THIS PLAN HAS BEEN AMENDED – SEE INSERT UNDER FRONT COVER.

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

CONDOMINIUM OFFERING PLAN
and
A PLAN TO CONVERT TO COOPERATIVE OWNERSHIP
THE RESIDENTIAL CONDOMINIUM UNIT OF

THE CURTIS RESIDENCE CONDOMINIUM

Premises at

123-25 82nd Avenue
a/k/a 120-86 Queens Boulevard
Kew Gardens, New York

Cash Amount of Offering (based on the sale of 16,080 shares allocated to 108 apartments at a Total Cash Payment of $665.00 per share to non-tenant purchasers)*	$10,693,200.00
Mortgage Indebtedness	2,686,111.10
Total Cash Offering and Mortgage Indebtedness	13,379,311.10
Working Capital Fund to be Retained by the Apartment Corporation from Offering (1)	5,000.00
Reserve Fund (2)	202,608.00
Purchase Price of Commercial Units	3,813,500.00
Total Price	17,192,811.10

*** See pages 11 through 16 for the reduced Total Cash Payment of $420.00 per share to tenant purchasers during exclusive purchase period.**

Name and Address of Apartment Corporation Whose Shares Are Offered:

THE CURTIS RESIDENCE LTD.
c/o Stark, Elman, Amron, Barash & Narotsky
1133 Avenue of the Americas
New York, New York 10036

Name and Address of Sponsor:

HNP REALTY, INC.
c/o ABG International Properties, Inc.
39 Broadway
New York, New York 10006

Name and Address of Selling Agent:

ABG INTERNATIONAL PROPERTIES, INC.
39 Broadway
New York, New York 10006
(212) 809-1100

The approximate date of first offering of this Plan is March 23, 1987.
This Plan may not be used after March 22, 1988, unless amended.

(1) This fund may be increased or reduced as the result of closing adjustments. (See the section entitled "WORKING CAPITAL FUND" for a full discussion.)

(2) This fund may be increased or reduced. (See the section entitled "RESERVE FUND" for a full discussion.)

SEE PAGES 1 AND 2 FOR SPECIAL RISKS TO PURCHASERS.

THIS OFFERING PLAN IS THE ENTIRE OFFER TO SELL THESE COOPERATIVE APARTMENTS AND CONDOMINIUM 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 APARTMENT OR 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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PART I

SPECIAL RISKS

1. Purchase Agreement Not Contingent on Financing

THE PURCHASE AGREEMENT IS NOT CONDITIONED UPON A PURCHASER'S ABILITY TO OBTAIN FINANCING. ACCORDINGLY, ANY PURCHASER WHO INTENDS TO RELY ON BANK FINANCING SHOULD INQUIRE WITH THE BANK OF HIS PREFERENCE AS TO THE AMOUNT, TERMS, COST, AVAILABILITY, AND HIS ELIGIBILITY FOR SUCH FINANCING BEFORE SIGNING AND RETURNING THE PURCHASE AGREEMENT IN ORDER TO AVOID THE RISK OF LOSING HIS DOWN PAYMENT. IF A PURCHASER EXECUTES A PURCHASE AGREEMENT AND IS UNABLE TO OBTAIN FINANCING OR OBTAINS FINANCING WHICH EXPIRES PRIOR TO THE CLOSING AND SUCH FINANCING IS NOT EXTENDED, HE MAY FORFEIT HIS DOWN PAYMENT IN AN AMOUNT NOT TO EXCEED TEN (10%) PER CENT OF THE TOTAL CASH PRICE. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY, AMOUNT, TERMS OR CONDITIONS UPON WHICH SUCH FINANCING MAY BE GRANTED OR THE COST OF SUCH FINANCING.

2. Terms of Mortgage Which Will Affect Property At Closing Date

The wrap around mortgage provides for a prepayment of principal in the sum of approximately $1,140,000.00 on March 1, 1992 or March 1, 1997 in order to satisfy the Apple Mortgage (described hereinafter). In the event the Apartment Corporation is unable to arrange suitable refinancing of this amount then it would be necessary to assess each tenant-shareholder approximately $70.90 per share in order to pay the principal then due.

At the date of maturity, the principal balance of the wrap around mortgage will be approximately $1,546,111.10, assuming that there have been no prepayments of any portion of the principal indebtedness. At the date of maturity, the Apartment Corporation must either refinance or satisfy the mortgage in order to preserve its equity in the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM. In the event the Apartment Corporation is unable to arrange such financing or if the terms thereof are considered unfavorable and assuming that no other funding is available, then it would be necessary to assess each tenant-shareholder approximately $96.15 per share in order to pay the principal then due.

NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF FUNDS FOR REFINANCING, THE INTEREST RATE, OR THE COST OF REFINANCING AT THE MATURITY DATE OF THE AFOREMENTIONED MORTGAGES. THE ABILITY OF THE APARTMENT CORPORATION TO REFINANCE THE MORTGAGE ON THE SAME OR DIFFERENT TERMS AND THE COST OF SUCH REFINANCING WILL DEPEND ON MARKET CONDITIONS AT THAT TIME. IF THE MORTGAGE PAYMENTS SHOULD BE INCREASED ON ANY SUCH REFINANCING, THEN IN SUCH EVENT IT MAY BE NECESSARY TO INCREASE THE MAINTENANCE CHARGES TO TENANT-SHAREHOLDERS TO COVER THE COST OF THE INCREASED MORTGAGE PAYMENTS.

See "TERMS OF MORTGAGE WHICH WILL AFFECT PROPERTY AT CLOSING DATE" at Page 98 of the Plan.

INTRODUCTION

The building at 123-25 82nd Avenue, Kew Gardens, New York, New York, (the "Building"), and the land on which it is erected are owned by HNP Realty, Inc. (the "Sponsor"), a New York corporation organized under and existing by virtue of the laws of the State of New York, which acquired title on January 10, 1985. Such Building and land are hereinafter collectively called the "Property". The Sponsor will, at its sole cost and expense, file a Condominium Declaration and By-laws with the Register of the City of New York, County of Queens on or before the closing of title pursuant to and in compliance with this Offering Plan for conversion to condominium ownership pursuant to and in compliance with Article 9-B of the Real Property Law of the State of New York, as amended (the "Condominium Act"). The Declaration will provide for the establishment of ten (10) condominium units — nine (9) of which will be Commerical Units (hereinafter referred to as "Unit(s)" or "Commercial Unit(s)") and the remaining Unit will be a Residential Unit consisting of all 108 apartments in the Building (such apartments hereinafter referred to as "Apartment(s)" or "Residential Apartment(s)") and the superintendent's apartment in the cellar. Prior to the Closing described in the Offering Plan (the "Plan"), Sponsor will amend its Certificate of Incorporation to change its name to THE CURTIS RESIDENCE LTD. (the "Apartment Corporation"); recapitalize its shares to create a single class of 17,000 shares with a par value of $1.00 per share; and conform to the requirements set forth in COUNSEL'S INCOME TAX OPINION (see Page 44). Under the Plan the Apartment Corporation will become the owner of the Residential Unit of the THE CURTIS RESIDENCE CONDOMINIUM and the Sponsor will convey or cause to be conveyed to one or more nominees of the Sponsor the Commercial Units hereinafter described. The Commercial Units are offered for sale by the Sponsor's nominee(s) under this Plan. The shares of the Apartment Corporation are offered for sale only to individuals 18 years of age or older (not a corporation, partnership, or other entity).

The purpose of the Plan is to set forth all the material terms of the offer. The Plan may be amended from time to time to reflect changes which materially affect the offer. All amendments will be filed with the Department of Law and will thereafter be served upon one residential tenant per apartment, purchasers who have executed and delivered Purchase Agreements to the Sponsor, Apartment Corporation or Selling Agent and are not in default, shareholders of the Apartment Corporation and any other person entitled to service pursuant to local law or regulation. Service shall be by personal delivery or by mail. Service by personal delivery shall be deemed complete upon delivery. Service by mailing shall be presumed complete on the fifth day after the date of mailing.

Under the Plan there is offered for sale 16,080 shares of its capital stock of THE CURTIS RESIDENCE LTD. which have been allocated

in blocks to 108 Residential Apartments in the Residential Unit of THE CURTIS RESIDENCE CONDOMINIUM. The superintendent resides in an apartment in the cellar area of the Building. No shares have been allocated to this apartment and it is excluded from the offering and will be a part of the Residental Unit owned by the Apartment Corporation.

The actions of the Apartment Corporation under the Plan are being taken at the direction of the Sponsor. This, however, shall not relieve Sponsor of its obligations as stated in the Plan nor impose any additional financial burden on the Apartment Corporation not disclosed in the Plan or any amendment to the Plan.

The prices for the blocks of shares allocated to the Residential Apartments in the Building are set forth on SCHEDULE A, PURCHASE PRICE AND OTHER FINANCIAL DETAILS FOR EACH APARTMENT on pages 11 through 16. THESE PRICES HAVE BEEN SET BY THE SPONSOR AND ARE NOT SUBJECT TO APPROVAL BY ANY GOVERNMENTAL AGENCY. The estimated annual maintenance charges for each Apartment for the first year of cooperative operation are also set forth on SCHEDULE A, PURCHASE PRICE AND OTHER FINANCIAL DETAILS FOR EACH APARTMENT.

In the opinion of counsel, if the Plan becomes effective in accordance with its terms, each tenant-shareholder will have the right to deduct for income tax purposes his proportionate share of real estate taxes assessed against the Property and mortgage interest paid by the Apartment Corporation. ("COUNSEL'S INCOME TAX OPINION" may be found at page 44 of the Plan.)

The Plan has been designed to give each purchaser of a Residential Apartment the same rights and benefits generally enjoyed by owners of cooperative apartments. These rights and benefits include:

(i) the right to exclusive possession of the apartment purchased under a long term lease (commonly known as a Proprietary Lease);

(ii) the right, in the opinion of counsel set forth herein, to deduct from his adjusted gross income for Federal, State and City income tax purposes that portion of the maintenance charges paid by him which represents his pro-rata share of real estate taxes and mortgage interest paid or incurred by the Apartment Corporation with respect to the Residential Unit;

(iii) the right to decorate his apartment any way he sees fit and, upon consent of the Apartment Corporation (which may not be unreasonably withheld), the right to make

any desired alterations, additions or improvements to the apartment;

(iv) the right as a shareholder to vote annually for the election of the Apartment Corporation's Board of Directors, which will conduct the affairs of the Apartment Corporation (including supervision of, and making determinations involving the Residential Unit);

(v) the right to sell his Apartment and retain all proceeds of such sale or sublet his Apartment and retain the rental from such subletting, provided the prospective purchaser or subtenant is first approved by the Apartment Corporation's Board of Directors or (if they refuse) the tenant-shareholders owning at least 65% of the Apartment Corporation's outstanding shares;

(vi) the right to obtain a loan in any amount, collaterally secured by a pledge of his shares and Proprietary Lease to a recognized lending institution; and

(vii) the right to terminate liability for future maintenance charges by cancelling his Proprietary Lease and surrendering possession of the Apartment and related shares to the Apartment Corporation, without compensation, effective on any September 30th after the third anniversary of consummation of the Plan, upon compliance with certain customary conditions set forth in Paragraph 35 of the Proprietary Lease.

The Apartment Corporation will operate the Residential Unit by assessing maintenance charges to each of its shareholders. The maintenance charges will be based solely on the projected expenses of owning and operating the Residential Unit less any income the Apartment Corporation may receive. In addition to the regular maintenance charges, the Apartment Corporation may, from time to time, charge special assessments to its shareholders to cover the cost of any unforeseen expenses or for capital repairs or improvements. Each shareholder will be required under his Proprietary Lease to pay monthly his pro-rata share of the maintenance charges. The proportionate share of the maintenance charges payable by each shareholder is based on the proportion that the number of shares allocated to his Apartment bears to the total number of outstanding shares issued by the Apartment Corporation.

There are 108 Residential Apartments in the Building plus the superintendant's apartment. All of the Residential Apartments are subject to the Rent Stabilization Law. There are twenty-four (24) vacant Apartments. (See "RIGHTS OF EXISTING TENANTS" at page 60 of the Plan.)

In accordance with Title YYYY of the Administrative Code of the City of New York, Sponsor shall, not later than the thirtieth (30th) day following the presentation date and until the Closing Date, cause to be maintained in the lobby a listing of all violations of record against the Property as determined by the Department of Buildings and the Department of Housing Preservation and Development and to add to such list all new violations noted against the Property within forty-eight (48) hours of their issuance.

Each tenant in occupancy shall have the exclusive right to purchase the shares of the Apartment Corporation allocated to his Apartment at a Total Cash Payment of $420.00 per share for a period of ninety (90) days from the date of service of the Plan. During this exclusive purchase period a tenant's Apartment shall not be shown to a third party unless the tenant has, in writing, waived his right to purchase. In addition thereto, during this exclusive purchase period Sponsor will not accept Purchase Agreements from non-tenant purchasers for occupied Apartment dwellings. During the exclusive purchase period afforded tenants, the Total Cash Payment for tenants may not be increased and may be decreased only by a duly filed amendment to the Plan. The Total Cash Payment by tenants for the shares of the Apartment Corporation allocated to their Apartments shall be $665.00 per share after the 90-day exclusive purchase period expires. The total cash payment to non-tenants for shares of the Apartment Corporation shall be $665.00 per share, unless amended. Increases in the Total Cash Payment for the shares of the Apartment Corporation allocated to any Apartment must be made by amendment to the Plan. (See "CHANGES IN PURCHASE PRICE AND APARTMENT SIZES AND LAYOUTS" at Page 33 of the Plan.)

The Plan is being presented in compliance with the procedures contained in General Business Law Section 352-eeee for converting the Building to cooperative ownership on a non-eviction basis. As a result, no eviction proceedings will be commenced at any time against non-purchasing tenants for failure to purchase or any other reason applicable to expiration of tenancy; provided that such proceedings may be commenced for non-payment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the owner, or a similar breach by the non-purchasing tenant of his obligations to the owner of the unit or the shares allocated thereto. (See "RIGHTS OF EXISTING TENANTS" at page 60 of the Plan.

THE PLAN MAY NOT BE AMENDED AT ANY TIME TO AN EVICTION PLAN.

Prospective purchasers of the Residential Apartments will be acquiring shares of the Apartment Corporation. The Apartment Corporation, on the Closing Date, will be the fee owner of the Residential Unit of THE CURTIS RESIDENCE CONDOMINIUM. The Residential Unit will consist of the 108 Residential Apartments and the superintendent's apartment in the Building at 123-25 82nd Avenue, Kew Gardens, New York. The Commercial

Units will consist of the stores and offices located in the cellar less the superintendent's apartment and those portions of the cellar which comprise the Common Elements as hereinafter defined. Under the terms of the Condominium Declaration, the owners of the Commercial and Residential Units will have reciprocal rights and responsibilities including, but not limited to, maintaining the Common Elements which comprise the land and that portion of the Building not made part of either the Residential or Commercial Units, such as equipment spaces, roofs and the boiler room in the cellar.

In accordance with the terms of the Condominium Declaration, the Residential Unit owner (the Apartment Corporation) will have an 87.5% interest in the Common Elements and the Commercial Unit owners will have an aggregate 12.5% interest therein. The allocation has been made in accordance with the provisions of Real Property Law Section 339 (1) (4).

The allocation of a 12.5% interest of the Common Elements to the Commercial Units by the Sponsor has been determined by a combination of factors including (a) relative square footage; (b) location of space; (c) uniqueness of the space; (d) availability of Common Elements for exclusive or shared use; (e) over-all dimensions; and (f) evaluation of past and current income-producing capacity for such space. Inasmuch as the Commercial Units will use a lesser amount of the Common Elements and building services and facilities proportionately than the Residential Unit, Sponsor believes that the aforementioned allocation will fairly cover the expenses attributable to the Commercial Units.

Parts I and II constitute the entire offering and contain all the detailed terms of the offer. The exhibits submitted to the Department of Law in connection with the filing of the Plan contain additional supporting documentation and are available for inspection and copying to prospective purchasers and their attorneys at the office of the attorneys for the Sponsor during regular business hours. There will be no charge for inspection. However, there will be a charge of 50¢ per page for copying. The Plan and Exhibits are also available for inspection and copying at the Department of Law, 120 Broadway, 23rd Floor, New York, New York 10271.

The agreement to purchase the shares allocated to a Residential Apartment is called a Purchase Agreement and may be found in Part II at page 143. Any conflict between the Plan and the Purchase Agreement will be resolved in favor of the Plan.

A summary of the principal provisions of the Proprietary Lease which contains the rights and obligations of the Apartment Corporation as Lessor and each of its shareholders as Lessee, may be found in Part I at page 102. A copy of the entire Proprietary Lease is set forth in Part II at page 148.

The Apartment Corporation's By-Laws governing operation of the Apartment Corporation are contained in Part II at page 149.

The Purchase Prices and estimated Common Charges for each of the ten condominium units are listed at page 25 of the Plan in SCHEDULE C, SCHEDULE OF PURCHASE PRICE AND OTHER FINANCIAL DETAILS FOR EACH CONDOMINIUM UNIT, hereinafter sometimes called the "Condominium Purchase Price Schedule". THE PRICES CONTAINED IN THE PLAN HAVE BEEN SET BY THE SPONSOR WITHOUT ARMS-LENGTH NEGOTIATION AND ARE NOT SUBJECT TO APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY.

Increases in the Purchase Price of Units in the Building must be made by amendment to the Plan in the same manner as changes in the Cash Payment for shares of the Apartment Corporation. (See "CHANGES IN PURCHASE PRICE AND APARTMENT SIZES AND LAYOUTS" at page 33 of the Plan). Sponsor is not obligated to offer or sell any Units (including any vacant Units) and may withhold one or more Units for future sale. Sponsor has the right to reject any prospective purchaser of a Unit without cause or explanation, provided that such rejection is not based on sex, race, creed, color, national origin, ancestry, or any other ground proscribed by law.

The Unsold Units may be used for any lawful purposes, including, without limitation, the leasing or renting of any or all of the same for such rents and upon such terms and conditions as Sponsor and any tenant may agree upon. The Unsold Units may be sold without prior amendment to the Plan, unless such amendment is required by law.

The owner of each condominium unit (a "Unit Owner") will own fee title to his or her Unit and will be entitled to the exclusive possession thereof. In addition, each Unit Owner will own, in common with every other Unit Owner, an undivided percentage interest in all parts of the Property other than the condominium units themselves (the "Common Elements"), which Common Elements will include, without limitation, the Land and the roofs, exterior walls, foundations and supports of the Building.

Each Unit Owner may freely mortgage his or her unit as he or she sees fit, with such lender and in such amount as he or she chooses, subject only to compliance with a certain filing requirement contained in the Condominium's By-Laws. Each condominium unit is separate and is not subject to the lien of any mortgages placed on any other unit. Accordingly, the mortgage on the Residential Unit is the sole responsibility of the Apartment Corporation and is not the responsibility of the owners of the Commercial Units.

Each condominium unit will be taxed as a separate tax lot for real estate tax and assessment purposes and each Unit Owner will be responsible for the payment of all real estate taxes and assessments levied against his or her condominium unit. An estimate of the real estate taxes and assessments that will be payable for each of the condominium units during the first year of condominium operation of the Property is listed in the Condominium Purchase Price Schedule. No Unit Owner will be liable

for the payment of and no condominium unit will be subject to any lien arising out of the non-payment of real estate taxes or assessments levied against any other condominium unit after such units have been separately assessed.

Any Unit Owner can sell or lease his or her condominium unit to anyone, without restriction or limitation.

The agreement to purchase a Commercial Unit is called a Purchase Agreement, the general form of which is set forth at Page 144. The terms of sale of the Units, as well as the procedure to purchase same, are summarized in the section entitled "PROCEDURE TO PURCHASE" at Page 79.

The form of Unit Owner's Power of Attorney that each Unit Owner will be required to give to the Condominium Board and to Sponsor or Sponsor's nominee(s) pursuant to the terms of the Condominium By-Laws and the form of the deed that the Sponsor will issue to purchasers of Commercial Units are set forth on pages 152 and 153, respectively, in Part II.

Decisions on operation and maintenance of the Common Elements will be made by a board consisting of representatives of both the Residential and Commercial Units (the "Condominium Board"). The Condominium Declaration and By-Laws governing the operation of the condominium and the rights, power, and duties of its officers, are summarized at page 93. A copy of the entire Declaration and By-Laws is contained in Part II of the Plan at page 150.

Starting at page 146 in Part II of the Plan is a detailed description of the Property which should be carefully reviewed by the prospective purchaser.

THE PURCHASE AGREEMENT IS NOT CONDITIONED UPON A PURCHASER'S ABILITY TO OBTAIN FINANCING. ACCORDINGLY, ANY PURCHASER WHO INTENDS TO RELY ON BANK FINANCING SHOULD INQUIRE WITH THE BANK OF HIS PREFERENCE AS TO THE AMOUNT, TERMS, COST, AVAILABILITY, AND HIS ELIGIBILITY FOR SUCH FINANCING BEFORE SIGNING AND RETURNING THE PURCHASE AGREEMENT IN ORDER TO AVOID THE RISK OF LOSING HIS DOWN PAYMENT. IF A PURCHASER EXECUTES A PURCHASE AGREEMENT AND IS UNABLE TO OBTAIN FINANCING OR OBTAINS FINANCING WHICH EXPIRES PRIOR TO THE CLOSING AND SUCH FINANCING IS NOT EXTENDED, HE MAY FORFEIT HIS DOWN PAYMENT IN AN AMOUNT NOT TO EXCEED TEN (10%) PER CENT OF THE TOTAL CASH PRICE.

Various savings and commercial banks in New York State have generally financed a substantial portion of the Total Cash Payment of apartments for purchasers whose credit, income and reputation are acceptable to the bank making the loan. Persons who may be interested in making

financial arrangements with any lending institution should communicate directly with the lender of their choice.

Neither the Sponsor nor the Selling Agent is making arrangements for such financing or is acting as agent for any lender with regard to financing for prospective purchasers.

NO REPRESENTATION OR WARRANTY IS MADE THAT FINANCING WILL BE AVAILABLE TO ANYONE WHO PURCHASES THE SHARES OF THE APARTMENT CORPORATION OR AS TO THE TERMS OR CONDITIONS OF SUCH FINANCING.

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

SCHEDULE A

PURCHASE PRICE AND OTHER FINANCIAL DETAILS FOR EACH APARTMENT

THE CURTIS RESIDENCE CONDOMINIUM
123-25 82nd Avenue
a/k/a 120-86 Queens Boulevard
Kew Gardens, New York

(First Year of Cooperative Operation Estimated to Commence July 1, 1987)

APT. NO.	STATUS (1)	NO. OF ROOMS/ BATHS (2)	NO. OF SHARES (3)	TOTAL CASH PAYMENT BY TENANTS @ $420.00 PER SHARE(4)	TOTAL CASH PAYMENT BY NON-TENANTS @ $665.00 PER SHARE(4)	APPROX. AMT. OF MORTGAGE APPLICABLE TO EACH APT. @ $167.0467 PER SHARE(5)	ESTIMATED 1ST YEAR'S MAINTENANCE CHARGES @ $38.7683 PER SHARE(6)	ESTIMATED 1ST YEAR'S MONTHLY MAINTENANCE CHARGES @ $3.2307 PER SHARE(6)	ESTIMATED 1ST YEAR'S INCOME TAX DEDUCTION @ $23.6567 PER SHARE(7)
1A	S	3.5/1	148	62,160.00	98,420.00	24,722.91	5,737.71	478.14	3,501.19
2A	S	3.5/1	155	65,100.00	103,075.00	25,892.24	6,009.09	500.76	3,666.79
3A	S	3.5/1	159	66,780.00	105,735.00	26,560.43	6,164.16	513.68	3,761.42
4A	S	3.5/1	163	68,460.00	108,395.00	27,228.61	6,319.23	526.60	3,856.04
5A	S	3.5/1	167	70,140.00	111,055.00	27,896.80	6,474.31	539.53	3,950.67
6A	V	3.5/1	167	VACANT	111,055.00	27,896.80	6,474.31	539.53	3,950.67
1B	S	2.5/1	98	41,160.00	65,170.00	16,370.58	3,799.29	316.61	2,318.36
2B	S	2.5/1	105	44,100.00	69,825.00	17,539.90	4,070.67	339.22	2,483.95
3B	S	2.5/1	109	45,780.00	72,485.00	18,208.09	4,225.74	352.15	2,578.58
4B	S	2.5/1	113	47,460.00	75,145.00	18,876.28	4,380.82	365.07	2,673.21
5B	V	2.5/1	117	VACANT	77,805.00	19,544.46	4,535.89	377.99	2,767.83
6B	S	2.5/1	117	49,140.00	77,805.00	19,544.46	4,535.89	377.99	2,767.83
1C	V	3.0/1	122	VACANT	81,130.00	20,379.70	4,729.73	394.14	2,886.12
2C	S	3.0/1	128	53,760.00	85,120.00	21,381.98	4,962.34	413.53	3,028.06
3C	S	3.0/1	131	55,020.00	87,115.00	21,883.12	5,078.65	423.22	3,099.03
4C	V	3.0/1	134	VACANT	89,110.00	22,384.26	5,194.95	432.91	3,170.00
5C	S	3.0/1	137	57,540.00	91,105.00	22,885.40	5,311.26	442.60	3,240.97
6C	S	3.0/1	137	57,540.00	91,105.00	22,885.40	5,311.26	442.60	3,240.97

SEE FOOTNOTES FOLLOWING SCHEDULES

SCHEDULE A

PURCHASE PRICE AND OTHER FINANCIAL DETAILS FOR EACH APARTMENT

THE CURTIS RESIDENCE CONDOMINIUM
123-25 82nd Avenue
a/k/a 120-86 Queens Boulevard
Kew Gardens, New York

(First Year of Cooperative Operation Estimated to Commence July 1, 1987)

APT. NO.	STATUS (1)	NO. OF ROOMS/ BATHS (2)	NO. OF SHARES (3)	TOTAL CASH PAYMENT BY TENANTS @ $420.00 PER SHARE(4)	TOTAL CASH PAYMENT BY NON-TENANTS @ $665.00 PER SHARE(4)	APPROX. AMT. OF MORTGAGE APPLICABLE TO EACH APT. @ $167.0467 PER SHARE(5)	ESTIMATED 1ST YEAR'S MAINTENANCE CHARGES @ $38.7683 PER SHARE(6)	ESTIMATED 1ST YEAR'S MONTHLY MAINTENANCE CHARGES @ $3.2307 PER SHARE(6)	ESTIMATED 1ST YEAR'S INCOME TAX DEDUCTION @ $23.6567 PER SHARE(7)
1D	S	3.5/1	156	65,520.00	103,740.00	26,059.29	6,047.85	503.99	3,690.45
2D	V	3.5/1	163	VACANT	108,395.00	27,228.61	6,319.23	526.60	3,856.04
3D	S	3.5/1	167	70,140.00	111,055.00	27,896.80	6,474.31	539.53	3,950.67
4D	V	3.5/1	171	VACANT	113,715.00	28,564.99	6,629.38	552.45	4,045.30
5D	S	3.5/1	175	73,500.00	116,375.00	29,233.17	6,784.45	565.37	4,139.92
6D	V	3.5/1	175	VACANT	116,375.00	29,233.17	6,784.45	565.37	4,139.92
1E	S	3.5/1	102	42,840.00	67,830.00	17,038.76	3,954.37	329.53	2,412.98
2E	S	2.5/1	107	44,940.00	71,155.00	17,874.00	4,148.21	345.68	2,531.27
3E	V	3.5/1	110	VACANT	73,150.00	18,375.14	4,264.51	355.38	2,602.24
4E	S	2.5/1	113	47,460.00	75,145.00	18,876.28	4,380.82	365.07	2,673.21
5E	S	2.5/1	116	48,720.00	77,140.00	19,377.42	4,497.12	374.76	2,744.18
6E	S	2.5/1	116	48,720.00	77,140.00	19,377.42	4,497.12	374.76	2,744.18
1F	S	4.0/1	187	78,540.00	124,355.00	31,237.73	7,249.67	604.14	4,423.80
2F	V	4.0/1	193	VACANT	128,345.00	32,240.01	7,482.28	623.52	4,565.74
3F	S	4.0/1	197	82,740.00	131,005.00	32,908.20	7,637.36	636.45	4,660.37
4F	S	4.0/1	200	84,000.00	133,000.00	33,409.34	7,753.66	646.14	4,731.34
5F	S	4.0/1	203	85,260.00	134,995.00	33,910.48	7,869.96	655.83	4,802.31
6F	V	4.0/1	203	VACANT	134,995.00	33,910.48	7,869.96	655.83	4,802.31

SEE FOOTNOTES FOLLOWING SCHEDULES

SCHEDULE A

PURCHASE PRICE AND OTHER FINANCIAL DETAILS FOR EACH APARTMENT

THE CURTIS RESIDENCE CONDOMINIUM
123-25 82nd Avenue
a/k/a 120-86 Queens Boulevard
Kew Gardens, New York

(First Year of Cooperative Operation Estimated to Commence July 1, 1987)

APT. NO.	STATUS (1)	NO. OF ROOMS/ BATHS (2)	NO. OF SHARES (3)	TOTAL CASH PAYMENT BY TENANTS @ $420.00 PER SHARE(4)	TOTAL CASH PAYMENT BY NON-TENANTS @ $665.00 PER SHARE(4)	APPROX. AMT. OF MORTGAGE APPLICABLE TO EACH APT. @ $167.0467 PER SHARE(5)	ESTIMATED 1ST YEAR'S MAINTENANCE CHARGES @ $38.7683 PER SHARE(6)	ESTIMATED 1ST YEAR'S MONTHLY MAINTENANCE CHARGES @ $3.2307 PER SHARE(6)	ESTIMATED 1ST YEAR'S INCOME TAX DEDUCTION @ $23.6567 PER SHARE(7)
1G	S	4.0/1	187	78,540.00	124,355.00	31,237.73	7,249.67	604.14	4,423.80
2G	S	4.0/1	193	81,060.00	128,345.00	32,240.01	7,482.28	623.52	4,565.74
3G	S	4.0/1	197	82,740.00	131,005.00	32,908.20	7,637.36	636.45	4,660.37
4G	S	4.0/1	200	84,000.00	133,000.00	33,409.34	7,753.66	646.14	4,731.34
5G	S	4.0/1	203	85,260.00	134,995.00	33,910.48	7,869.96	655.83	4,802.31
6G	S	4.0/1	203	85,260.00	134,995.00	33,910.48	7,869.96	655.83	4,802.31
1H	S	2.5/1	100	42,000.00	66,500.00	16,704.67	3,876.83	323.07	2,365.67
2H	S	2.5/1	104	43,680.00	69,160.00	17,372.86	4,031.90	335.99	2,460.30
3H	S	2.5/1	107	44,940.00	71,155.00	17,874.00	4,148.21	345.68	2,531.27
4H	S	2.5/1	111	46,620.00	73,815.00	18,542.18	4,303.28	358.61	2,625.89
5H	S	2.5/1	112	47,040.00	74,480.00	18,709.23	4,342.05	361.84	2,649.55
6H	S	2.5/1	112	47,040.00	74,480.00	18,709.23	4,342.05	361.84	2,649.55
1J	V	3.5/1	169	VACANT	112,385.00	28,230.89	6,551.84	545.99	3,997.98
2J	V	3.5/1	173	VACANT	115,045.00	28,899.08	6,706.92	558.91	4,092.61
3J	S	3.5/1	176	73,920.00	117,040.00	29,400.22	6,823.22	568.60	4,163.58
4J	S	3.5/1	179	75,180.00	119,035.00	29,901.36	6,939.53	578.29	4,234.55
5J	S	3.5/1	182	76,440.00	121,030.00	30,402.50	7,055.83	587.99	4,305.52
6J	S	3.5/1	182	76,440.00	121,030.00	30,402.50	7,055.83	587.99	4,305.52

SEE FOOTNOTES FOLLOWING SCHEDULES

SCHEDULE A

PURCHASE PRICE AND OTHER FINANCIAL DETAILS FOR EACH APARTMENT

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1K	S	4.0/1	175	73,500.00	116,375.00	29,233.17	6,784.45	565.37	4,139.92
2K	S	4.0/1	180	75,600.00	119,700.00	30,068.41	6,978.29	581.52	4,258.21
3K	S	4.0/1	184	77,280.00	122,360.00	30,736.59	7,133.37	594.45	4,352.83
4K	S	4.0/1	189	79,380.00	125,685.00	31,571.83	7,327.21	610.60	4,471.12
5K	S	4.0/1	193	81,060.00	128,345.00	32,240.01	7,482.28	623.52	4,565.74
6K	S	4.0/1	193	81,060.00	128,345.00	32,240.01	7,482.28	623.52	4,565.74
1L	S	3.0/1	114	47,880.00	75,810.00	19,043.32	4,419.59	368.30	2,696.86
2L	S	3.0/1	119	49,980.00	79,135.00	19,878.56	4,613.43	384.45	2,815.15
3L	V	3.0/1	122	VACANT	81,130.00	20,379.70	4,729.73	394.14	2,886.12
4L	V	3.0/1	125	VACANT	83,125.00	20,880.84	4,846.04	403.84	2,957.09
5L	S	3.0/1	129	54,180.00	85,785.00	21,549.02	5,001.11	416.76	3,051.71
6L	S	3.0/1	129	54,180.00	85,785.00	21,549.02	5,001.11	416.76	3,051.71
1M	S	3.0/1	118	49,560.00	78,470.00	19,711.51	4,574.66	381.22	2,791.49
2M	S	3.0/1	125	52,500.00	83,125.00	20,880.84	4,846.04	403.84	2,957.09
3M	S	3.0/1	129	54,180.00	85,785.00	21,549.02	5,001.11	416.76	3,051.71
4M	S	3.0/1	133	55,860.00	88,445.00	22,217.21	5,156.18	429.68	3,146.34
5M	S	3.0/1	137	57,540.00	91,105.00	22,885.40	5,311.26	442.60	3,240.97
6M	S	3.0/1	137	57,540.00	91,105.00	22,885.40	5,311.26	442.60	3,240.97

SEE FOOTNOTES FOLLOWING SCHEDULES

SCHEDULE A

PURCHASE PRICE AND OTHER FINANCIAL DETAILS FOR EACH APARTMENT

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1N	V	4.0/1	188	VACANT	125,020.00	31,404.78	7,288.44	607.37	4,447.46
2N	S	4.0/1	195	81,900.00	129,675.00	32,574.11	7,559.82	629.98	4,613.06
3N	S	4.0/1	199	83,580.00	132,335.00	33,242.29	7,714.89	642.91	4,707.68
4N	V	4.0/1	203	VACANT	134,995.00	33,910.48	7,869.96	655.83	4,802.31
5N	S	4.0/1	207	86,940.00	137,655.00	34,578.67	8,025.04	668.75	4,896.94
6N	V	4.0/1	207	VACANT	137,655.00	34,578.67	8,025.04	668.75	4,896.94
1P	V	2.0/1	86	VACANT	57,190.00	14,366.02	3,334.07	277.84	2,034.48
2P	S	2.0/1	90	37,800.00	59,850.00	15,034.20	3,489.15	290.76	2,129.10
3P	S	2.0/1	93	39,060.00	61,845.00	15,535.34	3,605.45	300.45	2,200.07
4P	V	2.0/1	96	VACANT	63,840.00	16,036.48	3,721.76	310.15	2,271.04
5P	S	2.0/1	99	41,580.00	65,835.00	16,537.62	3,838.06	319.84	2,342.01
6P	S	2.0/1	99	41,580.00	65,835.00	16,537.62	3,838.06	319.84	2,342.01
1R	S	3.0/1	120	50,400.00	79,800.00	20,045.60	4,652.20	387.68	2,838.80
2R	S	3.0/1	124	52,080.00	82,460.00	20,713.79	4,807.27	400.61	2,933.43
3R	S	3.0/1	127	53,340.00	84,455.00	21,214.93	4,923.57	410.30	3,004.40
4R	S	3.0/1	130	54,600.00	86,450.00	21,716.07	5,039.88	419.99	3,075.37
5R	S	3.0/1	133	55,860.00	88,445.00	22,217.21	5,156.18	429.68	3,146.34
6R	S	3.0/1	133	55,860.00	88,445.00	22,217.21	5,156.18	429.68	3,146.34

SEE FOOTNOTES FOLLOWING SCHEDULES

SCHEDULE A

PURCHASE PRICE AND OTHER FINANCIAL DETAILS FOR EACH APARTMENT

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1S	S	4.0/1	172	72,240.00	114,380.00	28,732.03	6,668.15	555.68	4,068.95
2S	S	4.0/1	177	74,340.00	117,705.00	29,567.27	6,861.99	571.83	4,187.24
3S	V	4.0/1	180	VACANT	119,700.00	30,068.41	6,978.29	581.52	4,258.21
4S	S	4.0/1	183	76,860.00	121,695.00	30,569.55	7,094.60	591.22	4,329.18
5S	V	4.0/1	187	VACANT	124,355.00	31,237.73	7,249.67	604.14	4,423.80
6S	S	4.0/1	187	78,540.00	124,355.00	31,237.73	7,249.67	604.14	4,423.80
1T	S	2.5/1	92	38,640.00	61,180.00	15,368.30	3,566.68	297.22	2,176.42
2T	S	2.5/1	97	40,740.00	64,505.00	16,203.53	3,760.53	313.38	2,294.70
3T	S	2.5/1	100	42,000.00	66,500.00	16,704.67	3,876.83	323.07	2,365.67
4T	V	2.5/1	103	VACANT	68,495.00	17,205.81	3,993.13	332.76	2,436.64
5T	V	2.5/1	106	VACANT	70,490.00	17,706.95	4,109.44	342.45	2,507.61
6T	S	2.5/1	106	44,520.00	70,490.00	17,706.95	4,109.44	342.45	2,507.61
1V	S	3.5/1	168	70,560.00	111,720.00	28,063.85	6,513.07	542.76	3,974.33
2V	S	3.5/1	175	73,500.00	116,375.00	29,233.17	6,784.45	565.37	4,139.92
3V	S	3.5/1	179	75,180.00	119,035.00	29,901.36	6,939.53	578.29	4,234.55
4V	S	3.5/1	183	76,860.00	121,695.00	30,569.55	7,094.60	591.22	4,329.18
5V	V	3.5/1	187	VACANT	124,355.00	31,237.73	7,249.67	604.14	4,423.80
6V	S	3.5/1	187	78,540.00	124,355.00	31,237.73	7,249.67	604.14	4,423.80
TOTALS: 108 APTS. 350 ROOMS			16,080	$ 5,205,060.00	$ 10,693,200.00	$ 2,686,110.94	$ 623,394.26	$ 51,949.52	$ 380,399.74

SEE FOOTNOTES FOLLOWING SCHEDULES

FOOTNOTES TO "PURCHASE PRICE AND OTHER FINANCIAL DETAILS FOR EACH APARTMENT"

(1) "S" indicates Rent-Stabilized apartment.
"V" indicates Vacant apartment.

(2) ANY FLOOR PLAN OR SKETCH SHOWN TO A PROSPECTIVE PURCHASER IS ONLY AN APPROXIMATION OF THE DIMENSIONS AND LAYOUT OF AN APARTMENT. ACCORDINGLY, EACH APARTMENT SHOULD BE INSPECTED PRIOR TO PURCHASE TO DETERMINE ITS ACTUAL DIMENSIONS, LAYOUT AND PHYSICAL CONDITION. The number of rooms was calculated using the New York City Department of Buildings Room Count method.

(3) The share allocations are based on the relative size of apartments, the number of rooms and baths contained in each apartment, and the location of each apartment within the Building.

(4) Each tenant in occupancy has the exclusive right for a period of 90 days from the date of service of the Plan to purchase the shares of the Apartment Corporation allocated to his apartment for a total cash price of $420.00 per share. Following this exclusive purchase period afforded to tenants the total cash price shall be $665.00 per share unless amended. During the exclusive purchase period afforded tenants the Total Cash Payment by tenants may not be increased and may be decreased only by a duly filed amendment to the Plan. After the expiration of such exclusive purchase period and until the Plan has been declared effective, the Total Cash Payment by all tenants who purchase shall be subject to change by duly filed amendment to the Plan. After the Plan is declared effective, the Total Cash Payment by existing tenants is negotiable. The Total Cash Payment by non-tenants is negotiable at any time. However, the Plan will be amended to disclose: (i) a general price change affecting a group, line or other category of apartments (an isolated decrease in price does not require an amendment to the Plan), (ii) a price change to be advertised in a newspaper or other media or (iii) a higher price to an individual purchaser. During the exclusive purchase period afforded tenants an occupied apartment may not be shown to a third party unless the tenant has, in writing, waived his right to purchase. (See "CHANGES IN PURCHASE PRICE AND APARTMENT SIZES AND LAYOUTS" at page 33 regarding future price changes.) Prospective purchasers should refer to the discussion of closing costs including payments to Sponsor's counsel that may be incurred which is set forth on page 88 of the Plan.

(5) Tenant-shareholders have no personal liability to the mortgagee for payment of the Apartment Corporation's mortgage indebtedness. The principal amount of the mortgage on the Closing Date (assuming the

Closing Date will be July 1, 1987) will be $2,686,111.10. In the event the Apartment Corporation fails to collect maintenance charges from a sufficient number of tenant-shareholders, such failure, although unlikely, could result in a foreclosure of the mortgage and the loss of each tenant-shareholder's equity in his apartment. (See "TERMS OF MORTGAGE WHICH WILL AFFECT PROPERTY AT CLOSING DATE" at page 98 of the Plan.)

