and the Sponsor shall have the right to terminate this agreement or require me to proceed to Closing.

F. If I fail to submit a timely application or to give the Marketing Agent timely notice of cancellation, I will be deemed to have waived my right to cancel this Agreement and I may lose the Down Payment and any interest thereon. If I obtain a commitment for a cooperative apartment loan and this commitment lapses or expires prior to the Apartment Closing Date, I agree to make a good faith effort to extend the commitment and to deliver to the Marketing Agent, before the commitment lapses or expires, evidence of my good faith effort. If, despite my good faith efforts, the commitment lapses or expires prior to the Apartment Closing Date, I will have the right to rescind this Agreement by giving written notice of my election to rescind to the Marketing Agent within 15 days after the commitment expires or lapses. I understand, however, and agree that I will have no right to rescind this Agreement if my commitment may be extended by the lending institution upon terms different from those originally provided.

G. If this Agreement is not terminated by notice, as provided in subparagraph D, this Agreement will be deemed to be firm and binding whether or not a loan commitment is issued to me and regardless of the terms of such a loan commitment or whether or not I am able to borrow any part of the fund that I need or desire to purchase the Shares. I understand and agree that neither you, Sponsor nor the Marketing Agent has made any representation, warranty, or agreement in this Agreement or in the Plan that financing, will be made available to me to finance my purchase of the Shares. If this Agreement is so terminated, you will cause my Down Payment to be returned to me.

11. [**Reserved]**

12. Default and Liquidated Damages

If I shall fail to pay the Balance of the Total Purchase Price on the Originally Scheduled Closing Date or any permitted adjournment thereof, or if I am in default with respect to the Pre-Closing requirements of the Plan, when due, or if I fail to duly sign,

notarize and return the Proprietary Lease (or an assignment thereof) or any of the documents referred to in the Plan or in this Agreement when I am required to sign or if I violate, repudiate or fails, the Sponsor may elect to cancel this Agreement by notice given to me (by registered or certified mail, return receipt requested); and unless I pay the Balance or cure the breach within thirty (30) days thereafter, this Agreement shall terminate as of the end of such thirty (30) day period and my Down Payment shall be paid over to the Sponsor, as liquidated damages. **TIME IS OF THE ESSENCE FOR PURCHASER TO CURE ANY DEFAULT HEREUNDER WITHIN THE APPLICABLE PERIOD. AFTER THE SPECIFIED CURE PERIOD EXPIRES, IF PURCHASER'S DEFAULT REMAINS UNCURED, SPONSOR MAY TERMINATE THIS AGREEMENT, RETAIN PURCHASER'S DOWN PAYMENT, TOGETHER WITH ANY INTEREST EARNED THEREON, AS LIQUIDATED DAMAGES, AND SELL THE APARTMENT TO ANOTHER PURCHASER AS IF THIS AGREEMENT HAD NEVER BEEN MADE.** I agree that upon cancellation of this Agreement and making of any refund to me, the HDFC Apartment Corporation, Sponsor, Marketing Agent and I will be released and discharged of any further liability and the Sponsor shall have the right to sell and Shares and Proprietary Lease to another purchaser as though this Agreement had never been made.

13. Closing Contingent on Plan Being Declared Effective

A. I understand that this Agreement is binding, only if and when the Plan is declared effective. The Plan shall not be declared effective except in accordance with the prerequisites set forth in the Plan, as same may be amended from time to time. I understand and agree that the Sponsor shall have the right to abandon the Plan at any time prior to its being declared effective or thereafter, in certain limited cases set forth in the Plan. The Plan will be abandoned or deemed abandoned if it has not been declared effective within the time limits prescribed in the Plan. Seller shall notify me, in writing or by a duly filed Amendment to the Plan, when the Plan becomes effective or is abandoned.

B. If the Plan is abandoned or does not become effective, or, if after being declared effective the Plan shall not be consummated for any reason within twelve months from the projected first year of operation (as such date may be extended), or one year form the date of this Purchase Agreement, whichever is earlier this Agreement shall be deemed cancelled. I am to receive back my Down Payment, not later than five (5) days after the amendment abandoning the plan has been accepted for filing, in accordance with the provisions of this Agreement. After the funds are so disbursed, no party shall have any claim against each other party or person, the HDFC Apartment Corporation, the Sponsor, Escrow Agent, if any, or Marketing Agent in connection with this Agreement or the Plan, and all such parties and persons shall be released from all liabilities and obligations hereunder and under the Plan.

14. Risk of Loss

A. Until the Apartment Closing Date under this Agreement, but subject to the provisions of Paragraph 14(G) of this Agreement, Sponsor assumes all risk of loss or damage ("Loss") to the Apartment from fire or other cause. In the event of a Loss, Sponsor shall have the option (but not the obligation) to restore the Apartment to as near as reasonably possible to the condition immediately prior to the Loss.

B. Within ten (10) Business Days after the Loss occurs, Sponsor shall give notice to Purchaser of the Loss and whether or not Sponsor elects to restore ("Election Notice").

C. If Sponsor elects to restore, Sponsor shall commence such restoration within sixty (60) calendar days after sending the Election Notice ("Restoration Notice").

D. If Sponsor elects not to restore or fails to send the Election Notice or, having sent the Election Notice, Sponsor fails to commence the restoration within the Restoration Period, then Purchaser's sole remedy is either to:

(i) cancel this Purchase Agreement in accordance with Paragraph 9 and recover the Down Payment together with any interest earned thereon; or

(ii) complete the purchase in accordance with this Purchase Agreement without reduction in the Purchase Price or claim against Sponsor, but with the right to receive "Net Insurance Proceeds" (if any), as defined in Paragraph 14(E), together with an assignment to Purchaser, without recourse to Sponsor, of any uncollected proceeds, which assignment shall be delivered by Sponsor at closing.

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

F. If I fail to exercise one of my options pursuant to Paragraph 14(D) by written notice to Sponsor within 7 Business Days after Sponsor gives the Election Notice or within 7 Business Days after the Restoration Period expires (in the event Sponsor fails to commence the restoration within the Restoration Period), then I will be deemed to have conclusively elected the option to complete the purchase pursuant to Paragraph 14(D)(ii).

G. Notwithstanding anything to the contrary in Paragraph 14(A), I shall have the right to cancel this Purchase Agreement in accordance with Paragraph 9 if, prior to closing under this Agreement and while Sponsor is in possession of the Apartment, through no fault of mine or my contractors, agents, employees and servants, either:

(i) a Loss occurs to the Apartment which would cost more than the total of the Apartment's proportionate share of the Underlying Mortgage, plus the Total Purchase Price to restore; or

(ii) more than 50% of the Apartments in the Building are damaged and rendered uninhabitable by fire or other cause, regardless of whether the Apartment is damaged.

H. I shall be deemed to have waived my right to cancel under Paragraph 14(H) if I fail to elect to cancel by written notice to Sponsor given within seven (7) Business Days after Sponsor gives notice to me of the event which gives rise to my right to cancel. In the event I waive or am deemed to have waived this right to cancel, the provisions of Paragraph 14(F) shall apply.

15. Notices

All notices, letters, requests, elections, consents, demands or other communications (collectively called "notices" or individually called "notice") shall be delivered personally or given in writing by first class mail, registered or certified mail, return receipt requested, postage prepaid and, if sent to me at my address set forth below and, if sent to the Sponsor or Marketing Agent, c/o Beach Path, LLC, 1201 Route 112, Suite 900, Port Jefferson Station, New York 11776. I will send a copy of any notice that I send to Seller or Marketing Agent to Hirschen Singer & Epstein LLP (the "Closing Attorneys"), 902 Broadway, 13th Floor, New York, New York 10010, Attn: Russell A. Kivler, Esq. or to such other law firm as Sponsor may designate. Either party may, by notice to the other, change the address to which notices are to be sent. Unless otherwise provided herein, all notices shall be deemed given when personal delivery is effected or five (5) days after the date it is mailed, except that a notice of address change shall be considered given when received. Any notice sent by the Closing Attorneys on Sponsor's behalf to Purchaser or to Purchaser's attorney set forth on the signature page of this Agreement (or to any other attorney purporting to represent Purchaser) shall be deemed notice by Sponsor. I will notify Sponsor of any changes in my address or telephone number or the name and location of my attorney.

16. Inspection and Acceptance of Condition

A. Purchaser's signing of this Agreement shall constitute Purchaser's agreement to accept the Apartment in the condition it is in on the Apartment Closing Date, including the then existing kitchen, bathroom and other appliances, fixtures, equipment and installations, subject to the conditions set forth in this Purchase Agreement and on the Inspection Statement as described and defined in this Paragraph 16.

B. Prior to the Original Scheduled Closing Date, or a scheduled Pre-Closing, as applicable, Sponsor will advise Purchaser of a date and time when Purchaser may inspect the Apartment. Purchaser shall attend such inspection only with an authorized representative of Sponsor or Marketing Agent. Purchaser shall date and sign an inspection statement at the conclusion of the inspection (the "Inspection Statement"), confirming Purchaser's acceptance of the Apartment in its then as-is condition. If, however, during the inspection Purchaser notes certain incomplete items that Sponsor, through its inspection representative agrees to complete, repair or replace, these items shall be itemized on a list attached to the Inspection Statement which list must be signed and dated by both Sponsor's representative and Purchaser to be binding on Sponsor (the "Punch List"). Neither Purchaser's architect nor interior decorator may inspect the Apartment for Purchaser. Purchaser shall make the inspection of the Apartment required by this Agreement or shall take the Apartment "as-is" if Purchaser shall not have made the inspection.

C. Purchaser agrees to Close and/or Pre-Close under this Agreement without any abatement of the Purchase Price or provision for escrow, notwithstanding incomplete construction of (i) minor details in the Apartment (provided the Apartment is covered by at least a temporary certificate of occupancy), or (ii) other Apartments in the Building, or (iii) the common areas of the Building.

D. Purchaser understands that certain items, including but not limited to shower heads, toilet seats, kitchen cabinet knobs, mechanical chimes, plumbing fittings, light fixtures, electrical receptacles, toilet accessories, door hardware and minor parts of kitchen cabinets, might not be installed at the time of the inspection walk-through. Some of these items are typically left off until Purchaser is about to take occupancy, to prevent pilferage. Other items will be installed subject to availability. Still other items may have been installed but damaged during the course of construction. To the extent any such items are noted on the Inspection Statement or a mutually signed Punchlist, Sponsor will make reasonable efforts to have any such items installed, repaired or replaced as appropriate, within a reasonable time period following the Apartment Closing or Pre-Closing, as applicable, provided Purchaser provides Sponsor access to do so.

E. Purchaser agrees that no discussion of incomplete items is to take place at the Apartment Closing or Pre-Closing itself. Notwithstanding anything to the contrary in this Agreement, Purchaser may not inspect the apartment until Sponsor has notified Purchaser that the Apartment is ready for inspection.

F. Purchaser's failure to attend an inspection appointment or to complete, sign and deliver the Inspection Statement and/or Punchlist, shall not excuse Purchaser from paying the Balance Due at Closing at Closing or Pre-Closing, as applicable, and shall constitute Purchaser's full and unconditional acceptance of the Apartment "as-is" on the date of Pre-Closing or on the Apartment Closing Date, if Purchaser has not Pre-Closed.

G. Sponsor's agreement to complete items on the Inspection Statement Punchlist shall obligate Sponsor to perform Sponsor's work in accordance with the standards for Sponsor's work set forth in the Offering Plan. However, Purchaser's failure to permit Sponsor (or Sponsor's contractors, agents or employees) access to the Apartment to complete Punchlist items, shall constitute Purchaser's waiver of completion of the Punchlist items.

H. Following Closing, or Pre-Closing, as applicable, when and if Purchaser makes arrangements to move into the Building, PURCHASER AGREES TO FOLLOW THE MOVE-IN PROCEDURES AND PAY ANY MOVE-IN FEES ESTABLISHED BY THE HDFC APARTMENT CORPORATION, WHICH MOVE-IN PROCEDURES AND SCHEDULE OF FEES WILL BE DELIVERED TO PURCHASER AT THE TIME PURCHASER CLOSES OR PRE-CLOSES TITLE TO PURCHASER'S APARTMENT. The provisions of this subparagraph (H) shall survive the Apartment Closing and/or Pre-Closing hereunder.

I. SELLER MAKES NO HOUSING MERCHANT IMPLIED WARRANTY OR ANY OTHER WARRANTIES, EXPRESS OR IMPLIED, IN CONNECTION WITH THIS AGREEMENT OR THE APARTMENT COVERED HEREBY AND ALL SUCH WARRANTIES ARE EXCLUDED.

Seller will deliver to Purchaser such warranties and certificates in its possession covering any kitchen appliances or equipment that are included in the sale.

Except as provided herein and in the Plan, the Seller shall not be liable to the Board of Directors or to the Purchaser for any manner as to which an assignable warranty,

guaranty or bond has been assigned to such Board or to the Purchaser. The provisions of this paragraph 16 shall survive Closing.

17. Binding Effect and Prohibitions against Recording, Assigning, Advertising or Filing a Lis Pendens

A. This Purchase Agreement shall not be binding until Purchaser has been approved as a purchaser as set forth in the Plan, such approval to be indicated by execution and acknowledgment of this Agreement by Sponsor and delivery of a fully executed counterpart to purchaser.

B. I agree not to record the Agreement or to advertise or otherwise offer, promote or publicize the availability of the Apartment for sale or lease prior to the Apartment Closing hereunder. I also agree not to file a *lis pendens* against the Building in the event of Sponsor's default hereunder.

C. This Agreement (and the rights hereunder) are not assignable by me without the prior written consent of the Sponsor and shall bind and apply to me and my executors, administrators, legal representatives, heirs, successors and permitted assigns. Any attempted assignment without such consent shall be null and void. The provisions of this Agreement shall inure to the benefit of the Sponsor, its successors and assigns, and (to the extent provided herein) the Sponsor and other Purchasers under the Plan.

D. I understand that any violation of any of my agreements in this Paragraph shall be a default under this Agreement.

18. No Lien; Subordination

I agree that all terms and provisions of this Agreement and all sums paid hereunder do not constitute a lien against the Property or Building and shall be subject and subordinate to any and all mortgages hereafter on the Property and to any expenses, payments and advances already or hereafter made thereunder. This subordination shall apply whether such advances are voluntary or involuntary and whether made in accordance with the building loan schedule of payments or accelerated by virtue of lender's right to make advances before they become due in accordance with the schedule of payments, if any.

19. Broker

I represent to the Sponsor and Marketing Agent that the person or firm identified on the cover of this Agreement is the only Broker with whom I have dealt or, if no name is filled in, the Marketing Agent is the only broker or sales agent with whom I have dealt in connection with this transaction, and it is my understanding that the Sponsor will pay the commission due the broker or Marketing Agent pursuant to separate agreement. I agree that should any claim be made against the HDFC Apartment Corporation or the Sponsor for commissions by any broker, other than any Marketing Agent, on account of any acts of mine or of my representatives, I will indemnify and hold the HDFC Apartment Corporation and Sponsor free and harmless from any and all liabilities and expenses in connection therewith, including (without limitation) reasonable legal fees and disbursements. The provisions of

this Paragraph shall survive the Apartment Closing.

20. Real Estate Tax Exemption Benefits.

On March 24, 2021, HPD issued a Certificate of Eligibility for exemption from Real Property Tax pursuant to Article XI of the Private Housing Finance Law. A copy of the Certificate of Eligibility is set forth in Section 1 of the Plan. As of the date hereof, the Article XI Tax Exemption eliminates all real property taxes for the HDFC Apartment Corporation and proportionate portion of the property for a period of forty (40) years. After 40 years, the exemption will expire and unless renewed, the HDFC Apartment Corporation will not be exempt from real estate taxes.

21. Jury Waiver

I waive my right to trial by jury in any action, proceeding or counterclaim in any way connected with this Agreement or the Plan.

22. Survival of Sponsor's Obligations; Performance

A. Sponsor will have no obligations under this Agreement or the Plan after Sponsor gives purchaser the Shares and Proprietary Lease, unless this Agreement or the Plan specifically gives Sponsor an obligation after that time. All representations required by Article 23-A of the General Business Law of the State of New York to survive closing hereunder shall survive the delivery of the Shares and the Proprietary Lease.

B. The acceptance of the Shares and the assumption or entering into of the Proprietary Lease by Purchaser shall be deemed to be full performance and discharge of every agreement and obligation (express or implied) on the part of Sponsor to be performed pursuant to this Agreement, except those which are herein specifically stated to survive the Apartment Closing.

C. Neither the Apartments Corporation, nor any of its members, directors, officers, agents, or employees (the HDFC Apartment Corporation and such other parties, collectively, the "Exculpated Parties") shall have any personal liability for the payment or performance of the duties or obligations contemplated under this Agreement.

23. HDFC Apartment Corporation not a Party

I understand that the HDFC Apartment Corporation is not a party to this Agreement, or the sale contemplated hereby and that no representations, warranties or promises of any kind have been made to purchaser by the HDFC Apartment Corporation. Purchaser agrees that no claim will be made against the HDFC Apartment Corporation by Purchaser in respect of, or arising out of, the purchase of the Shares or the execution of the Proprietary Lease. The provisions of this Paragraph shall survive the Apartment Closing.

24. Construction Against Waiver

No provision of this Agreement shall be deemed to have been abrogated or waived by reason of the failure to insist upon the strict performance, irrespective or the number of violations or breaches which may occur.

25. Entire Agreement

This Purchase Agreement, together with the Plan, as the Plan may be amended from time to time, constitutes the entire agreement between us as to the subject matter hereof and supersedes all prior understandings and agreements. I acknowledge having entered into this Agreement, without relying upon any promises, statements, estimates, representations, warranties, conditions or other inducements, expressed or implied, oral or written, not set forth herein or in the Plan. I agree that Sponsor shall have no liability to me if there is a minor error or inaccuracy in the layout or dimensions of the Apartment as shown on the Plans in this offering Plan or the actual floor plans available for review in the sales office, so long as the layout and dimensions conform substantially to the floor plans that I have been given an opportunity to examine. I further acknowledge having had full opportunity to examine all documents and investigate all facts referred to and stated herein and in the Plan. In no event will this Agreement be amended to abrogate Sponsor's responsibilities or Purchaser's rights under Article 23-A of the General Business Law.

26. Captions

The captions used herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

27. Sponsor's Right to Terminate the Agreement

In the event of Purchaser's death prior to the Apartment Closing Date under this Purchase Agreement, Sponsor shall have the right to terminate this Agreement, without any liability to Sponsor. In the event Sponsor terminates this Agreement, in accordance with this paragraph, Sponsor shall return the Down Payment together with any interest thereon, to the executor or administrator, as applicable, of Purchaser's estate. Upon termination of this Agreement, Sponsor may sell the Apartment to another Purchaser as if this Agreement had never been made, and neither Purchaser's executor, administrator or heirs shall have any rights under this Agreement.

28. Modification of Agreement

This Agreement cannot be amended or modified orally, but only in writing signed by or on behalf of the party against whom same is sought to be enforced.

29. Certain References

Use of the masculine gender in this Agreement shall be deemed to include the feminine (or neuter) genders and use of the singular shall be deemed to refer to the plural, and vice

versa, whenever the context so requires. The term “herein”, “hereof”, or “hereunder” or similar terms used in this Agreement refer to the entire Agreement and not to the particular provision in which the term is used.

30. Governing Law

It is agreed and understood that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York.

31. No Additional Work

Seller does not intend to and is not obligated to do any additional work in the Apartment.

32. Exculpation of HDFC Apartment Corporation

Notwithstanding any provision to the contrary contained here in this Offering Plan, neither the Apartments Corporation, nor any of its members, directors, officers, agents, or employees (the HDFC Apartment Corporation and such other parties, collectively, the “Exculpated Parties”) shall have any personal liability for the payment or performance of the duties or obligations contemplated under this Offering Plan, Proprietary Lease and Shares, the By-laws, and House Rules.

33. Miscellaneous

Electronic, facsimile or e-mailed signatures shall be deemed original signatures for the purposes hereof, provided that the party providing such electronic, facsimile or e-mailed signature shall deliver an original counterpart of such signature to the other party within three (3) business days thereafter. This Agreement may be executed in separate counterparts, and all of the original (and/or deemed original) signature pages of such counterparts, when taken together with one (1) counterpart of this Agreement, shall be deemed to constitute a full and complete original counterpart of this Agreement.

34. Conflicts with the Plan

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

[Signatures on Following Page]

The Seller, Purchaser and Escrow Agent have signed this Agreement on the day and year first above written.

PURCHASER:

_____

Address: _____
Telephone No:_____
Fax and/or Email:_____
Social Security Number:_____

Accepted and Agreed to by:

SELLER:

Beach Path, LLC
By Rise Above III LLC, its sole member

By:_____
Enrico Scarda, Manager

PURCHASER'S ATTORNEY:

Name:_____

Address:_____
Tel. No.: _____
Fax No.:_____
Email: _____

CONSENTED TO BY ESCROW AGENT:

HIRSCHEN SINGER & EPSTEIN LLP

By:_____

RIDER 1 TO PURCHASE AGREEMENT
INSPECTION STATEMENT

Date:_____, 202[0]

RE: **1402 YORK AVENUE OWNERS HOUSING DEVELOPMENT FUND COMPANY, INC., New York, New York 10021**

Apartment: _____ Shares: _____

Ladies and Gentlemen:

The undersigned is/are the purchaser ("Purchaser") of shares allocated to the above-referenced Apartment (the "Apartment"). Purchaser understands that this Inspection Statement is to be completed by Purchaser, together with Seller's authorized representative, prior to the Apartment Closing Date. This Statement will be signed by Sponsor's representative and Purchaser at the time of the walk-through inspection.

As a result of my/our final inspection of the above-referenced Apartment, please be advised that except as otherwise noted, we found the following items in good condition, free of chips, mars, breaks or other defects.

Purchaser further understands that Seller agrees to complete all items listed below within a reasonable period of time following the date of closing, weather permitting, and subject to delays for work or materials beyond Sponsor's control (i.e., force majeure delays etc). Purchaser is fully aware, that notwithstanding the foregoing, Seller's obligation to repair or correct items on this Inspection Statement is conditioned upon Seller's ability to gain access to the Apartment. Purchaser agrees that if Purchaser does not provide access to the Apartment to Seller or its agents or contractors within five (5) days after Seller has notified Purchaser of Seller's intention to complete the Inspection Statement work in the Apartment, then Seller shall have no further obligation to complete the items of work.

Carpentry and Finishes

1.	Apartment Entry Door	[ ] OK or _____
2.	Interior Doors & Hardware	[ ] OK or _____
3.	Closet Doors	[ ] OK or _____
4.	Closet Shelves & Poles	[ ] OK or _____
5.	Windows & Screens	[ ] OK or _____
6.	Terrace Entry/Glass Door	[ ] OK or [ ] Not Applicable
7.	Baseboard	[ ] OK or _____
8.	Walls	[ ] OK or _____
9.	Floor & Finish	[ ] OK or [ ] Not Applicable
10.	Kitchen Cabinets	[ ] OK or _____
11.	Ceramic Floor & Wall Tile	[ ] OK or _____
12.	Bathroom Accessories	[ ] OK or _____
13.	Medicine Cabinet	[ ] OK or _____
14.	Lavatory Sinks	[ ] OK or _____

Plumbing and Heating

15.	Bathroom Sink	[ ] OK or _____
16.	Water Closet	[ ] OK or _____
17.	Bathtub	[ ] OK or _____
18.	Kitchen Sink	[ ] OK or _____

Electric

19.	Outlets & Covers	[ ] OK or _____
20.	Switches & Covers	[ ] OK or _____
21.	Light Fixtures	[ ] OK or _____
22.	Breaker Panel	[ ] OK or _____

Other

23.	Range	[ ] OK or _____
24.	Refrigerator	[ ] OK or _____
25.	Dishwasher	[ ] OK or [ ] Not Applicable
26.	Washer/Dryer	[ ] OK or _____
27.	Other Appliance (identify)	[ ] OK or _____

I/We agree and will sign off each item requiring adjustment or repair as it is completed. We understand that any adjustment or repair will only be made during regular business hours. We also understand that the Warranty referred to in Paragraph 16 of the Purchase Agreement is not to be construed as a maintenance warranty.

I/We have inspected the Apartment and found all in good condition except as noted above. We accept the Apartment as presented and certify that we have inspected same. I/We understand that Seller is not responsible for any damage to the doors, walls, ceilings, appliances or any other part of the Apartment resulting from move-in to the Apartment. I/we understand that to prevent pilferage, certain items such as medicine cabinet doors, shower heads, toilet seats, kitchen cabinets, vanity knobs and mechanical chimes may be installed just prior to my/our date of moving. I/we agree and I/we will sign off each item requiring adjustment or repairs as it is completed.

_____ _____

Purchaser Purchaser

SELLER:

Beach Path, LLC

BY:_____

ADJUSTMENT AND/OR REPAIRS

Item	Date Completed
_____	_____
_____	_____
_____	_____

RIDER 2 TO PURCHASE AGREEMENT

Form **W-9**
(Rev. November 2017)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

▶ Go to *www.irs.gov/FormW9* for instructions and the latest information.

Give Form to the requester. Do not send to the IRS.

Print or type. See Specific Instructions on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only **one** of the following seven boxes.

☐ Individual/sole proprietor or single-member LLC ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____

Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is **not** disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

☐ Other (see instructions) ▶

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) _____

Exemption from FATCA reporting code (if any) _____

(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.) See instructions.

Requester's name and address (optional)

6 City, state, and ZIP code

7 List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number

___ – ___ – ____

or

Employer identification number

__ – _____

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here **Signature of U.S. person** ▶ **Date** ▶

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/FormW9.*

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, *later.*

Form **W-8BEN**

(Rev. July 2017)

Department of the Treasury
Internal Revenue Service

Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals)

► For use by individuals. Entities must use Form W-8BEN-E.
► Go to *www.irs.gov/FormW8BEN* for instructions and the latest information.
► Give this form to the withholding agent or payer. Do not send to the IRS.

OMB No. 1545-1621

Do NOT use this form if:	Instead, use Form:
• You are NOT an individual	W-8BEN-E
• You are a U.S. citizen or other U.S. person, including a resident alien individual	W-9
• You are a beneficial owner claiming that income is effectively connected with the conduct of trade or business within the U.S. (other than personal services)	W-8ECI
• You are a beneficial owner who is receiving compensation for personal services performed in the United States	8233 or W-4
• You are a person acting as an intermediary	W-8IMY

Note: If you are resident in a FATCA partner jurisdiction (i.e., a Model 1 IGA jurisdiction with reciprocity), certain tax account information may be provided to your jurisdiction of residence.

Part I Identification of Beneficial Owner (see instructions)

1 Name of individual who is the beneficial owner

2 Country of citizenship

3 Permanent residence address (street, apt. or suite no., or rural route). **Do not use a P.O. box or in-care-of address.**

City or town, state or province. Include postal code where appropriate.

Country

4 Mailing address (if different from above)

City or town, state or province. Include postal code where appropriate.

Country

5 U.S. taxpayer identification number (SSN or ITIN), if required (see instructions)

6 Foreign tax identifying number (see instructions)

7 Reference number(s) (see instructions)

8 Date of birth (MM-DD-YYYY) (see instructions)

Part II Claim of Tax Treaty Benefits (for chapter 3 purposes only) (see instructions)

9 I certify that the beneficial owner is a resident of _____ within the meaning of the income tax treaty between the United States and that country.

10 **Special rates and conditions** (if applicable—see instructions): The beneficial owner is claiming the provisions of Article and paragraph _____ of the treaty identified on line 9 above to claim a _____ % rate of withholding on (specify type of income):

_____.

Explain the additional conditions in the Article and paragraph the beneficial owner meets to be eligible for the rate of withholding: _____

Part III Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

- I am the individual that is the beneficial owner (or am authorized to sign for the individual that is the beneficial owner) of all the income to which this form relates or am using this form to document myself for chapter 4 purposes,
- The person named on line 1 of this form is not a U.S. person,
- The income to which this form relates is:

  (a) not effectively connected with the conduct of a trade or business in the United States,

  (b) effectively connected but is not subject to tax under an applicable income tax treaty, or

  (c) the partner's share of a partnership's effectively connected income,
- The person named on line 1 of this form is a resident of the treaty country listed on line 9 of the form (if any) within the meaning of the income tax treaty between the United States and that country, and
- For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions.

Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can disburse or make payments of the income of which I am the beneficial owner. **I agree that I will submit a new form within 30 days if any certification made on this form becomes incorrect.**

Sign Here ▶

Signature of beneficial owner (or individual authorized to sign for beneficial owner) — Date (MM-DD-YYYY)

Print name of signer — Capacity in which acting (if form is not signed by beneficial owner)

RIDER 3 TO PURCHASE AGREEMENT
SMOKING POLICY

There is no safe amount of exposure to secondhand smoke. Adults exposed to secondhand smoke have higher risks of stroke, heart disease and lung cancer. Children exposed to secondhand smoke have higher risks of asthma attacks, respiratory illnesses, middle ear disease and sudden infant death syndrome (SIDS). For these reasons, and to help people make informed decisions on where to live, New York City requires residential building owners (referred to in this policy as the "Owner/Manager," which includes the owner of record, seller, manager, landlord, any agent thereof or governing body) in buildings with three (3) or more residential units to create a policy on smoking and share it with all tenants. The building policy on smoking applies to any person on the property, including guests.

Definitions

a. **Smoking:** inhaling, exhaling, burning or carrying any lighted or heated cigar, cigarette, little cigar, pipe, water pipe or hookah, herbal cigarette, non-tobacco smoking product (e.g., marijuana or non-tobacco shisha), or any similar form of lighted object or device designed for people to use to inhale smoke

b. Electronic **Cigarette** (e-cigarette): a battery-operated device that heats a liquid, gel, herb or other substance and produces vapor for people to inhale

Smoke-Free Air Act

New York City law prohibits smoking and using e-cigarettes of any kind in indoor common areas, including but not limited to, lobbies, hallways, stairwells, mailrooms, fitness areas, storage areas, garages and laundry rooms in any building with three or more residential units. NYC Admin. Code, § 17-505.

Policy on Smoking

Smoking is not allowed in the locations checked below (check all boxes that apply). *Even if no boxes are checked, the Smoke*-Free *Air Act bans smoking tobacco or non-tobacco products, and using e-cigarettes in indoor common areas.*

- ☑ Inside of residential units*
- ☑ Outside of areas that are part of residential units, including balconies, patios and porches
- ☑ Outdoor common areas, including play areas, rooftops, pool areas, parking areas, and shared balconies, courtyards, patios, porches or yards
- ☑ Outdoors within 25 feet of entrances, exits, windows, and air intake units on property grounds
- ☐ Other areas/exceptions: _____

* Rent-stabilized and rent-controlled units may be exempt from a policy restricting smoking inside residential units unless the existing tenant consents to the policy in writing.

Form for Smoking Complaint

Complaint Procedure

Complaints about smoke drifting into a residential unit or common area should be made promptly to the Owner/Manager listed here BEACH PATH, LLC /RISE ABOVE III LLC _____.

Complaints should be made in writing and should be as specific as possible, including the date, approximate time, location where smoke was observed, building address, description of incident and apparent source of smoke.

Acknowledgment and Signatures:

I have read the policy on smoking described above, and I understand the policy applies to the property. I agree to comply with the policy described above.

For rental units, I understand that violating the smoking policy may be a violation of my lease. For condominiums, cooperatives or other owned units, I understand that violations of the policy on smoking may be addressed according to the building's governing rules.

Owner/Manager's printed name BEACH PATH, LLC /RISE ABOVE III LLC

Owner/Manager's signature _____

Date _____

Purchaser's printed name _____

Purchaser's signature _____

Date _____

Purchaser's printed name _____

Purchaser's signature _____

Date _____

EXHIBIT 2
Affordable Housing Lottery Application and Applicant Authorization to Release Information

NYC Housing Connect

AFFORDABLE HOUSING LOTTERY APPLICATION

Disclaimer:
Applications are selected through a lottery and are randomly assigned a log number. Depending on the volume of applications received, it may not be possible for all to be processed. Accordingly, it is possible that you may not receive a response. We encourage you to apply online at housingconnect.nyc.gov so that you are better able to monitor your status. **You may be disqualified if more than one application is received per lottery for your household.**

This application must be postmarked no later than JUNE 29 2021

Mail completed application to:

1402 YORK AVENUE CO-OPS
PO BOX #630
NEW YORK, NY 10024

DO	DO NOT
✓ Submit one application per household (Only choose one option: paper or online application)	✗ Submit multiple applications per person or household
✓ Complete all sections	✗ Use whiteout or liquid paper on application at any time
✓ Send by standard mail only	✗ Use certified mail, return receipts or any other method requiring a signature confirmation
✓ Mail before application deadline date	✗ Pay anyone in connection with the preparation of filing this application

FAQ

1. What is a log number?

A log number is a unique, randomly assigned number that all successfully submitted applications receive. The log number represents the applicant's place in line. When resident selection begins, marketing agents start with the lowest log number and move sequentially to higher log numbers to find eligible applicants.

2. Are there any residency requirements?

Non-New York City residents can apply; however, preference is given to current New York City residents. Any applicant ultimately approved for this development must maintain the new apartment as their sole primary residence. If approved for an affordable housing unit, the applicant must surrender any unit where the applicant is then currently residing. Each member of the applicant's household who leases rental residential real property must terminate the lease for and surrender possession of such rental property on or before the move-in date for a rental affordable unit.

3. What are application preferences?

Preferences help select and determine applicants using fair criteria. Those who may be eligible for a preference or set-aside include: current New York City residents; persons residing in this development's community board; and persons who are municipal employees of the City of New York. A percentage of apartments is designated for persons with mobility, hearing, and vision disabilities.

4. What is Area Median Income (AMI) and how is it calculated?

Area Median Income refers to income levels modified by household size for the New York metropolitan area, as determined by the United States Department of Housing and Urban Development (HUD). For 2020, 100% of the AMI is $113,700 for a family of four in the New York Metropolitan Statistical Area and $79,600 for a single person. For more information, visit www.hud.gov.

5. What are the eligibility factors?

a. Income Eligibility: Check the lottery advertisement to see if your income qualifies. The ad shows the income level requirements, for each household size, for this housing opportunity.
b. Qualification as a Household: The New York City Department of Housing Preservation and Development (HPD) and Housing Development Corporation (HDC) provide affordable housing opportunities for individuals, families and households who can document financial interdependence as a household unit.
c. Credit History
   - Rentals: Applicants to rental units may choose to consent to a credit check or, provide evidence of full payment of total rent amount for the last 12 months.
   - Homeownership: Marketing agents and lenders evaluate credit history to determine if you may qualify for a private mortgage and, if so, what the terms of the mortgage may be.
d. Criminal Background Checks
e. Continuing Need: Applicants to HPD/HDC's affordable housing programs must demonstrate a continuing need for housing assistance through an analysis of their assets and recent income history.
f. Property Ownership
   - Rental opportunities: Applicants to rental units may not own residential property, or shares in a co-op, in or within one hundred (100) miles of New York City.
   - Homeownership opportunities: No member of the applicant household may own, or have previously purchased, any residential property, including shares in a co-op.

g. Asset Limits: There is a limit to the amount of total household assets allowed (excluding specifically designated retirement and college savings accounts). The household asset limit for rental units is equal to the maximum income limit for a four (4)-person household at the area median income (AMI) level for which the unit is designated. For a homeownership unit, the value of the applicant's household assets may not exceed the current four (4)-person HUD income limit for 175% of area median income (AMI). The 2021 asset limit for homeownership units is $208,775.

6. What happens if I get to the next step in this process?

If you appear eligible and undergo a credit check, you may be charged a credit check fee of $20 per application When a credit check must be run, you may provide your own credit check instead, for no fee, if completed within the last 30 days. Prepare for moving – if approved, you may have to move into your new unit very quickly. You will also be required to provide first month's rent plus a security deposit of the same amount.

A. Name & Address

Current Living Address:
(If you are living in a City-run homeless shelter, please list your current shelter address)

First Name | Middle Initial | Last Name

Street Address | Apartment #

City | State | Zip

Is this a NYCHA property? ☐ Yes ☐ No

If yes, is your name on the NYCHA household form? ☐ Yes ☐ No

Is this a City-run homeless shelter? ☐ Yes ☐ No

If yes, provide your last permanent address:

Building (House) # | Street | Apartment #

City | State | Zip

Your Pronouns (he/she/they) (optional): _____

Phone Numbers:

_____ _____ _____
Cell Phone Home Phone Work Phone

☐ Check if mailing address is **different** than Current Living Address, above

Mailing Address (if different):

_____
Building (House) # Street Apartment #

_____
P.O. Box

_____
City State Zip

Language Contact Preference: In what language would you prefer to receive written communications about your application? Check one. (If you do not check a language, written communication will be in English.)

☐ English ☐ Español (Spanish) ☐ 简体中文 (Chinese)

☐ العربية (Arabic) ☐ Français (French) ☐ Русский (Russian)

☐ 한국어 (Korean) ☐ اردو (Urdu) ☐ বাংলা (Bangla)

☐ Kreyòl Ayisyen (Haitian Creole)

B. Household Information

PRIVACY ACT NOTIFICATION - The Federal Privacy Act of 1974, as amended, requires agencies requesting Social Security Numbers to disclose (a) whether compliance with the request is voluntary or mandatory, (b) why the information is requested; and (c) how it will be used.

1. How many persons (including yourself) will live in the unit for which you are applying?

_____

2. List **ALL** the people who will live in the unit for which you are applying, starting with yourself (Self), and provide the following information.

Gender Identification: In this section, list how you identify (optional). Examples: Female; Male; Non-binary; etc.

Disability: If a household member has an ongoing mobility (M), hearing (H), or visual (V) disability and requires an accessible/adaptable unit, **please check the relevant box**. If selected for further processing, you will be mailed a form that you and a medical professional will need to immediately complete and send back. This form is to verify that your household requires an accessible or adaptable apartment. The form can be used for any other future applications for a period of up to 12 months.

First, Middle Initial & Last Name, Suffix	SSN/TIN (Optional)	Relationship to Applicant	Birth Date MM/DD/YY	Gender Identification (Optional)	Disability?		
					M	V	H
		Self					

If you checked either mobility, visual, or hearing disability, do you or a member of your household require a special accommodation?

☐ Yes – please specify the accommodation required:

_____

☐ No

3. Is anyone in the table above a full-time student?

☐ Yes – please circle their names above and write their names here:

_____

☐ No full-time students in the household

C. Income and Assets

Note: Be sure to check the lottery advertisement to see if your income qualifies. *The ad shows the income level requirements, for each household size, for this housing opportunity.*

Question 1	
Are you or a member of your household an employee of the City of New York, the New York City Housing Development Corporation, the New York City Economic Development Corporation, the New York City Housing Authority, or the New York City Health and Hospitals Corporation?	☐ Yes ☐ No
If "yes," please specify the agency or entity at which you or a member of your household is employed.	
Question 2	
If you answered "yes" to Question 1 above, have you personally had any role or involvement in any process, decision, or approval regarding the housing development that is the subject of this application?	☐ Yes ☐ No

Note: If you answered "yes" to Question 1 above, you may be required to submit a statement from your employer that your application does not create a conflict of interest. If you answered "yes" to Question 2 above, you will be required to submit a statement from your employer that your application does not create a conflict of interest. Such statement would not be required until later in the application process, after you have been selected through the lottery, when you will also be required to provide other documents to verify income and eligibility.

HPD EMPLOYEES ONLY: If you are an HPD employee, please read the Commissioner's Order regarding conflicts of interest and consult with the agency's Office of Legal Affairs if you receive a request to confirm your eligibility.

1. Income from Employment

Note: A "household member" is a person who will be living in the affordable unit.

For any job that is not self-employed, list the amount you make before taxes (Gross Income). For self-employed individuals, use the amount you make after deductions (Net Income). If your application is selected for further processing, you will be contacted with a list of documentation that you will need to provide.

List all full and/or part time employment income for **ALL** Household Members, including yourself. Include self-employment earnings:

Household Member	Employer Name & Address	Length of Employ-ment		Amount Paid ($)	How Often? (Ex: weekly, bi-weekly, monthly, annually)	Annual Income
		Yrs.	Mos.			
Self						

1A. TOTAL ANNUAL INCOME FROM EMPLOYMENT AND SELF-EMPLOYMENT add all amounts from "Annual Income" column in this table):

2. Income from Other Sources

List all other income sources for each household member, for example, welfare (including housing allowance), AFDC, Social Security, SSI, pension, workers' compensation, unemployment compensation, interest income, babysitting, care-taking, alimony, child support, annuities, dividends, income from rental property, Armed Forces Reserves, scholarships and/or grants, gift income, etc.				
Household Member	**Type of Income**	**Amount Paid ($)**	**How Often?** (Ex: weekly, bi-weekly, monthly, annually)	**Annual Income**
Self				
2A. TOTAL ANNUAL INCOME FROM OTHER SOURCES (add all amounts from "Annual Income" column in this table):				

3. TOTAL ANNUAL HOUSEHOLD INCOME

Add together the total annual income amounts from **1A** and **2A,** above:

4. Assets

Are there assets for this household? Examples of assets include checking account, savings account, investment assets (stocks, bonds, vested retirement funds, etc.), real estate, cash savings, miscellaneous investment holdings, etc.	☐ Yes ☐ No

If "yes," please indicate assets for each household member:

Household Member	Type of Asset or Account	Bank/Institution
Self		

D. Rental Subsidy

Are you presently receiving a Section 8 Housing Voucher or Certificate, or any other form of rental assistance? Please check the appropriate box at right. Examples of other rental subsidies/certificates include CITYFHEPS, NHTD (Medicaid Waiver), Individual Services and Supports (ISS), and VASH. This information will not affect the processing of the application. Minimum income listed may not apply to applicants with Section 8 or other qualifying rental subsidies.	☐ No ☐ Yes – HPD Section 8 voucher ☐ Yes – NYCHA Section 8 Voucher ☐ Yes – Other Rental Subsidy/Certificate: _____

E. Ethnicity

This information is optional and will not affect the processing of the application. Please check the group(s) that best identifies the household:

	Hispanic or Latino		Not Hispanic or Latino
	Choose not to answer		

F. Race

This information is optional and will not affect the processing of the application. Please check the group(s) that best identifies the household:			
	White		Black or African-American
	Asian		Native Hawaiian or Other Pacific Islander
	American Indian or Native Alaskan		Choose not to answer
	Other:		

G. Housing Choices – Re-rentals and Resales

When an existing affordable apartment becomes available in one of a wide range of developments in New York City, a small number of interested and qualified Housing Connect users are picked at random for the opportunity to apply for that unit.

You only have the chance to be randomly selected for re-rentals/resales if you indicate here that you are interested. Also, you will only have the chance to be selected if your household size and income match the unit requirements.

1. Are you interested in future affordable housing opportunities located in a different, existing building that become vacant for re-rental or resale? ☐ Yes ☐ No

   → If you checked yes, **Continue** this section (G). If **not**, skip to Section H (Signatures).

   If you are only willing to be considered for re-rental/resale units of specific sizes, locations, accessibility, and/or pet policies, make those choices below. This will limit the types of units for which you may be randomly picked to apply. We encourage you to keep your options open, and only make specific choices below if necessary.

2. Please answer the following questions about your interest in future re-rentals or resales:

a. What size re-rental or resale unit are you interested in, based on your household size? Check all that apply.

	All sizes that match my income		3-Bedrooms
	Studios		4-Bedrooms
	1-Bedrooms		5-Bedrooms
	2-Bedrooms		6-Bedrooms

b. Which borough(s) are you interested in living in? Check all that apply.

	All boroughs and neighborhoods		Brooklyn

	Manhattan		Queens
	Bronx		Staten Island

c. Are you **only** interested in certain neighborhoods in the boroughs you checked above? If yes, write the neighborhoods here:

_____

d. Are you **only** interested in units that are located in an elevator building and/or located on the first floor?

☐ Yes, only units in an elevator building or on the first floor

☐ No, stairs to get to the apartment are okay

e. Are you **only** interested in units in buildings where there is a flat entrance and/or accessible ramp?

☐ Yes, only buildings with a flat entrance or ramp

☐ No, steps to get in the building are okay

f. Are you willing to live in a building with a no-pet policy?
This does not include emotional support animals or service animals.

☐ Yes, I can live in a building with a no-pet policy

☐ No, the building must allow pets

H. Signatures (Required for All Household Members 18 and over)

I (WE) DECLARE THAT STATEMENTS CONTAINED IN THIS APPLICATION ARE TRUE AND COMPLETE TO THE BEST OF MY (OUR) KNOWLEDGE. I (We) have not withheld, falsified, or otherwise misrepresented any information. I (We) fully understand that any and all information I (we) provide during this application process is subject to review by The New York City Department of Investigation (DOI), a fully empowered law enforcement agency which investigates potential fraud in City-sponsored programs. I (we) understand that consequences for providing false or knowingly incomplete information in an attempt to qualify for this program may include the disqualification of my (our) application, the termination of my (our) lease (if discovery is made after the fact), and referral to the appropriate authorities for potential criminal prosecution.

I (WE) DECLARE THAT NEITHER I (WE), NOR ANY MEMBER OF MY (OUR) IMMEDIATE FAMILY, ARE EMPLOYED BY THE BUILDING OWNER OR ITS PRINCIPALS.

_____ _____
Signature Date

_____ _____
Signature Date

_____ _____
Signature Date

_____ _____
Signature Date

_____ _____
Signature Date

Housing Partnership
Housing Partnership Development Corporation

Applicant Authorization to Release Information

Name: _____
First ***MI*** ***Last***

Social Security#: _____-____-_____ **DOB:** ____/_____/_____

Current Address: _____

City: _____ **State:** _____ **Zip Code:** _____

Name: _____
First ***MI*** ***Last***

Social Security#: _____-____-_____ **DOB:** ____/_____/_____

Current Address: _____

City: _____ **State:** _____ **Zip Code:** _____

Authorization:

I declare that the statements contained in this disclosure are true and complete to the best of my knowledge WARNING: Misleading willful false statements, misrepresentations, or incomplete information in this disclosure will be grounds for rejection of this application. I/ We hereby authorize Housing Partnership Development Corporation to check my/our student status, personal credit history, criminal record, landlord-tenant / rental history, employment/salary verification, asset verification to process my/our application. I understand that Date of Birth is necessary to obtain Criminal Background reports and will not otherwise be used in evaluating my application. I also agree to hold Housing Partnership Development Corporation and its affiliates harmless for any claims that may arise as a result of this investigation.

I/We understand that any intentional or negligent representation(s) of the information contained on this form may result in civil and/or criminal liability under the provisions of Title 18, United States Code and Section 1001.

_____ _____

Applicant Date

_____ _____

Co-Applicant Date

EXHIBIT 3

DESCRIPTION OF PROPERTY AND SPECIFICATIONS

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c. Floor plans of Apartments are included as Exhibit 4.....211

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Exhibit 3a
Site Plan

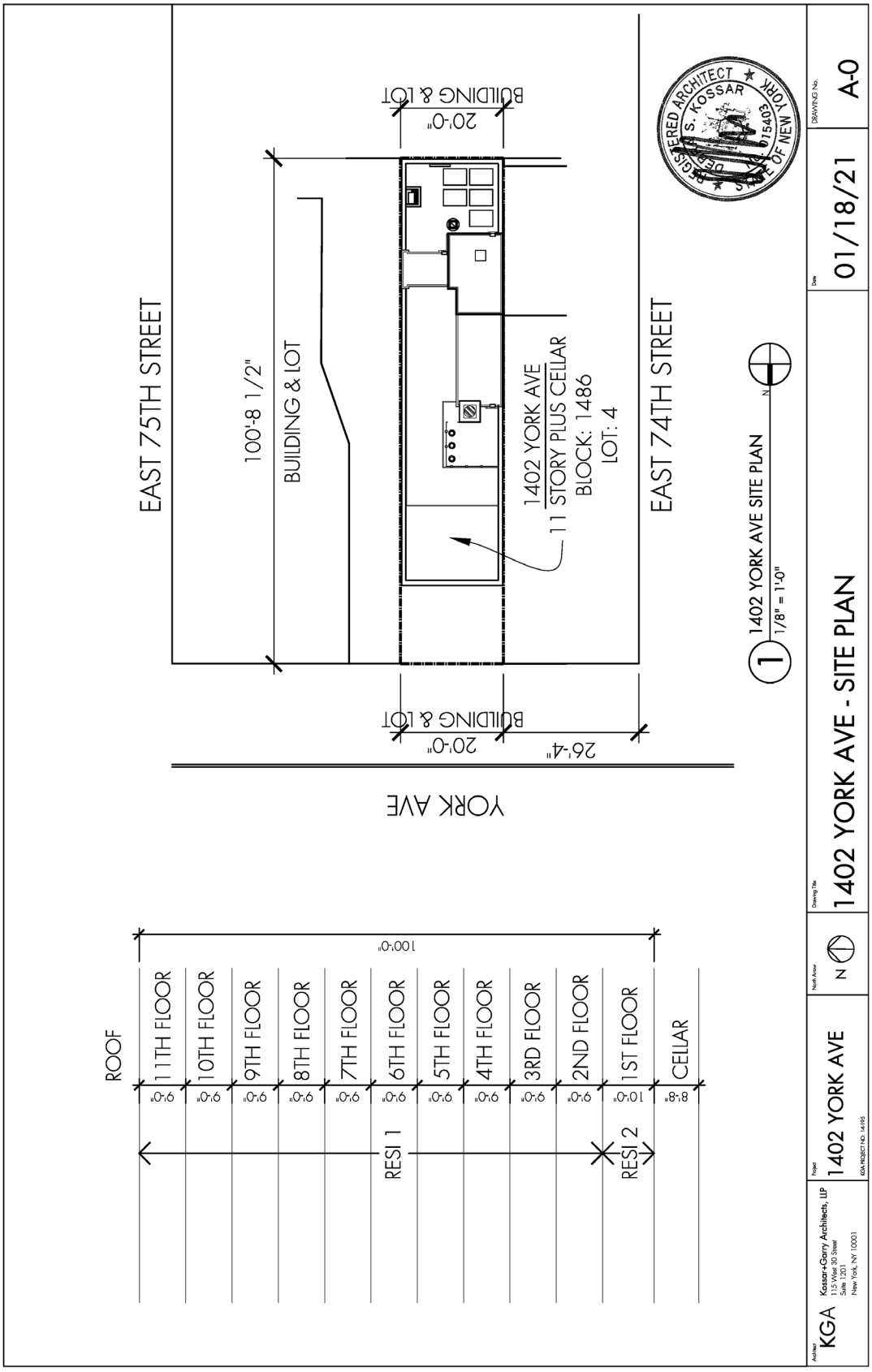

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Exhibit 3b
Architect's Report (Description and Property Specifications

KGA

Kossar + Garry Architects, LLP 115 West 30 Street, 1201 New York, NY 10001
Tel: 212-947-6161
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https://www.kganyc.com/

ATTORNEY GENERAL'S REPORT
1402 York Ave, New York, NY
13 NYCRR Part 21.7– Description of Property

INTRODUCTION

We have prepared this Description of Property and Building Condition and accompanying plans for the Newly Constructed Cooperative. The Cooperative is the Residential Unit of the 1402 York Avenue Condominium. The following narrative description of the building outlines the present condition of the premises including visible deficiencies, if any, observed during oursite inspections.

LOCATION AND USE OF PROPERTY

The building of the proposed cooperative is located on an existing block and lot within the Borough of Manhattan, NY. The addresses and block and lot numbers are:

Block 1486, Tax Lot 4 (tbk Lot 1001 and Lot 1002):
1402 York Avenue

The building is currently on Tax Lot 4, will be subjected to a condominium regime consisting of two (2) tax lot units, one for the Market-Rate Residential Unit on the 1st Floor (to be formed Lot 1002) and one for the Affordable Residential Co-Op Apartments on Floors 2-11 (to be formed Lot 1001), the latter of which is the tax lot for the Cooperative described in this report.

It is located within an R-10 Zoning District as indicated on Zoning Map 9a. The residential uses, Use Group 2, Multi-Family Residential Apartments, are permitted as of right under the New York City Zoning Resolution.

The property and proposed use shall comply with all zoning and use requirements at closing.

As the building is located in an R10 Zoning district, it is not subject to the provisions of Quality Housing, although a refuse chute, laundry, bike room, gym, and an outdoor recreation space is provided.

STATUS OF CONSTRUCTION

The building was issued a Temporary Certificate of Occupancy (TCO) on August 25th, 2020, a copy of which is attached as Exhibit A.
As per the New York City Building Code 2014 Edition, the building is Class Type 1B construction. The requirements include Min Dwelling Unit Size of 400 SF (ZR 23-96). Affordable housing units

are distributed on 91% of the residential stories per ZR-23-96(b)(1). There are 6 bicycle parking spaces provided per ZR-25-811(a).

A Certificate of Occupancy shall obtained upon completion of the punch list and inspections by the NYC Department of Buildings.

...**PERMIT INFORMATION**

The following applications and permits have been obtained for construction of the building with the New York City Department of Buildings:

New Building (NB) Permit	122760654-1
Foundation	122760654-2 (Application Only; Permit included in NB)
Structural	122760654-3 (Application Only; Permit included in NB)
HVAC	122760654-4 (Application Only; Permit included in NB)
SOE	122760654-5 (Application Only; Permit included in NB)
Plumbing	122760654-6 (Application Only; Permit included in NB)
Builders Pavement Plan	122839919-1
Sprinkler/Standpipe	140618918-1
Fire Alarm	122758667-1
Temporary Standpipe	140830956-1
ARCS	122839893-1

SITE

The building is located on the East side of York Avenue between East 75th Street and East 74th Street. The building is in conformity with the local fire district and municipal building codes. The site has a street frontage of 20 feet and has a depth of 98 feet. The lot area of the site is 1,960 square feet.

The sidewalk, curbing and roadway are publicly owned by New York City. Materials and conditions are as follows:

Item:	Material	Condition
Street Paving	Asphalt	Good
Sidewalk	Concrete	Good
Curb	Steel-faced	Good

There are no catch basins at or adjacent to this site. There is a fire hydrant located on the west side of York Avenue directly across the street. There are street trees adjacent to the site. These elements are publicly owned and maintained. They are all in good condition. The sidewalk is sloped away from the building towards the street for proper drainage.

There are no internal driveways or ramps for vehicles. There are no internal sidewalks at the site.

UTILITIES

Item:	Supplied by	How Billed
Water/Sewer	New York City	By building by meter and/or frontage
Electric	Con Edison	Sub-metered individually per unit.

Gas	Con Edison	By building by meter and/or frontage
Telephone	Verizon	Individual subscription.
Cable TV	Verizon	Individual subscription

The building has a 2-1/2-inch lead-free domestic water service, which is metered with a NYC-approved Neptune 2" Tru/Flo Compound Water Meter equipped with a remote reader. Water services are provided by NYC.s

The building has an eight-inch house sewer that takes the sanitary and storm water waste by gravity to the street sewer. There is not a separate meter for sewer.

The gas line that comes into the building consists of a 4 inch gas service line, which is valved. Gas is not submetered. Gas would be purchased by condo and charged through maintenance fees.

Telephone service is provided via hard wire from which service is routed to each floor with separate charges.

SUB-SOIL CONDITION

The load bearing capacity and porosity of the soil is sufficient to support the building as per the Geotechnical Borings and Test pits conducted prior to construction. The report was prepared by Pillori Associates, dated March 2016. There was no ground water observed during the borings. There is no moisture or seepage observed at the site, however a sump pump pit is located in the water and gas room.

The site is not located in the flood plain. It is located in Zone X defined as "Areas outside the 0.2% annual chance plain" as shown on the FIRM Map #3604970089F and the Advisory FIRM Map #3604970089G

No land subsidence, expansive soils, hazardous materials or other environmental restrictions were encountered on the property. The building's foundation and slab rest on competent Schist Bedrock.

LANDSCAPING AND ENCLOSURES

There are no landscaping elements at the building or the site.

BUILDING SIZE

The building is a 11-story structure with a cellar. The approximate gross square footage of the building is 21,448 square feet.

The Elevator Machine Room roof is the high point of the roof. Itis approximately 125'-0" above grade (0'-0").The total height from ground level to the main roof is 100'-0". The zoning height of the building measured to the height of the main roof slab is 100'-0".

Floor to ceiling heights in the main spaces are approximately as follows:

Cellar:	8'-0"
First Floor:	9'-4"
Typical 2nd-11th:	8'-4"
Roof Bulkhead:	9'-0"

The cellar contains the Electrical Room, Fire Pump Room, Trash Compactor Room, Tele/Com Closet, and Water & Gas Room. At the Main Roof level (100'-0), there is an Elevator Control Room. The parapet height is approximately 4'-0" high above the Main Roof slab level.

OCCUPANCY

There are 10 total dwelling units in the Cooperative, all studio apartments.

STRUCTURAL SYSTEM

The structural system is constructed of reinforced concrete. The foundation is a 27" thick mat slab with partial underpinning of the adjacent building at 1400 York Avenue. The cellar walls are 12" reinforced concrete. The superstructure above grade is reinforced concrete columns with reinforced concrete shear walls at the elevator and stair core. The floor is 8" thick reinforced concrete slab. Reinforced concrete beams span between columns at the front and rear of the building.

The foundation walls and mat slab are waterproofed at the blind-side and under-slab with a 75 mil, heavy-duty AVM Aussie Skin 550 membrane.

The building is classified as non-combustible Type 1B construction with a 2 Hour Fire Resistance rating of structural columns, walls and floors.

The concrete slab with finished floor material provide a minimum STC and IIC rating of 50.

EXTERIOR OF BUILDING

The building is over 11 stories in height and is comprised of EIFS on all exposed sides.

Walls:
The front façade of the building is made from Decoplast Deco-Drain Adhesive Release System EIFS on a steel stud backup wall, with 2" of continuous rigid insulation (R-10) and an Air/Water Resistive Barrier. The south side lot line wall abuts the adjacent building up to the 7th floor. At floor 7 and above, the south façade is made of EIFS. The north façade is composed of EIFS on a steel stud backup wall. The rear façade of the building is abutting the rear building. A continuous liquid applied water resistant membrane is applied to front, south, and north exposed exterior walls, with a water-tight expansion joint by Emseal wherever the building abuts the adjacent structure.

Since it is over 6 stories, the property will have to undergo the Façade Inspection Safety Program

(FISP) inspections. A newly constructed building is governed by FISP reporting requirements once five years have passed since the initial Temporary Certificate of Occupancy (TCO) was issued. The initial TCO was issued in August 2020. Therefore, an inspection will need to take place in the A Subcycle of the 10th Reporting Cycle in 2025. The technical report must be submitted by a Qualified Exterior Wall Inspector (QEWI) through, DOB NOW: Safety.

Windows:
The front windows are aluminum Vetrina Windows Fixed, 4-Sided, CSSV-Casement, Single Vent, with Low-E Argon filled glass. It is AAMA rated as CW-PG20, with an air infiltration of 0.01, water resistance of 12.11, U-value of 0.25, STC of 44. They are composed of factory finished extruded aluminum frame and sash members with integral structural polyurethane thermal breaks. They are 2 3/4 inch frame depth. Glazing is 1 inch insulating glass. The windows are sealed with backer rod and ahigh-performance low modulus elastomeric sealant.The IGU consists of 1/4" Clear FT #2 Sunguard SNX 62/27, 10% Air + 90% Argon, and 1/4" Clear FT #4 Sunguard IS 20 Interior Surface LE. The windows are equipped with NYC-approved limit stops.

The warranty for the windows is provided by Vetrina Windows Aluminum profiles are warranted against manufacturing defects resulting in a loss of structural integrity for fifteen (15) years. Standard insulating glass is warranted against seal failure caused by manufacturing defects and resulting in visible obstruction through the glass for five (5) years. Non-tempered glass is warranted against stress cracks caused by manufacturing defects for five (5) years.

The lot line windows are located at the north and south exterior walls. Per NYC BC 705.8 Note K, the opening percentage is below 10% at each floor's wall area. The lot line windows consist of 1 hour UL Fire rated Fyre-Tec 950 steel frame and a 11/16" IGU, which is composed of 3/16" FireLite (interior glazing) and 1/4" Cardinal 366 LoE #2 (exterior glazing). Structural, air and water infiltration performance ratings are measured up to 75 psi. The windows have been tested per UL 9, "Fire Tests of Window Assemblies," and NFPA 257, "Standard on Fire Test for Window and Glass Block Assemblies." The fire-rated window is not thermally-broken, as this is a requirement of maintaining the structural integrity of the frame in the event of a fire.

As disclosed in the Description of Property and improvements set forth in Part II of the Plan, the following Apartments have lot line windows: Units 2 thru 9 each have (3) lot line windows at the north elevation. Units 10 and 11 have (2) lot line windows at the north elevation and (1) on the south elevation. The lot line windows are each 4'-0" x 4'-0".

Lot-line windows are windows located less than thirty (30) feet away from a property line and up to seventy-five (75) feet above the average curb where the adjacent property is owned by others. While such windows provide views, light and air to spaces in the Apartment, they cannot be utilized to meet light and ventilation required by the Building Code of the City of New York. Apartments having lot-line windows have other windows which satisfy requirements for the lawful use of such Apartments for habitation. Lot- line windows are considered amenities that potentially can be lost. Should an abutting property owner redevelop such property with one of more buildings of different configurations, it may be necessary to close the affected lot line windows and seal them in a manner and with such materials as are acceptable to the Buildings Department and the Apartment Corporation. Neither Sponsor, Sponsor's architect, the Apartment Corporation or any other person who took part in this offering will have any liability or obligation if the closing up of any lot line window is required.

If the windows have to be sealed, this cost will be passed along as an increase in maintenance charges or a special assessment to the affected Tenant-Shareholders

PARAPETS AND COPINGS

Parapet walls are clad with EIFS with a metal coping anchored into the CMU parapet with steel anchor rods.

CHIMNEYS AND CAPS

There are fresh air intake and vent flues that supply and return air to and from the combination Hot Water Heater/Boiler in units 2-11. There are no metal flues in the building. The combination HWH/Boiler vent exhaust consists of UL-1738 tested and approved polypropylene material.

BALCONIES AND TERRACES

A terrace is outdoor space that is on the roof of a lower level. There are no balconies in the building. There is one terrace at the building at the Main Roof level. Note, the 10th Floor features an inaccessible roof. There is no door to access it. The Common Roof Terrace is a common area space located at the main roof.

The deck finish at the Common Roof Terrace is concrete pavers on pedestals. There is an EIFS parapet around the terraces at a height of 42" above the level of the concrete paving walking surface and chain link fence at the front. The doors to the terrace are hollow metal.

EXTERIOR ENTRANCE

The main residential entrance for the buildings is located from the sidewalk along York Avenue. This entrance allows a visitor access via the intercom system. This entrance opens into a vestibule. Both entrance door and vestibule doors are glass and aluminum. The glass is 1" insulating glazing unit in a medium style door. The U-value is 0.29 and the SHGC is .39. The door frames for the entrance and vestibule are both aluminum.

The hardware is a 72" ladder single pull with offset bracket #4 stainless steel, Dorma COC/Offset Arm Closer, an 83" Continuous Gear Hinge, a 7" Aluminum Threshold Saddle, with a lock cylinder and an electric strike that is connected to the building intercom system at both main entrance and vestibule doors.

The vestibule door opens into the entrance lobby where the mailboxes are located along the corridor. The mailboxes consist of 11 tenant boxes and 3 parcel lockers that meet United States Postal Code STD-4C. The mailboxes are Model (1) 4CADD-08 and (1) 4CADS-03 by Florence Mailboxes.

There is an exterior light above the intercom adjacent to the entrance door.

The exterior entrance is ADA compliant with no step, the maneuvering clearances at all doors as per A117.1 404. The mailboxes are ADA compliant, with a mounting height providing an accessible side-reach.

In regards to Multiple Dwelling Law Section 50 for entrance halls, the building is in compliance for non-walkup elevator buildings.

The Common Roof Terrace is accessed through both Stair A and the Roof Elevator Vestibule. The doors to the terrace are 16-Gauge frame, 14 Gauge door panel, Assa Abloy Ceco, lock seam hollow

metal doors leading from Stair A and the Elevator Vestibule. Stair A and the Roof Elevator Vestibule Door have passage sets.

SERVICE ENTRANCES

There are no service entrances at this building.

ROOF AND ROOF STRUCTURES

Roof Types:
The roof is a Siplast Paradiene 20 TG, Torch applied; Paradeine 30 FR TG BW, which consists of a lightweight random fibrous glass mat impregnated and coated with high quality styrene-butadienestyrene (SBS) modified bitumen, and surfaced with highly reflective, white mineral granules. It istorch applied with Parapro 123 Flashing.

The roofing manufacturer's material warranty of 20 years shall be provided.

Flashing consists of Parapro 124 Flashing. Counterflashing consists of aluminum

Insulation:
The insulation consists of tapered Paratherm insulation. The base layer of insulation consist of 2 layers of Paratherm by Siplast, having a combined thickness of 5.2 inches and a maximum panel size of 4 feet by 4 feet, applied in Para-Stik Insulation Adhesive with 3/4" to 1" wide beads spaced on 12 inch centers through the field of the roof, 6 inch centers on the perimeter, and 4 inch centers in the corners. The insulation consists of a closed-cell polyisocyanurate (polyiso) foam core integrally bonded to non-asphaltic, fiber-reinforced organic felt facers. It is manufactured in accordance with ASTM C1289, type II, Class 1, Grade 2 (20 psi). The tapered slope is 1/4" per foot, the tapered minimum thickness is 4.50". The maximum thickness is 7.00" The main roof has an average LTTR value of 31.09.