(6) Interest, amortization and real estate taxes to be paid by the Apartment Corporation are included in the annual maintenance charges. Estimated maintenance charges include the cost of gas and electricity supplied to the common areas, but do not include the cost of gas and electricity to apartments which are separately metered. Each tenant-shareholder will pay the cost of gas and electricity furnished to his apartment directly to the utility company as and when billed. Tenant-shareholders will be individually responsible for the cost of interior repairs, painting and decorating of their respective apartments (including equipment and appliances contained therein). If cable television service is available, any costs incurred to obtain such service will be the responsibility of the individual shareholder and not the Apartment Corporation. Annual maintenance charges do not include the debt service (interest and amortization) on any loan obtained to finance the purchase of the shares of the Apartment Corporation allocated to an apartment nor the cost of insurance a shareholder may purchase to cover his personal property and his possible liability to others for personal injury or property damage as a result of occurrences in his apartment. The maintenance charges were estimated on the assumption that the first year of cooperative operation will commence on July 1, 1987. However, Sponsor does not guarantee or warrant that the Plan will be effective by such date.

(7) The first year's deductions will be approximately $23.6567 per share, which is equivalent to approximately sixty-one (61%) percent of the first year's estimated maintenance charges. The tax deductions are based upon the assumption that cooperative operation will commence on July 1, 1987.

The amount of tax deductions will vary in later years because of changes in the amount of (i) real estate taxes assessed and (ii) interest on the Apartment Corporation's future mortgage indebtedness (as the mortgage is repaid, the amount of each constant monthly payment paid in reduction of principal increases while that portion applied to interest is reduced). It is noted that the estimated tax deductions do not include additional amounts entitled to be deducted on account of any interest paid by those purchasers who have financed the purchase of their respective apartments nor, of course, are such finance charges included in the monthly maintenance charges.

SCHEDULE B

BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION
(ESTIMATED TO COMMENCE JULY 1, 1987)

Projected Income:

Annual Maintenance Charges (16,080 shares @ $38.7683 per share)	$623,394.00
Laundry Income (1)	4,300.00
Total	**$627,694.00**

Projected Expenses:

Condominium Common Charges (2)	$160,694.00
Labor (3)	33,000.00
Repairs, Maintenance and Supplies (4)	12,000.00
Service Contracts (5)	6,000.00
Management Fees (6)	22,000.00
Legal and Audit Fees (7)	5,000.00
Franchise and Corporate Taxes (8)	3,100.00
Real Estate Taxes (9)	138,650.00
Mortgage Payments (10)	241,750.00
Other (11)	1,500.00
Contingency (12)	4,000.00
Total	**$627,694.00**

FOOTNOTES TO BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION

(Estimated to Commence July 1, 1987)

(1) The laundry agreement is presently with Fisher Service. It expires on March 31, 1990. The income to be received is equal to sixty (60%) percent of the monthly receipts. In the managing agent's opinion, the Apartment Corporation's sixty (60%) percent share will be equal to approximately $358.00 per month. The laundry room presently consists of three (3) washers which cost $1.25 per wash and two dryers which cost $.50 per dry-cycle of fifteen (15) minutes.

(2) Condominium common charges constitute the amount expected to be attributed to the Residential Unit as its portion of the common charges required for operation of the entire Building during the first year of cooperative operation which will be concurrent with the first year of condominium operation. See SCHEDULE D "BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION" at page 28 for a projection of these common charges. Note that these charges include an amount for real estate taxes which will become expenses of each Unit owner once the Condominium Units are separately assessed. These common charges cover items that would have to be budgeted separately and paid for directly by the Apartment Corporation in the absence of the condominium arrangement. The Unit owners of the Condominium determine the amount of the common charges on an annual basis. The Apartment Corporation, as one of the Unit owners, will have predominant control in setting these charges by virtue of its greater representation on the Board of Managers of the Condominium. Members of the Board of Managers of the Condominium who represent the Residential Unit will be selected by the Apartment Corporation and its shareholders.

(3) The Building's staff presently consists of one (1) superintendent and one (1) porter both of whom are non-union. The staff projected in Schedule B for the first year of cooperative operation is the same as the existing staff. The superintendent presently receives a salary of $300.00 per week and resides rent-free (gas and electric included), in an apartment on the ground floor of the Building. The porter presently receives a salary of $215.00 per week. In addition to wages, the total projected annual cost of labor includes the following expenses:

Item	Cost
Vacation Pay	$1,110.00
Holiday and Sick Pay	993.00
Payroll taxes	961.00
Federal Unemployment Insurance	112.00
State Unemployment Insurance	490.00
Disability	85.00
Worker's Compensation	800.00
Total	$4,551.00

The budgeted figure includes an increase of approximately $32.00 per week in labor costs over the current level.

(4) Does not include repairs, painting, maintenance or supplies for individual apartments, all of which are the responsibility of the individual tenant-shareholders. The budgeted figure is based upon an estimation of repairs to the interior of the Residential Unit only and does not include repairs, painting, maintenance or supplies for the Commercial Units or for the Common Elements of the Building.

(5) Includes the cost of the following service contracts:

Contractor	Nature of Service	Annual Cost	Expiration Date
Target Exterminator	Exterminator	$2,500.00	month-to-month
Knudson Elevator Co.	Elevator Maintenance	$3,480.00	month-to-month

(6) At Closing, the Apartment Corporation will enter into a management agreement with ABG International Properties, Inc. for an initial term of two (2) years. The fee for the first two (2) years of cooperative operation will be $22,000.00 per year. Although the managing agent is an entity affiliated with the Sponsor, the management fee is no greater than the fee that would be generally paid to non-related managing agents for similar services. The agreement will be automatically renewed monthly thereafter until terminated by either party upon thirty (30) days' prior written notice. The managing agent may receive additional compensation as a result of commissions from placing insurance, and fees from tenant-shareholders (other than a holder of Unsold Shares) who resell their apartments in connection with the processing of such sales. Reference should be made to "MANAGEMENT AGREEMENT AND CONTRACTS" at page 131 of the Plan for details of these and other important features of the management agreement.

(7) It is estimated that the projected item will be used for auditing fees in connection with the preparation of the Apartment Corporation's audited financial statement for the first year of cooperative operation (approximately $3,000.00), and to provide for miscellaneous (but not major) legal services in the event the Board of Directors determine to engage an attorney (approximately $2,000.00).

(8) Based on an estimated New York City Corporation Tax of $2,350.00 and New York State Franchise Tax of $750.00. The Corporation Tax is based on the estimated fair market value of the Building plus the proposed Working Capital and Reserve Funds, taxed at the rate of .0004. The Franchise Tax is based upon the estimated assessed value of the Building plus the proposed Working Capital and Reserve Funds, taxed at the rate of .0004. For the purpose of calculating the Franchise and Corporation taxes, it was assumed that the Reserve Fund would be approximately $202,608.00 during the first year of cooperative operation.

(9) The assessed valuation of the Property is $1,560,000.00 for the fiscal year July 1, 1986 through June 30, 1987 and the projected assessed valuation of the Property is $1,665,000.00 for the fiscal year July 1, 1987 through June 30, 1988. The tax rate for the fiscal year July 1, 1986 through June 30, 1987 is $9.15 per $100.00 of assessed valuation and the tax rate for fiscal year July 1, 1987 through June 30, 1988 is projected to be $9.516 per $100.00 of assessed valuation which is an increase of four percent (4%) over the current tax rate of $9.15 per $100.00 of assessed valuation. As estimated by the Selling Agent, the aggregate real estate taxes for the Property during the first year of Condominium operation will be $158,441.40. The Apartment Corporation will be responsible for 87.5% of the total tax bill which percentage is estimated to be approximately $138,650.00. Under the present law, if there is an increase in the assessed valuation over the previous year, the new assessed valuation is not billed all at once to the taxpayer. The increase is phased in over five consecutive years; 20% of the increase is phased in each year, beginning with the first year of the increase. During the initial four years, the partial assessed valuations are termed "transitional" assessed valuations. The actual assessed valuation is reached in the "target year." The target year here is 1989/90. The real estate taxes for the past year and the projected assessed valuation through the target year are:

Year	Tax Rate Per $100 of Assessed Valuation	Assessed Valuation Transitional	Assessed Valuation Actual	Tax
1985/86	9.15	1,455,000.00	1,875,000.00	133,132.50
1986/87	9.15	1,560,000.00	1,875,000.00	142,740.00
1987/88	9.516	1,665,000.00	1,875,000.00	158,441.40
1988/89		1,770,000.00	1,875,000.00	
1989/90		1,875,000.00	1,875,000.00	

The estimated real estate taxes for each Unit for the first year of condominium operation assumes that the amount of real estate taxes payable with respect to each Unit will be levied in the proportion that its Common Interest bears to the Common Interest of all Units. There is no assurance that the New York City taxing authority will allocate taxes between Units in proportion to their respective Common Interests. If it does not, owners of Units having the same Common Interest will pay different amounts of real estate taxes. Until the Units are separately assessed, the Sponsor must place in escrow an amount equal to the unpaid real estate taxes which will be levied against the Property for the six (6) month period following the first closing or until the Units are separately assessed, whichever is shorter. The Sponsor will pay the real estate taxes from the escrow account when taxes are due and payable and is entitled to reimbursement from Unit owners.

However, no representation or warranty is made by Sponsor or Selling Agent as to the actual assessed valuation of the Property or as to the actual tax rates that will be in effect during the first year of condominium operation or as to the assessed valuation of each Unit once the Units are separately assessed.

(10) At the closing, the Apartment Corporation will execute a purchase money wrap around mortgage in the principal amount of $2,686,111.10. The mortgage will provide for constant monthly payments of $20,145.84, which payments shall be applied to the payment of interest only at the rate of 9% per annum. For the first year of cooperative operation the interest payments will total $241,750.00. The mortgage requires a payment of principal in the sum of $1,140,000.00 on March 1, 1992 unless underlying Apple Mortgage is extended by the Apartment Corporation, at its option, for an additional five years in consideration of its payment to the holder of the Apple Mortgage in the sum of $12,500.00. The entire unpaid principal balance of the purchase money wrap around mortgage less the unpaid principal balance of the underlying mortgage, if any, together with accrued interest, shall be due and payable on January 1, 1993. (see "TERMS OF MORTGAGE WHICH WILL AFFECT PROPERTY AT CLOSING DATE' at page 98 of the Plan).

(11) Includes expenses incurred for licenses and permits for the operation of the Residential Unit of the Building. The budgeted figure includes an approximately fifteen (15%) percent increase over those expenses incurred during 1985.

(12) This item is included to provide a fund out of which can be paid expenses not included in the budget or possible increases in one or more items of operating expenses.

NOTE: At Closing, the Sponsor and the Apartment Corporation will adjust items of income and expense in accordance with the period that each owns the Residential Condominium Unit. Assuming the net closing adjustments are in favor of the Sponsor, same will be paid at the Closing by the Apartment Corporation from its Working Capital Fund to the extent of not more than $2,000.00 and any balance owing to the Sponsor shall be paid by the Apartment Corporation in twelve (12) equal consecutive, monthly installments commencing thirty (30) days after the Closing. In such case, although such notes are not directly included in the budget, payment of the notes represents, in effect, payment of certain expenses reflected in the budget that have been prepaid by Sponsor. See "CONDITIONS PRECEDENT TO CLOSING THE FIRST APARTMENTS" and "WORKING CAPITAL FUND" for further discussion.

IN THE OPINION OF LLERANDI & SON REALTY CORPORATION, A LICENSED REAL ESTATE BROKER, THE PROJECTED RECEIPTS ARE ADEQUATE TO MEET THE ESTIMATED EXPENSES FOR THE FIRST FISCAL YEAR OF OPERATION COMMENCING JULY 1, 1987. THE FOREGOING SCHEDULE, HOWEVER, IS NOT INTENDED AND SHOULD NOT BE TAKEN AS A GUARANTEE OR WARRANTY BY ANYONE THAT THE ANNUAL RENT (MAINTENANCE CHARGES) OR OTHER INCOME OR EXPENSES FOR SUCH FISCAL YEAR OR ANY SUBSEQUENT YEAR OF OPERATION BY THE APARTMENT CORPORATION WILL BE AS SET FORTH IN SAID SCHEDULE, AND IT IS LIKELY THAT THE ACTUAL MAINTENANCE CHARGES, COMMON CHARGES AND OTHER ITEMS OF INCOME AND EXPENSES WILL VARY FROM THE AMOUNTS SHOWN IN THE SCHEDULE.

THE SPONSOR HAS RESERVED THE RIGHT PRIOR TO THE CLOSING DATE TO MODIFY, RENEW AND REPLACE THE EXISTING SERVICE, MAINTENANCE, EMPLOYMENT, CONCESSIONNAIRE AND OTHER AGREEMENTS AND INSURANCE POLICES, AND TO ENTER INTO NEW AGREEMENTS AND POLICIES THAT WILL BE BINDING ON THE APARTMENT CORPORATION ON THE CLOSING DATE PROVIDED THAT THE SPONSOR MAY NOT ENTER INTO ANY BINDING SERVICE, MAINTENANCE OR CONCESSIONNAIRE AGREEMENTS THAT WILL MATERIALLY INCREASE THE FIRST YEAR'S ESTIMATED MAINTENANCE CHARGES NOR MAY THE TERM OF ANY MODIFIED OR NEW SERVICE, MAINTENANCE OR CONCESSIONNAIRE AGREEMENT BE FOR MORE THAN TWO (2) YEARS (EXCEPT FOR UNION EMPLOYMENT AGREEMENTS WHICH MAY EXCEED TWO (2) YEARS) UNLESS SUCH AGREEMENT CONTAINS A PROVISION PERMITTING THE APARTMENT CORPORATION TO CANCEL THE AGREEMENT FROM AND AFTER THE SECOND ANNIVERSARY OF THE CLOSING UPON GIVING NOT LESS THAN NINETY (90) DAYS PRIOR WRITTEN NOTICE.

SCHEDULE C

PURCHASE PRICE AND OTHER FINANCIAL DETAILS FOR EACH CONDOMINIUM UNIT

THE CURTIS RESIDENCE CONDOMINIUM
123-25 82nd Avenue
a/k/a 120-86 Queens Boulevard
Kew Gardens, New York

(First Year of Condominium Operation Estimated to Commence July 1, 1987)

UNIT NUMBER	PERCENTAGE INTEREST IN THE COMMON ELEMENTS (COMMON INTEREST) (1)	PURCHASE PRICE TO TENANTS (2)	PURCHASE PRICE TO NON-TENANTS (2)	ESTIMATED COMMON CHARGES FOR 1ST YEAR (3)		ESTIMATED REAL ESTATE TAXES FOR 1ST YEAR (4)		TOTAL ESTIMATED CARRYING CHARGES FOR 1ST YEAR (ESTIMATED COMMON CHARGES AND REAL ESTATE TAXES FOR 1ST YEAR) (5)	
				MONTHLY	ANNUAL	MONTHLY	ANNUAL	MONTHLY	ANNUAL
Commercial-1	3.00875	918,000.00	918,000.00	460.46	5,525.57	397.26	4,767.11	857.72	10,292.67
Commercial-2	.95875	292,500.00	292,500.00	146.73	1,760.74	126.59	1,519.06	273.32	3,279.80
Commercial-3	2.00625	612,000.00	612,000.00	307.04	3,684.48	264.89	3,178.73	571.93	6,863.21
Commercial-4	1.16625	355,500.00	355,500.00	178.48	2,141.82	153.99	1,847.82	332.47	3,989.64
Commercial-5	1.60750	490,500.00	490,500.00	246.01	2,952.17	212.25	2,546.95	458.26	5,499.12
Commercial-6	.47500	145,000.00	145,000.00	72.69	872.34	62.72	752.60	135.41	1,624.93
Commercial-7	.99125	302,500.00	302,500.00	151.70	1,820.43	130.88	1,570.55	282.58	3,390.98
Commercial-8	.77875	237,500.00	237,500.00	119.18	1,430.17	102.82	1,233.86	222.00	2,664.04
Commercial-9	1.50750	460,000.00	460,000.00	230.71	2,768.52	199.04	2,388.50	429.75	5,157.03
Residential Unit	87.50000	8,063,791.10*	13,379,311.10*	13,391.15	160,693.75	11,553.02	138,636.23	24,944.16	299,329.98
TOTALS: 10 Units	100.00000	$11,877,291.10	$17,192,811.10	$15,304.17	$183,650.00	$13,203.45	$158,441.40	$28,507.62	$342,091.40

* Note that these figures are provided for informational purposes only and include the total amount of the mortgage which will encumber the Cooperative at Closing.

SEE FOOTNOTES FOLLOWING SCHEDULE

FOOTNOTES TO "PURCHASE PRICE AND OTHER FINANCIAL DETAILS FOR EACH CONDOMINIUM UNIT"

(1) Any floor plan or sketch shown to a prospective purchaser is only an approximation of the dimensions and layout of a Unit. Accordingly, each Unit should be inspected prior to purchase to determine its actual dimensions, layout and physical condition.

(2) Tenants and non-tenants have the right to purchase a Unit at the Purchase Price to Tenants and Non-tenants at any time. The purchase price is negotiable at any time. However, the Plan will be amended to reflect (i) a general price change affecting a group, line or other category of Units (as opposed to an isolated price change), (ii) a price change to be advertised in a newspaper or other media, or (iii) a higher price to an individual purchaser. The price listed for the Residential Unit is the total of the prices for all shares in the Apartment Corporation plus the amount of the mortgage which will encumber the Residential Unit at closing. This figure is provided for informational purposes only.

(3) These estimates were based upon the "BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION", which was reviewed by LLERANDI & SON REALTY CORPORATION on the assumption that the first year of condominium operation will be from July 1, 1987 through June 30, 1988. The actual first year of operation may be earlier or later than that period. In addition to these estimated charges, each Unit Owner will be responsible for paying: (i) mortgage payments under any loan or loans obtained to finance the acquisition of a Unit; (ii) the cost of gas and electricity supplied to the Unit, which will be separately metered and will be payable directly to the utility company as and when billed; (iii) the cost of interior repairs to, and the maintenance, painting and decoration of, the Unit (including, without limitation, the equipment and appliances contained therein); and (iv) the cost of any insurance that he or she may desire to obtain covering (a) furniture, belongings, equipment and other personal property and (b) his or her liability to others for personal injury or property damage as a result of occurrences in the Unit. Common charges for each Unit were allocated based on the percentage interest in the common elements apportioned to each Unit and reflect any special or exclusive use or control of particular common areas.

(4) The assessed valuation of the Property is $1,560,000.00 for the fiscal year July 1, 1986 through June 30, 1987 and the projected assessed valuation of the Property is $1,665,000.00 for the fiscal year July 1, 1987 through June 30, 1988. The tax rate for the fiscal year July 1, 1986 through June 30, 1987 is $9.15 per $100.00 of assessed valuation and the tax rate for fiscal year July 1, 1987 through June 30, 1988 is projected to be $9.516 per $100.00 of assessed valuation which is an increase of four

percent (4%) over the current tax rate of $9.15 per $100.00 of assessed valuation. As estimated by the Selling Agent, the aggregate real estate taxes for the Property during the first year of condominium operaton will be $158,441.40. Under the present law, if there is an increase in the assessed valuation over the previous year, the new assessed valuation is not billed all at once to the taxpayer. The increase is phased in over five consecutive years; 20% of the increase is phased in each year, beginning with the first year of the increase. During the initial four years, the partial assessed valuations are termed "transitional" assessed valuations. The actual assessed valuation is reached in the "target year." The target year here is 1989/90. The real estate taxes for the past year and the projected assessed valuation through the target year are:

Year	Tax Rate Per $100 of Assessed Valuation	Assessed Valuation Transitional	Assessed Valuation Actual	Tax
1985/86	9.15	1,455,000.00	1,875,000.00	133,132.50
1986/87	9.15	1,560,000.00	1,875,000.00	142,740.00
1987/88	9.516	1,665,000.00	1,875,000.00	158,441.40
1988/89		1,770,000.00	1,875,000.00	
1989/90		1,875,000.00	1,875,000.00	

However, no representation or warranty is made by Sponsor or Selling Agent as to the actual assessed valuation of the Property or as to the actual tax rates that will be in effect during the first year of condominium operation or as to the assessed valuation of each Unit once the Units are separately assessed.

The estimated real estate taxes for each Unit for the first year of condominium operation assumes that the amount of real estate taxes payable with respect to each Unit will be levied in the proportion that its Common Interest bears to the Common Interest of all Units. There is no assurance that the New York City taxing authority will allocate taxes between Units in proportion to their respective Common Interests. If it does not, owners of Units having the same Common Interest will pay different amounts of real estate taxes. Until the Units are separately assessed, the Condominium Board will pay all real estate taxes with respect to the Property and will allocate the cost thereof among all Unit Owners in proportion to each Unit's Common Interest and the Condominium Board shall have the right to place a lien on each Unit to ensure the collection of these charges for real estate taxes.

(5) This column is the total of Common Charges and Real Estate Taxes estimated for the first year of condominium operation.

SCHEDULE D

BUDGET FOR FIRST YEAR OF CONDOMINUM OPERATION

(ESTIMATED TO COMMENCE JULY 1, 1987)

Projected Income:

Residential Unit Common Charges (1)	$160,694.00
Commercial Units Common Charges (1)	22,956.00
Total	**$183,650.00**

Projected Expenses:

Heating (2)	$55,000.00
Utilities (Electricity) (3)	10,500.00
Water Charges and Sewer Rent (4)	11,000.00
Repairs, Maintenance, Supplies and Extermination (5)	20,000.00
Insurance (6)	83,150.00
Contingency (7)	4,000.00
Total	**$183,650.00**

FOOTNOTES TO BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION

(Estimated to Commence July 1, 1987)

(1) Common charges for the Residential Unit and Commercial Unit were allocated based on the percentage interest in the common elements apportioned to each Unit and reflect any special or exclusive use or control of particular common areas and limited common elements. This allocation was applied to the total of all common expenses for operating the Property during the first year of cooperative operation by the Apartment Corporation. The Commercial Units' payments are anticipated to be adequate to cover the expenses fairly attributable to those Units.

(2) The Building uses number 6 oil for heat and hot water. The budgeted item is based on a projected consumption of 68,750 gallons of oil at an estimated cost of $.80 per gallon, including sales tax. The projected consumption is based upon an 11% increase over the average consumption for the previous two (2) calendar years. The consumption, average cost per gallon, and total cost of oil for heat and hot water for the previous two years was as follows:

Year	Oil Consumption Gallons	Average Cost of Oil (gals.)	Total Cost (Includes Sales Tax)
1984	60,998	$0.8532	$52,043.49
1985	62,618	$0.7933	$49,674.86

In view of the current energy situation it is not possible to predict whether the budgeted figure will reflect the actual cost to be incurred during the first year of condominium operation which will vary with the level of consumption and the fuel rate. Consumption will be affected by the severity of the weather and conservation measures (such as staggering hours of heating, lowering the temperature of the hot water, etc.), if any, adopted by the Board of Directors. It is believed that the projected figure should be sufficient to cover any reasonable increases in the cost of oil during the first year of condominium operation. However, no warranty is made that the projection for fuel costs will be in accordance with the actual cost of oil during the first year of condominium operation.

(3) Includes the cost of electricity and gas for the commons areas, the superintendent's apartment and the boiler room. It does not include the cost of electricity and gas to individual apartments which are separately metered. Each tenant-shareholder will be responsible for

the cost of electricity and gas to his apartment. The cost of electricity and gas for the past two (2) years was as follows:

Year	Electric Consumption	Average Cost of Electricity (per KWH)	Total Cost (Includes Sales Tax)
1984	45,351	$0.1953	$8,857.05
1985	51,838	$0.1524	$7,900.11

Year	Gas Consumption	Average Cost of Gas (per CCF)	Total Cost (Includes Sales Tax)
1984	1,294 (CCF)	$1.039	$1,344.47
1985	896 (CCF)	$1.033	$925.57

Total cost for electricity and gas for 1985 was $8,825.68. The projected cost of electricity and gas for the first year of condominium operation is based on the consumption during 1985 plus approximately a 19% increase over the average cost for 1985.

In view of the current energy situation it is not possible to predict whether the budgeted figure will reflect the actual cost to be incurred during the first year of condominium operation which will vary with the level of consumption and the cost of electricity and gas. It is believed that the projected figure should be sufficient to cover any reasonable increases in the cost of electricity and gas during the first year of condominium operation. However, no warranty is made that the projection for electricity and gas will be in accordance with the actual cost of the same during the first year of condominium operation.

(4) The budgeted amount is predicated on a projected 18% increase over the actual water charges and sewer rent for fiscal year 1986/87. The water charges and sewer rent for the most recent three (3) fiscal years were as follows:

Fiscal Year	Water Charges	Sewer Rent
7/1/84 - 6/30/85	$5,656.90	$3,394.14
7/1/85 - 6/30/86	$5,656.90	$3,394.14
7/1/86 - 6/30/87	$6,022.45	$3,296.17

(5) Does not include repairs, painting, maintenance, or supplies for individual apartments, all of which are the responsibility of the individual tenant-shareholders. The budgeted figure is based upon an estimation of repairs to the interior of the Building, the roof,

the exterior of the Building (including walls, foundations, windows, doors, and locks), the heating system (including fuel burner, boiler, pipes, and radiators), the plumbing and electrical systems, and includes various supplies (such as cleaning supplies and materials, lubricants, bulbs, public fixtures, general and hardware supplies), and painting of public areas.

(6) Based upon an estimate dated October 9, 1986 furnished by Burnham & Company for the following coverage for which a binder or policy will be delivered by the Sponsor to the Apartment Corporation at Closing:

Type	Amount
Special Multi-Peril Policy (Including Agreed Amount) Replacement Cost Endorsement, $1,000.00 Deductible Building	$4,500,000.00
Rents (80% co-insurance)	520,000.00
Comprehensive General Liability	1,000,000.00
Water Damage General Liability	100,000.00
Directors' and Officers' Liability	500,000.00
Boiler Insurance	1,000,000.00
Extra Liability	1,000,000.00

The coverage does not include claims for personal injury or property damage resulting from occurrences in an apartment, nor does it include the furniture or personal property of tenant-shareholders. If such coverage is desired, a tenant-shareholder should obtain a separate policy for liability and the contents of his apartment at his own expense. Any change in the use of a Unit which results in an increase in the rate of insurance for the Property shall be paid in full by the owner of the Unit who effected such change. Reference should be made to Section 5.4 of the Condominium By-Laws at Part II of the Plan for a further description of the terms and conditions which must be included in such policies.

(8) This item is included to provide a fund out of which can be paid expenses not included in the budget or possible increases in one or more items of operating expenses.

IN THE OPINION OF LLERANDI & SON REALTY CORPORATION, A LICENSED REAL ESTATE BROKER, THE PROJECTED RECEIPTS ARE ADEQUATE TO MEET THE ESTIMATED EXPENSES FOR THE FIRST YEAR OF OPERATION COMMENCING JULY 1, 1987. THE FOREGOING SCHEDULE, HOWEVER, IS NOT INTENDED AND SHOULD NOT BE TAKEN AS A GUARANTEE OR WARRANTY BY ANYONE THAT THE ANNUAL RENT (MAINTENANCE CHARGES) OR OTHER INCOME OR EXPENSES FOR SUCH FISCAL YEAR OR ANY SUBSEQUENT YEAR OF OPERATION BY THE CONDOMINIUM WILL BE AS SET FORTH IN SAID SCHEDULE,

AND IT IS LIKELY THAT THE ACTUAL MAINTENANCE CHARGES, COMMON CHARGES AND OTHER ITEMS OF INCOME AND EXPENSES WILL VARY FROM THE AMOUNTS SHOWN IN THE SCHEDULE.

CHANGES IN PURCHASE PRICE AND APARTMENT SIZES AND LAYOUTS

CHANGES IN PURCHASE PRICE

The Apartment Corporation reserves the right at any time and from time to time prior to the Closing Date and the holder of Unsold Shares reserves the right at any time and from time to time subsequent to the Closing Date to increase or decrease the amount of the purchase price of one or more of the blocks of shares from the amounts shown in the preceding schedule of "PURCHASE PRICE AND OTHER FINANCIAL DETAILS FOR EACH APARTMENT". However, the purchase price payable by tenants during the first 90 days after the presentation of the Plan may not be increased and may be decreased only by a duly filed amendment to the Plan. (See "RIGHTS OF EXISTING TENANTS" at page 60 of the Plan).

After the expiration of such ninety (90) day period and until the Plan is declared effective, the Total Cash Payment by each tenant may be changed from time to time, by amendment to the Plan. After the Plan is declared effective, the Total Cash Payment by existing tenants is negotiable. The Total Cash Payment by non-tenants is negotiable at any time. However, the Plan will be amended to disclose (i) a general price change affecting a group, line or other category of apartments (an isolated decrease in price does not require an amendment to the Plan), (ii) a price to be advertised in a newspaper or other media or (iii) a higher price to an individual purchaser. During the exclusive purchase period afforded tenants an occupied apartment may not be shown to a third party unless the tenant in occupancy has, in writing, waived his right to purchase. Other terms of a proposed sale to a tenant or non-tenant, including the manner of payment of the purchase price, may be made without prior notice and without amendment to the Plan, provided no substantial change in the terms of sale to a tenant may be made during the first ninety (90) days after the Plan is presented unless the Plan is amended.

Notwithstanding the foregoing, the Apartment Corporation shall not have the right to change the purchase price of any apartment or apartments, unless the Selling Agent shall have given its written opinion that the purchase price resulting from such price change is not less than an amount bearing a reasonable relationship to the portion of the value of the Apartment Corporation's equity in the premises attributable to such apartment or apartments.

In the event of a change in the purchase price of one or more apartments, the purchaser of an apartment may pay or may have paid more or less than other purchasers of comparable apartments having the same share allocation. However, such change shall not affect the maintenance

charges or share allocation of any apartment (including apartments whose purchase prices have changed), nor vary the total number of shares to be issued under the Plan, nor affect the purchase price stated in any Purchase Agreement then in effect.

CHANGES IN SIZES AND LAYOUTS OF APARTMENTS

In order to meet possible varying demand for number and type of apartments, or to meet particular requirements of prospective purchasers, or for any other reason, the Sponsor reserves the right at any time prior to the Closing Date, to: (i) change the layout of apartments; (ii) change the number of apartments by subdividing one or more apartments and (iii) change the size of any apartment by subdividing or combining apartments as aforesaid or by altering the boundary walls of any apartment, or otherwise (provided that the consent of all governmental authorities having jurisdiction, if such approval is required by law, is first obtained). If the size of any apartment is changed either as a result of any such subdivision, combination, alteration of boundary walls or otherwise, the number of shares allocated to such apartment may be increased or decreased accordingly; however, no such reallocation of shares will increase or decrease the total number of shares allocated to all apartments in the Building nor shall any shares be reallocated unless the Selling Agent is of the opinion that the aforesaid reasonable relationship, as determined on the date the change is made, is preserved. Any reallocation of shares will vary the estimated annual maintenance charges for the apartment or apartments affected thereby from the amounts estimated in the schedule of "PURCHASE PRICE AND OTHER FINANCIAL DETAILS FOR EACH APARTMENT"; however, such change shall not affect the proportion or amount of maintenance charges to be paid by purchasers of apartments which are not the subject of such change.

The layout of an apartment may be changed at any time by altering interior partitions and the like without amendment to the Plan. Any reallocation of shares, change in common area, number of apartments or size of any apartment prior or subsequent to the Closing must be by duly filed amendment to the Plan. No material change will be made in the total number of shares or in the size or quality of common areas, unless purchasers not in default receive a right to rescind their Purchase Agreement within fifteen (15) days after service of the amendment reflecting the change.

After the Closing, the holder of the Unsold Shares will have the right to change the number, size (either as a result of subdivision, combination, alteration of boundary walls, or otherwise) and/or layout of the Unsold Apartments and to reallocate shares in connection with such change, subject to compliance with the Apartment Corporation's By-Laws. However, the total number of shares allocated to all apartments will not vary as a result of such re-allocation. Furthermore, no pre-existing common area of the Apartment Corporation may be permanently encroached upon as a result of the change in the number of apartments or the size of an apartment. The right of the holders of Unsold Shares to make such changes may be exercised without the consent or approval of the Apartment

Corporation, its shareholders or others and without payment of any charge or fee to the Apartment Corporation, its managing agent or others, but is subject to compliance with certain requirements of the By-Laws. In addition, such holders of Unsold Shares may resell their apartments for any price established by them, and they may change such price from time to time without obtaining the approval of the Selling Agent or others. However, the Plan must be amended to disclose: (i) a general price change affecting a group, line, or other category of apartments (an isolated decrease in price does not require an amendment to the Plan), (ii) a price change to be advertised in a newspaper or other media, or (iii) a higher price to an individual purchaser.

No change in the size or layout of an apartment, nor in the number of shares allocated thereto, will be made with respect to an apartment for which a Purchase Agreement has been accepted and is not then in default, unless the purchaser consents thereto or is given a right to rescind their Purchase Agreement within fifteen (15) days after service of the amendment reflecting the change.

December 11, 1986

The Curtis Residence, Ltd.
% Haberman, Narotsky & Dandola
99 Park Avenue
New York, N.Y. 10016

Re: **Offering Plan ("Plan") of Cooperative Ownership of The Residential Unit of The Curtis Residence Condominium 123-25 82nd Road Kew Gardens, New York**

Gentlemen:

The undersigned has reviewed the allocation of shares (which shares were assigned on the basis of relative apartment size, number of rooms and baths, location within the Building and direction and amount of exposure to light), the Purchase and Price for each apartment in The Residential Unit of The Curtis Residence Condominium and the other estimates contained in Schedule A of the Plan.

In our opinion, at the date of this letter, the Purchase Price to be paid for each and every apartment is not less than an amount that bears a reasonable relation ship to the portion of the fair market value of the equity you will acquire on consummation of the Plan in the above captioned Property which is attributable to such apartment. We are also of the opinion that such reasonable relationship will continue until the Plan is consummated, at which time, if such be the case, we will give you further written opinion that the actual Purchase Price paid for each block of shares meets such reasonable standard.

We are aware that under the Plan you will have the right to change the Purchase Price of apartments from time to time, provided no such change will be made without first obtaining our written opinion that such reasonable relationship test is preserved. As a result of such changes, the purchaser of shares allocated to an apartment may pay more or less than the purchaser of the same number of shares allocated to a comparable apartment.

It is our opinion that such reasonable relationship will be maintained notwithstanding that comparable apartments with the same number of shares allocated to each are sold for a different Purchase Price in accordance with the foregoing. It is our further opinion that such relalationship exists even though blocks of shares may be sold to tenants of the Building for a per share Purchase Price lower than that paid by non-tenants, all as provided in the aforesaid Schedule A.

37-52 82ND STREET, SUITE 400, JACKSON HEIGHTS, N.Y. 11372 USA (718) 457-6400

The Curtis Residence, Ltd.
December 11, 1986 - page two

This firm is a licensed real estate broker which has been actively engaged in the real estate brokerage and management business in the Greater New York Area since 1978, and is thoroughly familiar with the operation, management and analysis of residential income producing properties.

We are not affiliated with the Sponsors under the Plan.

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

Very truly yours,

LLERANDI & SON REALTY CORP.

Daniel J. Perez
Senior Broker
Chief Executive Officer

Sworn to before me
this 11th day of December 1986.

WILLIAM POLACEK
NOTARY PUBLIC, State of New York
No. 41-3122570
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 1987

GROSSMAN & BERNSTEIN

CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL GROSSMAN, CPA
BERNARD L. BERNSTEIN, CPA
ANTHONY J. RUSSO, CPA

295 MADISON AVENUE
NEW YORK, N.Y. 10017
212 557-8484

To the Officers and Directors
HNP Realty, Inc.

We have examined the statement of specified expenses for the property located at 123-25 82nd Avenue, Kew Gardens, New York for the period January 11, 1985 through June 30, 1985. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We did not examine the statement of specified expenses for the period July 1, 1984 through January 10, 1985. That statement was examined by other auditors whose report has been furnished to us, and our opinion expressed herein, insofar as it relates to amounts included for the period July 1, 1984 through January 10, 1985, is based solely on the report of the other auditors.

In our opinion, based on our examination and the report of other auditors referred to above, the accompanying statement presents fairly the specified expenses of the property located at 123-25 82nd Avenue, Kew Gardens, New York for the indicated period ended June 30, 1985 in conformity with generally accepted accounting principles.

Grossman & Bernstein

GROSSMAN & BERNSTEIN
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
January 27, 1986

HNP REALTY, INC.

PREMISES: 123-25 82nd AVENUE
KEW GARDENS, NEW YORK

STATEMENT OF SPECIFIED EXPENSES

YEAR ENDED JUNE 30, 1985

	Previous Auditor July 1, 1984 Through January 10, 1985	January 11 Through June 30, 1985	Adjustments To Period July 1, 1984 Through January 10, 1985	Total July 1, 1 Through June 30, 1
Specified Expenses (Note 1):				
Payroll and related costs (Note 2)	$ -	$ 16,048	$	$ 16,048
Fuel and oil	20,609	23,078		43,687
Repairs and maintenance	35,157	13,643		48,800
Insurance (Note 4)	2,838	23,175	20,881	46,894
Building Management (Note 5)	33,802	14,795		48,597
Miscellaneous	2,977	1,095		4,072
Real estate tax	65,812	66,566		132,378
Water and sewer tax	9,495	9,064		18,559
Interest on mortgage (Note 3 and 4)	-	65,040	72,866	137,906
Telephone	330	172		502
Painting and decorating	2,532	-		2,532
Professional fees	11,124	-		11,124
Total Specified Expenses	$184,676	$232,676	$ 93,747	$511,099

The accompanying notes are an integral part of this financial statement.

HNP REALTY INC.

NOTES TO STATEMENT OF SPECIFIED EXPENSES

JUNE 30, 1985

NOTE 1 - The operating expenses listed on the statement of specified expenses are exclusive of capital improvements, depreciation, amortization, and interest as explained in Note 3 below.

NOTE 2 - Payroll costs include the fair market rental value of the apartment occupied by the superintendent.

NOTE 3 - The property will be conveyed to the apartment corporation subect to:

A FIRST MORTGAGE PAYABLE to the APPLE BANK FOR SAVINGS in the amount of $1,078,714. The mortgage is due February 1, 1993, but may be extended to February 1, 1994 upon payment of $5,750. The interest rate during this extended period will be 2.5% above the highest Treasury Securities Yield on February 1, 1993. Prior to July 9, 1985 certain boiler tests are to be performed and any violations are to be cleared. Prior to January 9, 1987 the roof is to be replaced and the window frames are to be scraped and painted. The monthly constant payment of principal and interest is $11,931 and all taxes are escrowed.

The Second Mortgage - to [redacted] and [redacted] will not be transferred to the cooperative corporation and is therefore not detailed herein.

NOTE 4 - Adjustments to period July 1, 1984 through January 10, 1985: Adjustments have only been made to the expenses specified below.

a Interest on the Apple Bank Mortgage has been adjusted to reflect the proper expense for the entire twelve month period.

b. Insurance expense has similarly been adjusted to reflect the twelve month result.

NOTE 5 - Management fees are five percent of rents collected with the period January 11, 1985 through June 30, 1985.

KRIEGER AND SCHISSEL
CERTIFIED PUBLIC ACCOUNTANTS
FIFTY WEST THIRTY FOURTH STREET
NEW YORK, N. Y. 10001

736-8250-1

IRVING KRIEGER, C.P.A.
JEFFREY SCHISSEL C.P.A.

To the Officers and Directors
HNP Realty, Inc.
New York, N.Y.

We have examined the statement of revenue and specified expenses for the property located at 123-25 82nd Avenue, Kew Gardens, New York for the year ended June 30, 1986. Our examination was made in accordance with generally accepted auditing standards and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement presents fairly the revenue and specified expenses of the property located at 123-25 82nd Avenue, Kew Gardens, New York, for the year ended June 30, 1986, in conformity with generally accepted accounting principles applied on a consistent basis.

Krieger & Schissel

September 21, 1986

HNP REALTY, INC.

PREMISES: 123-25 82nd AVENUE, KEW GARDENS, NEW YORK

STATEMENT OF REVENUE AND SPECIFIED EXPENSES

YEAR ENDED JUNE 30, 1986

Net Rental Income		$568,499
Specified Expenses (Note 1):		
Payroll and Related Costs (Note 2)	$ 29,929	
Utilities	9,098	
Fuel	42,375	
Repairs and Maintenance	30,955	
Insurance	69,726	
Building Management (Note 4)	27,752	
Miscellaneous	1,064	
Real Estate Tax	133,132	
Water and Sewer Tax	9,051	
Interest on Mortgage (Note 3)	137,195	
Telephone	667	
Painting and Decorating	18,721	
Professional Fees	5,879	
Total Specified Expenses		515,544
Net Income From Operations		$ 52,955

The accompanying notes are an integral part of this financial statement.

HNP REALTY INC.
NOTES TO STATEMENT OF REVENUE AND SPECIFIED EXPENSES
JUNE 30, 1986

NOTE 1 - The operating expenses listed on the statement of revenue and specified expenses are exclusive of capital improvements, depreciation, amortization, and interest as explained in Note 3 below.

NOTE 2 - Payroll costs include the fair market rental value of the apartment occupied by the superintendent.

NOTE 3 - The property will be conveyed to the apartment corporation subject to:

A FIRST MORTGAGE PAYABLE to the APPLE BANK FOR SAVINGS in the amount of $1,078,714. The mortgage is due February 1, 1993, but may be extended to February 1, 1994 upon payment of $5,750. The interest rate during this extended period will be 2.5% above the highest Treasury Securities Yield on February 1, 1993. Prior to July 9, 1985 certain boiler tests are to be performed and any violations are to be cleared. Prior to January 9, 1987 the roof is to be replaced and the window frames are to be scraped and painted. The monthly constant payment of principal and interest is $11,931 and all taxes are escrowed.

The Second Mortgage - to [redacted] and [redacted] will not be transferred to the cooperative corporation and is therefore not detailed herein.

NOTE 4 - Management fees are five percent of the rents collected for the year ended June 30, 1986.