Roof Warranty:
At this time, the warranty is not yet available.

Drains:
Roof drainage is provided on the main roof by four 4" Mifab R1200 roof drains, located at the front half of the building adjacent to the trash chute and at the rear half of the building adjacent to the condensers. These roof drains are made of lacquered cast iron with a polyethylene dome strainer. There are two 4" roof drains located at the 10^{th} floor terrace. . These drain roof areas from 400 SF to approximately 700 SF. A scupper and leader conducts rainoff the stair and elevator bulkhead roofs to the main roof where it drains to one of the main roof drains. The leader consists of aluminum

Secondary drainage:
The stair and elevator bulkheads have scuppers that drain water toward the leaders onto the main roof. 2" and 3" leaders consist of aluminum.

Skylights:
There are no skylights in any of these buildings.

Bulkheads:
There is a single stair that serves Stair A and B and elevator access bulkhead on the roof that is finished in EIFS. The doors to the stair portion of the bulkhead are solid hollow metal. The door to the elevator

vestibule portion of the bulkhead is also hollow metal.The stairway access complies with FC Chapter 10.

Metal Work at Roof:
The Metal Work on the roof consists of support for the condensers. There are no exterior metal stairs. There are vertical access ladders that lead from Stair A's landing to the Elevator Machine Room located above the elevator hoistway. There is a roof hatch that serves as access to the Elevator Machine Room from Stair A. The manufacturer and model is a Bilco Type FRLC, 2-hour rated single-leaf access door. The hatch consists of steel and aluminum construction. Railings consist of 1-1/2" diameter painted steel pipe. The gooseneck located on the EMR side wall consists of galvanized steel.

Roof Pavers:
The pavers at the recreational roof terrace consist of 2" concrete pavers resting on pedestals. It is appropriate for daily foot traffic. It is anticipated that the roof terrace paver/deck material will be acceptable by the manufacturer to retain the roof warranty. The roof warranty is not available at this time.

Rooftop Facilities:
A portion of the main roof is accessible to the tenant-shareholders for their use for passive recreational activities. The rooftop terrace is listed as "Tenant Roof Deck" in the TCO with an maximum occupancy of 13.

There are no rooftop antennae, cell phone towers, satellite dishes, or lighting protection equipment located on the roof.

The Limited Common Element (LCE) at the roof is in compliance with NYC Zoning and Building code. No further DOB filing is required.

Chain link fence separates the recreational surface from the roof surface.

Rooftop access is designed in compliance with 2014 NYC Fire Code, Section FC 504.4 (Rooftop Access).

Bulkheads:
Stairway access to the roof complies with NYC Fire Code Chapter 10.

FIRE ESCAPES

There are no fire escapes at the building.

YARDS AND COURTS

There are no courts or yards at the building.

INTERIOR STAIRS

Egress stairs are in compliance with all provisions of NYC Building Code. There are two interior stairs providing two means of egress from every story of the building. The stairs and landings, including the treads and risers are constructed of concrete. The enclosure of the stairs is concrete and impact-resistant sheetrock on steel studs and demising walls. The impact- resistant walls meet the masonry equivalent construction as per the NYC Department of Buildings. The hand rails are constructed of steel.

INTERIOR DOORS AND FRAMES

The interior vestibule doors at the first floor entrance are aluminum and glass.

The unit entrance doors are hollow metal with a hollow metal frame with a closer and a fire rating of 90 minutes. The doors within the units are wood doors with wood frames and are not fire rated.

The interior stair doors are hollow metal with a hollow metal frame, with closer and a fire rating of 90 minutes.

All other mechanical doors, cellar doors or doors from the commercial unit are hollow metal with hollow metal frames. These have a fire rating of either 45 minutes (when at a 1 hour rated partition) or 90 minutes (when at a 2 hour rated partition) to meet or exceed the fire safety requirements.

ELEVATORS

There is one passenger elevator in the building and no service elevator. The manufacturer is Hollister Whitney, Inc. with a capacity of 3,500 pounds and a speed of 200 FPM. The elevator is a geared traction elevator with a computerized controller at the main roof level.

The elevator serves all floors 1 thru the Main Roof Level.

The elevator doors are single sliding automatic doors. Access to the private units 2 thru 11 directly off the elevator also have a privately locked swinging door when then elevator door opens. These zero-clearance vestibule doors have a fire rating of 90 minutes.

The machine room is situated above the elevator hoistway and is accessed via a ladder on the Main Roof level of Stair A. The elevator controller is located at the main roof level.

The Machine motor is a Hollister-Whitney H-W #GL185-35L PMC Gearless is 13 kW 13.7 HP at 30.6 RPM. The electrical is 97 V, 10.2 Hz, and 78 Amps.

Since the elevator opens directly into each Residential Unit, each unit has a zero-clearance door equipped with an entry lock at the elevator entry, which provides security from unauthorized access.

Elevator Cab

The elevator cab is manufactured by Holister-Whitney, Inc. The floor is LVT with an aluminum saddle. The cab panel has an "Alarm" button, an emergency "Stop" key switch, a "Help" button, a Fire Service key switch, and "Call Cancel" button.

The elevator cab wall and ceiling materials consist of Wilson Art plastic laminate panels. LED lighting is provided in the cab.

AUXILIARY FACILITIES

Fitness Center
There is a fitness center located on the 1st floor.

Laundry Equipment in Each Unit:
Units 2-11 are equipped with an in-suite electric washers and dryers. The washer is a GE 24" 2.4 Cu. Ft. ENERGY STAR® Front Load Washer, model GFW148SSMWW. The dryer is a GE® 4.1 Cu.Ft. Stainless Steel Capacity 24" Ventless Condenser Frontload Electric Dryer, model GFT14ESSMWW. The washer and dryer are located in an alcove off the corridor in each unit. The dryer is ventless.

Refuse Disposal:
In units 2 thru 11, the chute is accessed within the unit through a refuse room. In addition, there is space in each refuse room for recyclable materials as well. The refuse chute is 24" 16 GA. aluminized steel.

The chute terminates in a compactor room at the cellar level. There is one (1) compactor provided, model CE-150 by Chutes Enterprises.

Pick up is done by the public provider (NYC Department of Sanitation). The building will have to deposit the refuse from the refuse room in the cellar to the street for pick up as per the schedule determined by the NYC Department of Sanitation.

Mail Delivery:
The USPS inserts the mail into the mailboxes which are located in the residential lobby hallway close to the main entrance vestibule on the ground level of the building. The mailbox is the USPS Standard 4C type, Model SP-4C08D-09 with a parcel package box.

Bicycle Room:
There is a bicycle room located at the first floor for bicycle parking. Access to the bicycle room is through the main lobby at the rear of the building. Parking is provided by a double decker bicycle rack allowing space for 6 bicycles. The rack is by Highland Products Group rack, Model 116-1059. Bikes shall be secured with locks.

Storage:
There is no publicly accessed storage room in the building. Each unit is equipped with in-suite closets.

PLUMBING AND DRAINAGE

Water Supply
Water supply consists of street supplied cold water. Street pressure is the source of water pressure to the booster pumps. The size of the main domestic water service is 2-1/2 inches and lead free. Street pressure can be determined by a hydrant test, to be conducted by the DEP, if required.

The water pressure in the building is maintained by booster pumps, located in the cellar. They are in-

line Duplex Variable Frequency driven pumps, Model Grunfos CR 10-4 A-GJ-A-E-H, Product No 96522988. The pumps are rated with 52.2 GPM.

Hot water is provided in units 2-11 via a combination hot water heater/boiler located in the mechanical closet. The unit is a wall-mounted Laars Mascot LX, 118,750 BTU/h output, 36.6 Kw, 95% AFUE. The main shut-off valve is located in the cellar in the Water Meter Room.

Pipe insulation is provided per NYC Plumbing code, Domestic hot water pipes are insulated as follows: 1" on pipes smaller than 1.5" in diameter; 1.5" on pipes larger than 1.5" in diameter.

Fire Protection System

A 6" fire protection water service is provided from the street.

There is a 6" Standpipe located in the stairs and accessible from the landings. This has a fire hose valve at each floor and a roof manifold at the roof level.

There is a 6" Sprinkler/Standpipe located in the stairs and accessible from the stair landings. This has a fire hose valve at each floor. The sprinkler system is branched off of this riser with a 2 ½" line at each residential floor. Sprinkler heads are located throughout the building in accordance with the building code for proper coverage and are both conceal pendant overhead and side-throw, and upright heads. The sprinkler system is a wet sprinkler system.

A separate dedicated sprinkler riser is located at the Trash Chute for Trash Chute sprinkler heads.

A fire pump is located in the cellar Fire Pump room and supplies both standpipes with sufficient water pressure. The Fire Pump is an 5x3 VIP Vertical Inline UL-FM, 500 GPM, 100 PSI, 231 TDH, 3525 RPM. The jockey pump is a Grundfos Model CR3-11023620-T rated for 15 GPM, 110 PSI, 2 HP, 3450 RPM.

A 6"x3"x3" fire department combined standpipe/sprinkler connection (siamese connection) is located at the sidewalk level in front of the building at York Avenue. A 2-1/2"x2-1/2"x2-1/2"x6" Fire pump test header is located at the front sidewalk level.

Sanitary and Storm Sewage System

The sanitary system consists of cast iron drainage piping and cast iron vent piping.

There are no catch basins at the site. There are two roof drains at the 10th floor setback and four roof drains at the main roof. The storm piping is cast iron and flows into the storm water detention tank located in the cellar. The water exits via a 6" cast iron pipe.

There is a sump pump in the elevator pit since it is below the elevator of the house trap. The pump is a SE50-GAF with an oil minder. It has a motor efficiency rating of .600 at 100% load.

The storm drainage system is gravity fed. The roof drains located at the main roof and 10th floor terrace lead to a storm water detention tank, which then exits via a 6" diameter pipe, house trap and combines with the sanity sewer.

There is also an sewage ejector pump provided in the water room to provide connection to the New York City combined system. The pump is a Stancor SEW-75 with an motor efficiency of .71.. The

outgoing combined sewage and storm drainage disposal is via an 6" pipe that connects in to the New York City combined system. The warranty is currently being obtained.

The plumbing permit was first obtained 01/04/2019 and renewed 01/15/2020.

HEATING

Space Heating

Space heating consists of forced air, VRF condenser and AHU. ACCU-2 thru ACCU-11 serves each respective unit. They are Mitsubishi PUZHA36NHA5, 33,000 BTUH, Refrigerant is piped to Air Handling Units located in the mechanical rooms. These AHUs are Mitsubishi PVAA36AA4, 33,000 BTUH.

The heating system is a ducted forced air system. In the individual units, hot water coils are heated up by the combination boiler/hot water heater. The Air Handling Unit blows over the hot water coils, transmitting heat through the main duct trunk running along the length of the unit. The AHU is a 3.0 ton Daikin, model # FTQ36TAVJUARZQ36TAVJU. The SEER is listed as 15.30; the EER is listed as 11.60.

The corresponding condensers are mounted at the rooftop. The condenser model is a Daikin VRV-IVS Heat Pump.

The duct insulation complies with NYC Mechanical Code 604.8.1. Two thicknesses of insulation are used: 2" insulation (R-7.40) and 1" (R-3.70) is used. All ductwork on the roof has 1" acoustical lining, and 2" of weatherproofed insulation.

Warranties are being obtained at the time of this report but are not yet available. Water Heating and Domestic Hot Water

Hot water is provided by the means of a wall-mounted Laars Mascot LX, 125,000 BTU/h inputs, 118,750 BTU/h output,Kw, 95% AFUE. This unit is a combination boiler/hot water heater. It is capable of providing peak required services. The heating system is designed per NYC Building and Plumbing code and is able to maintain legally required conditions under all anticipated weather conditions.

Pipe insulation is provided per NYC Plumbing code. Domestic hot water pipes are insulated as follows: 1" on pipes smaller than 1.5" in diameter; 1.5" on pipes larger than 1.5" in diameter.

GAS SUPPLY

The gas line that comes into the building consists of a 4 inch gas service line. There are two submeters off this main line located in the Water and Gas room as follows:

Meter #1	Cooking
Meter #2	Heating

AIR CONDITIONING

Air Conditioning consists of forced air, Variable Refrigerant Flow (VRV) condensers and Air-handing units (AHUs) distributed in the public corridors and in the units.

AHU 1 and 2 serve the 1st floor Public Corridor. AHU 3 serves the 1st floor gym. They are connected to ACCU-1, which is located on the roof. AHU 1 and 2 are cassette-type units, Daikin FXZQ09TAVJU. AHU 3 is a cassette-typ unit, Daikin FXZQ15TAVJU. ACCU-1 is a VRV-IVS Heat Pump, Daikin Model RXTQ36TAVJ9, with a SEER of 18.0, EER of 12.00, and and HSPF of 10.0.

AHU 4 thru 13 are located on floors 2 thru 11 in the boiler room of each unit. They are connected to the condensers ACCU-4 thru ACCU-11 located on the roof. AHU 4 thru 13 are Multi-Position, Ducted Air Handling Unit, Daikin FTQ36TAVJUA, with a SEER of 15.30 and EER of 11.60. ACCU 4 thru 11 are Daikin FTQ36TAVJUARZQ36TAVJU. The conditioned air is ducted along the length of the unit. There are several registers distributed along the foyer, hallway, kitchenette, and Living Room/Dining Room/Sleeping Area.

The AHUs are installed inside the boiler room in each unit. Controls consist of the Daikin BRC1E73 Navigation Remote Controller. The unit is a ducted model Daikin FTQ36TAVJUA Daikin FTQ36TAVJUA and is located in each unit's boiler room.

AHU 14 conditions the Elevator Controller Room located on the roof. It is a Daikin FCQ24PAVJU-RZQ24PVJU8. It has a SEER of 18.50, and EER of 12.00. It is connected to ACCU-12, which is model FCQ24PAVJU-RZQ24PVJU8, with a SEER of 18.50 and EER of 12.00.

Exterior metals, including fasteners, are corrsion-resistant. The condenser units are mounted are elevated above the roof so as to minimize vibration and noise reverberation to the units below.

Warranties are being obtained at the time of this report but are not yet available.

VENTILATION

All bedrooms, living rooms, kitchens and kitchenettes are provided with natural ventilation with operable sliding windows.

A Rooftop Unit provides all public corridors and lobby and cellar spaces with 100% outside air. The unit is a Trane YHSO36E1, 1080 CFM.

T

Toilet exhaust is 20 CFM per bathroom through the building which connects to a mechanical riser and exhausts to the roof.

Refuse areas have a 25 CFM exhaust each and that exhausts with a continuous fan on the roof. The cellar is ventilated through a series of transfer ducts that return to the TER-1 duct, located in the Trash Compactor Room. 400 CFM is ventilated in the Trash Compactor Room via a 10x10 duct running up to the roof-mounted TER-1 fan. Ventilation meets code and is adequate.

Passive ventilation is provided in the Gas Meter room via a 8x8 duct which runs up through the 1st floor entry vestibule to a louver located above the main door.

Below is a breakdown of CFM for mechanical ventilation in the following windowless areas. These meet the code-compliant minimum continuous CFM rate of 20 CFM for bathrooms and 25 for kitchennetes.

1st Floor
Bathroom: 20 CFM
Trash Room: 40 CFM

2-11th floor
Pantry: 25 CFM
Bathroom & Powder Room: 20 CFM
Kitchenette: 25 CFM

ELECTRICAL SYSTEMS

Main service, metering equipment, transformers, switches and distribution equipment are located in the Cellar Electrical Room. Incoming service via ConEd enters from the street into the Service End Box (SEB). (4) sets of (4)600KMCIL-CU, (1)#3/0CU-G-4"C) feed the main bus, which serves the Apartment Meter Bank, Panel 'DP-C', the Fire Pump Controller, The Fire Alarm Fuse Cutout for the FA Equipment, and the Domestic Water Service.

Electric service for the apartments is provided by Con Edison, which enters the Cellar underground from York Avenue and is 208V/120V AC 3PH 4W 60HZ 4-Wire.

Each unit is allotted 200 amps 208/120V 1PH 3-Wire with its own circuit breaker within the apartment unit.

Electric service for the common areas and common area lighting is 225A 208/120V 3PH 4-Wire with a panel located in the Electric Room. The Roof power is 100A 208/120V 3PH 4-wire with a panel located at the Roof.

The electrical system has been designed to handle the modern usage, equipment and appliances. There are approximately 18 circuits in the 0-BR units, with 9 spare circuits.

Lighting
Lighting has been provided that is code-compliant per NYC BC Section 1205.3, "Artificial Lighting."
Lighting is distributed as follows:

Units 2-11

LR/DR/SA:
Lighting: A surface-mounted pendent light
Outlets: 8 outlets distributed on the north and south perimeter walls.

Kitchenette:
Lighting: Track lighting
Outlets: (4) GFCI convenience outlets, (1) Microwave, (1) oven, (1) refrigerator

Pantry:
Lighting: Surface mounted light
Outlets: (1) convenience outlet

Powder Room:

Lighting: Vanity sconce
Outlets: (1) GFI outlet by the vanity

Hallway:
Lighting: Wall-mounted LED wall sconces, 12 Watt, 800 Lumens
Outlets: (1) convenience outlet

Laundry Alcove:
Lighting: Sconce
Outlets: (1) convenience outlet

Closet/Storage:
Lighting: Recessed light
Outlets: No outlets

Bathroom:
Lighting: Recessed LED light over bathtub and 24" wide LED vanity sconce, 37.5W, 1,930 Lumens
Outlets: (1) GFI outlet

Boiler Room:
Lighting: Sconce
Outlets: (1) convenience outlet

There is no emergency generator.

Intercom
All units are provided with an audio intercom system connected to the intercom panel located at the main entrance. Guests are able to be buzzed in from this intercom. There is an intercom devise in each apartment connected to the vestibule units. The intercom is a Aiphone GT1C7 in each unit and the GTV-DES202B at the 1st floor main entry.

CCTV Cameras:
There are several CCTV cameras installed throughout the buildings, including in the vestibule, 1st floor corridor, 1st floor lobby, and gym, and egress corridor.

Television
Standard wall mounted telecom/multimedia outlets for CAT 6 UTP and RG-6U Q.S. Coax are arranged throughout the LR/DR/BR.

Public Area Lighting
The entrance lobby and vestibule has LED lighting in the ceiling. The stairways are lit by surface mounted fluorescent fixtures. The public corridors are lit with surface mounted fluorescent sconces. The exit signs are illuminated with LED lights. The exterior lights are surface mounted LED sconces. The public area lighting comp.lies with all applicable codes.

Recreational facilities

The fitness room is located at the first floor. 50 CFM of fresh air is supplied. It is conditioned with AHU 4. There is a electric unit heater installed. The sponsor is providing the exercise equipment.

The rooftop recreational area is not currently equipped with any furnishings or equipment.

HDFC cooperative ownership members shall have full access to all amenities.

Unit Lighting
The Kitchens have a surface mounted track light with 3 fixtures. The bathrooms have a surface mounted overhead fluorescent light. The bedrooms and living rooms have dedicated switches to outlets for lighting.

Fire Alarm System
A fire alarm system is installed throughout the building. A fire alarm central station is installed in the corridor by the main entry. Smoke and Carbon Monoxide detectors are installed in all units. All units and stairs have speakers to alert tenant-shareholders. Unit 11 has been designated for a tenant-shareholder with hearing/visual disability and in addition to the speakers, a junction box for a future strobe have been installed in each room in Unit 11.

The Fire Alarm system monitors the sprinkler water flow switches and sprinkler tamper switches. This represents the sprinkler system activation detection for each floor. The Fire Alarm monitors the fire pump control panel located at the Cellar for signal runs, phase reversals, and power failure. All signals are transmitted by the FSC to a FDNY-approved Central Station Monitoring Company.

VIOLATIONS

There are no known Violations or Complaints for the building. If any should arise, the sponsore will cure any outstanding violation prior to closing.

PERMITS AND CERTIFICATES

Below is a list of **required** ecurring inspections **known at this time**:

1. FISP
2. Elevator
3. ARCS

UNIT INFORMATION

The offering plan includes floor plans of the building and all typical units. For clarity, each unit is numbered and designations are identified on the floor plans. There are a total of ten (10) Inclusion Housing units and one (1) market-rate unit. Please refer to the attached floor plans which illustrate unit size and location.

Eight (8) 0-BR Unit (Unit 2-9): 1 Living Area/Dining Area/Kitchenette, Power room; Bathroom
Two (2) 0-BR Unit (10-11): 1 Living Area/Dining Area/Kitchenette; Bathroom

Floors 2 thru 11 have a floor-to-ceiling height of 8'-4". There will be LVT flooring throughout the units.

Walls have a coat of primer and 2 coats of finished paint. Washer and dryers have been provided for tenant use.

Finish Appearance

All unit share a common finish. This includes:

- Walls: matte white paint throughout.
- Premium Vinyl Wood Plank Flooring
- Bathroom flooring: Ceramic tile
- Ceiling: Color: Matte White; Texture: Stucco finish

Bathroom Fixtures:

Faucet:	American Standard Glen Rock, Commercial Grade, or comparable
Toilet:	Toto Entrada CST244EF(R) , or comparable
Bathtub:	American Standard Princeton Recess Bath, or comparable
Shower Kit:	Kohler Awaken G110, or comparable
Vanity:	Gerber Plymouth Wall Hung, Ledge Type, or comparable

Kitchen Appliances:

Microwave:	General Electric	JES1145SH, or comparable
Refrigerator:	General Electric	GTE18ISH, or comparable
Range:	General Electric	JGB645SEKSS, or comparable
Cabinets:	Contractor's Choice Hammond, Oak Wheat, or comparable	
Countertop:	Quartz, or comparable, or comparable	
Sink:	American Standard Colony 25x22 Single Bowl, or comparable	
Faucet:	American Standard Colony Pro, or comparable	

Finishes in Common Areas:

	Flooring	Ceiling	Walls
Stairs (all)	Concrete	Concrete	Painted GWB/Concrete
Cellar Rooms & Corridors	Concrete	Concrete	CMU
First Floor Lobby	Porcelain Tile	Painted GWB	Painted GWB
Public Corridors (Floors 2-11)	Concrete	Ptd Concrete	Painted GWB
Roof Vestibule	LVT	Painted GWB	Click or tap here to enter text.Painted GWB

DOCUMENTS TO BE TRANSFERRED TO THE CONDOMINIUM MANAGEMENT

The following documents shall be transmitted to the condominium management upon transfer of control:

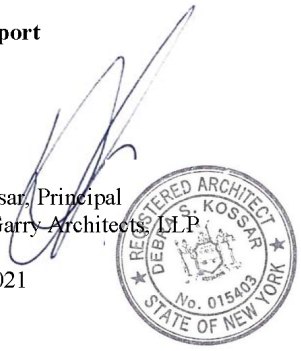
- Final As-built drawings (structural, mechanical, electrical, plumbing, approved shop drawings)
- Operations & Maintenance manuals for mechanical equipment
- Equipment Warranties
- Manufacturer's Roof Warranty
- Major Equipment Start-Up sheets
- Control System As-Built
- Original Test & Balance Report for HVAC

GENERAL INFORMATION

This report is based solely for the purposes for a cooperative plan. Copies of the following plans are attached to this report:

- Site Plan
- Exhibit A: TCO Email and Previous TCO
- Floor plan of each floor and for each type of unit drawn to scale with room dimensions
- Elevation with Floor levels and Floor elevations

End of Report



Debra Kossar, Principal
Kossar + Garry Architects, LLP

June 21, 2021

NYC Buildings

Certificate of Occupancy

CO Number: 122760654T003

This certifies that the premises described herein conforms substantially to the approved plans and specifications and to the requirements of all applicable laws, rules and regulations for the uses and occupancies specified. No change of use or occupancy shall be made unless a new Certificate of Occupancy is issued. *This document or a copy shall be available for inspection at the building at all reasonable times.*

A.

Borough: Manhattan **Address:** 1402 YORK AVENUE **Building Identification Number (BIN):** 1046294	**Block Number:** 01486 **Lot Number(s):** 4 **Building Type:** New	**Certificate Type:** Temporary **Effective Date:** 02/16/2021 **Expiration Date:** 05/17/2021

This building is subject to this Building Code:

For zoning lot metes & bounds, please see BISWeb.

B.

Construction classification: 1-B (2014/2008 Code)

Building Occupancy Group classification: R-2 (2014/2008 Code)

Multiple Dwelling Law Classification: HAEA

No. of stories: 11 **Height in feet:** 100 **No. of dwelling units:** 10

C.

Fire Protection Equipment:
Standpipe system, Fire alarm system, Sprinkler system

D.

Type and number of open spaces:
None associated with this filing.

E.

This Certificate is issued with the following legal limitations:
None

Outstanding requirements for obtaining Final Certificate of Occupancy:

There are 31 outstanding requirements. Please refer to BISWeb for further detail.

Borough Comments: None

Borough Commissioner

Commissioner

DOCUMENT CONTINUES ON NEXT PAGE

NYC Buildings

Certificate of Occupancy

CO Number: 122760654T003

Permissible Use and Occupancy

All Building Code occupancy group designations below are 2008 designations.

Floor From To	Maximum persons permitted	Live load lbs per sq. ft.	Building Code occupancy group	Dwelling or Rooming Units	Zoning use group	Description of use
CEL		OG	F-2		2	ELECTRICAL METER ROOM
CEL		OG	F-2		2	WATER AND GAS METER ROOM
CEL		OG	F-2		2	FIRE PUMP ROOM
CEL		OG	S-2		2	RESIDENTIAL STORAGE
CEL		OG	F-2		2	TRASH COMPACTOR ROOM
CEL		OG	F-2		2	STORMWATER DETENTION
CEL		OG	F-2		2	TELECOM ROOM
001		40	R-2		2	RESIDENTIAL LOBBY
001		40	R-2			BICYCLE PARKING ROOM (6 BIKES,106 SF)
001	2	40	R-2		2	TENANT FITNESS AREA
002 011			R-2	1	2	ONE (1) CLASS "A" APARTMENT ON EACH FLOOR
ROOF		40	F-2		2	ELEVATOR CONTROL ROOM
ROOF	13	60	R-2		2	TENANT ROOF DECK (NO RECREATIONAL ACTIVITIES)

Borough Commissioner

Commissioner

DOCUMENT CONTINUES ON NEXT PAGE

NYC Buildings

Certificate of Occupancy

CO Number: 122760654T003

ZONING EXHIBITS 1 AND 3 RECORDED UNDER CRFN #S 2016000178728 AND 2016000178729.
END OF SECTION

Borough Commissioner

Commissioner

END OF DOCUMENT

From: "TCOextension@buildings.nyc.gov" <TCOextension@buildings.nyc.gov>
Date: May 18, 2021 at 1:50:29 PM EDT
To: Jennifer Tyrrell <JTyrrell@vitacco.com>
Subject: 90-day Extension of Temporary Certificate of Occupancy for MANHATTAN 1402 YORK AVENUE

You are receiving this email as the owner or stakeholder associated with Job Number 122760654. Our records indicate that you have taken steps to renew the Temporary Certificate of Occupancy in DOB NOW: *Build* prior to the expiration date of the TCO.
Due to the high volume of Occupancy submissions, the NYC Department of Buildings is granting a 90-day extension of Temporary Certificate Occupancy number 122760654T003 that has a current expiration date of 05/17/2021 , subject to all conditions for which such TCO was granted. The new expiration date is 08/15/2021.
Once the Schedule of Occupancy request that was submitted in DOB NOW: *Build* is approved, a Certificate of Occupancy request (of any type) must also be submitted and then approved before there can be any subsequent renewal. Renewal fees will be applied based on the expiration date of the TCO prior to the extension.

John Raine, R.A.
Manhattan Borough Commissioner
NYC Department of Buildings

<NYC_Buildings.png>
<dobnyc_Manhattan_BC.png>

EXHIBIT 4

Floor Plans

It should be noted that all dimensions of the Floor Plans are approximate.

FLOOR PLANS OF APARTMENTS **Page**

SITE PLAN AND ELEVATION SECTION PLAN 213

CELLAR PLAN 214

FIRST FLOOR PLAN 215

SECOND THROUGH NINTH FLOOR PLAN 216

TENTH THROUGH ELEVENTH FLOOR PLAN 217

ROOF PLAN 218

BULKHEAD PLAN 219

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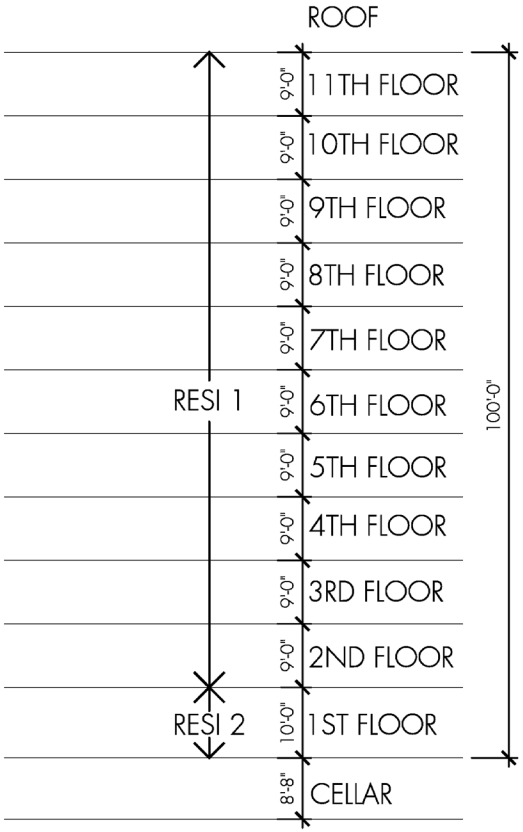
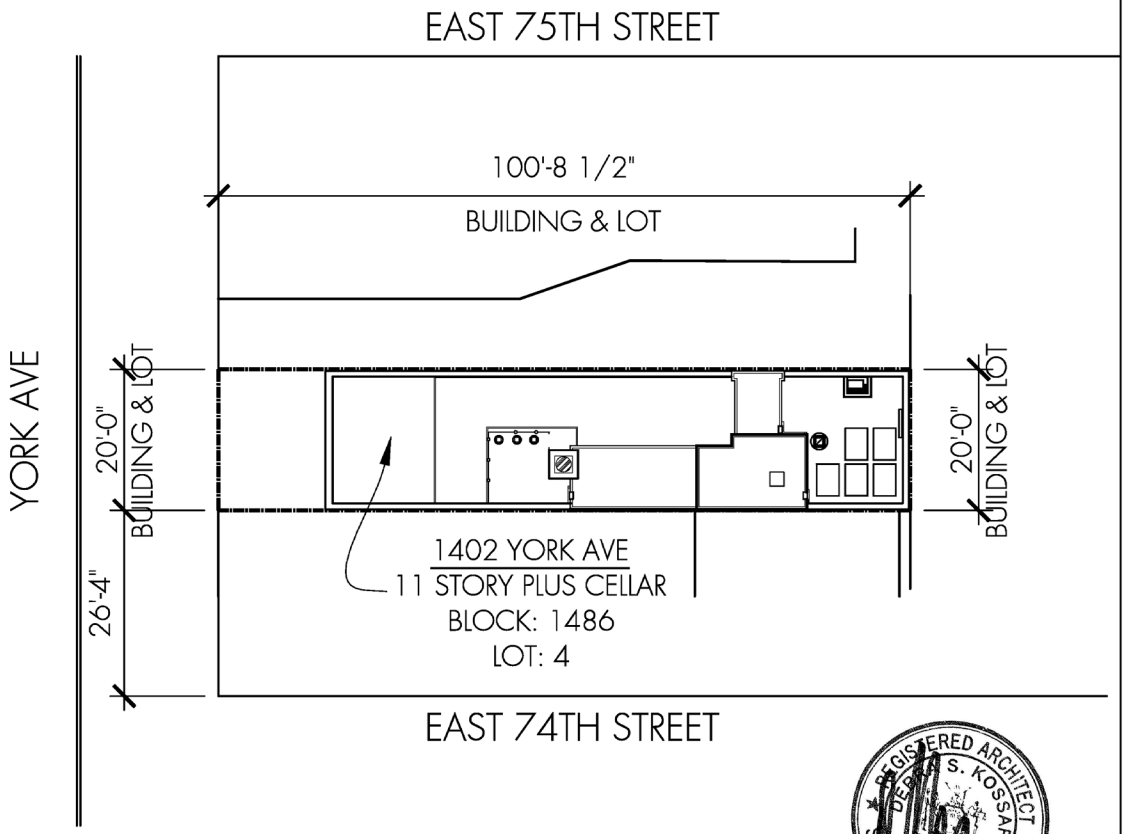
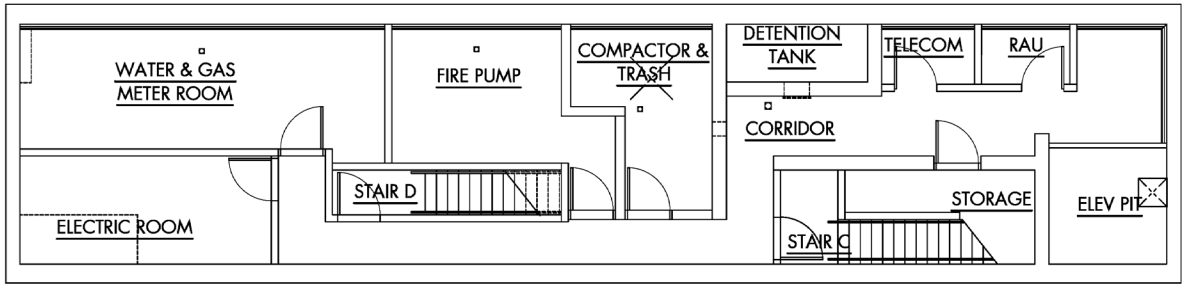




1 1402 YORK AVE SITE PLAN
1/8" = 1'-0"

Architect	Project	North Arrow	Drawing Title	Date	DRAWING No.
KGA Kossar+Garry Architects, LLP 115 West 30 Street Suite 1201 New York, NY 10001	1402 YORK AVE KGA PROJECT NO: 14-195	N	1402 YORK AVE - SITE PLAN	01/18/21	A-0

DIMENSIONS OF UNITS:
1. ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO NORMAL CONSTRUCTION VARIANCES AND TOLERANCES.
2. ROOM DIMENSIONS ARE APPROXIMATE TO THE NEAREST INCH AND MAY VARY SLIGHTLY FROM FLOOR TO FLOOR FOR TYPICAL UNITS.
3. SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH THE OFFERING PLAN.



1 1402 YORK AVE - CELLAR FLOOR PLAN
1/8" = 1'-0"

Architect	Project	North Arrow	Drawing Title	Date	DRAWING No.
KGA Kossar+Garry Architects, LLP 115 West 30 Street Suite 1201 New York, NY 10001	1402 YORK AVE KGA PROJECT NO: 14-195	N	1402 YORK AVE - CELLAR PLAN	01/18/21	A-1

DIMENSIONS OF UNITS:
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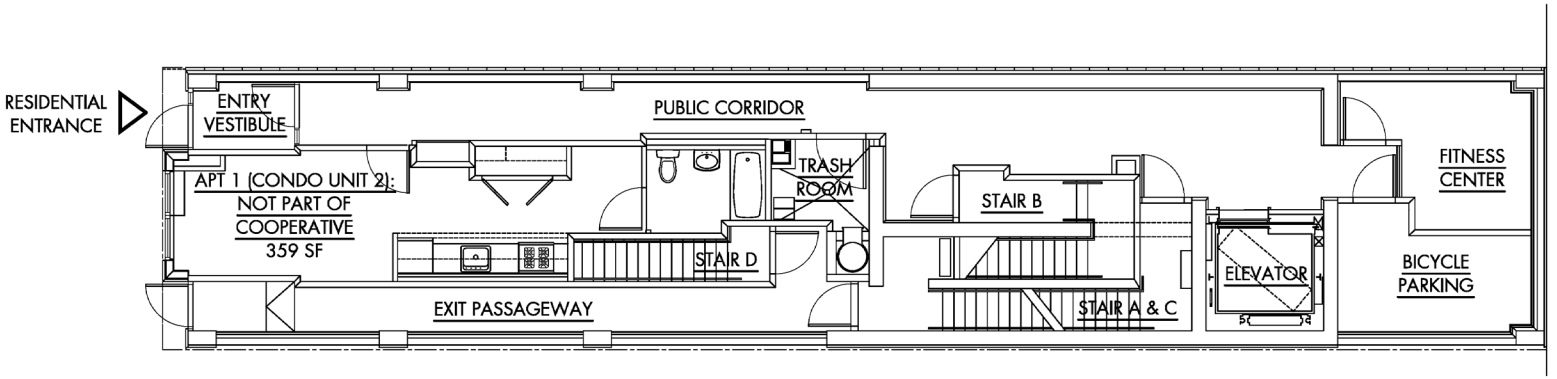
3. SPONSOR RESERVES THE RIGHT TO MAKE CHANGES IN ACCORDANCE WITH THE OFFERING PLAN.

NOTE:
1. GYM EQUIPMENT TO BE PROVIDED BY SPONSOR.



1 1402 YORK AVE - FIRST FLOOR PLAN
1/8" = 1'-0"

REGISTERED ARCHITECT DEBRA S. KOSSAR 015403 STATE OF NEW YORK

Architect	Project	North Arrow	Drawing Title	Date	DRAWING No.
KGA Kossar+Garry Architects, LLP 115 West 30 Street Suite 1201 New York, NY 10001	1402 YORK AVE KGA PROJECT NO: 14-195	N	1402 YORK AVE - 1ST FLOOR PLAN	01/18/21	A-2

DIMENSIONS OF UNITS:
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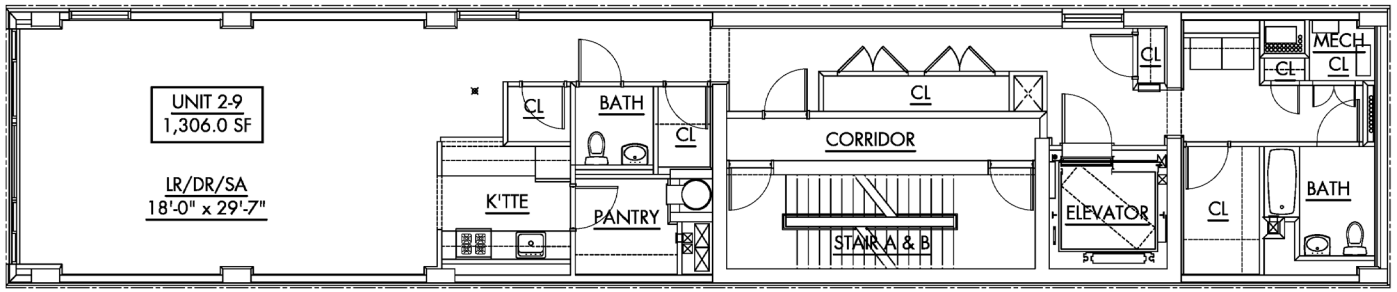

1 1402 YORK AVE - 2ND-9TH FLOOR PLAN
1/8" = 1'-0"

Architect	Project	North Arrow	Drawing Title	Date	DRAWING No.
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DIMENSIONS OF UNITS:
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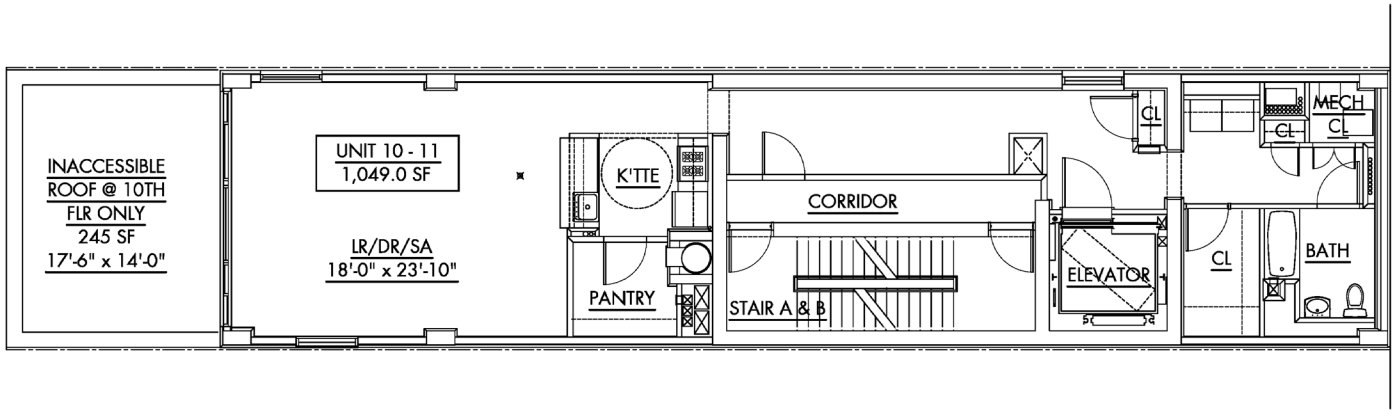

1 1402 YORK AVE - 10TH-11TH FLOOR PLAN
1/8" = 1'-0"

Architect	Project	North Arrow	Drawing Title	Date	DRAWING No.
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DIMENSIONS OF UNITS:
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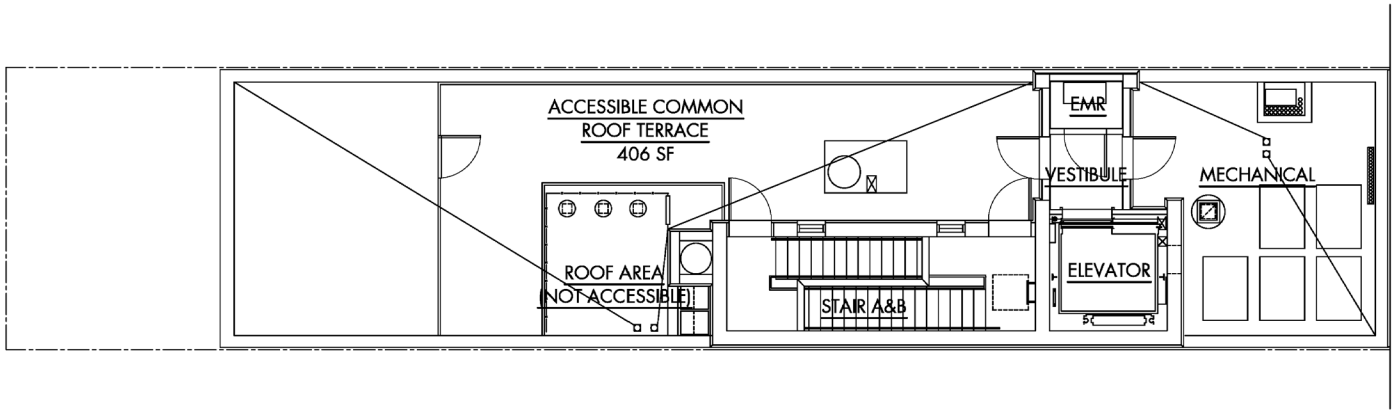

1 1402 YORK AVE - ROOF PLAN
1/8" = 1'-0"

Architect	Project	North Arrow	Drawing Title	Date	DRAWING No.
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DIMENSIONS OF UNITS:
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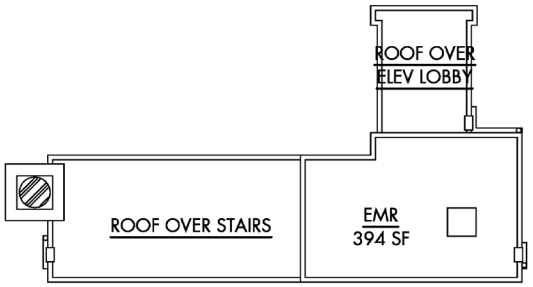

1 1402 YORK AVE - ELEVATOR MACHINE ROOM
1/8" = 1'-0"

Architect	Project	North Arrow	Drawing Title	Date	DRAWING No.
KGA Kossar+Garry Architects, LLP 115 West 30 Street Suite 1201 New York, NY 10001	1402 YORK AVE KGA PROJECT NO: 14-195	N	1402 YORK AVE - BULKHEAD PLAN	01/18/21	A-6

EXHIBIT 5

Apt. No.: _____
Shares: _____

1402 York Avenue Owners Housing Development Fund Company, Inc.

Lessor,

TO

Lessee.

PROPRIETARY LEASE

Hirschen Singer & Epstein LLP
902 Broadway, 13th Floor
New York, New York 10010

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PROPRIETARY LEASE

PROPRIETARY LEASE, made as of _____ 202[0], by and between 1402 YORK AVENUE OWNERS HOUSING DEVELOPMENT FUND COMPANY, INC., a New York corporation, having an office at 1402 York Avenue, New York, New York 10021 (hereinafter called the "**Lessor**" or "**HDFC Apartment Corporation**") and _____ (hereinafter called the "**Lessee**" or the "**Tenant-Shareholder**").

WHEREAS, the Lessor is the owner of Unit 1 of the 1402 York Avenue Condominium, consisting of certain land and Building (hereinafter collectively called the "**Property**") erected thereon in the County of the New York, City and State of New York, known as "1402 York Avenue", and

WHEREAS, the Lessee is the owner of the number of Shares of the Lessor set forth on the cover page of this Proprietary Lease (hereinafter called the "**Shares**") to which this Proprietary Lease (hereinafter called the "**Lease**") is appurtenant and which have been allocated to the Apartment indicated on the cover page of this Proprietary Lease (hereinafter called the "**Apartment**") in the Building located at 1402 York Avenue, as noted on the cover page of this Proprietary Lease.

NOW, THEREFORE, in consideration of the Premises and the rents, covenants, and agreements, hereinafter provided and contained, the parties, hereto agree as follows:

Demised Premises and Term

Lessor hereby leases to the Lessee, and the Lessee hires and takes from the Lessor, subject to the terms and conditions hereof, the Apartment for a term from the date set forth hereinabove until December 31, 2099, (unless sooner terminated as hereinafter provided). If at the time Lessee executes this Lease, the date of the commencement of the term has not been inserted herein, then the Lessee hereby authorizes the Lessor to insert the date, which shall be the date that title to the Property is acquired by the Lessor or, if later, the date the Lessee acquired the Shares allocated to the Apartment. As used herein, "the Apartment" means the rooms in the Building, as partitioned, on the date of the execution of this Lease designated by the above-stated apartment number and address, together with their appurtenances and fixtures and the right to exclusive use of any additional space outside of the partitioned rooms, which may include closets, storage bins, or one or more terraces, balconies, roof, or portion thereof, outside of said partitioned rooms, which are allocated exclusively to the occupants of the Apartment.

Rent; (Maintenance) How Fixed

1. (a) (i) The rent (sometimes hereinafter called "**Maintenance**" or "**Maintenance Charges**") payable by the Lessee for each year, or portion of a year, during the term shall equal that proportion of the Lessor's Cash Requirements (as defined in Section 1(c)) for such year, or portion of a year, which the number of Shares of Lessor allocated to the Apartment bears to the total number of Shares Lessor issued and outstanding on the date of the determination of such cash

requirements. Such Maintenance shall be payable in equal monthly installments in advance on the first day of each month, unless the Board of Directors of Lessor (hereinafter called the "**Board of Directors**" or the "**Directors**") at the time of its determination of the cash requirements shall otherwise direct. These Cash Requirements will be fixed by the Board of Directors and must be approved by HPD. It may be fixed for a year or a portion of a year, and may include any Tenant-Shareholder's pro rata share of any special assessment or any deficit from operations for a prior period.

Lessee shall also pay Lessee's pro rata share (determined in the same manner as rent) of any special Maintenance Charge or assessment that may be levied by Lessor from time to time to pay for any repair, alteration or improvement to the Property, or any deficit from operations for a prior period or other cash requirements. Such Maintenance Charge or assessment shall be deemed additional rent and shall be payable in a lump sum or in periodic installments as the Board of Directors shall determine. The Lessee shall pay such additional rent or assessment as may be further provided for herein when due.

[GB1]
The total amount of increases in Maintenance Charges over a twelve month period shall be the increase in Maintenance required to cover the common expenses of the HDFC Apartment Corporation for such twelve month period.

The Maintenance Charges may be increased to include reserves or as otherwise required under the Regulatory Agreement(s) or any underlying mortgages encumbering the Property, at any time, as such Mortgages may be modified, consolidated or extended from time to time. Pursuant to the Regulatory Agreement(s), any new underlying mortgages require HPD Approval. In addition, any underlying mortgages must be modified, consolidated or extended in accordance with the Regulatory Agreements and HPD Approval.

(ii) The underlying mortgages, if any, or the Regulatory Agreement(s) and the requirements of the insurers thereof, mandate that the Lessor maintain certain reserves, which shall be considered in determining Lessor's cash requirements. Lessor shall increase Maintenance proportionately to any increases in operating expenses not covered by any other sources of revenue.

Accompanying Shares to be Specified in Proprietary Leases

(b) In every Lease heretofore executed by the Lessor, there has been specified, and in every Lease hereafter executed by it there will be specified, the appropriate number of Shares of the Lessor issued to a Lessee simultaneously therewith, which number, in a relation to the total number of Shares of the Lessor issued and outstanding, shall constitute the basis for fixing, as hereinabove provided, the proportionate share of the Lessor's cash requirements, which shall be payable as Maintenance Charge by the Lessee.

Cash Requirements Defined

(c) " **Cash Requirements**", whenever used herein, shall mean the estimated amount in cash which the Board of Directors shall from time to time, by any resolution or resolutions adopted during such year or portion of year or the preceding year, in its judgment, determines to be necessary or proper for (1) the operation, maintenance, care, alteration and improvement of the corporate property during the year or portion of the year for which such determination is made; (2) the creation of such escrows and reserves, including but not limited to reserves for contingencies, mortgage insurance escrows, property insurance and real estate tax escrows, operating deficit escrows and reserves for replacements in the amounts and at such times as it may deem prudent and proper or as may be required by any holders or insurers of underlying mortgages; and (3) the payment of, or establishment of a reserve for, any rentals and other sums payable under any obligations, liabilities or expenses incurred (even though during a prior period) or to be incurred, after giving consideration to (i) income expected to be received during such period (other than rent from the Proprietary Lessees) and (ii) cash on hand which the Board of Directors in its discretion may choose to apply. The Board of Directors may from time to time modify its prior determination and increase or diminish the amount previously determined as Maintenance or operating expenses of the Lessor for a year or a portion thereof. No determination of Cash Requirements shall have any retroactive effect on the amount of Maintenance Charges payable by the Lessee for any period prior to the date of such determination. All determinations of Cash Requirements shall be binding on all Lessees.

Authority Limited to Board of Directors

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

Issuance of Additional Shares

(e) If the Lessor shall hereafter issue Shares (whether now or hereafter authorized) in addition to those issued on the date of the execution of this Lease, the holders of the Shares hereafter issued shall be obligated to pay Maintenance Charge at the same rate as other proprietary lessees from and after the date of issuance. If any

such shares are issued on a date other than the first or last day of the month, the Maintenance Charge for the month in which issued shall be apportioned. The Cash Requirements as last determined shall, upon the issuance of such shares, be deemed increased by an amount equal to such Maintenance Charge.

Paid-In Surplus

(f) The Board of Directors may, from time to time, as may be proper determine how much, if any, of the Maintenance Charges and other receipts, when received (but not more than such amount as represents payments on account of principal of mortgages on the property and other capital expenditures), shall be credited on the corporate accounts to the "Paid in Surplus". Unless the Board of Directors shall determine otherwise, the amount of payments on account of principal of any mortgages shall be credited to the Paid-in Surplus.

Failure to Fix Cash Requirements

(g) The failure of the Directors to determine the Lessor's Cash Requirements for any year or portion thereof shall not be deemed a waiver or modification in any respect of the covenants and provisions hereof, or a release of the Lessee from the obligation to pay Maintenance Charges or any installment thereof, but Maintenance Charges computed on the basis of the maintenance and operating expenses as last determined for any year or portion thereof shall thereafter continue to be the Maintenance increased by the lessor of three (3)% or such year's CPI, as defined in this Lease. "CPI shall be defined as the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the United State Department of Labor for the New York-Northern New Jersey Area-Long Island, NY-NJ-CT-PA, all items (1982-1984=100), or any successor index thereto, until a new determination of Cash Requirements shall be made.

Limitations on Certain Expenditures

(h) Notwithstanding anything in this Lease to the contrary, during the three-year period following the Cooperative Conversion Date (as hereinafter defined), Lessor, acting by its Directors or otherwise, may not, among other things, without the consent of Tenant-Shareholders owning at least 66% of the issued and outstanding Shares of Lessor, (i) increase the number or change the kind of employees initially hired or provide services in addition to those contemplated in Schedule B of the Offering Plan (unless the aggregate annual cost of any such additional employees or services, when added to the aggregate annual costs of all other expenses for that year, does not exceed the aggregate projected income for that year, without increasing annual Maintenance Charges for that year), (ii) undertake any capital or major improvements unless required by law or by the holder or insurer of any Underlying Mortgage in accordance with the provisions of applicable loan or insurance documents, (iii) increase, extend, modify or refinance the mortgage indebtedness of the Lessor, or (iv) enter into any new mortgage, contract of sale or ground lease of

the Property, or (v) increase the reserves, or establish any reserves in addition to the reserves described in the Offering Plan, including without limitation, reserves for contingencies, repairs, improvements or replacements, other than a reserve for contingencies not exceeding 5% of the annual operating budget for that year. The foregoing super-majority voting requirement shall not be required (1) after the third anniversary of the Cooperative Conversion Date (as hereinafter defined) (unless Lessor decides to extend the super-majority replacement), (2) to comply with the obligations of law (including subsequently enacted provisions), or (3) to cure or remedy any notices of violation of law, or any work orders or other requirement of HPD or of the holder or insurer of any Underlying Mortgage on the Building or to remedy any matter pertaining to the health and safety of the occupants of the Building. The "**Cooperative Conversion Date**" was the date on which Lessor took legal title to the Property. The "**Offering Plan**" is the Plan filed with the New York State Department of Law to convert Unit 1 of The 1402 York Avenue Condominium, the 1402 York Avenue Owners Housing Development Fund Company, Inc. to cooperative ownership by Beach Path, LLC.

Lessor's Repairs

2. The Lessor shall, at its expense, keep in good repair all of the Property, including all the Building, Apartments, the sidewalks and courts surrounding the same, and its equipment and apparatus, except those portions the maintenance and repair of which are expressly stated to be the responsibility of the Lessee pursuant to Paragraph 18 hereof. Lessee shall give the Lessor prompt notice in writing of any accident or defect known to the Lessee and requiring repairs to be made and, subject to the foregoing limitations, all such repairs shall be at the expense of the Lessor, unless the same shall have been rendered necessary by the act or neglect or carelessness or improper use of equipment by the Lessee or any of the family, guests, invitees, employees or subtenants of the Lessee, or any of such subtenants' family in which case the expense is to be borne by the Lessee and when billed to the Lessee by the Lessor shall be paid to the Lessor by the Lessee as additional rent.

Services by Lessor

3. The Lessor shall maintain and manage the Building as a first-class apartment Building and shall keep the trash rooms, elevators, janitors' closets, public halls, cellars and stairways clean and properly lighted and heated, and shall provide the number of employees required, in the judgment of the Directors, for the proper care and service of the Property, and shall provide the Apartment with a proper and sufficient supply of hot and cold water and of heat. The covenants by the Lessor herein contained are subject, however, to the discretionary power of the Directors to determine from time to time what services and what employees shall be proper and the manner of maintaining the operation of the Property, and also what existing services shall be increased, reduced, changed, modified or terminated and what services Lessees shall be required to furnish individually,

rather than or in addition to hiring employees for such purposes. There shall be no diminution or abatement of Maintenance Charge or other compensation accruing to the Lessor for the failure of Lessor to perform the same or for interruption or curtailment of service, when such failure interruption or curtailment shall be due to accident or to required alterations or repairs, or to inability or difficulty in securing supplier or labor, or to some cause other than gross negligence on the part of Lessor. In addition, the Lessee agrees to pay the cost of all electricity and other utilities consumed in connection with the Lessee's occupancy of the Apartment, as well as any connection fees and other charges incurred for the provision of such services, including the cost of installation of any meters which may be required.

Damage to Apartment or Property

4. (a) (i) If the Apartment, or the means of access thereto or the Property, shall be damaged by fire or other cause covered by multi-peril policies commonly carried by cooperative corporations in New York City (any other damage to be repaired by Lessor or Lessee pursuant to Paragraphs 2 and 18, as the case may be), the Lessor shall at its own cost and expense, with reasonable dispatch after receipt of notice of said damage, repair or replace or cause to be repaired or replaced, with materials of a kind and quality then customary in buildings of the type of this Building, the Apartment and the means of access thereto, including the walls, floors, ceilings, pipes, wiring, and conduits in the Apartment.

(ii) Anything in this Paragraph or Paragraph 2 to the contrary notwithstanding, Lessor shall not be required to repair or replace, or cause to be repaired or replaced, equipment, fixtures, furniture, furnishings or decorations installed by the Lessee under the Lease or any of his or her predecessors in title nor shall the Lessor be obligated to repaint or replace wallpaper or other decorations in Apartments or to refinish floors located therein.

(iii) Lessor shall be responsible for structural and extraordinary repairs and structural and extraordinary maintenance to rear yards, terraces, patios and balconies appurtenant to the Apartment, if any, as a common expense of all tenant-shareholders **unless, however**, the repair or maintenance was necessitated by the use or misuse of the rear yard, terrace, patio or balcony by the Tenant-Shareholder having the exclusive use thereof, in which event the cost shall be assessed against the Tenant-Shareholder exclusively. Lessee shall have the general maintenance responsibilities for any terrace, patio or balcony appurtenant to the Apartment, as described in Paragraph 7 of this Lease.

Maintenance Charge (aka Rent) Abatement

(b) In case the damage resulting from fire or other cause shall be so extensive as to render the Apartment partly or wholly untenantable, or if the means of access thereto shall be destroyed, Maintenance Charges hereunder shall proportionately abate until the

Apartment shall again be rendered wholly tenantable or the means of access restored; but if said damage shall be caused by the act or negligence of the Lessee or the agents, employees, guests, roommates or family members of the Lessee or any occupant of the Apartment, such rental shall abate only to the extent of the rental value insurance, if any, collected by Lessor with respect to the Apartment.

Expiration of Lease Due to Damage

(c) If the Directors shall determine that (i) a Building is totally destroyed by fire or other cause, or (ii) a Building is so damaged that it cannot be repaired within a reasonable time after the loss shall have been adjusted with the insurance carriers, or (iii) the destruction or damage was caused by hazards which are not covered under the Lessor's insurance policies then in effect, and if in any such case, at least two-thirds (2/3) of the issued Shares at a Tenant-Shareholders' meeting duly called for that purpose, held within 120 days after the determination by the Directors, shall vote not to repair, restore or rebuild, then upon giving of notice pursuant to Paragraph 32 hereof, this Lease and all other Proprietary Leases and all right, title and interest of the parties thereunder and the tenancies thereby created, shall thereupon wholly cease and expire and rent shall be paid to the date of such destruction or damage. The Lessee hereby waives any and all rights under Section 227 of the Real Property Law of the State of New York and in no event shall the Lessee have any option or right to terminate this Lease, except as provided herein.

Waiver of Subrogation (Waiver of the Insurer's Ability to Succeed to the Insured's Rights Against the Party who Caused the Loss)

(d) Lessor agrees to use its best efforts to obtain a provision in all insurance policies carried by it waiving the right of subrogation against the Lessee; and, to the extent that any loss or damage is covered by the Lessor by any insurance policies which contain such waiver of subrogation, and if the proceeds of such policies are paid to Lessor, the Lessor releases the Lessee from any liability with respect to such loss or damage. In the event that the Lessee suffers loss or damage for which Lessor would be liable, and Lessee carries insurance which fully covers such loss or damage and such insurance policy or policies are paid to Lessee and such insurance policy or policies contain a waiver of subrogation against the Lessor, then in such event Lessee releases Lessor from any liability with respect to such loss or damage.

Inspection of Books of Account; **Annual Report**

5. Lessor shall keep full and correct books of account at its principal office or at such other place as the Directors may from time to time determine, and the same shall be open during all reasonable hours to inspection by the Lessee or a representative of the Lessee, upon Lessee's reasonable prior written notice and request. The Lessor shall deliver to the Lessee within a reasonable time after the end of each fiscal year, and at least ten (10) days in advance of the next annual meeting of the Tenant-Shareholders, an annual report of corporate financial affairs, including a balance sheet and a statement of income and expenses, verified by the president and treasurer or by

a majority of the Directors, or certified by an independent public or certified public accountant.

Changes in Terms and Conditions of Leases

6. (a) Each Proprietary Lease shall be in the form of this Lease, except with respect to statements as to the identity of the Lessee, the date of Leases date of commencement for the lease term, the number of Shares owned by the Lessee and the Apartment involved. The Lessor will not make or consent to any change or alteration in the terms or conditions of any Lease which shall have been executed by the Lessor (as distinct from the House Rules) unless a variation of any lease is authorized by an affirmative vote taken at a meeting called for that purpose, or written consent signed by Lessees owning at least two-thirds (2/3) of the Lessor's Shares then issued and executed by the Lessor and the Lessee affected. The form and provisions of all the Proprietary Leases then in effect and thereafter to be executed may be changed by the approval of Lessees of at least two-thirds of the Lessor's Shares then issued, and such changes shall be binding on all Lessees even if they did not vote for such changes, except that the proportionate share of Maintenance Charge or Cash Requirements payable by any Lessee may not be increased unless as otherwise provided in the Lessor's corporate by-laws, nor may any Lessee's right to cancel the Lease under the conditions set forth in Paragraph 35 be eliminated or impaired without his or her express consent. Approval by Lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose. Notwithstanding the foregoing, in no event shall any change in the form of Proprietary Lease and any of the provisions thereof be made which shall adversely affect certain rights granted to (i) holders of Unsold Shares (pursuant to Paragraph 38 hereof) or (ii) the Secured Party (its successors or assigns) as set forth in Paragraph 17(b) below, unless all such holders of Unsold Shares or the Secured Party affected thereby shall have unanimously agreed to each such change.

(b) Notwithstanding the foregoing, during the three-year period following the Cooperative Conversion Date, Lessor, acting by its Directors or otherwise, may not, among other things, without the consent of Tenant-Shareholders owning at least 66% of the issued and outstanding Shares of Lessor, (i) increase the number of or change the kind of employees initially hired or provide services in addition to those contemplated in Schedule B of the Offering Plan (unless the aggregate annual cost of any such additional employees or services, when added to the aggregate annual costs of all other expenses for that year, does not exceed the aggregate projected income for that year, without increasing annual Maintenance for that year), (ii) undertake any capital or major improvements unless required by law or by the holder or insurer of any Underlying Mortgage in accordance with the provisions of applicable loan or insurance documents; (iii) increases, extend, modify or refinance the mortgage indebtedness of the Lessor, or (iv)

enter into any new mortgage, contract of sale or ground Lease of the Property, or (v) increase the reserves, or establish any reserves in addition to the reserves described in the Offering Plan, including without limitation, reserves for contingencies, repairs, improvements or replacements, other than a reserve for contingencies not exceeding 5% of the annual operating budget for that year. The foregoing super-majority voting requirement shall not be required after the third anniversary of the Cooperative Conversion Date (unless Lessor decides to extend the super-majority replacement), (2) to comply with the obligations of law (including subsequently enacted provisions), or (3) to cure or remedy any notices of violation of law, or any work orders or other requirement of HPD or of the holder or insurer of any Underlying Mortgage on the Building or to remedy any matter pertaining to the health and safety of the occupants of the Building, (d) hereof, other requirements of the IH Regulatory Agreement.

(c) Notwithstanding the provisions of subparagraph (a) to the contrary, Sponsor and Sponsor's successor and assigns are hereby appointed as the attorney-in-fact of Lessor, the Tenant-Shareholder hereunder, each contract vendee of Shares and this Lease and each holder of an Underlying Mortgage or other lien holder or party claiming a legal or equitable interest in the Apartments and/ or the Property, with the power of substitution, for a period of two (2) years subsequent to the last closing for an Apartment sold under the Offering Plan, to act in the name, place and stead for any of said parties with respect to any and all applications, documents, agreements, amendments or supplements to the form of Proprietary Lease of Lessor or the By-Laws of Lessor, which may be required or necessary to carry out the provisions of the Offering Plan, or which may be required or necessary by any governmental or quasi-governmental agency, institutional lender or title insurance company, to complete development of the Apartments and/or the Property or otherwise in furtherance of the purposes of the Offering Plan. Any such act shall be in conformity with the Certificate of Incorporation of the Lessor, IH Regulatory Agreement and the underlying mortgages. The power of attorney aforesaid is expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the same shall be binding upon the heirs, personal representatives, successors and assigns of any of the foregoing parties. Further, said power of attorney shall not be affected by the death, incompetence, disability or dissolution of any of the foregoing parties and is intended to deliver all right, title and interests of said parties in and to said powers.