STARK, ELMAN, AMRON, BARASH & NAROTSKY
1133 Avenue of the Americas
New York, New York 10036

(212) 354-0600

COUNSEL'S INCOME TAX OPINION

January 20, 1987

THE CURTIS RESIDENCE LTD.
c/o Stark, Elman, Amron, Barash & Narotsky
1133 Avenue of the Americas
New York, New York 10036

Re: Condominium Offering Plan and
Plan to Convert to Cooperative
Ownership the Residential Unit of
THE CURTIS RESIDENCE CONDOMINIUM
at Premises 123-25 82nd Avenue,
Kew Gardens, New York

Gentlemen:

At your request, we have reviewed the Condominium Offering Plan and Plan to Convert To Cooperative Ownership the Residential Unit of THE CURTIS RESIDENCE CONDOMINIUM in the premises at 123-25 82nd Avenue a/k/a 120-86 Queens Boulevard, Kew Gardens, New York ("the Plan") as well as various other documents referred to therein. You have asked our opinion based upon our review of the Plan and assuming the Plan is consummated in accordance with its terms, whether under present tax laws and regulations (i) the Apartment Corporation will qualify as a cooperative housing corporation as defined in Section 216 of the Internal Revenue Code ("IRC") and corresponding provisions of the New York State Income Tax Law; and (ii) whether the shareholders of the Apartment Corporation will be entitled to deduct, for federal and state income tax purposes, their proportionate share of the real estate taxes and mortgage interest paid or incurred by the Apartment Corporation.

OPINION

Based upon our review of the Plan and the various other documents referred to therein, as well as the validity and correctness of the assumptions hereinafter set forth, if you acquire title to the Property and simultaneously duly issue a sufficient number of your shares to "individuals" who shall have executed Proprietary Leases covering the apartments in the Residential Condominium Unit of the Building to which their respec-

tive shares are allocated, so that at such time at least eighty (80%) percent of the Apartment Corporation's gross income will be derived from qualified "tenant-stockholders" within the meaning of IRC 216(b)(2), all strictly in accordance with the terms of the Plan, it is our opinion that in any taxable year in which at least eighty (80%) percent of your gross income is derived from qualified tenant-stockholders:

(i) The Apartment Corporation will qualify as a cooperative housing corporation as presently defined in Section 216 of the IRC;

(ii) In any taxable year in which at least 80% of the Apartment Corporation's gross income is derived from qualified tenant-shareholders, each of the tenant-shareholders will be entitled, under present tax laws and regulations, to deduct from his adjusted gross income for Federal and State income tax purposes that portion of the maintenance charges paid by him to the Apartment Corporation that represents his proportionate share of (a) real estate taxes on the Property and (b) interest paid or incurred by the Apartment Corporation (during the taxable year of such tenant-shareholder) on mortgages to which the Property is subject and (c) interest paid or incurred by the Apartment Corporation on its indebtedness; and

(iii) each tenant-shareholder who is not an individual (i.e., corporations, partnerships, trusts, estates, etc.) will not be entitled to the aforementioned tax deductions under IRC Section 216 (but may be entitled to deductions under other sections of the IRC).

DISCUSSION

Pursuant to IRC Section 216, a tenant-stockholder (as defined in the IRC) of a qualified cooperative housing corporation is allowed to deduct that portion of the amounts paid to the cooperative housing corporation within his taxable year that represents his proportionate share of (a) real estate taxes paid or incurred by the corporation on the land and Building owned by it and (b) interest paid or incurred by the corporation on its indebtedness contracted in the acquisition of such land and Building. To qualify as a cooperative housing corporation, the following four requirements must be met:

(1) The corporation may have only one class of stock outstanding.

Since the Apartment Corporation's Certificate of Incorporation only authorizes the issuance of one class of stock, this requirement is satisfied.

We note that the Plan provides that the tenant-stockholder is required to obtain your consent before he may sell or sublet his apartment. Exempted from this requirement are those who own the Unsold Shares (defined below) that are issued to Sponsors and others. The apartments to which the Unsold Shares are allocated may be resold or sublet without obtaining your consent. In addition, the owners of these Unsold Shares are also exempted from paying certain charges payable by others under the Proprietary Lease in connection with a sale or financing of an apartment. We further note that under the Plan, so long as the Unsold Shares constitute twenty-five (25%) percent or more of all shares outstanding, your Board of Directors is restricted from taking certain actions (such as hiring additional employees), without the prior written consent of the holders of Unsold Shares.

We do not believe that these and similar provisions of the Plan will prevent you from meeting the "one class of stock" requirement. However, since there is no direct precedent on this point under IRC Section 216, the Internal Revenue Service ("IRS") is not precluded from contending that you do not meet the "one class of stock" test. If such contention is made by the IRS and is upheld, then you would not qualify as a cooperative housing corporation and, as a result, your shareholders would not be entitled to deduct, for income tax purposes, their pro rata share of mortgage interest or real estate taxes paid or incurred by you.

(2) Each shareholder must be entitled, solely by reason of his ownership of the Apartment Corporation's shares, to occupy an apartment in the building owned or leased by the corporation for dwelling purposes.

For purposes of satisfying this second requirement, the Regulations ("Regulations") issued by the Internal Revenue Service ("IRS") do not require that the stockholder qualify as a "tenant-stockholder" under Section 216(b)(2) of the Code, which would require, as discussed below, that the stockholder be an individual. The Regulations provide, in pertinent part: "Each stockholder of the corporation, whether or not the stockholder qualifies as a tenant-stockholder under section 216(b)(2) and paragraph (e) of this section, must be entitled to occupy for dwelling purposes an apartment in a building or a unit in a housing development owned or leased by such corporation." (Emphasis added.) Treasury Regulations Section 1.216-1(d)(2). The IRS has held that ownership of stock in a cooperative housing corporation by a stockholder other than an individual will not prevent the corporation from qualifying as a "cooperative housing corporation" under IRC Section 216, provided that eighty (80%) percent of its gross income is derived from individual stockholders. Rev. Rul. 55-654. The IRS has similarly held that the stock may be owned by a banking corporation and a real estate partnership. Rev. Rul. 58-421.

Under the Plan as well as the Apartment Corporation's Certificate of Incorporation, each shareholder will be entitled solely by virtue of his ownership of its shares, to a proprietary lease covering the apartment to which his block of shares is allocated. The proprietary lease will have an original term of approximately fifty (50) years (more or less), and grants the lessee the right to occupy the apartment for dwelling purposes. Consequently, this requirement of the IRC appears to be satisfied, assuming such proprietary lease is, in fact, issued to each and every shareholder concurrently with the issuance of the certificate for his shares.

Under the Plan as well as the Apartment Corporation's Certificate of Incorporation, each shareholder will be entitled solely by virtue of his ownership of its shares, to a proprietary lease covering the apartment to which his block of shares is allocated. The proprietary lease will have an original term of approximately fifty (50) years (more or less), and grants the lessee the right to occupy the apartment for dwelling purposes. Consequently, this requirement of the IRC appears to be satisfied, assuming such proprietary lease is, in fact, issued to each and every shareholder concurrently with the issuance of the certificate for his shares.

On this point, we have taken into consideration the likelihood that apartments will be purchased subject to certain possessory rights of existing tenants under General Business Law Section 352-eeee, the Rent, Eviction and Rehabilitation Regulations of the Department of Housing Preservation and Development ("Regulations"), the Rent Stabilization Law ("RSL") and the Code adopted pursuant thereto ("Code"). If the Plan is declared effective and thereafter consummated, then, in accordance with the Regulations, the RSL and Code, these existing lessees or occupants will be entitled to retain possession of and occupy their apartments as long as such lessee or occupant maintains the apartment as a primary residence, pays the requisite rent, and otherwise complies with his lease (if any) or tenancy obligations.

We do not believe such possessory rights will affect the Apartment Corporation's qualifications as a cooperative housing corporation since said Section 216 does not by its terms require that tenant-shareholders actually reside in their apartments, but only that they be "entitled" to occupy their apartment for dwelling purposes.

In this regard, the Regulations issued by the Internal Revenue Service ("IRS") provide, in pertinent part: "The stockholder is not required to occupy the premises. The right as against the corporation to occupy the premises is sufficient. Such right must be conferred on each stockholder solely by reason of his ownership of the stock in the corporation, that is, the stock must entitle the owner thereof either to occupy the premises or

to lease the premises." Treasury Regulation Section 1.216-1(d)(2). Accordingly, it is not necessary that a shareholder physically occupy the apartment in order to meet this requirement. Rather, "...the right as against the corporation to occupy the premises is sufficient". In conformity with this dictate, your proprietary lease grants each tenant-shareholder the right as against you to occupy the apartment covered by such proprietary lease.

It should be noted, however, that, in two unpublished rulings issued respectively in 1954 and 1955 to tenants resisting the conversion of their building to cooperative ownership, the IRS held that so long as the applicable rent control law prevented non-resident shareholders from occupying their apartments, the corporation would not qualify as a cooperative housing corporation. These unpublished rulings appear inconsistent with Section 216, the above cited Treasury Regulation, as well as a ruling published in 1966 in which the IRS held that even though certain non-resident shareholders were prevented from occupying their apartments because they were subject to existing tenancies, the corporation would nevertheless qualify as a cooperative housing corporation. Although the 1966 ruling involved apartments that were subject to sub-leases made by the Sponsor of that cooperative plan, the inability of the non-resident shareholders to obtain immediate possession of their apartments by reason of such sub-leases did not disqualify the corporation from meeting the statutory test of "entitled to occupy for dwelling purposes...".

In our opinion, a non-resident shareholder who cannot obtain possession of his apartment because it is occupied by a tenant pursuant to a sub-lease should be treated the same, for tax purposes, as one prevented from obtaining possession by a tenant in occupancy pursuant to a lease or a rent law. Since each shareholder under the Plan will have the right as against the Apartment Corporation to occupy his apartment by virtue of the proprietary lease, this requirement of the statute seems to have been satisfied. Furthermore, the Internal Revenue Service has held in Revenue Ruling 80-299 that where a non-occupant shareholder is entitled to a proprietary lease solely by reason of ownership of stock in the corporation and such lease confers occupancy rights upon the shareholder as against the corporation, ". . . it is not material that the stockholder is precluded from actual occupancy of an apartment because it is occupied by a tenant whose lease is protected by the rent control laws." In our opinion, this ruling should put to rest any lingering doubts as to your qualification as a cooperative housing corporation because of the possessory rights of non-purchasing existing tenants.

(3) <u>No shareholder is entitled (either conditionally or unconditionally) to receive any distribution not out of earnings and profits of the corporation except on a complete or partial liquidation of the corporation</u>.

This limitation has been embodied in your Certificate of Incorporation. Accordingly, this statutory requirement is met.

(4) 80% or more of the Apartment Corporation's gross income for the taxable year in which real estate taxes and mortgage interest are paid or incurred by the corporation must be derived from tenant-shareholders.

The term "tenant-shareholder" is defined in the statute to mean an individual " ...whose stock is fully paid-up in an amount not less than an amount...as bearing a reasonable relationship to the portion of the value of the corporation's equity in the...apartment building and the land on which situated which is attributable to the...apartment which such individual is entitled to occupy".

This last statutory requirement contains three distinct, but interdependent, tests to be met as will be explained below.

A. The first test is commonly called the "80% gross income" test.

In the Plan under the "BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION" (see page 19), the Apartment Corporation is projected to receive at least 80% of its gross income from the maintenance charges to be paid by the tenant-shareholders under their respective proprietary leases. Assuming this projection proves to be accurate, and further assuming the other two interdependent tests are satisfied, then in our opinion the 80% income test will be satisfied for the first year.

It is observed that under the Plan, in accordance with Title YYYY of the Administrative Code of the City of New York the Sponsor has agreed to pay, as a post-closing adjustment to the cash to be paid to Sponsor at the time title to the Residential Condominium Unit of the Property is transferred to you, an amount equal to 3% of the net sales price of any Unsold Shares sold to bona fide purchasers subsequent to the date the Plan is declared effective and within five years of the date you acquire title to the Residential Condominium Unit of the Property; and provided further, that if, in five years from said date, the sum of the amount paid by Sponsor into your reserve fund when added to the minimum reserve fund retained by you from the offering proceeds is less than 3% of the "total price" (as said term is defined Title YYYY), then at such time Sponsor shall pay the difference between such sum and 3% of the total price. The IRS may contend that such payments by the Sponsor (hereinafter called the "Reserve Fund Payments") are not a post-closing adjustment to such cash payment as purported, but instead constitute income to you from other than qualified tenant-shareholders. In such case, assuming the position of the IRS is upheld in court, if any Reserve Fund Payment, when added to all other income realized by you from sources other than qualified tenant-stockholders, exceeds twenty (20%) percent of your gross income in any taxable year, then you would not qualify for such year as

a cooperative housing corporation under IRC Section 216 and, as a result, your tenant-stockholders would not be entitled to deduct for income tax purposes their proportionate share of the real estate taxes and mortgage interest that would otherwise be available to them. Depending upon whether you adopt the "cash" or "accrual" method of accounting, this result could take place either in the year you receive any Reserve Fund Payment, or in the year your right to receive any Reserve Fund Payment arises, respectively. We express no opinion as to the proper treatment for income tax purposes of any Reserve Fund Payment received from the Sponsor pursuant to Title YYYY or as to whether the contention of the IRS, if made, would in fact be sustained in court.

It is also noted that if an owner of the Unsold Shares fails to pay the maintenance charges under his related Proprietary Lease, Sponsor is required to make such payment on the terms and conditions set forth in the Plan. It is likely that the IRS would contend that such payments (if any) in the year received from the Sponsor constitute income derived from other than qualified tenant-shareholders for purposes of said eighty (80%) percent gross income test. Consequently, if the IRS takes such position and it is upheld and if the aggregate of such payments, when added to all other income (including any Reserve Fund Payments) received by you from sources other than tenant-shareholders, exceed twenty (20%) percent of your gross income in any taxable year, you will not qualify for such year as a cooperative housing corporation under IRC Section 216 and, therefore, your tenant-stockholders would not be entitled to deduct their proportionate share of real estate taxes and mortgage interest that would otherwise be available to them for that year. We express no opinion as to whether this contention of the IRS, if made, would in fact be sustained in court. It should be further noted that any additional contributions made by the Sponsor for maintenance charges on behalf of any third party and/or the receipt of interest income by the Apartment Corporation on reserve fund or working capital could possibly cause a failure to satisfy the eighty (80%) percent test for any given year.

Lastly, it should be noted that the Proprietary Lease provides that your directors may allocate a portion of the proprietary rent (i.e., maintenance charges) paid by your tenant-stockholders to amortization of mortgage indebtedness. In Eckstein v. United States, 471 F.2d 1036 (Ct. Cl. 1971), the Court of Claims held that the portion of the tenant-stockholders' rental payments that was earmarked in their proprietary leases for mortgage amortization did not constitute "income" to the corporation for purposes of the eighty (80%) percent gross income test, resulting in disqualification of the corporation under IRC Section 216. The Tax Court, however, in Park Place, Inc., 57 T.C. 767 (1972), took the opposite position, holding that assessments collected from tenant-stockholders for mortgage amortization constitute "gross income" for purposes of determining compliance with the eighty (80%) percent test. Accordingly, if within a taxable year, the percentage of gross income derived from tenant-stockholders within the meaning of IRC Section 216(b)(1)(D) — not taking into account for purposes of computing gross income any amount allocated to mortgage amortization — was less than eighty (80%) percent, and the IRS was to adopt the position of the Eckstein case, the eighty (80%) percent test may not be met. We express no opinion as to the proper treatment under such

circumstances of amounts allocated to mortgage amortization for purposes of the eighty (80%) percent test, nor as to any position the IRS may adopt or whether the same would be sustained. We express no opinion as to whether this contention of the IRS, if made, would in fact be sustained.

B. The second interdependent test pertains to the identity of the tenant-shareholder.

Prior to the Tax Reform Act of 1986, the IRC required that a tenant-shareholder be an "individual". This definition has been amended by the Tax Reform Act of 1986 to mean any "person" who satisfies the requirements applicable to tenant-shareholders. Therefore, corporations, trusts, estates, partnerships and associations as well as individuals may be qualifying tenant-shareholders of your corporation. Note that the Tax Reform Act of 1986 also modified IRC Section 216(b)(5) to provide that if a person other than an individual acquires stock in a cooperative housing corporation, the fact that such person's nominee may or may not occupy the house or apartment without prior approval of the cooperative housing corporation shall not be taken into account for purposes of determining whether the person is a qualifying tenant-shareholder.

C. The third interdependent test is customarily referred to as the "reasonable relationship" test.

The IRS has interpreted this provision to require that each block of shares be fully paid for in an amount at least equal to an amount as bears "...a reasonable relationship to the portion of the fair market value, as of the date of the original issuance of the 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(d).

This is in essence a twofold test: (i) the shares must be "fully paid for" and (ii) the amount paid must at least equal a price that bears a reasonable relationship to the fair market value of the corporation's property.

Regarding the first part of the test, your Certificate of Incorporation provides that the shares have a par value of $1.00 each. The cash purchase price (i.e., "Total Cash Payment") of each block of shares set forth in the Plan exceeds this amount. Assuming the full Total Cash Payment under each purchaser's Purchase Agreement is paid (including the par value of the shares) and assuming further that all shares not sold or fully paid for by the Closing Date are issued to the Sponsor or an individual produced by him as part of the purchase price of the Residential Condo-

minium Unit in the Property, then in our opinion the shares will be deemed to have been fully paid and non-assessible under New York law.

With respect to the second part of the test, Llerandi & Son Realty Corporation, in a letter that is reproduced in the Plan, has rendered its opinion that the total cash payment for each block of shares set forth in the Plan bears a reasonable relationship to the fair market value of the Residential Condominium Unit in the Property attributable to the apartment to which the block of shares is allocated. Sponsor has pledged in the Plan not to change the total cash payment of any block of shares prior to the Closing Date unless Llerandi & Son Realty Corporation also opines that the new total cash payment preserves such reasonable relationship test.

Assuming the terms of the Plan are strictly observed and assuming further that the opinion of Llerandi & Son Realty Corporation is valid and correct in all respects in our opinion this test will have been satisfied.

It is noted that the current provisions of the New York State Tax Law and the New York City Administrative Code do not contain any separate, independent requirements in order to be qualified to take the above-described tax deductions. Rather, these statutes permit tenant-stockholders to automatically deduct for State and City income tax purposes their proportionate share of the real estate taxes and mortgage interest paid or incurred by you to the same extent such deductions are allowed under IRC Section 216.

This concludes the discussion of the sundry requirements of IRC section 216 to be met by you in order to qualify as a cooperative housing corporation. Aside from this provision of the IRC, we note the following additional tax consequences of the Plan, irrespective of qualification as a cooperative housing corporation:

1. It is possible that you may receive income from sources other than tenant-stockholders such as income realized from investment of the Working Capital Fund to be retained by you on the Closing Date. If the total of the income from these sources exceeds the aggregate of your expenses attributable to deriving such income, such excess income would be taxable to you. See IRC Section 277. In such event, if your Working Capital Fund or any budgeted reserve for contingencies is insufficient to pay the resulting taxes, it may be necessary to increase the maintenance charges payable by tenant-stockholders to cover such tax payment. Moreover, although we know of no such contention having been made, a taxing authority might also contend that any such excess income should be treated, for income tax purposes, as a dividend to tenant-stockholders to the extent such excess income is used for the operation, maintenance or improvement of the Residential Condominium Unit in the Property, even though such excess income is not distributed to the tenant-stockholders.

2. The proprietary rent (i.e., maintenance charges) paid by your tenant-stockholders will be used to pay your operating costs, including amortization of mortgage indebtedness. The Proprietary Lease provides that your directors may determine that such portion of the maintenance charges which is attributable to amortization shall be credited on your accounts to "paid-in surplus." As previously discussed, if the directors make such determination, the IRS may treat said portion of the maintenance charges representing payment of amortization as a contribution to capital by each tenant-stockholder, potentially resulting in a failure to comply with the eighty (80%) percent gross income test. On the other hand, the IRS may also treat same as additional income to you. In the latter case, if your income, including that portion received in payment of amortization of the mortgage, exceeds your expenses (including depreciation to the extent, if any, allowable against the residential area of the Building), you would then have taxable income in addition to that referred to in the preceding paragraph 1. We express no opinion as to what position the IRS may take and if adverse to you, whether the same would upheld.

3. With respect to a tenant-stockholder who finances the purchase of his apartment, we are also of the opinion that interest paid to the lender in connection with such financing will be deductible for Federal, State and City income tax purposes, provided the purchaser uses the apartment for his own residence.

4. With respect to taxable years of a tenant-stockholder beginning prior to January 1, 1983, if the deduction of real estate taxes and interest, allowable to him under IRC Section 216, when added to other itemized deductions (with certain exceptions), exceeds certain prescribed limitations of such tenant-stockholder's adjusted gross income, such excess constitutes an item of tax preference that may result in liability for Federal and State minimum tax. However, effective for taxable years beginning after December 31, 1982, IRC Section 55, as amended by the recently enacted Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), eliminates such excess of itemized deductions as a tax preference item, and instead imposes a minimum tax upon a tenant-shareholder's adjusted gross income plus specified tax preferences minus specified itemized deductions. The deductions which are allowed for purposes of the minimum tax include "qualified housing interest" and any other amount allowed as a deduction for interest to the extent such amount does not exceed the qualified net investment income of the tenant-shareholder for the taxable year. IRC Section 55(e)(4)(A). The term "qualified housing interest" is defined as interest which is either incurred in the acquisition of the taxpayer's "principal resident" (as such term is defined in IRC Section 1034) at the time the interest is paid or accrued, or alternatively, is incurred with respect to the acquisition of a "qualified dwelling." A "qualified dwelling" is defined as a house, an apartment, a condominium and a mobile home not used on a transient basis. IRC Section 55(e)(4)(B). Since the interest of a tenant-stockholder in a cooperative housing corporation may qualify as a principal residence under IRC Section 1034, depending upon the facts involved, the interest deduction attributable thereto may qualify as a specified itemized deduction so long as the apartment to which the tenant-stockholder holds the Proprietary Lease is utilized as the tenant-stockholder's principal residence. However, if the tenant-stockholder does

not utilize the apartment to which his Proprietary Lease pertains as his principal residence, it is unclear whether the interest attributable thereto would qualify as a specifed itemized deduction. This uncertainty arises from the fact that the definition of "qualified dwelling," as enacted by TEFRA, includes a condominium and an apartment but makes no specific reference to an interest in a cooperative housing corporation. It would appear that such omission may represent an inadvertent oversight in view of the general effort by Congress in the past to equate owners of interests in cooperative housing corporations with owners of real property for purposes of Federal tax law. However, in the absence of any supportive authority, this conclusion is not free from doubt. Further, we note that in any event, the real estate taxes attributable to the tenant-stockholder's interest would not qualify as a specified itemized deduction for purposes of the minimum tax, as amended by TEFRA.

The opinions expressed above are based on our interpretation of existing tax laws, the applicable Regulations and rules of the Treasury Department and court decisions construing same. While we believe our opinions are well founded, they are not intended, and should not be construed, as a guarantee that the Apartment Corporation will satisfy the existing requirements of IRC Section 216 or that the Federal and State taxing authorities will allow the tenant-shareholders to take the aforementioned tax deductions or as to any other matter. Readers should also be aware of the possibility that the tax laws and judicial determinations upon which we have predicated our opinion may in the future be revised in a manner adverse to the Apartment Corporation and its shareholders. Finally, we have not passed upon the accuracy of any figures or estimates contained in the Plan and do not warrant the amount deductible for income tax purposes by tenant-shareholders for any period, assuming such tax deductions are allowed, or the amount shareholders may save in Federal and State income taxes, if any.

You have informed us that Sponsor will cause to be recorded a certain Condominium Declaration pursuant to Article 9-B of the New York Real Property Law for the land and building located at 123-25 82nd Avenue, Kew Gardens, New York establishing THE CURTIS RESIDENCE CONDOMINIUM which will consist of ten (10) units (one (1) Residential Unit and nine (9) Commercial Units) and common elements. Each unit will be conveyed with its appurtentant interest in the common elements as defined in the Declaration.

The opinions expressed herein are based upon the assumptions that the Condominium ownership of the Property is validly established.

The Apartment Corporation as the Residential Unit Owner and the Sponsor and/or its nominee(s) or assign(s) as the Commercial Unit Owners will hold legal title in fee simple to their respective Units coupled with ownership of an undivided interest in the land and appurtenances and all other parts of the Property held in common with other Unit Owners (the "Common Elements").

Each condominium unit will be a separate tax lot for the purposes of the New York City real estate tax, and the Apartment

Corporation as the Residential Unit Owner and the Sponsor and/or its nominee(s) or assign(s) as the Commercial Unit Owners will be directly liable to the City for the real estate tax assessment with respect to his unit, but not with respect to any other unit.

Subject to certain restrictions as to form, a Unit Owner may mortgage his unit as he wishes, and will be individually liable for payment of principal and interest (and/or finance charges) on such mortgage but the unit will not be subject to the lien of any mortgage placed on other units.

A Unit Owner may separately transfer his unit subject, with certain exceptions, to certain rights of the Condominium Board.

Accordingly, it is our opinion that a Unit Owner who itemizes deductions will be entitled to deduct, for Federal income tax purposes, real estate taxes assessed against his unit as well as interest on any mortgage indebtedness secured by his unit. See Sections 163 (interest) and 164 (taxes). of the Internal Revenue Code of 1954 as amended (the "Code"); Revenue Ruling 64-31, 1964-1 (Part I) Cum. Bull. 300.[1] These expenses will be deductible when paid or accrued in accordance with the Unit Owner's method of accounting. In addition to the interest and real estate tax deductions discussed above, a unit Owner who uses all or part of his unit in the conduct of his trade or business or for the production of income may deduct a portion of common charges allocable to such use. Each such Unit Owner will be entitled to deduct cost recovery on his unit (similar to depreciation), computed separately and based upon the cost of his unit (see Code Section 1012). Such deduction may be determined under Code Section 168 by using the straight-line method or under ACRS tables which approximate the use of 175% declining balance method, switching to straight-line recovery in later years. The excess of accelerated cost recovery deductions over deductions computed using the straight-line method is an item of tax preference and may result in Unit Owners incurring alternative minimum

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1. The New York State and City tax laws incorporate by reference Federal itemized deductions in regard to resident individuals (see N.Y. Tax Law Section 615; N.Y.C. Admin. Code Section T46-115.0) and for corporations (see N.Y. Tax Law Section 208.9; N.Y.C. Admin. Code R46-2.0.8). Hence, all Federal authorities hereinafter referred to should, for the most part, apply under the New York State and/or City income tax statutes and to the extent that deductions are permitted for Federal tax purposes they will be permitted for New York State and New York City tax purposes. It should be noted, however, that, (i) for New York State and New York City income tax purposes, the interest and real estate tax deductions discussed herein may be reduced for a taxpayer who has certain specified items of tax preference (See N.Y. Tax Law Section 622; N.Y.C. Admin. Code Section T46-122.0.); and (ii) for Federal income tax purposes, a Residential Unit Owner may be liable for an alternative minimum tax based upon certain deductions taken (including interest on mortgages) (see Section 55 of the Internal Revenue Code). New York State also imposes a minimum tax based on certain Federal tax preference items including adjusted itemized deductions. See N.Y. Tax Law Sections 601-A and 622.

tax. The deduction of common charges is limited to that portion which does not exceed the Unit Owners' share of expenses paid or incurred through the Condominium and which would constitute trade or business expenses under Code Section 162 or would constitute expenses for the production of income under Code Section 212, if they were paid directly by the Unit Owner. Common Charges may exceed the deductible amount to the extent that Common Charges are used by the Condominium Board to finance capital expenditures or reserves. The amounts used to fund capital expenditures or reserves are not deductible and must be capitalized by Unit Owners, increasing the basis in the unit and thus the cost recovery deduction available for that unit.

Under the Plan, the Condominium, via the Board of Managers, will determine, assess to, and collect from, all Unit Owners, in proportion to their respective Common Interests, the Common Charges to pay the costs and expenses of operating, repairing and maintaining the Common Elements.

The tax status of the Condominium Board is uncertain and turns upon whether the Condominium Board is treated as a mere conduit for Unit Owners or as an association taxable as a corporation.

If the Condominium Board is deemed to be the conduit for the Unit Owners, all income of the Condominium, such as investment income earned on interim investments or rent on any unit it acquires, less the applicable expenses of earning such income, will be deemed income to the Unit Owners and taxable to them. However, Common Charges will not be considered income to the Condominium Board.

The Service, however, may take the position that the Unit Owners, acting through the Condominium Board, constitute an association taxable as a corporation (an "**Association**")[2] because of, e.g.:

(1) the Board's centralized management powers over the Building,

(2) the attempt to limit contractual liability of Unit Owners, for the contracts entered into by the Condominium, to the Unit Owners' proportionate share of such liability in accordance with their common interest in the entire Condominium, and

(3) the possibility of perpetual life. (See Treas. Reg. 301.7701-2, and discussion in Shapiro, Commercial Condominiums: Tax Considerations

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2. If such an Association were found to exist, it is our view that it would not constitute a tax exempt organization under Section 501(c) as an organization operated exclusively for the promotion of social welfare (cf. Rev. Rul. 74-99, 1974-1 Cum. Bull. 131).

for Unit Purchasers and the Association, 41 J. TAXATION 204, 206-08 (Oct. 1974) and Wolitzer, Condominium - Organization, Taxes and Accounting, XL N.Y.C.P.A. 893, 899-900 (Nov. 1970).)

If the Condominium were treated as an association taxable as a corporation it would be subject to Federal income tax on the excess of the portion of its receipts including Common Charges and laundry concession income which is deemed to constitute gross income over any deductible expenses.

To the extent that any portion of the Common Charge receipts is segregated and used to finance specified capital expenditures or reserves, said portion may be excluded from gross income of the Association. See Rev. Rul. 74-563, 1974-2 Cum. Bull. 38; I.R.B. 1974-47.6, and Lake Petersburg Ass'n v. Commissioner, 33 CCH Tax Ct. Mem. 259 (1974). In such event, the Unit Owners might be required to pay further Common Charges to fund the Federal income tax liability of the Association. Any such Common Charges would probably be deemed to constitute additional gross income to the Association - upon which further Federal tax would be owing. See Old Colony Trust Co. v. Commissioner, 279 U.S. 716 (1929), and cf. Rev. Rul. 74-75, 1974-1 Cum. Bull. 19.

In an effort to resolve the above uncertainty, Section 528 was added to the Code, pursuant to which the Condominium Board may, if qualified, elect to exclude from income the Common Charges payable by Unit Owners. (New York State and New York City have not adopted a similar statute.) This exemption is available to the Condominium Board only if:

(i) 60% or more of the gross income for the taxable year is received as fees or assessments from owners of Residential Units ("Exempt Function Income"); and

(ii) 90% or more of the expenditures for the taxable year are for management, acquisition, maintenance and care of the Common Elements.

(iii) 85% or more of the total square footage of all units within the Condominium must be used by individuals for residential purposes; and

(iv) No part of the net earnings may inure to the benefit of any private individual except through the rebate of excess assessments or indirectlty through the acquisition, management and maintenance of association property.

A Condominium meeting the requirements of Section 528 of the Code and electing to be exempt from federal income tax on exempt function income would be taxable at corporate rates, with some minor modifications, on the amount by which its non-exempt function income exceeds the amount of allowable deductions which are directly connected with the production of such income.

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It is our opinion that the Condominium will meet the requirements for election of Section 528 during its first year of operation. Thus, the Condominium may make such election during the first year if it is advantageous. However, since the requirement for election under Section 528 is applied for annually, it cannot now be determined whether the Condominium may elect Section 528 treatment in any subsequent tax year.

We express no views as to any federal, New York State and/or New York City tax consequences or as to any aspects of the Plan other than those explicitly discussed in this opinion. Nor do we express any view as to the tax status and tax consequences of the Plan under the laws of any other U.S. or foreign jurisdictions. This opinion does not deal with tax consequences which may result to a foreign Unit Owner by reason of his foreign status. This opinion also does not deal with the tax consequences which may arise if units are acquired and/or leased by the Condominium Board or with respect to whether a Unit Owner may be deemed a resident of New York City due to ownership of a unit.

We make no warranty that the Internal Revenue Service, the New York State Department of Taxation and Finance or the Finance Administration of the City of New York will accept any or all of the views stated above. Moreover, the Federal, State and City tax laws and regulations (and the rulings and decisions thereunder) may change and thereby affect, in whole or in part, the views stated above.

We understand that this letter is to be reproduced and included in the Plan and we consent to its inclusion in the Plan.

Very truly yours,

Louis A. Narotsky

IN OUR OPINION, THE APARTMENT CORPORATION WILL QUALIFY AS A COOPERATIVE HOUSING CORPORATION AND TENANT-STOCKHOLDERS WILL BE ENTITLED TO INCOME TAX DEDUCTIONS. HOWEVER, THIS OPINION IS NOT A GUARANTEE; IT IS BASED UPON EXISTING RULES OF LAW APPLIED TO THE FACTS AND DOCUMENTS REFERRED TO ABOVE. NO ASSURANCES CAN BE GIVEN THAT THE TAX LAWS UPON WHICH COUNSEL BASE THIS OPINION WILL NOT CHANGE. IN NO EVENT WILL THE SPONSOR, THE SPONSOR'S COUNSEL, THE APARTMENT CORPORATION, COUNSEL TO THE APARTMENT CORPORATION, THE SELLING AGENT OR ANY OTHER PERSON BE LIABLE IF THE APARTMENT CORPORATION CEASES TO MEET THE REQUIREMENTS OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED, OR THE NEW YORK STATE TAX LAW, AS AMENDED, IF THERE ARE CHANGES IN THE FACTS ON WHICH COUNSEL RELIED IN ISSUING THIS OPINION, OR IF THERE ARE CHANGES IN THE APPLICABLE STATUTES, REGULATIONS, DECISIONAL LAW OR INTERNAL REVENUE SERVICE RULINGS ON WHICH COUNSEL RELIED.

RIGHTS OF EXISTING TENANTS

(a) **Cooperative**

The Plan is a non-eviction plan in that those sections of the law which, under certain circumstances, permit the eviction of a non-purchasing tenant shall not be invoked. General Business Law Section 352-eeee defines a non-eviction plan as:

> "A plan which may not be declared effective until written purchase agreements have been executed and delivered for at least 15% of all dwelling units in the building or group of buildings or development by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family intend to occupy the unit when it becomes vacant. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made in good faith without fraud and discriminatory repurchase agreements or other disciminatory inducements."

All bona fide tenants in occupancy of an apartment in the Buiding on the date the Plan is accepted for filing will have the exclusive right to purchase the shares of the Apartment Corporation allocated to their apartment for a period of ninety (90) days from the date of service of the Plan for the Total Cash Payment of $420.00 per share. Any bona fide tenant with the right to renew a lease on the date the Plan is accepted for filing has the right to purchase as a tenant during the exclusive purchase period. Any bona fide tenant who has the right to continued occupancy of his apartment on the date the Plan is accepted for filing has the right to purchase the shares of the Apartment Corporation allocated to his apartment during the exclusive purchase period. For the purpose of determining who has the right to purchase during the exclusive period, a bona fide tenant of record with an unexpired lease on the date the Plan is accepted for filing shall be presumed to be a "tenant in occupancy" even though the tenant has sublet his or her unit or the unit is not the tenant's primary residence. A bona fide sublessee in occupancy on the date the Plan is accepted for filing has the right to purchase during the exclusive period if he or she; (i) sublets from a non-bona fide tenant, or (ii) has obtained written permission to purchase shares allocated to his or her unit from a bona fide tenant of record. Nothing herein shall be construed to deprive an owner of any legal remedy for illegal occupancy.

After the expiration of the ninety (90) day exclusive right to purchase set forth above and until the Plan is declared effective the Total

Cash Payment by each tenant shall be increased to $665.00 per share and may be changed from time to time by amendment to the Plan.

No tenant in occupancy shall have the exclusive or preferential right to purchase the shares of the Apartment Corporation allocated to any vacant apartment or apartments occupied by another tenant. The exclusive right granted to tenants hereunder pertains only to the purchase by such tenant of shares allocated to the apartment he occupies. Present tenants may, if they wish, enter into Purchase Agreements for shares allocated to vacant apartments or other occupied apartments on a first come-first served basis, at the Total Cash Payment by non-tenants set forth on pages 11-16 of the Plan. However, the Sponsor is not obligated to accept such Purchase Agreements.

In accordance with General Business Law Section 352-eeee:

1. No eviction proceedings will be commenced at any time against non-purchasing tenants for failure to purchase or any other reason applicable to expiration of tenancy; provided that such proceedings may be commenced for non-payment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the owner or a similar breach by the non-purchasing tenant of his obligations to the owner of the dwelling unit or the shares allocated thereto; and provided further that an owner of a unit or of the shares allocated thereto may not commence an action to recover possession of a dwelling unit from a non-purchasing tenant on the grounds that he seeks the dwelling unit for the use and occupancy of himself or his family.

2. Non-purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy prior to the conversion of the building or group of buildings or development to cooperative or condominium ownership shall continue to be subject thereto. (See "OBLIGATIONS OF HOLDERS OF SHARES ALLOCATED TO DWELLING UNITS OCCUPIED BY NON-PURCHASING TENANTS" at page 65 of the Plan.)

3. The rentals of non-purchasing tenants who reside in dwelling units not subject to government regulation as to rentals and continued occupancy and non-purchasing tenants who reside in dwelling units with respect to which government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the plan has been accepted for filing by the attorney general shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy. In determining comparability, consideration shall be given to such factors as building services, level of maintenance and operating expenses. Complaints of unconscionable rent increases may be referred to the New York State Department of Law, Real Estate Financing Bureau, 125 Broadway, New York, New York, 10047.

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

5. The rights granted under the plan to purchasers under the plan and to non-purchasing tenants may not be abrogated or reduced notwithstanding any expiration of, or amendment to, this section.

6. After the issuance of the letter from the attorney general stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this article has been filed, the offeror shall, on the thirtieth, sixtieth, eighty-eighth and ninetieth day after such date and at least once every thirty days until the plan is declared effective or is abandoned, as the case may be, and on the tenth and second day before the expiration of any exclusive purchase period provided in a substantial amendment to the plan, (1) file with the attorney general a written statement, under oath, setting forth the percentage of the dwelling units in the building or group of buildings or development purchased for by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family occupy the dwelling unit when it becomes vacant as of the date of such statement and, (2) before noon on the day such statement is filed post a copy of such statement in a prominent place accessible to all tenants in each building covered by the plan.

7. Tenants or their representatives may physically inspect the Property at any time during normal business hours, upon written request made by them to the Sponsor, provided such representatives are registered architects or professional engineers licensed to practice in the State of New York.

8. No person shall engage in any course of conduct including, but not limited to, interruption of discontinuance of essential services, which substantially interferes with or disturbs the comfort, repose, peace or quiet of any tenant in his use or occupancy of his dwelling unit or the facilities related thereto.

Upon a transfer of the shares of the Apartment Corporation allocated to an apartment occupied by a non-purchasing tenant, the non-purchasing tenant will be notified in writing of such transfer within thirty (30) days thereafter by certified mail.

(b) <u>Condominium</u>

The Commercial Units are being offered for sale at the prices listed in Schedule C, at page 25 of the Plan. The purchase prices of these Units are negotiable at any time. However, the Plan will be amended to reflect (i) a general price change effecting a group, line or other category of Units (as opposed to an isolated price change), (ii) a price change to be

advertised in a newspaper or other media, or (iii) a higher price to an individual purchaser. The Residential Unit will be owned by the Apartment Corporation by virtue of an amendment to the Certificate of Incorporation of the Sponsor. Shares of stock in the Apartment Corporation corresponding to the individual apartments in the Residential Unit may be purchased at the prices listed in Schedule A at pages 11-16 of the Plan.

No non-purchasing tenant shall be discriminated against in way with respect to the level of service or equipment to be provided by law.

Summary of Certain Provisions of the Omnibus Housing Act of 1983

The Omnibus Housing Act of 1983 (Chapter 403 of the Laws of 1983) gave tenants certain rights which will continue after the Closing Date for non-purchasing tenants.

Registration - Each apartment subject to rent stabilization must be registered annually by its owner with the New York State Division of Housing and Community Renewal ("DHCR"). Rent controlled apartments must also be registered with DHCR since the apartments are in buildings where there are rent stabilized apartments. The registration must include the rent charged for the apartment on the registration date and a list of all services provided on the date the apartment became subject to rent stabilization or rent control. The registration information may be made available to a tenant, owner, lessor or subtenant or his authorized representative.

Roommates - A landlord may not restrict occupancy of an apartment to a tenant or tenants or such tenants' immediate family. Any lease entered into by one tenant shall be construed to permit occupancy by the tenant, the immediate family of the tenant, and one additional occupant and dependent children of the occupant. Any lease entered into by two or more tenants shall be construed to permit occupancy by tenants, the immediate family of tenants, occupants and dependent children of occupants, provided the total number of tenants and occupants, excluding occupants' dependent children, does not exceed the number specified in the lease and at least one tenant or a tenant's spouse occupies the premises as his primary residence. The tenant must inform the landlord of the name of any occupant within 30 days following the commencement of occupancy by such person or within 30 days following a request by the landlord. Without express written permission of the landlord, no occupant or occupant's dependent child shall acquire any right to continued occupancy or any other rights of tenancy if the tenant vacates.

Assignment - A tenant may not assign his lease without the written consent of the landlord, which consent may be unconditionally withheld without cause provided the landlord releases the tenant from the lease.

Subleasing - A tenant of a rent stabilized apartment may sublease with the landlord's consent, which consent may not be unreasonably withheld. The landlord may request additional information of the tenant. The tenant must notify the landlord of an intent to sublease by certified mail return receipt requested. The notice must contain specific information on the sublease including (i) the term of the sublease, (ii) the name of the proposed subtenant, (iii) the business and permanent home address of the proposed subtenant, (iv) the tenant's reason for subletting, (v) the tenant's address for the term of the sublease, (vi) the written consent of any co-tentant or guarantor of the lease and (vii) a copy of the proposed sublease acknowledged by the tenant and proposed subtenant. Within thirty days of the tenant's notice or the providing additional information by the tenant, the landlord must send a notice consenting to the sublease or stating his reasons for refusing consent. The Act also imposes specific requirements on a sublease. Some of these are:

(a) the rental charged to the subtenant shall not exceed the stabilized rent plus a ten percent surcharge payable to the tenant if the unit sublet is furnished with the tenant's furniture;

(b) the tenant can establish that at all times he maintained the unit as his primary residence and intends to reoccupy it as such at the expiration of the sublease;

(c) the tenant may not sublet the unit for more than a total of two years, including the term of the proposed sublease, out of the four-term period preceding the termination date of the proposed sublease.