(d) Lessor will enter into or assume the IH Regulatory Agreement with HPD, as same may have been or may be amended (the "**IH Regulatory Agreement**")**IH Regulatory Agreement**. Notwithstanding anything contained in this Lease to the contrary, as long as the IH Regulatory Agreement encumber the Property, this Lease may not be amended without the prior written consent of HPD.

Terraces, Balconies, Roofs, Gardens, Rear Yards & Telecommunications

7. If the Apartment includes as an appurtenance, a terrace, balcony, rear yard, garden or portion of the roof, the Lessee shall have and enjoy the exclusive use of such area, subject to the applicable provisions of this Lease and to the use of the roof by the Lessor to the extent herein permitted. The Lessee's use thereof shall be subject to such regulations as may, from time to time, be prescribed by the Directors, including, without limitation, type of materials for fencing and decking, maintenance and repair schedules for fencing and decking, restrictions regarding planting, furniture, plant containers, watering, play equipment, laundry, barbequing, etc. The Lessee shall keep such areas adjoining his or her Apartment clean and free from snow, ice, leaves and other debris and shall maintain all screens and drain boxes in good condition. No planting, fences, structures or lattices shall be erected or installed on the roof of the Building without the prior written approval of the Lessor, and without making provision adequate in the Lessor's judgment for protection of persons and property. No cooking shall be permitted on the roof of the Building, nor shall the walls thereof be painted by the Lessee without the prior written approval of the Lessor. Any planting or other structures erected by the Lessee or his predecessor in interest may be removed and restored by the Lessor at the expense of the Lessee for the purpose of repairs, upkeep or maintenance of the Building. The Lessor shall have the right to erect equipment on the roof, including radio and television aerials and antennas and cellular and other telecommunication facilities, and appropriate conduits and/or wiring therefor, for its use and the use of the Lessees in the Building and shall have the right of access thereto for such installations and for the repair thereof. All Apartments will be wired for cable television. The Lessee must contact the cable television provider to activate service to the Apartment which must be provided through the basement. No drilling through the exterior walls of the Building is permitted.

Assignment of Lessor's Rights against Occupant

8. If at the date of the commencement or assignment, if applicable, of this Lease, any third party shall be in possession or have the right to possession of the Apartment, then the Lessor hereby assigns to the Lessee all of the Lessor's rights against said third party from and after the date of the commencement of the term hereof or effective date of assignment, if applicable, and the Lessee by the execution hereof assumes all of the Lessor's obligations to said third party only from said date. Lessor agrees to cooperate with Lessee, but at Lessee's expense, in the enforcement of Lessee's rights against said third party. If Maintenance Charges (maintenance) of the Lessee is less than Maintenance Charges received by the Lessee from such third party, the Lessee must pay the difference to the Lessor.

Cancellation of Prior Agreement

9. If at the date of the commencement of this Lease or at the date of assignment of this Lease to lessee, as applicable, the Lessee has the right to possession of the Apartment under any agreement, lease

or tenancy, this Lease shall supersede such agreement, lease, or tenancy which shall be null, void and of no further effect after the date of commencement of this Lease, except for tenant's obligations theretofore arising thereunder.

Quiet Enjoyment

10. The Lessee, upon paying Maintenance Charges and performing the covenants and complying with the conditions on the part of the Lessee to be performed, as herein set forth, shall, at all times during the term hereby granted, quietly have, hold and enjoy the Apartment without any lawsuit, trouble or hindrance from the Lessor, subject, however, to the rights of present tenants or occupants of the Apartment, and subject to any and all mortgages and underlying leases of the land and Property or any portion thereof.

Indemnity

11. The Lessee agrees to indemnify, defend and hold the Lessor harmless from all liability, loss, damage and expense arising from injury to person or property occasioned by the failure of the Lessee to comply with any provision hereof, or due wholly or in part to any act, default or omission of the Lessee or of any person dwelling, working or visiting in the Apartment, or by the Lessor, its agents, servants or contractors when acting as agent for the Lessee, as provided in this Lease. This Paragraph shall not apply to any liability, loss, damage or expense when a Lessor is covered by insurance which provides for a waiver of insurer's right of subrogation against the Lessee.

Payment of Maintenance Charge; **No Set-Off**

12. The Lessee will pay Maintenance Charges to the Lessor upon the terms and at the times herein provided, without any deduction on account of any set-off or claim which the Lessee may have against the Lessor, and if the Lessee shall fail to pay any installment of Maintenance Charge promptly, the Lessee shall pay interest thereon at the maximum legal rate from the date when such installment shall have become due to the date of the payment thereof, and such interest shall be deemed additional rent hereunder.

House Rules

13. The Lessor has adopted House Rules which are appended hereto, and, except as provided in Paragraph 38 hereof, the Directors may, from time to time, alter, amend or repeal such House Rules and adopt new House Rules. This Lease shall be in all respects subject to such House Rules which, when a copy thereof has been furnished to the Lessee, shall be taken to be part hereof, and the Lessee hereby covenants to comply with all such House Rules and see that they are faithfully observed by the family, guests, employees, roommate and subtenants of the Lessee. Breach of the House Rules shall be a default under this Lease, and the Lessee acknowledges that this Lease may be terminated and shall expire at the option of the Lessor as hereinafter provided for any such breach. All House Rules shall apply to and be binding upon all tenants of the Building, whether Tenant-Shareholders or not, but the Lessor shall not be responsible to the Lessee for the nonobservance or violation of House Rules by any other

Lessee or person, other than employees of the Lessor.

Use of Premises

14. (a) Except as provided in Paragraph 38 hereof and consistent with the provisions of Paragraph 20 hereof, the Lessee shall not, without the written consent of the Lessor on such conditions as Lessor may prescribe, occupy or use the Apartment or permit it or any part of it to be occupied or used for any purpose other than as a private residence for the Lessee, and the Lessee's Family Members. A "**Family Member**" shall include Lessee's spouse, roommate(s), their children (natural and adopted), stepchildren, parents, brothers, sisters, grand-parents, grandchildren and domestic employees, and in no event may an Apartment be occupied by more than one family at a time. The term "**spouse**", as used herein, shall mean an adult person to whom the Lessee is married or an adult lifetime partner whose relationship with the Lessee is characterized by an emotional and financial commitment and interdependence.

(b) During the term of the IH Regulatory Agreement, Lessee shall occupy the Apartment as Lessee's primary residence within sixty (60) days of Closing and may not use the Apartment as an investment property or vacation home. The Apartments are to be used as private dwellings for the Tenant-Shareholder's primary residency and for any home occupation permitted by Law for the benefit of Tenant-Shareholders and Family Members. No Apartment may be occupied by more than one family, and no more than the maximum persons as permitted under the Housing Maintenance Code of the City of New York. Apartments to which Unsold Shares are allocated may in addition be used as models, sales offices and professional apartments. In addition to the foregoing, the Apartment may (a) be used for any home occupation or other use permitted by applicable law or (b) occupied from time to time by guests of the Lessee for a period not exceeding three (3) months, unless a longer period is approved by the Lessor in writing, but no guests may occupy the Apartment unless one or more of the permitted adult residents are then in occupancy or unless consented to in writing by the Lessor. In no event will illegal use or hazardous conditions be sanctioned.

(c) Sponsor and any other party offering Shares for sale under the Plan may use any Apartment owned by them for models, sales and/or rental offices and may display "For Rent" and/or "For Sale" signs without the prior written consent of Lessor.

Subletting

15. (a) Pursuant to the terms of the IH Regulatory Agreement, all initial and subsequent Purchasers of the Apartments will be subject to the resale restrictions described in Section 1. As a general matter, pursuant to the terms of the IH Regulatory Agreement, Tenant-Shareholder may not sublet its Apartment. In the event a Tenant Shareholder seeks to request a sublease the Apartment, the sublease request shall be subject to the following restrictions: (i) The

Tenant Shareholder must obtain prior written approval of the Administering Agent, Board of Directors and HPD to sublet the Apartment, on terms and requirements as required by the Board of Directors and HPD, each in their sole discretion; (ii) The Tenant Shareholder may not sublease an Apartment to households whose Annual Household Income exceeds the AMI limit applicable to purchasers for such Apartment; (iii) The Tenant –Shareholder may not sublet an Apartment for more than a total of two (2) years, including the term of the proposed sublease, (iv) the aggregate payments made by the sublease to the Tenant-Shareholder may not in any calendar month exceed the combined cost of Maintenance Charges, any Security agreement or mortgage payments and utilities paid by the Tenant-Shareholder; and (v) any such sublet shall not violate the Certificate of Incorporation of the HDFC Apartment Corporation. Notwithstanding the foregoing, if the Shareholder is a lender who has provided an end loan insured by Fannie Mae and/or the State of New York Mortgage Agency or is an assignee of such lender ("Fannie/SONYMA Lender"), who has taken title to the shares through a foreclosure or deed in lieu of foreclosure, such Shareholder may sublet for a maximum of three (3) years, beginning immediately after Shareholder's failure to effectuate a sale of the Unit after marketing said Unit for a minimum of sixty (60) days.

The Secured Party shall have the right upon request to review a Lessee's sublease application before approval of the Lessor.

(b) After the term of the IH Regulatory Agreement, except as provided in Paragraph 38 of this Lease as set forth above in this Paragraph, the Lessee shall not sublet the whole or any part of the Apartment or renew or extend any previously authorized sublease without the consent of the Board of Directors given by a resolution of the Board or in writing by a majority of the Board, or, if the Board refuses or fails to give such consent, then by Lessees owning at least two-thirds (2/3) of the then issued Shares of the Lessor, given either in writing or by affirmative vote taken at a meeting called for this purpose. Any consent to subletting may be subject to such conditions as the Board or Lessees, as the case may be, may impose. There shall be no limitation on the right of Directors or Lessees to grant or withhold consent, for any reason or for no reason, to a subletting. No consent to a subletting shall operate to release the Lessee from any obligation hereunder. No sublease shall take effect against the Lessor for any purpose until (i) a sublet agreement in a form approved by the Lessor is executed and acknowledged by the Sublessee and is delivered to the Lessor and (ii) in the sublet agreement, the Sublessee assumes and agrees to be bound by all the covenants and conditions of this Lease and to perform and comply with them throughout the term of the sublet agreement. The Lessor reserves the right to include in the House Rules additional requirements with respect to subletting. No executor, administrator, personal representative, or successor to a

lessee, or trustee, or receiver of the property of the Lessee, or to anyone to whom the interest of the Lessee hereunder shall pass by law, shall be entitled to sublet the Apartment, or any part thereof, except upon compliance with the requirements of this Paragraph.

(c) Interim Leases entered into in connection with sales under the Plan, and any other leases of Apartments entered into by Sponsor, as a Holder of Unsold Shares, shall not be considered subleases within the meaning of the foregoing and thus shall not be deemed to violate the foregoing prohibition.

Assignment

16. (a) During the term of the IH Regulatory Agreement, Lessee shall comply with the following requirements in connection with the assignment of this Lease and the sale of the Shares appurtenant thereto, to a prospective Purchaser ("**Prospective Purchaser**"):

(i) Regulatory Requirements

(A) Prior to execution of the initial Purchase Agreement for the Shares and this Lease by a Prospective Purchaser, Lessor shall require (i) that the Prospective Purchaser completes and executes a Purchaser's Affidavit and a Purchaser Income Eligibility Worksheet (which are part of the Affordable Housing Lottery Application and Applicant Authorization to Release Information included as Exhibit 2 to the Offering Plan (the "**Affordable Housing Lottery Application and Applicant Authorization to Release Information** "), and (ii) arrange for all completed and executed Affordable Housing Lottery Application and Applicant Authorization to Release Information to be submitted to Lessor.

(B) Prior to approving the sale to the Prospective Purchaser, the Marketing Agent must review all the Affordable Housing Lottery Application and Applicant Authorization to Release Information to ascertain that the Prospective Purchaser meets the Purchaser eligibility requirements, including the requirement that they have an Aggregate Annual Household Income shall be calculated in accordance with the IH Regulatory Agreement and Zoning Resolution (as defined below).

(C) Any subsequent sale shall only be made to a Purchaser who complies with Eligible Buyer requirements under the IH Regulatory Agreement, Zoning Resolution and HPD IH Guidelines, at such time and as administered by Marketing Agent and approved by HPD.

(D) This Lease may not be assigned to a Prospective Purchaser and the Shares may not be transferred to a Prospective Purchaser without prior written approval of the Prospective Purchaser by the Marketing Agent and Lessor.

(E) If the Marketing Agent approves a Prospective Purchaser, Lessor shall require that the Prospective Purchaser execute the Recertification included in the Affordable Housing Lottery Application and Applicant Authorization to Release Information and same shall be forwarded by Sponsor or Lessor as applicable, to the Marketing Agent no later than five (5) days prior to the anticipated closing, if the Apartment Closing Date is more than six (6) months after the Prospective Purchaser executed the Purchaser's Affidavit. Changed information must be disclosed and if any changed information appears, no closing may occur until the Marketing Agent re-approves the Prospective Purchaser. If the Marketing Agent does not re-approve the Prospective Purchaser, the sale may not be consummated.

(ii) Lessor may promulgate a new set of procedures with respect to assignment of Proprietary Leases and the transfer of Shares for the period from and after expiration of the IH Regulatory Agreement.

(iii) Except as provided in subparagraph (a) herein and in Paragraph 38 of this Lease, Lessee shall not assign this Lease or transfer the Shares or any interest therein, and no such assignment or transfer shall take effect as against Lessor for any purpose, until all of the following requirements have been complied with and satisfied:

(A) An instrument of assignment of lease in form approved by Lessor executed and acknowledged by the assignor shall be delivered to the Lessor; and

(B) An agreement executed and acknowledged by the assignee in form approved by Lessor assuming and agreeing to be bound by all the covenants and conditions of this Lease to be performed or complied with by the Lessee on and after the effective date of said assignment shall have been delivered to the Lessor, or at the request of the Lessor, the assignee shall have surrendered the assigned Lease and entered into a new Lease in the same form for the remainder of the term, in which case the Lessee's lease shall be deemed cancelled as of the effective date of said assignment; and

(C) All Shares of the Lessor to which this Lease is appurtenant shall have been transferred to the assignee, with proper transfer taxes paid and stamps affixed and paid therefore; and

(D) All fees, charges and other sums due from the Lessee shall have been paid to the Lessor, together with a sum to be fixed by the Directors to cover reasonable legal and other expenses of the Lessor and its managing agent in connection with such assignment and transfer of the Shares, subject to Paragraphs 17(b) and 38 hereof, and the Lessee shall not at the time be in default under this Lease; and

(E) A satisfactory search or certification from a title or abstract company, as the Directors may require, must be obtained and delivered to the Lessor; and

(F) Except in the case of an assignment, transfer or bequest to the Lessee's spouse, of the Shares and this Lease, and except as provided in Paragraphs 16(b), 17(b) and 38 of this Lease, consent to such assignment shall have been authorized by resolution of the Directors, or given in writing by a majority of the Directors; or, if the Directors shall have failed or refused to give such consent within 30 days after submission of references to them or Lessor's agent, then by lessees (other than Lessee) of at least two-thirds (2/3) of the then issued shares of the Lessor. Consent by Lessees, as provided for herein, shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose in the manner as provided in the By-Laws.

Resale Profits

The IH Regulatory Agreement provides that the sale of Units by shareholders shall be restricted by the income level of the prospective purchaser and the sales price that is paid upon resale of an Apartment, as such restrictions are determined pursuant to Section 23-90 et. seq. of the LLC New York City Zoning Resolution as amended, (the "Zoning Resolution"), the Inclusionary Housing Program Guidelines ("IH Guidelines") and the IH Regulatory Agreement (collectively, the "Resale Restrictions"). The IH Regulatory Agreement provides for the following income restrictions upon resale and restrictions on the resale prices, for the Apartments:

- The Apartments shall be sold only to households (of not more than two (2) persons) whose annual income does not exceed 80% of Initial AMI and whose total housing costs are not less than 25% of their income and not more than 35% of their income; and

- Such other limitations on Resale pursuant to the Resale Restrictions.

Regardless of whether or not the HDFC Apartment Corporation is still subject to a Regulatory Agreement, HDFC Apartment Corporation's corporate purpose of providing affordable housing to low-income households will remain.

<u>Calculation of Resale Prices</u>

The following limits have been placed upon the resale prices for shareholders: the HDFC Apartment Corporation shall prohibit shareholders from selling Apartments for prices that exceed the Maximum Resale Price as defined in the Zoning Resolution. The

Resale Restrictions on the Building do not expire, and the Apartments must be re-sold to purchasers who meet the income limitations set forth in this Plan. A Tenant-shareholder's equity will be limited because the resale price will be lower than the price for his or her Apartment for sale on the open market. Future purchasers from Initial Tenant Shareholders must be in compliance with the requirements of the HPD Marketing Guidelines and all related laws and policies regarding the marketing and sale of the shares allocated to each Cooperative Apartment. All sales must be conducted through Housing Connect or such other platform adopted by HPD from time to time. All resales must be approved by HPD, the Administering Agent under the Regulatory Agreement and the Board of Directors of HDFC Apartment Corporation.

Consents Generally:

(b) During the term of the IH Regulatory Agreement, a devise or bequest by Tenant-Shareholders of the Shares allocable to their Apartments through testamentary disposition, intestacy, or otherwise by operation of law, shall not constitute a sale of Shares. The individuals or entities (in the case of an estate) acquiring the Shares in such a manner shall be deemed Tenant-shareholders hereunder and shall be fully subject to the terms and conditions under the Regulatory Agreement, including upon the resale of the Shares, those requirements for the sale of Shares and for income limitations as set forth in such Agreement. Notwithstanding the foregoing, an entity (but not a natural person) that acquires the Shares as aforesaid shall be exempt from the provisions of Section 15(b) of this Lease.

Consents: Death of Lessee

In all cases, if the Lessee shall die, consent shall not be unreasonably withheld to an assignment of the Lease and Shares to a financially responsible member of the Lessee's family (other than the Lessee's spouse, as to whom no consent is required). No executor, administrator, person representative, or successor of the Lessee, or trustee, or receiver of the Property of the Lessee, or anyone to whom the interest of the Lessee shall pass by law, shall be entitled to assign this Lease or to sell the Shares of the Lessor appurtenant thereto, except upon compliance with the requirements of this Paragraph.

Tenant-Shareholders and Directors Obligations to Consent

(c) Subject to the applicable provisions of the IH Regulatory Agreement, the Directors or Lessees may grant or withhold consent to an assignment at their sole discretion exercised in conformance with Paragraph 46 of this Lease and further that it shall not be unreasonably withheld in the case of a financially responsible Member of Lessee's Family (other than a spouse, as to whom no consent is required.)

Release of Lessee upon Assignment

(d) If the Lease shall be assigned in compliance herewith, Lessee-assignor shall have no further liability on any of the covenants of this Lease to be thereafter performed from and after the date of assignment.

Further Assignment or Subletting

(e) Regardless of any prior consent or waivers theretofore given, neither the Lessee nor his executor-executrix, nor administrator-administratrix, nor any trustee or receiver of the property of the Lessee, nor anyone to whom the interests of the Lessee shall pass by law, shall be entitled further to assign this Lease or to sublet the Apartment, or any part thereof, except upon compliance with the requirements of this Lease.

Statement By Lessor

(f) If this Lease is then in force and effect, Lessor will, upon request of Lessee, deliver to the assignee on the effective date of an assignment a written statement that this Lease remains on the date thereof in force and effect; but no such statement shall be deemed an admission that there is no default under the Lease.

Additional Requirements

(g) Notwithstanding anything contained herein to the contrary, a Tenant-Shareholder may not assign his or her Shares or otherwise permit the occupancy of the Apartment, except with the permission or written consent of HPD, if such permission or consent is required by the IH Regulatory Agreement and provided that such assignment of shares does not violate the Certificate of Incorporation of Lessor. A form of such consent is appended to each Stock Certificate issued to a Tenant-Shareholder.

Pledge of Shares and Lease

17. (a) A pledge by the Lessee of this Lease and the Shares to which it is appurtenant as security for a loan to be made to the Lessee shall not be a violation of this Lease, provided, however, that Lessee shall not be in default under this Lease at the time of such pledge and the lien of the secured party shall in all respects be subordinate to the lien of Lessor for payment of Maintenance and other amounts due Lessor pursuant to this Lease. In the event of such pledge, except as provided elsewhere, neither the pledgee nor any transferee of the pledged security shall be entitled to have the Shares transferred or recorded on the books of the Lessor, nor to vote such shares, nor to occupy or permit the occupancy by others of the Apartment, nor to sell such Shares or this Lease, without first obtaining the consent of the Lessor, which will be granted in accordance with and after complying with all of the provisions of Paragraphs 14, 15, 16 and 46. Furthermore, the pledgee or transferee of the pledged security may select a non-corporate designee for any assignment of the proprietary lease. In addition, the Board may place dollar or debt-equity ratio limits on loans to be made. The acceptance by Lessor of payments by the pledgee or any transferee of the pledged security on account of Maintenance Charge or Special Assessment shall not constitute a waiver of the aforesaid provisions. The provisions of this subparagraph (a) shall be subject to sub-paragraph (b) of this Paragraph 17.

Secured Party

(b) (i) If the purchase by the Lessee of the Shares allocated to the Apartment was financed by a loan made by a bank, trust company,

insurance company or other recognized lending institution and a default or an event of default shall have occurred under the terms of the security agreement-leasehold mortgage or either of them entered into between the Lessee and such Secured Party, and if (1) notice of said default or event of default shall have been given to the Lessor, (2) an individual designated by the Secured Party, or the individual nominee of the individual so designated by the Secured Party, shall be entitled to become the owner of the Shares and the Lessee under this Lease pursuant to the terms of said security agreement-leasehold mortgage, or either of them, (3) not less than five (5) days written notice of an intended transfer of the Shares and this Lease shall have been given to the Lessor and the Lessee, (4) there has been paid, on behalf of the Lessee, all rent, additional rent and other sums owned by the Lessee to the Lessor under this Lease for the period ending on the date of transfer of the aforementioned shares as hereinafter provided, and (5) the Lessor shall be furnished with such affidavits, certificates and opinions of counsel, in form and substance reasonably satisfactory to the Lessor, indicating that the foregoing conditions (1) through (5) have been met, then (i) a transfer of the Shares and the Proprietary Lease shall be made to such individual, upon request, and without the consent of the Directors or the Tenant-Shareholders to which reference is made in Paragraph 16 but with the consent only of the Lessor's then managing agent which shall not be unreasonably withheld or delayed, and, if required, the consent of the Holder of the Underlying Mortgage, and (ii) the individual to whom such transfer is made (if and as long as such individual by himself or herself or a Family Member does not actually occupy the Apartment) shall have all of the rights provided for in Paragraphs 15, 16, 21 and 38 of this Lease as if he or she were a holder of Unsold Shares.

(ii) Without the prior written consent of any Secured Party who has requested a copy of any notice of default as hereinbefore provided in subparagraph (ii) of this subparagraph (b), (A) the Lessor and the Lessee will not enter into any agreement modifying or canceling this Lease, (B) no change in the forms, terms or conditions of this Lease, as permitted by Paragraph 6, shall eliminate or modify any rights, privileges or obligations of a Secured Party as set forth in this Paragraph 17, (C) the Lessor will not terminate this Lease, except as provided in Paragraph 32 of this Lease and in subparagraph (ii) of this subparagraph (b), (D) the Lessee will not assign this Lease or sublet the Apartment, (E) any modification, cancellation, surrender, termination or assignment of this Lease or any sublease of the Apartment not made in accordance with the provisions hereof shall be void and of no effect, (F) the Lessor will not consent to any further mortgage on this Lease, blanket financing that is superior to the share loan if it would result in an annual increase of more than 10% in a unit's monthly assessments or security charges, or security interest created in the Shares, (G) the Lessee will not make any further mortgage or create any further security interest in the shares of this Lease, (H) any

such further additional pledge, mortgage or security interest shall be void and of no effect, (I) Lessor will not permit any action to change the form of ownership of the project; (J) Lessor will not permit any provisions that expressly benefit the blanket mortgage holder; and (K) Lessor shall not permit the contraction, expansion, or termination of the co-op project.

(iii) Any designee of a Secured Party to whom a transfer of a Lease shall have been made pursuant to the terms of this subparagraph (iii) hereof may cancel this Lease under the terms of Paragraph 35 hereof; except that such designee (A) may cancel this Lease and the Shares appurtenant hereto due to foreclosure of the security agreement-leasehold mortgage; (B) need give only thirty (30) days' notice of its intention to cancel; and (C) may give such notice at any time during the calendar year.

(iv) A Secured Party claiming or exercising any of the rights and privileges granted it pursuant to the provisions of this subparagraph (b) shall be deemed to have agreed to indemnify Lessor for all loss, liability or expense (including reasonable attorneys' fees) arising out of claims by Lessee, or his successors or assigns, against Lessor or the Secured Party, or their respective successors or assigns, for acts or omissions to act on the part of either Lessor or Secured Party, or their respective successors or assigns, pursuant to this subparagraph (b). Lessor will give the Secured Party written notice with reasonably promptness of any such claim against Lessor and the Secured Party may contest such claim in the name and on behalf of Lessor with counsel selected by the Secured Party at the Secured Party's sole expense. Lessor shall execute such papers and do such things as are reasonably necessary to implement the provision of this subpart (iv).

(v) Upon Lessee's final payment under the loan given by the Secured Party or upon prepayment of said loan, Secured Party will give Lessor notice of such final payment or prepayment (as the case may be).

(vi) Lessor shall be authorized to enter into an Aztec Recognition Agreement without any modifications (commonly known as a "**Recognition Agreement**") with a pledgee of this Lease and the Shares (i.e., the Secured Party) pursuant to which Lessor will acknowledge and agree that the foregoing provisions of this subparagraph (b) shall inure to the benefit of, and apply to, the Secured Party. The Recognition Agreement may request the Lessor shall execute and deliver same to Lender provided only that such additional or different provisions are approved by counsel to Lessor (which approval may not be unreasonably withheld or delayed and shall be given or deemed given if same are substantially similar to the provisions of this subpart (vi). All costs and expenses incurred by

Lessor in connection with such Recognition Agreement (including legal fees) shall be borne entirely by Lessee. A Recognition Agreement between a Lender and Lessor may contain such additional or different provisions as the Lessor and said Lender may agree to.

(vii) Any Secured Party which takes possession of this Lease and the Shares under a foreclosure or similar legal action shall remain subject to the restrictions placed on the Unit, this Lease and Shares by the IH Regulatory Agreement.

Repairs by the Lessee

18. (a) Unless otherwise provided in writing by the parties hereto, the Lessee shall take possession of and the Lessee accepts the Apartment and its appurtenances and fixtures in its "as is" condition and state of repair as of the commencement of the term hereof. Subject to the provisions of Paragraph 4 hereof, the Lessee shall be solely responsible for the painting and decorating required for his or her Apartment, including the interior of window frames, sashes and sills, and shall be solely responsible for the maintenance and repair of the interior of the Apartment (including interior walls, floors and ceilings, but excluding windows, window panes, exterior of window frames, and entrance doors and terrace doors, if any, frames and saddles) and shall be solely responsible for the maintenance, repair and replacement of plumbing, lighting, gas, electrical and heating fixtures and equipment and such refrigerators, dishwashers, microwave ovens, ranges and other appliances that may be in the Apartment. Plumbing, gas and heating fixtures, as used herein, shall include exposed gas, steam and water pipes attached to fixtures, appliances and equipment and the fixtures, appliances and equipment to which they are attached and any special pipes or equipment which the Lessee may install within the wall or ceiling, or under the floor, but shall not include gas, steam, water or other pipes or conduits within the walls, ceilings or floors, or air conditioning, or heating equipment which is part of the standard building equipment. The Lessee shall be solely responsible for the maintenance, repair and replacement of all lighting and electrical fixtures, appliances, and equipment, and all meters, fuse boxes or circuit breakers and electric wiring and conduits from the junction box at the riser into and through the Lessee's Apartment. Any ventilating or air conditioning device visible from the outside of the Building shall at all times be painted by the Lessee in a standard color which the Lessor may select for the Building. Lessee shall make no holes in the Building's walls or roofs or sleeves for air conditioning or any other purpose, unless agreed to in writing by the Lessor.

Odors and Noises

(b) The Lessee shall not create or permit unreasonable cooking or other odors to escape into the Building. The Lessee shall not create or permit or allow any unreasonable noises, vibrations, electrical or magnetic impulses, or vermin infestations, or do or permit or allow anything to be done which will damage the Building or any part thereof, or interfere with the rights of other Lessees, residents, visitors,

employees, or building staff, or endanger or unreasonably annoy them. The Lessee will not obstruct the public halls or stairways.

Equipment and Appliances

(c) If, in the Lessor's sole judgment, any of the Lessee's fixtures, equipment or appliances shall result in damage to the Building or diminution or interruption of service to other portions of the Building, or overloading of, or damage to, facilities maintained by the Lessor for the supplying of water, gas, electricity or air conditioning to the Building, or if any such Appliances visible from the outside of the Building shall become rusty or discolored, the Lessee shall promptly, on notice from the Lessor, remedy the condition, and pending such remedy shall cease using any fixtures, appliance or equipment which may be creating the objectionable condition.

Rules and Regulations and Requirements of Mortgages

(d) The Lessee will comply with all the requirements of the Board of Fire Underwriters, insurance authorities and all governmental authorities with respect to the occupancy or use of the Apartment. If any mortgage affecting the land or the Building shall contain any provisions pertaining to the right of the Lessee to make changes or alterations in the Apartment, or to remove any of the fixtures, appliances, equipment or installations, the Lessee herein shall comply with the requirements of such mortgage or mortgages relating thereto. Upon the Lessee's written request, Lessor will furnish Lessee with copies of applicable provisions of each and every such mortgage.

Lessor's Right to Remedy the Lessee's Defaults

19. If the Lessee shall fail for thirty (30) days after written notice to make repairs to any part of Apartment, its fixtures or equipment, as herein required, or shall fail to remedy a condition which has become objectionable to the Lessor for reasons herein stated, or if the Lessee or any person dwelling in the Apartment shall request the Lessor, its agents or servants to perform any act not hereby required to be performed by the Lessor, the Lessor may make such repairs, or arrange for others to do the same, or remove such objectionable condition or equipment, or perform such act, without liability on the Lessor; provided that, if the condition requires prompt action, notice of less than 30 days may, or, in case of emergency, no notice need be given. In all such cases, the Lessor, its agents, servants and contractors shall, as between the Lessor and Lessee, be conclusively deemed to be acting as agents of the Lessee and all contracts therefor made by the Lessor shall be so construed whether or not made in the name of the Lessee. If Lessee shall fail to perform or comply with any of the other covenants or provisions of this lease within the time required by a notice from Lessor (which notice shall provide for not less than 5 days for such performance or compliance), then Lessor may, but shall not be obligated to comply therewith, and for such purposes may enter the Apartment of Lessee. The Lessor shall be entitled to recover from the Lessee all expenses incurred or for which it has contracted hereunder, such expenses to be payable by the Lessee on demand as additional rent.

Legal and Insurance Requirements

20. The Lessee shall not permit or suffer anything to be done or kept in the Apartment which will interfere with the rights of other Tenant-Shareholders or among such Tenant-Shareholders by unreasonable cases or otherwise which will obstruct the public halls or stairways of the Building or increase the rate of fire insurance on the Building or the contents thereof. The Lessee shall comply with all the requirements for the Board of Fire Underwriters, insurance authorities, the Board of Health and other governmental authorities, and with all laws, ordinances, rules and regulations with respect to the occupancy or use for the Apartment. If, by reason of the occupancy or use of the Apartment by the Lessee, the rate of fire insurance on the Building or an Apartment or the contents of either shall be increased, the Lessee shall (if such occupancy or use continues for more than 30 days after written notice from the Lessor specifying the objectionable occupancy or use) become personally liable for the additional insurance premiums incurred by Lessor or any Lessee or Lessees of Apartments in the Building on all policies so affected, and the Lessor shall have the right to collect the same for its benefit or the benefit of any such Lessees as additional rent for the Apartment due on the first day of the calendar month following written demand therefor by the Lessor.

Alterations

21. (a) The Lessee shall not, without first obtaining the written consent of the Lessor, which consent shall not be unreasonably withheld or delayed, make in the Apartment or Building, or on any roof, penthouse, terrace or balcony appurtenant thereto, any alteration, enclosure or addition or any alteration of or addition to the water, gas or steam risers or pipes, heating or air conditioning system or units (if any), electrical conduits, wiring or outlets, plumbing fixtures, communication or alarm system, or any other installation or facility, as may be owned by lessor, in the Apartment or Building, or, except as hereinafter authorized, remove any additions, improvements or fixtures in the Apartment. As a condition of its approval, the Lessor may require, among other things, that the Lessee submit plans for any alterations to a licensed architect designated by the Lessor, for review and approval of such plans, at the Lessee's expense; that such an architect be retained by the Lessee, at the Lessee's expense, to obtain approval of such plans and such work from the appropriate governmental authorities; that the work required to carry out such alterations be performed under the supervision of such an architect, at the Lessee's expense, and by bonded contractors or mechanics approved by the Lessor; and that appropriate casualty and liability insurance coverages be obtained and maintained in force throughout the course of the work, at the Lessee's expense. The performance by Lessee of any work in the Apartment shall be in accordance with any applicable rules and regulations of the Lessor and governmental agencies having jurisdiction thereof. The Lessee shall not, in any case, install any appliances which will overload the existing wires or equipment in the Building or interfere with equipment of the Lessor or

of other Lessees within the Building.

Removal of Fixtures

(b) Subject to the provisions of Paragraph 21(a) above, the Lessee shall not remove any fixtures, appliances, additions or improvements from the Apartment without Lessor's written consent, except as hereinafter provided. If the Lessee, or a prior lessee, shall have heretofore replaced, or the Lessee shall hereafter place in the Apartment, at the Lessee's own expense, any additions, improvements, appliances or fixtures, including but not limited to fireplace mantels, lighting fixtures, refrigerators, air conditioners, dishwashers, washing machines, ranges, microwaves, woodwork, wall paneling, ceilings, special doors or decorations, special cabinet work, special stair railings or other built-in ornamental items, which can be removed without structural alterations or permanent damage to the Apartment, then title thereto shall remain in the Lessee and the Lessee shall have the right, prior to termination of this Lease, to remove the same at Lessee's sole cost and expense, provided: (i) that the Lessee at the time of such removal shall not be in default in the payment of rent or in the performance or observance of any other covenants or conditions of this Lease; (ii) that the Lessee shall at the Lessee's own expense, prior to the termination of this Lease and/or prior to the assignment of this lease by lessee, as applicable, repair all damage to the Apartment which shall have been caused by either the installation or removal of any such additions, improvements, appliances or fixtures; (iii) that if the Lessee shall have removed from the Apartment any articles or materials owned by the Lessor or its predecessor in title, or any fixtures or equipment necessary for the use of the Apartment, the Lessee shall either restore such articles and materials and fixtures and equipment and repair any damage resulting from their removal and restoration, or replace them with others of a kind and quality customary in comparable buildings and satisfactory to the Lessor; (iv) that if any holder of an Underlying Mortgage had acquired a lien on any such property prior to the execution of this Lease, Lessor shall have first procured from such mortgagee its written consent to such removal and any cost and expense incurred by the Lessor in respect thereof shall have been paid by the Lessee and (v) that, prior to any such removal, the Lessee shall give written notice thereof to the Lessor.

Surrender on Expiration of Term

(c) On the expiration or termination of this Lease, the Lessee shall surrender to the Lessor possession of the Apartment with all additions, improvements, appliances and fixtures then included therein, except as hereinabove provided. Any additions, improvements, fixtures or appliances not removed by the Lessee on or before such expiration or termination of this Lease shall, at the option of the Lessor, be deemed abandoned and shall become the property of the Lessor and may be disposed of by the Lessor without liability or accountability to the Lessee. Any other personal property not removed by the Lessee at or prior to the termination of this Lease may be removed by the Lessor to any place of storage and stored for the account of the Lessee

without the Lessor in any way being liable for trespass, conversion or negligence by reason of any acts of the Lessor or of Lessor's agents, or of any carrier employed in transporting such property to the place of storage, or by reason of the negligence of any person in caring for such property while in storage.

Lease Subordinate to Mortgages and Ground Leases

22. This Lease is and shall be subject and subordinate to all present and future leases, and to the underlying mortgages and to any mortgages now or hereafter that are liens upon such leases or on the land, the Property and the Building, to any and all extensions, modifications, consolidations, renewals and replacements thereof and to the IH Regulatory Agreement entered into by Lessor and HPD. This clause shall be self-operative, and no further instrument of subordination shall be required by any such mortgagee or lessee. In confirmation of such subordination, the Lessee shall at any time, and from time to time, on demand, execute any instruments that may be required by any mortgagee, or by the Lessor, for the purpose of more formally subjecting this Lease to the lien of any such agreements, mortgages or leases, and the duly elected officers, for the time being, of the Lessor are, and each of them is hereby, irrevocably appointed the attorney-in-fact and agent of the Lessee to execute the same upon such demand, and the Lessee hereby ratifies any such instrument hereafter executed by virtue of the power of attorney hereby given. If any mortgage affecting the land, the Property or the Building shall contain any provisions pertaining to the right of the Lessee to make changes or alterations to the Apartment, or to remove therefrom any fixtures, appliances, equipment or installation, the Lessee shall comply with the requirements of such mortgage. Upon the Lessee's written request, the Lessor will furnish the Lessee with copies of applicable provisions of such mortgage(s).

Mechanic's Lien

23. In case a notice of mechanic's lien against the Building or the Property shall be filed purporting to be for labor or material furnished or delivered at the Building or the Apartment to or for the Lessee, or anyone claiming under the Lessee, the Lessee shall forthwith cause such lien to be discharged by payment, bonding or otherwise. If the Lessee shall fail to do so within ten (10) days after notice from the Lessor, then the Lessor may cause such lien to be discharged by payment, bonding or otherwise, without investigation as to the validity thereof or of any offsets or defenses thereto, and shall have the right to collect, as additional rent, all amounts so paid and all costs and expenses paid or incurred in connection therewith, including reasonable attorney's fees and disbursements, together with interest thereon from the time or times of payment.

Cooperation

24. The Lessee shall always in good faith endeavor to observe and promote the cooperative purposes for the accomplishment of which the Lessor is incorporated.

Right of Entry

25. (a) The Lessor and its agents and their authorized employees and workmen shall be permitted to visit, examine, or enter the Apartment, any terrace, patio, balcony, rear yard or other areas appurtenant thereto ("**appurtenant areas**") at any reasonable hour of the day upon one day's notice, or at any time and without notice in case of emergency, to make or facilitate repairs in any part of the Building, to install, as may be reasonably required, pipes, conduits, wires, ducts and like materials in the Apartment, whether for the benefit of the Lessee, another Apartment in the Building or the Building itself or to cure any default by the Lessee. Lessor shall have the right to remove such portions of the walls, floors and ceilings of the Apartment and accessory areas as may be required for any such purpose, but the Lessor shall thereafter restore the Apartment and accessory areas to its proper and usual condition at Lessor's expense if such repairs are the obligation of Lessor, or at Lessee's expense if such repairs are the obligation of Lessee or any of the Lessee's family, guests, invitees, agents, employees or subtenants or the family, guests, invitees, agents or employees of a subtenant. Lessor shall, in no event, however, have an obligation to repaint or replace wallpaper or other decorations in the Apartment or to refinish the floors therein.

Key

26. In order that the Lessor shall at all times have access to the Apartment, Property or any appurtenant area for the purposes provided for in this Lease, the Lessee shall provide the Lessor with a key to each lock providing access to the Apartment such appurtenant area, and if any lock shall be altered or new lock installed, the Lessee shall provide the Lessor with a key thereto immediately upon installation. If the Lessee shall not be personally present to open and permit an entry at any time when an entry therein shall be necessary or permissible hereunder and shall not have furnished a key to Lessor, the Lessor or the Lessor's agents (but, except in an emergency, only when specifically authorized by an officer of the Lessor) or an officer of the Managing Agent may forcibly enter the Apartment or appurtenant areas without liability for damages by reason thereof (if during such entry the Lessor shall accord reasonable care to the Lessee's property), and without in any manner affecting the obligations and covenants of this Lease. The right and authority hereby reserved do not impose, nor does the Lessor assume by reason thereof, any responsibility or liability for the care or supervision of the Apartment or any of the pipes, fixtures, appliances or appurtenances therein contained, except as herein specifically provided.

Waivers

27. The failure of the Lessor to insist, in any one or more instances, upon a strict performance of any of the provisions of this Lease, or to exercise any right or option herein contained, or to serve any notice, or to institute any action or proceeding, shall not be construed as a waiver, or a relinquishment for the future, of any such provisions, options or rights, but such provision, option or right shall continue and

remain in full force and effect. The receipt by the Lessor of Maintenance Charge, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach, and no waiver by the Lessor of any provision hereof shall be deemed to have been made unless in a writing expressly approved by the Directors. Even though a consent to an assignment hereof or to any subletting may be given, no further assignment or subletting shall be given without express consent in writing given as hereinbefore provided.

Notices

28. Any notice by or demand from either party to the other shall be duly given only if in writing and: (i) sent by certified mail, return receipt requested; or (ii) sent by overnight courier service; or (iii) personally delivered; if by the Lessee, addressed to the Lessor at the address set forth above with a copy sent by regular mail to the Lessor's Managing Agent; if to the Lessee, addressed to Lessee at the Building. Either party may by notice served in accordance herewith designate a different address for service of such notice or demand. Notices or demands shall be deemed given on the date when mailed, except notices of change of address shall be deemed served when received.

Reimbursement of Lessor's Expenses

29. If the Lessee shall at any time be in default hereunder and the Lessor shall incur any expense (whether paid or not) in performing acts which the Lessee is required to perform, or in instituting any action or proceeding based on such default, or defending, or asserting a counterclaim in, any action or proceeding brought by the Lessee, the expense thereof to the Lessor, including reasonable attorney's fees and disbursements, shall be paid by the Lessee to the Lessor, on demand, as additional rent.

Lessor's Immunities

30. (a) The Lessor shall not be liable, except by reason of Lessor's gross negligence that causes (i) any failure or insufficiency of heat, air-conditioning, water supply, electric current, telephone, elevator, gas, or other service to be supplied by the Lessor hereunder, (ii) interference with light, air, or view of the Lessee or (iii) damage to person or property caused by the elements or by another Tenant-Shareholder or person in the Building, or resulting from steam, gas, electricity, water, rain or snow which may leak or flow from outside or from any part of the Building or from any part of the Building, or form any of its pipes, drains, conduits, radiators, boilers, tanks, appliances or equipment, or from any other place. The Lessor or its agent shall not be responsible for any damage to any automobile or other vehicle left in the care of any employee of the Lessor by the Lessee or a member of Lessee's family and the Lessee shall hold the Lessor or its agent harmless from any liability arising from any injury to person or property caused by or with such automobile or other vehicle while in the care of such employee. The Lessor or its agent shall not be responsible for any package or article left with or entrusted to any employee of the Lessor, or for the loss of any property within or without the Apartment, by theft or otherwise. Unless due to the Lessor's negligence, no

abatement of Maintenance Charge or other compensation or claim of eviction shall be made or allowed if accidents, alterations, repairs or strikes, difficulty or delay in securing supplies or labor, or other cause beyond Lessor's control causes (i) the making or failure to make or delay in making any repairs, alterations or decorations to the Building, or any fixtures or appurtenances therein, or (ii) the taking of space to comply with any law, ordinance or governmental regulation, or (iii) the interrupting or curtailing of any service agreed to be furnished by the Lessor.

Storage Space, Laundry and Community Rooms

(b) If the Lessor shall furnish to Lessee any storage bins or space in the Property, the use of a laundry, or any facility outside the Apartment, including, but not limited to a television antenna, the same shall be deemed to have been furnished gratuitously by the Lessor under a revocable license and subject to such rules and regulations as the Lessor may impose. The Lessee shall use the same on the understanding that such machines or equipment may or may not be in good order and repair and that the Lessor is not responsible for such equipment, nor for any damage caused to the property of the Lessee resulting from the Lessee's use thereof, and that any use that Lessee may make of such equipment shall be at his own cost, risk and expense and the Lessor or its agents shall not be liable for any loss of property therein, or for any damage whatever to person or property therein or in connection therewith. If any storage space is provided, it may not be used for any combustible, valuable or perishable property. The community rooms in the cellar or lobby of a Building shall be available for use by lessee on such terms and conditions and during such hours and for such fees, if any, as the Board of Directors shall establish. Any use that Lessee shall make of the equipment and facilities, if any, in the community rooms shall be at Lessee's sole cost, risk and expense.

Window Cleaning

31. (a) The Lessee will not require, permit, or allow the cleaning any window in the Building from the outside (within the meaning of Section 202 of the New York Labor Law) unless the equipment and safety devices required by law, ordinance, rules and regulations, including, without limitation, Section 202 of the New York Labor Law, are provided and used, and unless the industrial code of the State of New York is fully complied with; and the Lessee hereby agrees to indemnify the Lessor and its employees, other lessees, and the managing agent, for all losses, damages or fines suffered by them as a result of the Lessee's requiring, permitting, or allowing any window in the Apartment to be cleaned from the outside in violation of the requirements of the aforesaid laws, ordinances, regulations and rules.

Window Guards

(b) The Lessor and Lessee agree to comply with the provisions of Section 17-123 of the Administrative Code of the City of New York and any regulations promulgated thereunder or any

successor laws or regulations pertaining to the installation and maintenance of window guards.

Termination of Lease by Lessor

32. If upon, or at any time after, the happening of the events mentioned in subdivisions (a) to (j) of this Paragraph 32, the Lessor shall give to the Lessee a notice stating that the term hereof will expire on a date at least five (5) days thereafter, the term of this Lease shall expire on the date so fixed in such notice as fully and completely as if it were the date herein definitely fixed for the expiration of the term, and all right, title and interest of the Lessee hereunder shall thereupon wholly cease and expire. Upon such expiration, Lessee shall thereupon quit and surrender the Apartment to the Lessor, it being the intention of the parties hereto to create hereby a conditional limitation, and thereupon the Lessor shall have the right to re-enter the Apartment and to remove all persons and personal property therefrom, either by summary dispossess proceedings, or by any suitable action or proceeding at law or in equity, or by force or otherwise, and to repossess the Apartment in its former estate as if this Lease had not been made, and no liability whatsoever shall attach to the Lessor by reason of the exercise of the right of re-entry, re-possession and removal herein granted and reserved:

Lessee Ceasing to own Accompanying Shares

(a) If at any time during the term of this Lease, the Lessee shall cease to be the owner of the Shares to which this Lease is appurtenant, or if this Lease shall pass or be assigned to anyone who is not then the owner of all of said Shares or if this Lease and the Shares appurtenant thereto shall pass or be assigned to anyone other than Lessee pursuant to a pledge or security agreement or loan agreement entered into by Lessee and secured by this Lease and the Shares.

Lessee Becoming a Bankrupt

(b) If at any time during the term of this Lease, (i) the Lessee or such holder thereof or any of such persons, shall be declared a bankrupt under the laws of the United States or adjudicated insolvent or the beneficiary of any insolvency act; or (ii) a receiver of all property of such holder or of this Lease shall be appointed under any provision of the laws of the State of New York, or under any statute of the United States, or any statute of any state of the United States and the order appointing such receiver shall not be vacated within thirty (30) days; or (iii) such holder shall make a general assignment for the benefit of creditors; or (iv) any of the Shares owned by such holder to which this Lease is appurtenant shall be duly levied upon under the process of any court whatever unless such levy shall be discharged within thirty (30) days; or (v) this Lease or any of the Shares to which it is appurtenant shall pass by operation of law or otherwise to anyone other than the Lessee herein named or a person to whom such Lessee has assigned this Lease and such Shares in the manner herein permitted, but this subsection (v) shall not be applicable if this Lease shall devolve upon the executors or administrators of the Lessee provided that within eight (8) months (which period may be extended

by the Directors) after the death, said Lease and Shares shall have been transferred to any assignee in accordance with Paragraph 16 hereof; or (vi) this Lease or any of the Shares to which it is appurtenant shall pass to anyone other than the Lessee herein named, by reason of a default by the Lessee under a pledge or security agreement or a leasehold mortgage made by the Lessee;

Assignment, Subletting or Unauthorized Occupancy

(c) If there be an assignment of this Lease or any subletting hereunder, without full compliance with the requirements of Paragraph 15, 16 or 39 hereof; or if any person not authorized by Paragraph 14 shall be permitted to use or occupy the Apartment, and the Lessee shall fail to cause such unauthorized person to vacate the Apartment within ten (10) days after written notice from the Lessor;

Default in Maintenance Charge (Rent)

(d) If the Lessee be in default for a period of one month in the payment of any Maintenance Charge, Special Assessment or additional rent or of any installment thereof and shall fail to cure such default within ten (10) days after written notice from the Lessor;

Default in Other Covenants

(e) If the Lessee shall be in default in the performance of any covenant or provision hereof, other than the covenant to pay rent, and/ or if during the term of the IH Regulatory Agreement, Lessee is in default under such Agreements, and if such default shall continue for thirty (30) days after written notice from the Lessor, provided, however, that if said default consists of the failure to perform any action, the performance of which requires any substantial period of time, then, if within said thirty (30) day period, such performance is diligently prosecuted to conclusion without delay or interruption, Lessee shall be deemed to have cured such default;

Lessee's Objectionable Conduct

(f) If at any time the Lessor shall determine, upon the affirmative vote of the record holders of two-thirds (2/3) of its then issued and outstanding corporate Shares, at a meeting of Tenant Shareholders duly called for that purpose, that because of objectionable conduct on the part of the Lessee, or of a person dwelling or visiting in the Apartment, repeated after written notice from Lessor, the tenancy of the Lessee is undesirable (it being understood, without limiting the generality of the foregoing, that repeatedly to violate or disregard the House Rules or to permit or tolerate a person of dissolute, loose or immoral character to enter or remain in the Building or the Apartment, shall be defined to be objectionable conduct);

Termination of all Proprietary Leases

(g) If at any time the Lessor shall determine upon the affirmative vote of two-thirds (2/3) of its full Board of Directors at a meeting of such directors duly called for that purpose, or the affirmative vote of at least two-thirds (2/3) of the then issued Shares at a Tenant-Shareholders' meeting duly called for that purpose, to terminate all

Proprietary Leases;

Destruction of Property

(h) If the Property or a substantial portion thereof shall be destroyed or damaged and the Tenant-Shareholders shall decide to not repair or rebuild as provided in Paragraph 4;

Condemnation

(i) If at any time the Property or a substantial portion thereof shall be taken by condemnation proceedings;

Lessee's Default under Security Agreement

(j) If Lessee shall default in the payment or performance of any of Lessee's obligations under any pledge or other security agreement given a Secured Party (who has complied with the provisions of said Paragraph 17(b)), and written notice of such default is given to the Lessor by the Secured Party.

Lessor's Rights After Lessee's Default

32. (a) (i) In the event the Lessor resumes possession of the Apartment, either by summary proceedings, action of ejectment or otherwise, because of default by the Lessee in the payment of any Maintenance Charges, Special Assessment or additional rent due hereunder, or in the payment of any part of same, or on the expiration of the term pursuant to a notice given as provided in Paragraph 32 hereof upon the happening of any event specified in subsections (a) to (j), inclusive of Paragraph 32, the Lessee shall continue to remain liable for payment of a sum equal to Maintenance Charges which would have become due hereunder and shall pay the same in installments at the time such Maintenance Charges would be due hereunder. No suit brought to recover any installment of such Maintenance Charges, Special Assessment or additional rent shall prejudice the right of the Lessor to recover any subsequent installment.

(ii) After resuming possession, the Lessor may, at its option, from time to time (A) relet the Apartment for its own account or (B) relet the Apartment as the agent of the Lessee in the name of the Lessee or in its own name, for a term or terms which may be less than or greater than the period which would otherwise have constituted the balance of the term of this Lease, and may grant concessions or free rent, in its discretion. Any reletting of the Apartment shall be deemed for the account of the Lessee, unless within ten (10) days after such reletting the Lessor shall notify the Lessee that the Apartment has been relet for the Lessor's own account. The fact that the Lessor may have relet the Apartment as agent for the Lessee shall not prevent the Lessor from thereafter notifying the Lessee that it proposes to relet the Apartment for its own account. If the Lessor relets the Apartment as agent for the Lessee, it shall, after reimbursing itself for its expenses in connection therewith, including leasing commissions and a reasonable amount for attorney's fees and expenses, and decorations, alterations and repairs in and to the Apartment, apply the remaining amount of such reletting against the Lessee's continuing obligations hereunder. There shall be a final accounting between the lessor and the Lessee

upon the earliest of the four following dates: (A) the date of expiration of the term of this Lease as stated in the first clause of this Lease, (B) the date as of which a new Lease covering the Apartment shall become effective; (C) the date the Lessor gives written notice to the Lessee that it has relet the Apartment for its own account or (D) the date upon which all Leases of the Lessor terminate. From and after the date upon which the Lessor becomes obligated to account to the Lessee, as above provided, the Lessor shall have no further duty to account to the Lessee for any amount of reletting and the Lessee shall have no further liability for sums thereafter accruing hereunder, but such termination of the Lessee's liability shall not affect any liabilities theretofore accrued.

Acceptance of Maintenance Charges (Rent) from Subtenant

(b) If the Lessee shall at any time sublet the Apartment, subject all required approvals required; or if at the date of commencement of this Lease, the Apartment shall be in the possession of a third party, and the Lessee shall thereafter default in the payment of any Rent or additional rent, the Lessor may, at its option, and subject to the applicable provisions of Section 352-i of the General Business Law of the State of New York, as amended, so long as such default shall continue, demand and receive from the subtenant or any such third party, Maintenance Charges due or becoming due from the subtenant to the Lessee to the Lessor and apply the amount to pay sums due and becoming due from Lessee to Lessor. Any payment to the Lessor shall constitute a discharge of the obligation of such subtenant or third party to the Lessee to the extent of the amount so paid. The acceptance of rent from any subtenant shall not be deemed a consent to or approval of any subletting or assignment by the Lessee or a release or discharge of any of the obligations of the Lessee hereunder.

Sale of Shares

(c) Upon the termination of this Lease under the provisions of subdivisions (a) to (f) and (j) inclusive of Paragraph 32, the Lessee shall surrender to the Lessor the certificate for the Shares of the Lessor owned by the Lessee to which this Lease is appurtenant. Whether or not said certificate is surrendered, the Lessor may issue a new Proprietary Lease for the Apartment and issue a new certificate for the Shares of the Lessor owned by the Lessee and allocated to the Apartment when a purchaser therefor is obtained, provided that the issuance of such Shares and such Lease to such purchaser is authorized by a resolution of the Directors, or by a writing signed by a majority of the Directors or by Lessee's owning, of record, at least a majority of the Shares accompanying Proprietary Leases then in force, and that, during the term of the IH Regulatory Agreement, such purchaser is also approved in accordance with the provisions of such IH Regulatory Agreement. Upon such issuance, the certificate owned or held by the Lessee shall be automatically cancelled and rendered null and void. The Lessor shall apply the proceeds received for the issuance of such Shares first, towards the payment of the Lessee's indebtedness hereunder (including interest, attorneys' fees and other

expenses incurred by the Lessor), second, if said termination shall result pursuant to subdivision (j) of Paragraph 32 by reason of default under the Security Agreement, towards payment of Lessee's indebtedness under the Security Agreement (including all costs, expenses and charges, payable by Lessee thereunder), and third, if the proceeds are sufficient to pay the same, the Lessor shall pay over any surplus to the Lessee, but, if insufficient, the Lessee shall remain liable for the balance of the indebtedness due hereunder or, if applicable, under said Security Agreement. Upon the issuance of any new Lease and certificate, the Lessee's liability hereunder shall cease, and the Lessee shall only be liable for rent and expenses accrued to that time. The Lessor shall not, however, be obligated to sell such Shares and appurtenant lease or otherwise make any attempt to mitigate damages.

Waiver of Right of Redemption

33. The Lessee hereby expressly waives any and all right of redemption in case the Lessee shall be dispossessed by judgment or warrant of any court or judge. The words "enter", "re-enter" and "re-entry" as used in this Lease are not restricted to their technical legal meaning. In the event of a breach or threatened breach by the Lessee of any of the covenants or provision hereof, the Lessor shall have the right of injunction, and the right to make any remedy allowed at law or in equity, as if re-entry, summary proceedings and the other remedies were not provided for in this Lease.

Surrender of Possession

34. Under the termination of this Lease under the provision of subdivisions (a) to (f) and (j) inclusive of Paragraph 32, the Lessee shall remain liable as provided in Paragraph 32 of this Lease. Upon the termination of this Lease under any other of its provisions, the Lessee shall be and remain liable to pay all Maintenance Charges, Special Assessment, additional rent and other charges due or accrued and to perform all covenants and agreements of the Lessee up to the date of such termination. On or before any such termination, the Lessee shall vacate the Apartment and surrender possession thereof to the Lessor or its assigns, and execute, acknowledge and deliver to the Lessor or its assigns any instrument which may reasonably be required to evidence the surrendering of all estate and interest of the Lessee in the Apartment, or in the Building of which it is a part.

Lessee's Option to Cancel

35. Except as provided in Paragraph 17(b)(i) hereof, and provided Lessee is not in default, this Lease may be cancelled by the Lessee on any December 31st after the third anniversary of the Cooperative Conversion Date, upon complying with all the provisions hereinafter set forth. Irrevocable written notice of intention to cancel must be given by the Lessee to the Lessor on or before July 1st in the calendar year in which such cancellation is scheduled to occur. At the giving such notice of intention to cancel there must be deposited with the Lessor by the Lessee:

Deposits Required

(a) (i) The Lessee's counterpart of this Lease with a written assignment in form required by the Lessor, in blank, effective as of November 30th of the year of cancellation, free from all subleases, tenancies, liens, encumbrances and other charges whatsoever;

(ii) The Lessee's certificate for the Shares of the Lessor endorsed in blank for transfer and with all necessary transfer tax stamps affixed and with payment of any applicable state or local transfer taxes due thereon, as determined by Lessor in its sole discretion; and

(iii) a written statement setting forth in detail those additions, improvements, fixtures or equipment which the Lessee has, under the terms of this Lease, the right to and intends to remove.

Removal of Fixtures; Possession

(b) All additions, improvements, appliances and fixtures which are removable under the terms of this Lease and which are enumerated in the statement made as provided in subdivision (iii) above shall be removed by the Lessee prior to the December 31st of the year of cancellation, and on or before said December 31st, the Lessee shall deliver possession of the Apartment to the Lessor in good condition with all required equipment, fixtures and appliances installed and in proper operating condition, and free from all subleases and tenancies, liens, encumbrances and other charges and pay to the Lessor all Maintenance Charges, Special Assessment, additional rent and other charges which shall be payable under this Lease up to and including the following December 31st. The requirements for delivery of possession to the Lessor shall be waived if, pursuant to the provisions of Paragraph 15 hereof and subject to any requisite approvals, the Lessor shall have entered into an agreement with any sublessee whereby such sublessee is permitted by the Lessor to remain in possession of the Apartment.

Permission to Show and Occupy Premises

(c) The Lessor and its agents may show the Apartment to prospective lessees, contractors and architects at reasonable times after notice of Lessee's intention to cancel. After August 31st or the earlier vacating of the Apartment, the Lessor and its agents, employees and Lessees may enter the Apartment, occupy the same and make such alterations therein as the Lessor may deem necessary or desirable without diminution or abatement of Maintenance Charges hereunder.

Effective Date of Cancellation

(d) If the Lessee is not otherwise in default hereunder and if the Lessee shall have timely complied with all of the provisions of subdivisions (a) and (b) hereof, then this Lease shall be cancelled and all rights, duties and obligations of the parties hereunder shall cease as

of the December 31st date fixed in said notice, and the Shares of Lessor shall become the absolute property of the Lessor, provided, however, that the Lessee shall not be released from any indebtedness owing to the Lessor on such date and shall be liable to lessor for same.

Rights on Lessee's Default

(e) If the Lessee shall give notice but fail to comply with any of the other provisions of this Paragraph, the Lessor shall have the option at any time prior to the December 31st (i) of returning to the Lessee this Lease, the certificate for Shares and the other documents deposited, and thereupon the Lessee shall be deemed to have withdrawn the notice of intention to cancel this Lease or (ii) of treating this Lease as cancelled as of December 31st and bringing such proceedings and actions as it may deem best to enforce the covenants of the Lessee hereinabove contained and to collect from the Lessee the payments which the Lessee is required to make hereunder, together with reasonable attorney's fees and expenses.

Extension of Option to Cancel

36. (a) If on July 1st in any year, the total number of Shares of Lessor owned by Lessees who have given notice pursuant to Paragraph 35 of intention to cancel such Proprietary Leases on December 31st of such year, shall equal ten percent (10%) or more of the Lessor's total number of issued and outstanding Shares, exclusive of treasury shares, then the Lessor shall, on or prior to July 31st of such year, give written notice to the holders of all issued shares stating the total number of Shares then outstanding and in its treasury and the total number of Shares owned by Lessees holding proprietary leases who have given notice of intention to cancel. In such case, the proprietary lessees to whom such notice shall be given shall have the right to cancel their Leases in compliance with the provisions of Paragraph 35 hereof, provided only that written notice of the intention to cancel such leases shall be given on or before October 1st, instead of December 31st.

Right of Lessees to Cancel

(b) If Lessees owning at least two-thirds of the then issued and outstanding Shares of the Lessor shall exercise their option to cancel their Leases, then, with the prior consent, if required, of HPD during the term of the IH Regulatory Agreement, this and all other Proprietary Leases shall thereupon terminate on December 31st, as though every Lessee had exercised such option. In such event, none of the Lessees shall be required to surrender his or her shares to the Lessor and all certificates for shares delivered to the Lessor by those who had served notice of intention to cancel their Leases under the provisions hereof, shall be returned to such Lessees.

Continuance of Cooperative Management

37. No later than thirty (30) days after the termination of all Leases for Apartments in the Property, whether by expiration of their terms or otherwise, a special meeting of Tenant-Shareholders of the Lessor shall take place to determine whether to (A) continue to operate the Property for residential purposes, (B) alter, demolish or rebuild the Property or any part thereof or (C) sell the Property and distribute the assets of Lessor as directed in the Certificate of Incorporation, the By-Laws, the Business Corporation and Private Housing Finance Laws of the State of New York and any Underlying Mortgage or IH Regulatory Agreement.

Unsold Shares

38. (a) The term "Unsold Shares" means and has exclusive reference to the Shares of the Lessor which were issued by the Lessor to the Sponsor or individuals produced by the Sponsor pursuant to the Offering Plan under which the Lessor acquired the Property. All Shares which are Unsold Shares retain their character as such (regardless of transfer) until (i) such Shares become the property of a purchaser for bona fide occupancy (by such purchaser or by a Family Member of such purchaser) of the Apartment to which such Shares are allocated or (ii) the holder of such Shares (or a member of such holder) becomes a bona fide occupant of the Apartment. Except as provided in Paragraph 17 hereof, once previously Unsold Shares are purchased, this Paragraph shall not apply to the purchaser. The provision of this Paragraph 38 shall govern notwithstanding the provisions set forth elsewhere in this Lease. For a transferee to be deemed a "holder" of Unsold Shares, the Shares must be Unsold Shares and the transferee must be explicitly designated in writing by the Sponsor as a "holder" of Unsold Shares at the time of transfer. Such "holder" designation must be in writing by Sponsor to the transferee to be a valid designation as a holder of Unsold Shares, if the transferee Tenant-Shareholder has been designated as a holder of Unsold Shares by Sponsor, Sponsor shall be deemed to have guaranteed that Tenant-Shareholder's Maintenance under the proprietary lease. Sponsor's guarantee shall exist only with respect to a holder of Unsold Shares designated as such by Sponsor while that holder owns the Unsold Shares and shall not run to transferees of that holder. If the holder of Unsold Shares, or a person related by blood, marriage or adoption to the holder of Unsold Shares, takes occupancy to the Apartment to which the Unsold Shares are appurtenant, the Shares shall cease to be Unsold Shares.

Subletting Apartment and Sale of Shares

(b) Subject to Paragraphs 15 and 16, neither the subletting of the Apartment nor the assignment of this Lease by the Lessee who is the Holder of Unsold Shares allocated thereto, shall require the consents of the Directors or Tenant-Shareholders. No charge or fee may be imposed on any Lessee who is a holder of Unsold Shares in

the case of a subletting of the Apartment or the assignment of this Lease.

Change in Form of Lease

(c) Without the Lessee's consent, no change in the form, terms or conditions of this Lease, as permitted by Paragraph 6 or otherwise, shall (i) affect the rights of the Lessee who is the holder of Unsold Shares accompanying this Lease, as provided in this paragraph to sublet the Apartment or to assign this Lease, as provided in this Paragraph, or (ii) eliminate or modify any other rights, privileges or obligations of such Lessee.

Alterations

(d) Notwithstanding the provisions of Paragraph 21 to the contrary, a Lessee who is the holder of the block of Unsold Shares accompanying this Lease shall have the absolute right, together with other Lessees who hold the blocks of Unsold Shares allocated to other Leases, without the consent of the Board of Directors or the payment of any fee or charge of whatsoever nature, to change the size of layout of any Apartment covered by any of such Leases, to subdivide any of such Apartments and to combine all or any portion of such Apartments into one or any desired number of Apartments, and to reallocate the Shares issued to accompany such Leases, provided only, that (i) any such reallocation is based upon the fair market value of the equity in the property (including the Building) attributable to the subdivided or combined Apartments, (ii) the total number of the Shares so re-allocated is not less than the Shares previously allocated, and (iii) the Leases so affected and the accompanying Share certificates are surrendered, and that there are executed and delivered in place thereof respectively, a new Lease for each separate Apartment so created and a new Share certificate for the number of Shares so reallocated to each such new Lease.

Control of Board

(e) Until the first annual meeting of Tenant-Shareholders, the Sponsor has the right to designate a non-resident Board member. Thereafter, the Board members will be elected by the Tenant – Shareholders.

Budgetary Changes

(f) During the three-year period following the Cooperative Conversion Date, the HDFC Apartment Corporation may not, among other things, without the consent of Tenant-Shareholders owning at least 66% of the issued and outstanding Shares of the HDFC Apartment Corporation, (i) increase the number or change the kind of employees initially hired or provide services in addition to those contemplated in Schedule B of this Plan as same may be amended (unless the aggregate annual cost of any such additional employees or services, when added to the aggregate annual cost of all other expenses for that year does not exceed the aggregate projected income for that year, without increasing annual Maintenance for that

year), (ii) undertake any capital or major improvements unless required by law or by the holder or insurer of any Underlying Mortgage in accordance with the provisions of applicable loan or insurance documents, (iii) increase, extend, modify or refinance the mortgage indebtedness of the HDFC Apartment Corporation, (iv) enter into any new mortgage, contract of sale of Unit 1, or (v) increase the reserves or establish any reserves or establish any reserves in addition to those described in this Plan including, without limitation, any reserves for contingencies, repairs, improvements or replacements, other than a reserve for contingencies not exceeding 5% of the annual operating budget for that year. The foregoing super-majority voting requirement shall not be required after the third anniversary of the Cooperative Conversion Date, or to comply with obligations of law (including subsequently enacted provisions) or to cure or remedy any notices of violation of law, or any work orders or other requirement of HPD or of the holder or insurer of any Underlying Mortgage on the Building or to remedy any matter pertaining to the health and safety of the occupants of the Building.

No Voluntary Cancellation

(g) The provisions of Paragraph 35 are not applicable to Lessees who are the holders of Unsold Shares accompanying this Lease unless (i) Lessees owning a majority of Lessor's outstanding Shares (other than the Unsold Shares) shall have given notice of intention to cancel pursuant to Paragraphs 35 or 36, or (ii) all Unsold Shares constitute fifteen (15%) percent or less of Lessor's outstanding Shares, at least five (5) years have elapsed since Lessor acquired title to the land and Building and, on the effective Cancellation Date, Lessee shall pay to Lessor a sum equal to the product of the then current monthly rent (maintenance charges) payable under this Lease multiplied by twenty-four (24).

Use of Premises

(h) In addition to the uses set forth in Paragraph 14, a Lessee who is the holder of Unsold Shares allocated to the Apartment may use the Apartment as a model or as an office (or both) in connection with the sale or rental of Apartments to which Unsold Shares are allocated. Anything contained in this Lease and the House Rules of the Lessor to the contrary notwithstanding, Lessor shall not prevent, unreasonably impede or interfere with the sale of any block of Unsold Shares or the subletting of an Apartment to which a block of Unsold Shares is allocated and agrees that a holder of Unsold Shares shall have the right to display "For Sale" or "For Rent" signs and similar promotional signs and material on or about the exterior of the building, the lobby and Apartments leased by a holder of Unsold Shares. In addition, prospective purchasers of Unsold Shares and sales personnel shall be given access to the public area of the Building for purposes of ingress and egress, without being subject to any charge or fee therefor. No discriminatory charge or fee may be imposed on any

Lessee who is a holder of Unsold Shares.

Miscellaneous

(i) A Lessee, who is the holder of Unsold Shares, shall not have the provisions of Paragraph 11 of this Lease applicable to him or her unless the action is due to the negligent conduct of such holder of Unsold Shares himself or herself and provided that any subtenant of a holder of Unsold Shares signs an agreement to abide by all House Rules pertaining to alterations.

Defaults or Foreclosure; Receiver of Rents

39. Notwithstanding anything contained in this Lease, if any action shall be instituted to cure any default by the holder of the Underlying Mortgage or to foreclose any Underlying Mortgage on the Property, the Lessee shall, on demand, pay to the receiver of Maintenance Charges appointed in such action rent, if any, owing hereunder on the date of such appointment and shall pay thereafter to such receiver in advance, on the first day of each month during the pendency of such action, as rent hereunder, the higher of (i) Maintenance Charges for the Apartment as last determined and established by the Directors prior to the commencement of such action and (ii) Maintenance Charges for the Apartment determined and established by the Directors as of the fiscal year prior to the fiscal year in which the foreclosure action was commenced, such rent shall be paid during such period of receivership, whether or not the Directors shall have determined and established Maintenance Charges payable hereunder for any part of the period during which such receivership may continue. The provisions of this Paragraph are intended for the benefit of present and future holders of the Underlying Mortgage and may not be modified or annulled without the prior written consent of such mortgagee.

To Whom Covenants Apply

40. The references herein to the Lessor deemed to include its successors and assigns, and the references herein to the Lessee or to a Family Member or Tenant-Shareholder of the Lessor shall be deemed to include the executors, administrators, legal representatives, legatees, distributees and assigns of the Lessee or of such Tenant-Shareholder. The covenants herein contained shall apply to, bind and inure to the benefit of the Lessor and its successors and assigns, and the Lessee and the executors and administrators, legal representative, legatees, distributees and assigns of Lessee, except as hereinabove stated.

Waiver of Trial by Jury

41. To the extent permitted by law, the respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the Lessee’s use or occupancy of the Apartment, or any claim of damage resulting from any act or omission of the parties in any way connected with this Lease or the Apartment or accessory

area.

Lessor's Additional Remedies

42. In the event of a breach or threatened breach by Lessee of any provision hereof, the Lessor shall have the right of injunction and the right to invoke any remedy at law or in equity, as if re-entry, summary proceedings and other remedies were not herein provided for, and the election of one or more remedies shall not preclude the Lessor from any other remedy.

Lessee More than One Person

43. If more than one person is named as the Lessee hereunder, the Lessor may require the signatures of all such persons in connection with any notice to be given or action to be taken by the Lessee hereunder, including, without limitation, the surrender or assignment of this Lease, or any request for consent to assignment or subletting. Each person named as Lessee shall be jointly and severally liable for all of the Lessee's obligations hereunder. Any notice by the Lessor to any person named as Lessee shall be sufficient, and shall have the same force and effect, as though given to all persons named as Lessee.

Action by Lessee

44. Lessee may not institute an action or proceeding against Lessor or defend or make a counterclaim in any action by Lessor related to Lessee's failure to pay Maintenance Charges or Special Assessment, if such action, defense or counterclaim is based upon Lessor's failure to comply with its obligations under this Lease or any law, ordinance or governmental regulation unless such failure shall have continued for thirty (30) days after the giving of written notice thereof by Lessee to Lessor.

Conditions of Ownership of Shares

45. Shares have been acquired and are owned subject to the following conditions agreed upon with Lessor and with each of the other proprietary lessees for their mutual benefit:

(a) the Shares represented by each certificate are transferable only as an entirety;

(b) the Shares shall not be sold except to Lessor or to an assignee of this Lease after compliance with all of the provisions of Paragraph 16 of this Lease relating to assignments; and

(c) the Shares represented by each certificate and the accompanying Proprietary Lease are subject to a first lien of the Lessor, as described in the By-Laws.

Utilities

46. If at any time or times during the term of this Lease the consumption of gas or electricity, or both, in the Apartment is measured by a meter which also measures consumption outside the

Apartment, Lessor may determine from time to time by resolution of the Board of Directors thereof, the charges, if any, to be paid by Lessee on account of such consumption of gas or electricity, or both and any such charges shall be payable monthly in advance or in such payments or installments as shall be required by the Directors, and at such times as shall be provided in such resolution.

Effect of Partial Invalidity

47. If any clause or provision herein contained shall be adjudged invalid, the same shall not affect the validity of any other clause or provision of this Lease or constitute any cause of action in favor of either party as against the other.

Marginal Headings

48. The marginal headings of the several Paragraphs of this Lease shall not be deemed as part of this Lease.

No Discrimination

49. Neither the Lessor nor the Lessee will discriminate against any person because of his or her race, creed, religion, color, national origin, age, sex, sexual orientation or affectional preference, or other ground proscribed by law when exercising any right reserved to it in this Lease.

Changes to be in Writing

50. The provisions of this Lease cannot be changed orally.

Gender

51. A reference in this Lease to any one gender, masculine or feminine includes the other gender, and any singular reference includes the plural and vice versa, unless the context otherwise requires.

Conflict of Laws

52. If any provision of this Lease conflicts with the laws of the State of New York, the laws of the State of New York shall prevail. The conflicting provision of this Lease shall be void to the extent that it varies from applicable law. Except for the conflicting provision, this Lease shall continue in full force and effect.

Other Conflicts

53. If any provision of this Lease conflicts with the terms of the IH Regulatory Agreement or any of the Underlying Mortgage, if any, the terms of the applicable document shall prevail over the terms of this Lease. The conflicting provision of this Lease shall be void to the extent it varies from the provision of said document. Except for the conflicting provision, this Lease shall continue in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Lease.

LESSOR: 1402 YORK AVENUE OWNERS HOUSING DEVELOPMENT FUND COMPANY, INC.

By:_____

LESSEE: _____
Name:

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this___day of_____, 202[0], before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in her capacity, and that by his/her signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

_____
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this___day of_____, 202[0], before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in her capacity, and that by his/her signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

_____
Notary Public

EXHIBIT 6

HOUSE RULES

(1) The public halls and stairways of the Building shall not be obstructed or used for any purpose other than entrance to and exit from the Apartments in the Building.

(2) Children shall not play in the public areas unless accompanied by a responsible adult. No person shall be permitted on the roofs without permission of the Board.

(3) No public area in the Building shall be decorated or furnished by any Lessee in any manner without the prior written consent of the Board of Directors.

(4) No lounging or loitering shall be permitted by any person in any vestibule, lobby or area immediately outside the entrances of the Building. No Lessee shall make or permit any disturbing noises in the Building or do or permit anything to be done therein which will interfere with the rights, comfort or convenience of other Lessees. No Lessee shall play or allow to be played any musical instrument or permit to be played a phonograph, tape or compact disc recorder or a radio or television or other electronic device in a loud manner between the hours of eleven o'clock p.m. and the following eight o'clock a.m. so as to 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 8:00 a.m. and 5:00 p.m.

(5) No article shall be placed in the public areas, nor shall anything be hung or shaken from the doors or windows, or placed upon the window sills of the Apartments.

(6) No awnings, window air conditioning units or ventilators shall be used in or about the Apartments except such as shall have been expressly approved by the Lessor or Managing Agent. No other object shall be projected out of any window of the Building without similar express approval.

(7) No sign, notice, advertisement or illumination shall be written on or hung from any window or posted in hallways or elevators or other parts of the Building or other part of the Apartments except as has been approved in writing by the Lessor or the Managing Agent.

(8) No baby carriages, bicycles, scooters, shopping carts or similar vehicles shall be stored or allowed to stand in the public areas, including, but not limited to, the public halls, lobbies, passageways, areas or courts of the Building.

(9) No Tenant-Shareholder shall store bicycles or other personal property on terraces or balconies.

(10) (a) 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 of the Building may direct.

(b) Garbage and refuse from Apartments shall be bagged and deposited in the shaft provided therefor in the compactor room. No paper, garbage or refuse shall be left on the floor of the compactor room other than clean bottles and newspapers neatly stacked. All items too large to be deposited in the chute provided for garbage and refuse shall be carried by Tenant-Shareholders to the garbage room in the basement.

(c) Tenant-Shareholders shall comply with all recycling laws regarding the disposal of garbage and refuse. In the event that a violation is imposed against the HDFC Apartment Corporation or the Building by reason of a Tenant-Shareholder's non-compliance with such recycling laws, that Tenant-Shareholder shall be responsible for payment of fines, penalties, attorney's fees and other costs of compliance incurred by the HDFC Apartment Corporation.

(11) Toilets and other plumbing fixtures in the Apartments shall not be used for any purposes, other than those for which they were constructed, nor shall any sweepings, rubbish, rags, garbage or any other articles be thrown into toilets. The cost of repairing any damage resulting from misuse of any toilets or other plumbing fixtures 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 during such employee's working hours nor shall any Lessee engage the services of any employee for the Lessor for personal use or within Lessee's Apartment during business hours.

(13) No radio or television antenna or satellite dish shall be attached to or hung from the exterior of the Building without the prior written approval of the Lessor or the Managing Agent.

(14) Complaints regarding the service of the Building or violations of these Rules shall be made in writing to the Managing Agent of the Lessor or to the Lessor.

(15) 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 them. In the event access to the Apartment by an exterminator or Building personnel is requested or required by a Tenant-Shareholder, a separate key shall be provided by Tenant-Shareholder on such occasion and the emergency key shall remain undisturbed.

(16) Canvassing, soliciting or peddling in the Building is prohibited. No advertising matter may be placed in the mailboxes except that which is delivered by the Post Office. No circulars or other soliciting material shall be placed under or near any Tenant-Shareholder's entrance door. Each Tenant-Shareholder is requested to report promptly any violations of this rule to the superintendent or Managing Agent.

(17) No structural alteration shall be made in any Apartment without the prior written consent by the Board of Directors of the HDFC Apartment Corporation to plans

submitted to and reviewed by the Board, nor shall any alteration of any type be made to any portion of the Building fronting on the street, by any Tenant-Shareholder.

(18) All contractors engaged by Tenant-Shareholders shall be licensed and shall carry such insurance as shall be required by the Board of Directors.

(19) Nothing shall be done or kept in any Residential Unit or in the Public Areas that will increase the rate of insurance of the Building, or the contents thereof, without the prior written consent of the Board.

(20) New York City Law prohibits smoking and using e-cigarettes of any kind in indoor common areas, including but not limited to lobbies, hallways, stairwells, mailrooms, fitness areas, storage areas, garages, and laundry rooms in any building with three or more residential units. NYC Admin. Code Section 17-505.

Additionally, smoking is not allowed inside of residential apartments, outside or areas that are part of residential apartments, including terraces, outdoor common areas, including the roof terrace and outdoors within 25 feet of entrances, exits, windows and air intake units on property grounds.

(21) Any consent or approval given under these House Rules by the Lessor shall be revocable at any time. These rules shall be enforced uniformly and in a non-discriminatory manner. Failure to enforce any rule on any occasion shall not constitute a waiver or abrogation thereof.

(22) These House Rules shall be binding not only on the Tenant-Shareholders, but also, where applicable, on the family, guests, servants, authorized sub-Tenant-Shareholders, and other occupants of Apartments. Neither the superintendent nor any employee of the HDFC Apartment Corporation has any authority to modify these rules or to give any consent or approval that is required thereunder, unless expressly and explicitly stated in these Rules.

(23) These House Rules may be added to, amended or repealed at any time by resolution of the Board of Directors of the Lessor.

EXHIBIT 7

BY-LAWS

1402 YORK AVENUE OWNERS HOUSING DEVELOPMENT FUND COMPANY, INC.

Prepared by:

Hirschen Singer & Epstein LLP
902 Broadway, 13th Floor
New York, New York 10010

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INTRODUCTION

The primary purposes of 1402 York Avenue Owners Housing Development Fund Company, Inc. (the "**HDFC Apartment Corporation**" or the "**Corporation**"), which was formed pursuant to the Business Corporation Law of the State of New York, are to provide cooperative apartments (i.e., the "**Apartments**") that are affordable to low income individuals who shall be entitled, solely by reason of their ownership of the outstanding and issued corporate stock of the Corporation (the "**Shares**") and to enter into a lease with the Corporation (the "**Proprietary Lease**"), as Lessor, which permits residential occupancy of the Apartments, to which Shares have been allocated.

A reference in these By-Laws to any one gender, masculine, feminine, includes the other, and the singular includes the plural, and vice versa, unless the context requires otherwise.

ARTICLE I

Meetings of Tenant-Shareholders

Section 1. Annual Meetings. A "**Tenant-Shareholder**" is (except as otherwise provided herein) one or more natural person(s) who own Shares allocated to, and the tenant under a Proprietary Lease for an apartment the building located at 1402 York Avenue, New York, New York (the "**Building**"). Except for the first meeting of Tenant-Shareholders to be held within one year of the Cooperative Conversion Date (the "**Closing**") under the Offering Plan to convert the Corporation's property to cooperative ownership (as such Plan may be amended from time to time, the "**Offering Plan**"), each subsequent annual meeting of the Tenant-Shareholders of the Corporation, for the election of directors and for such other business as may properly come before such meeting, shall be held in the Borough of the New York in the City and State of New York, at such day and at such hour and place as may be designated in the notice of meeting, on or before the 30th day of June. The Cooperative Conversion shall occur on the "**Cooperative Conversion Date**", which shall be the date that title to the Property is conveyed by 1402 York Avenue Housing Development Fund Company, Inc., on behalf of Beach Path, LLC (the "**Sponsor**") to the Corporation. The notice of meeting shall be in writing and signed by the President, Vice President, Secretary or an Assistant Secretary. Such notice shall state the time when and the place at which such meeting is to be held, and a copy thereof shall be served, either personally or by mail, upon each Tenant-Shareholder of record entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the meeting.

Section 2. Special Meetings. Special meetings of Tenant-Shareholders, other than those regulated by statute, may be called at any time by the President or Secretary of the Corporation or by a majority of the Board of Directorsand it shall also be the duty of the Secretary to call such a meeting whenever so requested in writing by Tenant-Shareholders of record of at least one-quarter (1/4) of the outstanding Shares. A notice of each special meeting, stating the time, place and purpose thereof and the officer or other person or persons by whom the meeting is called, shall be served, either personally or by mail, as

provided in Section 3 of this Article, on each Tenant-Shareholder of record, not less than ten (10) nor more than fifty (50) days before the date of the meeting. No business other than that stated in the notice shall be transacted at any special meeting unless the Tenant-Shareholders of record of all outstanding shares of the Corporation are present thereat in person or by proxy.

Section 3. Waiver of Notice. The notice provided for in the two foregoing sections is not indispensable. Any Tenant-Shareholders' meeting shall be valid for all purposes if the Tenant-Shareholders of record of all Shares of the Corporation are present thereat in person or by proxy, or if a quorum is present, as provided in the next succeeding section, and notice of the time, place and purpose of such meeting has been duly waived in writing by all Tenant-Shareholders not so present. The attendance of any Tenant-Shareholder at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by such Tenant-Shareholder. Any notice to be served upon a Tenant-Shareholder by mail shall be directed to the Tenant-Shareholder at his or her address as it appears on the stock book of the Corporation, unless the Tenant-Shareholder shall have filed with the Secretary of the Corporation, prior to the giving of a notice, a written request that notices intended for such Tenant-Shareholder be mailed to some other address, in which case it shall be mailed to the address designated in such request.

Section 4. Quorum. At all meetings of Tenant-Shareholder in order to constitute a quorum and to permit the transaction of any business, except to adjourn a meeting, there shall be present either in person or by proxy the holders of one-half the Shares entitled to vote thereat. A majority of the Tenant-Shareholders present may adjourn a meeting to a subsequent day despite the absence of a quorum. No notice for the time or place for the adjourned meeting need be given other than by announcement at the meeting. Only the Tenant-Shareholders who would have been entitled to vote at the original meeting, shall be entitled to vote at any such-adjourned meeting. At the adjourned meeting, any business may be transacted that might have been transacted on the original date of the meeting.

Section 5. Voting. All persons listed on the Share and on the Proprietary Lease constitute the Tenant-Shareholder of the Apartment. Each Tenant-Shareholder of record (including "**Beach Path, LLC"**), shall be entitled at each Tenant-Shareholders' meeting to one vote, in person or by proxy, for each Share standing in such Tenant-Shareholder's name on the stock book at the time of service of notice of such meeting, at such prior date (but not more than fifty (50) days) before such meeting as may be prescribed as the date for closing of the stock books or fixed by the Board of Directors of the Corporation (the "**Board of Directors**") as the date for determining which Tenant-Shareholders of Record are entitled to notice of and to vote at such meeting. All proxies shall be in writing, signed by the Tenant-Shareholder or his or her attorney-in-fact, but need not be acknowledged or witnessed and shall be filed with the Secretary at or prior to the time of the meeting. The person named as proxy need not be a Tenant-Shareholder of the Corporation. All voting shall be by ballot vote, and each ballot shall state the name of the Tenant-Shareholder voting and the number of shares owned by the Tenant-Shareholder, and in addition, the name of the proxy, if such ballot is cast by a proxy.

Unless otherwise specified in these By-Laws or the certificate of incorporation, the affirmative vote of a majority represented at any meeting of Tenant-Shareholders shall be necessary for the transaction of any item of business and shall constitute the act of the Tenant-Shareholders.

In all elections of directors for the Corporation, each Tenant-Shareholder (including the Sponsor with respect to the Shares that it owns including Unsold Shares) eligible to vote at that meeting will be entitled to vote as many votes as equal the number of shares allocated to Tenant-Shareholder's Apartment and owned by Tenant-Shareholder, multiplied by the number of Directors to be elected. Directors will be elected by plurality of the votes cast at which a quorum is present. The voting of shares attributable to an Apartment may not be divided and cumulative voting shall not be permitted.

Section 6. Proxies. No proxy shall be valid after eleven (11) months from the date thereof, unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the shareholder executing it, except as otherwise provided in BCL Section 609.

Without limiting the manner in which a shareholder may authorize another person or persons to act for him as proxy pursuant to subparagraph (a) of this Section, the following shall constitute a valid means by which a shareholder may grant such authority.

(1) A shareholder may execute a writing authorizing another person or persons to act for him as proxy, for corporate, partnership, limited liability company or other non-individual shareholder, if any. Execution may be accomplished by the shareholder's authorized officer, director, employee, or agent signing such writing or causing his or her signature to be affixed to such writing. Where two (2) or more co-shareholders hold individual interest in the shares allocated to a single apartment, the signatures of one of the co-shareholders on the proxy shall be sufficient unless, prior to the meeting in which a proxy is to be utilized, the Corporation receives a written notification from the other co-shareholder(s) that no proxy shall be valid for such shares unless all such co-shareholders execute such proxy, in which event only proxies executed by all co-shareholders shall be valid until such notice is revoked in writing. For all shareholders, execution may be accomplished by causing such signatures affixed by any reasonable means, including, but not limited to, facsimile signature.

(2) A shareholder may also authorize another person or persons to act for the shareholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram or other means of electronic transmission to the person who will be the holder of the proxy or the managing agent for the Corporation who shall be deemed to be the agent duly authorized by the person and who will be the holder of the proxy to receive such transmission, provided that any such telegram, cablegram, or other electronic transmission was authorized by the shareholder. If it is determined that such telegrams, cablegrams, or other electronic transmissions are valid, the inspectors or, if there are no inspectors, such other persons making that determination, shall specify the nature of the information upon which they relied.

Section 7. Inspectors of Election. At any election of directors where more candidates are nominated than there are positions to be filled, a Tenant-Shareholder may request that the election be conducted by two inspectors of election to be appointed by the President or other chairperson of the meeting. No director or candidate for director shall be eligible to appointment as inspector. Before entering upon the discharge of their duties, the inspectors appointed to act at any meeting of the Tenant-Shareholders shall be sworn faithfully to execute the duties of inspectors at such meeting with strict impartiality, and according to the best of their ability, and the oath so taken shall be subscribed by them and immediately filed with the Secretary of the Corporation with a certificate of the result of the vote taken at such meeting. If there are not a sufficient number of inspectors present, ready and willing to act, the required number of temporary inspectors to make up such number shall be appointed by the chairperson of the meeting.

Section 8. Consent of Tenant-Shareholders. Whenever the Tenant-Shareholders are required or permitted to take any action by vote, such action may be taken without a meeting upon the written consent of the holders of all outstanding Shares entitled to vote thereon, which consent shall set forth the action so taken.

Section 9. Order of Business. At each meeting of Tenant-Shareholders, the President, or in his or her absence, a Vice President, shall act as chairperson of the meeting unless the Board of Directors determines otherwise. The Secretary, or, in his or her absence, such person as may be appointed by the chairperson, shall act as Secretary of the meeting. So far as is consistent with the purposes of the meeting, the order of business shall be as follows:

1. Call to order.
2. Presentation of proof of due calling of the meeting or waiver of notice.
3. Roll call and presentation and examination of proxies, if any.
4. Reading of minutes of previous meeting or meetings, unless waived.
5. Reports of officers and committees, including financial reports.
6. If an annual meeting or a special meeting called for that purpose, the appointment of inspectors of election, if any, and the appointment or election of committees.
7. If an annual meeting or a special meeting called for that purpose, the election of directors for the ensuing year.
8. Unfinished business.
9. New business.
10. Adjournment.

ARTICLE II

Directors

Section 1. Qualification and Number. The Corporation shall have three (3) initial directors. These directors shall serve until the first annual meeting of Tenant-Shareholders held after the Cooperative Conversion Date, or until their successors are elected or appointed, whichever is later.

The number of directors of the Corporation shall not be less than three (3) and not more than seven (7), unless these By-Laws are amended to provide otherwise. The first Board elected by Tenant-Shareholders after the Cooperative Conversion Date, and which shall be held on the first annual meeting after the Cooperative Conversion date, shall consist of no less than three (3) directors. The number of directors shall be determined by the Tenant-Shareholders from time to time at any annual or any special meeting of Tenant-Shareholders called for that purpose, and the number so determined shall be the number of Directors of the Corporation until changed by further action and the Tenant-Shareholders, provided, however, that the number of Directors shall not be less than three (3) directors. Reference is made to Section 7 of this Article for the power of the Board to fix the number of Directors.

The Sponsor shall retain voting control by election or designation of a majority of the members of the Board of Directors until the first annual meeting of the Tenant-Shareholders. At that time, all Directors must be Tenant-Shareholders. During the term of the IH Regulatory Agreement, the size of the Board may not be increased without the approval of HPD or the Administering Agent.

All directors shall be at least 18 years of age. If a Tenant-Shareholder comprises two or more natural persons in their individual capacities, only one person may be a director. Within sixty (60) days of his or her election to the Board, but only if so required by HPD in writing, a Board Member must attend a training course, approved by the Board of Directors and at the cost of the HDFC Apartment Corporation.

Each director shall be either a Tenant-Shareholder (with respect to natural person Tenant-Shareholders) or, in the case of a permitted entity, Tenant-Shareholder shall be either a principal or employee or appointee of that entity with the authority to bind the entity. Notwithstanding the foregoing, pursuant to Section 12(a)(iii) of the IH Regulatory Agreement**,** in the event of a default or violation of a provision of that agreement, HPD reserves the right to remove any and all of the existing directors of the Corporation and appoint such person or persons as HPD, in its sole discretion deems advisable, including officers or employees of HPD, as new directors or representatives to serve the places of those removed. Directors or representatives so appointed need not be Tenant-Shareholders or meet other qualifications which may be prescribed by the Corporation's Certificate of Incorporation or By-Laws. In the absence of fraud or bad faith, directors so appointed shall not be personally liable for debts, obligations or liabilities of the Corporation. Directors so appointed shall serve only for a period co-existent with the duration of such default or until HPD is assured in a manner satisfactory to it against violations of a similar

nature. Officers or employees of HPD who are so appointed as directors shall serve in such capacity without compensation. No such removal may take place without written notice and an opportunity for the affected directors to appear and be heard before HPD with respect to any alleged violation and the respected parties may be represented by counsel.

Section 2. Election and Term. As provided in Section 1, the three (3) Directors constituting the first Board of Directors shall be elected by the incorporator. Directors, other than those constituting the first Board, shall be elected at the annual meeting of Tenant-Shareholders, held after the Cooperative Conversion Date. The entire number of Directors to be elected shall be balloted for at one and the same time by cumulative voting, and not separately. Directors may serve for more than one term.

Directors elected by the initial Tenant-Shareholders shall serve until the election and qualification of Directors elected at the first annual meeting of Tenant-Shareholders held after the Cooperative Conversion Date. Directors elected at the first annual meeting of Tenant-Shareholders and at meetings subsequent thereto shall serve for two (2) years and until the election and qualification of their respective successors or until his or her earlier death, resignation or removal, except that at the first annual meeting held after the Cooperative Conversion Date, the three directors receiving the fewest votes will serve a one-year term.

Section 3. Vacancies. When any vacancy exists or occurs among the Directors by death, resignation or otherwise, the same shall be filled with notice to the Tenant-Shareholders, for the remainder of the term by a majority of votes cast at a special meeting of the remaining Directors duly called for the purpose or at any regular meeting of the Directors, even though a quorum shall not be present at such special or regular meeting. If the number of Directors is increased, the additional Directors shall be elected by a plurality of the votes cast at a meeting of Tenant-Shareholders duly called for that purpose and shall serve for the term above prescribed. If all the Directors die or resign, any Tenant-Shareholder may call a special meeting of the Tenant-Shareholders as provided herein, and Directors for the unexpired term may be elected at such special meeting in the manner provided for their election at the annual meeting.

Section 4. Resignation and Removal. Any Director may resign at any time by written notice delivered in person or sent by certified or registered mail, return receipt requested, to the President or the 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 at any time with or without cause and at the pleasure of the Tenant-Shareholders, upon affirmative vote of the majority of the Tenant-Shareholders of record present at a Tenant-Shareholders' meeting duly called for that purpose; provided, however, that (a) notice of the proposed removal was given to the director and in the notice of the meeting, (b) the Directors elected by the holders of "**Unsold Shares**" may be removed only by such holders of Unsold Shares who alone will have the right to designate replacement(s) or by a vote of a majority of the Tenant-Shareholders for cause and (c) the term of any Director who becomes more than two months delinquent in

payment of his or her Maintenance Charges shall be automatically terminated and a replacement duly elected. Any member for the Board whose removal has been proposed shall be given on opportunity to be heard at the meeting. Notwithstanding anything in these By-Laws to the contrary, the foregoing removal provisions shall not be applicable to any director appointed to the Board by the Sponsor in accordance with the provisions of Section I of Article II of these By-Laws.

Except for Directors elected by the holders of Unsold Shares or appointed by the Sponsor, a Director who ceases to be a Tenant-Shareholder or whose Family Member ceases to be a Tenant-Shareholder or who ceases to otherwise meet the qualifications for the Director, as the case may be, shall be deemed to have resigned as a Director. Notwithstanding the foregoing, any Director elected by the holders of Unsold Shares may be removed for dishonesty, fraud or similar egregious misconduct in office, upon affirmative vote of a majority of the Tenant-Shareholders of record, taken at a Tenant-Shareholders meeting duly called for such purpose.

Section 5. Meetings. The annual meeting of a newly elected Board of Directors shall be held immediately after the annual meeting of the Tenant-Shareholders and no notice of such meeting shall be necessary to the newly elected Directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the Directors. Regular meetings of the Board of Directors shall be held not less than once every eight weeks and may be held upon such notice, or without notice, and at such time and at such place in the County where the Corporation's property is located as shall from time to time be determined by the Board. Special meetings of the Board of Directors may be called by the President on three (3) day's notice to each Director, given orally, in writing, or served by facsimile transmission, by personal delivery or by mailing to each director at the last address furnished by him or her to the Corporation. Special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of a majority of the number of Directors fixed by Section 1 of this Article II, except in the case of a special meeting called to fill vacancies in the Board of Directors, in which case a majority of the then acting Directors shall suffice.

Notice of a meeting need not be given to any Director who submits a signed waiver of notice whether before or after the meeting, or who attends the meetings without protesting the lack of notice prior thereto or at its commencement. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting, except where otherwise required by law or by these By-Laws.

A majority of the number of Directors fixed by Section 1 of this Article II shall constitute a quorum for the transaction of business unless a greater or lesser number is required by law or by the certificate of incorporation or elsewhere by these By-Laws. The act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by the certificate of incorporation or elsewhere in these By-Laws or by the IH Regulatory

Agreement. If a quorum shall not be present at any meeting of Directors, the Directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At all meetings of the Board of Directors, each Director shall be entitled to one vote.

Section 6. Conference Telephone. Any one or more members of the Board of Directors or any committee thereof may participate in a meeting of the Board or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Such participation shall constitute presence in person at such meeting.

Section 7. Action in Writing. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if all members of the Board of Directors or the committee, as the case may be, consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents shall be filed with the minutes of the proceedings of the Board of Directors or the committee.

Section 8. Annual Budget. In furtherance of the definitions and provisions of the Proprietary Leases entered into or to be entered into by the Corporation with its Tenant-Shareholders, the Board of Directors shall determine the cash requirements as defined therein, for each particular year of the term of such Proprietary Leases, by resolution or resolutions adopted during the particular year in question or the preceding year, and shall likewise fix the terms and time of payment of the Maintenance Charges (rent) due from Tenant-Shareholders who are lessees under such Proprietary Leases to meet such cash requirements. Immediately after the adoption of such resolution as above provided, the Secretary shall mail or cause to be mailed, or deliver or cause to be delivered to each Tenant-Shareholder who is such a lessee a statement of the amount of the cash requirements so determined or a copy of the resolution of the Board concerning the same.

Pursuant to Section 9(e) of the IH Regulatory Agreement, a copy of each proposed budget will be submitted to HPD on each anniversary of the date of the IH Regulatory Agreement.

Until the earlier of the third anniversary of the Cooperative Conversion Date, the Board of Directors shall not, without the consent of the record holders of at least sixty-six (66%) percent of the then outstanding shares of the Corporation, given in writing or by affirmative vote at a duly held Tenant-Shareholders' meeting called for that purpose, (i) engage employees in addition to the employees, if any, referred to in the projected budget for the first year of operation of the Corporation (the "**Projected Budget**") contained in the Offering Plan, or provide services or equipment or make capital improvements in excess of those contemplated, if any, in the Projected Budget, except if and to the extent that additional employees, services, equipment or capital improvements may be required by law, (ii) undertake any capital or major improvements unless required by law or by the holder or insurer of any Underlying Mortgage in accordance with the provisions of applicable loan or insurance documents, (iii) increase, extend, modify or refinance the mortgage indebtedness of the HDFC Apartment Corporation, (iv) enter into any new

mortgage, contract of sale of Unit 1, or (v) increase the reserves or establish any reserves or establish any reserves in addition to those described in this Plan including, without limitation, any reserves for contingencies, repairs, improvements or replacements, other than a reserve for contingencies not exceeding 5% of the annual operating budget for that year.

The Board of Directors shall be obligated to obtain and maintain hazard, liability and fidelity insurance coverages for the Building, and the Projected Budget shall include the cost of obtaining and maintaining such insurance. The Board of Directors shall have discretionary power to prescribe the manner of maintaining and operating the Property, and any other premises acquired by the Corporation by purchase or otherwise, and to determine the aforesaid cash requirements. Every such determination by the Board shall be final and conclusive as to all Tenant-Shareholders who are lessees under Proprietary Leases and any expenditures made by the Corporation's officers or agents under the direction or with the approval of the Board shall, as against such Tenant-Shareholders, be deemed necessarily and properly made for such purposes. The operating year of the Corporation shall be the calendar year.

Section 9. Duties and Powers. The affairs and business of this Corporation shall be managed by its Board of Directors except with respect to the powers which are herein delegated to the officers. The Directors shall at all times act as a Board, regularly convened, and they may adopt such rules and regulations for the conduct of their meetings, the execution of their resolutions, and the management of the affairs of the Corporation as they may deem proper, provided same are not inconsistent with the laws of the State of New York, the certificate of incorporation or these By-Laws or the IH Regulatory Agreement. Furthermore, the Board, from time to time, may fix the number of Directors of the Corporation, provided, the number of directors shall not be less than three (3) nor more than seven (7) or such higher number as the Tenant-Shareholders shall have determined pursuant to Article II, Section 1. The power of the Board to determine the number of Directors as herein provided is subordinate to the power of the Tenant-Shareholders to make such determination under said Article II, Section 1, so that if the Board after having fixed a new number of Directors shall be overruled by the Tenant-Shareholders, the determination of the Tenant-Shareholders shall govern.

The Board of Directors shall be responsible for carrying out the duties imposed upon it under these By-Laws and the Proprietary Leases referred to in Article V below, regardless of whether an Apartment in the Building is vacant or occupied by the owner thereof (i.e., Tenant-Shareholder-Lessee) or a permitted lessee or other occupant of such owner. This provision shall not be deemed to impose any greater obligation or responsibility on the Board of Directors than now provided for in the Business Corporation Law.

The decision of the Board shall be conclusive on all questions of construction of these By-Laws, except as otherwise expressly provided in the Certificate of Incorporation or the Proprietary Lease.

Section 10. House Rules. The "House Rules" shall be the rules and regulations of the Corporation for the management and control of the Property established pursuant to the

Proprietary Lease. The Board of Directors shall have power, at any time, to adopt, make, change and repeal the House Rules applicable to the Property, All House Rules shall be binding upon all shareholders, the shareholders' families, employees, guests, and occupants of the Property. Notwithstanding anything to the contrary set forth herein no House Rule may be adopted by the Board of Directors which would adversely affect the rights granted to the Sponsor or a holder of Unsold Shares under the proprietary lease, these By-Laws, or the Offering Plan. Copies of changes in House Rules shall be furnished to each Tenant-Shareholder and shall be binding upon all Tenant-Shareholders and residents, upon the delivery thereof in the manner provided in the Proprietary Lease.

Section 11. Executive Committee. The Board of Directors may by resolution appoint an executive committee, to consist of three (3) or more Directors of the Corporation. Such committee shall have and may exercise such powers of the Board of Directors in the management of the business and affairs of the Corporation during the intervals between the meetings of the Board, insofar as may be permitted by law, except that the executive committee shall not have the power to determine the Cash Requirements, as defined in the Proprietary Leases, or to fix the amount of rent to be paid under the Proprietary Leases, or to vary the terms of payment thereof as fixed by the Board or to amend the By-Laws. Vacancies in membership on the executive committee shall be filled by the Board of Directors at a regular or special meeting.

Section 12. Admissions Committee. In furtherance of the cooperative purposes of the Corporation and to assure, so far as possible, that the occupants of all Apartments therein shall be congenial and that all proprietary lessees shall be reputable and financially responsible, the Board may create an admissions committee of three (3) or more persons to interview and consider the qualifications of proposed assignees and subtenants. Once such committee has been created, no consent to transfer of stock or assignment of lease or subletting of Apartments shall thereafter be given by any member of the Board of Directors until the admissions committee shall have approved same, or until there shall have been a meeting of the Board of Directors to act on an unfavorable report of the admissions committee or any member thereof. All information received and reports by the admissions committee or any member of the Board of Directors (whether or not an admissions committee has been created) concerning a proposed assignee or subtenant, and the deliberations of the committee and the Board thereon shall be deemed confidential and disclosed to no one except other directors of the Corporation. On all applications for consent to assignment or subletting, the only action of the Board shall be to "approve" or "disapprove" without comment. No member of the admissions committee or the Board of Directors shall be required to explain to any Tenant-Shareholder or any other person the reasons for his or her determination. The provisions of this Section are not applicable to a proposed assignment or subletting by purchasers of Unsold Shares.

Section 13. Other Committees. The Board of Directors shall also have the power to appoint such other committees, in accordance with Section 712 of the Business Corporation Law as it deems appropriate.

Section 14. Contracts and Transactions of the Corporation. No contract or other transaction between the Corporation and any one or more of its Directors or any other

Corporation, firm, association or other entity in which one or more of its Directors are directors or officers, or are financially interested, shall be void or voidable for this reason alone or by reason alone that such director or directors are present at the meeting of the Board, or of a committee thereof, which approves such contract or transaction, or that his or her or their votes are counted for such purpose, provided that the provisions of Section 713 of the Business Corporation Law (which addresses issues pertaining to conflicts of interest) are complied with.

Section 15. Compensation and Loans. No Director, by virtue of his or her office as such, nor for any other reason, at any time, shall receive any salary, dividends or compensation for his or her services as such director, or otherwise, unless and until the same shall have been duly authorized in writing, or by affirmative vote taken at a duly held Tenant-Shareholders' meeting, by the record holders of at least two-thirds (2/3) of the then outstanding Shares of the Corporation.

The Corporation shall make no loans to any of its Directors or to any other Corporation, firm, association or other entity in which one or more of its Tenant-Shareholders, directors or officers are directors or officers or has a substantial financial interest.

Section 16. Distributions. No Tenant-Shareholder shall 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.

Section 17. Confidentiality. Information disclosed to members of the Board of Directors is to be kept in confidence and not disclosed under any circumstance until a decision is made by the Board to make the information public. Once determined, decisions of the Board are to be presented in their final form, and any discussions leading up to such decisions are confidential. Board members should not disclose how other Board members voted.

ARTICLE III

Officers

Section 1. Election and Removal. The Board of Directors at its first meeting after these By-Laws become effective, and at each annual meeting, shall elect by a majority vote, a President, one or more Vice Presidents, a Secretary and a Treasurer, and may also at any time appoint or elect one or more Assistant Secretaries or Assistant Treasurers and accord to such assistant officers such powers as the Board deems proper. Any person otherwise qualified may hold any two offices, except the offices of President and Secretary. Only Tenant-Shareholders who satisfy the qualifications for directors as set forth in Article II, Section 1, shall be eligible to be officers of the Corporation.

Each of the officers shall serve for one year and until the next annual meeting of the Board and until the election or appointment of his or her respective successor; but any officer may be removed from office at any time, with or without cause and a successor

chosen, at the pleasure of the Board, upon affirmative vote, taken at a regular or special meeting duly called by a majority of the then total authorized number of Directors.

Section 2. Qualification and Vacancies. The President, Vice-President, Secretary and Treasurer shall be members of the Board, but none of the other officers, if any, need be a member of the Board.

Vacancies occurring in any office may be filled by the Board at any time, upon affirmative vote taken at any meeting, by a majority of the then total authorized number of directors. An officer who ceases to be a Tenant-Shareholder or whose Family Member ceases to be a Tenant-Shareholder, as the case may be, shall be deemed to have resigned as an officer.

Section 3. President and Vice President. The President, the chief executive officer of the Corporation, shall preside at meetings of Tenant-Shareholders and of the Board of Directors. He or she shall, subject to the control of the Board, have general management of the affairs of the Corporation, including but not limited by the powers to appoint committees from among the Tenant-Shareholders from time to time as he or she may decide is appropriate to assist in the conduct of the affairs of the Corporation. The President shall also perform all duties incidental to his or her office or prescribed for him or her by these By-Laws or by the Board, and shall make and sign in the name of the Corporation all contracts, leases and other instruments which are authorized from time to time by the Board. In the absence or inability of the President, the Vice President shall have the powers and perform the duties of the President. The Vice President shall at all times have power to make and sign Proprietary Leases in the name of the Corporation and to perform such other duties shall from time to time be determined by the Board. If neither the President nor the Vice President is able to act, the Board shall appoint some other Tenant-Shareholder of the Board to act on an interim basis.

Section 4. Secretary. The Secretary shall keep and record in proper books provided for the purpose, the minutes of meetings of the Board of Directors and of the Tenant-Shareholders. He or she shall record all transfers of Shares and cancel and preserve certificates of shares transferred, and he shall keep such other records as the Board shall require. He or she shall attend to the giving and serving of notices of the Corporation, he shall have custody of the corporate seal and affix the same to certificates of shares and to written instruments required by law, by these By-Laws or by the Board. He or she shall keep a book, to be known as the stock book, containing the names, alphabetically arranged, of all persons who are Tenant-Shareholders of the Corporation, showing their places of residence, the number of shares of stock held by them respectively, the time when they respectively became the owners thereof, the amount paid thereon, and the denomination and amount of all stock transfer stamps affixed thereto, and such books shall be open Monday through Friday (except legal holidays) during at least three (3) business hours, for inspection by any judgment creditor of the Corporation, or by any person who shall have been a Tenant-Shareholder of record for at least six months immediately preceding his or her demand, or by any person holding, or thereunto in writing authorized by the holders of, at least five percent of all of the outstanding shares. Persons so entitled to inspect the stock book may make extracts therefrom. In the absence or inability of the

Secretary, the Assistant Secretary shall have all of the powers and perform all of the duties of the Secretary.

Section 5. Treasurer. The Treasurer shall, subject to the control of the Board, have the care and custody of, and be responsible for, all funds and securities of the Corporation and shall keep the same in its name in such banks, trust companies or safe deposit companies as the Board shall designate, and shall perform all other duties incidental to his or her office, or prescribed for him by these By-Laws or by the Board. If so required by the Board, the Treasurer shall, before receiving any such funds or securities, furnish to the Corporation a bond with a surety company as surety, in such form and amount as the Board from time to time shall determine. The premium upon such bond shall be paid by the Corporation. Within a reasonable time after the close of each year ending December 31st but in no event later than four and a half months after December 31st, the Treasurer shall furnish, or cause to be furnished, to each Tenant-Shareholder who is a lessee under a Proprietary Lease then in force a statement of the income, expenses and paid-in surplus of the Corporation during such year and a statement on which there has been indicated the portion of Maintenance Charges paid by such Tenant-Shareholder under his or her Proprietary Lease during such year which has been used by the Corporation for the payment of real estate taxes, if any, and interest on its mortgage or other indebtedness and such other information as may be necessary to permit the Tenant-Shareholders to compute his/her income tax liability or income tax benefits that may accrue in respect thereof. In the absence or inability of the Treasurer, the Assistant Treasurer shall have all of the powers and perform all of the duties of the Treasurer.

Section 6. Compensation and Loans. No salary, dividends or other compensation for service shall be paid to any officer of the Corporation for services rendered as such officer, unless and until the same shall have been authorized in writing, or by affirmative vote taken at a meeting of Tenant-Shareholders called for that purpose, by the Tenant-Shareholders of record of at least two-thirds (2/3) of the then outstanding Shares of the Corporation. The Corporation shall make no loans to any of its officers, or to any other corporation, firm, association or other entity in which one or more of its Tenant-Shareholders, directors or officers are directors or officers or has a substantial interest.

ARTICLE IV

Indemnification of Directors and Officers.

Section 1. (a) In Actions by or in the Right of Corporation. To the fullest extent allowed by law, any person made or threatened to be 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 said individual, his or her testator or intestate, is or was a director or officer of the Corporation, shall be indemnified by this Corporation against amounts paid in settlement and the reasonable expenses, including attorneys' fees, actually and necessarily incurred by such individual in connection with the defense of such action, or in connection with an appeal therein if such director or officer acted in good faith, for a purpose which said individual reasonably believed to be in the best interests of the Corporation. No director of officer shall have any personal liability with respect to any contract, act or omission of the Board in

connection with the affairs and operations of the Corporation. Notwithstanding the foregoing, no indemnification hereunder shall be made in respect of (i) a threatened action, or a pending action which is settled or otherwise disposed of or (ii) any claim, issue or matter as to whether such person is adjudged to have breached his or her duty to the Corporation under Section 717 of the Business Corporation Law, unless and only to the extent that the court in which the action was brought, if no action was brought, any court of competent jurisdiction, determines upon application that, in view of all of the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such portion for the settlement amount and expenses as the court deems proper.

(b) In Other Actions or Proceedings. To the fullest extent allowed by law, 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, brought to impose a liability or penalty on such person for an act alleged to have been committed by such person, his or her testator or intestate, as a director or officer of the Corporation, or of any other Corporation which he served as such at the request of the Corporation, shall be indemnified by this Corporation 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 said individual reasonably believed to be in the best interest of the Corporation and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his or her conduct was unlawful.

(c) The termination of any such civil or criminal action or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such director or officer did not act in good faith, for a purpose which he or she reasonably believed to be in the best interests of the Corporation or that he or she had reasonable cause to believe that his or her conduct was unlawful.

Section 2. Payment. A person who has been successful, on the merits or otherwise, in the defense of a civil or criminal action or proceeding of the character described in Sections 722 of the Business Corporation Law shall be entitled to indemnification as authorized in said Section.

Except as provided in Paragraph (a) of Section 723 of the Business Corporation Law, any indemnification under Section 722 (or otherwise permitted by Section 721 for the Business Corporation Law) of that law, unless ordered by a court under Section 724 thereof, shall be made by the Corporation only if authorized for a corporation in the specific case in accordance with the provisions of Paragraph (b) of said Section 723.

Expenses incurred in defending a civil or criminal action or proceeding may be paid by the Corporation in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of such director or officer to report such amount as, and to the extent, required by Paragraph (a) of Section 725 of the Business Corporation Law.

Section 3. Other Provisions. Indemnification of directors or officers shall be subject to the other provisions affecting the same as set forth in Section 725 of the Business Corporation Law, including but not limited to, the provisions that require that if any expenses or other amounts are paid by way of indemnification, otherwise than by court order or action by the Tenant-Shareholders, the Corporation shall, not later than the next annual meeting of Tenant-Shareholders, unless such meeting is held within three months from the date of such payment, and, in any event, within fifteen (15) months from the date of such payment, mail to its Tenant-Shareholders of record at the time entitled to vote for the election of directors a statement specifying the persons paid, the amounts paid, and the nature and status at the time of such payment of the litigation or threatened litigation.

Section 4. Insurance for Indemnification of Directors and Officers. The Board of Directors shall have power to obtain, purchase and maintain insurance to indemnify (i) the Corporation for any obligation which it incurs as a result of the indemnification of directors and officers under the provisions of this Article, any indemnification provided in the certificate of incorporation, a resolution of shareholders, a resolution of directors or any agreement, (ii) directors and officers in instances in which they may be indemnified by the Corporation under the provisions of this Article, any indemnification provided in the certificate of incorporation, a resolution of shareholders, a resolution of directors or any agreement and (iii) directors and officers in instances in which they may not otherwise by indemnified by the Corporation under the provisions of this Article, provided the contract of insurance covering such directors and officers provides, in a manner acceptable to the superintendent of insurance, for a retention amount and for co-insurance.

Section 5. No Limitation. Nothing contained in this Article shall limit any right to indemnification to which any director or any officer may be entitled by contract or under any law now or hereafter enacted.

ARTICLE V

Proprietary Leases

Section 1. Form. The Board of Directors shall adopt a form of Proprietary Lease to be used by the Corporation for the leasing of all Apartments and other residential space in the apartment Building, if any, to be leased to Tenant-Shareholders under Proprietary Leases. Such Proprietary Lease shall be for such term, with or without provisions for renewals, and shall contain such restrictions, limitations and provisions with respect to the assignment thereof, the subletting of the premises demised thereby, the sale or transfer of the Shares of the Corporation accompanying the same, the manner in which, and time during which alterations and improvements shall be carried out by lessees within the Apartments leased, and such other terms, provisions, conditions and covenants, as the Board deems advisable consistent with the provisions of the Certificate of Incorporation and the IH Regulatory Agreement. After a Proprietary Lease, in the form so adopted by the Board, has been executed and delivered by the Corporation, all Proprietary Leases subsequently executed and delivered shall be in the same form (except with respect to identity of the lessee, the date of commencement of the lease term and the statement as to

the number of shares owned by the lessee), and shall not be changed in form or substance unless varied in accordance with the terms thereof. The term of all Proprietary Leases shall be uniformly extended or renewed if so determined by (i) the holders of a majority of the Shares in writing or by vote at a meeting called for such purpose or (ii) the Board of Directors (except the Board shall not have the right to so extend or renew if the holders of a majority of the shares shall determine not to extend or renew).

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, the HDFC Apartment Corporation's Certificate of Incorporation and the IH Regulatory Agreement. A duplicate original of each Proprietary Lease shall always be kept on file in the office of the Corporation or with the managing agent for the HDFC Apartment Corporation. The Board shall supervise the assignment of Proprietary Leases and the transfer of Shares in such a manner as to implement the rules and restrictions established for assignments and transfers.

Section 3. Accompanying Shares. The Board shall allocate to each Apartment to be leased under a Proprietary Lease the number of Shares of the Corporation which must be owned by the proprietary lessee thereof. The Board shall adopt the allocation of Shares set forth in the Offering Plan pursuant to which the Corporation was organized. Subject to the provisions of the Opinion of Reasonable Relationship disclosed in the Plan, the allocation or any re-allocation of shares to an Apartment shall bear a reasonable relationship to the portion of the fair market value of the Corporation's equity in the Property and the land on which they stand which is attributable to the Apartment. In the event of any dispute between the Board of Directors and a Tenant-Shareholder as to whether such "reasonable relationship" test has been met on a proposed reallocation of Shares, such dispute shall be resolved by the then managing agent, whose determination shall be final and conclusive. The sale or transfer of all Shares shall be done in compliance with federal and state security disclosure laws

Section 4. Re-grouping of Space. The Board of Directors, upon the written request of the owner or owners of the Shares appurtenant to one or more Proprietary Leases covering one or more Apartments in the Building may in its discretion, at any time, but subject to all applicable laws, codes, zoning requirements and provisions of any mortgages encumbering the Property and/or the provisions of the IH Regulatory Agreement to the extent applicable during the term thereof, permit such Tenant-Shareholder(s) at his, her or their own expense: (a) to subdivide any Apartment into two or more Apartments; (b) to combine all or any portions of any such Apartments into one or any desired number of Apartments; and (c) to reallocate the Shares issued to accompany the Proprietary Lease or Leases so affected in such proportions as such owner(s) request, provided only that (i) the allotment of Shares is based upon the fair market value of the equity in the property (including the Building) attributable to the subdivided or combined Apartments (ii) in any case, the total number of the Shares so reallocated remains the same or is not less than the Shares previously allocated, and (iii) the Proprietary Lease or Leases so affected and the accompanying certificate(s) of Shares are surrendered, and that there are executed and delivered in place thereof, respectively, a new Proprietary Lease for each such separate Apartment so created and a new Proprietary Lease. The Board may also permit such

owner to incorporate space in the Building, 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 this Section 4 or otherwise, and in allocating Shares to any such resulting Apartment or Apartments, the Board shall determine the number of Shares from its treasury shares to be issued and allocated in connection with the incorporation of such additional space (such allocation to be based on the fair market value of the equity in the property (including the Building) attributable to such resulting Apartment or Apartments), provided such incorporation shall be conditioned upon the surrender by the owner making such request of his or her Proprietary Lease and share certificate and provided further such owner shall execute a new Proprietary Lease covering such resulting Apartment or Apartments. A new certificate of shares for the number of shares so reallocated to the new Proprietary Lease will be issued to the owner surrendering said share certificate.

Anything hereinabove contained to the contrary notwithstanding, the holders of Unsold Shares shall have the absolute right, without payment of any fee or charge, to change the layout of any Apartment owned by them, or any one of such holder of Unsold Shares, into two or more Apartments or to combine all or any portion of any such Apartments into one or any desired number of Apartments.

The reallocation of Shares shall be based upon the fair market value of the equity in the property (including the Building) attributable to the subdivided or combined Apartments, but in any event, the total number of Shares so reallocated shall remain the same or not less than the Shares previously allocated. Upon the surrender of the share certificate or certificates and Proprietary Lease or leases affected by such subdivision or combination, the Board of Directors shall issue a new share certificate or certificates and accompanying Proprietary Lease or Leases covering the subdivided or combined Apartments (as the case may be) in accordance with the foregoing.

Any dispute under this Section 4 concerning the number of Shares to be reallocated, shall be resolved by the managing agent of the Property, whose determination shall be final and conclusive.

Section 5. Allocation of Shares to Additional Space. The Board of Directors may, in its discretion, authorize the conversion of space in the Building not covered by a Proprietary Lease into space suitable for the primary purposes of the Corporation, as set forth in the certificate of incorporation, allocate theretofore unissued shares to such space, and authorize the execution of a Proprietary Lease or leases covering such space.

Section 6. Fees on Assignment. Subject to the provisions of the form of Proprietary Lease adopted by the Board of Directors (and the rights of holders of Unsold Shares as herein and in the Proprietary Lease set forth), the Board of Directors shall have authority to fix by resolution and to collect, before any assignment, sublet, or surrender of a Proprietary Lease or any reallocation, of Shares takes effect as against the Corporation as lessor, (excluding, however, assignments, sales transfers, sublets or reallocations arising in connection with sales or other provisions under the Offering Plan as to which the Board of Directors shall not have such authority) reasonable fees to cover the Corporation's

expenses and attorneys' fees in connection with such proposed assignment, sublease, surrender or reallocation, as the case may be. No such fees may be charged, however, to the holders of Unsold Shares in connection with the sale or transfer of such Unsold Shares and appurtenant Proprietary Leases or a reallocation of shares or a sublet of a Proprietary Lease.

Section 7. Lost Proprietary Leases. 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 of Directors may, in its sole discretion, before the issuance of any such new Proprietary Lease require the owner of the lost, stolen, destroyed or mutilated Proprietary Lease, or the legal representative of the owner, (i) to pay to the Corporation a reasonable fee for the time and expense incurred in preparing the same, (ii) to make an affidavit or affirmation setting forth such facts as to the loss, theft, destruction or mutilation as it deems necessary and (iii) to give the Corporation a bond in such sum as it directs to indemnify the Corporation against any liability or loss it may sustain by reason of the issuance of such new Proprietary Lease.

ARTICLE VI

Capital Shares

Section 1. Issuance of Shares. Shares of stock of the Corporation shall be issued only in connection with the execution and delivery by the purchaser and the Corporation of a Proprietary Lease of an Apartment in the Property owned by the Corporation, and the ownership of the said Shares so issued shall entitle the holder thereof to occupy the Apartment for purposes specified in the Proprietary Lease so executed and delivered in connection with the issuance of said Shares, subject to the provisions, covenants and agreements contained in such Proprietary Lease. Shares of stock of the Corporation hereafter acquired and subsequently reissued, and unissued but authorized shares of the Corporation hereafter issued, shall only be so reissued or initially issued, as the case may be, in conjunction with the execution of a Proprietary Lease of an Apartment in the Building.

Section 2. Certificates of Shares. Certificates of the Shares of the Corporation shall be in the form prepared 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. The signatures and seal may be electronic copies when and to the extent permitted by applicable statutory provisions. Certificates shall be bound in a book and issued in consecutive order therefrom, and in the margin or stub thereof shall be entered the name of the person holding the shares therein represented, 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, but the Secretary and such certificate shall be immediately attached in the certificate book opposite the memorandum of its issue.

Section 3. Limitations on Transfers. Unless and until all Proprietary Leases which shall have been executed by the Corporation shall have been terminated, the shares appertaining to each Proprietary Lease shall be represented by a single certificate and shall not be sold or transferred except (i) as an entirety either to the Corporation or to a person who shall acquire the Proprietary Lease appertaining thereto simultaneously with such assignment, or a new lease in place thereof, and in compliance with the requirements of such proprietary lease in respect to the assignment thereof or (ii) in connection with a re-grouping of space in accordance with Article V, Section 4 of these By-Laws.

Section 4. Transfer. Transfer of shares shall be made only in accordance with the provisions of the Proprietary Lease and only upon the books of the Corporation by the holder in person or by power of attorney, duly executed and witnessed (or with such signature guaranty as the Board may request) and filed with the Secretary, and on the surrender of the certificate of such Shares, except that Shares sold by the Corporation to satisfy a lien which it holds thereon, or Shares required to be (but which are not) surrendered under the Proprietary Lease, may be transferred without the surrender of such certificate.

No transfer of Shares shall be valid as against the Corporation, its Tenant-Shareholders and creditors, for any purpose, except to render the transferee liable for the debts of the Corporation to the extent provided for in the Business Corporation Law, until it shall have been entered in the stock book as required by the Business Corporation Law or any other applicable law by an entry from whom and to whom transferred. No such transfer shall be valid or effected until all the requirements with respect thereto set forth in the Proprietary Lease shall have been satisfied and complied with. The Board shall supervise the transfer of shares in such a manner as to implement the rates and restrictions established for transfers in the Certificate of Incorporation.

Section 5. Units of Issuance. Shares issued to accompany each Proprietary Lease shall be issued in the amount allocated by the Board of Directors to the Apartment and additional space, if any, described in such Proprietary Lease. Except as otherwise provided in Section 4 of Article V, unless and until all Proprietary Leases which shall have been executed by the Corporation shall have been terminated, the shares of stock which accompany each Proprietary Lease shall be represented by a single certificate and shall not be sold or transferred except to the Corporation or as an entirety to a person who has acquired such Proprietary Lease, or a new one in place thereof, after complying with and satisfying the requirements of such Proprietary Lease in respect to the assignment thereof.

Section 6. Fees on Transfer. Subject to the provisions of Section 6 of Article V hereof and subject further to the provisions of the Proprietary Lease, the Board of Directors shall have authority to fix by resolution and to collect, before the transfer of any Shares, reasonable fees to cover the Corporation's expenses and attorney's fees in connection with such proposed transfer.

Section 7. Corporation's Lien. The Corporation shall at all times have a first lien upon the Shares of each Tenant-Shareholder to secure the payment by such Tenant-Shareholder of all rent to become payable by such Tenant-Shareholder under the

provisions of any Proprietary Lease issued by the Corporation and at any time held by such Tenant-Shareholder and to secure the performance by the Tenant-Shareholder of all the covenants and conditions of said Proprietary Lease to be performed or complied with by the Tenant-Shareholder. Unless and until such Tenant-Shareholder as lessee defaults in the payment of any of such rent or in the performance of any such covenants or conditions, said shares shall continue to stand in the name of the Tenant-Shareholder upon the books of the Corporation and the Tenant-Shareholder shall be entitled to exercise the right to vote thereon as though said lien did not exist. The Board may refuse to consent to the transfer of such Shares until any such indebtedness of the Tenant-Shareholder to the Corporation arising under the provisions of said Proprietary Lease is paid. 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 for the shares so purchased substantially of the tenor of the certificate issued to such defaulting Tenant-Shareholder shall become void and such defaulting Tenant-Shareholder shall surrender the same to the Corporation on demand. The failure of such defaulting Tenant-Shareholder to so surrender such certificate shall not affect the validity of the certificate issued in replacement thereof.

Section 8. Lost Certificates. In the event that any certificate of Shares is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new certificate substantially similar 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, theft, 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 against any liability or loss it may sustain by reason of its issuance of such new certificate. The owner will be responsible for paying any and all costs associated with compliance with this Section.

Section 9. Legend on Shares Certificates. Certificates representing shares of the Corporation shall bear a legend reading as follows:

“The rights of any holder of the Shares evidenced by this certificate are subject to the provisions of the Certificate of Incorporation and any amendment thereof and the By-Laws and any amendment thereof of 1402 YORK AVENUE OWNERS HOUSING DEVELOPMENT FUND COMPANY, INC., and to all the terms, covenants, conditions, provisions and agreements contained in a certain Proprietary Lease made between the person or persons in whose name this Certificate is issued, as Lessee, and 1402 YORK AVENUE OWNERS HOUSING DEVELOPMENT FUND COMPANY, INC., as Lessor, for an Apartment in the Property owned by the Corporation, which Lease limits and restrict the title and rights of the holder and any transferee of such Shares and this certificate. The Shares represented by this certificate are transferable only as an entirety. Such transfer is also subject to the provisions of the IH Regulatory Agreement.”

“Copies of the Certificate of Incorporation, the By-Laws and the Proprietary Lease are on file and available for inspection at the office of this Corporation.”

"The Directors of the Corporation may refuse to consent to the transfer of the Shares represented by this Certificate until any indebtedness of the holder hereof to this Corporation in connection with a Proprietary Lease is paid or default of the Tenant-Shareholder under the Proprietary Lease is cured. The Corporation, by the terms of said By-Laws and Proprietary Lease, has a first lien on the Shares represented by this certificate for all sums due and to become due under said Proprietary Lease, and to secure the performance by such holder of all the covenants and conditions of said Proprietary Lease to be performed or complied with by such holder."

Pursuant to the Certificate of Incorporation, certain actions of the Board of Directors and of the Tenant-Shareholders require a greater quorum and/or a greater vote than would otherwise be required by law.

Section 10. No Preemptive Right. Ownership of Shares of the Corporation shall not entitle the holders thereof to any preemptive right under Section 622 of the Business Corporation Law, or otherwise, it being the purpose and intent hereof that the Board of Directors, as in its discretion it may deem advisable, shall have the full right, power and authority to offer for subscription or sale, or to make any other disposition of any or all unissued shares of the Corporation or of any or all shares issued and thereafter acquired by the Corporation, subject to the provisions of the Plan.

ARTICLE VII

Seal

Section 1. Form. The seal of the Corporation shall be in the form of a circle and shall bear the name of the Corporation, the year of its incorporation and the words "Corporate Seal, New York." The seal shall be kept by the Secretary. If directed by the Board, a duplicate of the seal may be kept and used by the Secretary or Treasurer or any Assistant Secretary or Assistant Treasurer.

ARTICLE VIII

Fiscal Management

Section 1. Execution of Corporate Documents. Endorsements or transfers of Shares, notes, bonds or other securities shall be executed on behalf of the Corporation by either the President or any Vice President and the Secretary or Treasurer (or an Assistant Secretary or Assistant Treasurer), and all checks, wire transfers, drafts, orders for payment of money and negotiable instruments shall be executed on behalf of the Corporation by such officer or officers or employee or employees as the Board of Directors may, by standing resolutions or special order, from time to time prescribe. All deeds shall be executed on behalf of the Corporation by either the President or Vice President. Such Board authorization may be general or confined to specific instances.