A tenant of a rent-controlled apartment does not have the right to sublet unless such right was granted in the last effective lease for the apartment.

Primary Residence - A landlord of a rent-controlled or rent-stabilized apartment may seek to recover possession of the apartment on the grounds that the apartment is not occupied by the tenant as his primary residence. A landlord must give thirty days notice to the tenant of his intention to commence an action based on lack of primary residence. The action may then be commenced in a court of competent jurisdiction.

OBLIGATIONS OF HOLDERS OF SHARES ALLOCATED TO DWELLING UNITS OCCUPIED BY NON-PURCHASING TENANTS

A person interested in purchasing the shares of the Apartment Corporation allocated to an apartment occupied by another will purchase same and obtain a Proprietary Lease therefor subject to the rights of the existing tenant. Under existing law, a purchaser of the shares of the Apartment Corporation allocated to an apartment occupied by an existing tenant may not obtain possession of such apartment so long as the existing tenant does not default in paying rent, use or occupy the apartment for illegal purposes, refuse reasonable access to the owner or commit a similar breach of his lease or tenancy. Furthermore, a non-occupant purchaser of the shares of the Apartment Corporation allocated to an apartment occupied by another may not commence an action to recover possession on the grounds that he seeks the dwelling unit for the use and occupancy of himself or his family. Upon the expiration of a rent stabilized tenant's lease he will be entitled to obtain a one or two year renewal lease (at the tenant's option), at an increased rental determined in accordance with the provisions of the Rent Stabilization Law and Code. The rent stabilized tenant will be entitled to obtain a sequential renewal lease as each lease held by him expires. A rent controlled tenant ususally does not execute a renewal lease, but is entitled to remain in possession of his apartment at an annual increased rental determined in accordance with the Rent, Evicition and Rehabilitation Regulations.

The Apartment Corporation, the Sponsor, and the Selling Agent make no representation as to the controlling regulations and statutes and a prospective purchaser of shares allocated to an apartment occupied by another is advised to consult with an attorney regarding the applicable laws and regulations to be fully aware of his rights as a purchaser and his obligations to any existing tenant or occupant.

If a tenant fails to pay rent or otherwise breaches his lease or the terms of his tenancy and such default is not cured within any applicable grace period or fails to renew his lease, the purchaser of such apartment may, at his own expense, bring administrative and/or judicial proceedings to gain possession of the apartment. In a dispossess proceeding the court has discretionary power to stay the issuance of a warrant of eviction for not more than six (6) months, depending upon the availability of other suitable accommodations and upon other factors.

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

All costs and expenses incurred in connection with the ownership of the shares allocated to an apartment and the Proprietary Lease appurtenant thereto occupied by another (including, without limitation, legal fees and litigation expenses for enforcing the lease and obtaining possession of the apartment) will be borne entirely by the purchaser.

If a purchaser acquires shares of the Apartment Corporation allocated to an apartment occupied by another, then on the Closing Date the purchaser will become the landlord of such occupant and the latter will become the purchaser's tenant. Such purchaser will be required, under the Proprietary Lease, to pay the maintenance charges for such apartment to the Apartment Corporation, whether or not such maintenance charges are more or less than the rent payable by the tenant or occupant and regardless of whether the rent is received. In addition, such purchaser will be responsible for the performance of all obligations as landlord under the lease, or tenancy of, the tenant or occupant, including, without limitation, the obligations to maintain, repair and replace plumbing fixtures, refrigerator, range, any dishwasher, lighting fixtures, and other equipment (if any) in the apartment, and to paint the apartment, as provided in the lease and the applicable laws. Prospective purchasers of shares of the Apartment Corporation allocated to an apartment occupied by another may and should examine the lease of the occupant to ascertain his obligations to such occupant.

No representation or warranty is made as to whether the present rent laws and regulations will continue to apply to any apartments in the Building or whether there will be any future amendment thereto.

A person interested in purchasing the shares of the Apartment Corporation allocated to an apartment in which he does not reside is advised to examine any lease for such apartment to ascertain the rental thereof, expiration date, and obligations imposed on the landlord thereof. These leases are on file at the office of the Managing Agent. It is again recommended that a prospective purchaser of the shares of the Apartment Corporation allocated to an occupied apartment consult with his own attorney.

A purchaser of the shares of the Apartment Corporation allocated to an apartment subject to a lease will be entitled to receive the unapplied portion of any security deposit held by the Sponsor under the terms of the lease. Such security must be held by the purchaser, in trust, in an interest bearing account in accordance with Section 7-103 of the New York General Obligations Law. Upon delivery of such security deposit the purchaser will be required to execute, have notarized, and deliver to Sponsor an agreement acknowledging the amount received and indemnifying the Sponsor and the Apartment Corporation against all claims and liability in connection therewith. In either event, Sponsor will have the right to deduct from any tenant's security deposit the amount of any rent arrears due to Sponsor from such tenant or occupant.

A purchaser of the shares of the Apartment Corporation allocated to an apartment occupied by a non-purchasing rent stabilized tenant must register with the Rent Stabilization Assocation.

A purchaser of shares of the Apartment Corporation allocated to an apartment occupied by another will irrevocably appoint the Apartment Corporation's Managing Agent and its successors or the Apartment Corporation, if it does not employ a managing agent, as purchaser's agent to provide such tenant or occupant of the apartment all services and facilities required by law. Such appointment shall be made in the Purchase Agreement executed by the purchaser.

A person who purchases the shares of the Apartment Corporation allocated to an apartment occupied by a non-purchasing tenant (other than a holder of Unsold Shares) shall deposit with the managing agent of the Building at the Closing a sum equal to two (2) months maintenance charges, to be used by such managing agent as working capital to furnish to the non-purchasing tenant all services required under the non-purchasing tenant's lease and all laws and rent regulations applicable to the tenancy of the apartment. Upon notice by the managing agent that said deposit has been diminished such fund shall be replenished by the owner of the shares of the Apartment Corporation allocated to such apartment within sixty (60) days after receipt of such notice, so that the amount of such fund shall always be equal to two (2) months maintenance charges. Such fund shall be terminated when the apartment is vacated by the non-purchasing tenant. If the Apartment Corporation does not employ a Managing Agent, then the fund shall be maintained by the Apartment Corporation in the same manner as aforesaid. The failure of the shareholder to replenish the fund in a timely manner shall result in a lien in favor of the Apartment Corporation against the shares allocated to the apartment. Interest, if any, earned on the fund shall be the property of the shareholder.

RELOCATION ALLOWANCE

Sponsor will pay to each tenant in occupancy as of the date of presentation of the Plan (hereinafter referred to in this section as "tenant") who elects not to purchase the shares of the Apartment Corporation allocated to his apartment a Relocation Allowance (See pages 71-76 of the Plan for the Relocation Allowance to be paid to each tenant who elects not to purchase in accordance with this provision) if such tenant complies with all of the following conditions:

(1) The tenant must give to Sponsor written notice by certified or registered mail, return receipt requested, in the form set forth at page 70 no later than thirty (30) days after the presentation of the Plan of tenant's intent to surrender possession pursuant to the provisions hereof;

(2) The tenant must vacate and surrender possession of his apartment to Sponsor no later than one hundred twenty (120) days after the presentation of the Plan, free and clear of all tenants, occupants, and rights of others in possession. **Time is of the essence** with regard to the tenant's obligation to vacate and surrender possession by such date. If such tenant shall fail to vacate and surrender posssession of his apartment as hereinbefore set forth, then in such event the Sponsor shall not be obliged to pay the Relocation Allowance and the tenant shall be entitled to remain in possession of his apartment subject to the provisions of the Plan;

(3) At the time the apartment is vacated and possession delivered, it must be in substantially the condition it is at the date hereof, reasonable wear and tear excepted, broom clean and with all personal belongings and floor coverings removed; tenant shall deliver to Sponsor all keys to exterior doors; and tenant must have paid all rent and other sums (if any) due Sponsor and shall otherwise not be in breach of his lease or tenancy.

The Relocation Allowance shall be paid to the tenant when he vacates the apartment and delivers to Sponsor all keys to exterior doors at which time Sponsor shall return tenant's unapplied rent security, if any.

The Relocation Allowance is a personal right which is not assignable or otherwise transferable. It will not be paid in the event the non-purchasing tenant dies before having given notice of intent to vacate as provided herein. It will be paid to the personal representative of such a tenant who dies after having given timely notice as herein provided, if all of the other conditions herein set forth are met. In the absence of a personal representative, the Relocation Allowance will be paid to the spouse, child, or parent of a tenant in this order of priority, provided such family member resided in the apartment at the date of presentation of the Plan,

that the tenant thereafter died while such family member continued to reside therein and further provided the family member complies with all of the conditions set forth above. PURCHASERS SHOULD CONSULT THEIR ATTORNEY OR ACCOUNTANT AS TO THE INCOME TAX CONSEQUENCES, IF ANY, OF THE STIPEND.

A tenant is not required to elect the Relocation Allowance. If he does not elect the Relocation Allowance he will be entitled to remain in possession of his apartment provided he is not in violation of his lease or tenancy.

AGREEMENT TO VACATE

(To Be Signed by Each Tenant of the Apartment and returned to the Selling Agent within 30 days from presentation of this Plan)

Date: _____

HNP REALTY, INC.
c/o ABG International Properties, Inc.
39 Broadway
New York, New York 10006

Re: Apartment No. _____
123-25 82nd Avenue
a/k/a 120-86 Queens Boulevard
Kew Gardens, New York

Dear Sirs:

I am presently the tenant of the above apartment.

I agree to vacate the apartment on or before _____.

When I vacate the apartment and deliver to you all keys to exterior doors you agree to pay me a Relocation Allowance in the sum of $_____.

When I vacate the apartment you will return to me my security deposit in the sum of $_____, together with any undistributed interest, provided that I do not owe you additional amounts under my lease or tenancy.

When I vacate the apartment I agree that my lease or tenancy will be automatically cancelled and terminated and I will deliver to you all keys for my apartment, the outer door of the Building and my mailbox key.

I agree to permit the Selling Agent to show my apartment to prospective purchasers upon reasonable notice to me.

_____

_____

Telephone Number:

Day:_____

Evening:_____

RELOCATION ALLOWANCE

123-25 82nd Avenue
a/k/a 120-86 Queens Boulevard
Kew Gardens, New York

Apartment	Number of Shares	Stipend
1-A	148	$7,400.00
2-A	155	7,750.00
3-A	159	7,950.00
4-A	163	8,150.00
5-A	167	8,350.00
1-B	98	4,900.00
2-B	105	5,250.00
3-B	109	5,450.00
4-B	113	5,650.00
6-B	117	5,850.00
2-C	128	6,400.00
3-C	131	6,550.00
5-C	137	6,850.00
6-C	137	6,850.00
1-D	156	7,800.00

RELOCATION ALLOWANCE

123-25 82nd Avenue
a/k/a 120-86 Queens Boulevard
Kew Gardens, New York

Apartment	Number of Shares	Stipend
3-D	167	$8,350.00
5-D	175	8,750.00
1-E	102	5,100.00
2-E	107	5,350.00
4-E	113	5,650.00
5-E	116	5,800.00
6-E	116	5,800.00
1-F	187	9,350.00
3-F	197	9,850.00
4-F	200	10,000.00
5-F	203	10,150.00
1-G	187	9,350.00
2-G	193	9,650.00
3-G	197	9,850.00
4-G	200	10,000.00

RELOCATION ALLOWANCE

123-25 82nd Avenue
a/k/a 120-86 Queens Boulevard
Kew Gardens, New York

Apartment	Number of Shares	Stipend
5-G	203	$10,150.00
6-G	203	10,150.00
1-H	100	5,000.00
2-H	104	5,200.00
3-H	107	5,350.00
4-H	111	5,550.00
5-H	112	5,600.00
6-H	112	5,600.00
3-J	176	8,800.00
4-J	179	8,950.00
5-J	182	9,100.00
6-J	182	9,100.00
1-K	175	8,750.00
2-K	180	9,000.00
3-K	184	9,200.00

RELOCATION ALLOWANCE

123-25 82nd Avenue
a/k/a 120-86 Queens Boulevard
Kew Gardens, New York

Apartment	Number of Shares	Stipend
4-K	189	$ 9,450.00
5-K	193	9,650.00
6-K	193	9,650.00
1-L	114	5,700.00
2-L	119	5,950.00
5-L	129	6,450.00
6-L	129	6,450.00
1-M	118	5,900.00
2-M	125	6,250.00
3-M	129	6,450.00
4-M	133	6,650.00
5-M	137	6,850.00
6-M	137	6,850.00
2-N	195	9,750.00
3-N	199	9,950.00

RELOCATION ALLOWANCE

123-25 82nd Avenue
a/k/a 120-86 Queens Boulevard
Kew Gardens, New York

Apartment	Number of Shares	Stipend
5-N	207	$10,350.00
2-P	90	4,500.00
3-P	93	4,650.00
5-P	99	4,950.00
6-P	99	4,950.00
1-R	120	6,000.00
2-R	124	6,200.00
3-R	127	6,350.00
4-R	130	6,500.00
5-R	133	6,650.00
6-R	133	6,650.00
1-S	172	8,600.00
2-S	177	8,850.00
4-S	183	9,150.00
6-S	187	9,350.00

RELOCATION ALLOWANCE

123-25 82nd Avenue
a/k/a 120-86 Queens Boulevard
Kew Gardens, New York

Apartment	Number of Shares	Stipend
1-T	92	$ 4,600.00
2-T	97	4,850.00
3-T	100	5,000.00
6-T	106	5,300.00
1-V	168	8,400.00
2-V	175	8,750.00
3-V	179	8,950.00
4-V	183	9,150.00
6-V	187	9,350.00

MAINTENANCE SUBSIDY FOR PURCHASERS OF VACANT APARTMENTS

The Sponsor will provide a maintenance subsidy equal to Four ($4.00) Dollars per share per annum to each purchaser who enters into a Purchase Agreement to purchase a vacant apartment on or before the date the Plan is declared effective. The maintenance subsidy shall commence on the date of conversion of the Residential Unit to cooperative ownership and shall continue for a period of two (2) years from the date of conversion.

The maintenance subsidy is available only to purchasers of vacant apartments as hereinabove set forth.

The payments of the maintenance subsidy shall be secured by an assignment to the Apartment Corporation of the interest payments due under the wrap-around mortgage to be held by the Sponsor.

INTERIM LEASES

The Sponsor reserves the right to rent or lease vacant apartments (including any apartments which become vacant after the date of presentation of the Plan) to purchasers and non-purchasers. However, once a vacant apartment is sold, and so long as the Purchase Agreement is in effect, it may only be leased to the purchaser of such apartment. The lease will be for such rent (but not to exceed the maximum rent legally collectible) and other terms as may be mutually agreed upon. The lease shall be prepared on the standard form of apartment lease currently published by the Real Estate Board of New York, Inc. Such lease will be subject to the Rent Stabilization Law and Code adopted pursuant thereto. The term of such lease shall be for a period which will expire on the date of closing of title in the event this plan shall be declared effective, or one year after the date of execution of said lease in the event the Plan shall not thereafter be declared effective in accordance with its terms. In the event the Plan is abandoned, the Purchaser, Tenant under said lease may, at any time at his or her sole option, cancel said lease and remove from the premises upon 90 days' prior written notice to the Sponsor at the address set forth on the cover page of the Plan or may remain in possession of the premises if he or she so elects, subject to any rent regulations. Such lease will also provide that an uncured default by the purchaser under his Purchase Agreement will constitute a default under the lease entitling the landlord (i.e., Sponsor), at its sole option, to immediately terminate such lease. The Purchase Agreement contains a similar cross-default provision entitling the Apartment Corporation to cancel the Purchase Agreement in the event the purchaser fails to cure a default under his lease within the applicable grace period (if any) and such default results in his eviction from the apartment (whether by voluntary removal or by court order). An uncured default under such lease or Purchase Agreement may cause a purchaser to forfeit his downpayment, but in no event shall such forfeiture be more than ten (10%) percent of the total cash price. No portion of the rental paid under such lease will be credited toward the apartment's total cash price.

In the event of an amendment to the Plan which would permit a purchaser who is an interim lessee the right to rescind his Purchase Agreement, such rescission will be conditioned upon the cancellation of the purchaser's interim lease and surrender of possession of the apartment within forty-five (45) days after such rescission.

PROCEDURE TO PURCHASE

(a) Cooperative Apartments

A person desiring to purchase a block of shares is required to execute in quadruplicate a Purchase Agreement in the form contained at page 143 and one copy of Form TP-581 contained at page 145 (signatures on Form TP-581 must be notarized) and return them to the Selling Agent, together with a check equal to ten (10%) percent of the Total Cash Price.

No Purchase Agreement will be accepted until the third day after presentation of the Plan. In the event the Plan is amended, no Purchase Agreement will be accepted from a purchaser who has not yet purchased until the third day after presentation of such amendment.

A Purchase Agreement properly executed and submitted by an existing tenant during the ninety (90) day exclusive period afforded tenants to purchase the shares of the Apartment Corporation allocated to his apartment and covering the shares allocated to his apartment will be deemed accepted. A Purchase Agreement submitted by any other prospective purchaser, including an existing tenant who submits a Purchase Agreement after the ninety (90) day exclusive period afforded tenants, or an existing tenant who submits a Purchase Agreement for an apartment other than his own, will not be binding on the Apartment Corporation until a fully executed duplicate original of such Purchase Agreement is returned to such prospective purchaser. If such duplicate Purchase Agreement is not returned to the prospective purchaser within twenty (20) days after it is received by the Selling Agent, it will be deemed rejected and all monies submitted with such Purchase Agreement will be promptly returned to such prospective purchaser, without interest.

After the Plan is declared effective, each purchaser will be given fifteen (15) days' written notice within which he must send the balance of the purchase price to the Selling Agent. Such notice shall not be sent unless the Closing under the Plan has been scheduled to occur within not less than thirty (30) nor more than sixty (60) days after the balance of the purchase price is due. Such balance is to be paid by unendorsed certified check of purchaser, official bank or cashier's check, drawn on a New York bank which is a member of the New York Clearing House Association. Notwithstanding the foregoing, any portion of the purchase price to be financed may be paid on the Closing Date from the proceeds of the loan; provided, however, that by the date such balance of the purchase price is due, the Apartment Corporation shall have been furnished with a copy of a written commitment from the institutional lender for the portion of the purchase price to be financed, and copies of all documents which the lending institution will require the Apartment Corporation to execute (all of which must be in form satisfactory to counsel for the Apartment Corporation).

Of course, that portion of the purchase price which is not being financed, must be paid within the aforesaid fifteen (15) day period.

In addition to the written notice described in the preceding paragraph, each purchaser shall be sent two copies of the Proprietary Lease which he is required to sign, notarize and return to the Selling Agent within 15 days after they are sent to him.

All checks (i.e. the 10% down payment and the balance due after the Plan is declared effective) are to be drawn to the direct order of "THE CURTIS RESIDENCE LTD., Special Account" and mailed or personally delivered to the Selling Agent, ABG International Properties, Inc., 39 Broadway, New York, New York 10006, or the sales office at the Building, to which address the two executed copies of the Proprietary Lease and loan commitment (if applicable) must also be sent, all within the time limits prescribed above.

If the purchaser fails to pay the unfinanced balance of his purchase price or to sign and return said Proprietary Lease within the aforesaid 15-day period, or if the Apartment Corporation fails to receive the financed portion of the purchase price by the Closing Date, and any such failure is not cured within a further period of thirty (30) days after sending written notice thereof, the Apartment Corporation's sole remedy is to cancel the Purchase Agreement and retain as and for liquidated damages all payments made thereunder but in no event to exceed 10% of the purchase price. Any payments received in excess of 10% of the purchase price, shall be refunded to the purchaser with reasonable promptness after cancellation. The failure to cure such default within said final thirty (30) day grace period will subject purchaser to forfeiture of his contract deposit not to exceed 10% of the total cash price. In the event the Purchase Agreement is cancelled, the Apartment Corporation will have the right to sell the shares and related Proprietary Lease to others as though said Agreement had never been made (and without accounting to purchaser for the proceeds of such sale), and purchaser, Apartment Corporation and Sponsor shall be relieved of all further liability and obligations thereunder and under the Plan.

In addition, if a tenant-purchaser is evicted from his apartment due to the failure to pay rent or otherwise comply with any other obligations of his lease or tenancy, his Purchase Agreement may (at the option of the Apartment Corporation) be cancelled and all monies deposited thereunder forfeited, but in no event to exceed 10% of the purchase price.

There will be no apportionments for those apartments transferred on the Closing Date. With regard to any apartment transferred subsequent to the Closing Date, the Sponsor and the purchaser will apportion, as of midnight of the day preceding the date of such transfer, the maintenance charges under the Proprietary Lease being transferred and utility charges (if any) due the Apartment Corporation. If such purchaser is a

tenant of the Building, the rent paid under his lease will be similarly apportioned.

The Sponsor will hold all monies received by it directly or through Sponsor's agents, employees or escrow agent (if any), in trust, in a non-interest bearing segregated escrow account at Manufacturers and Traders Trust Company, 654 Madison Avenue, New York, New York 10022 entitled "THE CURTIS RESIDENCE LTD. Special Account" until the Closing Date. In the event that an insufficient number of shares are sold to consummate the Plan or the Plan is abandoned or withdrawn for any reason or the first block of shares is not transferred to the purchaser of same on or prior to twenty-four (24) months from the date of presentation of the Plan, then all monies shall be fully returned to purchasers without interest. All monies received under each Purchase Agreement shall be held in such special account, and may not be withdrawn therefrom until the Purchase Agreement is consummated (i.e. the pertinent block of shares is transferred to the purchaser) or cancelled due to purchaser's default, or the Plan is abandoned, whereupon such monies shall be paid to the party entitled to receive same as set forth in the Purchase Agreement. The amounts paid by the purchasers will be handled in accordance with the provisions of Sections 352-e(2)(b) and 352-h of the New York General Business Law.

Until such time as completion of the sale and consummation of the Plan, funds deposited in trust as down payments or as the purchase price for shares allocated, will be under the control of Stark, Elman, Amron, Barash & Narotsky and will be disbursed only upon signature of counsel for the Apartment Corporation (Stark, Elman, Amron, Barash & Narotsky), to be used for purchase of the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM if the Plan is declared effective and title closes, or returned to the purchaser if the Plan is abandoned or withdrawn or if title does not close as herein provided, or if the required number of tenant occupants do not purchase the shares allocated to their apartments pursuant to the terms of the Plan.

Sponsor shall pay any real property transfer gains tax due upon the sale of the Apartments and on the transfer of the Commercial Condominium Unit to its nominee.

In the event the Plan is amended prior to the expiration of any exclusive purchase period afforded tenants or prior to the Plan being declared effective, whichever is later, and such amendment contains terms more favorable than those previously offered to existing tenants, then in such event Purchase Agreements previously executed by existing tenants shall be deemed amended to include the more favorable terms.

Any purchase of the shares of the Apartment Corporation allocated to an apartment is subject to the terms and conditions of an existing lease or

tenancy and subject to the rights of an existing tenant or occupant as set forth in any applicable rent law.

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

The purchase of the shares allocated to an apartment is not contingent upon the purchaser's ability to obtain financing. Therefore, purchasers must be prepared to pay the total cash price to the Sponsor at the Closing or forfeit their down payment in an amount not to exceed ten (10%) percent of the total cash price.

(b) Condominium Units

Procedure to Purchase

A person desiring to purchase a Unit will be required to execute, six copies of a Purchase Agreement in the form set forth in Part II of the Plan and one (1) copy of Form TP-581 in the form set forth in Part II of the Plan (signatures on Form TP-581 must be notarized). Purchaser must deliver all of the above documents to the Selling Agent, together with a check in the amount of five (5%) per cent of the purchase price payable directly to the order of "THE CURTIS RESIDENCE LTD., Special Account". The Purchase Agreement contains the terms and conditions upon which the Unit will be sold and should be read carefully by the prospective Purchaser and his or her legal or financial representative before being executed. Purchasers shall have at least three (3) business days to review the Plan and all filed amendments prior to executing a Purchase Agremeent.

A Purchase Agreement submitted by any purchaser will not be binding on the Sponsor until a fully executed duplicate original of such Purchase Agreement is returned to such prospective purchaser. If such duplicate Purchase Agreement is not returned to the prospective purchaser within twenty (20) days after it is received by the Selling Agent, it will be deemed rejected and all monies submitted with such Purchase Agreement will be promptly returned to such prospective purchaser, without interest. Except as otherwise provided herein with respect to tenants who execute Purchase Agreements for the Unit in which they reside, Sponsor may reject any Purchase Agreement without cause or explanation so long as such rejection is not based upon race, creed, color, national origin, ancestry, sex, or any other ground prohibited by law.

After the Plan is declared effective, Sponsor will give each Purchaser not less than thirty (30) days' prior written notice of the date, time and place (in the City of New York) for the transfer of title to his or her Unit. At title closing, such Purchaser shall pay the balance of the Purchase Price stated in the Purchase Agreement by his or her

unendorsed certified personal check or by official cashier's check payable directly to "THE CURTIS RESIDENCE LTD., Special Account" drawn on a New York bank, a member of the New York Clearing House Association, and execute a Unit Owner's Power of Attorney.

Terms of Purchase Agreement

The following is a summary of certain material provisions of the Purchase Agreement, but is not intended as a complete statement of these or other important provisions of the same. Reference should be made to the form of Purchase Agreement set forth as Document Number 1 in Part II of the Plan for the complete terms of these and other material provisions:

(a) **Incorporation of Plan**

The Plan (including, without limitation, the Condominium Documents contained in Part II of the Plan) and any amendments thereto duly filed by Sponsor are incorporated into each Purchase Agreement by reference. The execution and submission of a Purchase Agreement constitutes Purchaser's acceptance of the Plan (Parts I and II) and his or her agreement to abide and be bound by the terms of the same, as well as all amendments to the Plan duly filed by Sponsor. No Purchaser shall have the right to approve or consent to any such amendments, including, without limitation, any changes, modifications, or updating of the estimated Common Charges or estimated real estate taxes and assessments to be paid by the Purchaser or the "BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION" and no such amendment will excuse a purchaser from performing his or her obligations under a Purchase Agreement or entitle such purchaser to any credit or offset against the purchase price set forth therein. However, if an amendment materially adversely affects the rights, obligations or liabilities of then existing Purchasers not then in default under the terms of their Purchase Agreement, such Purchasers will be given the right to rescind their Purchase Agreements by notifying Sponsor within fifteen (15) days of presentation of such amendment and will receive a refund of their Down Payment, without interest (unless interest is earned), within thirty (30) days after Sponsor's receipt of Purchaser's election to rescind.

(b) **Trust Funds**

All monies received by Sponsor, directly or through its agents or employees shall be held in trust and deposited into a non-interest bearing special segregated escrow account at Manufacturers and Traders Trust Company, 654 Madison Avenue, New York, New York 10021, entitled "THE CURTIS RESIDENCE LTD. Special Account". In the event that the Plan is abandoned or withdrawn or any Purchase Agreement is cancelled pursuant to its terms through no fault of the Purchaser, such monies shall be refunded to the appropriate Purchaser together with interest earned thereon, if any. However, with respect to any Purchaser who has defaulted

under his or her Purchase Agreement and who has failed to cure the default within the applicable grace period (if any) or whose Purchase Agreement had been previously cancelled due to an uncured default as of the date of such abandonment or withdrawal, Sponsor shall retain, as and for liquidated damages, the Down Payment (but not to exceed 10% of the purchase price) plus any additional sums deposited on account of any special work in the Unit ordered by the Purchaser, together with interest earned thereon, if any, (hereinafter collective called the **"Liquidated Sum"**). Any sums deposited with Sponsor in excess of the Liquidated Sum (together with interest earned on such excess sums, if any) will be refunded to the delinquent Purchaser within thirty (30) days after the date of such abandonment or withdrawal. The monies received under each Purchase Agreement may not be withdrawn from the escrow account until (i) title to the Unit is transferred to the Purchaser, in which event said monies shall be delivered to Sponsor at closing; or (ii) the Purchase agreement is cancelled, in which case such monies and the interest earned thereon, if any, shall be paid to the party entitled to receive the same as set forth in the Purchase Agreement. The amounts paid by Purchasers will be handled in accordance with the provisions of Sections 352-e(2)(b) and 352-h of the New York General Business Law.

Until such time as completion of the sale and consummation of the Plan, funds deposited in trust as Down Payments or as the purchase price for Units, will be released only upon the signature of a member of the firm of Stark, Elman, Amron, Barash & Narotsky for the purchase of the Unit if the Plan is declared effective and title closes, or returned to the purchaser if the Plan is abandoned or withdrawn or if title does not close as herein provided, or if the required number of tenant occupants do not purchase the Units pursuant to the terms of the Plan or distributed to the Sponsor if the Purchaser is in default.

(c) **Events of Default**

In the event that a Purchaser (i) defaults in paying the balance of the Purchase Price on the date scheduled by Sponsor for closing title to his or her Unit, (ii) defaults in performing some other obligation under the Purchase Agreement and fails to cure such default within fifteen (15) days after Sponsor sends written notice to such Purchaser specifying the nature of the default, or (iii) is or becomes a tenant or occupant of the Building and is evicted for failure to pay rent or to perform some other lease or tenancy obligation (whether by voluntary removal or by court order), Sponsor's sole remedy is to cancel the Purchase Agreement by sending thirty (30) days' written notice to such Purchaser and, if such Purchaser shall fail to cure such default within the said thirty (30) day period, to retain, as and for liquidated damages, the Liquidated Sum. Any payments received by Sponsor in excess of the Liquidated Sum, together with any interest earned on such excess payments, if any, shall be refunded to the Purchaser with reasonable promptness after cancellation.

If a Purchaser is or becomes a tenant or occupant of the Building and fails to pay rent or otherwise to comply with his or her lease obligations or vacates or abandons his or her Unit, then Sponsor may cancel his or her Purchase Agreement as set forth above whether or not such Purchaser is evicted from the Building by reason thereof. However, if such Purchaser is not evicted from the Building by reason of such default, vacating or abandonment, Sponsor shall return to such Purchaser all monies deposited under the Purchase Agreement, together with the interest earned thereon, if any.

In the event that a Purchase Agreement is cancelled, both Sponsor and the Purchaser shall be relieved of all further obligations and liabilities thereunder and under the Plan, and Sponsor shall be free to sell the Unit to another as though such Purchase Agreement had never been made and without accounting to the Purchaser for the proceeds received on such sale.

(d) **Units Sold "As Is"; Fixtures and Appliances**

The Units and the Building are being sold in the condition in which they exist at the time of signing the Purchase Agrement, subject to ordinary use, wear and tear and natural deterioration and subject, further, to Sponsor's obligation to maintain the Building until the First Closing to the extent indicated in "SPONSOR'S STATEMENT OF BUILDING CONDITION" at page 140 of the Plan. Sponsor will not be obligated to make repairs, modifications, or changes in or to any Unit unless expressly agreed to in writing. Each Purchaser will be given a reasonable opportunity to examine the Unit prior to closing, subject to the rights of any tenant or occupant of such Unit, and is urged to make a careful inspection.

At closing, each Unit will contain only those appliances, countertops, cabinets, sinks, vanities (if any), air-conditioning units (if any), hardware and other fixtures and equipment installed therein as of the date of the Purchase Agreement relating thereto that are owned by Sponsor. Each Unit is to be sold unfurnished, and there will be no modifications or extras unless agreed to in writing by the parties. Any appliances, furnishings, equipment, fixtures and other personal property owned by any tenant of the Unit will not be included in the sale. However, if the Unit is then occupied other than by the Purchaser and such tenant or other occupant removes a stove or refrigerator belonging to him or her, then Sponsor will supply a replacement, which need not be new, but will be in working order and similar in style and quality to the stoves and refrigerators owned by Sponsor that are contained in comparable Units in the Building on the date of presentation of the Plan.

(e) **Closing of Title**

The closing of title to each Unit will be held at the office of Stark, Elman, Amron, Barash & Narotsky, 1133 Avenue of the Americas, New York, New York 10036, on such day and at such hour as

Sponsor shall designate to the Purchaser of such Unit on not less than thirty (30) days' prior written notice. Sponsor has the right to postpone the closing date and to fix a new closing date. In such event, Sponsor shall give the Purchaser not less than ten (10) days' notice of the new date and time of closing. The closing shall take place only after or concurrently with the occurrence of the events set forth in the section entitled "CLOSING COSTS" at page 88 of the Plan. Purchasers desiring to arrange for such closing to take place at another location in New York City should promptly notify Counsel for Sponsor of that address and, in addition, will be responsible for the payment of an attendance fee to such Counsel. (See "CLOSING COSTS" at page 88 of the Plan.)

The foregoing shall not act to extend Sponsor's time to declare the Plan effective as set forth in the section entitled "EFFECTIVE DATE" at page 90 of the Plan and shall not affect Sponsor's right to abandon or withdraw the Plan as set forth in such section. In the event that the Plan is so abandoned or withdrawn, the Purchase Agreement will be deemed cancelled and all monies paid by the Purchaser thereunder, together with interest earned thereon, if any, shall be disbursed as discussed in the subsection entitled "Trust Funds" at page 83 of the Plan. After the funds are so disbursed, neither the Purchaser nor Sponsor shall have any claims against each other or against the Selling Agent in connection with the Purchase Agreement or the Plan, and all of the same shall be released and discharged from all liabilities under the Purchase Agreement and the Plan.

(f) **Broker**

The Purchaser will represent to Sponsor that he or she has not dealt with any broker other than the Selling Agent in connection with the acquisition of his or her Unit and will indemnify Sponsor against the claims of any other broker.

(g) **No Lien**

Neither the Purchase Agreement nor any monies deposited thereunder shall constitute a lien against the Property, including the Unit.

(h) **Agreement Is Not Contingent Upon Financing**

The Purchase Agreement to be signed by tenant Purchasers under the Plan is not conditioned upon the Purchaser's obtaining any financing from a bank or other source. Purchasers who desire to obtain financing should make their own arrangements in this regard. To avoid the risk of forfeiting the Down Payment, each purchaser should inquire about the availability, terms and costs of, as well as the purchaser's eligibility for, such financing from the lender of the purchaser's preference before signing and returning the Purchase Agreement. No representation

is made as to whether any purchaser will qualify for financing, or as to the terms, cost, or availability of financing.

See "CLOSING COSTS" at page 88 for a discussion of the costs to be incurred by purchasers who obtain financing from a bank or any other source.

(i) **Non-Survival of Obligations**

No provision of the Purchase Agreement shall survive the delivery of the deed, except those obligations expressly stated therein or in the Plan to so survive or to be performed subsequent to the closing. Any conflict between the Plan and the purchase agreement shall be resolved according to the terms of the Plan. Acceptance by Purchaser of the deed will constitute Purchaser's acceptance and acknowledgement of the full performance by Sponsor of, and the discharge of Sponsor from, all obligations under the Purchase Agreement, except those obligations expressly stated to survive or to be performed subsequent to delivery of the deed. Nothing contained herein will be in derogation of the rights of Purchasers under Article 23-A of the General Business Law or under the Plan.

ASSIGNMENT OF PURCHASE AGREEMENTS

Purchase Agreements may not be assigned by a purchaser.

CLOSING COSTS

Each purchaser of the shares of the Apartment Corporation allocated to an apartment in the Building will pay certain closing costs in addition to the legal fees of such purchaser's counsel. Such closing costs will include the following:

(i) A closing fee of $300.00 to Sponsor's counsel.

(ii) Purchasers who are financing the purchase of shares of the Apartment Corporation, will be required to pay Stark, Elman, Amron, Barash & Narotsky, at the time the unfinanced balance of the Total Cash Payment is due, a fee of $300.00 for services rendered in connection with reviewing the lender's recognition agreement and coordinating and attending the closing of the sale and the pledge of such Purchaser's shares and Proprietary Lease. The fee will be payable by Purchaser's unendorsed personal check made payable directly to the order of Stark, Elman, Amron, Barash & Narotsky. Such fee does not include the costs and disbursements Purchasers may be charged by the lending institution or other source from which financing is obtained. Purchasers are cautioned to determine such costs and disbursements prior to the execution of any loan documents.

(iii) If the Purchaser fails to close on the date designated by the Sponsor in accordance with the terms of the Plan or of his Purchase Agreement Purchaser shall pay to Sponsor's counsel an additional fee of $250.00.

(iv) If the closing occurs at a location other than the offices of Stark, Elman, Amron, Barash & Narotsky then the Purchaser will be required to pay an additional fee of $300.00 to Sponsor's counsel.

(v) If the Apartment Corporation consents to the assignment or transfer of a Purchase Agreement, a fee of $300.00 to the attorneys for the Apartment Corporation for reviewing the

assignment and assumption of assignment and preparation of the Apartment Corporation's form of consent to the assignment.

These fees are additive and due at the time of closing and will be payable by Purchaser's unendorsed check made payable directly to the order of Stark, Elman, Amron, Barash & Narotsky.

EFFECTIVE DATE

1. The Plan will not be declared effective until written purchase agreements have been executed and delivered for at least fifteen (15%) percent of all dwelling units in the Building purchased for by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family intends to occupy the dwelling unit when it becomes vacant. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the Plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made without discriminatory repurchase agreements or other discriminatory inducements. No more than one (1) Purchase Agreement by the tenant or tenants of a particular apartment dwelling shall be counted for purposes of declaring the Plan effective. Furthermore, only one (1) Purchase Agreement from any tenant who leases or occupies more than one (1) apartment dwelling shall be counted for purposes of declaring the Plan effective.

The Plan will not be declared effective based on Purchase Agreements:

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

(ii) conditioned upon an amendment to the Plan that has not been served on purchasers at least three (3) business days prior to execution of the Purchase Agreement;

(iii) with any purchaser who is the Sponsor or the Selling agent or is a principal of the Sponsor or the Selling Agent, or is related to the Sponsor or the Selling Agent or to any principal of the Sponsor or the Selling Agent by blood, marriage, or adoption or as a business associate, an employee, a shareholder, or a limited partner; except that such a purchaser other than the Sponsor or a principal of the Sponsor may be included if the Sponsor has submitted proof satisfactory to the Department of Law establishing that the purchaser is either a bona fide tenant or a bona fide purchaser who represents that he or she intends that he or she or one or more members of his or her immediate family intends to occupy the apartment dwelling when it becomes vacant.

2. After the condition in the preceding Paragraph 1 has been met, the Apartment Corporation (with the consent of the Sponsor) may, at its option, declare the Plan effective.

3. When Purchase Agreements have been executed and accepted for the sale of eighty (80%) percent of the shares of the Apartment Corporation offered under the Plan, and the condition referred to in the foregoing Paragraph 1 has been met, the Apartment Corporation must declare the Plan effective.

If the Plan has not been declared effective within fifteen (15) months from the date of issue of the letter of the Attorney General stating that the Plan has been accepted for filing, it will be deemed abandoned, void, and of no effect, and all monies will be returned to purchasers in full, without interest (unless interest is earned), within twenty (20) days after the filing of a notice of abandonment with the Department of Law. In the event of abandonment, no new plan for the conversion of the Building shall be submitted to the Attorney General for at least twelve (12) months after such abandonment.

The Plan will be declared effective by written notice to all purchasers and tenants of the Building delivered by personal delivery or regular mail. Within five (5) business days thereafter, the Plan will be amended to reflect that it has been declared effective. In no event will the Closing occur until such amendment has been accepted for filing.

Subject to obtaining the prior consent of the Sponsor, the Apartment Corporation may, at its option, declare the Plan abandoned for any reason whatsoever before it is declared effective or the eighty (80%) percent quota and other conditions referred to in the foregoing Paragraph 3 are met. Within thirty (30) days after the Plan is abandoned, all monies received from purchasers shall be refunded to them without interest unless interest is earned. If the Plan has not been declared effective within fifteen (15) months from the date of issuance of the letter from the Attorney General stating that the Plan has been accepted for filing, it will be deemed abandoned.

Once the Plan has been declared effective, it may not be abandoned except in the event of (i) the existence of a defect in title which cannot be cured for less than one-half (½%) percent of the Total Cash Offering and Mortgage Indebtedness in the aggregate (the "Stated Amount"); (ii) the existence of work orders of the mortgagee or insurance carrier received prior to the Closing Date, or violations of record noted before such Closing Date, which cannot be cured or complied (as reasonably estimated by Sponsor's engineer) for less than the Stated Amount; (iii) substantial damage or destruction of the Building by fire or other casualty which is not fully covered by insurance, (the costs of repair of which exceeds the Stated Amount), unless Sponsor elects to repair same, or the (iv) the taking of any portion of the Property by condemnation or eminent domain.

In calculating the Stated Amount of money relied upon by Sponsor for abandonment after effectiveness, any monies attributable to

the defects, violations, work orders, or determinations of any authority or regulatory association which exists on the date of presentation of the Plan and are either known to Sponsor or are a matter of public record shall be excluded.

The Sponsor will not be obligated to remedy radio and television antennae violations or violations to be performed by, or caused by the acts or omissions of tenants of the Building.

After the Plan has been declared effective, title to the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM will close on a date (herein sometimes called the "Closing Date") to be fixed by the Sponsor, which shall not be less than thirty (30) days nor more than approximately one hundred eighty (180) days thereafter, unless the Closing is adjourned.

On the Closing Date, the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM will be owned by the Apartment Corporation. Certificates for the shares of the Apartment Corporation and the accompanying Proprietary Leases will be dated as of the Closing Date and will be delivered promptly thereafter to each purchaser who has paid the entire Total Cash Payment and otherwise complied with his obligations under the Purchase Agreement. Each such purchaser will be responsible for the payment of maintenance charges under his Proprietary Lease commencing on the Closing Date, whether or not he has taken possession of the apartment and whether or not the tenant in possession, if there is one, pays the rent required to be paid by him.

SUMMARY OF CERTAIN PROVISIONS OF CONDOMINIUM DECLARATION AND BY-LAWS

The Condominium will consist of ten (10) Units: nine (9) Commercial Units and the Residential Unit. The Condominium will be formed by filing a Condominium Declaration and by-laws by the Sponsor (the owner in fee simple of the land and the Building) with the Register of the City of New York, County of Queens on or before the transfer of title of the Residential Condominium Unit to the Apartment Corporation. A copy of the Declaration is set forth in Part II, beginning on page 150. A copy of the By-Laws is set forth in Part II beginning on page 151.

The Commercial Units

The Commercial Units will consist of a portion of the cellar including nine (9) stores and/or offices, as shown on the floor plans for the building prepared by Serge Klein, Architect A.I.A., which will be filed in the office of the Register of the City of New York, Queens County. The Commercial Units include in the aggregate a 12.5% undivided interest in the Common Elements. The Commercial Units are subject to the following leases:

	Tenant/Use	Lease Expiration	Present Rent Per Annum
Unit No. 1	Empress Gardens (chinese restaurant)	2/29/92	46,760.00
Unit No. 2	Vacant		
Unit No. 3	Lee Food (Delicatessen)	month-to-month	24,000.00
Unit No. 4	Nu-Place Realty (subleased to Robert Tolle for law offices)	5/31/87	13,092.00
Unit No. 5	Blimpies (restaurant)	10/31/95	33,153.00
Unit No. 6	Gerenashvili Jewelery (jewelery store)	11/30/95	16,094.00
Unit No. 7	Yogurt Supreme (sale of yogurt products)	4/14/92	19,200.00

Unit No. 8	Assaedi Candy (candy store)	3/31/96	$18,092.00
Unit No. 9	Elmer W. Fleming (City Marshall)	5/31/89	19,600.00

The Sponsor will at the closing cause a nominee(s) to obtain ownership of the Commercial Units and the nominee(s) will offer the Commercial Units for sale. The Condominium Declaration provides that the Commercial Units may be used, leased or subleased for any lawful purpose without prior consent of the Condominium Board of Managers.

The Residential Unit

The Residential Unit will consist of 108 residential apartments located on floors 1 through 6 of the building and includes the superintendent's apartment in the basement. The Residential Unit also includes an undivided 87.5% interest in the Common Elements. The Residential Unit will be owned by the Apartment Corporation on the closing date.

Common Elements

The Common Elements consist of the Land and those rooms, areas, corridors and other portions of the Building described in Article 7 of the Condominium Declaration. The Common Elements include, without limitation, the following:

(1) all foundations, columns, beams, supports, girders, exterior walls, partitions, floors, roofs, and ceilings in, on or under the Building, to the extent they are not part of either Unit pursuant to Article 6 of the Declaration;

(2) all hallways, corridors, lobbies, vestibules, basements and cellars (except to the extent that units are located on such levels), yards, storage spaces, garages, stairs, stairways, elevator shafts and pits, other mechanical and electrical equipment spaces, and entrances to, and exits from, the building;

(3) all central and appurtenant installations and facilities for services such as power, light, telephone, intercom, gas, sewer, plumbing, drainage, hot and cold water distribution, heat, ventilation, air-conditioning, garbage disposal, master and cable television and other mechanical and electrical systems to the extent that the same are not expressly included as a part of a Unit pursuant to the terms of Article 6 of the Condominium Declaration;

(4) all other parts of the Property, and all apparatus and installations now existing or to be constructed in the Building or on the

Property, either existing for the common use of the Units or the Unit Owners or necessary for, or convenient to, the existence, maintenance, or safety of the Property.

Board of Managers

The affairs of the Condominium shall be governed by the Condominium Board, which shall consist initially of three members designated by Sponsor. At the first meeting of the Unit Owners, which will be held within approximately four months after the First Closing, the three-member Condominium Board shall resign in favor of a new nine-member Condominium Board, to be selected, seven by the Residential Unit Owner and two by the Commericial Unit Owner. Thereafter, elections to the Condominium Board shall be held at the regular annual meeting of Unit Owners held in January of each succeeding year. (See the subsection below entitled "Meetings and Votes of the Unit Owners" for further discussion.)

The term of office of each of the nine members of the Condominium Board shall normally be three years, except that, with respect to the first nine-member Board, three members shall serve for two years and three other members shall serve for one year. At the expiration of the initial term of office of each member of the Condominium Board, such member's successor shall be elected to serve for a term of three years. As a result, the terms of one-third of the members of the Condominium Board will expire each year.

Powers and Duties of the Condominium Board

The Condominium Board shall have the powers and duties necessary for administration of the affairs of the Condominium (subject to the limitations set forth in the By-Laws), including, without limitation, the following: (a) operation, care, upkeep and maintenance of the Common Elements; (b) determination of the Common Charges required for the affairs of the Condominium, including, without limitation, the operation and maintenance of the Property; (c) collection of the Common Charges from the Unit Owners; (d) employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements; (e) adoption and amendment of the Rules and Regulations covering the details of the operation and use of the Property; (f) maintaining bank accounts on behalf of the Condominium and designating the signatories required therefor; (g) purchasing, leasing, or otherwise acquiring in the name of the Condominium Board or its designees, on behalf of all Unit Owners, Units offered for sale or lease or surrendered by their owners to the Condominium Board; (h) purchasing Units at foreclosure or other judicial sales, in the name of the Condominium Board or its designee, on behalf of all Unit Owners; (i) selling, leasing, mortgaging, or otherwise dealing with (but not voting the votes appurtenant to) Units acquired by, and subleasing Units leased by, the Condominium Board or its designee, on behalf of all Unit Owners; (j) obtaining and renewing insurance for the Property, including the Units; (k)

making repairs, additions and improvements to, or alterations of, the Property and repairing and restoring the Property after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings; (l) enforcing obligations of the Unit Owners; (m) levying fines against the Unit Owners for violations of the Rules and Regulations; (n) borrowing money on behalf of the Condominium when required in connection with the operation, care, upkeep, and maintenance of the Common Elements (provided, however, that (i) the consent of both Unit Owners shall be required for the borrowing of any sum in excess of $50,000.00 and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interests in the Common Elements without the consent of the Unit Owner); and (o) adjusting and settling insurance claims and executing and delivering releases in connection therewith.

The Condominium Board shall be responsible for maintaining and repairing the Common Elements as set forth in the Declaration and in the By-Laws, regardless of whether a Unit is vacant or occupied by the owner thereof or by a permitted lessee or other occupant.

Officers of the Condominium

The officers of the Condominium shall consist of the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Condominium Board at its annual meeting. The Condominium Board may also appoint additional officers. All officers shall serve without compensation from the Condominium. At least two (2) officers must be members of the Condominium Board and Unit Owners (or officers, directors, shareholders, partners, employees, beneficiaries (or members of their family) of corporations, partnerships, fiduciaries, or mortgagees that are Unit Owners). Any officer may be removed, without cause, by vote of a majority of the Condominium Board at a meeting called for such purpose.

Meetings and Votes of the Unit Owners

Except for the first meeting, the Unit Owners shall hold annual meetings on or about the second Tuesday in January of each year, unless such date shall occur on a legal holiday, in which event the meeting shall be held on the succeeding business day. At each annual meeting, the Unit Owners shall elect successors to the members of the Condominium Board whose term of office expires as of such meeting. In addition, special meetings of Unit Owners may be held from time to time, pursuant to the By-Laws, whenever necessary for the affairs of the Condominium.

The Residential Unit Owner shall be entitled to cast seven (7) votes at all meetings of the Unit Owners. The Commerical Unit Owner shall be entitled to cast two (2) votes at all meetings of the Unit Owners.

Repairs, Alterations and Improvements to Common Elements

All painting, decorating, maintenance, repairs and replacements to the Common Elements, whether located inside or outside of Units, shall be made by the Condominium Board, which need not obtain the approval of the Unit Owners or of mortgagees of Units (regardless of the cost thereof), and the cost of the same shall be a Common Expense (unless necessitated by the negligence, misuse, or neglect of a Unit Owner, in which case such Unit Owner will bear the entire cost thereof). The cost of snow removal from driveways and walks shall be a Common Expense.

Whenever, in the judgment of the Condominium Board, the Common Elements shall require additions, alterations, or improvements costing more than $25,000.00, in the aggregate, in any calendar year, such additions, alterations, or improvements shall not be made unless the same have been approved by both Unit Owners (including Sponsor, if it then owns any Unit) and by the representatives of institutional mortgagees of Units, if any, appointed pursuant to the By-Laws (the "Mortgage Representatives"). If approved, the Condominium Board may, in its discretion, assess each Unit Owner its pro-rata share of the cost of such additions, alterations, or improvements, according to its Common Interest, as part of the Common Charges. Any additions, alterations, or improvements costing $25,000.00 or less, in the aggregate, in any calendar year may be made by the Condominium Board without the approval of the Unit Owners or the Mortgage Representatives, if any, and the cost thereof shall constitute a Common Expense. Notwithstanding the foregoing, no additions, alterations, or improvements shall be made to the Common Elements, regardless of the cost thereof, unless the consent of Sponsor or its designee is first obtained (so long as Sponsor or its designee or both shall collectively own Units representing twenty-five (25%) per cent or more in number or in Common Interests), unless same is required by law or is necessary for the health or safety (but not the general comfort or welfare) of the residents of the Building.

Insurance

The Condominium Board shall obtain and maintain fire insurance policies with all risk extended coverage, vandalism and malicious mischief endorsements, insuring the Building and covering the interest of the Condominium, the Condominium Board, all of the Unit Owners and all the Permitted Mortgages. In addition, the Condominium Board shall obtain and maintain comprehensive general liability insurance; rent insurance; workmen's compensation and New York State disability benefits insurance; boiler and machinery insurance; water damage level liability insurance; elevator liability and collision insurance; and such other insurance as the Condominium Board shall from time to time deem necessary.

TERMS OF MORTGAGE WHICH WILL AFFECT PROPERTY AT CLOSING DATE

At the Closing the Apartment Corporation will take title to the Residential Unit of the THE CURTIS RESIDENCE CONDOMINIUM and will simultaneously execute a purchase money wrap around mortgage in the principal amount of approximately $2,686,111.10 (assuming the closing occurs on July 1, 1987) in favor of the Sponsor c/o ABG International Properties, Inc., 39 Broadway, New York, New York. A "wrap around mortgage" is in the nature of a subordinate mortgage and is junior in priority to the lien of the existing mortgages which remain outstanding and unsatisfied against the Property. It is generally distinguished from a conventional mortgage in that it incorporates a special agreement which provides for the payment of the underlying mortgages by the holder of the wrap around mortgage.

The wrap around mortgage provides for a prepayment of principal in the sum of approximately $1,140,000.00 on March 1, 1992 in order to satisfy the Apple Mortgage (described hereinafter). At the option of the Apartment Corporation and upon its payment to the holder of the Apple Mortgage of a fee of $12,500.00, the Apple Mortgage can be extended for an additional term of five (5) years. In that event the prepayment of principal in the sum of $1,140,000.00 will not be due until March 1, 1997. In the event the Apartment Corporation is unable to arrange suitable refinancing of this amount then it would be necessary to assess each tenant-shareholder approximately $70.90 per share in order to pay the principal then due.

The wrap around mortgage shall provide for monthly payments of interest only to commence thirty (30) days from the Closing Date at the rate of nine percent (9%) per annum. Each payment will be in the amount of $20,145.84 per month. The wrap around mortgage, less the unpaid principal of the Apple Mortgage, if any, will be due and payable on January 1, 1993.

The mortgage indebtedness may be prepaid, in whole or in part, at any time upon thirty (30) days prior written notice of intention to prepay. Any partial prepayment must be made in multiples of $1,000.00.

The mortgage will further provide for a grace period of fifteen (15) days and a late charge of $.04 for each $1.00 overdue beyond fifteen (15) days.

In addition to the regular payments of interest set forth above, the mortgage will provide for a monthly deposit sufficient in amount to accumulate funds for the payment of real estate taxes, water charges, and assessments levied or to be levied against the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM.

The Apartment Corporation shall not remove or demolish or materially alter any portion of the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM without the consent of the holder of the mortgage and shall keep the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM insured against loss by fire for the benefit of the holder of the mortgage.

The whole of the principal sum and interest shall become due and payable at the option of the holder of the mortgage: (i) after default in the payment of any installment of principal or of interest for fifteen (15) days; (ii) after default in the payment of any tax, water rate, sewer rent or assessment for thirty (30) days after the same becomes due and payable; (iii) after default after notice and demand either in assigning and delivering the policies insuring the building against loss by fire or in reimbursing the holder of the mortgage for premiums paid on such insurance; (iv) if the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM are not maintained in reasonably good repair; (v) after failure to comply with any requirement or order or notice of violation of law or ordinance issued by any governmental department claiming jurisdiction of the Premises within three (3) months from the issuance thereof; (iv) if the Apartment Corporation fails to keep, observe, and perform any of the covenants, conditions, or agreements contained in the mortgage.

At the date of maturity, the principal balance of the mortgage will be approximately $1,546,111.10, assuming that there have been no prepayments of any portion of the principal indebtedness. At the date of maturity, the Apartment Corporation must either refinance or satisfy the mortgage in order to preserve its equity in the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM. In the event the Apartment Corporation is unable to arrange such financing or if the terms thereof are considered unfavorable and assuming that no other funding is available, then it would be necessary to assess each tenant-shareholder approximately $96.15 per share in order to pay the principal then due.

The Sponsor will make all payments of interest due under the above mortgage prior to the closing of title with the Apartment Corporation. Any prepayment of interest or escrow by the Sponsor will be apportioned between the Sponsor and the Apartment Corporation at Closing. The payment of indebtedness secured by the mortgage shall not be accelerated on account of the conversion of the premises to cooperative ownership.

NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF FUNDS FOR REFINANCING, THE INTEREST RATE, OR THE COST OF REFINANCING AT THE MATURITY DATE OF THE AFOREMENTIONED MORTGAGES. THE ABILITY OF THE APARTMENT CORPORATION TO REFINANCE THE MORTGAGES ON THE SAME OR DIFFERENT TERMS AND THE COST OF SUCH REFINANCING WILL DEPEND ON MARKET CONDITIONS AT THAT TIME. IF THE MORTGAGE PAYMENTS SHOULD BE INCREASED ON ANY SUCH REFINANCING, THEN IN SUCH EVENT IT MAY BE NECESSARY TO INCREASE THE MAINTENANCE CHARGES TO TENANT-SHAREHOLDERS TO COVER THE COST OF THE INCREASED MORTGAGE PAYMENTS.

The underlying mortgage may, at the sole option of the holder of the wrap around mortgage, be extended, replaced, increased or consolidated, provided that the aggregate annual charge for interest and amortization on the underlying mortgage shall not at any time exceed the aggregate annual charges for interest and amortization then payable under the wrap around mortgage, the amount of principal shall not be increased and the maturity date of the extended, replaced, increased, or consolidated underlying mortgage shall not be later than the maturity date of the wrap around mortgage. It will be the responsibility of the holder of the wrap around mortgage to make all payments required under the terms of the underlying mortgage. The wrap around mortgage contains a provision that should the holder of the wrap around mortgage fail to make any payments due to the underlying mortgagees after having received timely payment from the owner of the Property and should the holders of the underlying mortgage(s) accelerate payment of such mortgage(s) as a result thereof so that the same becomes due and payable and should the holder of the wrap around mortgage fail to cause the underlying mortgage to be immediately reinstated or to pay same or replace same with a "permitted" underlying mortgage(s) in accordance with the wrap around mortgage, then the wrap around mortgage shall terminate and be deemed satisfied without any further payments by the owner of the Property and the holder of the wrap around mortgage agrees to execute such instruments as may be necessary to remove and satisfy the same of record. However, if the holder of the wrap around mortgage becomes current on all past due payments and the holder(s) of the underlying mortgage(s) has not commenced foreclosure proceedings or has discontinued foreclosure proceedings because of default, and the holder of the wrap around mortgage pays all expenses incurred by the Apartment Corporation as a result of such default by the holder, including legal fees and fees paid for refinancing the underlying mortgage(s), the wrap around mortgage will be reinstated.

Underlying Mortgage

The mortgage underlying the purchase money wrap around mortgage to be executed by the Apartment Corporation at Closing will be a first mortgage held by Apple Bank for Savings, 205 East 42nd Street, New York, New York (the "Apple Mortgage") and at Closing will be in the principal amount of approximately $1,140,000.00 (assuming the Closing shall occur on July 1, 1987). The Apple Mortgage will require monthly payments of interest only at the rate of 12-5/8% per annum until February 1, 1988. The interest rate thereafter will be 9-3/4% per annum, payable monthly, until the mortgage is due and payable on March 1, 1992.

The Apartment Corporation will have the option to extend the term of the loan for an additional five (5) years. To effectuate the option the Apartment Corporation must give written notice to Apple Bank for Savings ninety days prior to the expiration of the initial term and pay it the sum of $12,500.00. The interest rate will be 3% percent above the highest five year U.S. Treasury Securities Yield adjusted to a constant maturity of five years, as made available by the Federal Reserve Board.

The entire unpaid principal balanceplus accrued interest shall be due and payable February 1, 1992, unless the loan is extended for the additional five (5) years.

The Apple Mortgage will provide that it may not be prepaid until March 1, 1990. It may be prepaid thereafter upon payment of a penalty of 3% of the amount prepaid if prepayment is made by March 1, 1991 and 2% if it is prepaid by March 1, 1992. If the Apple Mortgage is extended by the Apartment Corporation for an additional five (5) years, as hereinabove described, prepayment will not be permitted during the first three (3) years of the extended term. Thereafter, it may be prepaid upon prepayment of a prepayment penalty, as follows: 3% of the amount prepaid in the fourth additional year and 2% of the amount prepaid in the fifth additional year.

The Sponsor will make all payments of principal and interest due under the above mortgage prior to the closing of title with the Apartment Corporation except for prepaid interest or escrow deposits which actually represent prepayment and which will be apportioned between the Sponsor and the Apartment Corporation at the Closing.

The whole of the principal sum and interest shall become due and payable at the option of the holder of the mortgage: (i) after default in the payment of any installment of principal or of interest for fifteen (15) days; (ii) after default in the payment of any tax, water rate, sewer rent or assessment for thirty (30) days after the same becomes due and payable; (iii) after default after notice and demand either in assigning and delivering the policies insuring the building against loss by fire or in reimbursing the holder of the mortgage for premiums paid on such insurance; (iv) if the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM are not maintained in reasonably good repair; (v) after failure to comply with any requirement or order or notice of violation of law or ordinance issued by any governmental department claiming jurisdiction of the Premises within three (3) months from the issuance thereof; (iv) if the Apartment Corporation fails to keep, observe, and perform any of the covenants, conditions, or agreements contained in the mortgage.

At Closing, the Apple Mortgage will affect only the Residential Condominium Unit, inasmuch as the holder of such mortgage has agreed to release from its lien the Commercial Condominium Units, at no expense to the Apartment Corporation.

SUMMARY OF PROPRIETARY LEASE

The Proprietary Lease will be for a term of fifty (50) years commencing on the Closing Date but may be extended by vote of the shareholders. As a lessee, every shareholder of the Apartment Corporaton will be obligated to pay the maintenance charges for his apartment as fixed by the Board of Directors. He will also have the following rights and obligations:

(1) He may cancel his lease and surrender his shares to the Apartment Corporation (without receiving any compensation) effective as of any September 30th after the third anniversary of the consummation of the Plan of cooperative ownership, and if he elects to cancel, he will have no liability for payment of maintenance charges accruing after the effective date of the cancellation. However, the holder of Unsold Shares may not avail himself of this right unless certain requirements set forth in paragraph 38(d) of the Proprietary Lease are complied with. A prospective purchaser should read the Proprietary Lease in Part II hereof for additional provisions with regard to lease termination.

If a tenant-shareholder obtains financing, his right to surrender possession of his apartment pursuant to the foregoing or his right to sell or sublet his apartment may be restricted, by the terms of the pledge agreement with the lending institution, while the loan is outstanding;

(2) He will have the right to sell his shares and assign his Proprietary Lease at any time in compliance with the provisions of the Proprietary Lease and the Apartment Corporation's By-Laws, which require the consent of the Directors or by written consent or vote of shareholders owning at least sixty five (65%) percent of the Apartment Corporation's outstanding shares. The Board of Directors shall have authority to fix by resolution and to collect, before any assignment of a Proprietary Lease takes effect, reasonable fees to cover the Apartment Corporation's expenses and attorneys' fees in connection with such proposed assignment. He will have the right to sublet his apartment at any time in compliance with the provisons of the Proprietary Lease and the Apartment Corporation's By-Laws, which require the consent of the Directors or by written consent or vote of shareholders owning at least 65% of the Apartment Corporation's outstanding shares. The foregoing provisions of this paragraph do not apply to the holder of Unsold Shares who may freely sell or sublet their apartments without the consent of the Board of Directors and without payment of any fees or charges whatsoever. The holder of Unsold Shares may sell or sublet apartments without the consent of the Board of Directors;

(3) He will be responsible for the cost of interior repairs and decorating in his apartment. The consent of the Apartment Corporation is required before alterations or additions may be made in the apartment

or to its fixtures and equipment. Such consent, however, may not be unreasonably withheld;

(4) He will have the right to pledge his shares and Proprietary Lease to a recognized lending institution. If prior written notice of such pledge is received from the lending institution the Apartment Corporation will notify the lender of any default by the lessee under his Proprietary Lease and the lender will have an additional period of time within which to cure said default. If the lessee defaults under the loan the Apartment Corporation will, on notice from the lender, transfer the Proprietary Lease and shares of the defaulting lessee to an individual produced by the lender, provided the lender shall have first paid all rent and other arrearages due from the defaulting lessee and the consent of the then managing agent is obtained, which consent shall not be unreasonably withheld.

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

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

(2) Certain acts of bankruptcy or insolvency of the lessee;

(3) An assignment of the Proprietary Lease or subletting of the apartment without compliance with its terms or an unauthorized occupancy of the apartment which continues for ten (10) days after notice;

(4) Failure for one (1) month to pay maintenance charges or other charges which is not cured within ten (10) days after notice;

(5) Failure to perform any other covenant of the Proprietary Lease which is not cured within thirty (30) days after notice;

(6) A determination by two-thirds (2/3) of the Board of Directors that lessee's tenancy is undesirable.

Upon the occurrence of any such default which is uncured within the applicable grace period, if any, the Apartment Corporation may take possession of the apartment and, at its option, relet same for the account of the defaulting lessee. Notwithstanding such reletting or termination, the liability of the lessee for the payment of rent will continue until his apartment is sold; and if the proceeds of such sale are insufficient to pay the amount owed to the Apartment Corporation, the lessee will remain liable for such deficiency. Any surplus will be paid over to the lessee after first paying therefrom all liens on his stock or apartment (of which the Apartment Corporation has notice), in the order of priority of such liens. Reference should be made to Paragraph 31 of the Proprietary Lease as to other conditions under which same may be terminated by the Apartment Corporation.

The Board of Directors may from time to time create reserves for contingencies, repairs, replacements and general operations, and fund such reserves from the maintenance charges. At Closing, however, the Apartment Corporation will enter into an agreement with the holders of Unsold Shares that for so long as the Unsold Shares constitute 25% or more of the Apartment Corporation's issued and outstanding shares, but for not longer than five (5) years following the Closing Date, the Apartment Corporation will not, without the prior written consent of the holders of Unsold Shares, establish any such reserves other than a twelve (12) month reserve for contingencies, not to exceed five (5%) percent of the budgeted operating expenses (exclusive of debt service) for the ensuing twelve (12) month period.

The maintenance charges will be based on the cash requirements necessary for owning, operating and maintaining the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM as established by the Board of Directors. Each lessee will be required to pay monthly, in advance, his proportionate share of the maintenance charges based on the proportion that the number of shares allocated to his apartment bears to the total number of outstanding shares issued by the Apartment Corporation. In addition to regular maintenance charges, the Board of Directors may require a lessee to pay special assessments, either in a lump sum or over a period of time, to cover the cost of any unforeseen expenses or for capital repairs or improvements.

The obligations of holders of shares of the Apartment Corporation allocated to apartments occupied by non-purchasing tenants are set forth in the Proprietary Lease.

The Proprietary Lease prohibits a lessee who purchases an apartment occupied by a non-purchasing tenant from evicting such non-purchasing tenant on the ground that such purchaser seeks possession of the apartment for his own use and occupancy. (See "RIGHTS OF EXISTING TENANTS" at page 60 of the Plan.)

THE FOREGOING SUMMARY OF CERTAIN PROVISIONS OF THE PROPRIETARY LEASE DOES NOT PURPORT TO BE A COMPLETE STATEMENT OF THE PROVISIONS THEREOF. PROSPECTIVE PURCHASERS ARE URGED TO READ THE ENTIRE PROPRIETARY LEASE.

The form of Proprietary Lease is printed in full at page 148. It may be changed only by the approval of lessees owning at least seventy-five (75%) percent of the Apartment Corporation's outstanding shares.

APARTMENT CORPORATION

The Apartment Corporation was formed on December 7, 1984 under the Business Corporation Law of the State of New York. Prior to the closing, it will have only one class of stock consisting of an authorized capital of 17,000 shares of the par value of $1.00 each, 16,080 of which have been allocated to the apartments in the Building.

The present officers and directors of the Apartment Corporation are:

LOUIS A. NAROTSKY, President
ELI HALPERN, Vice President
ELLEN J. HOFFMAN, Secretary/Treasurer

The above officers and directors are members of or employees of Stark, Elman, Amron, Barash & Narotsky, counsel to the Sponsor.

The By-Laws require not less than 3 nor more than 7 directors. The present officers and directors have been designated by the incorporator of the Apartment Corporation. They will resign in favor of directors elected at a meeting of shareholders to be held within 30 days after the Closing Date. Each shareholder will be entitled to one vote for each share held. The holders of Unsold Shares may vote their shares to elect not more than a majority of the Board of Directors. At such time as the Unsold Shares constitute less than fifty (50%) percent of all shares of the Apartment Corporation then issued and outstanding, but in no event later than the fifth anniversary of the Closing Date, a majority of directors to be elected at all subsequent annual meetings of shareholders shall be residents of the Building who are not designated or nominated by the holders of Unsold Shares.

Directors, other than those constituting the first board, shall be elected at the annual meeting of shareholders, or at a special meeting called for that purpose as provided by law, by a plurality of the votes cast at such election. Any director may resign at any time by written notice delivered or sent by registered mail, return receipt requested, to the president or secretary of the corporation. Such resignation shall take effect at the time specified therein, and unless specifically requested, acceptance of such resignation shall not be necessary to make it effective. Any director may be removed from office at any time with or without cause and at the pleasure of the shareholders upon affirmative vote of the shareholders of record taken at a shareholders' meeting duly called for that purpose; provided, however, that the directors elected by the holders of the Unsold Shares can be removed only for cause by vote of a majority of the shareholders or without cause by the holder(s) of Unsold Shares. Any position on the board held by a director designated or elected by a holder

or holders of Unsold Shares which becomes vacant, whether arising from the resignation, removal, or death of such director, or otherwise, shall be filled only by a designee of such holder or holders of Unsold Shares. Except for directors elected by the holder of Unsold Shares, a director who ceases to be a shareholder or whose spouse ceases to be a shareholder, as the case may be, shall be deemed to have resigned as a director.

The By-Laws may be amended, altered, repealed, or added to at any shareholders' meeting by vote of shareholders of record, present in person or by proxy, of at least two-thirds (2/3) of the then outstanding capital shares, or at any meeting of the Board of Directors by a vote of at least two-thirds (2/3) of the then authorized total number of directors. However, certain provisions of the By-Laws may not be amended, altered, repealed, or added to by the Directors. (See Article X of the By-Laws.)

All members of the Board of Directors and officers of the Apartment Corporation will serve without compensation.

The Apartment Corporation will have a lien on each shareholder's shares to secure payment of maintenance charges, assessments, and the replenishment of the fund described on page 114 of the Plan.

So long as the Unsold Shares constitute 25% or more of the outstanding shares of the Apartment Corporation, the Apartment Corporation shall not, without the prior written consent of the holder(s) of Unsold Shares, take any of the following actions during the first five (5) years:

(i) increase the number or change the type of employees from that described in the aforesaid Plan in the "FOOTNOTES TO BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION";

(ii) provide for new or additional services from those indicated in the aforesaid Plan in said "FOOTNOTES TO BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION", unless the annual cost of such new or additional services, when added to the annual cost of all other services being provided, is no greater than those provided in said schedule;

(iii) impose any rent, maintenance, assessment, or other charge (regular or special) for the purpose of making any capital or major improvement or addition, unless required by law or necessary for health and safety (but not the general comfort or welfare) of Tenant-Shareholders;

(iv) establish any reserves in addition to the Working Capital Fund and Reserve Fund set forth in said Plan, including (without limitation) a reserve for contingencies, repairs, improvements or replacements, other than a 12 month reserve for contingencies not exceeding 5% of the budgeted operating expenses (exclusive of mortgage debt service) for the ensuing 12 months of cooperative operation.

Notwithstanding anything to the contrary contained herein, Sponsor may not exercise veto power over the expenses in the first year's budget or expenses required to comply with applicable laws or regulations or required to remedy any work order by an insurer.

Notwithstanding the foregoing, the Apartment Corporation may take any of the actions enumerated in clauses (i) through (iv) above if the cost of such actions, when added to all other budgeted expenses of the Apartment Corporation, shall not result in increasing the maintenance charges for any year of operation by more than 5% above the previous year's maintenance charges, or if such actions are necessary to:

(a) comply with applicable laws or regulations; or
(b) remedy any notice of violation; or
(c) remedy any work order by a mortgagee or an insurer; or
(d) remedy a notice of default from a mortgage.

All expenses of the Apartment Corporation accruing up to and including the Closing Date, will be paid by the Sponsor.

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

THE FOREGOING SUMMARY OF CERTAIN PROVISIONS OF THE BY-LAWS OF THE APARTMENT CORPORATION DOES NOT PURPORT TO BE A COMPLETE STATEMENT OF THE PROVISIONS THEREOF. THE BY-LAWS ARE REPRODUCED IN THEIR ENTIRETY IN PART II OF THIS PLAN.

UNSOLD SHARES

If by the Closing Date, any shares of the Apartment Corporation which have been allocated to apartments have not been sold to Purchasers (the "Unsold Shares"), the Sponsor shall elect, at its sole discretion, either of the following options:

(a) The Sponsor will produce financially responsible individuals (the "Individuals Produced by the Sponsor") to whom the Apartment Corporation will issue such Unsold Shares and with whom the Apartment Corporation will enter into Proprietary Leases for the apartments to which such shares are allocated; or

(b) The Sponsor will purchase such Unsold Shares from the Apartment Corporation and the Apartment Corporation shall thereupon issue such Unsold Shares to the Sponsor and will enter into Proprietary Leases with the Sponsor for the apartments to which such shares are allocated.

The Individuals Produced by the Sponsor are individuals designated by the Sponsor to hold Unsold Shares and they will hold the Unsold Shares for their own account and not as nominees for, or for the benefit of any corporation or partnership.

The Unsold Shares include shares purchased to, but not fully paid, at closing. The unpaid balance of the Total Cash Payment for each block of these purchased shares will be paid on the Closing Date by a holder of Unsold Shares to whom the Apartment Corporation will assign its rights to receive such unpaid monies from the purchaser. Upon payment of the balance due to the holder of Unsold Shares, he will transfer the certificate for the shares and related Proprietary Lease to the purchaser.

The Sponsor has agreed that if a holder of Unsold Shares fails to fulfill his obligations under his Proprietary Lease, including the payment of all maintenance charges thereunder, then and in that event, the Sponsor will become liable for such obligations and the Apartment Corporation will have a lien upon the shares to secure the payment of all obligations of the holder of Unsold Shares. No bond or other security has been furnished by the Sponsor, and the Sponsor's ability to perform will depend solely upon its financial condition, if and when called upon to perform. Any Unsold Shares and leases acquired by a holder of Unsold Shares may be sold or assigned by him or his apartment may be sublet by him, subject only to the consent of the Sponsor. A holder of Unsold Shares (or a member of his family) may elect to become the occupant of the apartment covered by his Proprietary Lease, and, from the time that he becomes the occupant thereof, the Sponsor shall no longer be responsible for the performance of his Proprietary Lease.

The Unsold Shares shall retain their character as such until same are purchased, and the apartment to which the same relate is occupied by a purchaser for bona fide occupancy (by himself or a member of his family) or the holder of a block of Unsold Shares (or a member of his family) becomes a bona fide occupant of the apartment. All dwelling units owned by holders of Unsold Shares shall be managed by the same managing agent who manages all other dwelling units in the Building.

A holder of Unsold Shares shall have the right:

(i) to sell his Unsold Shares and transfer his appurtenant Proprietary Lease or sublet his unsold apartment, without the consent of the Apartment Corporation and without the payment of any fees or charges whatsoever;

(ii) to use one or more unsold apartments as a model or an office (or both) in connection with the sale or subletting of the unsold apartments and to display "for sale" and "for rent" signs and similar signs and material on or about the exterior of the Building, the lobby, and unsold apartments;

(iii) to make alterations or additions in or to his unsold apartment, without the consent of the Apartment Corporation or its shareholders, provided all such alterations or additions are done in conformity with applicable local laws and codes;

(iv) to change the number, size, and/or layout of his unsold apartment and to reallocate shares in connection therewith, without obtaining the consent of the Apartment Corporation or its shareholders. However, any reallocation of shares must meet the reasonable relationship test set forth in the By-Laws and must be disclosed in an amendment to the Plan.

A holder of Unsold Shares shall:

(i) amend the Plan from time to time to provide current and accurate information until the shares of the Apartment Corporation allocated to apartments held by such holder of Unsold Shares have been sold to bona fide purchasers;

(ii) provide prospective purchasers with a copy of the Plan and all filed amendments thereto;

(iii) comply with the trust fund provisions of General Business Law Sections 352-e (2-b) and 352-h;

(iv) register as a broker-dealer pursuant to General Business Law Section 359-e, unless he is already registered as a principal of the Sponsor or otherwise;

(v) furnish to the Department of Law all information required for a principal of the Sponsor by Section 18.2 (c)(4)(d) of the Regulations Governing the Conversion of Occupied Residential Property to Cooperative Ownership.

If any apartment occupied by a non-purchasing tenant shall be the subject of a rent exemption order under Section Y51-5.0(n) of the New York City Administrative Code or any similar provision of law, and if such apartment shall have been allocated shares which are held by a holder of Unsold Shares, the Apartment Corporation shall apply for tax abatement pursuant to Section Y51-5.1(c) of the New York City Administrative Code or any similar provision of law, and the amount of maintenance charges payable by such holder of Unsold Shares in respect of such apartment shall be reduced to the extent of any tax abatement received as a result of such application. The Apartment Corporation shall not be obligated to engage in litigation to secure such tax exemption. The maintenance charges payable by any such holder of Unsold Shares shall continue to be reduced by the amount of such tax abatement for as long as such tax abatement shall continue.

If the maximum legal rent for any apartment occupied by a non-purchasing tenant is increased by reason of any act of the Apartment Corporation, including, without limitation, major capital expenditures for improvements or increased service provided by the Apartment Corporation, or increases in operating costs for which pass-alongs or increases in rent may be granted or allowed by any provision of law, the Apartment Corporation will cooperate with the holders of Unsold Shares to secure such increases in rent and the Apartment Corporation will provide such information as is reasonably necessary or required by law to obtain such increases, including any contractor's certificate which may be required (the cost of which, if any, shall be borne by the holders of Unsold Shares). The Apartment Corporation will not be obligated to engage in litigation or to take any action to insure such increases, other than to provide and file such information as is reasonably necessary or required by law to permit the holders of Unsold Shares to secure such increases. The holders of Unsold Shares will be under no obligation to account to the Apartment Corporation for any rents received from non-purchasing tenants.

PURCHASERS FOR INVESTMENT OR RESALE

A purchaser for investment or resale is a purchaser who purchases shares allocated to three (3) or more units which units are not for occupancy by such purchaser or persons related by blood, marriage or adoption to such purchaser. In connection with the sale of such units:

(1) A purchaser for investment or resale must register as a broker-dealer pursuant to General Business Law Section 359-e.

(2) A purchaser for investment or resale shall comply with the trust fund provisions of General Business Law Sections 352-e (2-b) and 352-h.

(3) A purchaser for investment or resale shall provide the following documents to a prospective purchaser, at no cost to the purchaser, three (3) business days before entering into a purchase agreement:

(i) Copy of the most recent financial statement and budget of projected expenses of the Apartment Corporation.

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

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

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

(v) If the unit is occupied, a copy of the tenant's lease and representation of the tenant's status under any applicable rent law.

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

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

The foregoing is set forth pursuant to Part 18 of the Regulations of the Department of Law. In no event will the Sponsor, the Selling Agent, the Apartment Corporation, or counsel to any of the foregoing, be liable if a purchaser for investment or resale fails to comply with the foregoing.

WORKING CAPITAL FUND

On the Closing Date, the Apartment Corporation will retain the sum of $5,000.00 (the "Working Capital Fund") from the amount of cash raised by this offering, which will be used first to pay the closing adjustments to the extent set forth below and the balance thereof may be held or used for working capital, to make repairs or improvements, and/or for such other appropriate corporate purposes as will be determined by the Board of Directors. So long as the Board of Directors is controlled by the Sponsor, the Working Capital Fund may not be used to reduce projected maintenance charges set forth in "BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION" at page 19.

If the net closing adjustments under the "Contract of Sale" are in favor of the Apartment Corporation, the amount thereof will be paid or credited to the Apartment Corporation at closing. If the net closing adjustments are in favor of the Sponsor, same will be paid to Sponsor out of said Working Capital Fund to the extent of not more than $2,000.00 and the payment of any balance owing shall be deferred and paid to Sponsor in twelve (12) equal consecutive monthly installments commencing one (1) month after the Closing Date, with ten (10%) percent interest, pursuant to negotiable serial promissory notes to be executed by the Apartment Corporation and delivered to Sponsor at closing of title. Each such note will contain a provision permitting acceleration of the maturity date in the event of default under any other note. The Apartment Corporation may prepay each note in full only at any time, without penalty, but with interest accrued to the date of prepayment. Closing costs incurred by the Apartment Corporation may not be deducted from the Working Capital Fund, but may be paid by the Apartment Corporation from the proceeds of the sale of its shares.

No representation is made that the Working Capital Fund will be adequate to cover expenses for the first or any subsequent year of cooperative operation, including repairs or replacements, and if additional funds are required over and above the Working Capital Fund, it may be necessary to increase maintenance charges.

THE PROPERTY IS OFFERED IN ITS CURRENT CONDITION SET FORTH IN THIS OFFERING PLAN, WITHOUT ANY OBLIGATION BY SPONSOR OR THE APARTMENT CORPORATION TO MAKE ANY REPAIRS OR IMPROVEMENTS EXCEPT TO THE LIMITED EXTENT SET FORTH IN "CONDITIONS PRECEDENT TO CLOSING THE FIRST APARTMENTS" AT PAGE 116 AND "SPONSOR'S STATEMENT OF BUILDING CONDITION" AT PAGE 140. NO GOVERNMENT AGENCY HAS PASSED UPON THE ADEQUACY OF THE WORKING CAPITAL FUND OR ON THE PHYSICAL CONDITION OF THE BUILDING.

RESERVE FUND

In addition to the Working Capital Fund described on page 113 of the Plan and in accordance with Title YYYY of the Administrative Code of the City of New York, within thirty (30) days after the Closing Date the Sponsor will establish and transfer to the Apartment Corporation a reserve fund to be used exclusively for making capital repairs, replacements, and improvements necessary for the health and safety of the residents of the Building. Such fund shall be established in an amount equal to either (i) three (3%) percent of the total price or (ii) three (3%) percent of the Total Cash Payment of all shares of the Apartment Corporation sold by the Sponsor at the time the Plan is declared effective, provided, however, that if such amount is less than one (1%) percent of the total price (the sum of the Total Cash Payment of all shares at the last price per share offered to tenants in occupancy prior to the effective date of the Plan regardless of the number of shares sold), then the fund established shall be one (1%) percent of the total price, plus supplemental contributions to the reserve fund at a rate of three (3%) percent of the Total Cash Payment of the shares of the Apartment Corporation allocated to each apartment sold to a bona fide purchaser (not including a Holder of Unsold Shares) subsequent to the effective date of the Plan and within five (5) years of the Closing Date, notwithstanding that such amount contributed may exceed three (3%) percent of the total price. In the event that five (5) years from thirty (30) days after the Closing Date the total contributions by the Sponsor to the reserve fund shall be less than three (3%) percent of the total price, the Sponsor shall pay the difference between the amount contributed and three (3%) percent of the total price. Such supplemental contributions shall be made within thirty (30) days after the closing of each apartment.

The Sponsor may claim and receive a credit against the initial contribution to the reserve fund for the actual cost of capital replacements which Sponsor has begun after the Plan is submitted for filing to the Department of Law and before the Plan is declared effective; provided that such credit shall not exceed the lesser of the actual cost of the capital replacements or one (1%) percent of the total price. The following are the estimated costs of such capital replacements: intercom system and mailboxes ($15,000.00); entrance doors and floors ($30,000.00); carpeting in hallways ($15,000.00); and iron railings and lobby renovation ($7,500.00).

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

The foregoing provisions are set forth in compliance with Title YYYY of the Administrative Code of the City of New York, it being intended that the rights of the Apartment Corporation and the rights of purchasers and purchasers contained in this Section of the Plan shall be no greater than those set forth in Title YYYY and no rights independent of Title YYYY are being created under the Plan.

No representation is made that the Reserve Fund will be adequate to cover expenses for any necessary capital repairs or replacements during the first or any subsequent year of cooperative operation. If additional funds are required over and above those in the Reserve Fund, it may be necessary to increase maintenance charges.