Section 2. Safe Deposit Boxes. Any officer or officers who, from time to time, shall be designated by the Board of Directors for that purpose shall have access to any safe deposit box of the Corporation in the vault of any safe deposit company.

Section 3. Securities. Any officer or officers who, from time to time, shall be designated by the Board of Directors for that purpose shall have the power to control and direct the disposition of any bonds or other securities or property of the Corporation deposited in the custody of any bank, trust company or other custodian.

Section 4. Fidelity Bonds. The Board may require that all officers and employees of the Corporation handling or responsible for corporate or trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Corporation.

Section 5. Place of Keeping Books. Unless otherwise expressly required by statute, the Corporation shall keep its books and records of account and minutes of the proceedings of its Tenant-Shareholders and Board (including copies of proxies and ballots from any duly authorized vote) at its principal office in the State of New York. Minutes may be in written form or in any other form capable of being converted into written form within a reasonable time.

Section 6. Examination of Books. The books, records, documents and accounts of the Corporation, including the Certificate of Incorporation, Proprietary Lease and By-Laws, shall be open to inspection by Tenant-Shareholders at reasonable times, at the office of the Corporation.

Section 7. Deposit of Funds. All funds of the Corporation not otherwise employed shall be deposited in such banks or trust companies or other places as the Board may determine from time to time.

ARTICLE IX

Sale, Lease, Demolition or Disposition of the Property

No decision to demolish or reconstruct the Property or to sell or exchange the Corporation's fee simple interest therein, or to lease the Property in its entirety or substantially in their entirety, shall be made except upon the affirmative vote of the holders of 80% of the Shares of the Corporation then issued and outstanding. Notwithstanding the foregoing, the sale, exchange, lease or other disposition of the Property owned by the Corporation after the termination of all of the Proprietary Leases which are made by the Corporation shall be determined by the affirmative vote of the holders of a majority of the Shares of the Corporation then issued and outstanding and in accordance with the Certificate of Incorporation and pursuant to the requirements of the IH Regulatory Agreement.

ARTICLE X

Amendments

Section 1. By the Tenant-Shareholders. Unless otherwise provided in the Certificate of Incorporation, these By-Laws may be amended, altered, repealed or added to at any Tenant-Shareholders' meeting by vote of Tenant-Shareholders of record, present in person or by proxy, of at least two-thirds (2/3) of the then outstanding capital shares, provided that the proposed amendment or the substance thereof has been inserted in the notice of meeting or that all of the Tenant-Shareholders are present in person or by proxy.

Section 2. By the Directors. Unless otherwise provided in the Certificate of Incorporation, the Board of Directors may, by a vote of two-thirds (2/3) of the then authorized total number of directors at any meeting (regular or special) of the Board, make, alter, amend, or repeal these By-Laws, other than Article I, Section 5, Article II, Sections 6, 15 and 16, Article III, Section 6, Article V, Sections 1 and 4, and Article VI Sections 1 and 4; provided, however, that the proposed amendment or the substance thereof shall have been contained in the notice of said meeting or that all directors shall be present in person and, provided further, that the Board may not repeal or modify an amendment to these By-Laws adopted by the Tenant-Shareholders pursuant to Section 1 of this Article X.

Section 3. General. Anything herein contained to the contrary notwithstanding, (except as otherwise provided in the Certificate of Incorporation) these By-Laws and any provision hereof may not be altered, amended or repealed in such a manner as would not be in conformity with the Certificate of Incorporation or would adversely affect the rights or interests of the Sponsor under said Offering Plan (or its successors and assigns) in any Shares and accompanying Proprietary Leases that may have been pledged with the Sponsor in connection with financing the purchase of Apartments in the Building. Anything herein contained to the contrary notwithstanding, so long as any Unsold Shares are issued and outstanding, these By-Laws may not be altered, amended, repealed or added to without the unanimous consent of all Tenant-Shareholders.

Section 4. Consent of HPD and Holders of Mortgages. During the period of time that the IH Regulatory Agreement are in effect, an amendment to these By-Laws shall also require the written consent of HPD to become effective. Copies of the IH Regulatory Agreement are attached to these By-Laws as Exhibit A. The terms of the IH Regulatory Agreement are incorporated into these By-Laws and made a part hereof. In the event of inconsistencies between these By-Laws and the IH Regulatory Agreement, the provisions of the IH Regulatory Agreement shall control. Notwithstanding any provisions contained herein to the contrary, no amendment, modification or deletion of or to these By-Laws will be effective without the prior consent, which shall not be unreasonably withheld or delayed, of the holder of any present or future mortgage, pledge or other lien or security interest in connection with the following: (a) the addition of any blanket financing that is superior to the share loan if it would result in an increase of more than 10% of the Apartment's monthly Maintenance Charge or amount; (b) any action to change the form of ownership of the Property; (c) any provision that expressly benefits the underlying mortgage holder(s) or (d) any action which would contract, expand or terminate the cooperative.

Section 5. Compliance with Proprietary Lease. Notwithstanding anything to the contrary set forth above, no amendment to the By-Laws is permitted if same would not be permitted under the terms of the Proprietary Lease. The HDFC Apartment Corporation shall be obligated to notify holders of share loans of material changes to the Offering Plan and these By-Laws.

ARTICLE XI

Fiscal Year

The fiscal year of the Corporation shall be the calendar year unless otherwise determined by resolution of the Board of Directors.

ARTICLE XII

Reports

Section 1. Annual Reports. The Corporation shall by 135 days following the close of a fiscal year, send to each Tenant-Shareholder then listed on the books of the Corporation, a financial statement including a balance sheet (as of the end of said prior fiscal year) and a profit and loss statement (for the entire prior fiscal year) prepared and certified by an independent certified public accountant. On the written request of any former Tenant-Shareholder who owned shares of the Corporation during any portion of the fiscal year covered by the financial statement, such financial statement shall be sent to such former Tenant-Shareholder.

Section 2. Tax Deduction Statement. The Corporation, shall, on or before March 15 following the close of a fiscal year, send to each Tenant-Shareholder listed on the books of the Corporation for the prior fiscal year, a statement setting forth the amount per share of that portion of Maintenance Charges paid by such Tenant-Shareholder under his or her Proprietary Lease during such year which has been used by the Corporation for payment of real estate taxes and interest on mortgage or other indebtedness paid by the Corporation with respect to property owned by it.

ARTICLE XIII

Appointment of Board of Directors for Service of Process or Notice

Section 1. Notice to Shareholders. All notices sent to the shareholders shall be deemed duly given if in writing and sent by one of the following methods: (i) Facsimile transmittal to the shareholder at such shareholder's facsimile machine in his or her principal place of business or residence with an additional copy sent by regular mail addressed to the address to which maintenance bills are sent; (ii) Personally delivered to the principal place of business or residence of the shareholder and a receipt signed by an adult at such address is receivable or an affidavit is executed by the messenger attesting to such delivery; (iii) Sent by overnight delivery/courier service to the residence of such shareholder

or to that shareholder's principal place of business and a receipt signed by an adult at such address is received.

Whenever an Apartment is occupied by other than the owner thereof (i.e., the Tenant-Shareholder) as permitted in these By-Laws and the Proprietary Lease covering such Apartment, the owner of such Apartment, if the purchaser of Unsold Shares, shall be deemed to have designated the Board of Directors as such owner's agent for the service of process or notice upon said owner by such occupant as to matters relating solely to the occupancy of such Apartment. The Board of Directors hereby consents to such designation and, upon receipt of process or notice from such permitted occupant of the Apartment, shall, with reasonable diligence, forward such process or notice (as the case may be) to the owner, at the last known address of such owner.

ARTICLE XIV

Miscellaneous

Section 1. Definitions. Any terms not otherwise defined herein shall have the meaning ascribed thereto in the Offering Plan or in the Proprietary Lease.

EXHIBIT 8
DECLARATION

ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP OF PREMISES LOCATED AT 1402 YORK AVENUE IN THE COUNTY OF NEW YORK, CITY AND STATE OF NEW YORK PURSUANT TO ARTICLE 9-B OF THE REAL PROPERTY LAW OF THE STATE OF NEW YORK

NAME:

1402 York Avenue Condominium
1402 York Avenue
New York, New York 10021
Block 1486
F/K/A LOT 4
N/K/A Lots 1001 and 1002
County of the New York, State of New York

CO-DECLARANTS:

BEACH PATH, LLC
1201 Route 112, Suite 900
Port Jefferson Station, New York 17776

and

1402 YORK AVENUE HOUSING DEVELOPMENT FUND COMPANY, INC.
253 West 35th Street, 3rd Floor
New York, New York 10001

Date of Declaration:

June 3, 2021

Record & Return to:
1201 Route 112, Suite 900
Port Jefferson Station
New York 11776
Attention: General Counsel

DECLARATION

BEACH PATH, LLC, a limited liability company organized and existing under the laws of the State of New York, having an office at 1201 Route 112, Suite 900 Port Jefferson Station, New York 17776 (the "**Company**") and 1402 York Avenue Housing Development Fund Company, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York, having an office at c/o Housing Partnership Development Corporation, 253 West 35th Street, 3rd Floor New York, New York 10001 (the "**HDFC**" and, together with the Company, the "**Declarant**"), do hereby declare:

1. Submission of Property. The Declarant hereby submits the land more particularly described on Schedule A attached hereto and made a part hereof, together with the building and improvements thereon erected (the "**Building**") beneficial and equitable interest of which are owned by the Company, with the record title being held by the HDFC as nominee for the Company (the land and Building being hereinafter collectively called the "**Property**") to the provisions of Article 9-B of the Real Property Law of the State of New York (the "**Condominium Act**") and does hereby establish a regime for condominium ownership of the Property as more particularly set forth herein and in the By-Laws.

2. Location of Land. The Land on which the Building is situated (the "**Land**") is located at 1402 York Avenue, County of New York and City and State of New York.

3. Building. Schedule B attached hereto and made a part hereof contains a description of the Building, including the number of stories, the number of Units and the principal materials of which the Building is constructed.

4. Name of Condominium. This Condominium shall be known as the 1402 York Avenue Condominium (the "**Condominium**"). The Declarant shall have the right to change the name of the Condominium and such right may be exercised in its sole discretion.

5. By-Laws. Attached to this Declaration and made a part hereof are the By-Laws of the Condominium (the "**By-Laws**"), which By-Laws set forth detailed provisions governing the operation, use and occupancy of the Condominium. Any reference herein to the By-Laws shall mean the By-Laws annexed hereto as Schedule D, as the same may be amended from time to time as provided therein. Any reference herein to the "Rules and Regulations" shall mean the Rules and Regulations annexed to the By-Laws as the same may be amended from time to time as provided therein.

6. Units. The Condominium shall initially consist of two (2) units which are hereinafter sometimes referred to individually as "**Unit 1**" and "**Unit 2**" respectively, and collectively, as the "**Units**." (The owner of the Units is sometimes referred to herein as a "**Unit Owner**.") Unit 1 shall consist of approximately 14,756 gross square feet of residential space on floors two (2) through eleven (11), which shall contain ten (10) residential co-operative apartment units, each as depicted in Floor Plans (as defined below) and related areas as more specifically defined in Paragraph 7(a) hereof. Unit 2 shall be comprised of approximately 359 square feet of first floor residential space, and related areas as more specifically defined in Paragraph 7(b) hereof. The

location of each Unit in the Building created by this Declaration is shown on the floor plans of the Building certified by Kossar + Garry Architects, LLP, and filed in the office of the City Register, New York County, simultaneously with the recording of this Declaration (the "**Floor Plans**"). Schedule C annexed hereto and made a part hereof, sets forth with respect to each Unit in the Building, its Unit designation, tax lot number, location, and approximate size, and the Common Elements all as more particularly shown on the Floor Plans. Each Unit shall also include an undivided percentage of ownership in the Common Elements of the Condominium (the "**Common Interest**") which shall be deemed appurtenant to such Unit, in the amount set forth on Schedule C. The Common Interest shall always be deemed conveyed or encumbered with any conveyance or encumbrance of a Unit. The Common Interest is not severable from the Unit and may not be conveyed or encumbered other than together with a conveyance or encumbrance of the Unit.

The Declarant shall not subdivide the Units into separate condominium units to be offered for sale to third parties as such or conveyed to a cooperative housing corporation for sale to third parties until and unless either (1) an offering plan for such Unit has been accepted for filing by the Department of Law in compliance with Section 352-e of the General Business Law and applicable regulations or (2) an amended no-action letter permitting such subdivision has been issued.

7. Description and Dimensions of Units.

(a) Unit 1. Unit 1 consists of those areas of the Building designated as such on the Floor Plans and not otherwise specifically designated in this Declaration as part of Unit 1 or a portion of the Common Elements. The dimensions of Unit 1 consist of the area measured (a) horizontally from the exterior face of the exterior walls (perimeter mechanical pipes are not deducted), to the midpoint of partitions separating one Unit from another Unit, and to the center line of partitions separating a Unit from public corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements and (b) vertically from the top of the slab of the Unit (located under the finished flooring and sub-floor materials), to the underside of the highest ceiling slab of the Unit, and further provided that (c) Common Elements within such areas (such as, without limitation, the Building's facade or exterior walls, vents, chase walls or areas, elevator shafts, conduits, shafts, mechanical pipes, columns and any structural components, whether along the perimeter of a Unit or within the Unit) have not been deducted from the square foot area of the Unit even though such elements are not part of the Unit.

Unit 1 includes:

(i) The interior walls, partitions, doors, floor coverings and underlayments and finished ceilings and ceiling systems within Unit 1.

(ii) All heating, ventilating, air conditioning, sprinkler systems, mechanical and electrical equipment, including all related wires, conduits, pipes, valves, switches, controls, and similar components which exclusively serve Unit 1, whether located in Unit 1 or in the Common Elements.

(iii) All mechanical rooms located within the area defined as Unit 1 on the Floor Plans, unless such mechanical rooms are specifically designated as Common Elements.

(iv) Elevators which serve Unit 1, including their respective shafts, pits, appurtenances and controls, unless they are specifically designated as Common Elements.

(v) All stairs, landings and corridors which serve Unit 1, unless they are specifically designated as Common Elements.

(vi) Canopies, doors, entrances, windows, window frames, casements and mullions which exclusively serve Unit 1.

(vii) All other facilities in the Building which serve or benefit, or are necessary for the existence, maintenance, operation or safety of Unit 1, unless specifically described as a part of Unit 2 or as Common Elements.

Unit 1 shall not include any of the Common Elements located therein or any piping, wiring, ductwork, machinery or other materials and equipment used exclusively by the Unit 2 or shared jointly by Unit 1 with Unit 2.

(b) Unit 2. Unit 2 consists of those areas of the Building designated as such on the Floor Plans and not otherwise specifically designated in this Declaration as part of Unit 1 or a portion of the Common Elements. The dimensions of Unit 2 consist of the area measured (a) horizontally from the exterior face of the exterior walls (perimeter mechanical pipes are not deducted), to the midpoint of partitions separating one Unit from another Unit, and to the center line of partitions separating a Unit from public corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements and (b) vertically from the top of the slab of the Unit (located under the finished flooring and sub-floor materials), to the underside of the highest ceiling slab of the Unit, and further provided that (c) The Common Elements within such areas (such as, without limitation, the Building's facade or exterior walls, vents, chase walls or areas, elevator shafts, conduits, shafts, mechanical pipes, columns and any structural components, whether along the perimeter of a Unit or within the Unit) have not been deducted from the square foot area of the Unit even though such elements are not part of the Unit. Unit 2 includes:

(i) The interior walls, partitions, doors, floor coverings and underlayments and finished ceilings and ceiling systems within Unit 2.

(ii) All heating, ventilating, air conditioning, sprinkler systems, mechanical and electrical equipment, including all related wires, conduits, pipes, ducts, valves, switches, controls, meters, and similar components which exclusively serve Unit 2, whether located in Unit 2 or in the Common Elements.

(iii) All mechanical rooms located within the area defined as Unit 2 on the Floor Plans, unless such mechanical rooms are specifically designated as Common Elements.

(iv) Canopies, doors, entrances, skylights, windows, window frames, casements and mullions which exclusively serve Unit 2.

(v) All other facilities in the Building which exclusively serve or benefit, or are necessary for the existence, maintenance, operation or safety of Unit 2, unless specifically described as a part of Unit 1 or Common Elements.

Unit 2 shall not include any of the Common Elements located therein or any piping, wiring, ductwork, machinery or other materials and equipment used exclusively by Unit 1 or shared jointly by Unit 2 and Unit 1.

8. Use of Units.

(a) Subject to the provisions of this Declaration and the By-Laws, Unit 1 shall be used for any lawful purpose, provided that such use (i) is then permitted by a validly existing certificate of occupancy and (ii) is permitted under applicable zoning laws, codes, rules, regulations and the terms of that certain Regulatory Agreement by and between City of New York acting by and through its Department of Housing Preservation and Development ("**HPD**") and the Declarant dated as of May 23, 2017, and recorded under CRFN 2017000248280 (the "**Regulatory Agreement**") for so long as it is in effect against Unit 1. Without limiting the generality of the foregoing, Unit 1 may be used as residential apartment units and ancillary uses. The Unit 1 owner must use, occupy and maintain (or cause to be used, occupied and maintained) said Unit 1, during the period of said owner's ownership, in a manner that will not detract from the character or appearance of the Condominium and will not materially adversely affect Unit 2.

(b) Subject to the provisions of this Declaration and the By-Laws, Unit 2 may be used for any lawful purpose, provided that such use (i) is then permitted by a validly existing certificate of occupancy and (ii) is permitted under applicable zoning laws, codes, rules, or regulations. Without limiting the generality of the foregoing, Unit 2 may be used as residential apartment units and ancillary uses. The Unit 2 Owner must use, occupy and maintain (or cause to be used, occupied and maintained) said Unit 2, during the period of said owner's ownership, in a manner that will not detract from the character or appearance of the Condominium and will not materially adversely affect Unit 1.

9. Common Elements.

(a) Definition Of Common Elements Generally. The Common Elements of the Condominium (the "**Common Elements**") consist of the entire Property including the Land and all parts of the Building and improvements thereon, other than the Units as well as all personal property and fixtures existing in, on, or under the Property or elsewhere, either currently or hereafter existing, for the common use of all the Units or by all Unit Owners or which is necessary for, or convenient to, the existence, maintenance, management, operation or safety of the Property as a whole. The Common Elements are not subject to partition nor are they severable from the Units.

(b) Use of Common Elements Generally. Subject to the provisions of this Declaration and the By-Laws, as any of the same may be amended from time to time in accordance with the respective terms thereof, each Unit Owner, its tenants and/or cooperative unit owners, licensees, invitees, agents and employees, may use the Common Elements, for the purpose for which such Common Elements are intended, without hindering or encroaching upon the lawful rights of any other Unit Owner.

(c) Schedule Of Common Elements. Except as noted below, the Common Elements include, without limitation, the Land and all other areas of the Property and all apparatus, systems, equipment and installations now or hereafter existing in the Building or on the Property

not part of any Unit, for the common use of more than one Unit or by more than one Unit Owner or necessary or convenient for the existence, maintenance or safety of the Property as a whole.

(d) Maintenance of Common Elements. The cost of maintenance, repair and replacement of the Common Elements will be borne by each Unit Owner in accordance with their percentage interests established in Schedule C. Notwithstanding the foregoing, in the event that painting, decorating, maintenance, repair or replacement of any Common Element shall be necessitated by the negligence, misuse, or neglect of a Unit Owner, the expense thereof will be the obligation of such Unit Owner.

(e) Condominium Floor Plans. In the event of any discrepancy between the general descriptions of the Common Elements set forth in Section 9 on one hand, and the detailed drawings, cross-hatchings and markings in the Condominium Floor Plans, on the other hand, then such discrepancy shall be resolved in favor of the Condominium Floor Plans and shall be determined by reference to the Condominium Floor Plans.

(f) No Partition. The Common Elements are not subject to partition nor are they severable from the Units.

10. Determination of Percentages in Common Elements.

(a) The percentage of interest in the Common Elements appurtenant to each Unit is shown on Schedule C and was determined pursuant to Section 339i(1)(ii) of the Condominium Act and is based upon the approximate proportion that the floor area of the Unit on the date hereof bears to the aggregate floor area of all of the Units, but such proportion reflects the substantially exclusive advantages enjoyed by one or more, but not all of the Units in a part or parts of the Common Elements. The aggregate Common Interest of all Units is and shall always be 100%.

11. Encroachments. If any portion of the Common Elements now encroaches upon any Unit, or if any Unit now encroaches upon the other Units or upon any portion of the Common Elements, or if any such encroachment shall occur hereafter as a result of (a) the installation, maintenance, repair or replacement of flues, vents, air-conditioning, heating, ventilating and other mechanical fixtures and equipment in the exterior walls, (b) the settling or shifting of the Building, (c) any repair or alteration made to the Common Elements in accordance with the terms of this Declaration and the By-laws by or with the consent of the Board of Managers, or (d) any repair or restoration made in accordance herewith either to the Building (or any portion thereof), any Unit, the Common Elements as a result of damage by fire or other casualty or any taking by eminent domain proceedings, then, in any of the above described events, a valid easement shall exist for such encroachment, and for the maintenance of same, for so long as the Building or the affected Unit or Common Elements shall stand.

12. Easements.

(a) The Board of Managers shall have a right upon reasonable notice at reasonable times of access to each Unit to inspect the same and to maintain, repair or replace the Common Elements contained therein or elsewhere in the Building.

(b) The Board of Managers shall have a right of access to each Unit, to cure or remedy any physical condition or any building code violation noted or issued by a governmental agency which condition or violation poses a serious and imminent danger or hazard to the safety of the Building as a whole or occupants thereof or would prevent the legal occupancy of the Building as a whole (but not to cure or remedy a condition or violation which affects only the Unit in which such condition or violation exists) or any other Unit.

(c) Each Unit Owner shall have an easement in common with all other Unit Owners, and shall be subject to a like reciprocal easement, for ingress and egress through all Units, to the extent such is necessitated by an emergency.

(d) Each Unit Owner shall have an easement in common with all other Unit Owners, and each Unit shall be subject to a like reciprocal easement upon reasonable notice at reasonable times to operate, maintain, supplement, repair, alter, rebuild, restore and replace any electrical, mechanical, plumbing, heating, ventilation or air conditioning equipment or systems (including any related, wire, pipes, conduits, ducts, controls, relays and similar appurtenances) that constitute part of such unit (collectively the "**Unit Equipment**"), provided that the exercise thereof does not result in any additional encroachment upon any Unit or Common Elements beyond the encroachment for such Unit Equipment existing on the date hereof or as specifically reserved on the Floor Plans. After the date hereof, each Unit Owner shall have an easement in common with all other Unit Owners and each Unit shall be subject to a like reciprocal easement in, over, under, through or upon any other Unit or any Common Elements upon reasonable notice at reasonable times to relocate or install additional Unit Equipment, subject to the prior written consent of the Unit Owner of the servient Unit (if the proposed encroachment is with respect to a Unit) or the Board of Managers (if the proposed encroachment is with respect to the Common Elements). Any consent required hereunder shall not be unreasonably withheld or delayed, provided that all information (including plans and specifications) of the proposed relocation or installation is furnished to the consenting Unit Owner or the Board of Managers, as the case may be.

(e) In connection with any change in a Unit pursuant to Article 21 hereof, each Unit Owner shall have an easement to utilize, affix to, anchor in, or penetrate the exterior walls of the Building from the Unit side thereof to the unexposed interior surface of the brick, provided that no such use shall impair the structural integrity of the Building or any portion thereof.

(f) Each Unit shall have an easement of support and of necessity and shall be subject to an easement of support and necessity in favor of the other Unit, the Common Elements.

(g) Each Unit Owner shall have an easement, with the consent of the Board of Managers or any other Unit Owner (such consent not to be unreasonable withheld) as hereinafter provided, to erect, maintain, repair and replace, from time to time, subject to the requirements of applicable laws, ordinances, rules and regulations, one or more signs, banners, awnings or canopies (collectively "**Displays**") on the exterior of the Building and sidewalks adjacent thereto (i) for the purpose of identifying a prospective occupant of all or any portion of such Unit, and/or (ii) in connection with the operation of the Unit. Each Unit Owner shall be obligated to maintain any Display erected by it in good condition or repair at all times, or to remove such Display and restore the condition of any Common Elements affected by the installation or removal thereof.

(h) The Board of Managers shall have the right to grant to any public utility such additional electric, gas, steam or other utility easements or consent to relocate any existing utility easements upon any portion of the Common Elements which the Board of Managers shall deem necessary or desirable for the proper operation and maintenance of the Building. Any utility company and its employees and agents shall have the right of access to any Unit or the Common Elements in furtherance of such easement, provided such right of access shall be exercised in such a manner as to not unreasonably interfere with the normal conduct of business of the tenants and/or cooperative unit owners and occupants of any Unit.

(i) The exercise of any easement granted in this Article 12 shall be on condition that (i) the exercise thereof shall be in a manner that will not unreasonably interfere with the normal conduct of business of the Unit Owner of the servient Unit, its tenants and/or cooperative unit owners or the occupants thereof, (ii) entry shall be permitted on not less than three (3) days' prior notice, except that no notice will be necessary in the case of an emergency, provided that all reasonable efforts will be made to provide advance notice and, if advance notice cannot be given, notice will be given as soon thereafter as practicable, and (iii) the beneficiary of any easement shall have the responsibility of repairing any damage resulting from the exercise of its right to use or maintain the same.

(j) In connection with the exercise of any easement hereinabove expressly granted, each Unit Owner and their agents, contractors and employees, shall have such additional easements for ingress, egress and access generally, including for storage of materials, in, on, over, under and through the Common Elements or any Unit, as are reasonably necessary for the practical exercise of the foregoing rights, but subject to all of the limitations otherwise applicable to the exercise of easements generally.

(k) In addition to the specific easements set forth in this Declaration, the Property and every portion thereof shall be subject to all easements and rights of access prescribed in the Condominium Act.

(l) The user of any of the easements granted herein and described above shall have the obligation and responsibility of repairing, at its sole cost and expense, any and all damage to the easement area resulting from such use. This duty of repair shall run with the Land and inure to the benefit of and bind the Unit Owners, their heirs, executors, administrators and assigns, and shall also inure to the benefit of the agents, servants, licensees and invitees of the Unit Owners.

(m) The Unit 2 Owner, its designees and invitees, are hereby granted an easement over and through the elevators, lobby and stairs which are part of the Unit 1, if any such areas are required to cross and enter, for the purpose of maintaining, repairing and replacing any equipment located thereon or therein which is part of or exclusively serves the Unit 2, including the installation of any addition and/or new equipment or flues, and otherwise in furtherance of any lawful purpose not prohibited by the Declaration or By-Laws.

(n) The Unit 1 Owner, its designees and invites are hereby granted an easement over and through the stairs, hallways, and elevators in the Unit 2, if any such areas are required to cross and enter in order to perform any maintenance, repairs and replacement in the mechanical rooms located in the cellar of the Building and otherwise in furtherance of any lawful purpose not prohibited by the Declaration or By-Laws.

(o) The grantee of any easements granted herein shall be responsible for repairing any damage resulting from the use of such easement.

13. Acquisition of Units by Board of Managers. In the event the Board of Managers shall acquire ownership of a Unit, together with the appurtenant interest in the Common Elements, from any Unit Owner at a foreclosure or other judicial sale, or otherwise pursuant to Section 8 of Article VI of the By-Laws, title to any such Unit, together with the appurtenant Common Interest, shall be held by the Board of Managers, or its designee, on behalf of all Unit Owners.

In order to carry out the provisions of this Article, each Unit Owner shall, upon becoming such, grant an irrevocable power of attorney, coupled with an interest to the Board of Managers and their successors to acquire title or lease any such Unit under whatever terms the Board of Managers may in its sole discretion deem proper and to sell, lease, sublease, mortgage, vote or otherwise deal with such Unit under such terms as the Board of Managers in its sole discretion shall deem proper.

14. Person to Receive Service. Service of process on the Unit Owners in any action with relation to the Common Elements shall be made upon the person holding the office of the President (or in his absence, on any member of the Board of Managers), from time to time c/o the Board of Managers of 1402 York Avenue Condominium, 1402 York Avenue, New York, New York 10021, or such other address as the President of the Condominium may determine. In addition, the Secretary of State of the State of New York is hereby designated as agent of the Condominium and the Board of Managers upon whom process against the Condominium and/or the Board of Managers shall be made by personally delivering to and leaving with him or her or his or her deputy, or with any person authorized by the Secretary of State to receive such service, at the office of the Department of State in the City of Albany, duplicate copies of such process together with the statutory fee. The Secretary of State of the State of New York shall mail a copy of any process against it served upon the Secretary of State to: 1402 York Avenue Condominium, 1402 York Avenue, New York, New York 10021, or as otherwise set forth in writing to the Secretary of State.

15. Units Subject to Declaration, By-Laws and Rules and Regulations. All present and future owners of Units (and their tenants and/or cooperative unit owners) shall be subject to and shall comply with the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time and any recorded encumbrances to which they are now or hereafter subordinate. The acceptance of a deed, lease or conveyance (including the transfer of a beneficial interest) shall constitute an agreement that the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time, are accepted and ratified by such owner or its tenants and/or cooperative unit owners, as the case may be, and all of such provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time, shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed of conveyance thereof.

16. Amendment of Declaration and Condominium Documents.

(a) The provisions of this Declaration may not be amended without written agreement of all Unit Owners HPD for so long as that certain Regulatory Agreement is in effect and is outstanding.

(b) No amendment to this Declaration shall be effective until recorded in the Office of the City Register, New York County.

(c) No modification or amendment may be made to this Declaration, the By-laws, or any other Condominium documents (collectively, the "Condominium Documents") that will in any way either: (i) increase the HDFC's Obligations (as defined in Article 27(b)) under the Condominium Documents; or (ii) modify or adversely affect the HDFC's title to the Property or any portion thereof (any such modification or amendment in violation of this Article 16(c), an "Invalid Amendment"). Any such Invalid Amendment shall be void ab initio.

(d) Notwithstanding any other provision of this Declaration, no action of partition or division of the Common Elements shall be brought nor shall Condominium ownership of the Property be terminated where such partition, division or termination will result in a violation of the then existing local zoning or building laws or codes.

17. Common Charges.

(a) All sums assessed by the Board of Managers, but unpaid, together with interest thereon at the maximum rate permitted by law, shall constitute a lien on the Unit prior to all other liens except tax or assessment liens on the Unit by the taxing subdivision of a governmental authority, and (ii) all sums unpaid on any mortgage of record encumbering the Unit. Such lien may be foreclosed by the Condominium when Common Charges are past due in accordance with the laws of the State of New York in like manner as a mortgage on real property or by any other proceedings permitted by applicable law. Every Unit Owner shall pay the Common Charges assessed against its Unit when due and no Unit Owner may exempt itself or the Unit from liability for the payment of Common Charges assessed against it or the Unit by waiver of the use of any of the Common Elements or by abandonment of the Unit. In any such foreclosure, the Condominium shall also have a right to recover all costs and expenses incurred, including reasonable attorneys' fees. In the event the proceeds of the foreclosure sale are not sufficient to pay such unpaid Common Charges, the unpaid balance shall be charged to each Unit Owner as a Common Expense. Where, however, the holder of a mortgage of record, or other purchaser of a Unit at a foreclosure sale of a mortgage, obtains title to a Unit as a result of foreclosure, or the mortgage holder obtains title in lieu of foreclosure, such acquirer of title and its successor or assigns, shall not be liable, and the Unit shall not be subjected to a lien, for the payment of Common Charges chargeable to such Unit that were assessed and became due prior to the acquisition of title to such Unit by such acquirer. In such event, the unpaid balance of Common Charges shall be charged to the other Unit Owner(s) as a Common Expense.

(b) Payment of Common Charges. Each Unit Owner shall pay the Common Charges assessed against its Unit when due and no Unit Owner may exempt itself or the Unit from liability for the payment of Common Charges assessed against it or the Unit by waiver of the use of any of the Common Elements or by abandonment of the Unit. No Unit Owner, however, shall

be liable for the payment of any Common Charges accruing subsequent to a sale, transfer, or other conveyance of such Unit made in accordance with Section 339-x of the Condominium Act (regarding conveyances of a Unit to the Board of Managers) or in accordance with the provisions of this Declaration and the By-Laws.

(c) Assessment of Common Charges. Common Charges shall generally be assessed against each Unit in accordance with the Common Interest of such Unit. Certain Common Charges, however, may be specially allocated and apportioned among Unit Owners based upon special or exclusive use, availability or control of particular Common Elements, or services provided by the Condominium. For so long as the Regulatory Documents are in effect, the aggregate amount of Common Charges (including special assessments, if applicable) allocated to the Unit 1 in any fiscal year shall be allocated and apportioned in accordance with Section 339-m of the Condominium Act.

18. Conveyance of a Unit. Upon the conveyance of any Unit, said Unit shall be conveyed with and such conveyance shall include (i) the undivided Common Interest in the Common Elements that are appurtenant to such Unit, (ii) the interests of such Unit Owner in any other Condominium Units theretofore acquired or leased by the Board of Managers (or its designee) on behalf of all Unit Owners (or the proceeds of the sale of lease thereof, if any), and (iii) the interests of such Unit Owner in any other assets of the Condominium (such interests above being referred as Appurtenances.) Any conveyance of a Unit and any attempt to alienate or sever the Appurtenant Interests from the Unit to which they are appurtenant shall be null and void.

Each Unit Owner agrees to take title subject to all service contracts entered into by the Declarant or the Board of Managers which exist at the time the Unit Owner takes title.

19. Incurrence of Debt. The Board of Managers may not incur any debt.

20. Liability Of Grantee For Unpaid Common Charges. Subject to the last two sentences of this Article 20, any grantee or transferee of a unit ("**Grantee**") shall be jointly and severally liable with the transferor/Unit Owner for any unpaid Common Charges assessed against the Unit through the time of the grant or conveyance, without prejudice to the Grantee's right to recover from the transferor/Unit Owner the amounts paid by the Grantee therefor. The Grantee shall be entitled to a statement from the Board of Managers setting forth the amount of Common Charges assessed and unpaid against its Unit as provided under Article VI, Section 6 of the By-Laws. The Grantee shall not be liable for any unpaid Common Charges assessed prior to the date of the transfer or conveyance in excess of the amount set forth in such statement.

21. Termination of Condominium. The Condominium shall continue and shall not be subject to an action for partition until (i) terminated following a condemnation or taking by eminent domain of the Property pursuant to the By-Laws, or (ii) such time as withdrawal of the Property from the provisions of the Condominium Act is authorized by a unanimous vote of all Unit Owners. In the event said termination is authorized as aforesaid, the Property shall be subject to an action for partition by any Unit Owner or as if owned in common, in which event the net proceeds of the sale of the Property shall be divided among all Unit Owners in proportion to their respective Common Interests, provided, however, that no payment shall be made to a Unit Owner until there has first been paid out of its share of such net proceeds all liens on the Unit, in the order of priority of such liens.

22. Changes in Units. Subject to the applicable provisions of the Declaration and By-Laws (including Section 17 of Article VI of the By-Laws), and except to the extent prohibited by law, each Unit Owner, at its sole cost and expense, shall have the right with respect to any Unit owned by such Unit Owner, without prior notice and without the vote or consent of the Board of Managers, or the other Unit Owner, to (i) make alterations, additions, improvements or repairs, ordinary or extraordinary, of any type or nature whatsoever, in, to and upon the Unit, (ii) change the layout or configuration of any areas within the Unit, provided, however, that in each instance the Unit Owner shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction, and any and all structural changes shall not (x) adversely or materially affect the structural integrity of the Building or any of its supporting beams, columns, floor slabs, foundations or elevator systems, or (y) affect the Common Elements of any other Unit. At the request of the Unit Owner, the Board of Managers will execute any application or other document required to be filed with any governmental agency having or asserting jurisdiction in connection with any addition, alteration, improvement or repair of a Unit, at which time the requesting Unit Owner shall indemnify and hold the Board of Managers and other Unit Owner harmless from any expense or liability by virtue of the execution of the application or such other documents.

23. Invalidity. The invalidity of any provision of this Declaration or the By-Laws shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of this Declaration and By-Laws and, in such event, all of the other provisions of this Declaration and By-Laws shall continue in full force and effect as if such invalid provision had never been included herein.

24. Waiver. No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

25. Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration nor the intent of any provision hereof.

26. Gender. The use of the masculine gender in this Declaration shall be deemed to refer to the feminine or neuter gender and the use of the singular shall be deemed to refer to the plural, and vice versa, whenever the context so requires.

27. Exculpation.

(a) Neither Declarant nor any director, officer, employee, agent, consultant, or affiliate of Declarant shall have any personal liability of any nature whatsoever to any Unit Owner or any other party by reason of this Declaration, the By-Laws, or any Rules and Regulations (as defined in the By-Laws) in connection with the establishment of this Condominium.

(b) Any and all liabilities, obligations, costs and/or expenses of the HDFC under the Condominium Documents ("**Obligations**") including, without limitation, any Obligations of the HDFC as a Unit Owner including, without limitation, those set forth in Article 9 hereof, shall be

those of Company rather than those of the HDFC. The Company shall indemnify and hold harmless the HDFC with respect to the Obligations to the fullest extent permissible by law.

28. Defined Terms. Capitalized terms used in this Declaration and not otherwise defined herein shall have the meaning ascribed to them in the By-Laws.

29. Jurisdiction. Each Unit Owner does hereby submit to the jurisdiction and venue of the courts of the County and State of New York for the resolution of any dispute which may arise under or in connection with the Condominium Declaration, By-Laws and Rules and Regulations.

30. Cooperation. Unit Owners agree to cooperate with each other with respect to their intention to occupy Units in the Building pursuant to this Declaration; for this purpose, each Unit Owner agrees to execute and deliver such documents and information as may reasonably be required of them by the Board of Managers.

31. Successors and Assigns. Except as set forth herein or in the By-Laws to the contrary, the rights and/or obligations of Declarant or Declarant's designee(s) as forth herein shall inure to the benefit of and be binding upon any successor or assign of Declarant or its designee, or with the consent of Declarant or its designee, any transferee of the Units then owned by Declarant or its designee, as the case may be. Subject to the foregoing, Declarant and/or its designee, as the case may be, shall have the right, any time, in their sole discretion, to assign or otherwise transfer their respective interests herein, whether by sale, merger consolidation, lease, assignment or otherwise.

32. Counterparts. This Declaration may be executed in counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed this 3rd day of June, 2021.

Beach Path, LLC, a New York limited liability company

By: Rise Above III, LLC, its Sole Member

By: _____
Name: Enrico Scarda
Title: Manager

1402 York Avenue Housing Development Fund Company, Inc.

By: _____
Name:
Title:

ACKNOWLEDGMENT

STATE OF NEW YORK)
) ss.:
COUNTY OF)

On this __ day of _____ 2021, before me, the undersigned, a Notary Public in and for said State, personally appeared Enrico Scarda, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

My Commission Expires _____

ACKNOWLEDGMENT

STATE OF NEW YORK)
) ss.:
COUNTY OF)

On this __ day of July 2021, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

My Commission Expires _____

SCHEDULE A

PREMISES KNOWN AS 1402 YORK AVENUE CONDOMINIUM
1402 YORK AVENUE, NEW YORK, NEW YORK 10021
BLOCK 1486, F/K/A/ LOT 4, N/K/A LOTS 1001 and 1002

PROPERTY DESCRIPTION

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at a point on the easterly side of York Avenue (a/k/a Avenue A) distance 102.2 feet northerly from the corner formed by the intersection of the easterly side of York Avenue and the northerly side of East 74th Street;

RUNNING THENCE easterly parallel with the said northerly side of East 74th Street, 98 feet;

THENCE southerly parallel with the easterly side of York Avenue, 20 feet;

THENCE westerly parallel with the northerly side of East 74th Street, 98 feet to the easterly side of York Avenue;

THENCE northerly along the easterly side of York Avenue, 20 feet to the point or place of BEGINNING.

SCHEDULE B

PREMISES KNOWN AS 1402 YORK AVENUE CONDOMINIUM
1402 YORK AVENUE, NEW YORK, NEW YORK 10021
BLOCK 1486, F/K/A/ LOT 4, N/K/A LOTS 1001 AND 1002

Description of the Building

The 11-story Building, with cellar and roof bulkhead, to be erected on the Land shall include a combination of lawful (i) residential uses on the ground floor and (ii) a residential housing facility contained in floors 2 to 11 stories and a cellar. There will be two (2) condominium units in the Building. The Unit 1 (Lot 1001) shall consist of a residential entrance lobby, elevator, egress stairs and other ancillary residential space on a portion of the ground floor; residential units and ancillary space on floors 2 through 11, and the Building's bulkheads on the roof. The Unit 2 (Lot 1002) shall consist of a ground floor residential studio, rental apartment unit space and ancillary space.

The total height of the Building from average curb to the highest point on the roof is approximately 100'-0'' (not including bulkheads or parapet walls).

The Building foundation is a 27" mat slab. The Building's structural system consists of reinforced concrete. The front exterior of the Building is clad with EIFS and the rear exterior is clad with CMU with interior furring.

SCHEDULE C

PREMISES KNOWN AS 1402 YORK AVENUE CONDOMINIUM
1402 YORK AVENUE, NEW YORK, NEW YORK 10021
BLOCK 1486, F/K/A/ LOT 4, N/K/A LOTS 1001 AND 1002
PREMISES KNOWN AS 1402 YORK AVENUE CONDOMINIUM

Level	**Unit 1** Square Footage of the Unit 1 Lot 1001	**Unit 2** Square Footage of Unit 2 Lot 1002	**General Common Element**
Cellar	0.0	0.0	1,643.0
Level 1	0.0	359.0	1,601.0
Level 2	1,536.0	0.0	384.0
Level 3	1,536.0	0.0	384.0
Level 4	1,536.0	0.0	384.0
Level 5	1,536.0	0.0	384.0
Level 6	1,536.0	0.0	384.0
Level 7	1,536.0	0.0	384.0
Level 8	1,536.0	0.0	384.0
Level 9	1,536.0	0.0	384.0
Level 10	1,234.0	0.0	689.0
Level 11	1,234.0	0.0	384.0
Roof	0.0	0.0	1,627.0
Bulkhead	0.0	0.0	394.0
Area Total	14,756.0	359.0	9,410.0

Unit 1 has a 97.62% Interest in Common Elements

Unit 2 has a 2.38% Interest in Common Elements

SCHEDULE D

PREMISES KNOWN AS 1402 YORK AVENUE CONDOMINIUM
1402 YORK AVENUE, NEW YORK, NEW YORK 10021
BLOCK 1486, F/K/A/ LOT 4, N/K/A LOTS 1001 AND 1002

Bylaws

Condominium By-Laws

for

1402 YORK AVENUE CONDOMINIUM

1402 York Avenue
New York, New York 10021

Prepared By:

Hirschen Singer & Epstein LLP
Attorneys for Declarant
902 Broadway, 13th Floor
New York, New York 10010

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EXHIBIT A - RULES AND REGULATIONS

CONDOMINIUM BY-LAWS

of

1402 YORK AVENUE CONDOMINIUM

ARTICLE I
Definitions

Section 1. Definitions. Capitalized terms used in these By-Laws and not otherwise defined herein shall have the meanings ascribed thereto in the Declaration of Condominium to which these By-Laws are attached. The Condominium consists of two (2) Units, Unit 1 and Unit 2. As used herein, the term "Unit" or "Units" shall be deemed to refer to any or all of the Units which may exist from time to time. The term "Unit 2 Section" shall refer to Unit 2. The term "Unit 1 Section" shall refer to Unit 1.

(a) "Certifying Professional" shall mean an architect or similarly qualified professional who is experienced in assessing and allocating construction and/or rehabilitation costs arising out of damage, destruction, or a taking of one or more Units or the Common Elements;

ARTICLE II
Plan of Unit Ownership

Section 1. Purpose. The purpose of these By-Laws is to set forth the rules and procedures which shall govern the operation and conduct of Prospect Court Condominium.

Section 2. Applicability of By-Laws. The provisions of these By-Laws are applicable to the use and occupancy of all portions of the Property (i.e., the Units and Common Elements) as well as all easements, rights and appurtenances thereto, and all other property, personal or otherwise, intended for use in connection therewith.

Section 3. Application. All present and future owners, lessees and mortgagees (fee or leasehold) of Units and their respective employees, agents, tenants, licensees or invitees and any other persons who may use the facilities of the Condominium or enter upon the Property are subject to these By-Laws, the Declaration and the Rules and Regulations attached hereto as Exhibit A (the "Condominium Documents"), each as may be amended from time to time in accordance with their respective terms. The acceptance of a deed of conveyance, or the succeeding to title to a Unit (by operation of law or otherwise) shall constitute an agreement that these Condominium Documents, as they may be amended from time to time, are assumed, accepted, ratified, and will be complied with.

Section 4. Office. The office of the Condominium and of the Board of Managers shall be located at the Property or at such other location within the City of New York as may from time to time be designated by notice to all Unit Owners by the Board of Managers.

ARTICLE III
Board of Managers

Section 1. Section Designation, Number and Qualification. The affairs of the Condominium shall be governed by a board of managers (the "Board of Managers"). The Board of Managers shall consist of three (3) persons. The Owner of Unit 1 shall be entitled to designate two (2) members of the Board (one of who shall be designated by the Owner of Unit 1 to be the President of the Board). The Owner of Unit 2 shall be entitled to designate one (1) member of the Board.

Section 2. Powers and Duties of the Board of Managers. The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things except those that may not be delegated to the Board of Managers by the Unit Owners by law or by the Declaration or by these By-Laws. All determinations however, which (i) affect only Unit 2 and do not "adversely affect" Unit 1 or the use of Unit 1 for its permitted purposes, shall be made by the Unit 2 Owner, and (ii) affect only Unit 1 and do not "adversely affect" Unit 2 or the use of Unit 2 for its permitted purposes, may be made by the Unit 1 Owner. All other determinations with respect to administration of the affairs of the Condominium shall be made by the Board of Managers. Both the Unit 1 Owner and the Unit 2 Owner shall have a duty to notify each other in writing each time a determination is made by one of them that might reasonably be expected to have a material impact on Unit 2, if the determination is by the Unit 1 Owner, or on Unit 1, if the determination is by the Unit 2 Owner. Any dispute as to whether a determination made by one Unit Owner "adversely affects" another Unit Owner or said Unit Owner's Unit, shall be a dispute which shall be settled by arbitration in accordance with Article XIII herein (an "Arbitrable Dispute"). Subject to the foregoing, the powers and duties of the Board of Managers shall include, but shall not be limited to the following:

(a) Operation, care, upkeep, maintenance, replacement, repair and cleaning of the Common Elements;

(b) Making additions, alterations and improvements to the Common Elements, subject to the provisions of Article VI, Section 16;

(c) Determination of Common Charges required to pay Common Expenses of the Condominium;

(d) Collection of the Common Charges and other assessments from Unit Owners, and expenditure of same to pay Common Expenses, as set forth in Section 1 of Article VI, herein;

(e) Adoption and amendment of rules and regulations covering operation and use of the Common Elements as herein permitted;

(f) Acquiring in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners, rights and interests in personal property for use in connection with the ownership and operation of the Common Elements, subject to the provisions of Article VI, Section 16;

(g) Obtaining insurance, pursuant to the provisions of Article VI, Section 2 hereof;

(h) Making repairs to and/or restoration of the Common Elements after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings or as may be required by law, subject to the provisions of Article VI, Sections 3 and 16 and Article VIII and otherwise, in accordance with any other applicable provisions of the Declaration and By-Laws;

(i) Adjusting and settling claims under insurance policies obtained pursuant to Article VI, Section 2, and executing and delivering releases upon settlement of such claims on behalf of all Unit Owners, provided that such adjustment or settlement must be approved by unanimous consent the Unit Owners;

(j) Executing, acknowledging and delivering (i) any declaration or other instrument affecting the Property which the Board of Managers deems appropriate or necessary to comply with any law, ordinance, regulation, zoning resolution or requirement of the Department of Buildings, Landmarks Preservation Commission, or any other public authority, applicable to the maintenance, demolition, construction, alteration, repair or restoration of the Property, or (ii) subject to the provisions of the Declaration and By-Laws and the approval rights of any mortgagee, any consent, covenant, restriction, easement or declaration affecting the Property which the Board of Managers deems necessary or appropriate;

(k) Preparing, executing and recording, on behalf of all Unit Owners, as their attorney-in-fact, a restatement of the Declaration and/or these By-Laws whenever the Board of Managers deems it advisable to consolidate and restate all amendments, modifications, additions and deletions theretofore made to the Declaration and/or these By-Laws;

(l) Executing, acknowledging and delivering any document or other instrument necessary to commence (on thirty (30) days prior written notice to the other Unit Owner in advance of the commencement of such action), pursue, compromise or settle certiorari proceedings to obtain reduced real estate tax assessments with respect to Units for the benefit and on behalf of each Unit Owner who has given appropriate written authorization, provided that each such Unit Owner indemnifies the Board of Managers and the Condominium from and against all claims, costs and expenses (including, without limitation, reasonable attorney's fees and disbursements) resulting from such proceedings;

(m) Taking such actions as may be necessary or desirable to enforce the provisions of the Declaration, By-Laws and Rules and Regulations and defend on behalf of the Condominium, any actions commenced against the Condominium, provided that the commencement of legal proceedings must be approved by unanimous consent of the Board of Managers except for landlord and tenant actions and insurance proceedings not affecting the other Unit Owner(s);

(n) Settling any claim or lawsuit by or against the Condominium, provided that any such settlement is approved by unanimous consent of the Board of Managers; and

(o) Entering into service or supply contracts to effect any of the foregoing, provided, that if any such contract is with any person or entity related to any Unit Owner (or the directors, officers, employees or affiliates thereof), the terms of such contract, when taken as a

whole, are not less advantageous to the Condominium than those which would be obtained for similar services or products between unrelated parties in New York City.

The Board of Managers may not lease or license any portion of the Common Elements, without unanimous written consent of the Board of Managers.

Section 3. Managing Agent and Manager. The Board of Managers may employ for the Condominium a managing agent and/or a manager approved by the majority consent of the Board of Managers.

Section 4. Election and Term of Office. Each member of the Board of Managers shall hold office for a three-year term or until his successor shall have been designated as provided in Section 1 of Article III hereof.

Section 5. Removal of Members of the Board of Managers. At any regular or special meeting of Unit Owners, any one or more of the members of the Board of Managers may be removed with or without cause by the Unit Owner having designated such member. A replacement shall be promptly designated by the applicable Unit Owner.

Section 6. Vacancies. In the event that a member of the Board of Managers designated by the Owner of Unit 1 or the Owner of Unit 2 dies, becomes incompetent, resigns or is otherwise unable to serve, the Unit Owner having designated such member shall, immediately and in no event later than 30 days after notification by the Board that there is a vacancy, designate a successor.

Section 7. Regular Meetings. Regular meetings of the Board of Managers may be held at such time and place as shall be determined from time to time by a majority of the members of the Board, but at least one such meeting shall be held during each fiscal year. Notice of regular meetings of the Board of Managers shall be given to each member of the Board of Managers by the President of the Board, by mail, facsimile or by hand, at least ten (10) business days prior to the day named for such meeting. Such notice shall state the time of the meeting and a location.

Section 8. Special Meetings. Special meetings of the Board of Managers may be called by any member of the Board of Managers upon at least ten (10) business days' notice to each member of the Board of Managers in like manner and on like notice as for Regular Meetings, except in the event of an emergency or exigent circumstances for the immediate safety or critical, physical integrity of the Building and/or any of its occupants ("Emergency Situation") then own one (1) day written notice.

Section 9. Waiver of Notice. Any member of the Board of Managers may at any time waive notice of any meeting of the Board of Managers in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Managers at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. Any one or more members of the Board of Managers or any committee thereof may participate in a meeting of the Board or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting. If all the members of

the Board of Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 10. Quorums. Except as otherwise required in these By-Laws, all determinations and actions of the Board of Managers shall be made at a meeting of the Board at which a quorum is present. At all meetings, the presence of two (2) members of the Board of Managers shall be required to constitute a quorum. Commercially reasonable efforts shall be made by the Board to schedule a meeting that can be attended by the member (or its proxy) designated for Unit 2, but (i) in no event may such member (or its proxy) designated for Unit 2 willfully withhold its attendance or substantially delay a meeting of the Board, and (ii) after taking into account the availability of attendees and giving three (3) alternate dates and times for the member (or its proxy) designated for Unit 2 to attend the Board meeting and fails to attend or make themselves available, then the Board may proceed with any meeting without the attendance of said member (or its proxy) for Unit 2.

Section 11. Action. Each member of the Board of Managers shall be entitled to cast one (1) vote each in any vote held by the Board. Except as otherwise expressly required by the Declaration or By-Laws, the majority vote of the members present at a meeting at which a quorum is present shall constitute the decision of the Board of Managers. Any action required or permitted to be taken by the Board of Managers may be taken without a meeting if all members of the Board consent in writing to the adoption of a resolution authorizing such action and the writing or writings are filed with the minutes of the proceedings of the Board.

Section 12. Fidelity Bonds. The Board of Managers may obtain adequate fidelity bonds for all members of the Board of Managers, officers and employees of the Condominium and the managing agent handling or responsible for Condominium funds. The premiums on such bonds shall constitute a Common Expense.

Section 13. Compensation. No member of the Board of Managers shall receive any compensation from the Condominium for acting as such.

Section 14. Liability of the Board of Managers. The members and officers of the Board of Managers shall not be liable to the Unit Owners for any mistake of judgment or negligence, except for their own individual willful misconduct, gross negligence, or bad faith. To the fullest extent allowed by law, the Unit Owners shall indemnify and hold harmless each of the members and officers of the Board of Managers against all liability to others arising from their acts as, or by reason of the fact that such person was, a member or officer of the Board of Managers. It is intended that the members and officers of the Board of Managers shall have no personal liability with respect to any contract made by them on behalf of the Condominium within the scope of their authority. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Managers or out of the aforesaid indemnity in favor of the members and officers of the Board of Managers shall be limited to such proportion of the total liability thereunder as such Unit Owner's interest in the Common Elements bears to the interests of all Unit Owners in the Common Elements. Every agreement made by the Board of Managers or by the managing agent on behalf of the Condominium shall provide that the members and officers of the Board of Managers, or the managing agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that any liability of a Unit Owner thereunder shall be limited to such proportion of the total liability thereunder as his interest in the

Common Elements bears to the interests of all Unit Owners in the Common Elements. Except as might otherwise be limited by applicable law, the Board may purchase and maintain insurance against liability arising under the indemnification obligations contained in this Section 14 and for such additional related risks as the Board shall deem appropriate.

Section 15. Legal Status of the Board. In addition to the status conferred upon the Board of Managers under or pursuant to the provisions of the Condominium Act, the Board of Managers shall, to the extent permitted by applicable Law, be deemed to constitute a separate unincorporated association for all purposes under and pursuant to the provisions of the General Associations Law of the State of New York. In the event of the incorporation of the Board of Managers pursuant to the provisions of Section 16 hereof, the provisions of this Section 15 shall no longer be applicable.

Section 16. Incorporation of the Board. To the extent and in the manner provided in the Condominium Act, the Board of Managers may by unanimous consent of Board of Managers, be incorporated under the applicable statutes of the State of New York. In the event that the Board of Managers so incorporates, it shall have, to the extent permitted by applicable Law, the status conferred upon it under such statutes in addition to the status conferred upon such Board of Managers under or pursuant to the provisions of the Condominium Act. The certificate of incorporation and By-Laws of any such resulting corporation shall conform as closely as practicable to the provisions of the Declaration and these By-Laws and the provisions of the Declaration and these By-Laws shall control in the event of any inconsistency or conflict between the provisions thereof and the provisions of such certificate of incorporation and By-Laws.

ARTICLE IV
Unit Owners

Section 1. Annual Meetings. Immediately after the recording of the Declaration, a meeting of Unit Owners shall be held at which time the Unit Owners shall designate or elect, as provided in Section 1 of Article III, members to the Board of Managers and may transact such other business as may properly come before such meeting. Thereafter, an annual meeting shall be held within approximately three (3) weeks of the anniversary of the first annual meeting on such day as all Unit Owners shall agree.

Section 2. Place of Meetings. Meetings of the Unit Owners shall be held at the principal office of the Condominium or at such other suitable place convenient to the Unit Owners and as may be designated by the Board of Managers.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the Unit Owners if so directed by resolution of the Board of Managers, or upon a petition signed and presented to the Secretary by any Unit Owner. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail, via certified mail, return receipt requested, or by FedEx or other reputable overnight carrier, a notice of each annual or special meeting of the Unit Owners at least five (5), but not more than forty (40) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to

each Unit Owner of record, at the Property or at such other address as such Unit Owner shall have designated by notice in writing to the Secretary. If the purpose of any meeting shall be to act upon a proposed amendment to the Declaration or to these By-Laws, the notice of meeting shall contain the text of the proposed amendment and shall be mailed at least thirty (30) days prior to such meeting to each Unit Owner and each mortgagee. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice.

Section 5. Adjournment of Meetings. If any meeting of Unit Owners cannot be held because a quorum is not present either in person or by proxy, a majority of the Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than three (3) business days from the time the original meeting was called.

Section 6. Order of Business. The order of business at all meetings of the Unit Owners shall be as follows:

(a) Call to order.

(b) Roll call.

(c) Proof of notice of meeting.

(d) Reading of minutes of preceding meeting.

(e) Reports of officers.

(f) Report of Board of Managers.

(g) Election of members of the Board of Managers (when required).

(h) Unfinished business.

(i) New business.

Section 7. Title to Units. Title to Units may be taken in the name of an individual or in the names of two or more persons, as tenants-in-common or as joint tenants or as tenants by the entirety, or in the name of a corporation, limited liability company or partnership, or in the name of a fiduciary. The Condominium shall be limited to Unit Owners. "Unit Owner", as referred to herein, shall mean all of the beneficial owners of each Unit, in each case, acting as one Unit. Title to a Unit may be acquired and held in the name of one or more Persons or in any manner permitted by Law. The Condominium contains a total of two (2) Units, which are known as (i) Unit 1 and (ii) Unit 2. Title to each Unit may be bifurcated into a legal owner and a beneficial owner. Any New York not-for-profit corporation, formed pursuant to Section 402 of the New York Not-for-Profit Corporation Law ("N-PCL") and Article XI of the Private Housing Finance Law ("PHFL"), with housing purposes in its certificate of incorporation, may serve as a legal owner, as nominee, for a Unit Owner, pursuant to a declaration of interest and nominee agreement or other similar instrument to effectuate allocation of title interests to a Unit.

Section 8. Voting.

(a) The total number of votes of all Unit Owners shall be three. Accordingly, as of the date hereof, the owner of Unit 1 may cast two (2) votes and the owner of Unit 2 may cast one (1) votes.

(b) Each Unit Owner shall be entitled to designate an individual to act as proxy on its behalf who shall be entitled to cast the votes appurtenant to such Unit at all meetings of Unit Owners. The designation of any such proxy shall be made in writing to the Secretary, and shall be binding upon such Unit Owner until revoked in writing by notice given to the Secretary or in person by the Unit Owner at a meeting of the Unit Owners.

Section 9. Majority of Unit Owners. As used in these By-Laws "majority of Unit Owners" shall mean those Unit Owners having more than 51% of the total votes of all Unit Owners entitled to vote on such matters; a "majority of Unit Owners" may be determined solely by the two (2) votes apportioned to Unit 1.

Section 10. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of all of Unit Owners shall constitute a quorum at all meetings of Unit Owners. Notwithstanding the preceding, commercially reasonable efforts shall be made by the Board to schedule a meeting that can be attended by Unit Owner of Unit 2, but (i) in no event may such Unit Owner for Unit 2 willfully withhold its attendance or substantially delay a meeting of the Unit Owners, and (ii) after taking into account the availability of attendees and giving three (3) alternate dates and times for the Unit Owner for Unit 2 to attend the Unit Owners' meeting nd fails to attend or make themselves available, then the Unit Owner of Unit 1 may proceed with any meeting without the attendance of the Unit Owner for Unit 2.

Section 11. Majority Vote. Except where a higher percentage vote is required by the Declaration, these By-Laws or by law, the vote of a majority of Unit Owners at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes.

Section 12. Action Without Meeting. Any action required or permitted to be taken by the Unit Owners may be taken without a meeting if all of Unit Owners consent in writing to the adoption of a resolution authorizing such action and the writing or writings are filed with the records of the Condominium.

ARTICLE V
Officers

Section 1. Designation. The principal officers of the Condominium shall be the President, Vice President, Secretary, and Treasurer. Only the President and Vice President must be members of the Board of Managers. An individual may hold more than one office at the same time provided, however, that the offices of President and Secretary must be held by different individuals.

Section 2. Designation of Officers. The President, Secretary and Treasurer shall be designated by the Unit 1 Owner and the Vice President shall be designated by the Unit 2 Owner. The officers shall be designated at the organization meeting of each new Board of Managers and shall hold office at the pleasure of the Applicable Unit Owner.

Section 3. Removal of Officers. Any officer may be removed, either with or without cause by the Unit Owner who appointed such officer. Any officer may resign at any time by giving notice in writing to the Board of Managers. Unless stated otherwise in the letter of resignation, the resignation shall be effective immediately. If an officer shall be removed or resign or die or is otherwise incapacitated, his successor shall be designated by the applicable Unit Owner.

Section 4. President. The President shall be the chief executive officer of the Condominium. President shall preside at all meetings of the Unit Owners and Board of Managers. Subject to the provisions of these By-Laws, shall have all of the general powers and duties which are incident to the office of president of a corporation organized under the Business Corporation Law of the State of New York.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Managers shall appoint some other member of the Board of Managers to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Managers or by the President.

Section 6. Treasurer. The Treasurer of the Condominium shall have the responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He shall be responsible for the deposit of all monies and other valuable effects in the name of the Board of Managers or the Managing Agent in such depositories as may from time to time be designated by the Board of Managers, and he shall perform, in general, all the duties incident to the office of treasurer of a corporation organized under the Business Corporation Law of the State of New York. Notwithstanding anything to the contrary contained herein or in the Declaration, the Board of Managers shall have the right to engage accountants, bookkeepers and other appropriate professionals to perform one or more of the tasks described as the Treasurer's responsibilities in this section. In the event such professional is engaged, it shall be the Treasurer's responsibility to oversee and examine the work performed by the professional, to ensure accuracy, timeliness and complete performance.

Section 7. Secretary. The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Board of Managers; he shall have charge of such books and papers as the Board of Managers may direct; and he shall, in general, perform all the duties incident to the office of secretary of a corporation organized under the Business Corporation Law of the State of New York, but shall not have the effect of making the Board of Managers an incorporated entity.

Section 8. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases and checks in excess of $10,000 of the Condominium shall be executed by two officers.

Section 9. Compensation of Officers. No officer shall receive compensation from the Condominium for acting as such.

ARTICLE VI
Operation of the Condominium

Section 1. Determination of Common Expenses and Fixing of Common Charges.

(a) (1) The Board of Managers shall from time to time, and at least annually, prepare a budget to meet the Common Expenses of the Condominium and determine the overall amount of Common Charges payable by the Unit Owners to meet the Common Expenses of the Condominium. The Board, upon unanimous vote of all Board members, however, shall have the right to determine Common Charges for a particular item of expense on a different basis than pursuant to Section 339-m of the Real Property Law. For the avoidance of doubt the initial allocation and apportionment of Common Charges and Special Assessments for the Unit Owners shall be pursuant to Section 339-m of the Real Property Law and is set at the following allocation:(i) 91.24% for Unit 1, and (ii) 8.76% for Unit 2. Section 339-m of the Real Property Law permits that common expenses may be charged to the owners of units that are subject to a regulatory agreement with a governmental entity or instrumentality limiting the household income of the residents of such units upon initial occupancy that are less than the common expenses charged to owners of other units where such lesser charges are necessary to ensure that the combined common expenses, mortgage and other housing costs paid by owners of such Unit(s) subject to such regulatory agreements do not exceed thirty percent of the household income limit specified in such Unit(s)' regulatory agreement(s). The Board of Managers of the Condominium may not increase these expenses beyond the lesser of (i) substantiated increases to the Condominium Budget prepared by the Board of Managers, and (ii) a five percent (5%) annual increase to the prior year's Common Charges, without the unanimous consent of the two (2) Unit Owners. If there is a dispute between the Unit Owners and the Board of Managers, which is not settled within 60 days, it will be settled by arbitration before one (1) arbitrator appointed in according to the rules of the American Arbitration Association of the City of New York and in furtherance of Article XIII hereof.

(b) Specifically, upon agreement between at least one (1) appointed Manager of Unit 1 and the appointed Manager of Unit 2, the Board may compute Common Charges for a particular item of expense based on the estimated amount by which the particular expense item benefits or is used by the Unit or the Unit Owner, provided the allocation is fairly attributable to the Unit and reasonable under the circumstances.

(1) The Board of Managers shall advise the Unit Owners promptly, in writing, of the amount of Common Charges payable by each of them, as determined by the Board of Managers, and shall furnish copies of each budget on which such Common Charges are based to the Unit Owners, at least ten (10) days prior to the adoption thereof. That portion of the Common Charges which is allocated by the Board of Managers to principal payments on indebtedness or for capital improvements shall be treated upon the books of the Condominium as capital contributions.

(c) The Common Expenses shall include, among other things, the cost of (i) insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Managers pursuant to the provisions of these By-Laws, as well as insurance for the Building and Common Elements, (ii) payroll and staffing for maintenance of the Building under management agreements, (iii) electricity for Common Elements, (iv) water charges for the Building and as used by residents therein within the respective Units to the extent not sub-metered, (v) gas for

Common Elements and as used by residents therein within the respective Units to the extent not sub-metered, and as may require or be elected to be handled pursuant to reimbursement to Unit 1 Owner as set forth in Section 19 of Article VI, (vi) general repairs, maintenance and supplies for the Building and Common Elements therein (vii) cost of services and inspections for the maintenance and proper servicing of the Building and components, (viii) contingency reserves, (ix) legal, accounting and general book-keeping services, (x) management fees for any managing agent. The Common Expenses may also include an amount to cover any deficit in the Common Charges collected for any prior year. Common Expenses shall also include other items stated in the Declaration or these By-Laws to be Common Expenses.

(d) Real estate taxes and other taxes and assessments on the Property until the Units are separately assessed shall be paid by the Board of Managers as a Common Expense.

(e) Assessments other than and in addition to Common Charges may be levied against Unit Owners. These charges shall be paid by Unit Owners in the same manner as provided in these By-Laws for Common Charges ("Special Assessments"). Failure to pay any such assessments shall be treated in the same manner as failure to pay Common Charges.

Section 2. Insurance.

(a) The Board of Managers and the Unit Owners shall be required to obtain and maintain as a Common Expense of the Condominium the following insurance for the Property:

(1) "All risk" real property coverage on each Unit (including all installations and other property therein, except for trade fixtures and moveable personal property) and the Common Elements for an amount equal to one hundred percent (100%) of the replacement cost thereof, coverage for loss of business income by the Units Owners for one hundred percent (100%) of the annual exposure, coverage for loss of Common Charges for one hundred percent (100%) of the annual exposure, and personal property coverage for one hundred percent (100%) of the replacement costs.

(2) Comprehensive boiler and machinery insurance on a blanket basis covering any Building equipment, machinery and apparatus (i.e., boilers, heating apparatus, fired and unfired pressure vessels, air conditioning equipment, miscellaneous electrical apparatus and their appurtenant equipment) with the same limits as the real property coverage pursuant to Section 2(a)(1).

(b) For the insurance policies required pursuant to Section 2(a) of this Article, the Unit 1 Owner, the Unit 2 Owner and the Board of Managers shall be a named insured as their interests may appear.

(c) All insurance proceeds with respect to any loss shall be payable to the Board of Managers.

(1) The insurance policies required pursuant to Section 2(a) of this Article shall contain waivers of subrogation against Unit Owners and the Board of Managers.

(2) The insurance policies required pursuant to Section 2(a) of this Article shall provide, by endorsement or otherwise, that (i) the acts or omissions of any insured party or their agents, employees or representatives shall not invalidate the policy as against any other insured party or otherwise adversely affect the rights of any other insured party under any such policy to collect the full amount of the policy to the extent required to rebuild its portion of the Building, and (ii) the insurance shall not be invalidated should any of the insureds under the policy waive any or all rights of recovery against any party for loss occurring to the property insured under the policy.

(3) No policy of casualty insurance under Section 2(a) of this Article for damage against property shall contain a co-insurance clause.

(d) The Board of Managers and the Unit Owners shall obtain and maintain as a Common Expense of the Condominium the following insurance:

(1) Commercial general liability insurance covering claims for personal and bodily injury or property damage occurring in, on, under, within, upon or about the Common Elements or the Owners' Units or as a result of operations thereon (including contractual liability covering obligations created by the Condominium Documents) in an amount of not less than $1,000,000 per occurrence and not less than $10,000,000, in the aggregate including any excess or umbrella liability coverage.

(2) For the insurance policies required pursuant to this Section 2(d), the Unit 1 Owner, the Unit 2 Owner and the Board of Managers shall be a named insured.

(e) Nothing contained hereby shall be deemed to preclude any Unit Owner from maintaining insurance, without any requirement to name the other Unit Owner. However, neither Unit Owner shall carry any additional casualty insurance for damage against property (i) unless each policy contains a waiver of subrogation against the other Unit Owners, their tenants and the Board of Managers, or (ii) if the effect of such additional casualty insurance for damage against property is to affect adversely or otherwise diminish the liability of or coverage available from the carriers issuing the insurance obtained by the parties pursuant to the provisions of Section 2(a) of this Article.

(f) (1) Required insurance policies shall be in such form and shall be issued by financially responsible insurance companies licensed to do business in the State of New York as are reasonably acceptable to the Unit Owners and the Board of Managers and in accordance with the requirements of any mortgagee(s).

(2) Required insurance policies shall provide for a minimum of thirty (30) days' prior written notice of the cancellation, nonrenewal or modification thereof to the Unit Owners and the Board of Managers.

(3) Neither a Unit Owner nor the Board of Managers shall willfully or knowingly violate or suffer or permit the violation of the terms of any policy of insurance required hereunder, or do or permit or suffer anything to be done, or keep anything in any portion of the Building which could result in termination of any such policies, could adversely affect the right of recovery under any such policies, or would result in reputable and independent insurance companies

refusing to insure the Building and or the Units or Common Elements in the amounts required hereunder at the regular rates.

(4) Insurance specified in Sections 2(a) and 2(d) of this Article shall be reviewed by the Board of Managers periodically at the request of any Unit Owner, but no review will be required more often than annually (unless there is a substantial change in the Building or operations conducted in the Building), to determine if such limits, deductible amounts and types of insurance are reasonable and prudent. However, the Board of Managers shall not amend or waive any of the insurance requirements set forth in this Section 2(a) or 2(d) without the consent of, in all instances, agreement between at least one (1) appointed Manager of Unit 1 and the appointed Manager of Unit 2.

(g) Evidence of renewal policies, in binder or certificate form, shall be delivered by each Unit Owner to the Board of Managers not less than thirty (30) days prior to the expiration dates of any expiring policies, together with proof that the premiums for at least the first year of the term of such policies (or installment payments then required to have been paid on account of such premiums) shall have been paid.

(h) Provided that such a waiver does not invalidate the respective policy or policies or diminish or impair the insured's ability to collect under such policy or policies or unreasonably increase the premiums for such policy or policies unless the party to be benefited by such waiver pays such increase, and without limiting any release or waiver of liability or recovery required or contained elsewhere in the Condominium Documents, each Unit Owner waives all claims for recovery from the other Unit Owner and the Board of Managers, and the Board of Managers waives all claims for recovery from the Unit Owners, for any loss or damage to any of its property insured (or required hereunder to be insured) under valid and collectible insurance policies to the extent of any recovery collectible (or which would have been collectible had such insurance required hereunder been obtained) under such insurance policies.

(i) The Board of Managers shall also be required to obtain and maintain to the extent obtainable and/or to the extent required by law as a Common Expense of the Condominium workers' compensation insurance and New York State Disability Insurance.

(j) The Board of Managers shall also be required to obtain and maintain as a Common Expense of the Condominium directors and officers insurance covering all members and officers of the Board of Managers.

(k) If a Unit Owner fails to procure and maintain the insurance required under this Section 2, the Board of Managers may, but shall not be obligated to, procure such insurance on behalf of the Unit Owner and shall cause the cost of such premium to be charged to the Unit Owner as a special assessment. Failure to pay such assessment shall be treated in the same manner as failure to pay Common Charges.

Section 3. Repair or Reconstruction After Fire or Other Casualty.

(a) (1) If any portion of the Building is damaged by fire or other casualty and if such damage (i) occurs within and affects only Unit 2, or (ii) occurs within and affects only Unit 1,

then any such damage shall be promptly repaired and restored by the Owner of the Unit in which the damage occurred (the "Damaged Owner") with due diligence and in as timely a manner as is practicable under the circumstances. Such Damaged Owner shall obtain all required permits and shall adjust the claim with the insurance company (subject to any approval rights of any mortgagee(s) of the Unit). The Damaged Owner shall be entitled to any insurance proceeds held by the Board of Managers by reason of such damage, for application to the cost and expense of the repair and restoration of any such damage, as provided in these By-Laws. The Damaged Owner shall be responsible for any costs to repair or restore the damage in excess of the insurance proceeds, and shall be entitled to receive any excess proceeds, subject to the rights, if any, of any mortgagee of the Unit respecting such excess proceeds. If the cost of repair and restoration is projected to cost more than $300,000, the Damaged Owner shall submit plans and specifications, a construction schedule, copies of permits and contracts, and any other documents reasonably required by the Board of Managers, to the Board of Managers. If the cost of repair and restoration is projected to cost more than $2,000,000, the Damaged Owner shall also be required to submit a payment and performance bond. This requirement may be waived with the consent of at least one (1) appointed Manager of Unit 1 and the appointed Manager of Unit 2.

(2) If the cost of repair and restoration to be performed pursuant to this Section is less than $500,000 (or such lesser amount as determined by unanimous consent of the Board of Managers), the Damaged Owner shall be entitled to receive the total insurance proceeds for application to the cost of repair or restoration, subject to compliance with the provisions of Article IX, Section 7(c) below and this Section 3(a) and any applicable mortgage provisions.

(b) If any portion of the Building is damaged by fire or other casualty and if such damage occurs (i) within Unit 2 only and does not affect Unit 1 or the Common Elements, other than to an immaterial degree, or (ii) such damage occurs within Unit 1 only and does not affect Unit 2 or the Common Elements, other than to an immaterial degree, then the provisions contained in Section 3(a) above shall apply; provided, however, that the Damaged Owner shall (1) notify the other Owner and/or the Board of Managers, as applicable (the "Minimally Damaged Party") of the nature and extent of the damage and (2) obtain the Minimally Damaged Party's prior consent to the contractor to be used, which consent shall not be unreasonably withheld. If the Damaged Owner delivers to the Minimally Damaged Party evidence reasonably satisfactory to the Minimally Damaged Party that the Minimally Damaged Party has the benefit of reasonably adequate warranties and guaranties provided by the contractor, then so long as the Damaged Owner has complied with the provisions of this Section 3(b), the Damaged Owner shall not be liable to the Minimally Damaged Party for any defect in the work performed by the contractor repairing the damage.

(c) (1) Subject to Sections 3(g) and 3(j) of this Article, if the Building is damaged by fire or other casualty and the provisions of Sections 3(a) and 3(b) do not apply, the Board of Managers shall, with due diligence and in as timely a manner as practicable under the circumstances, cause the damage to be repaired and the Building to be restored and the repair and restoration of the damage ("Restoration Work") shall be the responsibility of the Board of Managers pursuant to the provisions of this Section 3(c).

(2) The Board of Managers shall adjust the claim with the insurance company providing the insurance under Article VI, Section 2(a), shall obtain all required permits (copies of which shall be given to each Owner and to the mortgagees), subject, however, to the prior

approval by any mortgagee of the adjustment of any claim greater than $200,000, which approval shall not be unreasonably withheld. If the cost of repair is $200,000 or less, the Board may and shall form and complete the repair and restoration promptly, without the consent of any Unit Owner or mortgagee.

(3) The Board of Managers shall supervise the construction work with respect to the Building. The repair and restoration shall be commenced and pursued to completion in as timely a manner as practicable and shall be performed on behalf of the Unit Owners by a general contractor or a construction manager selected by the Board of Managers. If the overall cost of the repair and restoration is greater than $200,000, then (i) the Board of Managers shall prepare a construction schedule and (ii) the general contractor or construction manager (and in the case of a construction manager, any trade contractors performing work for the benefit of both Owners with a contract price in excess of $50,000) shall be selected by the at least one (1) appointed Manager of Unit 1 and the appointed Manager of Unit 2, and approved by the Unit Owners and the mortgagees, which approval shall not be unreasonably withheld. The construction manager or general contractor will coordinate the Board's restoration work with the Unit Owner's restoration work, as necessary, so the work and scheduling may proceed expeditiously and efficiently. All such coordination work shall be performed in accordance with good construction practices, without priority or preferences for particular Units or Unit Owners. The cost of the construction manager or general contractor shall be a Common Expense.

(4) The plans and specifications for such repair and restoration shall be prepared by an architect engaged by the Board of Managers and shall provide for the restoration of the damaged portion of the Building as close as commercially practicable to the condition that existed prior to the damage or destruction, except to the extent any changes in law require otherwise or unless the Unit Owners agree otherwise subject to the reasonable approval of the mortgagees. The Board of Managers shall cause the architect to furnish to each of the Unit Owners and the mortgagees a set of the plans and specifications (and shop drawings upon request) which it has prepared or caused to be prepared. If, in connection with any restoration or repair hereunder, only one Unit Owner desires to make any material change in the Common Elements, the consent of the other Unit Owner shall be required. Each mortgagee shall receive copies of all change orders and shall have the right to reasonably approve any material changes to the Building which affect the Unit securing the lien of its mortgage.

(5) Unless the Board of Managers determines otherwise, the general contractor or the construction manager, as the case may be, shall work under the supervision of the Architect.

(d) (1) If the cost and expense of performing any repair and restoration of the Building pursuant to Section 3(a) (including cases where the provisions of Section 3(a) apply by operation of the provisions of Section 3(b)) of this Article shall exceed the amount of any available insurance proceeds for the restoration of the Building, the excess cost and expense (or the entire amount of such cost and expense, if there are no insurance proceeds) shall be paid by the Damaged Owner. The Damaged Owner shall also pay any deductible amount.

(2) If the cost and expense of performing any repair and restoration which is undertaken pursuant to the above Section 3(c) shall exceed the amount of available insurance

proceeds, the excess cost and expense (or the entire amount of such cost and expense, if there are no insurance proceeds) shall be borne by the Unit Owners in proportion to the Architect Allocation Ratio (as defined below). Notwithstanding the foregoing, (i) to the extent the additional costs result from changes requested by a Unit Owner or the acts or omissions by Unit Owner, such Unit Owner shall be solely responsible for payment of the additional costs, and (ii) if a Unit Owner fails to carry any insurance required under Section 2(a), such Unit Owner shall be responsible for the payment of any restoration costs that would have been paid from the proceeds of such insurance. The Unit Owners shall share, subject to the terms of the immediately preceding sentence, any cost overruns resulting from Unavoidable Delays based on the Architect Allocation Ratio. The term "Architect Allocation Ratio" shall have the following meaning: the ratio of (A) the relative cost of the restoration to be performed under Section 3(c) of this Article of the damage suffered by each Unit Owner to (B) initially, the estimate of the total cost of such repair or restoration (the "Estimate") and, as and if the costs change during the course of the Restoration Work, the actual total costs. The Certifying Professional shall reasonably determine the Architect Allocation Ratio and shall notify the Unit Owners of such ratio and the method by which the same was calculated, which notice shall include a complete schedule of costs and a reasonably detailed breakdown thereof by area and type of damage. Either Unit Owner shall have the right for thirty (30) days from the date of receipt of the aforementioned notice from the Certifying Professional to dispute the Architect Allocation Ratio by giving notice to the others (including the Certifying Professional), which notice shall include, with reasonable detail, the basis for the dispute and the proposed alternate allocation ratio and the method by which the same is calculated. Each Unit Owner shall share in paying the deductible in accordance with the Architect Allocation Ratio. Any dispute relating to the Architect Allocation Ratio shall be subject to Arbitration in accordance with these By-Laws.

(e) (1) Within sixty (60) days after any damage requiring any repair or restoration under either Section 3(a), 3(b) or Section 3(c) of this Article, the Certifying Professional shall be selected by the Board of Managers where Section 3(c) applies, and the Damaged Owner (where Section 3(a) or 3(b) applies) and the selecting party shall cause the Certifying Professional to prepare a reasonably detailed statement (the "CP Statement") setting forth (i) a description of the damaged areas of the Building, and (ii) the Estimate, and shall deliver a copy of such Estimate to each Owner and to the Board of Managers.

(2) If the insurance proceeds available for any repair or restoration required under Section 3(a), 3(b) or Section 3(c) (based upon the adjustment of the insurance claims in respect of the damage giving rise thereto) are less than the amount of the Estimate (and provided that with respect to Section 3(a) or 3(b), the Estimate exceeds $200,000), then within ten (10) days of such deficiency becoming known, (x) if pursuant to Section 3(a) or 3(b), the Damaged Owner shall deposit with the Board of Managers the deficiency, or (y) if pursuant to Section 3(c), the Owners shall deposit with the Board of Managers their respective shares of such deficiency as determined in accordance with the Architect Allocation Ratio. Furthermore, if the Certifying Professional determines that a deficiency exists, then, and in such case, the Damaged Owner (if pursuant to Section 3(a) or 3(b)) shall deposit with the Board of Managers, or the Owners (if pursuant to Section 3(c)) shall each deposit with the Board of Managers within ten (10) days after receipt of the statement of the deficiency from the Certifying Professional, the deficiency (if pursuant to Section 3(a) or 3(b)) or their respective shares of the deficiency in accordance with the Architect Allocation Ratio (if pursuant to Section 3(c)). If a Unit Owner fails to contribute its deficiency as determined above and such failure continues for a period of ten (10) days after the Unit

Owner is given notice of such failure, the other Unit Owner (who shall be a Creditor Owner) may, but shall not be obligated to, pay the share of the defaulting Owner (who shall be a Defaulting Owner). In addition, the Board of Managers shall have the right, but shall not be obligated to pay the share of the Defaulting Owner. Any payments made by the Board of Managers pursuant to the foregoing shall be deemed a special assessment made by the Board of Managers against the Defaulting Owner, and failure of the Defaulting Owner to pay such special assessment shall be treated in the same manner as failure to pay Common Charges.

(f) Upon completion of the repair and restoration and full payment therefor, any unadvanced portion of the amounts on deposit with the Board of Managers for such purpose shall be distributed as follows:

(1) With respect to any repairs or restoration performed pursuant to the provisions of Section 3(a) or 3(b), the balance held by the Board of Managers, together with any letter of credit or other security held by the Board of Managers, shall be paid and/or delivered to the Damaged Owner, subject to the provisions of Article IX, Section 7(e).

(2) With respect to any repairs or restoration pursuant to Section 3(c), the balance on deposit with the Board of Managers shall be retained by the Board of Managers.

(3) If the Board of Managers is holding any letter of credit or other security, the Board of Managers will draw upon or otherwise liquidate these items unless the party depositing these items substitutes cash in an amount equal to the amount secured by these deposits. If a Unit Owner's or the Board of Managers' share of excess proceeds is equal to the amount secured by deposits made by the Unit Owner or the Board of Managers, as applicable, the return of the deposited items shall be a credit against the excess proceeds to which it is entitled.

(g) (1) Subject to the provisions of this Section 3(j) below, each Unit Owner shall be obligated to repair and restore its Unit, and the Board of Managers shall be obligated to restore the Common Elements, regardless of whether or not any insurance proceeds are available. Furthermore, each Unit Owner shall reasonably cooperate with the other Unit Owner and the Board of Managers, and the Board of Managers shall reasonably cooperate with the Unit Owners in connection with any repairs or restoration to the Building.

(2) If, however, one Unit Owner defaults in the full, faithful and punctual performance of any obligation under this Section 3 (including, without limitation, adjusting any loss, preparing plans and specifications, selecting contractors, negotiating and executing contracts, and performing construction), then the other Unit Owner or the Board of Managers, shall have, in addition to all other remedies it may have hereunder or at law or in equity, upon the expiration of at least ten (10) days' prior notice of such default, the right, but not the obligation, if the Defaulting Owner has not commenced the good faith cure of such default within said ten (10) day period, (i) to make any decisions required in connection with the performance of such obligation on behalf of the Defaulting Owner, (ii) to actually perform the obligation on behalf of the Defaulting Owner, and (iii) in accordance with the applicable provisions of Article IX, Section 10, to use the Defaulting Owner's insurance proceeds in connection with the performance of any such obligation. If any Unit Owner defaults in the performance of its obligations under this Section 3, as aforesaid, the other Owner and the Board of Managers, are each hereby irrevocably appointed attorney-in-fact of the Defaulting

Owner (such power of attorney being coupled with an interest) to take any and all steps necessary on behalf of Defaulting Owner to perform the Defaulting Owner's obligations as provided herein. Any and all expenses incurred by the Board of Managers pursuant to the foregoing shall be deemed a special assessment against the Defaulting Owner, and failure of the Defaulting Owner to pay such special assessment shall be treated in the same manner as failure to pay Common Charges. To the extent one Unit Owner incurs expenses for the obligations of the Defaulting Owner pursuant to this Section, the Unit Owner incurring such expenses shall be a creditor Owner with respect to all funds expended on behalf of the Defaulting Owner, and the Defaulting Owner shall owe such monies to the creditor Owner.

(3) If the Board of Managers defaults in the full, faithful and punctual performance of any obligation under this Section 3 (including, without limitation, adjusting any loss, preparing plans and specifications, selecting contractors, negotiating or executing contracts and performing construction, the Unit Owners shall have, in addition to any other rights and remedies, the right, acting together jointly, to perform all obligations of the Board of Managers, and the Unit Owners shall be deemed to have a joint and several power of attorney from the Board of Managers to act on its behalf to perform the Board of Manager's obligations set forth herein.

(h) For purposes of this Section 3, architects' and engineers' fees, attorneys' fees, consultants' fees, the fees of the Certifying Professional, title insurance premiums and other similar costs and expenses relating to repair or restoration shall be included in the costs and expenses of any such repair or restoration.

(i) When and if the Board of Managers is authorized or otherwise required to proceed with repair and reconstruction pursuant to this Section 3(c) above, it shall arrange for and commence such work promptly and shall diligently prosecute same to completion in accordance with these By-Laws. In anticipation of receipt of insurance proceeds, the Board of Managers may levy and assess as a Special Assessment, prior to receipt of such proceeds, the amount anticipated to be necessary to repair or reconstruct the Property. Upon receipt of the proceeds, the Board of Managers will reimburse Unit Owners any amounts they paid as Special Assessments as will not be needed to pay the cost of repair and restoration. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a Common Expense and the Board of Managers may assess all the Unit Owners for such deficit as part of their Common Charges.

(j) If as the result of fire or other casualty, at least 75% of the Property is destroyed or substantially damaged, a special meeting of the Unit Owners shall be called in accordance with these By-Laws at which meeting the Unit Owners shall be asked to decide if the Building should be repaired or reconstructed. The Building shall be repaired and reconstructed unless pursuant to the vote held at that meeting, Unit Owners unanimously and affirmatively determine not to repair or restore the Building. If Unit Owners representing 100% in number of Units and in Common Interest affirmatively determine not to repair or restore the Building, then, and in such event, the Building will not be repaired and the Property, or such portion of the Property as shall remain, shall be subject to an action for partition at the suit of any Unit Owner or lienor as if owned in common, in accordance with the provisions of the Condominium Act. The net proceeds of sale, together with the net proceeds of insurance policies maintained by the Board for coverage of the Common Elements, shall be divided by the Board of Managers among and paid to the Unit Owners in proportion to their respective percentage interests in the Common Elements, after first

paying out of the share of each Unit Owner the amount of any unpaid liens on said Owner's Unit, in the order of the priority of such liens.

Section 4. Payment of Common Charges. Unit Owners shall be obligated to pay Common Charges and other assessments at such time or times as the Board of Managers shall determine.

(a) Dissatisfaction with the quantity or quality of maintenance or services furnished to the Property shall not be grounds for withholding or failure to pay Common Charges or any other assessments. Likewise, no Unit Owner shall deem itself or be deemed by the Board of Managers to be exempt from the obligation to pay Common Charges or other assessments for any reason, including, without limitation, waiver of use or enjoyment of the Common Elements (if applicable), abandonment of Unit Owner's Unit, or by claiming the quantity or quality of services are not worthy of such payment or are not as were expected by such Owner at the time of acquisition of the Unit or at any other time.

(b) No Unit Owner shall be liable for the payment of Common Charges or other assessments assessed against such Owner's Unit from and after the date of sale, transfer or other conveyance of the Unit made by such Unit Owner in accordance with the Declaration and these By-Laws, and applicable to the period subsequent to the sale, transfer or other conveyance.

(c) The grantee of a Unit shall be jointly and severally liable with grantor for unpaid Common Charges and other assessments assessed against such Unit and due up to the date of conveyance, without prejudice to the grantee's right to recover from the grantor any amounts paid by the grantee therefor. Accordingly, a party acquiring title through an arm's-length transaction or as a gift or donation, a mortgagee or other party acquiring title to a Unit through foreclosure or by deed in lieu of foreclosure, a creditor of a Unit Owner acquiring title to a Unit through a sale or other proceeding arising out of the bankruptcy of a Unit Owner, or any other grantee whatsoever, shall be liable for the payment of Common Charges and other assessments assessed against that Unit prior to that party's acquisition of the Unit. Accordingly, a Unit shall, upon transfer, always be subject to a lien for unpaid Common Charges that were assessed against the Unit and due and payable prior to the transfer, subject to § 339-z of the Real Property Law.

(d) A party acquiring a Unit through a foreclosure or by deed in lieu of foreclosure, through a Unit Owner's bankruptcy or liquidation, through purchase, gift or donation, or through any other means, shall be liable for all Common Charges and assessments assessed against the Unit for the period on and after, and due from and after, the date of that party's acquisition of title to the Unit.

(e) If a petition in bankruptcy is filed by or against a Unit Owner, or if a trustee, receiver or similar official is appointed to administer a Unit Owner's assets, the Unit Owner, trustee, receiver or other official shall remain obligated to pay, and the Unit shall continue to be subject to, Common Charges and assessments for the entire duration of any bankruptcy or other reorganization proceeding.

Section 5. Default in Payment of Common Charges.

(a) If any Common Charge or other assessment imposed by the Board of Managers, or any installment thereof, is not paid by the due date, then such payment shall be deemed delinquent and the Unit Owner shall be in default under these By-Laws for such nonpayment.

(b) The Board of Managers may impose a late charge in the amount the Board deems reasonable, provided such late charges are uniformly applied, with respect to Common Charges or other assessments not paid within 10 days after the due date.

(c) In addition to late charges, if the Common Charge or assessment (or installment thereof with respect to any assessment payable in installments) is not paid within thirty (30) days after the due date, then (i) such Common Charge or assessment shall bear interest from the due date in the amount of 2% over the prime rate then announced by JPMorgan Chase Bank, N.A., but in no event more than the highest legal rate, (ii) the Board may accelerate the remaining installments of any assessment payable in installments, and (iii) the Board may bring legal action against the delinquent Unit Owner, foreclose the lien on such Unit granted under these By-Laws and/or the Condominium Act, or otherwise seek to recover the amounts due to the Condominium. The expenses, including, without limitation, attorneys' fees and disbursements, incurred by the Board in any proceeding brought to collect such unpaid Common Charges or assessments, shall be added to the amount of such delinquent Common Charge, assessment or installment thereof, together with late charges and interest.

(d) Any amounts collected on account of past due Common Charges or other assessments, through foreclosure or otherwise, shall be applied in the following order: attorneys' fees and disbursements, other costs of collection, interest, late charges and Common Charges or assessments, beginning with the Common Charge or assessment due for the longest period.

Section 6. Statement of Common Charges. Upon the written request of a Unit Owner or mortgagee with respect to the Unit owned by such Owner or upon which such mortgagee holds a mortgage, or upon the written request of a prospective purchaser, mortgagee or title insurer of such Unit, the Board of Managers, acting through the Managing Agent, if any, shall promptly furnish a certificate in writing setting forth with respect to such Unit as of the date of such certificate: (i) whether or not the Common Charges due have been paid; (ii) the amount of such Common Charges, including interest and costs, if any, due and payable; and (iii) whether any other amounts or charges are owing to the Condominium. A reasonable charge, as determined by the Board of Managers as and when applicable, may be made for the issuance of this certificate. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with regard to any matter therein stated as between the Board of Managers and any bona fide purchaser or lessee of, or lender on, or title insurer of, the Unit with respect to which the request was made.

Section 7. Collection of Common Charges and Assessments.

(a) The Board of Managers shall take prompt action to collect any Common Charge and/or other assessment previously imposed by the Board of Managers which remains unpaid for more than thirty (30) days from the due date for payment thereof.

(b) All sums assessed as Common Charges by the Board of Managers, as well as any other assessments made by the Board of Managers, but unpaid, together with late charges as may be established by the Board of Managers, interest thereon at such rate as may be fixed by the Board of Managers, and reasonable attorneys' fees and other costs and expenses incurred in efforts to collect such past due Common Charges and/or other assessments, shall be the personal obligation of the Unit Owner. Such sums shall constitute a lien upon the Unit prior to all other liens except (i) any lien for past due and unpaid real estate taxes, and (ii) any lien for sums unpaid on a first mortgage of record against that Unit.

Section 8. Foreclosure of Lien for Common Charges and Assessments.

(a) Any lien for past due Common Charges and/or other assessments may be foreclosed by the Board of Managers in accordance with the laws of the State of New York, in like manner as a mortgage on real property, and the Board of Managers shall also have the right to recover all costs incurred in foreclosing on such lien, including, without limitation, reasonable attorneys' fees and disbursements, as set forth in these By-Laws.

(b) Notwithstanding anything to the contrary in these By-Laws or in the Declaration, once an action to foreclose a lien for Common Charges or other assessments is commenced pursuant to this Section 8, if the representative(s) of the Owner of the Unit being foreclosed has (have) not previously resigned from the Board of Managers, each such individual's membership on the Board of Managers shall be deemed terminated.

(c) In the event the proceeds of any foreclosure sale for non-payment of Common Charges or other assessments are not sufficient to pay such unpaid Common Charges, assessments and related expenses, the Board of Managers shall commence an action for the deficiency (if not yet commenced) against the Unit Owner who had failed to pay the Common Charges or other assessments. Following suit for a deficiency judgment, if the amounts collected are insufficient to pay outstanding costs, the remaining balance may be charged to all Unit Owners as a Common Expense.

(d) In any action brought by the Board of Managers to foreclose a lien on a Unit because of unpaid Common Charges or other assessments, the Unit Owner shall be required to pay a reasonable rental for the use of said Unit Owner's Unit, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same.

(e) The Board of Managers, acting on behalf of all Unit Owners, shall have power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same.

(f) A suit to recover a money judgment for unpaid Common Charges shall be maintainable without foreclosing, filing or waiving the lien securing the same, and foreclosure may be maintained despite the pendency of a suit to recover a money judgment.

Section 9. Maintenance and Repairs.

(a) All maintenance of and repairs to any Unit, whether ordinary or extraordinary (but not including any maintenance of or repairs to any Common Elements) contained within a Unit,

shall be made by and at the expense of the Owner of such Unit. Each Unit Owner shall be responsible for all damage to any and all other Units and/or to Common Elements that occur as a result of its failure to perform such maintenance and repairs.

(b) All painting, decorating, maintenance (including the removal of trash, debris, snow and ice), repairs and replacements, whether structural or nonstructural, ordinary or extraordinary to the Common Elements shall be made by the Board of Managers and shall be paid by the Unit Owners in proportion to their respective percentage interests in the Common Elements. In the event of an Emergency Situation", each Unit Owner shall have the right to take immediate action to remedy the condition and shall be entitled to reimbursement of the reasonable costs of such repair or maintenance from the other Unit Owner, unless the emergency maintenance or repair was necessitated by the negligence, misuse or neglect of a Unit Owner, in which case the provisions of Section 9(c) below shall apply.

(c) The cost of any repair or replacement necessitated by the negligence, misuse or neglect of a Unit Owner shall be charged to such Unit Owner and to the extent unpaid, shall constitute a Common Charge assessed against such Unit Owner. Except in case of an Emergency Situation (for which all reasonable efforts will be made to provide advance notice, or, if advance notice cannot be given, notice shall be given as soon thereafter as practicable), the offending Unit Owner shall be given notice of the repair or replacement which has been necessitated by its negligence, misuse or neglect and a reasonable opportunity to effect the repair or replacement at its cost, in a manner to be determined in the reasonable discretion of (i) the Board of Managers, in the case of damage to the Common Elements, or (ii) the Unit Owner(s) in the case of a damaged Unit(s).

(d) The interior and exterior surfaces of all exterior windows are to be cleaned and replaced by and at the expense of the Unit Owner in whose Unit such windows are located, subject to compliance with all laws, regulations and applicable provisions of the Declaration and By-Laws.

(e) Unit Owners and the Board of Managers shall, in connection with alteration, maintenance and repair of their respective interests at the Property, comply with the Rules and Regulations and schedule their construction and/or maintenance and/or repair work such that no party or its agents or employees unreasonably interferes with the work being done by any other party, its agents or employees at the Property.

(f) With respect to Unit Owners' obligations generally, in connection with their responsibilities pursuant to applicable law, and/or their rights and/or responsibilities under the Condominium Documents, Unit Owners shall have the right to erect and maintain scaffolding, sidewalk bridges or other equipment or facility required by law, regulation, code or ordinance when the Unit Owner is performing such required or permitted construction work, even though such scaffolding, sidewalk bridge or other equipment or facility may encroach on another Unit or on the Common Elements; provided that the erection and maintenance of such scaffolding, sidewalk bridge or other equipment or facility shall be done in a manner to reasonably eliminate or minimize interference with another Unit or the Common Elements. Neither Unit Owner shall be liable to the other Unit Owner or the Board of Managers, or to any tenant or licensee of a Unit Owner for any damages (including, without limitation, interference with business operations) incurred in connection with the foregoing, except for damages caused by the negligence of the Unit Owner or the Unit

Owner's agents or employees. In no event, however, may scaffolding be installed in a manner or location that will prevent reasonable access to a Unit (other than to a Unit owned by the Owner erecting same).

Section 10. Right of Access. By acceptance of a deed to a Unit, a Unit Owner shall be deemed to have granted a right of access to said Unit Owner's Unit to the Board of Managers and/or any other person authorized by the Board of Managers or by these By-Laws as described below, for the purpose of making inspections or for the purpose of correcting any condition originating in said Unit Owner's Unit and threatening another Unit or a General Common Element, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in said Unit Owner's Unit or elsewhere in the Building, or to correct any condition which violates the provisions of any mortgage covering another Unit, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner, and further provided that such right shall be exercised in compliance with all applicable laws and in such a manner as will not unreasonably interfere with the use of the Unit for which it was intended. No prior notice shall be required in the event that the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the Building or for the safety of the residents or Unit Owners of the Condominium or other persons, or required to avoid the suspension of any necessary service to the Condominium. In case of emergency, such right of entry shall be immediate, whether or not a Unit Owner is present.

Section 11. Violations of Maintenance Obligations.

(a) In the event any Unit Owner, after receipt of at least five (5) days prior written notice from the Board of Managers (or the other Unit Owners if the Board of Managers refuses to enforce this provision), fails or neglects in any way to perform any obligations with respect to the painting, decorating, maintenance, repair or replacement of said Unit Owner's Unit as provided in Article VI, Section 9 or of any Common Element, the Board of Managers (or other Unit Owner, as the case may be) may perform or cause to be performed such painting, decorating, maintenance, repair or replacement unless such Unit Owner, within five days after receiving notice of such default, cures such default, or in the case of a default not reasonably susceptible to cure within such period, commences and thereafter prosecutes to completion, with due diligence, the curing of such default. All sums expended and all costs and expenses incurred in connection with the making of any such painting, decorating, maintenance, repair or replacement in such Unit Owner's Unit, together with interest thereon at the rate of 2% per month (but in no event in excess of the maximum rate permitted by law), shall be immediately payable by such Unit Owner to the Board of Managers (or the other Unit Owner as the case may be) and shall, for all purposes hereunder, constitute Common Charges payable by such Unit Owner.

(b) In addition to the foregoing, if any Unit Owner fails or neglects in any way to perform or cause to be performed any obligation with respect to the maintenance, repair or replacement of any part of said Unit Owner's Unit (hereinafter the "Recalcitrant Unit Owner"), and if the Recalcitrant Unit Owner's failure to so perform materially and adversely affects the value or use of another Unit, or the safe and efficient operation of a Unit, then in addition to such rights as the non-Recalcitrant Unit Owner shall have against the Recalcitrant Unit Owner for the failure of the recalcitrant Unit Owner to repair and restore its Unit under Article VI, Section 9 of these By-Laws, if the Owner of the adversely affected Unit petitions the Board of Managers in writing to take specified

actions to enforce the Recalcitrant Unit Owner's obligation, the Board of Managers shall be obligated to and shall promptly take such specified actions (and if the Board of Managers fails to take such action, the effected Unit Owner may repair or restore the Unit, each at the Recalcitrant Unit Owner's expense), provided that such specified actions are reasonable, necessary and do not materially or adversely affect the value or use of any other Unit in the Condominium, the safe or efficient operation of any other Unit in the Condominium, or the normal conduct of business of any other Unit in the Condominium or its tenants or other occupants, and the Board of Managers provides at least 48 hours prior notice to the Recalcitrant Unit Owner before commencing such actions. Notwithstanding the foregoing, no notice shall be required in case of an Emergency Situation. The costs incurred in taking such action shall be charged in accordance with Article VI, Section 9(b) and/or 9(c) of these By-Laws.

Section 12. Abatement and Enjoinment of Violations by Unit Owners. The material violation of the Rules and Regulations, or the breach of any By-Law contained herein, or the breach of any provision of the Declaration, shall give the Board of Managers the right, in addition to and supplementing any other rights set forth in these By-Laws, upon reasonable advance notice to the Unit Owner notifying the Unit Owner of the violation and advising that the Board of Managers intends to take action to remedy or cure the default or violation, (i) to enter the Unit in which, or as to which, such violation or breach exists and to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist in the Unit contrary to the intent and meaning of the provisions of the Declaration, By-Laws or Rules and Regulations, as applicable (provided, however, that no prior notice shall be required in the event that the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the Property or for the safety of the residents of the Condominium or other persons or required to avoid the suspension of any essential service to the Condominium), and the Board of Managers shall not thereby be deemed guilty of trespass, and (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Section 13. Intentionally Omitted.

Section 14. Use of Units. (a) No Unit or any portion of the Property shall be used in violation of the Declaration. No Unit or any portion of the Property shall be used in a manner which shall violate any law, zoning ordinance, rules or regulations of any governmental body having jurisdiction thereof or any order or requirement of the New York Board of Fire Underwriters (or successor or other organization of similar function). Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof and relating to (i) the Common Elements shall be complied with by and at the sole expense of the Board of Managers, and (ii) a Unit shall be complied with by and at the sole expense of the Unit Owner thereof.

(a) Any Unit Owner may (and if necessary, in the name of, but without expense to, the Board) contest, by appropriate proceedings prosecuted diligently and in good faith, the validity, or applicability to its Unit, of any laws, orders and requirements of public authorities (and the Board shall reasonably cooperate with such Unit Owner in such proceedings) provided that (i) such Unit Owner shall defend, indemnify and hold harmless the Board against liability, loss or damage which the Board shall suffer by reason of such contest (and any noncompliance in connection therewith), including reasonable attorneys' fees and other expenses incurred by the Board; and (ii) such Unit Owner shall keep the Board advised as to the status of such proceedings.

A Unit Owner who shall be contesting the validity or enforcement of any laws, orders and requirements of public authorities or the applicability thereof to its Unit as set forth above, need not comply therewith during the period of such contest or challenge, provided that (i) noncompliance is not a crime or punishable by fine or imprisonment; (ii) no part of the Building shall be subject to being condemned or vacated by reason of noncompliance or otherwise by reason of such contest; (iii) such noncompliance shall not subject the Land and/or Building or both or any other Unit to a lien or sale or materially adversely affect the use or operation of any other Unit; (iv) such Unit Owner shall first deliver to the Board a security bond issued by a surety company reasonably satisfactory to the Board, indemnifying and protecting the Board against any loss or injury by reason of such noncompliance or other security reasonably satisfactory to the Board; (v) such Unit Owner shall promptly and diligently prosecute such contest to completion; (vi) such noncompliance shall not cause the cancellation of any of the insurance policies purchased by a Unit Owner or the Board pursuant to Article VI, Section 2 hereof, or increase the premiums to be paid under such insurance policies unless such Unit Owner promptly reimburses the Board for such increased amount of premium; and (vii) such Unit Owner shall provide for reasonably adequate reserves against liability, loss or damage if the challenged law, order or requirement of public authorities is imposed against the Unit.

(b) No Unit Owner shall do or permit to be done any act or thing in or upon the Unit or Common Elements of the Condominium which will invalidate or be in conflict with any insurance policies covering the Condominium and fixtures and property therein, and shall not do, or permit anything to be done in or upon the Unit, or bring or keep anything therein, except as now or hereafter permitted by the New York City Fire Department, New York Board of Fire Underwriters, New York Fire Insurance Rating Organization or other similar authority having jurisdiction. To the extent that any particular use of a Unit or portion thereof shall cause the rate of insurance to be higher than otherwise, the owner of such Unit shall pay any such additional premium as a Special Assessment.

Section 15. Licenses and Permits. If any governmental license or permit shall be required for the proper and lawful conduct of business in a Unit, and if failure to secure such license or permit would in any way adversely affect any other Unit Owner, tenant or other occupant or the Board of Managers, such Unit Owner shall duly procure and thereafter maintain such license or permit and submit the same to inspection by the Board of Managers. Thereafter, the occupancy of the affected space shall at all times comply with the terms and conditions of each such license or permit.

Section 16. Additions, Alterations or Improvements by Board of Managers. The Board of Managers shall not authorize or approve (i) an expenditure for any project which it is anticipated will cost more than $100,000 to complete, or (ii) the expenditure of more than $100,000 in any one fiscal year for all additions, alterations or improvements to the Common Elements of a capital nature, unless at a meeting duly held in accordance with these By-Laws, the Board of Managers unanimously resolves to make such addition, alterations or improvements. Except as provided above any additions, alterations or improvements of a capital nature to the Common Elements may be made by the Board of Managers by majority vote, and the cost thereof shall constitute a Common Expense. Additions, alterations or improvements that cost less than $1,000 to complete and are less than $2,000 in any fiscal year, may be made by the Board of Managers and the cost thereof shall be a Common Expense. Before undertaking any work pursuant to this Section, the Board of Managers

may require the consent in writing of any Unit Owner whose rights, in the Board of Manager's sole judgment, may be prejudiced by the addition, alteration or improvement.

Section 17. Additions, Alterations or Improvements by Unit Owners.

(a) Subject to the applicable provisions of the Declaration and By-Laws, including but not limited to Section 21 of the Declaration and this Section 17 of the By-Laws, and for so long as the Mortgage is of record against the Property, the prior consent of Bank, each Unit Owner shall have the right, without the consent of the Board of Managers (provided Section 17(h) is complied with) or other Unit Owners, to (i) make alterations, additions or improvements, interior and exterior, ordinary and extraordinary, in, to and upon their respective Units; and (ii) change the layout or configuration of any areas within the Unit.

(b) In connection with any addition, alteration or improvement undertaken by or on behalf of a Unit Owner pursuant to subparagraph (a) of this Section 17, the Unit Owner shall:

(1) comply with all laws, ordinances, rules and regulations of all governmental authorities having jurisdiction and the requirements of applicable insurance policies and the New York Board of Fire Underwriters (or successor);

(2) provide thirty (30) days prior notice to the Board of Managers;

(3) hold the Board of Managers and the other Unit Owner harmless from any liability, cost or expense arising therefrom;

(4) procure or cause to be procured, appropriate insurance, in form and limits reasonably acceptable to the Board of Managers, to insure against damage to other Units and the Common Elements and general liability arising out of such work;

(5) comply with all applicable provisions of this Declaration and the By-Laws and Rules and Regulations;

(6) perform or cause such work to be performed in a manner and at times so as to not unreasonably interfere with the use and occupancy of other Units; and

(7) remove or cause to be discharged of record within ninety (90) days of the filing thereof, any mechanic's liens.

(c) Notwithstanding any provisions of subparagraph (a) of this Section 17 to the contrary, no Unit Owner may, without the prior written consent of the Board of Managers make any addition, alteration or improvement to any portion of the Property which:

(1) affects the structure of the Building, or any portion thereof;

(2) affects any fire, life, or safety system which is shared by the other Unit; or

(3) affects the Common Elements or any other Unit.

(d) The Board shall be obligated to act on a Unit Owner's request for approval for an addition, alteration or improvement in or to a Unit within thirty (30) days after the Board's receipt from the Unit Owner of information and material in sufficient detail for the Board to thoroughly evaluate the request. In connection with any such request for approval, the Unit Owner shall be expected to submit, at a minimum, plans and specifications prepared by an architect licensed in New York State. The Board shall have the right to impose such additional reasonable requirements as it deems appropriate.

(e) The cost of any proposed alteration or improvement of a Unit (including but not limited to the cost incurred by the Board to engage architects, lawyers and other professionals to review the plans and specifications for the proposed construction work and, if applicable, the proposed amendment to the Declaration) shall be borne by the Owner of the Unit being altered or improved.

(f) Any alteration or improvement of a Unit shall be performed in compliance with all laws, codes, ordinances and regulations, and the provisions of these By-Laws governing alterations generally.

(g) Prior to and as a condition of granting consent to the making of any structural, mechanical, electrical or plumbing alteration, repair, addition or improvement to a Unit or to any Common Element, the Board may require the Unit Owner to execute an agreement in the form required by the Board, setting forth the terms and conditions under which the proposed work is to be done, including, without limitation, the name and address of the contractor and the days and hours during which the work is to be done.

(h) Unit Owners proposing alteration work shall have the obligation to submit the name and address of their contractor(s), together with a telephone number and contact person for each contractor who will be working in the Unit, in writing to the Board of Managers at least five (5) business days before the work is scheduled to begin. All electrical and plumbing work in a Unit must be performed by licensed contractors. Further, all contractors must carry liability insurance coverage in such minimum amounts as the Board shall from time to time establish. Proof of license and insurance coverage must be submitted to the Board of Managers at the time the contractor's name is given to the Board. A contractor's liability insurance policy must be in full force and effect at the time the work is performed and must be issued by a reputable insurance company licensed to do business in New York, and reasonably acceptable to the Board of Managers. The contractor shall deliver a certificate of insurance, satisfactory to the Board of Managers of the Condominium, naming the Board of Managers of the Condominium and the other Unit Owner as additional insureds. The determination as to whether an application is complete shall be in the sole discretion of the Board.

(i) Any application by a Unit Owner to any department of or governmental agency of the City of New York or to any other governmental authority for permits or certificates necessary to make an addition, alteration or improvement in or to any Unit shall be executed by the Board of Managers, if required by the agency or authority, provided, however, that the Board of Managers shall not incur any liability on the part of the Board of Managers or any member of the Board to any contractor, subcontractor, materialman, architect or engineer on account of such installation, addition, alteration or improvement, or to any person having any claim for injury to

person or damage to property arising therefrom. The Unit Owner shall indemnify the Board of Managers and the other Unit Owner in writing for any loss, damage or liability the Board or the other Unit Owner may incur, resulting in any way from execution of any such documents. The cost of obtaining any such permits or certificates, as well as the cost of professional fees, if any, incurred by the Board of Managers in evaluating the proposed construction plans, shall be borne by the Owner of the Unit in which the addition, alteration or improvement is to be made.

The Common Elements shall be used only for their intended purposes. Subject to the provisions of Section 17, no Unit Owner shall make any addition, alteration, improvement or change in or to any Common Element without the prior written consent of the Board of Managers.

Section 18. Water Charges and Sewer Rents. The Board of Managers shall be responsible for arranging for water service for the Property directly with the City of New York, and shall be a Common Expense.

Section 19. Gas and Electricity. The Board of Managers responsible for arranging for gas for the Common Elements and Units service, and electric service the Common Elements, if any, and shall be paid by the Board and will be borne as a Common Expense payable by Unit Owners. The residents of Unit 1 and Unit 2 shall pay directly for electrical service that is sub-metered for their respective residences.

Section 20. Boiler and Burner Maintenance. The cost to maintain and repair the boiler and other components of the heat and hot water system will be a Common Expense paid by the Board of Managers.

Section 21. Removal of Garbage and Refuse. The Board of Managers shall be responsible for arranging responsible for the cost of garbage removal and will be a Common Expense.

Section 22. Noise and Vibration. No Unit Owner shall cause or permit any contractor, agent, employee or tenant to create unreasonable noise or vibration.

Section 23. Sidewalks. It shall be the obligation of the Board of Managers to clean the sidewalks surrounding the Building and to remove the snow therefrom. The Board of Managers shall be solely and fully responsible for the cost of repairing and replacing the sidewalks, and such cost will be a Common Expense.

Section 24. Common Ownership. It is initially contemplated that the same entity will own the beneficial and equitable interest in both Unit 1 and Unit 2. At any time that one entity owns the beneficial and equitable interest in both Units, the Board of Managers may assign the rights, duties and obligations of the Board of Managers to the Unit Owner.

ARTICLE VII
Mortgages

Section 1. Mortgage of Units. Each Unit Owner shall have the right to mortgage its Unit without restriction, except in accordance with the Regulatory Agreement, provided that the Board of Managers is notified in writing of the making of the mortgage and receives a conformed copy of the mortgage and note, and the Unit Owner making such mortgage first pays all assessments and

General Common Charges, as the case may be, previously assessed by the Board of Managers against the Unit, and satisfies all unpaid liens against the Unit, except for the lien of a permitted mortgage.

ARTICLE VIII
Condemnation

Section 1. Takings in General. (a) If a Unit Owner or the Board of Managers receives notice that all or any part of the Property has been or is to be taken through the exercise of the power of eminent domain under applicable law (a "Taking"), such Owner or the Board of Managers shall so notify the other Owner, the Board of Managers and all mortgagees, as applicable.

(a) Except for the foregoing requirement, the provisions of this Article VIII (as well as Article IX) shall only apply to Takings if and so long as such Taking qualifies as a Condominium Taking as defined herein. No provision of Articles VIII and IX shall apply to a Taking which is not a Condominium Taking (and, accordingly, any proceeding or award in respect thereof shall be prosecuted and settled by, and the Award shall be paid to the affected Owner or the Board of Managers, as applicable, subject only to the rights, if any, granted by such Owner to its mortgagee(s)).

(b) A Condominium Taking is a Taking except for the Takings specified in Section 1(d) below.

(c) A Unit 2 Taking which is not in any way a Unit 1 Taking or a Common Element Taking and in which the Unit 1 Owner and the Board of Managers are not named (or required to be named) as a party to the condemnation proceeding is not a Condominium Taking. A Unit 1 Taking which is not in any way a Unit 2 Taking or a Common Element Taking and in which the Unit 2 Owner and the Board of Managers are not named (or required to be named) as a party to the condemnation proceeding is not a Condominium Taking.

(d) Notwithstanding that a Taking does not initially qualify or ceases to qualify as a Condominium Taking, if such Taking is not of Substantially All of the Property, then any restoration, reconstruction, or alteration in connection with such Taking shall nevertheless be subject to the provisions of Article VI in the same manner as if there were damage or destruction arising from casualty, to the extent otherwise applicable to such restoration, reconstruction or alteration (except that any deficiency shall be determined in accordance with Article VIII, Sections 4(c) and (d) below).

(e) The following terms shall have the following meanings:

(1) "Award" or "Awards": Any or all of the Unit 2 Award, the Unit 1 Award or the Common Element Award, as applicable.

(2) "Combined Award": The aggregate Award(s), including, without limitation, consequential damages for any constructive taking, payable in connection with damages attributable to a Unit 2 Taking and/or a Unit 1 Taking and/or a Common Element Taking which is a Condominium Taking, and, in the case of a Condominium Taking of less than Substantially All of the Property, such award shall include any award (or portion thereof) payable on the basis of

restoration or other work necessitated by, or arising out of, such taking or condemnation, but shall not include any separate claim by either Owner or by the tenants of Unit 1 or by the Board of Managers for personal property, trade fixtures or money or relocation costs.

(3) "Unit 2 Award": The aggregate Award(s) payable in connection with and attributable to a Unit 2 Taking which is a Condominium Taking, including, without limitation, consequential damages for any constructive taking, and in the case of a Condominium Taking of less than Substantially All of the Property, such award shall include any award (or portion thereof) payable on the basis of restoration or other work necessitated by, or arising out of, such taking or condemnation, but shall not include any separate claim for the Unit 2 Owner's personal property or trade fixtures.

(4) "Unit 2 Taking": The Taking of the whole or any portion of Unit 2.

(5) "Common Element Award": The aggregate Award(s) payable in connection with and attributable to a Common Element Taking which is a Condominium Taking, including, without limitation, consequential damages for any constructive taking, and in the case of a Condominium Taking of less than Substantially All of the Property, such award shall include any award (or portion thereof) payable on the basis of restoration or other work necessitated by, or arising out of, such taking or condemnation, but shall not include any separate claim for the Board of Managers' personal property, trade fixtures, and moving or relocation costs.

(6) "Common Element Taking": The Taking of all or any part of the Common Elements.

(7) "Date of Taking": With respect to a Condominium Taking, the earlier of (1) the date on which actual possession of the Property, or any part thereof, as the case may be, is acquired pursuant to applicable law in connection with the Condominium Taking, or (2) the date on which fee title to the Units, the Common Elements or any part thereof, as the case may be, has vested in any lawful power or authority pursuant to the provision of applicable law in connection with the Condominium Taking.

(8) "Net Award" or "Net Awards": Any one of or all of the Net Unit 2 Award, Net Unit 1 Award or the Net Common Element Award, as applicable.

(9) "Net Unit 2 Award": The Unit 2 Award less all reasonable fees and expenses incurred by the Unit 2 Owner and any mortgagee of Unit 2 and by the Board of Managers, if applicable, in collecting the Unit 2 Award or the initial Combined Award, as applicable.

(10) "Net Unit 1 Award": The Unit 1 Award less all reasonable fees and expenses incurred by the Unit 1 Owner and any mortgagee of Unit 1 and by the Board of Managers, if applicable, in collecting the Unit 1 Award or the initial Combined Award, as applicable.

(11) "Net Common Element Award": The Common Element Award less all reasonable fees and expenses incurred by the Board of Managers, Unit Owners and any mortgagee of a Unit in collecting the Common Element Award.

(12) "Unit 1 Award": The aggregate Award(s) payable in connection with and attributable to a Unit 1 Taking which is a Condominium Taking, including, without limitation, consequential damages for any constructive taking, and in the case of a Condominium Taking of less than Substantially All of the Property, such award shall include any award (or portion thereof) payable on the basis of restoration or other work necessitated by, or arising out of, such taking or condemnation, but shall not include any separate claim for the Unit 1 Owner's (or its tenants') personal property, trade fixtures, and money or relocation costs for itself or for any of its tenants.

(13) "Unit 1 Taking": The Taking of the whole or any portion of Unit 1.

(14) "Section 3 Condominium Taking": A Condominium Taking qualifying under Article VIII, Section 3(a), (b), or (c).

(15) "Substantially All of either Unit 1 or Unit 2 ": Such portion of either (but not both) Unit 1 or Unit 2, as the case may be, as, when so taken, would leave a balance of Unit 2, or Unit 1, as the case may be, due to either the area so taken or the location of the part or parts so taken in relation to the part or parts of Unit 1 or Unit 2, as the case may be, not so taken, such that Unit 1 or Unit 2, as the case may be, would not, under economic conditions, zoning laws and building regulations then existing constitute a Unit capable of producing a fair and reasonable net annual income from any use permitted hereunder with respect to Unit 1 or Unit 2, as the case may be.

(16) "Substantially All of the Property": Such portion of the Property as, when so taken, would leave a balance of the Property that, due either to the area so taken or the location of the part or parts so taken in relation to the part or parts not so taken, would not, under economic conditions, zoning laws and building regulations then existing, readily accommodate a new or reconstructed building or buildings of a type and size generally similar to the Building existing at the Date of Taking and capable of producing a fair and reasonable net annual income with respect to both of Unit 1 and Unit 2.

Section 2. Awards. (a) In the event of a Condominium Taking, the Awards shall be determined and disbursed, and any repair and restoration of the Building shall be performed, in accordance with the requirements of this Article VIII. The Unit 2 Owner, the Board of Managers and any mortgagees of Unit 2 shall have the right to participate in the prosecution of the claims for the Unit 2 Award and/or the Combined Award. The Unit 1 Owner, the Board of Managers and the mortgagees of Unit 1 shall have the right to participate in the prosecution of the claims for the Unit 1 Award and/or the Combined Award. All parties shall cooperate with one another to maximize the amount of their respective Awards and in any event, in connection with a Combined Award. (Nothing herein shall limit the right of either Owner to make a separate claim for that Owner's personal property, trade fixtures and moving or relocation costs, or limit the tenants of Unit 1 from making a separate claim for their personal property, moving and relocation costs). If the court is prepared to allocate a separate Unit 2 Award, a separate Unit 1 Award and a separate Common Element Award, then each Owner, together with its respective mortgagees, and the Board of Managers, where applicable, may compromise or settle its Award. However, if the court does not allocate a separate Unit 2 Award, a separate Unit 1 Award and a separate Common Element Award, but instead awards only a Combined Award, then no Owner (nor mortgagee), nor the Board of Managers, may compromise or settle the Combined Award without the consent of all the others.

Upon a determination of the Combined Award, then the Board of Managers, the Unit 2 Owner, the Unit 1 Owner and the mortgagees of Unit 1 and Unit 2, shall endeavor in good faith to allocate and divide the Combined Award into a Unit 2 Award and a Unit 1 Award, and if applicable, a Common Element Award. If the parties cannot agree, then such allocation and division shall be an Arbitrable Dispute. Upon such allocation and division of the Combined Award, whether by agreement of the parties or by Arbitration, such allocated award shall then be the Unit 2 Award and Unit 1 Award, and if applicable, the Common Element Award, for all purposes hereunder.

Section 3. Section 3 Condominium Takings.

(a) In the event of (1) a Condominium Taking of Substantially All of the Property, or (2) a temporary Condominium Taking of (i) all of the Building, or (ii) part of both Unit 1 and Unit 2, or (3) a Condominium Taking which is both a Unit 2 Taking and a Unit 1 Taking, but by which Substantially All of either Unit 1 or Unit 2 is taken (but the Condominium Taking is thus not of Substantially All of the Property), or (4) a Condominium Taking that is both a Unit 2 Taking and a Unit 1 Taking, but in which it is determined that no Restoration Work is required in either Unit that affects the Common Elements, then the provisions of Paragraphs (b) and (c) immediately below shall apply. If there is any dispute as to whether the Condominium Taking qualifies as a Section 3 Condominium Taking, the same shall constitute an Arbitrable Dispute.

(b) If, in connection with any Article VIII Section 3 Condominium Taking described in Paragraph (a) above, a separate Unit 2 Award and Unit 1 Award (and/or a separate Common Element Award as applicable), is awarded by the court, then upon such separate court awards, such Taking shall no longer be a Condominium Taking (and, accordingly, the provisions of Article VIII, Section 1(b) shall apply). However, if there is a dispute as to whether such Condominium Taking qualifies as a Section 3 Condominium Taking, then any Awards received shall be paid over to and held by the Board of Managers, in trust, until such dispute is resolved, and if it is determined to be a Taking which qualifies as a Section 3 Condominium Taking, then the Board of Managers shall release all Awards in accordance with Paragraph (c) below, and upon such release, such Taking no longer constitutes a Condominium Taking (and, accordingly, the provisions of Article VIII, Section 1(b) shall apply). If, in connection with any Section 3 Condominium Taking, a Combined Award is awarded, it shall be paid over to the Board of Managers and held in trust until any disputes are resolved and until the allocation is made as provided in Article VIII, Section 2 above, at which time the Board of Managers shall release all Awards in accordance with Paragraph (c) below and upon such release the Taking shall no longer constitute a Condominium Taking (and, accordingly, the provisions of Section 1(b) shall apply). If the Condominium Taking is determined upon resolution of any dispute to not be a Section 3 Condominium Taking, then the provisions of Section 4 shall apply.

(c) When the Award is released under Paragraph (b) above, the Unit 2 Award, net of a proportionate share of the expenses due the Board of Managers, shall be paid to the Unit 2 Owner, the Unit 1 Award, net of a proportionate share of the expenses due the Board of Managers, shall be paid to the Unit 1 Owner, and if applicable, the Common Element Award, net of a proportionate share of the expenses due the Board of Managers, shall be paid to the Board of Managers. However, to the extent the Board of Managers has received a notice pursuant to Article XI, Section 4 with respect to Unit 1 and/or Unit 2, the portion of the Unit 2 Award otherwise payable

to the Unit 2 Owner shall be paid to the mortgagee of that Unit, and the portion of the Unit 1 Award otherwise payable to the Unit 1 Owner shall be paid to the mortgagee of that Unit, as applicable.

Section 4. Condominium Takings other than Section 3 Condominium Takings.

(a) In the event of a Condominium Taking other than a Section 3 Condominium Taking, if the court awards a separate Unit 2 Award, Unit 1 Award and/or Common Element Award, then the Awards shall promptly be paid to the Board of Managers and the Board of Managers shall hold the same separately, in trust, and disburse the same in accordance with this Section and Article IX. Upon receipt of a Combined Award, the payees shall also pay the same over to the Board of Managers which shall hold and invest the same in trust and shall not disburse any proceeds thereof until the Combined Award is allocated as provided in Section 2 above. After receipt of the separate Awards or after the Combined Award is allocated and divided into a Unit 2 Award, Unit 1 Award and Common Element Award, if applicable, the Board of Managers shall pay its expenses and then, prior to any other disbursements, shall promptly pay (i) out of the Unit 2 Award, to the Unit 2 Owner and its mortgagees, their respective reasonable fees and expenses, (ii) out of the Unit 1 Award, to the Unit 1 Owner and its mortgagees, their respective reasonable fees and expenses and (iii) out of the Common Element Award, to the Board of Managers, its reasonable fees and expenses. The Net Award for each portion of the Property shall be held and disbursed in accordance with this Section 4 and Article IX. The expenses of the Board of Managers shall be paid out of the Awards based on the ratio of each Owner's Award or the Common Elements Award, as applicable, to the sum of the Awards.

(b) In connection with any Condominium Taking to which this Section 4 applies, the Board of Managers and the Unit Owners shall cooperate to repair and restore the remainder of the Building (such repair and restoration being referred to herein as a "Condemnation Restoration") in accordance with the applicable provisions of Article VI, Section 3(c) (except that (i) any deficiency shall be determined in accordance with Article VIII, Sections 4(c) and (d) below and (ii) all decisions to be made by the Owners in Article VI, Section 3(c) shall be made by the Owners when applied to this Section 4). The plans and specifications shall provide for repair and restoration of the remainder of the Building to form an architectural and functional whole with such changes in the Building as shall be required by reason of the Taking.

(c) As soon as reasonably practical after a Condominium Taking governed by this Section 4, (i) a Certifying Professional shall be selected by the Board of Managers, (ii) the Certifying Professional shall prepare a reasonably detailed statement setting forth (a) a description of the condemned areas of the Building, and (b) an estimate of the total costs of such repair or restoration, and shall deliver a copy of such estimate to each Owner and the Board of Managers (the "Estimate") and (iii) the Certifying Professional shall determine and certify to the initial Architect Condemnation Ratio (as defined below). Each Owner and the Board of Managers shall be responsible for its share of the costs of restoration (including costs resulting from "Unavoidable Delays") based on the Architect Condemnation Ratio. If the cost and expense to either Owner or the Board of Managers of performing its share of any repair and restoration pursuant to this Section 4 shall exceed the amount of its Net Award, the excess cost and expense shall be borne by such Owner or the Board of Managers as provided in Section 4(d) below. The term "Architect Condemnation Ratio" shall have the following meaning: the ratio reasonably determined by the Certifying Professional comparing (A) the relative cost of the restoration to be performed under this Section 4 as a result of the taking

suffered by an Owner or the Board of Managers to (B) initially, the Estimate, and, as and if the costs change during the course of the Restoration Work, the actual total costs. Notwithstanding the foregoing, (1) to the extent the additional costs incurred by an Owner or the Board of Managers result from the acts or omissions of the other Owner or the Board of Managers, as applicable, or optional changes requested by the other Owner, or the Board of Managers, as applicable, such Owner or the Board of Managers, as applicable, performing the acts or omissions or requesting the changes shall be solely responsible for payment of the additional costs (which costs will be factored into an adjusted Architect Condemnation Ratio), and (2) if an Owner or the Board of Managers fails to carry any insurance required under Article VI, Section 2 hereof, the Owner or the Board of Managers, as applicable, shall be responsible for the payment of any restoration costs that would have been paid from the proceeds of such insurance. Any dispute relating to the Architect Condemnation Ratio shall be deemed an Arbitrable Dispute.

(d) If with respect to either Owner or the Board of Managers, the portion of the Estimate allocated to such Owner or the Board of Managers based on the Architect Condemnation Ratio, or if the actual amount incurred in performing the repair or restoration for such Owner or the Board of Managers (based on the Architect Condemnation Ratio) exceeds the amount of such party's Net Award, if any, or if the Certifying Professional determines, in accordance with Article IX, Section 9, that a deficiency exists with respect to such Owner or the Board of Managers, such Owner or the Board of Managers, as applicable, shall deposit with the Board of Managers, within ten (10) days after receipt of the statement of the deficiency from the Certifying Professional, or the other Owner or the Board of Managers, its deficiency as so determined in accordance with Article IX, Section 9. If an Owner or the Board of Managers fails to contribute its deficiency, and such failure continues for a period of ten (10) days after the Owner or the Board of Managers is given notice of such failure, then the other Owner (who shall be a Creditor Owner) may, but shall not be obligated to, pay the share of the defaulting Owner (who shall be a Defaulting Owner) or to pay the share of the Board of Managers, as applicable. In addition, the Board of Managers shall have the right, but shall not be obligated, to pay the share of the Defaulting Owner. Any payments made by the Board of Managers pursuant to the foregoing shall be deemed a special assessment made by the Board of Managers against the Defaulting Owner, and failure of the Defaulting Owner to pay such special assessment shall be treated in the same manner as failure to pay Common Charges.