THE PROPERTY IS OFFERED IN ITS CURRENT CONDITION SET FORTH IN THIS OFFERING PLAN, WITHOUT ANY OBLIGATION BY SPONSOR OR THE APARTMENT CORPORATION TO MAKE ANY REPAIRS OR IMPROVEMENTS EXCEPT TO THE LIMITED EXTENT SET FORTH IN "CONDITIONS PRECEDENT TO CLOSING THE FIRST APARTMENTS" AT PAGE 116 AND "SPONSOR'S STATEMENT OF BUILDING CONDITION" AT PAGE 140. NO GOVERNMENT AGENCY HAS PASSED UPON THE ADEQUACY OF THE RESERVE FUND OR ON THE PHYSICAL CONDITION OF THE BUILDING.

CONDITIONS PRECEDENT TO CLOSING THE FIRST APARTMENTS

The following real property prerequisites and corporate prerequisites are to be fulfilled prior to the consummation of the sale of the first block of shares:

Real Property Title Prerequisites. On the Closing Date, the Apartment Corporation will obtain at Sponsor's expense, a policy insuring the Apartment Corporation's title to the Property in a sum equal to (1) the aggregate purchase price of all the apartments for which Purchase Agreements are then in effect, (2) the product of the number of Unsold Shares multiplied by $665.00, and (3) the mortgage indebtedness of approximately $2,686,111.10. Such policy shall be issued by a title insurance company selected by Sponsors, licensed to do business in the State of New York which is a member of the New York Board of Title Underwriter. It will insure that the Apartment Corporation's title to the Property is free of all liens and encumbrances other than the following permitted encumbernces:

(a) The lien of the mortgage indebtedness referred to herein under "TERMS OF MORTGAGE WHICH WILL AFFECT PROPERTY AT CLOSING DATE";

(b) Any state of facts a survey of the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM may show, provided same does not render title uninsurable.

(c) The leases, tenancies, occupancies, and rights of tenants of the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM in effect on the Closing Date (leases of tenants who purchase the shares allocated to their apartments will be terminated as of the Closing Date);

(d) Revocability of the right to maintain street vaults and other areas, if any, under sidewalks;

(e) Building restrictions and zoning laws, ordinances and regulations, and any amendments thereto, adopted by any governmental authority having jurisdiction thereover, affecting the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM at the date hereof and on the date of closing of title, provided that they do not prevent the present use of the Building;

(f) Consents by Sponsor or any former owner of the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM for the erection of any structure or structures on, under or above

any street or streets on which the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM may abut;

(g) Any easement or right of use created in favor of any public utility company for electricity, steam, gas, telephone, water, or other service, and the right to install, use, maintain, repair, and replace wires, cables, terminal boxes, lines, service connections, poles, mains, facilities, and the like upon, under, and across the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM;

(h) Service, maintenance, employment, and concessionaire contracts and agreements in effect on the Closing Date;

(i) Encroachments of shrubbery, stoops, areas, steps, doors, ledges, window sills, bay windows, trim, coping, cornices, vaults, chutes, fuel oil lines, drainage pipes, stand pipes, sewerage pipes, foundations, footings, retaining walls, fences, fire escapes, air-conditioning units, canopies, ramps, and similar projections, if any, on, over, or under the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM or the streets or sidewalks, or property abutting the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM, and rights of governmental authorities and adjoining property owners to require the removal of any such projections, and variations between record lines of the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM and fences, walls, retaining walls, and the like, if any.

(j) All covenants, restrictions, reservations, agreements, and easements of record, if any, which are still in force and effect on the Closing Date, provided that they are not violated by and do not prevent the present use of the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM nor the present structure;

(k) Management agreement, if any, described in the Plan to convert to cooperative ownership;

(l) The lien of any unpaid real estate or vault tax, water charge, water meter charges or sewer rent (which shall be apportioned at Closing);

(m) The lien for any unpaid assessment payable in installments, except Sponsor will pay all such assessments due and payable prior to the Closing Date and the Apartment Corporation will be obligated to pay all installments due on or subsequent to said Closing (however, the then current installment shall be adjusted at the Closing);

(n) The lien of any unpaid franchise or corporation tax or estate tax with respect to any corporation or individual in the chain of title, provided the title insurance company insuring the Apartment Corporation's title to the Residential Condominium Unit of the THE CURTIS

RESIDENCE CONDOMINIUM shall insure against the collection thereof out of the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM;

(o) Any chattel mortgage and/or financing statement affecting the personal property in the Building and similar security (if any) given in connection with the mortgages;

(p) Violations noted or issued by any governmental authority relative to any violations caused by the acts or omissions of tenants of the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM;

(q) Standard printed exceptions contained in the form of title insurance policy then issued by said title insurance company insuring the Apartment Corporation's title to the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM;

(r) The terms of the Plan (subject to Sponsor's approval thereof);

(s) Any other lien or encumbrance which does not render title unmarketable or as to which the Apartment Corporation's title company will insure against collection out of or enforcement against the Residential Condominium Unit of the THE CURTIS RESIDENCE CONDOMINIUM.

(t) Certificate of Occupancy No. Q-197952 dated July 13, 1982.

Corporate Prerequisites. On the Closing Date (i) Sponsor will obtain a statement from the Apartment Corporation's accountants verifying and certifying that all income, franchise and other taxes of the Apartment Corporation then required to be paid have been paid and all reports and returns then required to be filed by the Apartment Corporation have been duly filed and (ii) Sponsor shall certify in writing to the Apartment Corporation that to the best of Sponsor's knowledge, no action or proceeding is pending against or affecting the Apartment Corporation which will have a materially adverse affect on the Apartment Corporation or this Plan, except as may be expressly set forth in the Plan, or any Amendment thereto. At the date of this Plan, no such actions or proceedings are pending, or to the knowledge of Sponsor, threatened. At the Closing of each apartment, Sponsor will deliver to the Purchasers (i) Sponsor's certificate for the shares allocated for such apartment, duly endorsed for a transfer, accompanied by a separate duly executed stock power with necessary stock transfer stamps attached, (ii) a statement from the Apartment Corporation or its Managing Agent that no sums are due or payable to the Apartment Corporation, and (iii) a key to the outer doors of the apartment (except that no keys will be given if Purchaser is the tenant of the apartment or is purchasing same

subject to an existing tenancy). The Purchaser will execute a new proprietary lease with the Apartment Corporation whose terms will commence at said closing.

I. Sponsor's Representations, Warranties and Undertakings.

Sponsor represents and warrants to each Purchaser of a block of shares under the Plan:

(i) Sponsor is the sole owner (beneficial and of record) of the blocks of shares offered under this Plan;

(ii) Each such block of shares is at the date of this Plan, and will at Closing be transferred to the Purchaser of same, free and clear of all liens, encumbrances and maintenance charges and assessments set forth in its Certificate of Incorporation and By-Laws (however, at such Closing, no monies will be owed to the Apartment Corporation under said lien);

(iii) Sponsor has the full right and power to sell and transfer each block of shares;

(iv) At the time the shares being offered hereby were originally issued to Sponsor, same were duly issued, fully paid and non-assessable;

(v) The Apartment Corporation has been duly organized and is validly existing and in good standing under the laws of the State of New York;

(vi) As of the date of Closing, there will be in existence no obligation or liability of the Apartment Corporation (fixed, contingent or otherwise) that has not been satisfied by Sponsor or credited to the Apartment Corporation by adjustments made at the date of Closing or in the form of liens not disclosed under the terms and conditions of this Plan;

(vii) As of the date of Closing no events or transactions shall have taken place that would have a material adverse efect on the financial statement of the Apartment Corporation which should be disclosed therein or in the Plan in order to make them not misleading;

(viii) The transfer of a block of shares pursuant to the terms of the applicable Purchase Agreement and the Plan will not conflict with or result in a breach of any agreement or instrument to which the Apartment Corporation or Sponsor is a part or by which either is or may be bound, nor constitutes a default thereunder, nor results in the creation or imposition of any lien, charge or encumbrance on, nor gives to others any interest or right in, any of such shares or the assets or business of the Apartment Corporation and, so far as Sponsor knows or has reason to know, will comply with all relevant laws;

(ix) The Apartment Corporation does not own any interest in any partnership, proprietorship or corporation, and does not now, and will not prior to the Closing Date, conduct any business not related to the Plan and the acquisition of the Property.

(x) The Plan sets forth or refers to all material contracts and commitments that will be binding on the Apartment Coproration on the Closing Date, other than new contracts or replacements or renewal or modifications of existing contracts permitted to be made in accordance with the terms of the Plan;

(xi) The Apartment Corporation has not given any irrevocable power of attorney to any person for any purpose; and

(xii) To the best knowledge of the Sponsor, the Apartment Corporation has in all material respect performed all material obligations required to be performed by it to date and has not been notified of any alleged default under any material obligation.

The foregoing representations shall be deemed incorporated in each Purchase Agreement.

II. Undertakings

1. Sponsor will not (a) place any mortgage on the Property, or (b) affirmatively create any new liens or encumbrances against or affecting the Property (other than the Permitted Encumbrances), or (c) sell, convey, transfer or otherwise dispose of any of the assets of the Apartment Corporation, except as permitted under this Plan.

2. (a) Sponsor will assume and hold harmless, the Apartment Corporation from any debts, obligations or liabilities as of the Closing Date except (i) those specified as Permitted Encumbrances, (ii) those permitted under this Plan and (iii) those contemplated in the Budget for the Apartment Corporation's first year of cooperative operation after the Closing Date set forth in this Plan.

(b) Sponsor will indemnify and hold each purchaser harmless from any claims, damages, loss or expense such purchaser may incur because of the existence at the closing of any liens or encumbrances affecting the shares of the Apartment Corporation allocated to such purchaser's apartment and the proprietary lease therefor.

3. All costs and expenses relative to the promulgation and consummation of this Plan and the offering of the shares hereunder, will be paid solely by Sponsor. Such costs and expenses include, without limitation, (i) selling and advertising expenses and commissions, (ii) corporate organization fees and charges, (iii) governmental filing fees and charges,

(iv) stock transfer stamps, (v) legal fees and disbursements, (vi) printing and (vii) selling commissions.

4. In addition to the Reserve Fund, Sponsor will contribute to the capital of the Apartment Corporation at the Closing $5,000.00 constituting the Apartment Corporation's Working Capital Fund under this Plan. Except for (i) the $5,000.00 Working Capital Fund, (ii) any net closing adjustments in favor of the Apartment Corporation as stated below, and (iii) rent security deposits on or prior to the Closing Date, Sponsor shall have the right (and intends) to withdraw and retain all cash on deposit in bank accounts of the Apartment Corporation. Sponsor shall have the right (and intends) to withdraw and retain all other assets of the Corporation except for the premises, 123-25 82nd Avenue, Kew Gardens, New York.

5. Sponsor shall not cause the Apartment Corporation to merge, consolidate, dissolve, liquidate or take any similar action inconsistent with the Plan prior to the Closing Date.

6. Sponsor will fully cooperate with the Apartment Corporation in the preparation of any and all reports, tax returns and other returns due, or required, to be filed by the Apartment Corporation, with any Federal, State or Municipal authority with respect to any income tax or franchise tax payable by the Apartment Corporation, which relate to the period prior to the Closing Date.

7. Sponsor shall pay for all stock transfer stamp taxes required to be paid in connection with the transfer of the shares offered under this Plan to purchasers. Upon a resale of a block of shares by a Purchaser to another, such Purchaser will be solely responsible for the payment of such stock transfer stamp tax.

8. On the Closing Date, the Apartment Corporation will own and have in its possession, all fixtures and articles of personal property (or comparable replacements) attached to or used in connection with the operation of the Property. Such fixtures and articles of personal property (including kitchen appliances, equipment and furniture) will be owned by the Apartment Corporation in the condition in which they exist on the Closing Date, without any obligation of Sponsor or the Apartment Corporation to make any repairs or improvements thereto. All kitchen appliances and lighting fixtures in apartments currently owned by Sponsor, will be the property of the Apartment Corporation after the closing of title, but may be used by tenant-shareholders without charge. If prior to the Closing Date a non-purchasing tenant vacates his apartment, Sponsor will supply a replacement for any missing stoves or refrigerators, which may not be new but which will be in good working order and will be similar in size and quality to the stoves or refrigerators contained in comparable apartments in the Building on the presentation date of this Plan. Subsequent to the Closing, each holder of Unsold Shares will supply all such replacements at his own cost and expense.

Fixtures, appliances and articles of personal property owned by tenants of the Building will not become the property of the Apartment Corporation or of any Purchaser and, if removed, will not be replaced by Owner, Sponsor or the Apartment Corporation, except as set forth above with respect to stoves and refrigerators.

9. Subject to the limitations, conditions and compliance by the Apartment Corporation with the terms set forth below, Sponsor shall be solely and fully responsible and liable for any undisclosed or unknown liabilities, debts and obligations of, and claims against, the Apartment Corporation incurred or asserted prior to, but not subsequent to, the Closing Date or which relate to acts or events occurring prior thereto (the foregoing are hereinafter collectively called "Undisclosed Liabilities" and individually called "Undisclosed Liability").

Undisclosed Liabilities do not include any liabilities, debts, obligations or claims disclosed or contemplated in, or permitted to be incurred under the Plan or any of the documents and exhibits contained or referred to herein (including without limitation, those contemplated in the Apartment Corporation's budget for the first year of cooperative operation). If after the date of this Plan there is a substantial change in any of the liabilities, debts and obligations of the Apartment Corporation or a lawsuit is commenced against it, then this Plan will be amended to reflect same.

Undisclosed Liabilities include: (1) deficiencies in Federal or State income taxes, franchise taxes and other taxes against the Apartment Corporation for any period prior to the Closing Date and liabilities, debts, obligations, claims, actions and proceedings (and judgments resulting therefrom) relating to any act or event occurring prior to said Closing Date, other than those excluded pursuant to the preceding paragraph.

Sponsor will cause a search to be made in the Office of the City Register, Queens County for any Uniform Commercial Code Financing Statement filings against the shares of stock and proprietary leases of Sponsor or the Apartment Corporation on or before the closing and at the expiration of six (6) years from the date of closing.

Sponsor is obligated to pay any and all Undisclosed Liabilties of which notice is received by Sponsor within six (6) years from the Closing Date. Such notice may be sent by any shareholder to the Sponsor. Thereafter, the Apartment Corporation will be required to pay any such Undisclosed Liabilities and, if necessary to make such payment the Board of Directors may, in its sole discretion, apply the Working Capital Fund to the extent sufficient, increase maintenance charges, levy a special assessment against all shareholders, or take such other action as it deems appropriate.

During said six (6) year period, the Apartment Corporation shall not pay any Undisclosed Liabilities without obtaining the prior written

consent of Sponsor, who shall have the exclusive right to contest such Undisclosed Liabilities on behalf, and in the name of, the Apartment Corporation. In the event of such contest, the contested Undisclosed Liability will not be paid until the dispute is settled with the approval of Sponsor or any action or proceeding instituted in connection therewith has been finally determined (after all appellate review). Notwithstanding the foregoing, the contested Undisclosed Liability shall be paid under the protest or (if permitted and at Sponsor's sole discretion) paid by bonding or deposit or similar acceptable security, if nonpayment would result in: (i) a default under a mortgage affecting the Residential Condominium Unit; (ii) foreclosure of a lien; (iii) the sale of the Building pursuant to any judgment (such as a suit based on a tax delinquency); or (iv) the imposition of a fine or criminal penalty.

In lieu of paying any judgment or tax obligation, Sponsor may post a bond or other security satisfactory to the court, judgment creditor or taxing authority in order to obtain a release of lien or assessment with respect thereto. However, the posting of said bond or other security will in no way relieve Sponsor of its obligation hereunder.

The Apartment Corporation shall fully cooperate with Sponsor in defending or contesting any alleged Undisclosed Liability and shall promptly deliver to Sponsor all documents, records, books, papers, returns and instruments in its possession or under its control requested by Sponsor in connection therewith, and shall further execute, verify and acknowledge such documents and papers as may be requested or prepared by Sponsor's counsel relative to any liquidation arising from such contest or the settlement of same.

All costs and expenses incurred in connection with said contest shall be paid by Sponsor who alone shall have the right to defend, settle, compromise, negotiate, engage counsel, conduct all litigation and make all decisions relative to same. The Apartment Corporation may elect to be represented by independent counsel to appear in such contest and be present at all negotiations and court proceedings, but in such case the fees and disbursements of said counsel shall be borne entirely by the Apartment Corporation. The determination of a majority of the resident members of the Board of Directors shall be sufficient to make such election to be represented by independent counsel.

No bond or other security has been provided by Sponsor in connection with the foregoing undertakings and its ability to perform these undertakings (including, without limitation, the payment of Undisclosed Liabilities) will depend upon its financial condition when and if called upon.

III. Purchasers' Remedies.

In the event any of the representations and warranties set forth above shall be untrue or incorrect as of the date made or on the

Closing Date, or Sponsor shall fail to pay or perform any of its foregoing undertakings, then the sole contractual right or remedy of Purchaser in good standing under the Plan shall be to rescind his Purchase Agreement and be refunded his entire down payment with interest, to the extent earned (such recission, as to a Purchaser who first became a tenant of the Building after the Plan was originally presented, is conditioned on the cancellation of any interim lease and the surrender of possession of his apartment within 90 days after the exercise of such right to cancel). A Purchaser electing to proceed, nevertheless, with the purchase of his apartment will not be entitled to any credit against, or abatement in, the purchase price and will have no claim or right of action against Sponsor or the Apartment Corporation by reason thereof, except that there shall be no limitation on a Purchaser's remedies as to any defaulted obligation to be paid or performed by Sponsor subsequent to the Closing Date.

IV. Agreement Between Sponsor and Apartment Corporation

Sponsor and the Apartment Corporation have entered into an Agreement concerning certain events that will take place as of the date of Closing. In accordance with this Agreement, Sponsor and the Apartment Corporation will each have, and be subject to the following respective rights and obligations, and all Purchasers of shares under this Plan, upon execution of their respective purchase agreements, will be deemed to have accepted, approved and agreed to be bound by same.

1. Sponsor will correct, by the Closing Date, all violations of record issued prior to the Closing Date and comply with proper work orders of the mortgagee or insurance carrier noted or issued prior to the Closing Date. However, this Plan may be withdrawn if the cost of removing those violations noted on or before the Closing Date and said work orders exceed one-half (½%) percent of the Total Cash Offering and Mortgage Indebtedness in the aggregate, except that Sponsor shall comply with such work orders or cure such violations if they involve unsafe or hazardous conditions known to the Sponsor prior to the date of presentation of the Plan. With respect to all violations noted before the Closing Date and which have not been cured by the Closing Date (other than those to be cured by tenants or which result from their acts or omissions) Sponsor will deposit in an escrow account with the Apartment Corporation's attorneys an amount determined by a licensed architect or professional engineer to assure its completion of such work and Sponsor will complete all corrective work by the Closing Date or within a reasonable period of time thereafter and will cause same to be removed of record within a reasonable period of time thereafter. Notwithstanding the foregoing, Sponsor shall not be obligated to correct or remove any violations that are the obligations of tenants to cure, or which result from the acts or omissions of tenants, or violations noted with respect to radio or television antennae.

2. The following items will be apportioned between Sponsor and the Apartment Corporation as of the date preceding the closing of title:

(a) Rents as and when collected;

(b) Interest on the aforedescribed mortgage indebtedness;

(c) Real estate taxes, sewer rents, water charges, water meter charges and vault charges (if any) on the basis of the fiscal or calendar year for which assessed;

(d) Wages and payroll expenses, including vacation pay accruals;

(e) Charges and receipts in connection with service and maintenance contracts and concessionaire agreements;

(f) Monies paid into the Building Service Welfare and Building Employees' Pension Fund, if any;

(g) Cost of fuel on hand (plus sales tax) and utility charges;

(h) Deposits with utility companies and fees for assignable permits and licenses;

(i) Realty Advisory Board charges (if any);

(j) Escrow funds held by the mortgagees (if any);

(k) Premiums on then existing transferable insurance policies or renewals of those expiring prior to the Closing;

Rent prepaid by tenant-Purchasers will be paid to the Apartment Corporation (and may be credited against the first monthly maintenance charges due from the appropriate Purchasers of apartments to which such prepayment relates), or, at Sponsor's option, same will be paid to the tenant-Purchasers who have paid such rent (in which case, such tenant-Purchasers will then be obliged to pay the entire first month's maintenance charges).

3. If any of the foregoing items to be apportioned cannot be adjusted on the Closing Date because they are not fully ascertainable, they shall be apportioned and adjusted at such Closing to the extent reasonably possible and the balance as soon thereafter as the undetermined amounts are ascertained.

4. The Apartment Corporation shall reimburse the Sponsor for building supplies on hand at Closing at the Sponsor's cost plus sales tax. Such reimbursement shall be considered an item of apportionment.

5. Except as herein otherwise expressly provided, the customs in respect to the title closing adopted by the Real Estate Board of New York, Inc., as amended, shall apply to apportionments and other matters therein mentioned.

6. Receipts or letters signed by the holder of a mortgage, its agents or employees, or an officer thereof, evidencing the payment of installments of principal and/or interest, reserves, escrows and accruals as of the Closing Date, shall be sufficient evidence of the amount of the principal of such mortgage, the date to which interest has been paid, the amount of any reserves, escrows and accruals, the maturity of such mortgage and the interest payable thereunder, provided the Apartment Corporation's title company would be willing to insure based thereon.

7. (a) Sponsor reserves the right to renew, extend, or modify existing leases and to enter into new leases prior to the Closing Date, on such terms and rental (but not to exceed the maximum legal rent, if any) as Sponsor deems desirable, for any residential or non-residential space (including any space vacant on the Contract Date or which become vacant thereafter), except an apartment for which a Purchase Agreement is in force and effect (unless entered into with the Purchaser of such apartment). Sponsor will not, however, be obligated to rent any apartment which is vacant on the Contract Date or which becomes vacant thereafter and it is likely that any such vacancies will not be offered for rent except to the Purchaser of the block of shares allocated to such apartment. Sponsor also reserves the right to evict any tenant who defaults under his lease or tenancy, subject to, and in accordance with the Rent Stabilization Law and Code. A current rent roll is available for inspection by prospective Purchasers and their representatives at Sponsor's office.

(b) Unless disclosed in this Plan, no lease for any non-residential space will be made with Sponsor, and no existing non-residential lease will be renewed, extended, or modified, nor non-residential lease entered into, at a rental less than that projected in the "BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION," unless (i) the Sponsor agrees to pay the difference between the projected rent and the actual rent for the term of the lease, or, (ii) a majority of all then existing Purchasers consent in writing thereto, or, (iii) in lieu of obtaining such consent, a majority of the resident members of the Board of Directors approve and ratify such lease within ninety (90) days after the Closing Date.

(c) Sponsor further reserves the right, prior to the Closing Date, to renew, extend, or modify the existing service, maintenance, and concessionaire contracts in place of present contracts on such terms as it deems desirable, but in no event will such contracts be binding upon the Apartment Corporation for a period in excess of three (3) years from the Closing Date. No new contract will be made which will materially raise the estimated maintenance charges for the first year of cooperative operation without amendment to the Plan.

8. The unapplied security deposit, if any, of a tenant who purchases will be credited to him pursuant to the provisons of General Obligations Law Section 7-103. The unapplied security deposit of a non-purchasing tenant will be transferred after the closing of title to the Purchaser of shares allocated to that apartment. Sponsor will have the right to deduct from any tenant's security deposit the amount of any rent arrearage due to Sponsor from such tenant.

9. If proceedings are pending for the reduction of real estate taxes on the Property for the tax year in which the Closing occurs, the Apartment Corporation will continue such proceedings with the attorney previously employed by the Sponsor, who shall have the sole right to negotiate and settle all claims in connection with said proceedings. The cost of such proceedings and (in the event taxes are reduced) any refund shall be apportioned between Sponsor and the Apartment Corporation according to the respective portions of the tax year that each holds title to the Property. Any refund covering a period prior to the closing of title and all expenses incurred in connection with obtaining such refund shall belong to and be incurred by Sponsor alone.

10. In the event the Property is damaged by fire or other casualty prior to the Closing, Sponsor will repair the damage if the cost of repairs is fully covered by the proceeds of insurance collected and retained by Sponsor. In the event the retained insurance proceeds will be insufficient to pay for the cost of repairs, and Sponsor elects not to repair the damage, the Plan will be abandoned, in which case all Purchase Agreements will be deemed automatically cancelled and Purchasers in good standing will be refunded their deposits with any interest earned thereon. Upon such refund being made, the Apartment Corporation and Sponsor will be relieved and discharged of all liability under the Plan and Purchase Agreement.

With regard to any damage that Sponsor is obligated or has elected to repair, (i) the expense of the repair will be borne entirely by Sponsor, who shall retain all insurance proceeds resulting from the casualty, (ii) the Property shall be substantially repaired prior to the Closing Date to as near as reasonably possible to its former condition, and (iii) the twenty-six (26) month period from the presentation date of this Plan within thich the Plan is to be consummated shall be tolled pending completion of the repair, but not longer than nine (9) months. Sponsor will in no event be liable to the Apartment Corporation or Purchasers under this Plan in the event of any delay in repairing the damage.

Under no circumstances shall a Purchaser of an "Affected Apartment" (defined below) be required to pay the balance due under his Purchase Agreement unless and until, (i) the Affected Apartment has been substantially repaired to as near as reasonably possible to its condition immediately prior to the casualty, and, (ii) the affected apartment's essential services (such as gas, electricity, and heat) and a reasonable means of

ingress and egress to the street have been restored. If the Affected Apartment is not substantially repaired within nine (9) months from the later of the occurrence of the casualty or the date the Plan is Declared Effective, then the sole remedy of the Purchaser thereof shall be to rescind his Purchase Agreement. However, notice of exercise of such recission is required to be mailed to Sponsor prior to Purchaser's receipt of Sponsor's notice of completion of the repair.

The term "Affected Apartment" means an apartment that has been directly damaged in the casualty (other than minor damage not rendering the apartment uninhabitable), is without essential services (such as gas, electricity, or heat), or is without a reasonable means of ingress and egress to the street.

Notwithstanding the foregoing, if the Purchaser is the tenant of the damaged apartment, or is given possession of the apartment under an interim lease or otherwise prior to the casualty, such Purchaser shall assume the risk of loss to the apartment and the obligation to repair the damage, unless the cause of such loss originated outside his apartment or did not result from the acts of Purchaser or other occupant of the apartment or Purchaser's guests, invitees, or workmen. If the Purchaser is obligated to repair the damage in accordance with the foregoing, then his failure to repair the damage shall not excuse him from paying the balance due under his Purchase Agreement and accepting title to the shares allocated to the apartment and related Proprietary Lease.

11. The Apartment Corporation will defend, indemnify and hold harmless the holders of Unsold Shares against any and all claims, actions, judgments, losses, liabilities, and expenses (including, without limitation, reasonable attorneys' fees and litigation expenses) incurred or required to be paid as the result of the Apartment Corporation's failure either, (i) to operate the Building at the same level of services as those supplied on the Closing Date pursuant to the Rent Stabilization Law and Code, except for the services which under the terms of the Proprietary Lease are the obligation of the lessee, or (ii) to perform any obligation to be performed by it as lessor under the Proprietary Lease; however, such indemnity shall not be applicable during any period that a majority of the Board of Directors consists of non-resident members elected by the holders of Unsold Shares. In addition, except for those services and obligations which the Apartment Corporation has agreed to provide and perform under the Proprietary Lease and this Plan, all other services required under any lease to be furnished to a tenant of an Unsold Apartment, and other obligations imposed by law with respect to such tenant (such as painting the apartment), shall be provided and performed by the appropriate holder of Unsold Shares. At Closing, the Apartment Corporation and each holder of Unsold Shares will enter into a written agreement to the foregoing effect.

12. On the Closing Date, Sponsor will deliver to the Apartment Corporation's managing agent, the Apartment Corporation's Certificate

of Incorporation, all amendments thereto (if any), By-Laws, stock certificate books, corporate seal, and the minute book (with minutes of the Corporation since the date of incorporation), contracts, permits, licenses and inspection certificates issued by governmental authorities, presently in effect, current insurance policies, bank books currently in effect, books of account, records, reports, and returns and contracts for the period of time that Sponsor owned the Property preceding the date of Closing, and all other documents and papers in possession of, or under the control of Sponsor, relating to the operation of the Property and the personal property used in connection therewith for such period of time the closing of title, other than leases for apartments to which Unsold Shares are allocated (these leases to be delivered to the respective holders of Unsold Shares). The Apartment Corporation shall retain the foregoing for not less than six (6) years from the Closing Date and shall permit Sponsor and their representatives access thereto from time to time, during reasonable business hours. In lieu of books of account, Sponsor may deliver true copies to the Apartment Corporation's Managing Agent.

13. Sponsor reserves the right to, simultaneously with or prior to the Closing, amend the By-Laws of the Corporation so as to change the fiscal year of the Corporation to a fiscal year commencing with the date of Closing, and ending one year thereafter.

SPECIAL TAX CONSEQUENCES

The Plan has been structured with the intention of transferring the shares of stock in the Apartment Corporation to purchasers without a transfer of title of the land and building from the Sponsor to the Apartment Corporation. As such, the tax basis of the Property to the Apartment Corporation would be lower than it would have been had there been an actual transfer of the land and building.

If an ordinary contract of sale were used to effectuate a transfer of the land and building to the Apartment Corporation, the Apartment Corporation's tax basis of the Property would have been as much as approximately $13,379,311.10 on the projected date of closing. Under the Plan, the projected tax basis of the Property on the projected Closing Date would be approximately $4,555,000.00.

As the result of the lower tax basis, the Apartment Corporation will have less available depreciation deductions and a potentially greater tax liability if the land and building are ever sold, either voluntarily or involuntarily through a foreclosure of a mortgage, a condemnation, a substantial casualty or the like. In any of such events it is possible that the unpaid principal balances of the mortgages will exceed the Apartment Corporation's basis.

In addition, any tenant-shareholder who purchases under the Plan and who acquires a depreciable interest in his shares of stock by reason of using his or her apartment in a trade or business or for the production of income may have lower depreciation deductions. However, this transaction will not affect the tax deductions available to tenant-shareholders who use their apartments as a residence or the individual tax basis of each tenant-shareholder in the shares purchased by such tenant-shareholder.

MANAGEMENT AGREEMENT AND CONTRACTS

Management Agreement

On the Closing Date, a management agreement will be entered into between the Apartment Corporation and ABG International Properties, Inc. (hereinafter in this section referred to as the "Managing Agent"). The Managing Agent maintains its offices at 39 Broadway, New York, New York 10006.

The agreement shall be for an initial term of two (2) years and will be automatically renewed monthly thereafter until cancelled by either party on at least thirty (30) days' prior written notice.

The Managing Agent will receive an annual fee of $22,000.00 for each of the first two (2) years of cooperative operation, inclusive of services rendered in connection with unemployment insurance, social security tax, labor union relations, withholding taxes, hospitalization, group life insurance and disability insurance. Further, the Managing Agent may receive commissions in connection with insurance placed on the Property. A tenant-shareholder (other than a holder of Unsold Shares) who sells his apartment will pay the Managing Agent a fee for services rendered in connection with processing the application of, and the transfer of stock to, the person to whom his apartment is being sold. If engaged by the Apartment Corporation, commissions will be paid to the Agent in accordance with the Agent's rates then in effect for leasing or renewing leases of space owned by the Apartment Corporation, other than a Proprietary Lease, if so engaged.

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

1. Bill and collect proprietary rents and other charges and, if authorized by the Apartment Corporation, institute summary proceedings to recover possession of apartments against tenant-shareholders in default in maintenance and other charges.

2. Cause the Building to be maintained, repaired and altered in the condition deemed advisable by the Apartment Corporation, except that the approval of the Apartment Corporation is necessary for any expenditure of over One Thousand ($1,000.00) Dollars for any one item of ordinary repairs or alterations (other than emergency repairs).

3. Purchase all supplies necessary to properly maintain and operate the Building.

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

5. Supervise, pay, hire and discharge employees.

6. Render monthly statements of receipts and disbursements.

7. Prepare payrolls, maintain payroll records and file withholding tax statements for employees.

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

9. Accept applications and references from all prospective tenant-shareholders and submit same to the Apartment Corporation.

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

The annual certified financial statement of the Apartment Corporation will not be prepared by the Managing Agent, but instead will be prepared by an independent certified public accountant engaged by the Apartment Corporation, at its expense.

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

The agreement will not be assignable by the Managing Agent without the consent of the Apartment Corporation. It will not be unilaterally cancelled by the Apartment Corporation or the Managing Agent before the end of its initial term except if the Apartment Corporation or the Managing Agent default under the terms of the Agreement or shall fail or refuse to comply with or abide by any rule, determination, ordinance or law of any Federal, State or municipal authority, in which event the agreement will be cancelled by the Managing Agent or Apartment Corporation upon two days prior written notice.

All dwelling units occupied by non-purchasing tenants shall be managed by the same managing agent who manages all other dwelling units in the Building. Such managing agent shall provide to non-purchasing tenants all service and facilities required by law on a non-discriminatory basis. The Sponsor guarantees the obligation of the managing agent to provide all such services and facilities until such time as the Sponsor no longer controls the Board of Directors.

Contracts

The Apartment Corporation will acquire the Property subject to the then existing union employment agreements affecting the Building staff, insurance policies and maintenance, service and concessionaire agreements. (See "FOOTNOTES TO BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION" for full details of the agreements in effect at the date of presentation of the Plan.)

THE SPONSOR HAS RESERVED THE RIGHT PRIOR TO THE CLOSING DATE TO MODIFY, RENEW AND REPLACE THE 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 APARTMENT CORPORATION ON THE CLOSING DATE PROVIDED THAT THE SPONSOR MAY NOT ENTER INTO ANY BINDING SERVICE, MAINTENANCE OR CONCESSIONAIRE AGREEMENTS THAT WILL MATERIALLY INCREASE THE FIRST YEAR'S ESTIMATED MAINTENANCE CHARGES NOR MAY THE TERM OF ANY MODIFIED OR NEW SERVICE MAINTENANCE OR CONCESSIONAIRE AGREEMENT BE FOR MORE THAN TWO (2) YEARS (EXCEPT FOR UNION EMPLOYMENT AGREEMENTS WHICH MAY EXCEED TWO (2) YEARS) UNLESS SUCH AGREEMENT CONTAINS A PROVISION PERMITTING THE APARTMENT CORPORATION TO CANCEL THE AGREEMENT FROM AND AFTER THE SECOND ANNIVERSARY OF THE CLOSING UPON GIVING NOT LESS THAN NINETY (90) DAYS PRIOR WRITTEN NOTICE.

IDENTITY OF PARTIES

Sponsor

HNP REALTY, INC., Sponsor, is a corporation organized under and existing by virtue of the laws of the New York, with its offices c/o ABG International Properties, 39 Broadway, New York, New York 10006. Its officers and directors are:

Felix Blitz, President
Nancy Guinan, Secretary/Treasurer

Felix Blitz is the Vice President and a director of ABG International Properties, Inc., the Selling Agent. Nancy Guinan is the Treasurer of the Selling Agent. Mr. Blitz and Ms. Guinan have their offices at 39 Broadway, New York, New York 10006. They have previously been involved as officers and directors of the Sponsor of plans to convert the following properties to cooperative ownership:

Address of Property	Date of Conversion
370 West Broadway Long Beach, New York	June 3, 1986
70 North Grove Street Freeport, New York	June 4, 1985
855 East Broadway Long Beach, New York	May 15, 1985
840 Shore Road Long Beach, New York	August 15, 1984

All of the shares of HNP REALTY, INC. are owned by Alfred Egger, who resides in [redacted] and Vital Hauser, who resides in [redacted] Mssrs. Egger and Hauser have never been involved as the sponsors or principals of the sponsor in any cooperative offering and are not actively involved in this offering.

Selling Agent

ABG International Properties Inc., with offices at 39 Broadway, New York, New York the selling agent, is a licensed real estate broker which has been engaged in the real estate business since Julv 1, 1985. Messrs. George Blitz and Felix Blitz have been engaged in the real estate

business for more than fifteen years. The officers and directors of the Sponsor are affiliated with the selling agent as set forth above. The selling agent will receive from the Sponsor, selling commissions pursuant to a separate written agreement.

Managing Agent

ABG International Properties, Inc. with its offices at 39 Broadway, New York, New York is presently managing the Property pursuant to an agreement with Sponsor. The managing agent manages approximately ten (10) cooperatives or properties in New York City and Nassau County and also manages approximately thirty (30) rental properties. At the Closing, it will enter into an agreement with the Apartment Corporation to manage the property for a period of two (2) years from the Closing. (See "MANAGEMENT AGREEMENT AND CONTRACTS" at Page 131 of the Plan.)

Architect

The architect, Serge Klein, with offices at 616 West 232nd Street, Riverdale, New York, has examined the physical condition of the premises and has rendered its report thereof which is set forth at Page 146 of this Plan. The architect has prepared numerous reports which have been included in cooperative offering plans. The architect has no financial interest in the Property, the Sponsor, the Apartment Corporation, the Selling Agent or any other party interested in this transaction except its fee for services rendered in connection with such report.

Attorneys

Sponsor has designated Andrew P. Brucker, Esq. to represent the Apartment Corporation in connection with this Plan. His offices are located at 27 East 37th Street, New York, New York. His fees and disbursements will be paid by the Sponsor. His firm will represent the Apartment Corporation at Closing and will continue as counsel thereof until the first meeting of tenant-shareholders after the Closing Date. Sponsor has retained Stark, Elman, Amron, Barash & Narotsky, with offices at 1133 Avenue of the Americas, New York, New York 10036, in connection with the preparation of this Plan.

SPONSOR'S PROFIT

The Sponsor acquired the Property on January 10, 1985, from Endeavor Property Holdings, N.V., a Netherlands Antilles, with a business office c/o Maritime Realty Corp., 170 Broadway, New York, New York for a total consideration of $4,900,000.00.

If all the shares of the Apartment Corporation are sold at the price to tenants set forth in the "PURCHASE PRICE AND OTHER FINANCIAL DETAILS FOR EACH APARTMENT" (SCHEDULE A) within the time contemplated at the presentation date of the Plan, the Sponsor's profit from the sale of the Property to the Apartment Corporation may be approximately $2,900,000.00 computed before payment of income taxes but after deducting the Sponsor's expenses in connection with the acquisition and operation of the Property, which total approximately $100,000.00, and the expenses incurred in the presentation of the Plan and the closing of title with the Apartment Corporation which include, but are not limited to, reserve fund, working capital fund, sales commissions, attorneys' and accountants' fees, printing, relocation costs, mortgage refinancing costs, title insurance for the Apartment Corporation, and engineers' fees, which expenses total approximately $365,000.00.

The exact profit to be realized by the Sponsor upon the sale of the Property to the Apartment Corporation cannot now be determined and may increase or decrease depending upon such variable factors as future market conditions, losses which may be sustained by reason of the Sponsor's responsibility for performance of Proprietary Leases acquired by the holders of Unsold Shares, the length of time required to sell all the shares offered under the Plan, losses and disbursements arising from obligations assumed by Sponsor under the Plan, and other contingencies.

REPORTS TO SHAREHOLDERS

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

1. An income tax deduction statement to be sent by March 15th of each year;

2. An annual audited financial statement prepared by an independent certified public accountant to be received by April 30th, annually; and

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

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

DOCUMENTS ON FILE

In accordance with Section 352-e(9) of the General Business Law, copies of the Plan and all other exhibits and documents referred to herein shall be available for inspection by prospective purchasers and by any person who shall have purchased securities offered by the Plan or shall have participated in the offering of such securities, at the office of the attorneys for the Sponsor, Stark, Elman, Amron, Barash & Narotsky, 1133 Avenue of the Americas, New York, New York 10036, and shall remain available for inspection for a period of six years from the Closing. There will be a charge of 50¢ per page for copying any of the documents. The Plan and all other exhibits and documents referred to herein shall also be available for inspection and copying at the Department of Law, 120 Broadway, 23rd Floor, New York, New York 10271.

GENERAL

The Plan does not knowingly omit any material fact or contain any untrue statement of any material fact. This Plan does not contain a full summary of all of the provisions of the various documents referred to herein. Statements made as to the provisions of such documents are qualified in all respects by the contents of such documents and, in the case of any such documents executed by or with the written consent of a purchaser pursuant to the Plan, any rider or separate agreement changing or adding provisions to such document.

There are no lawsuits, administrative proceedings or other proceedings now pending, the outcome of which may materially affect this offering, the Property, the rights of existing tenants, Sponsor's capacity to perform all of its obligations under the Plan, the Apartment Corporation, or the operation of the Apartment Corporation, except for possible individual landlord-tenant matters and except as may be further herein expressly set forth.

Sponsor and its principals have no knowledge of any prior cooperative or condominium offering of the Property. As of the date of presentation of the Plan, neither the Sponsor, the Apartment Corporation, the Selling Agent, nor any other person or entity having any connection with any of the foregoing, has raised funds from or made any preliminary offering to or binding agreement with any prospective purchaser, including existing tenants.

The Plan is offered only to persons 18 years of age or over. Upon information and belief, all tenants residing in the Building are individuals.

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

As of the date of first presentation of the Plan, neither the Sponsor nor the Selling Agent, or any representative, or agent thereof, has raised funds or made any preliminary offering or binding agreement to or with the tenants, sub-tenants, or non-resident prospective purchasers with respect to apartments in the Building.

The Sponsor reserves the right, from time to time prior to the Closing Date, without obtaining the consent of purchasers or others (except for prior consent of Sponsor), to revise the terms and conditions

on which its shares and Proprietary Leases are to be sold, including changes affecting the rights, obligations and liabilities of the Apartment Corporation, purchasers or prospective purchasers under the Plan. However, the Sponsor may not unilaterally cancel an outstanding Purchase Agreement, except as therein provided in the case of an uncured default, nor unilaterally change the Total Cash Payment or the payment terms contained in such Purchase Agreement. All substantive or material revisions will be contained in a duly filed amendment to the Plan. In the case of a material revision adversely affecting the rights, obligations or liabilities of then existing purchasers of shares of the Apartment Corporation, reducing the undertakings or obligations of Sponsor, such purchasers will be given the right to rescind their Purchase Agreements if they notify the Sponsor in writing within fifteen (15) days after the presentation of the amendment and be refunded the full down payment (with any interest earned thereon, if any) promptly after notification to the Sponsor. However, such rescission, as to a purchaser who first became a tenant of the Building after the Plan was originally presented, will be conditioned on the cancellation of any interim lease and surrender of possession of his apartment within ninety (90) days thereafter.