(e) At such time as there is (i) either (a) an executed fixed price or guaranteed maximum price construction contract for all the Restoration Work or (b) both an executed construction management agreement and signed trade contracts for not less than sixty percent (60%) of the Restoration Work and (c) payment and performance bonds covering (x) the construction contracts under a fixed price or guaranteed maximum price construction contract or (y) all trade contracts in excess of $1,000,000, and (ii) the Certifying Professional certifies as to the foregoing and that with respect to an Owner, the Net Award of such Owner then held by the Board of Managers is more than 120% of the estimated cost of such Owner's share of remaining Restoration Work allocable to such Owner based on such contracts and the Estimate as it may have been adjusted and the Architect Condemnation Ratio (any amount above 120%, the "Surplus Net Award"), then with respect to such Owner's Net Award, the Board of Managers upon notice from an Owner accompanied by the foregoing certifications (which notice shall be sent to the other Owner, the Board of Managers and the mortgagees), shall disburse said Owner's Surplus Net Award in accordance with the disbursement provisions for excess Net Awards in Article VIII, Section 4(h) below (it being understood that any disbursement under Section 4(h) below which is authorized by

this Section 4(e) shall be in addition to, and not in lieu of, any subsequent distribution under Section 4(h) which shall occur upon the completion of the Condemnation Restoration and the full payment of the costs thereof).

(f) If an Owner is required to deposit a deficiency under Section 4(d) above, and fails to do so (thus becoming the Defaulting Owner) and if the other Owner (the Creditor Owner) has no deficiency applicable to it, but elects not to deposit the deficiency of the Defaulting Owner, then the (i) Creditor Owner or (ii) the mortgagee of the Creditor Owner (any such party, the "Notifying Party") may send a notice to the Defaulting Owner and its mortgagees specifying (a) that the notice is being sent under this Section 4(f) and (b) demanding that the deficiency be deposited within sixty (60) days so that Restoration Work can proceed. If such deficiency is not so deposited (by anyone) within such sixty (60) day period, then, upon fifteen (15) days' prior notice to the Defaulting Owner and all of its mortgagees, the Notifying Party may at any time thereafter request that the Board of Managers pay to it the Creditor Owner's Net Award then held by the Board of Managers in accordance with Section 4(h) below, and thus terminating the Creditor Owner's obligation to rebuild its portion of the Building. The Board of Managers shall continue to hold the Net Award of the Defaulting Owner pending final resolution of any claims by the Creditor Owner for failure to deposit the deficiency and thus enabling the restoration to proceed. Upon such final resolution, the amount owing to the Creditor Owner shall be paid first out of the Defaulting Owner's Net Award, and the balance, if any, shall be paid to the Defaulting Owner in accordance with applicable provisions of this Section 4(h). Nothing herein shall be deemed to limit the amount of the Creditor Owner's claims to the Defaulting Owner's Net Award.

(g) (1) Subject to the provisions of Section 5, each Owner shall be obligated to repair and restore its Unit, and the Board of Managers shall be obligated to repair and restore the Common Elements, regardless of whether or not its Net Award is sufficient. Furthermore, each Owner shall cooperate with the other Owner and the Board of Managers, and the Board of Managers shall cooperate with each Unit Owner, in connection with any repairs or restoration to the Building.

(2) If, however, one Owner defaults in the full, faithful and punctual performance of any obligation under this Article VIII or Article IX (including, without limitation, preparing plans and specifications, selecting contractors, negotiating and executing contracts, and performing construction and submitting requisitions to the Board of Managers), then the other Owner or the Board of Managers shall have, in addition to all other remedies it may have hereunder or at law or in equity, upon the expiration of at least ten (10) days' prior notice of such default, the right, but not the obligation, if the Defaulting Owner has not commenced the good faith cure of such default within said ten (10) day period, to make any decisions required in connection with the performance of such obligation on behalf of the Defaulting Owner, to actually perform the obligation on behalf of the Defaulting Owner, and in accordance with the applicable provisions of Article IX, Section 10, to use the Defaulting Owner's Net Award in connection with the performance of any such obligation. If any Owner defaults in the performance of its obligations under this Section 4, as aforesaid, the other Owner and the Board of Managers are each hereby irrevocably appointed attorney-in-fact of the Defaulting Owner (such power of attorney being coupled with an interest) to take any and all steps necessary on behalf of Defaulting Owner to perform the Defaulting Owner's obligations as provided herein. Any and all expenses incurred by the Board of Managers pursuant to the foregoing shall be deemed a special assessment against the Defaulting Owner, and failure of the

Defaulting Owner to pay such special assessment shall be treated in the same manner as failure to pay Common Charges.

(3) If the Board of Managers defaults in the full, faithful and punctual performance of its obligations under this Section 4 (including, without limitation, adjusting any loss, preparing plans and specifications, selecting contractors, negotiating or executing contracts, and performing construction), the Unit Owners shall have, in addition to any other rights and remedies, the right, acting together jointly, to perform all obligations of the Board of Managers, and the Unit Owners shall be deemed to have a joint and several power of attorney from the Board of Managers to act on its behalf to perform the Board of Managers' obligations set forth herein.

(h) If pursuant to this Section 4, there is any excess of the Net Award or Net Awards over an Owner's share or the Board of Managers' share of the costs of Condemnation Restoration, the excess Net Award, if any, shall be paid to such Owner or the Board of Managers, as applicable, after the condemnation restoration is completed.

(i) For purposes of this Section 4, architects' and engineers' fees, attorneys' fees, consultants' fees, the fees of the Certifying Professional, title insurance premiums and other similar costs and expenses relating to repair or restoration shall be included in the costs and expenses of any such repair or restoration and be paid by the Board of Managers out of the Net Award(s). Such costs shall be borne by the Owners in accordance with the Architect Condemnation Ratio.

Section 5. Partition Action in Lieu of Continuation of Condominium. If any condemnation or eminent domain proceeding results in the taking of Substantially All of the Property, and Unit Owners representing at least 80% in Common Interest voting at a duly called meeting of the Unit Owners promptly resolve not to continue the Condominium, then the Property or so much thereof as shall remain, shall be subject to an action for partition at the suit of any Unit Owner or lienor as if owned in common in which event the net proceeds of sale arising out of the partition action, together with the net proceeds of the award from the condemnation or eminent domain proceeding shall be considered one fund and shall be divided by the Board of Managers among all the Unit Owners in proportion to their respective percentage interests in the Common Elements, provided, however, that no payment shall be made to a Unit Owner until there has first been paid off out of such Owner's share all liens on such Owner's Unit, in the order of priority of such liens.

ARTICLE IX
Records

Section 1. Records and Audits. The Board of Managers shall keep or shall cause the managing agent to keep detailed records of the actions of the Board of Managers, minutes of the meetings of the Board of Managers, minutes of the meetings of the Unit Owners, and financial records and books of account of the condominium, including a chronological listing of receipts and expenditures, as well as a separate account for each Unit which, among other things, shall contain the amount of each assessment of General Common Charges against such Unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. An annual report of the receipts and expenditures of the Condominium audited by an independent certified public accountant, shall be rendered by the Board of Managers to all Unit Owners, promptly after the end of each fiscal year.

The cost of such report shall be paid by the Board of Managers as a Common Expense. Records of the Board of Managers shall be kept at its offices at the Property. Each Unit Owner, and its representatives or employees and each mortgagee of a Unit shall be permitted to examine the books of account of the Condominium at reasonable times, on business days. All of the books and records held by the Board of Managers shall be made available to all Unit Owners.

ARTICLE X
Miscellaneous

Section 1. Notices. All notices hereunder shall be sent by registered or certified mail or by FedEx or other reputable overnight carrier to the office of the Board of Managers or to such other address as the Board of Managers may hereafter designate from time to time, by notice in writing to both Owners and to all mortgagees of Units. A copy of all notices sent to any Unit Owner pursuant to these Bylaws shall also be sent to 110 Mad Dev LLC c/o 1201 Route 112, Suite 900, Port Jefferson Station, New York 17776. All notices to a Unit Owner shall be sent by registered or certified mail or by FedEx or other reputable overnight carrier to their respective addresses, as designated by them from time to time, in writing, to the Board of Managers, except that notices of an annual meeting pursuant to Article IV, Section 1 may be sent by regular mail. All notices to mortgagees of Units shall be sent by registered or certified mail or by FedEx or other reputable overnight carrier to their respective addresses, as designated by them from time to time, in writing, to the Board of Managers. All notices shall be deemed to have been given five (5) days after mailing, except notices of change of address which shall be deemed to have been given when received.

Section 2. Consents. Any time either Owner or the Board of Managers, as applicable, gives any consent or approval requested to be given hereunder, the other Owner or the Board of Managers, as applicable, shall have the right to rely on such consent or approval and to presume that the party giving such consent or approval is authorized to give it and has obtained any and all approvals it may be required to obtain in connection with such consent or approval. Notwithstanding anything contained herein to the contrary, any time the consent of or other action by a mortgagee is required pursuant to the Condominium Documents (other than a consent to an amendment to the Condominium Documents which shall require the consent of all mortgagees), if there is more than one mortgagee with respect to any Unit, then as to such Unit, such consent or action shall only be required from the mortgagee holding a first mortgage lien of record secured by the Unit, or any other mortgagee designated from time to time (and until de-designated) by such first mortgagee to give consent in place of the holder of the first mortgagee. However, a Unit Owner may at any time agree that there may be more than one designated mortgagee with respect to said Owner's Unit which shall have the right to grant consents or take other action pursuant hereto. Any designation made pursuant to this Section 2 shall be effective within ten (10) days after notice thereof is given to the Board of Managers and/or the Unit Owner(s) and the Board of Managers. Notwithstanding the foregoing, all mortgagees shall be entitled to receive all notices hereunder to be given to a mortgagee (unless the mortgagee stipulates that it does not require such notice). In all cases where the consent of a mortgagee is required, such consent may not be unreasonably withheld or delayed.

Section 3. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

Section 4. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-Laws, or the intent of any provision thereof.

Section 5. Gender. The use of the masculine gender in these By-Laws shall be deemed to be the feminine or neuter gender and the use of the singular shall be deemed to be the plural, whenever the context so requires or admits.

Section 6. Waiver. No restriction, condition, obligation, or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 7. No Severance of Ownership. No Unit Owner shall execute any deed, mortgage or other instrument conveying or mortgaging title to his Unit without including therein the appurtenant Common Interest, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the appurtenant Common Interest of any Unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit to which such interests are appurtenant.

Section 8. Waiver of Right of Partition. In the event that a Unit shall be acquired by the Board of Managers, or its designee, on behalf of all Unit Owners as tenants-in-common, all such Unit Owners shall be deemed to have waived all rights of partition with respect to such Unit.

Section 9. Payment of Assessments. No Unit Owner shall be permitted to convey, sell or lease its Unit unless and until all unpaid General Common Charges and assessments theretofore assessed by the Board of Managers against its Unit shall have been paid in full and until it shall have satisfied (by payment or bond) all unpaid liens against such Unit. The foregoing shall not affect the validity of any mortgage.

ARTICLE XI
Amendments to By-Laws

Section 1. Amendments to By-Laws. The provisions of these By-Laws may not be amended without (i) for so long as the Mortgage is of record against the Property, the prior consent of Bank, (ii) HPD for so long as that certain Regulatory Agreement is in effect and (iii) written agreement of all Unit Owners at a meeting of the Unit Owners duly held in accordance with these By-Laws.

ARTICLE XII
Conflicts

Section 1. Conflicts. These By-Laws are set forth to comply with the requirements of Article 9-B of the Real Property Law of the State of New York. In case any of these By-Laws conflict with the provisions of said statute or of the Declaration, the provisions of said statute or of the Declaration, as the case may be, shall control.

ARTICLE XIII
Arbitration

Section 1. Applicability. Arbitration (hereinafter "Arbitration"), shall be available in those cases where the Declaration or these By-Laws require that the applicable party not unreasonably withhold or delay its consent, approval, determination, authorization or acceptance, or that the applicable party act in a reasonable manner, or that the applicable party exercise or refrain, in its reasonable discretion, from exercising any right granted to it in these By-Laws or the Declaration, or where as a matter of law, the party may not unreasonably withhold or delay its consent. Arbitration shall also be applicable in all other instances pursuant to these By-Laws or the Declaration where a dispute is an Arbitrable Dispute or may or must be resolved through Arbitration.

Section 2. Appointment of Arbitrators.

(a) In any circumstance for which Arbitration is required or permitted under the Declaration or these By-Laws, the party desiring Arbitration shall, within 15 business days of the event giving rise to the right to Arbitration, give written notice to such effect to the other party. Such notice also shall state the name and address of the arbitrator said party has appointed on its behalf, and shall state the issue to be arbitrated. Within five (5) business days after such notice is given, the other party by written notice to the original party, shall provide the name and address of a second person which said party shall have appointed on its behalf. If within five (5) business days following notice of the appointment of the second of said arbitrators, said two arbitrators shall be unable to resolve the issue, the two arbitrators shall, no later than five (5) business days after the end of their initial 5-day determination period, appoint by instrument in writing, a third person, as an impartial arbitrator, who shall proceed with the two arbitrators first appointed to determine the matter.

(b) If after notice of the appointment of the first arbitrator is given, the second arbitrator shall not have been appointed as aforesaid, then the party originating the Arbitration may apply for the appointment of an arbitrator in the manner hereinafter provided for the appointment of a third arbitrator in the case where the two arbitrators chosen hereunder are unable to agree upon such appointment.

(c) If the two (2) initially-appointed arbitrators shall be unable to agree within five (5) business days following the appointment of the latter of said arbitrators upon the matter in dispute and, in the event of the foregoing circumstances, if they shall fail to agree on an arbitrator to serve as the third arbitrator as aforesaid, then either party may apply to the American Arbitration Association ("AAA") or any successor organization (or if such organizations shall fail, refuse or be unable to act, to a court of competent jurisdiction in the State of New York) for the designation of such arbitrator.

(d) If any arbitrator appointed by either of the parties, by the AAA (or any successor organization), or court, or by the other two (2) arbitrators, shall die, become disqualified or incapacitated, or shall (for reasons beyond his or her control) fail to act, before such matter shall have been determined, a substitute arbitrator shall promptly be appointed by the person or persons' who appointed the arbitrator who shall have died, become disqualified or incapacitated or who shall have failed to act, and if a substitute arbitrator is not so named within three (3) business days after

such death, disqualification, incapacity or failure to act, such substitute arbitrator shall be appointed by application to the AAA, as described above.

Section 3. Qualification of Arbitrators. Each arbitrator shall be a person who shall have had at least ten (10) years' continuous experience in the County of New York in a calling connected with the matter of the dispute (e.g., in the management or operation of mixed-use (i.e., residential and commercial) buildings in Manhattan, or in construction and/or architectural or engineering endeavors, etc.), shall be associated with a firm engaged in such business and shall not be a sole practitioner, and when required by law or regulation pertaining to practice of the profession or trade, shall be licensed to practice in New York. Any third arbitrator appointed in accordance with this Article XIV shall be impartial and shall not then be employed or controlled by, controlling or under common control with any member of the Board of Managers, any Unit Owner, any Managing Agent, or any affiliates of the foregoing.

Section 4. Procedures.

(a) Arbitration shall be conducted, to the extent consistent with the Declaration and these By-Laws, in accordance with the then prevailing Arbitration Rules for expedited procedures of the AAA, other than rules relating to the appointment of arbitrators, and such other procedures as are agreed to by the parties. All parties shall have the right to appear and be represented by counsel before the appointed arbitrators and to submit such data and memoranda in support of their respective positions in the matter in dispute as they may deem necessary or appropriate in the circumstances.

(b) Following presentation and submission of all such data, memoranda and similar material by all parties to the Arbitration in support of their positions, the arbitrators shall be obligated to render a determination within the time period set forth in this Article XIV for the rendering of decisions. The arbitrators' determination shall in all instances be in writing and shall not be rendered verbally.

(c) In the event a third arbitrator is appointed as described above, the arbitrators shall be instructed to render a decision within ten (10) business days of the third arbitrator's appointment. In all Arbitrations, the written decision of any two arbitrators in accordance with the foregoing, shall be final and binding upon the parties to the Arbitration and judgment may be entered thereon in any court of competent jurisdiction. In rendering their decision, the arbitrators shall have no power to modify any of the provisions of the Declaration or these By-Laws, and the jurisdiction of the arbitrators is limited accordingly, it being specifically understood that in no event shall the arbitrators have the authority to award damages.

Section 5. Costs and Expenses. In any Arbitration the losing party shall pay the fees and disbursements of the arbitrators and all other costs associated with the Arbitration, including the legal fees and disbursements, and out-of-pocket expenses of the other parties involved in the Arbitration, unless the Declaration or these By-Laws provides otherwise with respect to specific items of dispute.

Section 6. Agreement by Parties. The parties to any dispute required or expressly permitted to be submitted to Arbitration under these By-Laws or the Declaration, may, by mutual

written agreement between them, vary any of the provisions of this Article XII with respect to the Arbitration of such dispute, or may agree to resolve their dispute in any other manner.

EXHIBIT A

RULES AND REGULATIONS

1. The sidewalks and entrances to the Property shall not be obstructed or used for any other purpose than ingress to and egress from the Units.

2. Intentionally omitted.

3. Intentionally omitted.

4. No Unit Owner, tenant or other occupant or any of their agents, servants, employees, licensees or visitors shall at any time bring into or keep in his Unit any inflammable, combustible or explosive fluid, material, chemical or substance, except as shall be necessary and appropriate for the permitted uses of such Unit.

5. No Unit Owner, tenant or other occupant shall permit anything to be done or kept in its Unit or in the Common Elements which will result in the cancellation of insurance on the Building or which would be in violation of any laws and requirements of public authorities. No waste shall be committed in the Common Elements.

6. No Unit Owner shall suffer or permit a Unit or any part thereof to be used in any manner or anything be done therein or anything to be brought into or kept therein which, in the reasonable judgment of the Board of Managers, in any way shall impair or interfere with any of the Common Elements or servicing of the Common Elements impair or interfere with the use of the Common Elements.

7. No Unit Owner shall discharge or permit to be discharged any materials into waste lines, vents or flues of the Building which might reasonably be anticipated to cause damage thereto.

8. All data processing, other business machines and equipment and all other mechanical equipment or any other equipment installed and used by a Unit Owner, tenant or other occupant in its Unit shall not exceed the permissible floor load for said Unit and shall be so equipped, installed and maintained by such Unit Owner, tenant or other occupant as to prevent the transmission of noise, vibration or electrical or other interference from such Unit to any other area of the Building. No Unit Owner, tenant or other occupant shall move any safe, heavy machinery, or heavy equipment into or out of the Building without employing persons licensed as master riggers, if such licenses are required under the circumstances by applicable laws, or requirements of public authorities or insurance bodies.

9. Unit Owners will not clean, nor require, permit, suffer or allow any windows to be cleaned from the outside in violation of Section 202 of the Labor Law or of the rules of the Board of Standards and Appeals or of any other board or body having or asserting jurisdiction.

10. Each Unit Owner shall keep its Unit in a good state of preservation and cleanliness, and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors or windows thereof, any dirt or other substance.

11. All radio, television or other electrical equipment of any kind or nature installed or used in each Unit shall fully comply with all rules, regulations, requirements or recommendations of the New York Board of Fire Underwriters and the public authorities having jurisdiction, and the Unit Owner alone shall be liable for any damage or injury caused by any radio, television or other electrical equipment in such Unit Owner's Unit. No Unit Owner shall use any electrical equipment which shall interfere with television or radio reception.

12. Water closets and other water apparatus in the Building shall not be used for any purpose other than those for which they were designed, nor shall any sweepings, rubbish, rags or any other article be thrown into the same. Any damage resulting from misuse of any water closets or other apparatus in a Unit shall be repaired and paid for by the Owner of such Unit.

13. No occupant of the Building shall send any employee of the Board of Managers or of the managing agent out of the Building on any private business.

14. The Board of Managers or the managing agent may retain a passkey to each Unit.

retain a passkey to each Unit.

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Exhibit 9

IH REGULATORY AGREEMENT

Page

a. IH Regulatory Agreement 367

b. First Amendment to IH Regulatory Agreement..... 429

c. Sample Resale Price: HPD 2009 Inclusionary Housing Text Amendments Overview 438

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EXHIBIT 9(a)

COPY OF IH REGULATORY AGREEMENT

[Please see Following Page]

NYC DEPARTMENT OF FINANCE
OFFICE OF THE CITY REGISTER

This page is part of the instrument. The City Register will rely on the information provided by you on this page for purposes of indexing this instrument.The information on this page will control for indexing purposes in the event of any conflict with the rest of the document.

2017060200307008001E4649

RECORDING AND ENDORSEMENT COVER PAGE **PAGE 1 OF 61**

Document ID: 2017060200307008 Document Date: 05-23-2017 Preparation Date: 06-02-2017
Document Type: AGREEMENT
Document Page Count: 59

PRESENTER:	**RETURN TO:**
SUPERIOR DATA SERVICES 188 MONTAGUE STREET STE 1000***HOLD FOR PICKUP SDS******** BROOKLYN, NY 11201 718-404-0214 JLICARI@SUPERIOR-DATA.COM	SUPERIOR DATA SERVICES 188 MONTAGUE STREET STE 1000***HOLD FOR PICKUP SDS******** BROOKLYN, NY 11201 718-404-0214 JLICARI@SUPERIOR-DATA.COM

PROPERTY DATA

Borough	Block	Lot		Unit	Address
MANHATTAN	1486	4	Entire Lot		1402 YORK AVENUE

Property Type: COMMERCIAL REAL ESTATE

CROSS REFERENCE DATA

CRFN_____ *or* DocumentID_____ *or* _____ Year_____ Reel____ Page_____ *or* File Number_____

PARTIES

PARTY 1:	**PARTY 2:**
1402 YORK AVENUE HOUSING DEVELOPMENT FUND COMPANY, INC 242 WEST 36TH STREET, THIRD FLOOR ☒ Additional Parties Listed on Continuation Page	THE CITY OF NEW YORK 100 GOLD STREET, NINTH FLOOR NEW YORK, NY 10038

FEES AND TAXES

Mortgage :		
Mortgage Amount:	$	0.00
Taxable Mortgage Amount:	$	0.00
Exemption:		
TAXES: County (Basic):	$	0.00
City (Additional):	$	0.00
Spec (Additional):	$	0.00
TASF:	$	0.00
MTA:	$	0.00
NYCTA:	$	0.00
Additional MRT:	$	0.00
TOTAL:	$	0.00
Recording Fee:	$	332.00
Affidavit Fee:	$	0.00

Filing Fee:	$ 0.00
NYC Real Property Transfer Tax:	$ 0.00
NYS Real Estate Transfer Tax:	$ 0.00

RECORDED OR FILED IN THE OFFICE OF THE CITY REGISTER OF THE CITY OF NEW YORK
Recorded/Filed 07-06-2017 12:05
City Register File No.(CRFN): **2017000248280**

City Register Official Signature

NYC DEPARTMENT OF FINANCE OFFICE OF THE CITY REGISTER	2017060200307008001C44C9

RECORDING AND ENDORSEMENT COVER PAGE (CONTINUATION) **PAGE 2 OF 61**

Document ID: 2017060200307008 Document Date: 05-23-2017 Preparation Date: 06-02-2017
Document Type: AGREEMENT

PARTIES

PARTY 1:
BEACH PATH, LLC
C/O THE CREST GROUP, 1201 RTE 112
PORT JEFFERSON STATION, NY 11776

C16-16920

REGULATORY AGREEMENT

AGREEMENT made as of May 23 2017, by and among by and among **1402 YORK AVENUE HOUSING DEVELOPMENT FUND COMPANY, INC.**, a Housing Development Fund Company formed pursuant to the laws of the State of New York, having an address at 242 West 36th Street, 3rd Floor, New York, New York 10018 ("HDFC") and **BEACH PATH, LLC**, a limited liability company formed pursuant to the laws of the State of New York, having a an office at 1201 Route 112, Suite 900, Port Jefferson Station, New York 17776 ("Beneficial Owner"; together with HDFC, collectively, "Applicant"), and the City of New York (the "City"), a municipal corporation acting by and through its Department of Housing Preservation and Development ("Department"), having an office at 100 Gold Street, Ninth Floor, New York, NY 10038.

WHEREAS HDFC is the nominal owner in fee simple of the premises located in the County of New York, City and State of New York, known as and by the street address 1402 York Avenue, New York, New York 10021, identified as Block 1486, Lot 4 on the Tax Map of the City (as improved pursuant to this Regulatory Agreement), (the "Premises"), more particularly described in Exhibit A attached hereto and made a part hereof, and intends to construct improvements on such Premises, which improvements will constitute Homeownership Affordable Housing within the meaning of Section 23-911 of the New York City Zoning Resolution (the "Resolution") and the Inclusionary Housing Program Guidelines (the "Guidelines") (the Guidelines and Resolution are collectively referred to as the "Program"); and

WHEREAS, Beneficial Owner is the owner of the equitable and beneficial interest in the Premises pursuant to a certain Declaration of Nominee Agreement between Beneficial Owner and HDFC dated as of the date hereof and intended to be submitted to the Office of the Register of New York City in Queens County simultaneously herewith;

WHEREAS, the Department has been duly authorized to administer the Program, including the execution of a Regulatory Agreement between the Department and Applicant for Floor Area Compensation under the Program (the "Agreement"); and

WHEREAS, Applicant has filed with the Department an Affordable Housing Plan (the "Plan") pursuant to Section 23-961(d) of the Resolution, attached hereto and made a part hereof as Exhibit B (the "Plan"), and the Department has evaluated and approved the Plan as such terms and requirements of the Plan are reflected in this Agreement; and

WHEREAS, Applicant intends to provide Low Income Floor Area (as defined in Section 23-911 of the Resolution (the "Homeownership Affordable Housing Units") to be affordable to and occupied by families having incomes less than or equal to the Low Income Limit in order to enable one or more new multiple dwellings (the "Compensated Development(s)"), to be eligible under the Program for Floor Area Compensation pursuant to Section 23-951 (Inclusionary Housing designated areas) of the Resolution; and

WHEREAS, Applicant will establish the Premises as a residential condominium project, submitting the Premises to a declaration of condominium which shall consist of terms and conditions in form and substance acceptable to the Department (said declaration, together with the by-laws and other exhibits and schedules attached thereto, as same may be amended from time to time, collectively the "Declaration"); and

WHEREAS, the Declaration will establish a condominium regime containing two (2) separate condominium units comprised of: (i) one condominium unit (such condominium unit and all such appurtenant common elements and operating systems necessary to the operation and maintenance thereof, the "Affordable Condo Unit") that will contain ten (10) cooperative apartments (each such cooperative apartment a "Homeownership Affordable Housing Unit" and collectively, the "Homeownership Affordable Housing Units"); (ii) one condo unit containing a market rate apartment (such condominium unit and all such appurtenant common elements and operating systems necessary to the operation and maintenance thereof, the "Market Rate Condo Unit"; together with the Affordable Condo Unit, collectively, the "Condo Units" or "Condominium", as applicable); and

WHEREAS, Applicant plans to cause to be formed a cooperative housing corporation (the "Cooperative Corporation") and shall cause to be prepared and filed with the New York State Attorney General an application for a plan of cooperative ownership of the Homeownership Affordable Housing Units, which shall consist of terms and conditions in form and substance acceptable to the Department (said plan, together with the by-laws and other exhibits and schedules attached thereto, as same may be amended from time to time, (collectively, the "Cooperative Plan");

WHEREAS, Applicant plans to convey the Homeownership Affordable Housing Units to the Cooperative Corporation, which shall issue (a) shares allocated to the Homeownership Affordable Housing Units in the Premises ("Shares") to those tenants having incomes equal to or less than the Low Income Limit and who have elected to purchase such Shares (each a "Shareholder" and collectively, "Shareholders") and (b) a "Proprietary Lease" to each of the Shareholders for such Shareholder's exclusive use of an Homeownership Affordable Housing Unit; and

WHEREAS, it is anticipated that the Cooperative Corporation will be formed as a Housing Development Fund Corporation under Article XI of the New York State Private Housing Finance Law ("PHFL") and the New York State Business Corporation Law, and will apply to the City Council of the City of New York for award of a 100% real estate tax exemption under Article XI of the PHFL, for the benefit of the Affordable Condo Unit; and

WHEREAS, this Agreement will be incorporated by reference into the Declaration, the Cooperative Plan and the Plan and is an enforceable part of both the Declaration, the Cooperative Plan and the Plan; and

WHEREAS, the Department has been duly authorized to administer the Program, including the execution of a Regulatory Agreement between the Department and Applicant for Floor Area Compensation under the Program (the "Agreement"); and

WHEREAS, the parties hereto wish to enter into this Agreement to set forth the rights and obligations hereunder.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, it is hereby agreed as follows:

1. Capitalized terms not specifically defined herein shall have the meaning set forth in the Program.

2. Applicant shall submit the Declaration to the Department for review and approval including, but not limited to, the provisions concerning carrying charges, prior to recording of the Declaration ("Recordation Date") with the Office of the City Register in the County of New York and, after such review and approval, the Program requirements contained in the Declaration shall not be modified, with respect to provisions concerning or affecting the Affordable Condo Units, without prior written approval of the Department. Upon formation of the Condominium and at such time as Applicant no longer owns the fee interest in the Affordable Condo Units, Applicant shall be subject only to Sections 5, 10, 12 and 18 of this Agreement.

3. (i) Applicant will create, through new construction ten (10) Homeownership Affordable Housing Units in the Affordable Condo Unit located at the Premises (the "Building") pursuant to the building plans submitted to and approved by the Department ("Building Plans"). Attached hereto as part of Exhibit C, is a list identifying each Homeownership Affordable Housing Unit. The Homeownership Affordable Housing Units will consist of ten (10) residential units to be occupied by Low Income Households, as defined in the Resolution which will permit Floor Area Compensation in conformance with the Resolution.

(ii) Applicant shall submit the Cooperative Plan, with all exhibits thereto, to the Department for review and approval prior to submission to the Attorney General's Office, and after such review and approval, the Program requirement contained in the Cooperative Plan shall not be modified without the prior written approval of the Department.

(iii) Applicant shall convey its respective interests in the Affordable Condo Unit to the Cooperative Corporation, subject to HPD's approval of such organization to participate in the Program, after completion of the Construction Requirements (as defined below).

4. The authority pursuant to the Resolution to create additional Floor Area in Compensated Development(s), granted in accordance with this Agreement, may be transferred by Applicant or by whomever Applicant directs the Department, in writing, to receive such transfer authority, subject to the geographic and zoning limitations set forth in the Resolution and subject to the requirements of the Program.

5. The parties hereto agree that the site of the subject Homeownership Affordable Housing Units is eligible for the construction of Low Income Floor Area pursuant to the Program and the requirements of Sections 23-90 (Inclusionary Housing), inclusive of the Resolution and Applicant expects the site to meet the requirements of Article XI of the Private Housing Finance Law. The parties also agree that Applicant shall complete the subject Homeownership Affordable Housing Units application for tax exemption under Article XI of the Private Housing Finance Law, unless the Department has waived, in writing, the necessity for such exemption. The parties hereto further agree that (a) Applicant shall not permit the Building Plans to be professionally certified to the City of New York Department of Buildings ("DOB") and (b) Applicant shall submit such Building Plans to a DOB plan examiner for review, and (c) applicable zoning calculations also shall be approved by a DOB plan examiner, and (d) construction of the Homeownership Affordable Housing Units, as described in the request, is in accordance with the Program requirements and with the Building Plans, with respect to the Homeownership Affordable Housing Units, (which Program requirements and Building Plans are collectively defined as "Construction Requirements"). The Construction Requirements that relate to the

Program requirements or Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) shall not be altered without the Department's written approval.

Applicant shall complete the construction of the Homeownership Affordable Housing Units within three (3) years from the date of this Agreement ("Completion Deadline"). The construction of the Homeownership Affordable Housing Units shall be deemed complete upon the Department's issuance, for presentation to the DOB, of a Certificate of Completion of Homeownership Affordable Housing Units in accordance with Section 9 of this Agreement ("Completion").

6. This Agreement is subject to the Applicant's compliance with the requirements set forth in the Program. The Department acknowledges that, as of the date of this Agreement, Applicant has satisfied applicable requirements set forth in Sections 23-90 (Inclusionary Housing), inclusive of the Resolution.

7. The Homeownership Affordable Housing Units created pursuant to this Agreement will be occupied solely by Homeowners who are Eligible Buyers at the time of their application for a Sale or Resale of the Shares associated with a Homeownership Affordable Housing Unit and shall be operated as Homeownership Affordable Housing Units for the life of the increased Floor Area of the Compensated Development(s). Such obligation shall run with the tax lot(s) within the zoning lot containing such Homeownership Affordable Housing Units.

8. (a) Sale and Resale Price of Homeownership Affordable Housing Units.

(i) Initial Price. At Initial Occupancy, Applicant shall sell the Shares associated with Homeownership Affordable Housing Units to Eligible Buyers for no more than at the Initial Price established by the Department pursuant to Sections 23-913 and 23-962(b)(1) and (2) of the Resolution. Attached hereto as set Exhibit D-1 is a schedule of proposed Initial Prices and a schedule of operating expenses of the Affordable Condo Unit as set forth in in Exhibit D-2.

(ii) Maximum Resale Price. At Resale, Shares of a Homeownership Affordable Housing Unit shall only be sold to an Eligible Buyer for no more than the Maximum Resale Price for such unit as set forth in Section 23-962(b)(3) and (4) of the Resolution.

(b) Proprietary Lease and Cooperative Corporation Stock Certificate Restrictions. At the Sale or Resale of Shares of a Homeownership Unit, the Cooperative Corporation and Administering Agent shall ensure that the Proprietary Lease for each Homeownership Affordable Housing Unit and the stock certificate for the Shares allocable thereto, contain language that states that the Homeowner(s) and each subsequent purchaser shall be subject to and assume the duties and obligations as stated in the Program and this Agreement. Notwithstanding the foregoing, such assumption by an individual Homeowner(s) shall not release the Applicant and/or its successors, including but not limited to the Cooperative Corporation or any board of managers of the Cooperative Corporation from its obligations under this Agreement.

(c) Rental of Unsold Homeownership Affordable Housing Units. On or after the issuance of a Certificate of Completion of Homeownership Affordable Housing Units, unsold Homeownership Affordable Housing Units may be rented in accordance with the rental provisions set forth in Section 23-961 of the Resolution and of the Program, including but not limited to, the requirement that such units be registered with the Division of Housing and Community Renewal or a successor agency ("DHCR"), until such time as such units are sold to an Eligible Buyer in accordance with the Program.

(d) Transfer Taxes Upon Sale. Upon the Sale of the Shares of each Homeownership Affordable Housing Unit to an Eligible Buyer, Applicant shall pay any applicable real estate transfer taxes on behalf of each such Eligible Buyer, in an amount as may be required by applicable law for each such Homeownership Affordable Housing Unit.

9. Applicant agrees not to request or accept a Certificate of Occupancy ("C of O") or a Temporary Certificate of Occupancy ("T C of O") for any portion of the Compensated Development that utilizes Floor Area Compensation until the Department issues a Completion Notice to such Compensated Development.

The Department shall issue a Certificate of Completion of Homeownership Affordable Housing Units upon Applicant's compliance with the following requirements (a) though (n) of this Section (9):

(a) (1) submission of proof that each Homeownership Affordable Housing Unit that is not located in the portion of the Compensated Development that utilizes Floor Area Compensation, has received a C of O or a T C of O, and (2) where applicable each Homeownership Affordable Housing Unit that is located in the portion of the Compensated Development that utilizes Floor Area Compensation has received certification from DOB that such Affordable Housing Unit is eligible to receive its C of O or T C of O upon the Department's issuance of Certificate of Completion of Affordable Housing Units;

(b) at the discretion of the Department, performance by the Department of a site inspection which establishes to the satisfaction of the Department that (i) the Homeownership Affordable Housing Units meet the requirements of Sections 23-96(b), (c) and (d) of the Resolution and (ii) the Building meets the requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR part 8.

(c) funding of the Reserve Accounts in accordance with Section 15 of this Agreement; and

(d) submission of proof, satisfactory to the Department, that the Commencement Date has occurred. Commencement Date is the date by which Applicant shall have entered into contracts of sale for the greater of (1) 50% of the Homeownership Affordable Housing Units in such Generating Site, or (2) the number of Homeownership Affordable Housing Units in such Generating Site that Applicant's mortgagee requires to be sold, pursuant to which Eligible Buyers may begin occupancy, in accordance with the Program, after closing on the Sale of

the Homeownership Affordable Housing Units and upon the issuance of the a C of O or T C of O; and

(e) submission of certificates of insurance required by Section 12 of this Agreement with all premiums for the current year fully paid; and

(f) submission on or after the date that DOB either certifies to the Department that DOB is prepared to issue the C of O or the T C of O for all of the Homeownership Affordable Housing Units or that DOB has issued the C of O or the T C of O for the Homeownership Affordable Housing Units, as the case may be, of (i) a policy of fee title insurance dated as of the date the HDFC acquired fee title and Beneficial Owner acquired beneficial and equitable ownership to the Building, or a title policy insuring the lien of mortgage of the primary Lender for the Building and/or the Premises or such Lender's credit enhancer, dated as of the date of the closing of the financing of such mortgage, will satisfy the foregoing, where such policy (a) has been issued by a title company in good standing licensed to issue title insurance in New York State and contains the Standard New York Endorsement (Owner's Policy) in substantially the form that appears as Exhibit E hereto, (b) such policy evidences fee simple ownership in the Applicant and the absence of liens and other encumbrances on the Premises other than those approved by the Department, (ii) proof of payment of premiums therefore, and (iii) title continuations run by the title company from the date of the fee title policy to the date of submission of such title policy together with a letter from the title company confirming the absence of liens and encumbrances on the Premises other than those previously approved by the Department and mechanics liens which have been bonded; and

(g) submission of an executed contract between the Department and the Administering Agent in accordance with Section 11 of this Agreement; and

(h) submission of a Memorandum of Regulatory Agreement, where applicable, and the Agreement stamped as recorded separately in the Office of the City Register in accordance with Section 24 and Section 29 respectively, of this Agreement; and

(i) submission of proof that any required subordination and non-disturbance agreement ("Affordable Housing Subordination Agreement") was recorded immediately following execution thereof and that Applicant fully complied with the requirements of Section 19 of this Agreement; and

(j) submission of (1) proof that such building is entirely free of violations of record issued by any City or State agency pursuant to the Multiple Dwelling Law, the Building Code, the Housing Maintenance Code and the Program and (2) submission of an affidavit stating that Applicant shall complete multiple dwelling registration of the building on the Premises that contains the Affordable Housing, in accordance with the New York City Housing Maintenance Code; and

(k) certification that the representations, warranties and statements made by the Applicant that are contained in this Agreement and in any other documents executed in connection with this Agreement remain true and correct as of the date on which the foregoing conditions have been satisfied; and

(l) submission of proof that the Building Plans were reviewed by a DOB plan examiner and submission of a zoning sheet approved by a DOB plan examiner after the issuance of a temporary certificate of occupancy; the Department's issuance of the Certificate of Completion of the Homeownership Affordable Housing Units shall be based upon such DOB approved calculations; and

(m) where applicable, submission of proof of completion of all applications for tax exemptions and that Applicant has fully complied with Section 5 of this Agreement. With respect to an application for real property tax exemption benefits pursuant to Article XI of the Private Housing Finance Law ("Article XI"), Applicant shall be deemed to have complied with this Section 9(m) when Applicant has provided the Department with all information the Department deems necessary for it to submit a request, on behalf of Applicant, to the New York City Council for real property tax exemption benefits for the Affordable Housing pursuant to Article XI; and

(n) compliance with all terms of this Agreement and the Program.

10. Warranties. Applicant shall obtain and retain commercially reasonable warranties of the work on the Homeownership Affordable Housing Units from the general contractor and all subcontractors performing such work and, at the Department's request, shall submit such warranties for inspection.

11. Sale and Resale of Homeownership Affordable Housing Units. Applicant has contracted with Housing Partnership Development Corporation, a not-for profit organization qualified by the Department to participate in the Program, to act as Administering Agent for the Homeownership Affordable Housing Units ("Administering Agent") and shall assign to the Cooperative Corporation or any successor cooperative housing apartment corporation, such contract with the Administering Agent. The Administering Agent shall ensure that the Sale and Resale of Shares of the Homeownership Affordable Housing Units are in compliance with the Plan and all of the requirements of the Program. Within sixty (60) days of the Commencement Date, the Administering Agent shall submit an affidavit to the Department attesting that the Initial Price charged for Shares of each Homeownership Affordable Housing Unit complied with the requirements for such unit at Sale and that the purchaser of such Shares was an Eligible Buyer. Each year after the Commencement Date, in the month of March, the Administering Agent shall submit an affidavit to the Department attesting that each Resale of Shares of a Homeownership Affordable Housing Unit during the preceding year complied with all applicable requirements of the Program on the Sale Date(s) of the Resale of any such Shares. A form of the contract between the Administering Agent and the Department ("Administering Agent Agreement") is attached and made a part hereof as Exhibit F. The Department reserves the right to replace the Administering Agent in the event that the Homeownership Affordable Housing Units are not sold, re-sold or rented (as the case may be) in compliance with the Program.

Where Homeownership Affordable Housing Units have been rented in accordance with Section 8(c) herein, such units shall be rented and re-rented in accordance with the rental provisions of the Program until such units may be sold to an Eligible Buyer.

Nothing stated herein limits or modifies in any way whatsoever the requirement contained in Section 7 herein that the Homeownership Affordable Housing Units be operated as such for the life of the increased floor area of the Compensated Development(s).

12. Insurance.

Applicant and/or Applicant's successor, as applicable, including any board of managers of the Condominium, shall ensure that (i) Applicant and/or Applicant's successor, as applicable, including any board of managers of the Condominium shall maintain adequate insurance on the Building and (ii) the Declaration shall provide that each Homeowner shall maintain adequate homeowners insurance on such Homeowners unit in the Condominium and be bound to the provisions of this Section 12, as well as to the requirements of the Program.

(a) Building Insurance.

(i) Applicant shall obtain and maintain and shall cause their successor, including but not limited to any board of managers of the Condominium, to obtain and maintain in force all-risk casualty insurance which may be part of the casualty insurance policy for the Building containing the Homeownership Affordable Housing Units, including broad form extended coverage that, in the event of a casualty to such Building, will pay an amount of insurance equal to full replacement value of the Building containing the Homeownership Affordable Housing Units.

(ii) Applicant shall obtain and maintain and shall cause its successor, including but not limited to any board of managers of the Condominium, to obtain and maintain in force commercial general liability insurance and other insurance of commercially reasonable types and amounts with respect to the Building containing the Homeownership Affordable Housing Units which may be part of the casualty insurance policy for such Building.

(b) Building Casualty.

(i) In the event of a casualty to the Building, Applicant and/or Applicant's successor, as applicable, including but not limited to any board of managers of the Condominium, shall promptly notify the Department thereof.

(ii) (A) Applicant and Applicant's successor, as applicable, including but not limited to any board of managers of the Condominium, agree that in the event of a partial casualty to the Building containing the Homeownership Affordable Housing Units, to the extent that any additional Floor Area created pursuant to this Agreement continues to exist or is reconstructed after such casualty to the Building, the Homeownership Affordable Housing Units, shall be reconstructed so as to maintain in the Building the same ratio of Homeownership Affordable Housing Units to the additional Floor Area as existed prior to such casualty, notwithstanding the

availability of, or priority of payment of, insurance proceeds, and the terms of this Agreement shall remain in full force and effect.

(B) If Applicant and/or Applicant's successor as applicable, including but not limited to any board of managers of the Condominium and/or the Cooperative Corporation, determine that due to the nature of the casualty to the Building and the condition of the remaining structure, it is not practicable to include the Homeownership Affordable Housing Units as originally configured in the replacement building, the Homeownership Affordable Housing Units may be reconstructed in a location other than the Premises in accordance with the requirements of this Agreement and the Program.

(iii) In the event of a total casualty to the Building, where all additional Floor Area created pursuant to this Agreement ceases to exist and the Applicant and/or Applicant's successor, as applicable, including but not limited to any board of managers of the Condominium and/or the Cooperative Corporation, elects not to utilize the additional Floor Area in the restored building, if any, then all proceeds shall be applied in accordance with the mortgage loan documents between Applicant and Financier (as such term is hereinafter defined).

(iv) Applicant and/or Applicant's successor as applicable, including but not limited to any board of managers of the Condominium, agree that if the Building containing the Homeownership Affordable Housing Units is reconstructed as provided in Section 12(b)(ii), then: (A) at such time as the restored portion of the Building or any new building is ready for occupancy, the Homeownership Affordable Housing Units on each restored floor shall be made available for occupancy concurrently with the market rate units on the same floor; (B) Applicant and/or Applicant's successor, as applicable, including but not limited to any board of managers of the Condominium, shall restore, repair, replace, rebuild, alter or otherwise improve the Homeownership Affordable Housing Units in accordance with this Agreement and the Program in effect as of the date hereof; (C) such construction shall be free of all violations under the New York City Building Code, the New York State Multiple Dwelling Law and the New York City Housing Maintenance Code and (D) Applicant and/or Applicant's successor as applicable, including but not limited to any board of managers of the Condominium, shall, upon request of the Department, amend this Agreement to reflect any changes to the number, configuration or location of the Homeownership Affordable Housing Units in any replacement building or off site location for the Homeownership Affordable Housing Units made in accordance with this Section 12.

13. Construction Monitoring. The Department may monitor the construction of the Homeownership Affordable Housing Units in any reasonable manner, including inspection of the Premises. Upon request (a) Applicant shall give the Department notice of planning and construction progress meetings by telephone or in writing and (b) the Department may (i) participate in planning and construction progress meetings, (ii) review construction contracts, plans, specifications and materials samples and (iii) review proposed changes to the foregoing. Applicant shall give to the Department (x)

following the Department's request for any documents or materials pursuant to the preceding sentence, notice of proposed changes to such documents or materials, and (y) notice of any casualty to or other material event concerning the work on the Homeownership Affordable Housing Units.

14. Disclosure of Financial Arrangements. Upon the request of the Department, Applicant shall fully disclose the financial terms and arrangements relating to the Homeownership Affordable Housing Units and sale or use by Applicant of the Certificate of Completion of Homeownership Affordable Housing Units. In the event that the Department obtains information pursuant to this Section 14, the Department shall thereafter disclose such information to third parties only as required by law, except that such data may be used and disclosed without attribution to Applicant as part of an analysis of the Program.

15. Operating Reserve Account. Simultaneous with or prior to the date of issuance of a Certificate of Completion of Homeownership Affordable Housing Units, Applicant shall fund an Operating Reserve Account in an amount equal to **$101,013.00**, which represents at least six (6) months of projected maintenance and operating costs of the Homeownership Affordable Housing Units which shall be placed in a blocked reserve account to be administered by the Department or its designee. The Operating Reserve Account is separate from any Building operating reserve fund and the interest accrued thereon shall belong to the Affordable Condo Unit containing the Homeownership Affordable Housing Units and shall be used for the benefit of the Homeownership Affordable Housing Units in accordance with Section 41-15 of the Guidelines.

Capital Reserve Account. Simultaneous with or prior to the issuance of a Certificate of Completion of Homeownership Affordable Housing Units, Applicant shall fund a Capital Reserve Account (A) in the amount of either: (1) **$47,065.00**, which represents $2.25 per square foot of Homeownership Affordable Housing as stated in the Architect's Certification submitted to the Department on January 7, 2016, or (2) if, in accordance with Section 9 (I), DOB approves zoning calculations that differ from the Architect Certification then $2.25 per square foot of Homeownership Affordable Housing as stated in such DOB approved zoning calculations, and (B) an additional amount equal to **$147,500.00**, reflecting to the cost of capital building system replacements and repairs for ten (10) years, and such deposits set forth in (A) and (B) shall be placed in a blocked reserve account to be administered by the Department or its designee. The Capital Reserve Account and the interest accrued thereon shall belong to the Affordable Condo Unit containing the Homeownership Affordable Housing Units and shall be used solely for the benefit of the Homeownership Affordable Housing Units.

Administering Agent Reserve Account. The Administering Agent Reserve Account shall initially be financed by Applicant by depositing, simultaneous with or prior to the issuance of a Certificate of Completion of Homeownership Affordable Housing Units, an amount equal to one per cent (1%) of the sum of the Initial Sales Prices for all Homeownership Affordable Housing Units as determined pursuant to Exhibit D-1 of this Agreement, as the same may be modified, as determined by the Department prior to the Contract Date, in a blocked reserve account to be administered by the Department or its designee. Thereafter, the Administering Agent Reserve Account shall be funded as follows: (1) a surcharge in the amount of **$5,000.00** per year (equal to an annual amount of $500. per unit to be charged in monthly installments) applied to each of the Homeownership Affordable Housing Units, to be charged in equal monthly installments

and applied as part of the applicable Monthly Fees charged to owners of Homeownership Affordable Housing Units and (2) a Flip Tax at Resale.

Working Capital Account. Simultaneous with or prior to the date of issuance of a Certificate of Completion of Homeownership Affordable Housing Units, Applicant shall fund a Working Capital Account in an amount equal to **$18,871.00**, which represents two (2) months of projected maintenance and operating costs of the Homeownership Affordable Housing Units. The Working Capital Account and the interest accrued thereon shall belong to the Affordable Condo Unit containing the Homeownership Affordable Housing Units and shall be used solely for the benefit of the Homeownership Affordable Housing Units.

16. Inspection.

(a) The Department shall have full authority to inspect the Homeownership Affordable Housing Units without prior notice during business hours and Applicant and the Administering Agent shall cooperate fully with the Department in any such inspection. The Department shall have authority to inspect the Homeownership Affordable Housing Units other than during business hours on three (3) days prior notice.

(b) The Department shall have full authority to inspect the books and records of Applicant and the Administering Agent without prior notice during business hours and Applicant and the Administering Agent shall cooperate fully with the Department in any such inspection. Applicant and the Administering Agent shall furnish copies of all books and records with respect to the Homeownership Affordable Housing Units, to the Department, without cost to the Department, upon five (5) day's prior written request.

17. Operating Accounts. Applicant shall provide the Department with the names and locations of all bank accounts established with respect to the management and operation of the Homeownership Affordable Housing Units by Applicant (the "Operating Accounts"). All such accounts shall confer plenary authority on the Department to freeze such accounts, which authority the Department shall exercise subject to Section 18 of this Agreement. Furthermore, Applicant shall provide the Department with annual operating statements for the Homeownership Affordable Housing Units.

18. Remedies of the Department.

(a) If Applicant violates any of the terms of this Agreement, or if any of the representations and warranties by Applicant set forth in Section 9(k) of this Agreement are determined to be false, then the Department may declare a default under this Agreement.

(b) Upon declaration of a default under this Agreement, the Department shall give Applicant and the Administering Agent, as applicable, notice thereof by facsimile, hand delivery or reputable overnight courier and a reasonable opportunity to cure (if such default can be cured). If at the end of the cure period (if any) the default has not been cured, then the Department shall provide Applicant and the Administering Agent, as applicable, notice thereof and shall provide Applicant and the Administering Agent an opportunity to be heard on not less than three (3)

days prior written notice. Following such hearing, upon probable cause to believe that a default has occurred under this Agreement, the Department may (i) assume responsibility for management of the Homeownership Affordable Housing Units directly or through a third party designated by it, (ii) freeze the Operating Accounts, (iii) seek specific performance of this Agreement or an injunction against its violation, (iv) have a receiver of its choice appointed during the pendency of any litigation, (v) seek monetary damages against Applicant, and/or (vi) terminate this Agreement with respect to any portion of the Homeownership Affordable Housing for which a Certificate of Completion of Homeownership Affordable Housing Units pursuant to Section 9 has not been issued. In the event that the Department exercises its rights under clause (ii) of this Section 18(b) and provided that there are sufficient funds in the Operating Accounts then the Department shall use the funds in such Operating Accounts to make payments due under the loan documents for previously approved mortgage loans of the Applicant and to pay for reasonable and customary operating expenses for the Homeownership Affordable Housing Units.

(c) If a Homeownership Affordable Housing Subordination Agreement has been entered into by a lender ("Financier") in accordance with Section 19 of this Agreement, the Department shall terminate this Agreement at anytime prior to the issuance of the Certificate of Completion of Homeownership Affordable Housing Units at the request of such Financier, or its successors or assigns, if such Financier, its successors or assigns, commences foreclosure proceedings or receives a deed in lieu of foreclosure with respect to the mortgage loan that is the subject of such Homeownership Affordable Housing Subordination Agreement. If the Department terminates this Agreement pursuant to this Section 18(c): (1) all benefits granted pursuant to this Agreement to any project will be revoked and (2) this Agreement shall become null and void. The Department shall provide written confirmation of termination in recordable form upon the written request of Applicant and/or Financier.

(d) The remedies set forth in Section 18(b) shall be cumulative with any other remedies available to the Department at law or in equity and exercise of one or more remedies set forth in Section 18(b) shall not limit the Department in the exercise of one or more other remedies set forth therein or otherwise available to the Department at law or in equity.

(e) The Department may exercise the remedies set forth in Section 18(b) without the notice, opportunity to cure or hearing provided therein if the Department determines that exigent circumstances require immediate action to protect the Homeownership Affordable Housing Units or the residents thereof. The Department will provide notice and a hearing as provided in Section 18(b) promptly following exercise of its remedies as set forth therein.

(d) If the Department elects to assume responsibility for management of the portion of the Building containing the Homeownership Affordable Housing Units, as applicable, pursuant to this Section 18, Applicant and/or Applicant's successor, as applicable, including any board of managers of the Condominium, and/or the Cooperative Corporation, as applicable, shall immediately deliver possession of the portion of the Building containing the Homeownership Affordable Housing Units, as applicable and all books and records kept in connection therewith to the

Department or the person designated by the Department and shall cooperate fully in effectuating the smooth transfer of management and control of the portion of the Building containing the Homeownership Affordable Housing Units including execution of written instruments and provision of notice to third parties.

(g) Applicant and Applicant's successor, including but not limited to any board of managers of the Condominium, and/or the Cooperative Corporation, as applicable, hereby grant the Department and its designees an irrevocable license to enter and remain on the Premises for the purpose of managing such portion of the Building containing the Homeownership Affordable Housing Units, as applicable as provided in this Section 18.

19. Debt Restrictions Homeownership Affordable Housing Units, Building and Premises. In accordance with Section 23-96(f) of the Resolution, Applicant, and Applicant's successor, including but not limited to, any board of managers of the Condominium shall not mortgage or otherwise encumber the Homeownership Affordable Housing Units or any single Homeownership Affordable Housing Unit or this Agreement without prior written consent of the Department. Furthermore, in the event that the Department consents to a mortgage loan, the lender must enter into a Homeownership Affordable Housing Subordination Agreement with the Department in form and substance satisfactory to the Department that subordinates the loan to all of the terms and conditions of this Agreement, substantially in the form annexed hereto as Exhibit G. Immediately following execution of the Homeownership Affordable Housing Subordination Agreement, Applicant and Applicant's successor, including but not limited to, any board of managers of the Condominium, shall cause such Homeownership Affordable Housing Subordination Agreement to be recorded against the Premises or any individual Homeownership Affordable Housing Unit, as the case may be, in the Office of the City Register for the county in which the Premises or the Building or portion thereof wherein the Homeownership Affordable Housing Units are located, and shall pay all required fees and taxes in connection therewith.

Attached hereto as Exhibit H is a proposed development budget substantially setting forth the sources and uses of financing for the construction of the Premises and the Homeownership Affordable Housing. Exhibit H sets forth the estimated yearly debt service payments that will be incurred through this debt. Applicant must obtain prior written consent of the Department to incur all subsequent debt for the Affordable Housing.

20. Plan Certification. Following the execution of this Agreement, the Department will, upon the request of Applicant, certify that the Plan has been submitted and approved, and is in compliance with the Program.

21. Marketing of Homeownership Affordable Housing Units. The Administering Agent shall be required to market the Homeownership Affordable Housing Units under the supervision of the Department in accordance with its tenant selection procedures, if applicable, and all other requirement of the Department and the Program. Furthermore, each contract of sale for a Homeownership Affordable Housing Unit shall provide that such sale may be rescinded and such Homeowner may be evicted if such Homeowner falsely or fraudulently certifies, to the Administering Agent, income or household composition or if the Homeowner fails to occupy such unit as such Homeowner's Primary Residence.

22. Initial Occupancy Certification. Within sixty (60) days following the DHCR Registration or in the event that DHCR Registration is not required pursuant to this Agreement, then within sixty (60) days following the Commencement Date, the Administering Agent shall submit to the Department an affidavit attesting that each Household occupying a Homeownership Affordable Housing Unit complied, at Initial Occupancy, with the Annual Household Income eligibility requirements of the Program. The Administering Agent shall retain all records and documents that form the basis of any affidavit submitted to the Department for the duration of the Household's ownership of an Homeownership Affordable Housing Unit, plus six (6) years after such Homeowner no longer owns such Homeownership Affordable Housing Unit.

23. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assignees. Prior to issuance of the Certificate of Completion of Homeownership Affordable Housing Units, Applicant shall not sell, transfer or otherwise dispose of the Premises and/or any Homeownership Affordable Housing Units without prior approval from the Department, except that after the creation of the Condominium described herein, Applicant may sell, transfer or otherwise dispose of the Market Rate Condo Unit not located in any portion of the Compensated Development that utilizes Floor Area Compensation prior to the issuance of the Certificate of Completion but no earlier that the issuance of the issuance of the C of O or the T C of O for the Homeownership Affordable Housing Units and the Market Rate Condo Unit. Before any sale, transfer, or other disposition of the Homeownership Affordable Housing Units, other than the individual Sale and/or Resale of Homeownership Affordable Housing Units in compliance with the Plan and all of the requirements of the Program in the ordinary course to Eligible Buyers, the Applicant shall require any subsequent purchaser or transferee, including but not limited to any board of managers of the Condominium and/or the Cooperative Corporation, as applicable, to assume in writing Applicant's obligations and duties under this Agreement, pursuant to an Assignment and Assumption Agreement in form and substance satisfactory to the Department, which shall be in recordable form and shall provide the Department with a executed copy of such assumption agreement and proof of recordation thereof. After the issuance of the Certificate of Completion of Homeownership Affordable Housing Units and the filing of an amendment to the Declaration of Condominium and/or the Offering Plan, as applicable, disclosing that Applicant has relinquished control of the Condominium, Applicant may assign its obligations under this Agreement to any board of managers of the Condominium and/or the Cooperative Corporation, as applicable, in compliance with the terms of this Section and thereafter the Applicant shall be released from its obligations under this Agreement, from and after the date of such Assignment and Assumption Agreement, but shall remain liable for any act or omission relating to Applicant's obligations under this Agreement incurred prior to the date of such Assignment and Assumption Agreement in favor of any board of managers of the Condominium and/or the Cooperative Corporation.

24. Condominium Conversion. Nothing in this Agreement shall prohibit the Applicant from subdividing the Building on the Premises into the Condo Units and cooperative apartments described herein, so long as (a) the Department approves any condominium documents, including, but not limited to, the Declaration, and Offering Plan, necessary to effectuate such subdivision of the Building, (b) the Condominium meets residential requirements of Section 339-m of the Real Property Law, and (c) the Department

determines that the Homeownership Affordable Housing Units will be operated pursuant to the requirements set forth in the Program, and (d) the Memorandum of Regulatory Agreement in the form attached hereto as Exhibit I has been recorded against the Homeownership Affordable Housing Units prior to receipt of a Certificate of Completion of Homeownership Affordable Housing Units in accordance with Section 9 of this Agreement.

25. Investigation Clause. Applicant and Administering Agent shall be bound by and comply with the provisions of the Investigation Clause annexed hereto as Exhibit J.

26. Modifications.

(a) No provision of this Agreement may be extended, modified, waived or terminated orally, but only by an instrument in writing signed by the party against whom enforcement is sought.

(b) Applicant and/or the Administering Agent, as applicable, shall comply with all modifications to Program reporting requirements as set forth in the Guidelines, of which the Applicant shall be deemed to have constructive notice, concerning: (i) the type of documents to be retained; (ii) the length of time for which such documents must be retained; and (iii) the form and method of submitting such documents to the Department.

27. Counterparts. This Regulatory Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall be deemed one and the same instrument.

28. Notices. All notices, approvals, requests, waivers, consents or other communications given or required to be given under this Agreement shall be in writing and sent or transmitted as follows:

If to Applicant:	Beach Path, LLC 1201 Route 112, Suite 900, Port Jefferson Station, New York 11776 Attn: Enrico Scarda
with a copy to:	Hirschen Singer & Epstein LLP 902 Broadway, 13th Floor New York, New York 10010 Attn: Russell A. Kivler, Esq.
If to HDFC:	1402 York Avenue Housing Development Fund Corporation c/o NYC Housing Partnership 242 West 36th Street, 3rd Floor, New York, New York 10018 Attn: Shelia Martin
with a copy to:	1402 York Avenue Housing Development Fund Corporation c/o NYC Housing Partnership

242 West 36th Street, 3rd Floor,
New York, New York 10018
Attn: General Counsel

If to the Department: Department of Housing Preservation and Development
100 Gold Street
New York, NY 10038
Attn: Assistant Commissioner for Housing Incentives
Facsimile (212) 863-5899

with a copy to: Department of Housing Preservation and Development
100 Gold Street
New York, NY 10038
Attn: General Counsel
Facsimile (212) 863-8375

Notices must be hand delivered, transmitted via facsimile or sent by certified or registered U.S. mail, return receipt requested or overnight delivery by a reputable national carrier. Notice shall be deemed to have been given upon (i) delivery if sent by hand delivery or U.S. mail, and (ii) confirmed receipt, if sent by facsimile, to both the addressee and the person entitled to receive a copy thereof. Each party named above may designate a change of address by written notice to all of the other parties

29. Recordation.

(a) Applicant shall cause this Agreement to be recorded against the Premises upon execution, in the Office of the City Register for the County in which the Premises are located and shall pay all required fees and taxes in connection therewith.

(b) If the conversion of the Building to Condominium Units, and cooperative units, including without limitation the filing of the Declaration and Offering Plan, and other actions required to complete such conversion of the Building have not occurred prior to the time when this Agreement is required to be recorded against the Premises, or any other document required hereunder to be recorded against the Premises, then, notwithstanding anything contained herein to the contrary, this Agreement and such other documents shall be recorded against the entire Premises. In such event, at the time of condominium conversion, provided that the Memorandum of Regulatory Agreement referred to in Section 24 is recorded simultaneously therewith, the Department will release the Condominium Units other than the Condominium Unit containing the Affordable Housing.

30. Intentionally Omitted

31. Choice of Law. The covenants, provisions and terms of this Agreement and the rights and obligations of the parties hereunder shall be governed, construed and interpreted in accordance with the laws of the State of New York, and shall be binding upon and inure to the benefit of Applicant, the Administering Agent and the Department, and their respective successors, transferees, and assigns.

32. Termination

(a) The Department reserves the right to terminate this Agreement with notice, in accordance with Section 28, to Applicant if Applicant does not complete the Homeownership Affordable Housing Units by the Completion Deadline.

(b) Applicant may terminate this Agreement with notice, in accordance with Section 28, to the Department at any time prior to the issuance of the Certificate of Completion of Homeownership Affordable Housing Units, and upon such termination the Department shall provide written confirmation of termination in recordable form.

33. Primary Residence. Homeownership Affordable Housing Units may only be occupied as a primary residence, as defined in Rent Stabilization, by natural persons or families pursuant to a Proprietary Lease, or to a one or two year residential rental lease, as applicable, and who have met the applicable income requirements for Low Income Households at the time of such Eligible Buyer's or tenant's initial occupancy of such unit. Applicant shall only offer a vacant dwelling unit for occupancy by persons or families intending to occupy such unit as their primary residence pursuant to a Proprietary Lease, or to a one or two year residential rental lease, as applicable, and shall not cause or permit the sublease or assignment or sale or resale of any dwelling unit for transient occupancy, for occupancy by any household that is not income eligible, or to any corporation or other entity.

[Signatures Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

THE CITY OF NEW YORK, acting by and through its DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT

By: _____
Louise Carroll, Associate Commissioner for Housing Incentives

BEACH PATH, LLC

By: _____
Enrico Scarda
Manager

1402 YORK AVENUE HOUSING DEVELOPMENT FUND CORPORATION

By: _____
Name:
Title:

APPROVED AS TO
FORM BY STANDARD
TYPE OF CLASS FOR USE
UNTIL AUGUST 31, 2017

/s/ Howard Friedman
Howard Friedman
Acting Corporation Counsel

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

THE CITY OF NEW YORK, acting by and through its DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT

By: _____
Louise Carroll, Associate Commissioner for Housing Incentives

BEACH PATH, LLC

By: _____
Enrico Scarda
Manager

1402 YORK AVENUE HOUSING DEVELOPMENT FUND CORPORATION

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Name:
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Howard Friedman
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THE CITY OF NEW YORK, acting by and through its DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT

By: _____
Louise Carroll, Associate Commissioner for Housing Incentives

BEACH PATH, LLC

By: _____
Enrico Scarda
Manager

1402 YORK AVENUE HOUSING DEVELOPMENT FUND CORPORATION

By: _____
Name:
Title: DANIEL MARKS COHEN
VICE PRESIDENT

APPROVED AS TO
FORM BY STANDARD
TYPE OF CLASS FOR USE
UNTIL AUGUST 31, 2017

/s/ Howard Friedman
Howard Friedman
Acting Corporation Counsel

STATE OF NEW YORK)
) SS:
COUNTY OF N Y)

On this 23 day of May 2017, before me, the undersigned, a Notary Public in and for said State, personally appeared Daniel M. Cohen personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to in the within instrument and acknowledged to me that [s]he executed the same in [her]his capacity, and that by [her]his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

NOTARY PUBLIC
Geldy Yessenia Trinidad

GELDY YESSENIA TRINIDAD
Notary Public-State of New York
No. 01TR6192062
Qualified in Bronx County
Commission Expires 08/25/2020

SEAL

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

On this _____ day of May, 2017, before me, the undersigned, a Notary Public in and for said State, personally appeared **Louise Carroll**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to in the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

NOTARY PUBLIC

DONYELE FONTAINE
NOTARY PUBLIC, STATE OF NEW YORK
No. 02FO6324361
QUALIFIED IN NEW YORK COUNTY
COMMISSION EXPIRES MAY 4, 2019

STATE OF NEW YORK)
) SS:
COUNTY OF Suffolk)

On this 10th day of May, 2017, before me, the undersigned, a Notary Public in and for said State, personally appeared **Enrico Scarda**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to in the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

Tonia Lambrinos
NOTARY PUBLIC Tonia Lambrinos

TONIA LAMBRINOS
Notary Public, State of New York
No. 01LA6156803
Qualified in Queens County
Commission Expires December 4, 20 18

SEAL

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

On this 22nd day of May, 2017, before me, the undersigned, a Notary Public in and for said State, personally appeared **Louise Carroll**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to in the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

NOTARY PUBLIC Donyele Fontaine

DONYELE FONTAINE
NOTARY PUBLIC, STATE OF NEW YORK
NO. 02FO6324361
QUALIFIED IN NEW YORK COUNTY
COMMISSION EXPIRES MAY 4, 2019

STATE OF NEW YORK)
) SS:
COUNTY OF)

On this _____ day of May, 2017, before me, the undersigned, a Notary Public in and for said State, personally appeared **Enrico Scarda**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to in the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

_____
NOTARY PUBLIC

STATE OF NEW YORK)
) SS:
COUNTY OF)

On this _____ day of _____, 2017, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to in the within instrument and acknowledged to me that [s]he executed the same in [her]his capacity, and that by [her]his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

_____
NOTARY PUBLIC

EXHIBIT A
PROPERTY DESCRIPTION

All those certain plots, pieces and parcels of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, in the City and State of New York, designated as:

Block(s)	Lot(s)	Address(es)
1486	4	1402 York Avenue

County: New York

and also described as:

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at a point on the easterly side of York Avenue (a/k/a Avenue A) distance 102.2 feet northerly from the corner formed by the intersection of the easterly side of York Avenue and the northerly side of East 74th Street;

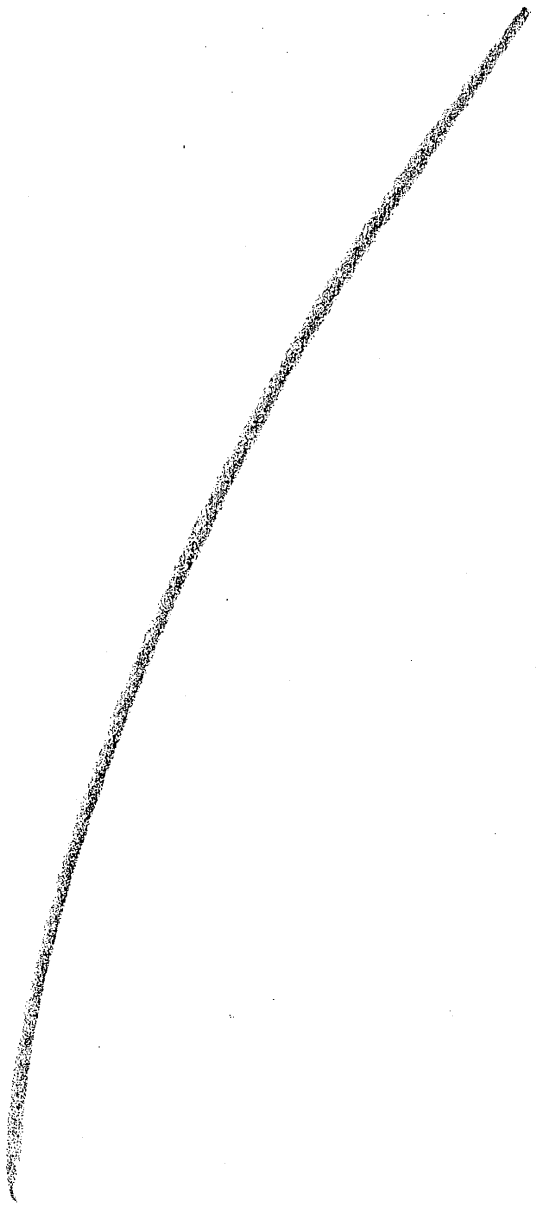
RUNNING THENCE easterly parallel with the said northerly side of East 74th Street, 98 feet;

THENCE southerly parallel with the easterly side of York Avenue, 20 feet;

THENCE westerly parallel with the northerly side of East 74th Street, 98 feet to the easterly side of York Avenue;

THENCE northerly along the easterly side of York Avenue, 20 feet to the point or place of BEGINNING.

EXHIBIT B
AFFORDABLE HOUSING PLAN



THE CITY OF NEW YORK
DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT
Office of Development
100 GOLD STREET, FIFTH FLOOR, NEW YORK, NEW YORK 10038
(212) 863-8228

AFFORDABLE HOUSING PLAN APPLICATION PURSUANT TO THE INCLUSIONARY HOUSING PROGRAM
Please indicate "Not Applicable" or "NA" where appropriate. Do not leave any lines blank.

1. **Applicant:** Beach Path LLC
   Address: c/o Crest Group LLC 1201 Route 112, Suite 900, Port Jefferson Station NY11776
   Fax: 631-528-4955
   Email: e.scarda@thecrestgroupllc.com
   Primary Contact (Name/Phone/Email):
   Danny Scarda, D.scarda@thecrestgroupllc.com/631-582-4955

2. **Owner (if different):** 1402 York Housing Development Fund Corporation
   Address: 242 West 36th Street, 3rd floor, New York, New York 10018
   Fax: 646-217-3788
   Email: dcohen@housingpartnership.com
   Primary Contact (Name/Phone/Email):
   Daniel Marks Cohen/dcohen@housingpartnership.com/ 646-217-3373

3. **Administering Agent:** NYC Partnership Housing Development Fund Corporation
   Address: 242 West 36th Street, 3rd floor, New York, New York 10018
   Fax: 646-217-3788
   Email: smartin@housingpartnership.com
   Primary Contact (Name/Phone/Email):
   Shelia Martin/646-217-3370/smartin@housingpartnership.com

4. **General Contractor:** Newtown Contruction Corp.
   Address: 363 Seventh Avenue, New York, New York 10001
   Fax: N/A
   Email: tim@newtonc.net
   Primary Contact (Name/Phone/Email):
   Tim Devlin/212-643-7453/tim@newtonc.net

5. **Architect:** Debra Kossar, AIA, LEED - Kossar & Gary Architects LLP
   Address: 115 West 30th Street, Suite 1201, New York, New York 10001
   Fax: 212-947-9890
   Email: debbie@kgnyc.com
   Primary Contact (Name/Phone/Email)
   Debra Kossar/212-947-6161/debbie@kgnyc.com:

6. **Attorney and Firm:** Hirschen Singer & Epstein LLP
   Address: 902 Broadway,13th Floor, New York 10010
   Fax: 212-302-8563
   Email: pboboris@hseny.com
   Primary Contact (Name/Phone/Email):
   Peter Boboris/212-598-2120/pboboris@hseny.com

7. **Location of Affordable Housing Units**
   Street Address: 1402 York Avenue, New York, New York 10021
   Borough: Manhattan
   Block(s)/Lot(s): Block 1486 Lot 4
   Community Board: CB-8

8. **Inclusionary Housing District of Affordable Housing Units**
   X- R-10 Inclusionary:
   Is project privately financed (Yes/No)? *Yes*
   ☐IH Designated Area (Insert ZR section reference, e.g., §23-952, §98-26, §62-352, etc):
   ☐Special District:
   ☐Other (please explain):

9. If publicly financed, list all sources of governmental assistance, including lower income housing tax credits, bond financing, and land disposition programs

   N/A

10. **Type of Project (check all that apply)**

    Construction type
    - ✠New Construction
    - ☐Preservation
    - ☐Substantial Rehabilitation

10. Type of Project *(continued)*

Location

- ⁕On-site
- ⁕Off-site

Inclusionary Units

- ☐Rental
- ⁕Homeownership

Non-Inclusionary Units

- ⁕Rental
- ☐Homeownership
- ☐Not Applicable

Unit Count

- Total Units: 11
- Total IH Units: 10
- Super's Units: 0

11. Income Distribution of Affordable Housing Units

Number of low-income units (equal to or less than 80% AMI): 10
Number of moderate-income units (equal to or less than 125% AMI): _____
Number of middle-income units (equal to or less than 175% AMI): _____

12. Tax Exemption To Be Requested: Article XI

13. If the project will contain a condominium or cooperative structure, please describe the structure and the use of each unit. If not, please indicate N/A:

The project will be comprised of two condominium units with one unit containing the market rate unit and the second unit, which will be owned by the HDFC Cooperative, containing the 10 affordable cooperative apartments to be sold pursuant to the cooperative offering plan and the Inclusionary Housing requirements.

Authorized Signature of Applicant: _____

Print name: Enrico Scarda

Date: 4-27-17

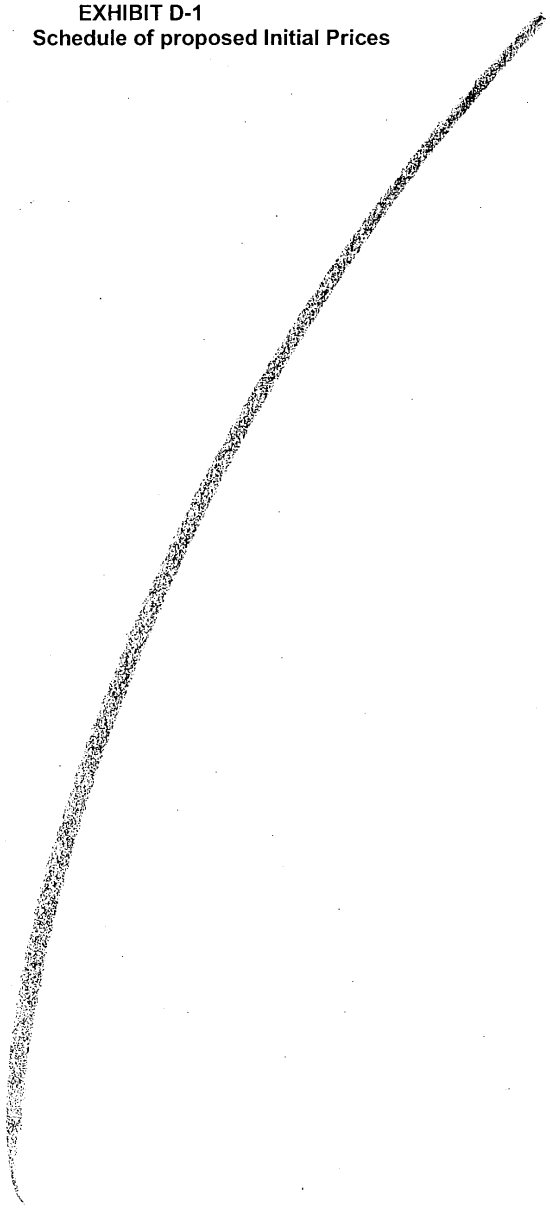
EXHIBIT C
List of Homeownership Affordable Housing Units

1402 York Avenue **Exhibit C**

Construction Floor #	Apt #	# Bdrms
2	2A	0
3	3A	0
4	4A	0
5	5A	0
6	6A	0
7	7A	0
8	8A	0
9	9A	0
10	10A	0
11	11A	0

Unit Summary	
# Bdrms	Units
0 Bdrm	10
1 Bdrm	0
2 Bdrm	0
Total	10

EXHIBIT D-1
Schedule of proposed Initial Prices



1402 York Avenue **Exhibit D1**

Inclusionary Housing Unit Sales Prices*			
	# Units	**AMI Level**	**Proposed Initial Sales Price****
0 Bdrm (Unit 2A)	1	80% AMI	$23,972
0 Bdrm (Unit 3A)	1	80% AMI	$23,972
0 Bdrm (Unit 4A)	1	80% AMI	$23,972
0 Bdrm (Unit 5A)	1	80% AMI	$23,972
0 Bdrm (Unit 6A)	1	80% AMI	$23,972
0 Bdrm (Unit 7A)	1	80% AMI	$23,972
0 Bdrm (Unit 8A)	1	80% AMI	$23,972
0 Bdrm (Unit 9A)	1	80% AMI	$23,972
0 Bdrm (Unit 10A)	1	80% AMI	$64,437
0 Bdrm (Unit 11A)	1	80% AMI	$64,437
Total	**10**		

*The Initial Price is 30% of 80% of the Area Median Income less utilities and common charges.

**The Proposed Initial Sales Prices reflect the sales prices listed in the 1402 York Avenue pproject underwriting dated 4/25/2017 at an estimated 4% interest rate.

EXHIBIT D-2

SCHEDULE OF OPERATIING EXPENSES

1402 York Avenue **Exhibit D2**

Total Units: **11**
IH Apartments: **10**

Expense Type	Total Residential Expenses*
Part-time Management/Superintendent	$50,000
Annual Administering Agent Fee	$5,000
Insurance (Property/Liability)	$17,000
Lighting	$4,380
Air Conditioning	$11,826
Domestic Hot Water	$3,030
Heating	$5,550
Water Sewer	$6,950
Elevator	$4,380
Amenity Space	$5,110
Total	**$113,226**

Inclusionary Housing Reserve Expenses**	
OPERATING RESERVE ACCOUNT	$101,013.00
CAPITAL RESERVE ACCOUNT	$47,065.50
SPECIAL RESERVE ACCOUNT	$147,500.00
ADMINSTERING AGENT RESERVE ACCOUNT	$8,576.00
TOTAL	**$304,154.50**

*The expenses reflect the total residential expenses of the 1402 York Avenue project underwriting. The project comprises 11 units, of which 10 are Inclusionary Housing units.

**Reserves may change per Section 15 of this Regulatory Agreement.

EXHIBIT E
STANDARD NEW YORK ENDORSEMENT
(OWNER'S POLICY)

1. The following is added to the insuring provisions on the face page of this policy:

"__. Any statutory lien for services, labor or materials furnished prior to the date hereof, and which has now gained or which may hereafter gain priority over the estate or interest of the insured as shown in Schedule A of this policy."

2. Exclusion Number 5 is deleted, and the following is substituted:

5. Any lien on the Title for real estate taxes, assessments, water charges or sewer rents imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as Shown in Schedule A.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.
IN WITNESS WHEREOF, _____Insurance Company of New York has caused this Endorsement to be signed and sealed on its date of issue set forth herein.

DATED:

COUNTERSIGNED_____
Authorized Signatory

_____Insurance Company

BY:_____

EXHIBIT F
ADMINISTERING AGENT AGREEMENT
INCLUSIONARY HOUSING PROGRAM

Administering Agent Agreement
Inclusionary Housing Program

AGREEMENT made as of May ____, 2017, between **NYC PARTNERSHIP HOUSING DEVELOPMENT FUND CORPORATION** ("Administering Agent"), having an office at 242 West 36th Street, 3rd Floor, New York, New York 10018, and the Department of Housing Preservation and Development ("Department"), having an office at 100 Gold Street, Ninth Floor, New York, NY 10038.

WHEREAS, Beach Path LLC ("Applicant") has executed a Regulatory Agreement ("Regulatory Agreement") with the Department, to create ten (10) units of Homeownership Affordable Housing located at 1402 York Avenue, New York, New York 10021 (the "Homeownership Affordable Housing Units") in accordance with the Zoning Resolution and any future amendments thereto ("Resolution") and with the Chapter 41 of Title 28 of the City of New York (the "Inclusionary Housing Guidelines"); and

WHEREAS, Administering Agent has agreed to ensure that the Homeownership Affordable Housing Units are initially sold and resold (or rented) as applicable, in compliance with the Regulatory Agreement and has signed an agreement with the Applicant to that effect; and

WHEREAS, Administering Agent has been qualified to act as an Administering Agent by the Department.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, it is hereby agreed that Administering Agent will assume the ongoing responsibility for insuring that each Affordable Housing Unit is initially sold and resold (or rented) in compliance with the Regulatory Agreement. In addition, the Administering Agent shall (1) maintain records setting forth the facts that form the basis of any affidavit submitted to the Department; (2) maintain such records as the Department may require at the Administering Agent's office or other location approved by the Department; and (3) make all records and facts of the operation of the Administering Agent available for the Department's inspection.

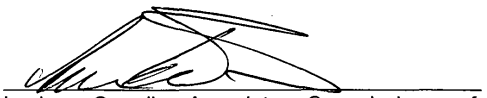
Notwithstanding any other remedy contained herein, the Department may commence an action against Administering Agent to require specific performance of Administering Agent's obligations herein. Department reserves the right to replace Administering Agent in the event that the Homeownership Affordable Housing Units are not sold, resold or rented or thereafter not managed and operated in compliance with the Program.

This Administering Agent Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall be deemed one and the same instrument.

[NO FURTHER TEXT APPEARS ON THIS PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

THE CITY OF NEW YORK, acting by and through its DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT

By: 

Louise Carroll, Associate Commissioner for Housing Incentives

HOUSING PARTNERSHIP DEVELOPMENT CORPORATION

BY: _____

Name:
Title:

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

THE CITY OF NEW YORK, acting by and through its DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT

By: _____
Louise Carroll, Associate Commissioner for Housing Incentives

BEACH PATH, LLC

By: _____
Enrico Scarda
Manager

1402 YORK AVENUE HOUSING DEVELOPMENT FUND CORPORATION

By: _____
Name:
Title: DANIEL MARKS COHEN
VICE PRESIDENT

APPROVED AS TO
FORM BY STANDARD
TYPE OF CLASS FOR USE
UNTIL AUGUST 31, 2017

/s/ Howard Friedman
Howard Friedman
Acting Corporation Counsel

IH Agreement - R10 and Designated Areas

STATE OF NEW YORK)
) SS:
COUNTY OF New York)

On this 23 day of May, 2017, before me, the undersigned, a Notary Public in and for said State, personally appeared Daniel Cohen, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to in the within instrument and acknowledged to me that [s]he executed the same in [her]his capacity, and that by [her]his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

NOTARY PUBLIC

Geldy Yessenia Trinidad

GELDY YESSENIA TRINIDAD
Notary Public-State of New York
No. 01TR6192062
Qualified in Bronx County
Commission Expires 08/25/2020

SEAL

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

On this 22nd day of May, 2017, before me, the undersigned, a Notary Public in and for said State, personally appeared **Louise Carroll**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to in the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

NOTARY PUBLIC Donyele Fontaine

DONYELE FONTAINE
NOTARY PUBLIC, STATE OF NEW YORK
NO. 02FO6324361
QUALIFIED IN NEW YORK COUNTY
COMMISSION EXPIRES MAY 4, 2019

SEAL

STATE OF NEW YORK)
) SS:
COUNTY OF)

On this _____ day of _____, 201_, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to in the within instrument and acknowledged to me that [s]he executed the same in [her]his capacity, and that by [her]his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

_____
NOTARY PUBLIC

EXHIBIT G

Form Affordable Housing Subordination Agreement

THIS SUBORDINATION AND NON-DISTURBANCE AGREEMENT ("Agreement"), made as of this __ day of _____, 20__, by **[LENDER]**, a [national banking association], having an office at _____, ("Mortgagee" or "Lender"), in favor of **THE CITY OF NEW YORK**, (the "City") a municipal corporation acting by and through its **DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT**, having an office at 100 Gold Street, New York, New York 10038 ("HPD").

WHEREAS, Mortgagee holds a certain mortgage or mortgages dated of even date herewith, as follows: (a) [*Construction Loan* Mortgage, Assignment of Leases and Rents and Security Agreement, dated of even date herewith], in the principal amount of $_____; (b) [*describe all subordinate mortgages, if any*], in the principal amount of $_____ and each made by **[Borrower]**, a [*describe type of entity*] ("Applicant" or "Borrower") [and describe owner if different than applicant ("Owner")] in favor of Lender to secure, among other things, the aggregate principal sum of _____DOLLARS AND _____CENTS ($_____) or so much thereof as may be advanced pursuant thereto, and interest, (the "Mortgage(s)") covering the premises described in **Schedule A** annexed hereto and incorporated herein ("Premises");

[*Where applicant and owner are different add the appropriate choice:*

WHEREAS, *Owner is the owner of the legal interest and Applicant is owner of the beneficial interest, pursuant to the [Declaration of Interest and Nominee Agreement], dated as of_____, between Owner and Applicant, in the Premises, [add recording information if appropriate];*

OR

WHEREAS, *Owner, as lessor, and Applicant, as lessee, have entered into that certain [*Ground Lease] *of the Premises for a term of _____ years, dated as of _____, and recorded in the office of the City Register for the County of _____ on _____ as CFRN_____, as the same may have been or may be further amended or modified as hereinafter provided ("Ground Lease"); and]*

WHEREAS, HPD, [*Owner*] and Applicant have entered into a certain Regulatory Agreement ("Regulatory Agreement") dated of even date herewith, which Regulatory Agreement is intended to be recorded against the Premises immediately following execution and delivery thereof;

WHEREAS, the Regulatory Agreement was entered into under the Inclusionary Housing Program, which is governed by Sections 23-90 [and 62-352 (GW) or 93-25 (Hudson Yards) or (or 98-261 (West Chelsea)] of the New York City Zoning Resolution (the "Resolution") and the Inclusionary Housing Program Guidelines (the "Guidelines") (the Guidelines and the Resolution are collectively referred to as the "Program");

WHEREAS, the Regulatory Agreement provides that [*Applicant shall not*] *or* [*neither Applicant nor Owner shall*] mortgage or otherwise encumber [*its interest in*] the Premises or the Regulatory Agreement without the prior written consent of HPD and that, if HPD consents to a mortgage loan, the lender must subordinate the loan to all of the terms and conditions of the Regulatory Agreement;

WHEREAS, Applicant [*and/or Owner*] has entered into the Mortgage and other instruments evidencing or securing obligations of the Premises to Mortgagee (collectively, "Other Loan Documents"; the Mortgage and the Other Loan Documents are referred to collectively as the "Loan Documents"); and

WHEREAS, HPD has consented to the Loan Documents on the condition that Mortgagee subordinate the Loan Documents to all the terms and conditions of the Regulatory Agreement in the manner hereinafter described.

NOW THEREFORE, for good and valuable consideration, the receipt whereof is hereby acknowledged, Mortgagee hereby represents to and agrees with HPD, notwithstanding any contrary term, provision, agreement, covenant, warranty, and/or representation contained or implied in any Loan Documents or any other document executed in connection with the Premises, that:

1. The Loan Documents are and shall continue to be subject and subordinate to the terms, covenants, agreements, and conditions of the Regulatory Agreement.

2. As used in this Agreement (a) the term "Mortgage" shall refer to any amendments, replacements, substitutions, extensions, modifications, or renewals thereof, and (b) the term "Mortgagee" shall include the Mortgagee's successors and assigns.

3. As used in this Agreement, the phrase "subject and subordinate" means that:

   (a) to the extent there are any inconsistencies between the provisions of the Regulatory Agreement and any provisions of the Loan Documents, the provisions of the Regulatory Agreement shall take priority over the inconsistent provisions of the Loan Documents, except as provided herein; and

   (b) if Mortgagee or if any person or entity becomes the owner of the Premises (including, if the Premises is defined as a leasehold interest as well as a fee interest, the owner of such leasehold interest) by foreclosure, conveyance in lieu of foreclosure, or otherwise ("New Owner"), (i) the Regulatory Agreement shall continue in full force and effect and the Mortgagee and New Owner shall have no right to disturb the rights of HPD under the Regulatory Agreement, (ii) HPD shall not be named as a defendant in any action or proceeding to foreclose the Mortgage or otherwise enforce the Mortgagee's or New Owner's rights thereunder, except as set forth below, and (iii) the Premises shall be subject to the Regulatory Agreement in accordance with the provisions thereof; provided, however, that Mortgagee and New Owner shall not be liable for any act or omission of Applicant or bound by any subsequent amendment of or modification to the Regulatory Agreement without its written consent. Subject to the foregoing, nothing contained herein shall prevent the Mortgagee or New Owner from naming HPD in any foreclosure or other action or proceeding initiated by the Mortgagee or New Owner pursuant to the Mortgage to the extent necessary under applicable law in order for the Mortgagee or New Owner to avail itself of and complete the foreclosure or other remedy.

4. Upon a declaration of default under the Regulatory Agreement, HPD shall give Mortgagee notice thereof by facsimile, hand delivery or reputable overnight courier and a reasonable opportunity to cure (if such default can be cured), provided, however, that Mortgagee shall have no obligation to cure any such default. If Mortgagee cures the default during such cure period (if any) or has commenced to cure the specified default within such period and is diligently pursuing completion of such cure, or has commenced the exercise of remedies under the Loan Documents within such period, HPD shall not exercise any of the remedies under Section 18(b) of the Regulatory Agreement by reason of such default .Nothing herein shall limit HPD's right to consent to a replacement manager pursuant to Paragraph 6 herein.

5. If HPD freezes the Operating Account(s) pursuant to Paragraph 18(b) of the Regulatory Agreement, HPD will allow Mortgagee to use funds therein to make payments due under the Loan Documents, provided that there are sufficient funds in the Operating Account(s) to pay for reasonable and customary operating expenses for the Premises. Mortgagee hereby acknowledges that it has no interest in or rights to any funds held in the Special Reserve Fund Accounts pursuant to the Regulatory Agreement.

6. Notwithstanding anything contained in the Regulatory Agreement or the Loan Documents, neither HPD nor Mortgagee may assume responsibility for management of the Premises or designate a third party to manage the Premises without the consent of the other. If, in the exercise of its remedies under the Regulatory Agreement, HPD notifies Mortgagee of its intention to install a replacement manager of the Premises, then Mortgagee's consent to such manager shall not be unreasonably withheld or delayed. If, in the exercise of its remedies under the Loan Documents, Mortgagee notifies HPD of its intention to install a replacement manager of the Premises, then HPD's consent to such manager shall not be unreasonably withheld or delayed.

7. Upon a casualty to a building on the Premises,

(a) where the repair or reconstruction cost is more than thirty-five percent (35%) of the replacement value of a building on the Premises, Mortgagee shall have the right to determine whether insurance proceeds are applied for the reconstruction or repair of the Premises or towards repayment of the Mortgage, and

(b) where the repair or reconstruction cost is less than or equal to thirty-five percent (35%) of the replacement value of the Premises, HPD shall have the right to determine how insurance proceeds shall be applied. HPD shall make such determination within sixty (60) days after HPD is notified of the occurrence of the casualty. If HPD determines in such case not to apply the insurance proceeds for the reconstruction or repair of the Premises, the insurance proceeds shall be retained by Mortgagee to the extent of sums then due under the Mortgage.

This paragraph supersedes any contrary provisions in the Regulatory Agreement or Loan Documents.

8. No failure to exercise and no delay in exercising, on the part of HPD, of any right, power or privilege under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege operate as a waiver of any other right, power or privilege under this Agreement.

9. The covenants, provisions and terms of this Agreement and the rights and obligations of the parties hereunder shall be governed by and construed and interpreted in accordance with the laws of the State of New York, and shall be binding upon and inure to the benefit of Mortgagee, HPD, and their respective successors, transferees, and assigns.

10. Neither this Agreement nor any provision hereof (including this paragraph) may be changed, modified, amended, waived, supplemented, discharged, abandoned, or terminated orally except by an instrument in writing signed by the party against whom enforcement of the change, modification, amendment, waiver, discharge, abandonment, or termination is sought.

11. Notices. All notices, approvals, requests, waivers, consents or other communications given or required to be given under this Agreement shall be in writing and sent or transmitted as follows:

If to HPD, in duplicate, to: Department of Housing Preservation and Development
100 Gold Street
New York, NY 10038
Attn: Assistant Commissioner, Housing Incentives
Facsimile (212) 863-5899

and: Department of Housing Preservation and Development
100 Gold Street
New York, NY 10038
Attn: General Counsel
Facsimile (212) 863-8375

If to Bank, in duplicate, to:

Notices must be hand delivered, transmitted via facsimile, or by overnight delivery (e.g., FEDEX) or sent by certified or registered U.S. mail, return receipt requested. Notice shall be deemed to have been given upon (i) delivery if sent by hand delivery, U.S. mail or overnight delivery, and (ii) confirmed receipt, if sent by facsimile, to both the addressee and the person entitled to receive a copy thereof. Each party named above may designate a change of address by written notice to all of the other parties.

12. Recordation. This Agreement shall be recorded against the Premises immediately after the execution hereof, in the Office of the City Register for the County in which the Premises are located and the Applicant [and/or Owner] shall pay all required fees and taxes in connection therewith.

13. Counterparts. This Subordination Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one agreement.

[No further text - signatures on the next page]

IN WITNESS WHEREOF, the City of New York, acting by and through its Department of Housing Preservation and Development has caused this Subordination Agreement to be signed by its duly authorized commissioner, and Lender has caused this Subordination Agreement to be duly signed by a duly authorized officer, as of the day and year first above written.

THE CITY OF NEW YORK
Acting by and through its **DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT**

By:_____
Louise Carroll
Associate Commissioner for Inclusionary Housing

[LENDER]

By: _____
Print Name
Print Title

APPROVED AS TO FORM BY
STANDARD TYPE OF CLASS
UNTIL: _____

By: _____
Acting Corporation Counsel

ACKNOWLEDGEMENTS

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the ___ day of _____in the year 20__ before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the ___ day of _____in the year 20_____ before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

SCHEDULE A

PROPERTY DESCRIPTION

All those certain plots, pieces and parcels of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of _____, in the City and State of New York, designated as:

Block Lot

County:
Address:

IH Agreement - R10 and Designated Areas

SUBORDINATION AGREEMENT

by and between

THE CITY OF NEW YORK

-and-

The property affected by this written instrument lies within the:

Block	Lot	Address

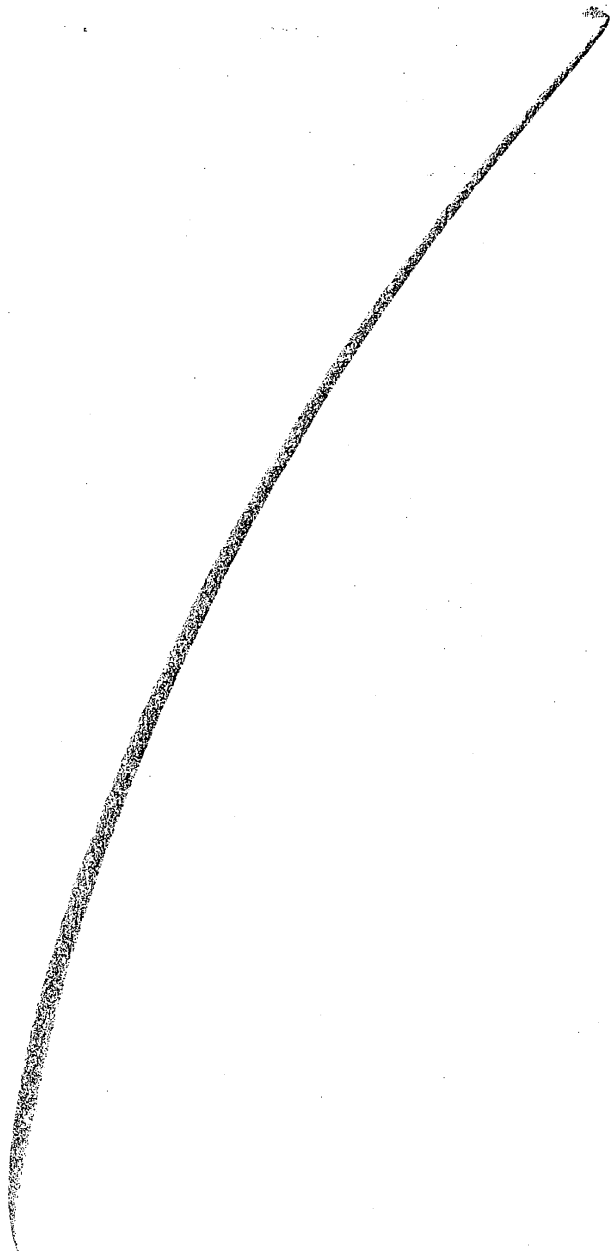
County:
Address:

RECORD AND RETURN TO:

[LENDER'S COUNSEL]

Exhibit H

Development Budget and Yearly Debt Service Payments



1402 York Avenue **Exhibit H**

Total Units: **11**
IH Units: **10**

Sources and Uses*

Construction Sources	**Amount**	**Per Unit**
Construction Loan	$6,800,000	$618,182
Developer Equity Total	$7,685,376	$698,671
Total Construction Sources	**$14,485,376**	**$1,316,852**

Permanent Sources	**Amount**	**Per Unit**
Sales Proceeds Inclusionary Housing Units	$257,605	$25,761
Sales Proceeds of Market Rate Unit	$600,000	$600,000
Sales Proceeds of Affordable Housing Floor Area	$13,627,771	$1,238,888
Total Permanent Sources	**$14,485,376**	**$1,316,852**

Uses	**Amount**	**Per Unit**
Acquisition Costs	$6,500,000	$590,909
Hard Costs	$5,975,970	$543,270
Soft Costs	$1,628,752	$148,068
Reserves	$304,155	$27,650
Financing Costs	$76,500	$6,955
Total Uses	**$14,485,376**	**$1,316,852**

*The sources and uses reflect the overall 1402 York Ave underwriting. The project comprises 11 units, of which 10 are Inclusionary Housing units.

EXHIBIT I
MEMORANDUM OF REGULATORY AGREEMENT

THIS MEMORANDUM OF REGULATORY AGREEMENT made this ____ day of _____, 201_, by _____, a _____formed pursuant to the laws of the State of _____ ("Applicant"), having an office at _____.

WITNESSETH THAT:

1. The Applicant is owner in fee simple of the premises located in the County of New York, , City and State of New York, known as and by the street address 1402 York Avenue, New York, New York 10021, identified as Block 1486, Lot 4 on the Tax Map of the City (the "Premises"), more particularly described in Exhibit A attached hereto and made a part hereof;

2. The Applicant has covenanted and agreed for and on behalf of itself, its successors, assigns, heirs, grantees and lessees, which covenants shall be covenants running with the land to provide Homeownership Affordable Housing on the Premises in accordance with the Regulatory Agreement ("Regulatory Agreement"), dated as of _____ __, 2016 by and among Applicant and the City of New York, a municipal corporation acting through its Department of Housing Preservation and Development ("HPD") and recorded in the Office of the City Register for New York County on _____ as CFRN _____, the provisions of which are by this reference made a part hereof and Section 23-90 (Inclusionary Housing), inclusive of the Resolution.

3. The Regulatory Agreement and the covenants therein, shall run with the land that constitutes the Premises in accordance with the terms therein.

4. This Memorandum of Regulatory Agreement is intended to provide constructive notice of the existence and terms of the Regulatory Agreement and in no way modifies or amends the Regulatory Agreement. If any provisions of this Memorandum of Regulatory Agreement conflict with the Regulatory Agreement, the terms of the Regulatory Agreement shall prevail. The Applicant at its sole cost and expense shall cause this Memorandum of Regulatory Agreement to be recorded against each tax lot within the zoning lot containing the Affordable Housing whether or not such tax lot existed at the time the Regulatory Agreement was recorded.

NO FURTHER TEXT

IN WITNESS WHEREOF, this Memorandum of Regulatory Agreement has been executed as of the date first set forth above.

By: _____

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

On this _____ day of _____, 2016, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to in the within instrument and acknowledged to me that [s]he executed the same in [her]his capacity, and that by [her]his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

_____
NOTARY PUBLIC

EXHIBIT A
PROPERTY DESCRIPTION
(Memorandum of Regulatory Agreement)

All those certain plots, pieces and parcels of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, in the City and State of New York, designated as:

Block(s)	Lot(s)	Address(es)
1486	4	1402 York Avenue

County: New York

and also described as:

EXHIBIT J
INVESTIGATION CLAUSE

(a) The parties to this Agreement agree to cooperate fully and faithfully with any investigation, audit or inquiry conducted by a State of New York (State) or City of New York (City) governmental agency or authority that is empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath, or conducted by the Inspector General of a governmental agency that is a party in interest to the transaction, submitted bid, submitted proposal, contracts, lease, permit, or license that is the subject of the investigation, audit or inquiry.

(b) If any person who has been advised that his or her statement, and any information from such statement, will not be used against him or her in any subsequent criminal proceeding refuses to testify before a grand jury or other governmental agency or authority empowered directly or by designation to compel the attendance of witness and to examine witnesses under oath concerning the award of or performance under any transaction, agreement, lease, permit, contract, or license entered into with the City, the State or any political subdivision or public authority thereof, or the Port Authority of New York and New Jersey, or any local development corporation within the City, or any public benefit corporation organized under the laws of the State of New York, or;

(c) If any person refuses to testify for a reason other than the assertion of his or her privilege against self-incrimination in an investigation, audit or inquiry conducted by a City or State governmental agency or authority empowered directly or by designation to compel the attendance of witness and to take testimony under oath, or by the Inspector General of the governmental agency that is a party in interest in, and is seeking testimony concerning the award of, or performance under, any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision thereof or any local development corporation within the City, then;

(d) The commissioner or agency head whose agency is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license shall convene a hearing upon not less than five (5) days written notice to the parties involved to determine if any penalties should attach for the failure of a person to testify.

(e) If any non-governmental party to the hearing requests an adjournment, the commissioner or agency head who convened the hearing may, upon granting the adjournment, suspend any contract, lease, permit, or license pending the final determination pursuant to paragraph (g) below without the City incurring any penalty or damages for delay or otherwise.

(f) The penalties which may attach after a final determination by the commissioner or agency head may include but shall not exceed:

(1) The disqualification for a period not to exceed five (5) years from the date of an adverse determination for any person, or any entity of

which such person was a member at the time the testimony was sought, from submitting bids for, or transacting business with, or entering into or obtaining any contract, lease, permit or license with or from the City; and /or

(2) The cancellation or termination of any and all such existing City contracts, leases, permit, or licenses that the refusal to testify concerns and that have not been assigned as permitted under this agreement, nor the proceeds of which pledged, to an unaffiliated and unrelated institutional lender for fair value prior to the issuance of the notice scheduling the hearing, without the City incurring any penalty or damages on account of such cancellation or termination; moneys lawfully due for goods delivered, work done, rentals, or fees accrued prior to the cancellation or termination shall be paid by the City.

(g) The commissioner or agency head shall consider and address in reaching his or her determination and in assessing an appropriate penalty the factors in paragraphs (1) and (2) below. He or she may also consider, if relevant and appropriate, the criteria established in paragraphs (3) and (4) below in addition to any other information which may be relevant and appropriate:

(1) The party's good faith endeavors or lack thereof to cooperate fully and faithfully with any governmental investigation or audit, including but not limited to the discipline, discharge, or disassociation of any person failing to testify, the production of accurate and complete books and records, and the forthcoming testimony of all other members, agents, assignees or fiduciaries whose testimony is sought.

(2) The relationship of the person who refuses to testify to any entity that is a party to the hearing, including, but not limited to, whether the person whose testimony is sought has an ownership interest in the entity and/or the degree of authority and responsibility the person has within the entity.

(3) The nexus of the testimony sought to the subject entity and its contracts, leases, permits or licenses with the City.

(4) The effect a penalty may have on an unaffiliated and unrelated party or entity that has a significant interest in an entity subject to penalties under (f) above, provided that the party or entity has given actual notice to the commissioner or agency head upon the acquisition of the interest, or at the hearing called for in (d) above gives notice and proves that such interest was previously acquired. Under either circumstance the party or entity must present evidence at the hearing demonstrating the potential adverse impact a penalty will have on such person or entity.

(h)

(1) The term "license" or "permit" as used herein shall be defined as a license, permit, franchise or concession not granted as a matter of right.

(2) The term "person" as used herein shall be defined as any natural person doing business alone or associated with another person or entity as a partner, director, officer, principal or employee.

(3) The term "entity" as used herein shall be defined as any firm, partnership, corporation, association, or person that receives moneys, benefits, licenses, leases, or permits from or through the city or otherwise transacts business with the City.

(4) The term "member" as used herein shall be defined as any person in association with another person or entity as a partner, officer, principal or employee.

(i) In addition to and notwithstanding any other provisions of this Agreement the Commissioner or agency head may in his or her sole discretion terminate this Agreement upon not less than three (3) days written notice in the event the contractor fails to promptly report in writing to the Commissioner of Investigation of the City of New York any solicitation of money, goods, requests for future employment or other benefit or thing of value, by or on behalf of any employee of the City or other person, firm, corporation or entity for any purpose which may be related to the procurement or obtaining of this Agreement by the Contractor, or affecting the performance of this Agreement.

REGULATORY AGREEMENT

BETWEEN

THE CITY OF NEW YORK

AND

1402 YORK AVENUE HOUSING DEVELOPMENT FUND COMPANY, INC.

AND

BEACH PATH, LLC

Block(s)	Lot(s)	Address(es)
1486	4	1402 York Avenue
County:	New York	

RECORD AND RETURN TO:
Department of Housing Preservation
and Development
Office of Legal Affairs
100 Gold Street, Room 5S4
New York, NY 10038

EXHIBIT 9(b)
FIRST AMENDMENT TO REGULATORY AGREEMENT

NYC DEPARTMENT OF FINANCE
OFFICE OF THE CITY REGISTER

This page is part of the instrument. The City Register will rely on the information provided by you on this page for purposes of indexing this instrument. The information on this page will control for indexing purposes in the event of any conflict with the rest of the document.

2020051800529001001E0BF4

RECORDING AND ENDORSEMENT COVER PAGE **PAGE 1 OF 10**

Document ID: 2020051800529001 Document Date: 05-14-2020 Preparation Date: 05-18-2020
Document Type: AGREEMENT
Document Page Count: 8

PRESENTER:	**RETURN TO:**
EQUITY SETTLEMENT SERVICES, INC, 1384166, MW 444 ROUTE 111 SMITHTOWN, NY 11787 631-370-1126 MICHAEL.WARD@EQUITYSETTLEMENT.COM	EQUITY SETTLEMENT SERVICES, INC, 1384166, MW 444 ROUTE 111 SMITHTOWN, NY 11787 631-370-1126 MICHAEL.WARD@EQUITYSETTLEMENT.COM

PROPERTY DATA

Borough	Block	Lot	Unit	Address
MANHATTAN	1486	4	Entire Lot	1402 YORK AVENUE

Property Type: APARTMENT BUILDING

CROSS REFERENCE DATA

CRFN: 2017000248280
☒ Additional Cross References on Continuation Page

PARTIES

PARTY 1:	**PARTY 2:**
1402 YORK AVENUE HOUSING DEVELOP. FUND COMPANY INC 253 WEST 35TH STREET, 3RD FLOOR NEW YORK, NY 10001	CITY OF NEW YORK 100 GOLD STREET, NINTH FLOOR NEW YORK, NY 10038
☒ Additional Parties Listed on Continuation Page	

FEES AND TAXES

Mortgage :			Filing Fee:	
Mortgage Amount:	$	0.00	$	0.00
Taxable Mortgage Amount:	$	0.00	NYC Real Property Transfer Tax:	
Exemption:			$	0.00
TAXES: County (Basic):	$	0.00	NYS Real Estate Transfer Tax:	
City (Additional):	$	0.00	$	0.00
Spec (Additional):	$	0.00		
TASF:	$	0.00		
MTA:	$	0.00		
NYCTA:	$	0.00		
Additional MRT:	$	0.00		
TOTAL:	$	0.00		
Recording Fee:	$	77.00		
Affidavit Fee:	$	0.00		

RECORDED OR FILED IN THE OFFICE OF THE CITY REGISTER OF THE CITY OF NEW YORK
Recorded/Filed 05-18-2020 15:06
City Register File No.(CRFN): **2020000150126**

City Register Official Signature

1384166

FIRST AMENDMENT TO REGULATORY AGREEMENT

FIRST AMENDMENT TO REGULATORY AGREEMENT ("Amendment") made as of May 14, 2020 by and among **1402 YORK AVENUE HOUSING DEVELOPMENT FUND COMPANY, INC.**, a Housing Development Fund Company formed pursuant to the laws of the State of New York, having an address at 253 West 35th Street, 3rd Floor, New York, NY 10001 ("HDFC") and **BEACH PATH, LLC**, a limited liability company formed pursuant to the laws of the State of New York, having a an office at 1201 Route 112, Suite 900, Port Jefferson Station, New York 17776 ("Beneficial Owner"; together with HDFC, collectively, "Applicant"), and the **CITY OF NEW YORK** (the "City"), a municipal corporation acting by and through its **DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT** ("Department"), having an office at 100 Gold Street, Ninth Floor, New York, NY 10038.

WHEREAS, pursuant to that certain Declaration of Interest and Nominee Agreement (the "Nominee Agreement"), dated May 23, 2017, recorded in the Office of the City Register, County of New York (the "City Register") as CRFN 2017000248277, Beneficial Owner is the beneficial owner and HDFC is the legal owner of the premises located in the County of New York, City and State of New York, known as and by the 1402 York Avenue, New York, New York 10021, identified as Block 1486, Lot 4 on the Tax Map of the City (as improved pursuant to this Regulatory Agreement), (the "Premises"), more particularly described in Exhibit A attached hereto and made a part hereof, and intends to construct improvements on such Premises, which improvements will constitute Homeownership Affordable Housing within the meaning of Section 23-911 of the New York City Zoning Resolution (the "Resolution") and the Inclusionary Housing Program Guidelines (the "Guidelines") (the Guidelines and Resolution are collectively referred to as the "Program"); and

WHEREAS, Applicant and the Department have entered into that certain Regulatory Agreement, (the "Regulatory Agreement") dated May 23, 2017, recorded in the New York County Office of the City Register as CRFN 2017000248280; and

WHEREAS, the parties hereto wish to amend the Regulatory Agreement as provided herein;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed, effective as of the date hereof, as follows:

1. Section 9(d) of the Agreement is hereby deleted and in its place shall be inserted "Intentionally Omitted."

2. A new Section 34 is hereby added to the Agreement as follows:

> "34. Applicant undertakes to achieve the "Commencement Date", as defined in Title 28, Chapter 41, Section 41-17 of the Rules of the City of

New York, for the Premises no later than May 14, 2021 (the "Outside Date"). "Commencement Date" shall mean the date upon which (a) written contracts to purchase at least fifty percent (50%) of the Homeownership Affordable Housing Units have been signed with separate households of Eligible Buyers, and (b) a bona fide Eligible Buyer, who is not purchasing a Homeownership Affordable Housing Unit as an accommodation to the Premises, has closed on the purchase of such Homeownership Affordable Housing Unit (the "Undertaking"). Should the Undertaking not be satisfied by Applicant on or before the Outside Date, Applicant shall be in default of this Agreement, and the Department shall have all rights it may have under this Agreement with respect to a default thereunder."

3. Applicant shall cause this Amendment to be recorded against the Premises upon execution hereof, in the office of the City Register and shall pay all required fees and taxes in connection therewith.

4. This Amendment may be executed in counterparts, each of which shall be deemed an original but all of which together shall be deemed one and the same instrument.

5. Except as otherwise expressly set forth hereinabove, all the other provisions of the Regulatory Agreement shall remain unchanged and in full force and effect

6. This Amendment shall be govered by and interpreted in accordance with the laws of the State of New York.

7. This Amendment is intended to replace that certain "First Amendment to Regulatory Agreement" executed by the HDFC, Beneficial Owner and Department, dated May 8, 2020 and recorded on May 14, 2020 in the City Register as CRFN 2020000148034 ("Terminated Amendment"). The Terminated Amendment was recorded in error and contains a missing date in Paragraph 2. This Amendment replaces the Terminated Amendment. The Terminated Amendment shall have no force and effect and be void ab initio.

[No further text on this page]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first set forth above.

DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT OF THE CITY OF NEW YORK

By: _____
Name: Patricia Zafiriadis
Title: Associate Commissioner of Housing Incentives

STATE OF NEW YORK)
) SS:
COUNTY OF Queens)

On this 14th day of April, 2020, before me, the undersigned, a Notary Public in and for said State, personally appeared **Patricia Zafiriadis**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to in the within instrument and acknowledged to me that [s]he executed the same in [her]his capacity, and that by [her]his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

_____
NOTARY PUBLIC

BETH BUDNICK
Notary Public, State of New York
No. 02BU6372504
Qualified in Queens County
Commission Expires March 19, 2022

BEACH PATH, LLC
By: Rise Above III, LLC, sole member

By: _____
Name: Enrico Scarda
Title: Manager

STATE OF NEW YORK)
) SS:
COUNTY OF Suffolk)

On this 8 day of May 2020, before me, the undersigned, a Notary Public in and for said State, personally appeared **ENRICO SCARDA** personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to in the within instrument and acknowledged to me that [s]he executed the same in [her]his capacity, and that by [her]his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

_____
NOTARY PUBLIC

RAVEN A. PETERSON
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 01PE6326123
Qualified in Suffolk County
Commission Expires June 15, 2023

1402 YORK AVENUE HOUSING DEVELOPMENT FUND COMPANY, INC.

By: _____
Name: Daniel Marks Cohen
Title: Vice President

STATE OF NEW YORK)
) SS:
COUNTY OF Kings)

On this 8th day of May 2020, before me, the undersigned, a Notary Public in and for said State, personally appeared **DANIEL MARKS COHEN** personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to in the within instrument and acknowledged to me that [s]he executed the same in [her]his capacity, and that by [her]his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

_____
NOTARY PUBLIC

MILEIKA BETHANCOURT
Notary Public, State of New York
No. 01BE6220876
Qualified in Kings County
Commission Expires April 19, 2022

SCHEDULE A

PROPERTY DESCRIPTION

ALL that certain plot, piece, or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York described as follows

Block(s)	Lot(s)	Address(es)
1486	4	1402 York Avenue

County: New York

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at a point on the easterly side of York Avenue (a/k/a Avenue A) distance 102.2 feet northerly from the corner formed by the intersection of the easterly side of York Avenue and the northerly side of East 74th Street;

RUNNING THENCE easterly parallel with the said northerly side of East 74th Street, 98 feet;

THENCE southerly parallel with the easterly side of York Avenue, 20 feet;

THENCE westerly parallel with the northerly side of East 74th Street, 98 feet to the easterly side of York Avenue;

THENCE northerly along the easterly side of York Avenue, 20 feet to the point or place of BEGINNING.

Block: 1486 Lot: 4

For information only: 1402 York Avenue, New York, NY 10021

AMENDMENT TO REGULATORY AGREEMENT

BETWEEN

THE CITY OF NEW YORK

AND

1402 YORK AVENUE HOUSING DEVELOPMENT FUND COMPANY, INC.

AND

BEACH PATH, LLC

Block(s)	Lot(s)	Address(es)
1486	4	1402 York Avenue
County:	New York	

RECORD AND RETURN TO:
Beth Budnick, Esq.
NYC Department of Housing Preservation
and Development
Office of Legal Affairs
100 Gold Street, Room 5S-4
New York, NY 10038

EXHIBIT 9(c)

AN EXAMPLE OF MAXIMUM RESALE PRICE BELOW ARE PAGES 6 TO 8 OF THE 2009 INCLUSIONARY HOUSING TEXT AMENDMENTS OVERVIEW AND FAQ, AS UPDATED MOST RECENTLY UPDATED MARCH 15, 2013. A COPY OF THE FULL DOCUMENT CAN BE DOWNLOADED HERE:

https://www1.nyc.gov/assets/hpd/downloads/pdfs/services/inclusionary-housing-text-amendments-faqs.pdf

9. As a homeowner, how long must I live in a homeownership unit before I can sell it?

A homeowner may put a homeownership unit up for sale anytime after purchasing it. (See also question 14 on setting the resale price.)

10. Do I have to live in the homeownership unit year-round?

The homeownership unit must be your primary residence.

11. Can I refinance a homeownership unit after I purchase it?

With the administering agent's approval, homeowners may refinance.

12. If I am selling a homeownership unit, do I have to find a buyer on my own?

A homeowner must inform the administering agent of the intent to sell his or her homeownership unit by filing a 'Notice of Intent to Sell' form. Upon receipt of the form, the administering agent will market the homeownership unit, select an eligible buyer and assist with the closing process. (See also question 2.)

13. May I sublet my homeownership unit?

Yes. Inclusionary homeowners may, with the approval of the administering agent, sublet for not more than a total of two years out of any four-year period.

14. Who will set the resale price for a homeownership unit and how will the resale price of a homeownership unit be determined?

The administering agent will set the resale price for a homeownership unit. Inclusionary homeownership unit sales prices are set to be affordable at the applicable income limit at the time of initial sale. To ensure continued affordability, the unit's maximum resale price is the **lower** of:

- The **appreciation cap** (a resale price at which housing costs equal 30% of the targeted income limit at the time of resale)
- The **appreciated price** (the product of the sale or resale price of a homeownership unit on the date of the previous sale and the appreciation index at resale). See following example:

Updated March 5, 2013

Example: Calculating the Maximum Resale Price

The Lower of:

Calculating Appreciation Cap:

The homeownership unit for which the initial sales price above was calculated, was affordable to low income households (up to 80% AMI). To find the appreciation cap upon resale for this same unit, we assume that the unit will be marketed at the next income level, that is, to moderate income households (up to 125% AMI).

- Income Index 10 years after initial sale (2021) = **$103,656** for a family of four
- Moderate Income Limit = 125% of the Income Index, **$129,570**
- HPD assumes that a Moderate Income Household will pay approximately 30% of its income on Monthly Housing Costs:
- 30% of the Moderate Income Limit = **$38,871**
- $38,871 x .9 (Household factor for number of persons permitted to occupy a two bedroom unit) = **$34,983** → Annual Housing Costs at the Moderate Income Limit
- Monthly Housing Costs are $2,915 ($34,983 divided by 12)
- Assume the monthly maintenance costs of the unit are $607 per month or $7,283 per year
- Subtract the annual maintenance costs ($7,283) from the maximum annual housing costs ($34,983) = $27,700 available for mortgage payments annually.
- Mortgage: present value (6%/12,30*12, $2,308) = **$384,955**
- Divide mortgage ($384,955) by 90% to get the Appreciation Cap, including a 10% Down Payment = **$427,728**

OR

Calculating Appreciated Price:
The homeownership unit for which the initial sales price above was calculated, was affordable to low income households (up to 80% AMI), is available for resale 10 years later in 2021. The appreciated price is calculated as follows:

- Previous sale price: **$183,718** (affordable to low income households at 80% AMI)
- Appreciation Index on previous sale date (2011) = 240.267
- 10 full calendar years after the sale, Appreciation Index at resale (2021) = 314.564 (assuming the sum of increase in CPI+1%)
- Appreciated Price = (previous sales price x (Appreciation Index at resale/Appreciation Index on previous sale date)): ($183,718 x (314.564/240.267)) = **$240,529**

<u>Maximum Resale Price</u> = $240,529 (the lesser of the appreciation cap and appreciated price)

Maximum Resale Price cont'd

Only full calendar years from the previous sale date will be considered when calculating the appreciation index for the appreciated price of a homeownership unit. However, if a homeowner submits a 'Notice of Intent to Sell' form to the administering agent on a date that is no more than three (3) months prior to the anniversary of the last sale date, a full calendar year may be utilized in calculating the appreciation index.

15. If I make improvements to the homeownership unit, can I sell it at a higher price than the maximum resale price?

No. The resale price of a homeownership unit will be based on the most recent sale price and the appreciation rate allowed for the intervening period. (See also question 15.) The annual appreciation rate is considered high enough to encourage the upkeep of the unit over time, and HPD will require the homeownership unit to meet HPD's livability standard at resale. If a unit is found to be in substandard condition, the cost of returning a homeownership unit to the livability standard will be deducted from the proceeds of the sale of such unit.

16. Will I be able to inspect the homeownership unit before purchasing it?

Yes. If selected, eligible buyers will be given an opportunity to inspect the homeownership unit before entering into a purchase contract.

17. What if I want to leave my homeownership unit to a person who lives with me, whom I consider a family member and who takes care of me?

Only a family member may inherit a homeownership unit; HPD has adopted DHCR's definition of a family member. This definition includes any person residing in the affordable housing unit as a primary residence who can prove an emotional and financial commitment to the homeowner as well as interdependence between such person and the homeowner. Please follow the link below for a detailed definition:
http://www.dhcr.state.ny.us/rent/factsheets/orafac30.htm

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EXHIBIT 10

CERTIFICATIONS

Page

a. Sponsor and Principals 445

b. Sponsor's Architect 447

c. Sponsor's Expert on Adequacy of Budget 449

d. Sponsor's Expert on Adequacy of the Condominium Budget 451

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a. Certification of Sponsor and Principals

New York State Department of Law
28 Liberty Street, 21st Floor
New York, New York 100051
Attention: Real Estate Finance Bureau

Re: 1402 York Avenue Owners Housing Development Fund Company, Inc.
1402 York Avenue
New York, New York 10021

We are the Sponsor and principals of the Sponsor of the cooperative offering plan for the captioned property.

We understand that we have primary responsibility for compliance with the provisions of Article 23A of the General Business Law, the regulations promulgated by the Attorney General in Part 21 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; and

(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 New York General Business Law and Penal Law.

BEACH PATH, LLC
a New York Limited Liability Company
By: Rise Above III LLC, its sole member

By: _____
Enrico Scarda, Manager

Sworn to before me this
8 day of July, 2021

Raven A Peterson
Notary Public

RAVEN A. PETERSON
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 01PE6326123
Qualified in Suffolk County
Commission Expires June 15, 2023

SPONSOR'S PRINCIPALS:

_____
Enrico Scarda

Sworn to before me this
8 day of July, 2021

Raven A Peterson
Notary Public

RAVEN A. PETERSON
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 01PE6326123
Qualified in Suffolk County
Commission Expires June 15, 2023

b. Certification of Sponsor's Architect

KGA

Kossar + Garry Architects, LLP
115 West 30 Street, 1201
New York, NY 10001
Tel: 212-947-6161
Fax: 212-947-9890
www.kganyc.com

CERTIFICATION OF SPONSOR'S ARCHITECT
PURSUANT TO SECTION 21.4(c) OF THE REGULATIONS ISSUED PURSUANT TO
THE GENERAL BUSINESS LAW, ARTICLE 23-A,
AS AMENDED

New York State Department of Law
28 Liberty Street, 21st Floor
New York, New York 10005
Attention: Real Estate Finance Bureau

Re: 1402 York Avenue Owners' Housing Development Fund Company, Inc.
1402 York Avenue
New York, New York 10021 (the "Property")

The Sponsor of the offering plan for cooperative ownership of the captioned property retained our firm to prepare a report describing the property when constructed (the "Report"). We examined the building plans and specifications that were prepared by Kossar+ Garry Architects dated April 13, 2016 which were submitted to the New York City Department of Buildings on April 13, 2016 and amended on March 28, 2019 (PAA 1) and July 26, 2019 (PAA 2) and approved on July 26. 2019. We prepared the Report, dated June 21, 2021, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the Report.

The undersigned is a registered Architect in the State of New York.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 21 insofar as they are applicable to this Report.

We have read the entire Report and together with the consulting engineers RDS Associates investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form the basis for this certification. This certification is made for the benefit of all persons to whom this offer is made.

We certify that the Report does:

(i) set forth in narrative form the physical condition of the entire Property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specification that we examined;

KGA

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the physical condition of the Property as it will exist upon the completion of construction, provided that construction is in accordance with the plans and specification that we examined;

(iii) not omit any material fact;

(iv) not contain any untrue statement of a material fact;

(v) not contain any fraud, deception, concealment or suppression;

(vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and

(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.

Kossar + Garry Architects, LLP

By: _____
Debra Kossar, Principal

Sworn to before me this

20th day of July, 2021

_____
Notary Public

MARIA VICTORIA P. KRAMER
Notary Public, State of New York
Reg. No. 01KR6064080
Qualified in New York County
Commission Expires 01/11/2022

c. Certification of Sponsor's Expert on Adequacy of Budget

FLATIRON
REAL ESTATE ADVISORS, LLC

119 West 23rd Street, Suite 903
New York, NY 10011
t 212-675-3699
f 212-675-8078
www.flatiron-rea.com

CERTIFICATION OF SPONSOR' S EXPERT CONCERNING ADEQUACY OF BUDGET

New York State Department of Law
28 Liberty Street
New York, New York 10005
Attention: Real Estate Finance Bureau

Re: 1402 York Avenue
New York, New York 10021

To Whom It May Concern:

The Sponsor of the Cooperative Offering Plan for the captioned property retained our firm to review or prepare Schedules B and B-1, containing projections of income and expenses for the first year of cooperative operation. Our experience in this field includes managing cooperatives, condominiums and rental properties for over 20 years and preparing budgets for 47 properties containing a total of approximately 680 units on an annual basis.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 21 insofar as they are applicable to Schedules B and B-1 (the "Schedules") .

We have reviewed the Schedules and investigated the facts set forth in the Schedules and the facts underlying them with due diligence in order to form the basis for this certification. We have also relied on our experience in managing residential buildings.

We certify that the projections set forth in the Schedules appear reasonable and adequate based on present prices adjusted to reflect continued inflation and present levels of consumption for comparable units similarly situated.

We certify that this certification and all documents prepared by us hereafter that concern the Schedules do:

(i) set forth in detail the terms of the transaction as it relates to the Schedules 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 or suppression;

(vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and

(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.

We further certify that this firm is not owned or controlled by and has no beneficial interest in the Sponsor and that our compensation for preparing this certification is not contingent on the conversion of the property to a cooperative or on the profitability or price of the offering. We understand that a copy of this Certification is intended to be incorporated into the Plan so that prospective purchasers may rely on it.

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 under the General Business Law and Penal Law.

Flatiron Real Estate Advisors LLC

By:_____
Steven Ancona, Managing Member

Sworn to before me this
6th day of June 2021

Notary Public
07/06/2021

OLENA Y. KOSTRYKINA-LEHRFELD
Notary Public, State of New York
Registration #01KO6367112
Qualified In Kings County
Commission Expires Nov. 13, 2021

d. Certification of Sponsor's Expert on Adequacy of the Condominium Budget

FLATIRON
REAL ESTATE ADVI SORS, LLC

119 West 23rd Street, Suite 903
New York, NY 10011
t 212-675-3699
f 212-675-8078
www.flatiron-rea.com

CERTIFICATION OF SPONSOR' S EXPERT CONCERNING ADEQUACY OF BUDGET

New York State Department of Law
28 Liberty Street
New York, New York 10005
Attention: Real Estate Financing Bureau

Re: 1402 York Avenue Condominium
New York, New York 10021

To Whom It May Concern:

The Sponsor of the Condominium Offering Plan for the captioned property retained our firm to review or prepare Schedule C, containing projections of income and expenses for the first year of condominium operation. Our experience in this field includes managing cooperatives, condominiums and rental properties for over 20 years and preparing budgets for approximately 47 properties containing a total of approximately 680 units on an annual basis.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 20 insofar as they are applicable to Schedule C (the "Schedule").

We have reviewed the Schedule and investigated the facts set forth in the Schedule and the facts underlying them with due diligence in order to form the basis for this certification. We have also relied on our experience in managing residential buildings.

We certify that the projections set forth in the Schedule appears reasonable and adequate under existing circumstances, and the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of condominium operation.

We certify that the Schedule:

(i) sets forth in detail the projected income and expenses for the first

year of condominium operation;

(ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of condominium operation;

(iii) does not omit any material fact;

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment or suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and

(vii) does not contain any representation or statement which is false, where we (a) knew the truth; (b) with reasonable effort could have known the truth; {c) made no reasonable effort to ascertain the truth, or {d) did not have knowledge concerning the representations or statements made.

We further certify that this firm is not owned or controlled by the Sponsor. We understand that a copy of this Certification is intended to be incorporated into the Plan. This statement is not intended as a guarantee or warranty of the income and expenses for the first year of condominium operation.

This Certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties under the General Business Law and Penal Law.

Flatiron Real Estate Advisors LLC

By:_____

Steven Ancona, Managing Member

Sworn to before me this
30th day of June 2021

OLENA T. KOSTRYKINA-LEHRFELD
Notary Public, State of New York
Registration #01KO6367112
Qualified In Kings County
Commission Expires Nov. 13, 2021