In the event of any inconsistency between the terms of the Plan (as same may be amended from time to time) and any rent laws and regulations, the terms and provisions of the rent laws and regulations shall govern with respect to tenants of apartments afforded rights under such laws and regulations who are affected thereby to the extent of any such inconsistency, so that the terms of the Plan (as same may be amended from time to time) shall be in complete conformity with the requirements of such laws and regulations.

No person has been authorized to make a representation which is not expressly contained herein. Any information, data, or representations not contained herein or in the documents and exhibits referred to herein must not be relied upon. The Plan may not be changed or modified orally.

Dated: March 5, 1987

HNP REALTY, INC.

Sponsor

SPONSOR'S STATEMENT OF BUILDING CONDITION

The Sponsor makes the following representations as to the description and condition of the land and buildings by including and adopting the report prepared by Serge Klein set forth in Part II at page 146 of the Plan.

The Sponsor represents that it does not know of any material defect or need for material repairs except as indicated in said report and that to the best of the Sponsor's knowledge the description set forth in said report accurately states the condition of the Property and its equipment except for items customarily correct by routine maintenance.

The Property is offered in its current condition as of the date of the Plan. Neither the Sponsor nor the Apartment Corporation will have any obligation to make repairs or improvements except as set forth in the Plan. The Sponsor will, however, maintain and operate the Property until the Closing Date in substantially the same manner and condition as on the date of presentation of the Plan, will cure or cause to be cured by the Closing Date or within a reasonable period of time thereafter all violations of record against the Premises on the Closing Date (except violations which are the obligation of tenants to cure or which result from the acts or omissions of tenants or violations noted with respect to radio or television antennae), will eliminate all dangerous or hazardous conditions that Sponsor has notice of and will comply with all work orders from mortgagees provided the net cost to accomplish same shall not exceed one half (1/2%) percent of the total cash offering to tenants and mortgage indebtedness in the aggregate. If Sponsor is unable to complete the work necessary to cure all violations within a reasonable time after the Closing Date, it will deposit in an escrow account with the attorneys for the Sponsor an amount determined by a licensed architect or professional engineer selected by Sponsor to assure the completion of such work within a reasonable period of time after the Closing Date and cause such violations to be removed of record within a reasonable period of time thereafter. If such violations are not cured within six (6) months after the Closing Date, the amount escrowed for the uncured violations will be turned over to the Apartment Corporation. Notwithstanding the foregoing provisions of this paragraph, any defect in title, work order, violation of record, or determination of any authority or regulatory agency which existed on the date of presentation of the Plan and were either known to the Sponsor or were a matter of public record, may not be the basis for abandoning the Plan once it has been declared effective.

The following provisions of the Plan are presented pursuant to the provisions of Part 18.7(aa) of the Regulations of the Department of Law promulgated on August 8, 1986.

Sponsor has retained the services of Brad Associates, Consulting Engineers, with offices at 1 Rosanne Court, Lake Ronkonkoma, New York to perform such tests as are necessary to determine whether Asbestos Containing Material (ACM) is present in insulating or fireproofing material anywhere in the Building. The report of Brad Associates is set forth in Part II of the Plan at page 147.

Such asbestos report contains the following information:

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

(b) A detailed inventory of the asbestos in each apartment and in all other areas of the property, including the location, amount of ACM, type and concentration of asbestos in the ACM, and condition; whether the presence of any of the ACM poses an immediate health or safety hazard; which apartments, if any, were not examined and a description of efforts made to gain access to any such apartments.

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

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

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

The regulations promulgated on August 8, 1986 contained the following additional language:

> "In addition, the offering plan must state that the recommendations of the asbestos report will be expeditiously carried out by the Sponsor if the closing has not occurred, or the apartment corporation if the closing has occurred but the Sponsor is in control, and that it will be the responsibility of the apartment corporation to monitor and, whenever necessary, to treat or remove ACM which remains in the building(s) after the conversion to a cooperative.

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

A lawsuit was brought to invalidate the emergency asbestos regulations - Application of Council For Owner Occupied Housing Inc. v. Robert Abrams, Supreme Court, Albany County, Index Number 9505-86. On October 6, 1986 Justice John G. O'Connor issued an opinion upholding that part of the regulations which require disclosure of ACM. The decision invalidated that part of the regulations set out in the quoted paragraphs immediately set forth above.

The Attorney General will appeal that part of the decision invalidating that part of the regulations set forth in the quoted paragraphs.

The Plan will be amended to disclose the outcome of this litigation as well as its ramifications on Sponsor's obligations in this offering plan. If the final court determination or stipulation upholds the decision invalidating the provisions of the regulations set forth in quoted paragraphs, Sponsor will have no obligation to carry out the recommendations of the asbestos report or to escrow a sum of money sufficient to pay for said work. If the final court determination reverses the decision invalidating the provisions of the regulations set forth in the quoted paragraphs, Sponsor will have the obligation to perform such work and to escrow money sufficient to pay for said work if the closing has not occurred or to have the Board of Directors perform such work if Sponsor is in control of the Board of Directors.

PART II

CONDOMINIUM OFFERING PLAN
and
PLAN TO CONVERT TO COOPERATIVE OWNERSHIP
THE RESIDENTIAL CONDOMINIUM UNIT OF

THE CURTIS RESIDENCE CONDOMINIUM

Premises at:

123-25 82nd Avenue
a/k/a 120-86 Queens Boulevard
Kew Gardens, New York

PURCHASE AGREEMENT

for shares of

THE CURTIS RESIDENCE LTD.

(Please execute in quadruplicate)

Purchaser: _____
(Please Print)

_____
(Please Print)

Apartment: _____

Building Address: **123-25 82nd Avenue**
a/k/a 120-86 Queens Boulevard
Kew Gardens, New York

Number of Shares: _____

Total Cash Payment: $ _____

Down Payment (10% of the Total Cash Price) $ _____

Amount to be Financed by lending institution $ _____

Balance Due at Closing: $ _____

Information for Non-Tenant Purchaser:

Existing Lease Expires [1]: _____

Rent Under Existing Lease or Tenancy per Month: $ _____

Apartment is Vacant[1] ( )

The purchase of the shares allocated to an apartment is not contingent upon the purchaser's ability to obtain financing. Therefore, purchasers must be prepared to pay the Total Cash Payment to the Sponsor at the Closing or forfeit their down-payment in an amount not to exceed ten (10%) per cent of the Total Cash Payment.

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1. Strike out if inapplicable

1. Definitions

The following terms shall have the meanings ascribed to them:

(i) "Apartment" shall mean the Apartment identified above located at 123-25 82nd Avenue a/k/a 120-86 Queens Boulevard, Kew Gardens, New York;

(ii) "Shares" shall mean the number of shares of THE CURTIS RESIDENCE LTD. ("Apartment Corporation") allocated to the Apartment, as shown on the first page of this Agreement;

(iii) "Plan" shall mean the Offering Plan to convert 123-25 82nd Avenue a/k/a 120-86 Queens Boulevard, Kew Gardens, New York to condominium ownership and to convert to cooperative ownership the residential condominium unit, and any Amendments thereto filed prior to the date Purchaser signs this Agreement;

(iv) "Lease" shall mean the Proprietary Lease to be entered into with the Apartment Corporation, as Lessor, and Purchaser, as Lessee, covering the Apartment;

(v) "Total Cash Payment", "Down Payment" and "Balance" shall mean the respective sums indicated on the first page of this Agreement; and

(vi) "Sponsor" shall mean HNP REALTY, INC.

All other terms not defined herein shall have the meanings ascribed to them in the Plan.

2. Plan

I, the undersigned Purchaser, acknowledge having received and read the Plan at least three (3) full business days prior to my signing this Purchase Agreement. I hereby adopt, accept and approve the Plan and agree to abide and be bound by the terms and conditions thereof. The Plan is hereby 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.

3. Agreement to Purchase

I hereby agree to purchase the Shares allocated to the Apartment for the Total Cash Payment set forth on the first page of this Agreement.

4. Payment of Total Cash Payment

The Total Cash Payment shall be paid as follows:

(i) The Down Payment is due on the submission of this Agreement, by Purchaser's personal check made payable to the order of "THE CURTIS RESIDENCE LTD. Special Account".

(ii) The balance is due after the Plan is declared effective and within fifteen (15) days after written notice and demand is sent by the Sponsor. Such notice shall not be sent unless the Closing under the Plan has been scheduled to occur within not less than thirty (30) nor more than sixty (60) days after the balance is due. The balance shall be paid by Purchaser's unendorsed personal certified check or official bank or cashier's check, drawn on a New York bank which is a member of the New York Clearing House Association, made payable to the order of "THE CURTIS RESIDENCE LTD. Special Account". All checks in payment of the Total Cash Payment shall be delivered to ABG International Properties, Inc., 39 Broadway, New York, New York.

If financing is being provided by a bank, trust company or other lending institution, then the amount being financed may be paid from the proceeds of such loan at closing hereunder, provided Purchaser delivers to the Selling Agent by the date the balance is due, a copy of the written commitment from the lending institution and copies of all documents which the lending institution will require the Apartment Corporation to execute (all of which must be in form and substance satisfactory to counsel for Sponsor). In such cases, only the unfinanced portion of such Balance is required to be paid within said fifteen (15) day period.

Notwithstanding the foregoing, if this Purchase Agreement is executed after the Plan is declared effective and the Closing Date has been fixed, then the entire unfinanced Total Cash Payment shall be due within fifteen (15) days after a fully executed counterpart of this Agreement is mailed or delivered to Purchaser or on the Closing Date, whichever shall first occur and the remainder being financed shall be deferred until Closing in accordance with the preceding paragraph.

5. Trust Fund

Sponsor will hold in trust any and all monies received by it directly or through its agents, employees or escrow agent (if any) until the Closing Date or the Plan is abandoned. All monies received hereunder will be deposited in a special account entitled "THE CURTIS RESIDENCE LTD. Special Account" at Manufacturers and Traders Trust Company, 654 Madison Avenue, New York, New York, until actually employed in connection with the consummation of the transaction as described herein and in the Plan. The funds so deposited will be disbursed only in accordance with the provisions of this Agreement and the Plan. If the Plan is abandoned or withdrawn, such funds will be returned to Purchaser without interest, (unless interest is earned), unless Purchaser is then in default hereunder beyond the applicable grace period or this Agreement has previously been cancelled in accordance with its terms, in either of which case, such funds (but in no event to exceed 10% of the Total Cash Payment), will be retained by the Sponsor as liquidated damages. All funds received under this Agreement will be handled in accordance with Section 352-e(2)(b) and 352-h of the New York General Business Law.

Until such time as completion of the sale and consummation of the Plan, funds deposited in trust as down payments or as the purchase price for shares allocated, will be under the control of Stark, Elman, Amron, Barash & Narotsky and be disbursed only upon instruction of counsel for the Apartment Corporation (Stark, Elman, Amron, Barash & Narotsky), to be used for purchase of the Property if the Plan is declared effective and title closes, or returned to the purchaser if the Plan is abandoned or withdrawn or if title does not close as herein provided, or if the required number of tenant occupants do not purchase the shares allocated to their apartments pursuant to the terms of this Plan.

6. Proprietary Lease

Upon the closing hereunder, I agree to become the proprietary lessee of the Apartment. In the event the Plan is declared effective, I will sign, in duplicate, before a notary public, the Lease for the Apartment promptly upon presentation to me and will within fifteen (15) days thereafter return both copies to the Selling Agent, ABG International Properties, Inc., 39 Broadway, New York, New York 10006. The Lease will be in the form contained in the Plan. The date of commencement of the term of said Lease will be the Closing Date as defined in the Plan. The Apartment Corporation or Selling Agent is hereby irrevocably authorized by Purchaser to insert such date in the lease.

7. Closing Contingent on Plan Being Declared Effective

A. The respective obligations of Purchaser and the Sponsor hereunder are contingent upon the Plan being 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. Purchaser understands and agrees 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 (see "EFFECTIVE DATE" in the Plan for full details). The Plan will be abandoned or deemed abandoned if it has not been declared effective within the time limits prescribed in the Plan. The Sponsor shall notify Purchaser, 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 effective, the Plan shall not be consummated for any reason on or before twenty-four months from the date of presentation of the Plan (as same may have been tolled pursuant to the Plan), this Agreement shall be deemed cancelled and (unless I am then in default under this Agreement beyond the applicable grace period, or this Agreement has previously been cancelled) I am to receive back, not later than thirty (30) days thereafter, in full, all monies paid by me hereunder without interest, (unless interest is earned). Upon such repayment, Purchaser and Sponsor shall have no claim against each other or the Apartment Corporation, and all such parties and persons shall be released from all liabilities and obligations hereunder and under the Plan.

8. Closing

The closing shall occur on the date and at the time and place designated by Sponsor, which shall not be earlier than thirty (30) days, nor later than approximately 180 days, after the Plan has been declared effective, unless adjourned by Sponsor. On the closing date, Purchaser shall become the owner of the Shares and proprietary lessee of the Apartment, provided Purchaser shall have complied with all his obligations hereunder. A new certificate for the shares will be issued to Purchaser, dated as of the closing date, and will be sent to Purchaser, together with d fully executed counterpart of the Lease, promptly thereafter.

9. Events of Default

A. The following shall constitute Events of Default hereunder:

(i) The failure to pay the balance within fifteen (15) days after written notices as required under Paragraph 4 above;

(ii) If a portion of the balance is being financed and payment thereof has been deferred as permitted under Paragraph 4, the failure of Purchaser for any reason to pay such deferred amount at closing;

(iii) The failure to duly sign, notarize and return the lease, in duplicate, within fifteen (15) days after presentation to Purchaser pursuant to Paragraph 6 above;

(iv) If Purchaser is or becomes a tenant of the Building, Purchaser's failure to pay rent or otherwise to comply with its lease or tenancy obligations, which results in his eviction from the Apartment (either by voluntary removal or by court order); or

(v) The failure to perform any of Purchaser's other obligations hereunder which is not cured within fifteen (15) days after the mailing of written notice specifying the nature of such default.

B. Upon the occurrence of an Event of Default, the Sponsor's sole right shall be to cancel this Agreement upon sending Purchaser thirty (30) days prior written notice of its intention to do so. If the Sponsor elects to cancel, Purchaser shall have thirty (30) days from the giving of the cancellation notice within which Purchaser must cure the specified default. If the default is not timely cured, then the Sponsor shall have the right to retain as and for liquidated damages, all payments made hereunder (but in no event to exceed 10% of the Total Cash Payment). In the event the Sponsor elects to cancel this Agreement, any deposits in excess of said 10% of the Total Cash Payment shall promptly thereafter be refunded to Purchaser, without interest, (unless interest is earned). If this Agreement is cancelled, the Sponsor may thereafter sell the shares to another as though this Agreement had never been made, and without

accounting to Purchaser for the proceeds of such sale. In such event, Sponsor, Apartment Corporation, Selling Agent and Purchaser will be released and discharged of all further liability and obligations under this Agreement and the Plan.

C. In the event a default arises from Purchaser's failure to comply with his lease or tenancy and the Sponsor does not elect to cancel this Agreement, then Sponsor shall have a lien on the Shares and accompanying Lease as security for the payment of all rent arrears or other sums due Sponsor on account thereof. In such case, Purchaser hereby irrevocably authorizes and directs the Apartment Corporation to deliver Purchaser's certificate for the Shares and duplicate original lease directly to Sponsor in order to perfect such security interest. Sponsor will hold same pending payment of all sums owing to it whereupon the certificate for the Shares and duplicate original lease will be promptly delivered to Purchaser.

10. Sale Subject to Existing Tenancy

The following provisions are applicable only if, at the time of signing this Purchase Agreement, the Apartment is occupied by, or under lease to, one other than the Purchaser (as indicated on the first page of this Purchase Agreement):

Purchaser understands that he is purchasing the Apartment subject to the rights of the existing tenant or occupant of same, as explained more fully in the Plan under the section entitled "RIGHTS OF EXISTING TENANTS". Purchaser acknowledges that so long as the tenant or occupant continues to pay the required rent and complies with his other lease or tenancy obligations, such tenant or occupant will have the right to remain in possession of the Apartment and that Purchaser may not commence a proceeding to obtain possession of the apartment on the grounds of intended owner occupancy. Moreover, Purchaser understands that upon the expiration of an existing rent stabilized tenant's lease he will be entitled to obtain a one or two year renewal lease (at the tenant's option), at an increased rental determined in accordance with the provisions of the Rent Stabilization Law and the Code adopted pursuant thereto.

Purchaser acknowledges that he has read and thoroughly understands the section of the Plan entitled "OBLIGATIONS OF HOLDERS OF SHARES ALLOCATED TO DWELLING UNITS OCCUPIED BY NON-PURCHASING TENANTS" which summarizes various rights, duties, and procedures to be followed in order to gain possession of the Apartment. Purchaser realizes that if the tenant or occupant fails to voluntarily remove from the Apartment he shall be required to obtain possession at his own expense which may entail the institution of summary dispossess proceedings. Purchaser further acknowledges that no representation or statement has been made to him (and if made, Purchaser knows same are unauthorized and has not relied thereon) as to the length of time that may elapse before he gains possession of the Apartment or that he, in fact, will obtain possession of the Apartment.

Purchaser further understands, as explained in the Plan, that if the tenant or occupant has not vacated the Apartment by the Closing Date, such Purchaser will assume the rights and obligations of the landlord of such tenant or occupant, including the right to collect rent (whether the same be greater or less than the proprietary rent established from time to time under the Proprietary Lease) and the obligations to repair, maintain, and paint the Apartment (including its equipment and appliances) for the benefit of the existing tenant or occupant.

Purchaser hereby irrevocably appoints ABG International Properties, Inc. (the Apartment Corporation's managing agent) and its successors or the Apartment Corporation, if it does not employ a managing agent, as Purchaser's agent to provide such tenant or occupant all services and facilities required by law.

Purchaser further agrees to deposit with ABG International Properties, Inc., as Managing Agent of the Apartment Corporation, at Closing, a sum equal to two (2) months maintenance charges, to be used by such managing agent as working capital to furnish to the non-purchasing tenant all services required under the non-purchasing tenant's lease and all laws and rent regulations applicable to the tenancy of the Apartment. Upon notice by the managing agent that said deposit has been diminished such fund shall be replenished by the owner of the shares of the Apartment Corporation allocated to such apartment within sixty (60) days after receipt of such notice, so that the amount of such fund shall always be equal to two (2) months maintenance charges. Such fund shall be terminated when the apartment is vacated by the non-purchasing tenant. If the Apartment Corporation does not employ a managing agent, then the fund shall be maintained by the Apartment Corporation in the same manner as aforesaid. The failure of the shareholder to replenish the fund in a timely manner shall result in a lien in favor of the Apartment Corporation against the shares allocated to the apartment. Interest, if any, earned on the fund shall be the property of the shareholder.

The obligations of the Purchaser under the provisions of this paragraph 10 shall survive delivery of the shares of the Apartment Corporation allocated to the Apartment and the Proprietary Lease appurtenant thereto.

11. Appliances and Equipment

At Closing, the Apartment will contain only those appliances, countertops, cabinets, sinks, vanities (if any), air-conditioning units (if any), hardware and other fixtures and equipment currently installed therein that are owned by Sponsor. The Apartment is being sold unfurnished. Any appliances, air-conditioning units, furnishings, equipment, fixtures and other personal property owned by any tenant of the Apartment are not included in this sale. In addition, furniture, wall coverings, furnishings, decorations and the like in or about any model apartment are for display purposes only and are not included in this sale. However, if the Apartment is presently

occupied by other than Purchaser and the existing tenant removes a stove or refrigerator belonging to him, then Sponsor has agreed under the Plan to supply a replacement, which may not be new, but will be in working order and similar in size and quality to the stoves and refrigerators owned by Sponsor that are contained in comparable apartments in the Building on the date of presentation of the Plan.

Furniture, wall coverings, furnishings, decorations and the like in or about any model apartment are for display purposes only and are not included in the sale. Any floor plans or sketches shown to Purchaser are only approximations of the Apartment's dimensions and arrangements, and Purchaser should not rely thereon.

There will be no modifications or extras unless agreed to in writing by the parties. All modifications, alterations and additions to the Apartment must be approved by Sponsor in writing and, if approved, shall be performed by Sponsor at Purchaser's expense (payable in the manner to be set forth in an addendum to the Agreement or separate agreement).

12. Acceptance of Condition of Building and Apartment

The signing of this Agreement by Purchaser signifies Purchaser's acceptance of the condition of the Building and the Apartment in their respective existing conditions, subject to reasonable use, wear and tear and natural deterioration between the date Purchaser signs this Agreement and the closing hereunder. Purchaser acknowledges having read the report of Serge Klein, set forth in the Plan, and understands that Sponsor and the Apartment Corporation have no obligation to make any repairs, improvements or decorations in or to the Property, the Building or the Apartment (including, without limitation, fixtures and equipment contained therein), except Sponsor shall maintain the Building in substantially the same condition it was in on the date of presentation of the Plan (unless prevented from so doing by reason of acts beyond its control).

13. Purchaser's Representations

I represent I am 18 years of age or over. I further represent to Sponsor, the Apartment Corporation and to all other purchasers of shares under the Plan that I am purchasing the Shares for my own account (beneficial and of record) and that no corporation, partnership, association, trust or estate will have any equity, trust, direct or indirect, in such shares.

14. Notices

All notices, elections, consents, demands and communications (collectively called "notices" or individually called "notice") shall be delivered personally or given in writing by registered or certified mail, return receipt requested, postage prepaid and addressed to the Purchaser at Purchaser's

address given below, to the Sponsor c/o ABG International Properties, Inc., 39 Broadway, New York, New York 10006 and to the Apartment Corporation c/o Stark, Elman, Amron, Barash & Narotsky, 1133 Avenue of the Americas, New York, New York 10036. Either party may, by notice to the other, change the address of a person to receive notices. Unless otherwise provided herein, all notices shall be deemed given when personal delivery is effected or when deposited in any branch, station or depository maintained by the U.S. Postal Service in the City and State of New York, except that a notice of a new address shall be deemed given when actually received.

15. Performance by Sponsor

Acceptance by Purchaser of the certificate for the shares allocated to the Apartment and Lease shall be deemed to be full performance and discharge of each and every agreement and obligation on the part of the Sponsor to be performed pursuant to the Provisions of this Agreement and the Plan, except those (if any) herein or in the Plan expressly stated to survive delivery of such stock certificate and lease.

16. Entire Agreement

This Agreement, together with the Plan, as the Plan may be amended from time to time, constitute the entire agreement between the parties hereto as to the subject matter hereof and supersedes all prior understandings and agreements. Purchaser acknowledges 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. Purchaser further acknowledges having had full opportunity to examine all documents and investigate all facts referred to and stated herein and in the Plan.

17. Modification

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.

18. Gender

The term "I" shall be read as "we" and the term "my" shall be read as "our" and "Purchaser" shall be read as "Purchasers" if more than one person are purchasers, in which case our obligations shall be deemed joint and several. Use of the masculine gender in this Agreement shall be deemed to include the feminine and neuter genders and use of the singular shall be deemd to refer to the plural, and vice versa, whenever the context so requires.

19. Governing Law

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

20. Construction Against Waiver

No provision of this Agreement shall be deemed to have been abrogated or waived by reason of the failure to enforce the same, irrespective of the number of violations or breaches which may occur.

21. 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.

22. Termination of Purchaser's Lease

If the Purchaser is a tenant of the Apartment or another apartment in the Building, it is understood and agreed that Purchaser's lease or tenancy (as the case may be) and all rights under the Rent, Eviction and Rehabilitation Regulations, the Rent Stabilization Law or the Emergency Tenant Protection Act, whichever may be applicable, shall cease and terminate on the date of issuance of the shares to Purchaser and commencement of the term of Purchaser's lease except claims arising or relating to acts or events occurring prior thereto shall survive such termination.

23. Acceptance of Agreement

A. If Purchaser is the tenant in occupancy of the Apartment, this Agreement shall be accepted by the Sponsor, provided Purchaser signs and returns this Agreement, together with the requisite Down Payment, during the time within which Purchaser has the exclusive right to purchase his Apartment as set forth in the Plan.

B. If this Agreement does not pertain to Purchaser's apartment or is submitted after the 90 day period during which Purchaser has the exclusive right to purchase as set forth in the Plan (as same may be amended), or if Purchaser is not a tenant in occupancy, it shall not be binding upon the Sponsor until a duplicate hereof, executed by the Sponsor, is delivered to Purchaser. In any such case, unless this Agreement, executed as aforesaid, is delivered to Purchaser within twenty (20) days after same is received by the Sponsor or the Agent, it shall be deemed rejected and cancelled and all monies paid by Purchaser shall be promptly refunded, without interest (unless interest is earned), and upon such refund being made, neither party shall have any further rights or obligations hereunder

with respect to the other. The Sponsor shall have the right to reject this Agreement without cause or explanation to Purchaser, provided such rejection is not based on sex, race, creed, color, national origin or ancestry or other ground proscribed by law.

24. Broker

Purchaser represents to the Sponsor that Selling Agent is the only broker or sales agent with whom Purchaser has dealt in connection with this transaction, and the Sponsor agrees to pay the commission due the Selling Agent pursuant to separate agreement. Purchaser agrees that should any claim be made against the Sponsor for commissions by any broker, other than the Selling Agent, on account of any acts of Purchaser or of Purchaser's representatives, Purchaser will indemnify and hold the Sponsor free and harmless from any and all liabilities and expenses in connecton therewith, including (without limitation) reasonable legal fees and disbursements. The provisions of this Paragraph shall survive the closing.

25. Closing Fees to Purchasers

Purchaser shall pay the following fees:

(i) A closing fee of $300.00 to Sponsor's counsel.

(ii) If Purchaser is obtaining financing for the purchase of the shares of the Apartment Corporation, Purchaser agrees to pay Sponsor's counsel an additional fee of $300.00 for services rendered in connection with reviewing the lender's recognition agreement and the pledge of such Purchaser's shares and Proprietary Lease.

(iii) If Purchaser fails to close on the date designated by the Sponsor in accordance with the terms of the Plan or of this Agreement, such Purchaser shall be required to pay an additional closing fee of $250.00 to Sponsor's counsel.

(iv) In addition thereto if the closing occurs at a location other than the office of Sponsor's counsel, the Purchaser will pay an additional fee of $300.00 to Sponsor's counsel.

These fees are due at the time of Closing and will be payable by Purchaser's unendorsed personal check made payable directly to the order of Stark, Elman, Amron, Barash & Narotsky.

26. Good Faith Purchase (Tenants In Occupancy)

This Agreement is being executed and delivered pursuant to

an offering made in good faith without fraud and discriminatory repurchase agreements or other discriminatory inducements.

IN WITNESS WHEREOF, the Purchaser has executed this Agreement as of the day of , 198 .

Purchaser:

_____ L.S.

_____ L.S.

Purchaser's Address:

_____

_____

Purchaser's Social Security No.

_____

Accepted and Agreed to:

HNP REALTY, INC.

By: ABG INTERNATIONAL PROPERTIES, INC.
Authorized Agent

By:_____

Date Accepted:

_____

STATEMENT OF INTENTION

(To Be Executed Only By Non-Tenant Purchasers)

I/We represent that I/we intend that I/we or one or more members of my/our immediate family intend to occupy the Apartment when it becomes vacant.

_____

(Name of Person(s))

intend(s) to occupy the Apartment when it becomes vacant.

I/We have executed Purchase Agreements for the purchase of apartments at the following properties in which agreements we have represented that I/we intend that I/we or one or more members of my/our immediate family intend to occupy the apartments when they become vacant: (If None, so state.)

_____

_____

_____

Purchaser(s):

_____ L.S.

_____ L.S.

Sworn to before me this

_____ day of _____, 198__

_____

Notary Public

PURCHASE AGREEMENT

_____,

Purchaser

-with-

HNP REALTY, INC.

Sponsor

For Unit Number _____ in
THE CURTIS RESIDENCE CONDOMINIUM
123-25 82nd Avenue
a/k/a 120-86 Queens Boulevard
Kew Gardens, New York

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PURCHASE AGREEMENT

For Unit Number ____ in
THE CURTIS RESIDENCE CONDOMINIUM
123-25 82nd Avenue
a/k/a 120-86 Queens Boulevard
Kew Gardens, New York

(Please execute six copies)

THIS AGREEMENT is made as of _____, 198____ between **HNP REALTY, INC.** (hereinafter called "**Sponsor**"), having an office c/o ABG International Properties, Inc., 39 Broadway, New York, New York 10006, and _____, (hereinafter called "**Purchaser**"), having an address at _____.

W I T N E S S E T H:

1. **Definitions**

The following terms shall have the meanings ascribed to them:

(i) "**Building**" shall mean the building known as 123-25 82nd Avenue a/k/a 120-86 Queens Boulevard, Kew Gardens, New York.

(ii) "**Closing Date, "closing", "closing of title**" and words of similar import are used synonymously and mean the settlement of the mutual obligations of Sponsor and Purchaser under this Purchase Agreement, including the payment to Sponsor of the Purchase Price and the delivery to Purchaser of the deed transferring full ownership (fee simple title) to the Unit on the terms set forth in this Agreement.

(iii) "**Condominium**" shall mean THE CURTIS RESIDENCE CONDOMINIUM.

(iv) "**Declaration**" shall mean the Declaration of HNP REALTY, INC., establishing condominium ownership of the Property.

(v) "**Plan**" shall mean the Offering Plan to convert the Property to condominium ownership and any Amendments thereto filed prior to the date upon which Purchaser signs this Agreement.

(vi) "**Property**" shall mean the Building and the land on which it is erected.

All other terms not defined elsewhere herein shall have the meanings ascribed to them in the Plan.

2. **Plan**

Purchaser acknowledges having received and read the Plan at least three (3) full business days prior to Purchaser's signing this Purchase Agreement. Purchaser hereby adopts, accepts and approves the Plan (including, without limitation, the proposed Condominium Documents contained in Part II of the Plan) and agrees to abide and be bound by the terms and conditions thereof, as well as all amendments to the Plan duly filed by Sponsor (including, without limitation, amendments involving any changes, modifications, or updating of the estimated Common Charges, the estimated real estate taxes to be paid by Purchaser, or the "BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION" of THE CURTIS RESIDENCE CONDOMINIUM). Any such amendments shall neither excuse Purchaser from performing Purchaser's obligations hereunder nor entitle Purchaser to any offset or credit against the Purchase Price and may be made by Sponsor without Purchaser's consent or approval. The Plan is hereby 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. Purchaser acknowledges having had full opportunity to examine all documents, and investigate all statements, made herein and in the Plan.

3. **Agreement to Purchase and Sell**

Purchaser agrees to purchase from Sponsor, and Sponsor agrees to sell to Purchaser, the unit designated as Unit Number _____ (hereinafter called the "**Unit**") in the Declaration, together with its _____% undivided interest (hereinafter called the "**Common Interest**") in the Common Elements, on, and subject to, the terms and conditions set forth herein.

4. **Purchase Price**

A. The purchase price for the Unit (exclusive of closing adjustments and costs referred to in Paragraphs 13 and 14 below) is $_____ (hereinafter called the "**Purchase Price**"), which Purchaser agrees to pay to the Sponsor, as follows:

(i) $_____ (hereinafter called the "**Down Payment**") is due on Purchaser's signing and submitting of this Agreement and is to be paid by Purchaser's personal check, receipt of which (subject to collection) is hereby acknowledged by Sponsor; and

(ii) $_____ (hereinafter called the "**Balance**"), constituting the balance of the Purchase Price, is due on the delivery to Purchaser of the deed to the Unit and must be paid by Purchaser's personal certified check or official cashier's check,

in either event drawn on a bank that is a member of the New York Clearing House Association.

B. The payment of the Balance and acceptance of deed to the Unit by Purchaser shall constitute Purchaser's recognition that Sponsor has satisfactorily performed those obligations stated in the Plan and this Agreement to be performed by Sponsor prior to closing. However, nothing herein contained shall excuse Sponsor from performing those obligations (if any) expressly stated herein or in the Plan to be performed subsequent to the closing.

C. Purchaser is not required to pay the Balance or accept title to the Unit unless concurrently with, or prior to, closing all the prerequisites set forth under "CLOSING AND TERMS OF SALE" in Part I of the Plan are met.

5. **Agreement Not Conditioned on Financing**

This Agreement is not conditioned upon the Purchaser's obtaining any financing from a bank or other source. If financing is desired, Purchaser must make his or her own arrangements. Neither the Sponsor nor the Selling Agent is making arrangements for such financing or is acting as agent for any lender with regard to financing for Purchaser. No representation or warranty is made that financing will be available or as to the terms or conditions of such financing.

6. **Purchase Monies Held in Trust**

Sponsor will hold in trust any and all monies received by it directly or through its agents, employees or Escrow Agent until the Unit is transferred to Purchaser or the Purchase Agreement is cancelled in accordance with its terms. All monies received hereunder will be deposited at Manufacturers and Traders Trust Company, 654 Madison Avenue, New York, New York 10021, in a special non-interest bearing account entitled "THE CURTIS RESIDENCE LTD., Special Account". The funds so deposited will be disbursed only in accordance with the provisions of this Agreement and the Plan. In the event the Plan is abandoned or withdrawn, such funds will be returned to purchaser without interest, (unless interest is earned), except as otherwise provided in the next sentence. If at the time the Plan is abandoned or withdrawn the Purchaser shall be in default hereunder and shall have failed to cure such default within the applicable grace period or if this Agreement had been previously cancelled due to Purchaser's uncured default, then Sponsor shall retain as and for liquidated damages the Down Payment (but in no event to exceed 5% of the Purchase Price) plus any additional sums deposited on account of any special work in the Unit ordered by Purchaser, and any sums in excess thereof shall be returned to Purchaser within thirty (30) days after the date of such abandonment or withdrawal without interest (unless interest is earned). All funds received under this Purchase Agreement will be handled in accordance with Sections 352-e(2)(b) and 352-h of the New York General Business Law.

Until such time as completion of the sale and consummation of the Plan, funds deposited in trust as Down Payment or as the Purchase Price for Units, will be disbursed only upon the signature of a member of the firm of Stark, Elman, Amron, Barash & Narotsky, to be used for purchase of the Unit if the Plan is declared effective and title closes, or returned to the Purchaser if the Plan is abandoned or withdrawn or if title does not close as herein provided.

7. **Closing Contingent on Plan Being Declared Effective**

A. The respective obligations of Purchaser and Sponsor hereunder are contingent upon the Plan being 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. Purchaser understands and agrees 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 (see the section in the Plan entitled "EFFECTIVE DATE" for full details). The Plan will be abandoned or deemed abandoned if it has not been declared effective within the time limits prescribed in the Plan. The Sponsor shall notify Purchaser, 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 on or before twenty-four (24) months from the date it is presented to the tenants of the Building (as such period may have been tolled pursuant to the Plan), this Agreement shall be deemed cancelled and all monies paid by Purchaser hereunder shall be disbursed in accordance with the provisons of Paragraph 6 above. After the funds are so disbursed, Purchaser and Sponsor shall have no claim against each other or the Selling Agent in connection with this Agreement or the Plan, and all of same shall be released and discharged from all liabilities and obligations hereunder and under the Plan.

8. **Closing Date and Place**

The closing of title shall occur on the date and at the time and place in the City and State of New York as Sponsor shall designate to Purchaser on not less than thirty (30) days' prior written notice. Sponsor shall have the right, from time to time, to adjourn such date and time for closing on written notice to Purchaser. If adjourned, Sponsor shall fix a new date and time for title closing and shall give Purchaser not less than ten (10) business days' prior written notice of the new scheduled date and time for closing.

9. **The Deed**

At closing, Sponsor shall deliver to Purchaser a Bargain and Sale Deed with covenant against grantor's acts transferring to Purchaser full ownership (fee simple title) to the Unit. The deed shall be substantially in the form reproduced at page 153 in Part II of the Plan and shall be executed and acknowledged by Sponsor in form for recording. Such executed deed shall be delivered immediately to the representative of the title company insuring

Purchaser's title (or, if no such representative is present, then to Purchaser or Purchaser's attorney).

10. **State of Title**

Legal ownership to the Unit shall be transferred to Purchaser at closing subject only to the liens, encumbrances and title conditions (hereinafter called the "**Permitted Encumbrances**") enumerated in Exhibit A to this Agreement. Any other liens, encumbrances, or conditions shall not be an objection to title if: (i) the instrument required to remove it from the record is delivered to said representative of Purchaser's title insurance company (or, if none, to Sponsor's attorney) for recording in the proper office, together with the requisite recording or filing fees; or (ii) Purchaser's title insurance company will insure Purchaser against its collection or enforcement out of the Unit.

11. **Title Company Approval**

Sponsor shall give, and Purchaser shall accept, such title as Safeco Title Insurance Corporation, a member of the New York Board of Title Underwriters, will approve and insure, provided the only liens, encumbrances and conditions affecting title shall be the Permitted Encumbrances. Sponsor shall not be obligated to satisfy any exceptions to title raised by any other title insurance company.

12. **Sponsor's Inability to Convey Title**

In the event Sponsor is unable to deliver to Purchaser title to the Unit in accordance with the provisions of this Agreement, Sponsor will not be obligated to bring any action or proceeding or otherwise incur any cost or expense of any nature whatsoever in excess of $1,000.00 to render title marketable or to remove, cure or comply with any violations of record issued prior to the First Closing, and in such case, Sponsor may abandon the Plan. In no event shall Sponsor be obligated to cure violations of record which are the obligations of tenants to cure or which result from the acts or omissions of tenants, or violations noted with respect to radio or television antennae.

13. **Closing Adjustments**

A. At closing, Sponsor and Purchaser shall apportion, as of midnight of the day preceding the closing:

(i) real estate taxes (including all prepaid real estate taxes and tax escrows) and assessments, if any, on the basis of the fiscal or calendar year for which assessed, including water charges and sewer rents (if separately assessed) and any escrows for real estate taxes;

(ii) Common Charges for the month in which title closes; and

(iii) rent and other charges, if any, pursuant to a lease for, or tenancy of, the Unit.

The "Customs in Respect of Title Closings" recommended by The Real Estate Board of New York, Inc., as amended to date, shall apply to the adjustments and other matters therein mentioned, except as otherwise provided herein.

B. In the event the Unit has not been separately assessed for the then current fiscal tax year at the time of title closing, the apportionment of real estate taxes shall be based on the Unit's pro-rata share (in proportion to its Common Interest) of the then current real estate taxes assessed against the Property. If the Unit has been separately assessed but the closing occurs before the tax rate is fixed, then the apportionment of real estate taxes shall be based upon the latest tax rate applied to the most recent assessed valuation.

C. Any errors or omissions in computing apportionments at closing shall be corrected and payment made to the proper party promptly after discovery. This provision shall survive the closing.

D. Installments for tax assessments due after the delivery of the deed, if any, shall be paid by the Purchaser and shall not be considered a defect in title.

14. **Purchaser's Closing Costs**

At closing, Purchaser will pay certain costs in connection with the purchase of the Unit, in addition to the legal fees of Purchaser's counsel (if any) and the amount of any net credit in favor of Sponsor that may result from the closing apportionments described in the preceding Paragraph 13. Such closing costs will include the following, the amounts of which are based on rates in effect on the date of the Plan and are subject to change without prior notice:

(i) If such Purchaser elects to obtain fee title insurance, he or she will pay a premium therefor to his or her title insurance company which will vary depending upon the amount of insurance requested. The premium for fee title insurance, if ordered from Safeco Title Insurance Corporation, will be $438.73 for the first $50,000.00 of fee insurance plus $4.74 for each $1,000.00 of additional fee insurance up to $100,000.00 and $3.80 for each $1,000.00 or fraction thereof additional fee insurance thereafter. Each Purchaser is free to obtain title insurance from a title insurance company other than Safeco Title Insurance Corporation. However, Sponsor makes no representation or warranty as to the cost, terms, or availability of such other title insurance. Furthermore, Sponsor shall not be obligated to satisfy any exceptions to title raised by any title insurance company other than Safeco Title Insurance Corporation;

(ii) A fee for recording the deed and the Unit Owner's Power of Attorney of $10.00 for each instrument plus $1.00 per page, together with a service charge to the title company for such recording of approximately $1.00 per instrument.

(iii) A closing fee of $750.00 to Sponsor's Counsel;

(iv) If Purchaser obtains a mortgage loan, Purchaser will pay:

(a) a fee and service charge for recording the mortgage at the same rates given above for recording the deed;

(b) a mortgage recording tax in the amount provided for by law (at the date of this Plan, the tax is 1.5% of the face amount of the mortgage for mortgages under $500,000.00 and 2.25% for mortgages of $500,000.00 or more;

(c) Purchaser shall pay to Sponsor's counsel an additional closing cost of $300.00 for preparation and handling of such financing documents and Purchasers will pay a premium to Safeco Title Insurance Corporation for the mortgage title insurance policy. In addition, such Purchaser shall pay the costs of filing the UCC-1 Financing Statements (approximately $15.00), and will also pay Sponsor a sum equal to the partial mortgage tax credit to which Purchaser is entitled under Section 339-ee(2) of the Condominium Act. All such payments shall be made upon execution of the loan documents.

(v) If Purchaser does not close on the date designated for the transfer of title by the Sponsor, the Purchaser shall pay to Sponsor's Counsel an additional closing fee of $300.00. Further, if the closing takes place out of the office of the Sponsor's attorney, additional closing costs of $300.00 will be incurred by the Purchaser.

(vi) Although usually a Seller's expense, Purchaser shall pay the Real Property Transfer Tax due to the City of New York. This tax is in the amount of approximately one (1%) percent of the total purchase price of the Unit if the total purchase price of the Unit is less than $500,000.00 and approximately two (2%) percent of the total purchase price if the price of the Unit exceeds $500,000.00. Purchaser shall also pay for the documentary stamps to be affixed to the deed ($2.00 for every $500.00 or fraction thereof of the total purchase price).

(vii) If the Sponsor consents to the assignment or transfer of a Purchase Agreement, a fee of $500.00 to the attorneys for the Sponsor for reviewing the assignment and assumption of

assignment and preparation of the Sponsor's form of consent to the assignment.

(viii) If Purchaser has dealt with any broker other than the Selling Agent in connection with this purchase, then Purchaser will be required to pay a commission to such broker unless Sponsor agrees otherwise in writing.

15. **Sponsor's Closing Costs**

At closing, Sponsor shall pay for the New York State Real Property Transfer Gains Tax. If requested not less than two (2) business days prior to the closing, Purchaser shall provide separate certified checks to the order of the appropriate governmental officer and in the amounts requested by Sponsor to pay these costs. Such checks shall be credited against the Balance of the Purchase Price.

16. **Rent Security Deposit**

If Purchaser is or hereafter becomes a tenant of the Unit, Purchaser's unapplied rent security deposit, if any, will be refunded to Purchaser, together with any interest earned thereon, within thirty (30) days following the closing, provided Purchaser is not in default under Purchaser's lease or tenancy obligations. If the Unit is occupied by other than Purchaser, then the unapplied security deposit (if any) of the tenant or occupant will be transferred at closing to Purchaser, who will upon receipt sign and deliver to Sponsor an agreement acknowledging the amount received, indemnifying Sponsor from all liability in connection therewith and agreeing to hold such security deposit in trust and to deposit same in an interest bearing bank account pursuant to the provisions of Section 7-103 of the New York General Obligations Law (such agreement to be in form and substance satisfactory to Sponsor). In either event, Sponsor will have the right to deduct from any tenant's security deposit the amount of any rent arrearage owing to Sponsor and to sue the tenant to the extent such rent security is insufficient.

17. **Power of Attorney to Board of Managers and Sponsor**

At closing, Purchaser shall execute, acknowledge and deliver to the representative of the title insurance company insuring Purchaser's title to the Unit (or if no representative is present, then to Sponsor's attorney) for recording in the New York City Register's office of the County of Queens, State of New York, a power of attorney in favor of the Board of Managers relative to purchasing or leasing of Units and in favor of Sponsor relative to amending the Condominium Documents to the extent permitted in the power of attorney. The power of attorney shall be substantially in the form as set forth at page 152 in Part II of the Plan. After being recorded, the power of attorney shall be sent to the Condominium Board.

18. **Transfer Tax Return**

At closing, Sponsor and Purchaser shall each duly complete and sign before a notary public the transfer tax return required to be filed with The City of New York. The transfer tax return shall be delivered at closing to the representative of Purchaser's title insurance company (or, if none, to Sponsor's attorney) for filing with the proper governmental officer.

19. **Events of Default**

A. The following shall constitute "Events of Default" hereunder:

(i) Purchaser's failure to pay the Balance on the Closing Date designated by Sponsor pursuant to Paragraph 8 herein;

(ii) Purchaser's failure to duly sign, notarize and deliver at closing the power of attorney pursuant to Paragraph 17 above or the New York City transfer tax return pursuant to Paragraph 18 above;

(iii) If Purchaser is or becomes a tenant of the Building, Purchaser's failure to pay rent or to otherwise comply with Purchaser's lease or tenancy obligations, which results in Purchaser's eviction from Purchaser's Unit (either by voluntary removal or by court order); or

(iv) The failure to pay, perform or observe any of the Purchaser's other obligations hereunder, which is not cured within fifteen (15) days after the mailing of written notice specifying the nature of such default.

B. Upon the occurrence of an Event of Default, Sponsor's sole right shall be to cancel this Agreement by sending Purchaser thirty (30) days' prior written notice of its intention to do so. If Sponsor elects to cancel, Purchaser shall have thirty (30) days from the giving of the cancellation notice within which Purchaser must cure the specified default. If the default is not timely cured, then Sponsor shall have the right to retain, as and for liquidated damages, the Down Payment (but in no event to exceed 10% of the Purchase Price of the Unit) plus the cost of any special work in the Unit ordered by Purchaser, without interest (unless interest is earned), (hereinafter called the **"Liquidated Sum"**), and any sums in excess thereof (together with any interest earned thereon) shall be returned to Purchaser promptly thereafter. Upon cancellation of this Agreement and making such refund to Purchaser (if any), Purchaser, Sponsor and Selling Agent will be released and discharged of all further liability and obligations hereunder and under the Plan. Thereafter, the Unit may be sold to another as though this Agreement had never been made, and without accounting to Purchaser for the proceeds of such sale.

C. Notwithstanding the occurrence of an Event of Default, Sponsor may, in its sole discretion, keep this Agreement in effect and proceed to close

title without prejudicing Sponsor's right to recover from Purchaser damages, losses, costs, expenses and all other lawful sums to which Sponsor is entitled (including, but not limited to, legal fees and costs of collection).

D. If Purchaser is or becomes a tenant of the Building and Purchaser fails to pay rent or to otherwise comply with Purchaser's lease or tenancy obligations, or Purchaser vacates or abandons the leased premises, then such failure, vacating or abandonment (as the case may be) shall constitute a default hereunder entitling Sponsor, at its sole option, to cancel this Agreement, even though Purchaser is not evicted from the leased premises as a result thereof. However, in the event Sponsor elects to so cancel, unless Purchaser is evicted, Sponsor shall refund to Purchaser all monies deposited hereunder together with any interest earned thereon. Upon such refund being made, Sponsor and Purchaser will be released and discharged of all further liability and obligations under this Agreement and the Plan. However, in no event shall Purchaser be released or excused from paying and performing Purchaser's lease or tenancy obligations.

20. **Appliances and Equipment**

A. At closing, the Unit will contain only those appliances, countertops, cabinets, sinks, vanities (if any), air conditioning units (if any), hardware and other fixtures and equipment currently installed therein that are owned by Sponsor. The Unit is being sold unfurnished. Any appliances, air conditioning units, furnishings, equipment, fixtures and other personal property owned by any tenant of the Unit are not included in this sale. However, if the Unit is presently occupied by someone other than Purchaser and the existing tenant removes a stove or refrigerator belonging to him or her, then Sponsor agrees to supply a replacement, which may not be new, but will be in working order and similar in size and quality to the stoves and refrigerators owned by Sponsor that are contained in comparable apartments in the Building on the date of presentation of the Plan.

B. Furniture, wall coverings, furnishings, decorations and the like in or about any model apartment are for display purposes only and are not included in the sale. Any floor plans or sketches shown to Purchaser are only approximations of the Unit's dimensions and arrangement, and Purchaser should not rely thereon.

C. There will be no modifications or extras unless agreed to in writing by the parties. All modifications, alterations and additions to the Unit must be approved by Sponsor in writing and, if approved, shall be performed by Sponsor at Purchaser's expense (payable in the manner to be set forth in an addendum to this Agreement or separate agreement).

21. **Acceptance of Condition of Building and Unit**

A. The signing of this Purchase Agreement by Purchaser signifies Purchaser's acceptance of the condition of the Property, including the Building, the Unit and all fixtures, machinery, equipment, furnishings, appliances, installations and other personal property contained therein (hereinafter collectively called

"**Installations**"), in their respective existing conditions, subject to reasonable use, wear and tear and natural deterioration between the date Purchaser signs this Agreement and delivery of the deed to Purchaser. Purchaser acknowledges having read, or having had ample opportunity to read, the Inspection Report of Serge Klein, Architect, A.I.A, 616 West 232nd Street, Riverdale, New York 10463, as set forth at page 146 in Part II of the Plan, which sets forth a description and then existing physical condition of the Building. Purchaser understands that the Sponsor has no obligation to make any repairs, improvements or decorations in or to the Property, the Building, the Unit or the Installations, except as set forth in the Plan. However, Sponsor agrees to maintain the Building in substantially the same condition it was in on the date of presentation of the Plan, unless prevented from so doing by reason of acts or events beyond Sponsor's control, as more particularly set forth in the Plan.

B. Purchaser shall be given a reasonable opportunity to examine the Unit prior to closing.

22. **Possession; Risk of Loss**

A. Unless Purchaser now resides in the Unit, Purchaser shall not be entitled to occupy the Unit until the deed is delivered to Purchaser at closing. Sponsor may, in its discretion, grant Purchaser possession of the Unit prior to the closing under an interim lease, if the Unit is currently, or hereafter becomes, vacant.

B. If Purchaser is the existing tenant or occupant of the Unit, or if Purchaser is given possession of the Unit prior to closing under an interim lease or otherwise, then Purchaser shall be solely responsible for any damage to, or loss or other condition in the Unit resulting from Purchaser's use or occupancy, and Sponsor shall not be obligated to make any repairs to the Unit or its Installations. However, until closing Sponsor will remain responsible to make those repairs required of it as a landlord under any existing or interim lease and, after closing, the Condominium Board will be responsible to make those repairs required of it under the Condominium Documents.

C. If during Purchaser's occupancy the Unit is damaged by casualty or otherwise, then Purchaser shall assume the risk of loss and the obligation to repair the damage, unless the cause thereof originated outside the Unit and did not result from the acts of Purchaser or other occupants of the Unit or Purchaser's guests, invitees or workmen. If Purchaser is obligated to repair the damage, then Purchaser's failure to make such repair shall not excuse Purchaser from paying the Balance and accepting delivery of the deed.

D. Except as provided in the preceding subparagraph C, all other risk of loss prior to closing has been assumed by Sponsor, but without any obligation or liability of Sponsor to repair the damage or restore the Unit. If Sponsor or (in the event the Declaration is filed) the Unit Owners elect to repair or replace the loss or damage, this agreement shall continue in full force and effect, Purchaser shall not have the right to reject title to the Unit or to receive a credit against, or abatement in, the Purchase Price, and Sponsor shall be

entitled to a reasonable period of time to complete or to permit the Condominium Board to complete such repairs or replacements. Purchaser shall not be required to pay the Balance unless and until (i) the Unit has been substantially repaired to as near as reasonably possible to its condition immediately prior to the casualty and (ii) its essential services (such as gas, electricity, and heat) and a reasonable means of ingress and egress to the street have been restored. Any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss, shall belong entirely to Sponsor (subject to the rights, if any, of the Condominium Board or other Unit Owners) and if such proceeds are paid to Purchaser, Purchaser shall promptly upon receipt turn them over to Sponsor. The provisions of the preceding sentence shall survive the closing.

E. In the event Sponsor notifies Purchaser that it does not elect to repair or restore the Unit or if the Unit Owners do not resolve to make such repairs or restoration pursuant to the Condominium's By-Laws, this Agreement shall be deemed cancelled and of no further force or effect and Sponsor shall return to Purchaser all sums deposited hereunder, without interest (unless interest is earned), whereupon the parties shall be released and discharged from all obligations and liability hereunder and under the Plan, except that if Purchaser is then in default hereunder (beyond the applicable grace period, if any), Sponsor shall retain the Liquidated Sum pursuant to Paragraph 19 above.

23. **Sale Subject to Existing Tenancy**

The following provisions are applicable **only if**, at the time of signing this Purchase Agreement, the Unit is occupied by or under lease to one other than Purchaser.

Purchaser understands that he is purchasing the Unit subject to the rights of the existing tenant or occupant. Purchaser acknowledges that so long as the tenant or occupant continues to pay the required rent and complies with his other lease or tenancy obligations, such tenant or occupant will have the right to remain in possession of the Unit.

Purchaser acknowledges various rights, duties, and procedures to be followed in order to gain possession of the Unit. Purchaser realizes that if the tenant or occupant fails to voluntarily remove from the Unit in the event of a default under the provisions of his or her lease he shall be required to obtain possession at his own expense which may entail the institution of summary dispossess proceedings. Purchaser further acknowledges that no representation or statement has been made to him (and if made, Purchaser knows same are unauthorized and has not relied thereon) as to the length of time that may elapse before he gains possession of the Unit or that he, in fact, will obtain possession of the Unit.

Purchaser further understands, as explained in the Plan, that if the tenant or occupant has not vacated the Unit by the Closing Date, such Purchaser will assume the rights and obligations of the landlord of such tenant or occupant, including the right to collect rent (whether the same be greater or less than the Common Charges established from time to time by the Condominium Board)

and the obligations to repair, maintain, and paint the Unit (including its equipment and appliances) for the benefit of the existing tenant or occupant. At closing, Sponsor and Purchaser will sign and deliver to each other an agreement (in form and substance satisfactory to Sponsor) in which Sponsor assigns to Purchaser all of its rights under the then existing lease for the Unit and Purchaser assumes full responsibility for, and indemnifies Sponsor from, all obligations under such lease to be performed from and after the closing.

From and after delivery of the deed, Purchaser alone will bear the entire costs and expenses of owning the Unit (including, but not limited to, any legal fees and litigation expenses for enforcing the lease and obtaining possession of the Unit).

The obligations of the Purchaser under the provisions of this paragraph 23 shall survive delivery of the deed.

24. **No Representation**

Purchaser acknowledges that Purchaser has not relied upon any architect's plans, sales plans, selling brochures, advertisements, representations, warranties, statements or estimates of any nature whatsoever, whether written or oral, made by Sponsor, Selling Agent or others, including, but not limited to, any relating to the description or physical condition of the Property, the Building or the Unit, or the size or the dimensions of the Unit or the rooms therein contained or any other physical characteristics thereof, the services to be provided to Unit Owners or the estimated Common Charges and estimated real estate taxes for the Unit, the right to any income tax deduction for any real estate taxes or mortgage interest paid by Purchaser, or any other data, except as may be specifically represented herein or in the Plan; Purchaser having relied on Purchaser's own examination and investigation thereof. No person has been authorized to make any representations on behalf of Sponsor. No oral representations or statements shall be considered a part of this Agreement. Purchaser agrees (a) to purchase the Unit, without offset or any claim against, or liability of, Sponsor, whether or not any layout or dimension of the Unit or any part thereof, or of the Common Elements, as shown on the Floor Plans, is accurate or correct, provided the layouts and dimensions conform substantially to such Floor Plans and (b) that Purchaser shall not be relieved of any of Purchaser's obligations hereunder by reason of any minor inaccuracy or error. The provisions of this Paragraph 24 shall survive the closing of title.

25. **Notices**

All notices, elections, consents, demands and communications (collectively called "notices" or individually called "notice") shall be delivered personally or given in writing by registered or certified mail, return receipt requested, postage prepaid and, if sent to Purchaser, addressed to Purchaser at Purchaser's address given in the preamble to this Agreement and, if sent to Sponsor, addressed to Sponsor c/o Stark, Elman, Amron, Barash & Narotsky, 1133 Avenue of the Americas, New York, New York 10036). Either party may, by written 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 when deposited in any branch, station or depository maintained by the U.S. Postal Service in the City and State of New York, except that a notice of a change of address shall be deemed given when actually received.

26. **Broker**

Purchaser represents to Sponsor that the Selling Agent is the only broker or sales agent with whom Purchaser has dealt in connection with this transaction. Sponsor agrees to pay the commission due the Selling Agent pursuant to separate agreement. Purchaser agrees that should any claim be made against Sponsor for commissions by any broker, other than the Selling Agent, on account of any acts of Purchaser or of Purchaser's representatives, Purchaser will indemnify and hold 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 26 shall survive the closing.

27. **No Lien; Agreement Subject to Mortgage**

A. No lien or encumbrance shall arise against the Property or the Unit as a result of this Agreement or any monies deposited hereunder. This Agreement shall not be recorded and any purported recordation hereof by Purchaser shall constitute an Event of Default.

B. In furtherance and not in limitation of the provisions of the preceding subparagraph A, Purchaser agrees that the provisions of this Agreement are and shall be subject and subordinate to the lien of any mortgages heretofore or hereafter made and any payments or expenses already made or incurred or which hereafter may be made or incurred, pursuant to the terms thereof, or incidental thereto, or to protect the security thereof, to the full extent without the execution of any further legal documents by Purchaser. Sponsor shall, at its option, either satisfy such mortgages or obtain a release of the Unit and its undivided interest in the Common Elements from the lien of such mortgages on orprior to the Closing Date unless Purchaser assumes such mortgages. The existence of any mortgage or mortgages encumbering the Property, or portions thereof, other than the Unit and its undivided interest in the Common Elements, shall not constitute an objection to title or excuse Purchaser from completing payment of the Purchase Price or performing all of Purchaser's other obligations hereunder or be the basis of any claim against, or liability of, Sponsor, provided that any such mortgage is subordinated to the Declaration and the Unit is released from the lien of such mortgage at closing.

28. **Entire Agreement**

This Purchase Agreement, together with the Plan, as the Plan may be amended from time to time, constitutes the entire agreement between the parties as to the subject matter hereof and supersedes all prior understandings and agreements.

29. **Joint Purchasers**

The term "**Purchaser**" shall be read as "**Purchasers**" if more than one person are purchasers, in which case their obligations shall be joint and several.

30. **Liability of Sponsor**

A. Sponsor shall not have any liability to Purchaser or others with respect to any of Sponsor's obligations under this Agreement or the Plan or otherwise in excess of the net proceeds paid to Sponsor from the sale of all Unsold Units after payment of, or reserve for, any liabilities, costs or expenses of Sponsor arising out of the promulgation of the Plan, the offering of the Units for sale and the consummation of the transactions contemplated in the Plan.

B. Sponsor shall be excused from performing any obligation or undertaking provided for in this Agreement for so long as such performance is prevented, delayed or hindered by an act of God, fire, flood, explosion, war, riot, sabotage, inability to procure or general shortage of energy, labor, equipment, facilities, materials or supplies in the open market, failure of transportation, strike, lock-out, action of labor unions or any other cause (whether similar or dissimilar to the foregoing) not within the reasonable control of Sponsor. Sponsor's time to perform such obligation or undertaking shall be tolled for the length of the period during which such performance was excused.

31. **Further Assurances**

Either party shall execute, acknowledge and deliver to the other party such instruments and take such other actions, in addition to the instruments and actions specifically provided for herein, as such other party may reasonably request in order to effectuate the provisions of this Agreement or of any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

32. **Severability**

If any provision of this Agreement or the Plan is invalid or unenforceable as against any person or under certain circumstances, the remainder of this Agreement or the Plan and the applicability of such provision to other persons or circumstances shall not be affected thereby. Each provision of this Agreement or the Plan, except as otherwise herein or therein provided, shall be valid and enforced to the fullest extent permitted by law.

33. **Strict Compliance**

Any failure by Sponsor to insist upon strict performance by Purchaser of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions hereof, irrespective of the number of violations or breaches which may occur, and Sponsor, notwithstanding any such failure, shall have the right thereafter to insist upon strict performance by Purchaser of any and all of the provisions of this Agreement to be performed by Purchaser.

34. **Governing Law**

The provisions of this Agreement shall be governed by, and construed and enforced in accordance with, the Laws of the State of New York.

35. **Waiver of Jury Trial**

Except as prohibited by law, the parties shall, and they hereby do, expressly waive trial by jury in any litigation arising out of, or connected with, or relating to, this Agreement, or the relationship created hereby. 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, nor move to consolidate such claim with, any action or proceeding in which a jury trial is waived.

36. **Gender**

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

37. **Certain References**

The term "herein", "hereof" or "hereunder" or similar terms used in this Agreement refer to this entire Agreement and not to the particular provision in which the term is used. Unless otherwise stated, all references herein to Paragraphs, subparagraphs or other provisions are references to Paragraph, subparagraphs or other provisions of this Agreement.

38. **Captions**

The captions in this Agreement are for convenience and reference only and in no way define, limit or describe the scope of this Agreement or the intent of any provisions hereof.

39. **Successors and Assigns**

The provisions of this Agreement shall bind and enure to the benefit of Purchaser and Purchaser's heirs, legal representatives, successors and permitted assigns and shall bind and enure to the benefit of Sponsor and its successors and assigns.

40. **No Oral Changes**

This Agreement cannot be changed or any provision waived orally. ANY CHANGES OR ADDITIONAL PROVISIONS OR WAIVERS MUST BE SET FORTH IN A RIDER ATTACHED HERETO OR IN A SEPARATE WRITTEN AGREEMENT SIGNED BY THE PARTIES.

41. **Acceptance of Purchase Agreement**

A. If Purchaser is an existing tenant, this Agreement shall be accepted by Sponsor on condition that:

(i) Purchaser signs and returns this Agreement, together with the requisite Down Payment, within ninety (90) days from the date the Plan is presented to Purchaser; and

(ii) the Purchase Price is in accordance with the price for this Unit set forth in the Plan.

B. If Purchaser is not an existing tenant of the Property then the submission of this Purchase Agreement by Purchaser does not constitute a binding obligation on either Purchaser or Sponsor. No such binding obligation shall arise until duplicates of this Purchase Agreement are executed by and delivered to both Purchaser and Sponsor (or Sponsor's duly authorized agent). If, within twenty (20) days after the Sponsor (or Sponsor's duly authorized agent) receives this Purchase Agreement signed by Purchaser, a duplicate of this Agreement signed by Sponsor or its authorized agent is not sent or delivered to Purchaser, then it shall be deemed rejected and of no force or effect and all monies paid by Purchaser shall be promptly refunded, without interest. Upon such refund being made, neither party shall have any further rights, obligations or liabilities hereunder with respect to the other. Sponsor has the right, without incurring any liability, to reject this Agreement without cause or explanation to Purchaser. This Agreement may not be rejected due to Purchaser's sex, race, creed, color, national origin, ancestry, or other ground proscribed by law.

42. **Agreement Not Assignable; Binding Effect**

This Purchase Agreement is not assignable.

This Purchase Agreement shall bind and apply to Purchaser and Purchaser's executors, administrators, legal representatives, heirs, successors and permitted assigns.

43. **Good Faith Purchase (Tenants in Occupancy)**

The sale of the above Unit was made to me pursuant to the terms

set forth in the Plan without disciminatory repurchase agreements or other discriminatory inducements.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

Purchaser:

_____ L.S.

_____ L.S.

Purchaser's Address:

_____

Purchaser's Social Security No.

_____

Accepted & Agreed to:

ABG INTERNATIONAL PROPERTIES, INC.

By: _____
Authorized Agent

Dated Accepted:

_____

EXHIBIT A

Permitted Encumbrances

1. Building restrictions and zoning laws and other regulations, resolutions and ordinances and any amendments thereto now or hereafter adopted by any governmental or quasi-governmental authority having jurisdiction.

2. State of facts shown of a survey made by Joseph Nicoletti dated June 17, 1980 and any additional state of facts which a subsequent survey or personal inspection of the Land would show, provided such facts would not prevent the use of the Unit for commercial purposes.

3. The terms, burdens, covenants, restrictions, conditions, easements and rules and regulations, all set forth in the Declaration, the By-Laws (and the Rules and Regulations made thereunder), the Power of Attorney from Purchaser to the Condominium Board and Sponsor and the Floor Plans, all as may be amended from time to time.

4. Consents by Seller or any former owner of the Land for the erection of any structure or structures on, under or above any street or streets on which the Land may abut.

5. Any easement or right of use in favor of any utility company for electricity, steam, gas, telephone, water, or other service, and the right to construct, use, maintain, repair and replace all utility lines, wires, terminal boxes, mains, pipes, cables, conduits, poles, connections and other equipment and facilities on, under and across the Land and Building.

6. Revocability of licenses for vault space, if any, under the sidewalks and streets and the lien of any unpaid vault tax (which is to be paid by the Condominium Board).

7. Encroachments of shrubbery, stoops, areas, steps, doors, ledges, window sills, trim, copings, retaining walls, bay windows, balconies, sidewalk elevators, fences, fire escapes, cornices, foundations, footings, chutes, fuel oil lines, drainage and stand pipes, sewerage pipes, air-conditioning units, canopies, ramps, and similar projections, if any, on, over, or under the Property or the streets or sidewalks or property abutting the Property and the rights of governmental authorities and adjoining property owners to require the removal of any such projections and variations between record lines of the Property and retaining walls and the like, if any.

8. Leases and service, maintenance, employment, concessionaire and license agreements, if any, of other Units or portions of the Common Elements.

9. The lien of any unpaid Common Charge, real estate tax, water charge or sewer rent, provided the same are adjusted at the closing of title.

10. The lien of any unpaid assessment payable in installments (other than assessments levied by the Condominium Board), except that Sponsor shall pay all such assessments due prior to the Closing Date and Purchaser shall pay all assessments due from and after such date (however, the then current installment shall be adjusted at closing).

11. Any encumbrance as to which the title insurance company which insures Purchaser's title to the Unit would be willing, in a fee policy issued by it to Purchaser, to insure Purchaser that such encumbrance (a) will not be collected out of the Unit if it is a lien and (b) will not prevent the use of the Unit for dwelling purposes.

12. Any lease covering, or tenancy or occupancy of, the Unit and the rights of such tenant(s) and occupant(s), if any, under any applicable law.

13. Certificate of Occupancy Q197952 dated July 13, 1982 covering the Building.

14. Any violations against the Property (other than the Unit) which are the obligation of the Condominium Board or another Unit Owner to correct.

15. Standard exceptions contained in the form of fee title insurance policy then issued by the title insurance company insuring Purchaser's title to the Unit.

TP-581 (8/84)

New York State Department of TAXATION and FINANCE

New York State
REAL PROPERTY TRANSFER GAINS TAX

Questionnaire

TRANSFEREE

For Departmental Use Only

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

PLEASE PRINT	Name	Social Security Number
(Transferee)	Address / Zip Code	Federal Employer Identification Number
(Transferor) HNP REALTY, INC.	Name	Social Security Number
c/o ABG International Properties, Inc. 39 Broadway, New York, New York 10006	Address / Zip Code	Federal Employer Identification Number

- Type of Interest to be Acquired *(Check Applicable Box)*
  - ☒ Fee
  - ☐ Leasehold Grant
  - ☐ Leasehold Assignment or Surrender
  - ☐ Stock in Co-op
  - ☐ Option Grant
  - ☐ Option Assignment or Surrender
  - ☐ Development Right
  - ☐ Controlling Interest
  - ☐ Contract Assignment
  - ☐ Other *(attach explanation)*
- Date of Anticipated Transfer _____ 87 (Day / Month / Year)
- Percentage of Interest to be Acquired _____ %

LOCATION OF PROPERTY TO BE TRANSFERRED (List each lot separately)

Address	County
123-25 82nd Avenue -- UNIT NO.	Queens
a/k/a 120-86 Queens Boulevard	
Kew Gardens, New York	

COMPLETE LINES 1, 2 AND 3

1 Consideration to be Paid to Transferor By Transferee	1	
2 Brokerage Fees to be Paid by Transferee to Transferor	2	
3 Brokerage Fees to be Paid by Transferee to Broker	3	

AFFIDAVIT OF TRANSFEREE

I swear (or affirm) under penalty of perjury that this questionnaire including the accompanying schedules or statements has been examined by me and is to the best of my knowledge and belief, a true and complete return, made in good faith, pursuant to Article 31-B of the New York State Tax Law.

Sworn to and subscribed to before me this _____ day of _____, 19 _____

_____
Name(s) of Transferee(s)

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

_____
Signature of officer administering oath

_____
Title

SERGE KLEIN • ARCHITECT A.I.A.

616 West 232nd Street, Riverdale, N. Y. 10463.

INSPECTION REPORT

123-25 82nd Avenue

Queens, N.Y.

****

GENERAL DESCRIPTION, BUILDING SIZE & OCCUPANCY.

The building is an apartment house (Class A Multiple Dwelling) with stores on the ground floor. It is located on the southwest corner of 123-25 82nd Avenue and 120-72 to 120-90 Queens Boulevard, Kew Gardens, Queens, New York City, N.Y. The property is designated as Block 3358, Lot 28.

The lot is zoned C4-4, which permits residential as well as commercial uses. The shape of the lot is trapezoidal. The frontage along 82nd Avenue is 189.86 feet, along Queens Boulevard 167.36 feet. The full description of the boundary lines is as follows: Beginning at a point on the southwest corner of Queens Boulevard and 82nd Avenue, running thence south 189.86 feet, thence west 138.96 feet, thence north 95.89 feet, thence east 167.36 feet to the point of beginning. The lot area is approximately 19,854 square feet, of which the building (at street level) covers about 12,730 square feet.

The building was erected from plans by Charles E. Greenberg, architect, under New Building Application 10,207 of 1946. Upon completion of construction, a Certificate of Occupancy #Q 71,068 was issued on February 20, 1951.

Subsequently, an Alteration Application 1,367 was filed in 1973 and later combined with Alteration Application 929 of 1977. The work included the combination of the corner store with the adjacent store for a new restaurant; also the legalization of an office on the first floor (formerly designated as apartment 1-J). Upon completion of all construction work, a new Certificate of Occupancy #Q 197,952 was issued on July 13, 1982. This Certificate of Occupancy is presently in force.

According to this Certificate of Occupancy, the legal uses and occupancies are as follows:

Cellar -- on grade:
1 apartment, 4 rooms -- superintendent's apartment.
40 persons max. -- (8) retail stores.
20 persons max. -- beauty parlor.
61 persons max. -- eating & drinking establishment, boiler room, storage.

GENERAL DESCRIPTION, BUILDING SIZE & OCCUPANCY (continued).

1st Floor:
40 pounds and 50 pounds per square foot live load -- 17 apartments, 40 rooms and offices, Multiple Dwelling "A".

2nd through 6th floor:
40 pounds per square foot live load -- 18 apartments, 43 rooms, Multiple Dwelling "A".

* * *

The Housing Registration number is 40,074.

The uses and occupancies on the 2nd through 6th floor conform to the Certificate of Occupancy. On the first floor, the offices designated as space 1-J have been converted back into an apartment. On the cellar (ground) floor, the space designated as "beauty parlor" on the Certificate of Occupancy is presently occupied by a city marshal. In addition, there are the following retail stores along Queens Boulevard (excluding the corner restaurant): An insurance company, a food market, law offices, a "Blimpie", a jewelry store, a food store and a discount cigar store.

The building is of non-fireproof construction (class 3) and is classified as a "hereafter erected class "A" Multiple Dwelling". It consists of a full cellar (actually at street level), which contains stores and service spaces (also the superintendent's apartment), and six floors of apartments. The total building height is approximately 69 feet. Typical floors are about 8 1/2 feet high. There are no single room occupancies. There are no garages or open parking spaces.

The building -- above the cellar level -- consists of two separate wings, east and west. Each side is serviced by one stair, extending from the entrance lobby to the roof, and by one passenger elevator. In addition, all apartments have access to exterior fire escapes for emergency egress.
An Alteration #1058/85 was filed last year to legalize the change from office to apartment on the 1st floor, and from beauty parlor to office on the cellar floor. An amended Certificate of Occupancy is being applied for.

SITE--STREETS, SIDEWALKS, COURTS & YARDS.

Streets--
Both Queens Boulevard and 82nd Avenue are public streets. Queens Boulevard has a total width of 150 feet, with two vehicular roadways separated by a planted center strip. The sidewalk is about 20 feet wide. 82nd Avenue has a total width of 60 feet, with 15 feet sidewalks.

Roadways--
Roadways are paved with asphaltic macadam. Curbs are concrete (with steel edging along Queens Boulevard). There are catch basins for storm drainage at the street intersections, leading into the New York City storm sewer system. Roadways are in generally acceptable condition.

Sidewalks--
Both sidewalks are paved with concrete. The 82nd Avenue sidewalk slopes down towards Queens Boulevard. The paving is in acceptable condition. There are parking meters along the curb.

The sidewalk on Queens Boulevard has cracked areas, particularly near the westerly end of the property. It needs repair.

Street lights--
There are two mercury vapor lamps on wood poles along the 82nd Avenue frontage and one standard aluminum pole with a mercury vapor lamp along the Queens Boulevard frontage.

Hydrants--
There is one hydrant near the corner and one on Queens Boulevard.

Miscellaneous--
There is a young tree in a sidewalk pit on the 82nd Avenue sidewalk, near Queens Boulevard. Near the corner, on Queens Boulevard, there is a public telephone booth. Further west, there is a Fire Department call box.

Courts & yards--
There is a narrow front yard along 82nd Avenue, separated from the sidewalk by a low concrete curb. The yard is planted with privet hedges and lawn, also two deciduous

SITE--STREETS, SIDEWALKS, COURTS & YARDS (continued).

trees. At the main entrance, the yard leads into a narrow court, paved with concrete in the center, with planted strips on both sides. It leads down a few steps to the main building entrance. The paving and steps are in acceptable condition. At the top of the steps, there are wrought iron railings at both sides. The railings need painting.

Along the southerly property line, there is a narrow yard, which is open from 82nd Avenue. It leads down a flight of concrete steps with a pipe handrail along the building wall and continues at cellar level. There is an area drain at the bottom of the steps and a brick-faced retaining wall, about 6 feet high, with a concrete coping and chain link fence above it, running the entire length of the southerly property line. The steps, paving, pipe rail and retaining wall are in acceptable condition, except for its westerly end, where there is a large vertical crack from top to bottom of the wall. The crack requires thorough repair.

The south yard widens into a court, which is also paved with concrete pitching to a drain. The concrete is in acceptable condition. The drain requires repair.

At the westerly boundary line, the yard continues towards the north. This westerly yard is also paved with concrete. It is separated from the adjoining property by a low brick wall with a chain link fence over it. The paving, wall and fence are in acceptable condition.

The yards and courts are illuminated by wall-mounted incandescent lights.

UTILITIES.

Water--
Water service is supplied to the building by New York City. Charges are based on frontage.

Sewer--
Storm and sanitary drains from the building discharge into the New York City sewer system.

UTILITIES (continued).

Gas--
Gas service is supplied to the building cellar by the Brooklyn Union Gas Company and is individually metered to residential and commercial tenants.

Electricity--
Electric service is supplied to the building cellar by the Consolidated Edison Company and is individually metered to residential and commercial tenants.

SUBSOIL CONDITIONS.

According to the New Building application filed with the Queens Building Department, test borings were made prior to start of construction by the Kennedy-Riegger Drilling Company and a drawing showing the results was filed with the Building Department on November 24, 1949.

The results filed indicate sand, loam and gravel in some areas to a depth of about 9 feet, fill in other areas to a depth of up to 12 feet and a ground water level varying from 10 to 16 feet below grade.

There is no evidence of significant foundation movement or settlement; nor is there evidence of water seepage or ground water infiltration into the cellar.
(see page 7, EXTERIORS, regarding minor settlement cracks).

CONSTRUCTION.

According to the New Building Application filed with the Queens Building Department, foundations rest partly on wood piles supporting reinforced concrete grade beams and pile caps; and partly on reinforced concrete footings resting directly on soil classified as sand and clay of 3 tons bearing capacity.

The pile and footing design filed with the Building Department was prepared by Peter W. Bruder, professional engineer, and is dated December 22, 1949.

The pile log was prepared by Joseph Saravis, professional engineer, and is dated February 13, 1950. The piles

CONSTRUCTION (continued).

are described as having been driven to an average depth of 25 feet and as having a value of 25 tons per pile.

Exterior and interior bearing walls are masonry. Public halls are enclosed in masonry walls and have fireproof reinforced concrete floors. Stairs, elevator shafts and compactor chutes are also enclosed in masonry walls. Cellar partitions are 3 inch masonry.

A fireproof reinforced concrete slab, supported on masonry walls and on steel, extends over the entire cellar (ground) floor.

The upper floors are framed with wood joists, except public halls. Apartment partitions are built of wood studs, covered with rock lath and gypsum plaster. Apartment ceilings are also rocklath and plaster. The only exceptions are bathrooms, which are finished with metal lath and cement plaster. Apartment floors (except in baths and kitchens) are oak strip, resting on wood subfloors. Public halls have asphalt tile floors over concrete. Lobbies and stairs are finished with terrazzo. Roofs are built-up type over wood sheathing, with ventilated attics between ceilings and roofs.

EXTERIORS.

New York City local Law #10 ("Report of periodic inspection of exterior walls and exterior appurtenances of buildings") is not applicable, as the building is less than seven stories above the cellar or less than 75 feet high.

Walls--
The two street elevations are finished with red face brick, with decorative brick quoins at corners and projecting horizontal bands of soldier courses at first floor and roof levels.

The white marble window sills are extended into continuous horizontal bands and similar white marble bands frame the window heads.

The stores along Queens Boulevard have mostly aluminum and glass fronts of different designs, with canvas

EXTERIORS (continued).

or aluminum canopies over them. Some have illuminated signs. The office on 82nd Avenue has an elaborate aluminum canopy over the entrance.

The rear elevations (facing west and south) are faced with common red brick from the 1st floor up. The walls have exposed concrete at cellar level.

Generally, the exterior masonry is in acceptable condition. There is some weathering of bricks and erosion of mortar joints near the top of the building, particularly facing Queens Boulevard. There is some water infiltration on several floors into the apartment walls, resulting in discolored and peeling paint. The areas in question need waterproofing and pointing.

The concrete cellar walls around the south court show small diagonal cracks, particularly at the cellar windows. This may be the result of settlement and should be checked and repaired.

Windows--
Apartment windows are wood double-hung, in wood frames. They are single-glazed and have no weatherstripping. Generally, the windows are in fair condition, although a few need putty, caulking or repairs. Many need painting. The windows are protected from further deterioration by aluminum storm sash, which appears to have been recently installed.

Public hall windows are steel, including steel frames, with wireglass panes. A number of windows need replacement of cracked or broken glass; some need puttying.

Cellar windows are mostly wood double-hung. Some windows in service spaces have broken glass, a few have defective sash and frames. Windows in the south court are boarded up with wood. All defective windows should be repaired. Window sills are white marble in generally acceptable condition. Window heads are supported on steel lintels. Some of them show rust and peeling paint where exposed. They should be wirebrushed and painted with a rustproofing paint.

FIRE ESCAPES.

There is a series of fire escapes facing both the streets and the rear and side of the building. They provide an emergency egress from all apartments located on the 1st through 6th floors. The fire escapes facing 82nd Avenue extend from the 6th down to the 1st floor, with drop ladders from 1st floor platforms to the ground. The fire escapes on the rear and side extend from the roof down to the 1st floor, with drop ladders to the yards or courts. The fire escapes facing Queens Boulevard terminate on the fireproof roofs over the stores, with 2 drop ladders coming down from the 2 roofs to the sidewalk, through openings in the store canopies. The drop ladder at the food market has been obstructed by a fruit stand.A violation regarding this condition has been issued by the Department of Rent & Housing Maintenance on September 1, 1983.
The fire escape construction generally consists of structural steel supporting members, 60 degree steel ladders and steel platforms at each floor, enclosed with metal railings. The fire escape balconies are anchored into the adjoining masonry walls by cantilevered steel brackets with through-bolts. The fire escapes are in generally acceptable condition.

PARAPETS & COPINGS.

Parapet walls around the roof are 12 inch brick about 3 1/2 feet high, with terra cotta copings. The copings are in acceptable condition, but some of the mortar joints between them have eroded and need repacking. Some of the bricks are porous and need waterproofing. Flashings at the roof are copper, which has been tarred over. There is a large number of tenants' television antennas anchored to the parapets, which contributes to their deterioration.

Parapets around the two small roofs over the stores have low brick walls, precast concrete copings and wrought iron railings over them along Queens Boulevard. They are in acceptable condition.

CHIMNEYS.

There are two square brick incinerator chimneys with concrete caps. Since the incinerators were converted to compactors, the chimneys are no longer in use. They are in acceptable condition.

Near 82nd Avenue, there is a rectangular metal flue exhausting the hoods of the corner restaurant above the roof. Cooking grease is oozing out of the joints in the flue sections. The grease filters in the hoods should be replaced.

There is a large octagonal brick chimney for the heating boiler, terminating about 10 feet above the roof. It has a round steel flue extension supported by diagonal angles and wires from the adjoining parapets. The masonry chimney has some minor cracks around the steel rungs of an engineers' ladder anchored into the brick. The cracks should be properly repaired. The concrete coping is in acceptable condition.

ROOFS.

The main roof pitches slightly to interior cast iron drains with brass strainers. It is a built-up type roof. The top covering, consisting of 3 feet wide rolls of roofing felt, is old and beginning to open at the seams. The easterly section has wavy areas which retain rain water. There is no evidence of serious leaks, but it would be desirable to repair or resurface the roofing.

There are small attic spaces between the top floor ceilings and the roof. They are ventilated by copper louvers through the walls. No information is available as to the existence or type of roof insulation.

The roofs over the stores consist of two small triangular surfaces at 1st floor level, facing Queens Boulevard. They consist of reinforced concrete slabs covered with built-up roofing, with copper flashings. They are in acceptable conditions.

ROOF STRUCTURES.

There are two masonry bulkheads combining stairs, elevators and incinerator settling chambers -- one for the easterly and one for the westerly section of the building. They have brick walls and concrete roofs with built-up roofing drained by exterior aluminum leaders terminating at the main roof. The walls require some pointing.

The stair bulkheads have metal and glass skylights with ridge vents and protective wire mesh covers. They also have hollow metal doors in steel frames providing access from the stairs to the roof. The door jamb of the easterly bulkhead is corroded and needs to be replaced. Next to the door, there is a diagonal crack in the masonry, which allows rain water to penetrate inside the bulkhead. The crack should be repaired. The westerly stair bulkhead has a leak at the roof, which requires repair.

The elevator machine rooms are reached by 60 degrees open riser steel stairs and platforms with metal railings and through hollow metal doors in steel frames. Each machine room has a steel and wire-glass window. The brickwork in one corner of the easterly machine room has eroded mortar joints, resulting in leaks. The brickwork needs pointing.

The incinerator settling chambers are discontinued and sealed. The easterly settling chamber has masonry cracks which should be repaired.

MAIN ENTRANCE, VESTIBULE & LOBBY.

Entrance--
The main entrance is facing 82nd Avenue, and is reached through a concrete paved court, up one brick step at the doors. The entrance is flanked by wall-mounted incandescent lights. There are decorative aluminum panels on the sides and above, with red numerals for the address.

The entrance consists of a pair of aluminum and plate glass doors, with an aluminum saddle and a door closer over the active door.

MAIN ENTRANCE, VESTIBULE & LOBBY (continued).

Vestibule--
The vestibule has a slate floor, marble base and walls and a decorative painted plaster ceiling with fluorescent ceiling lights. The marble base at the radiator needs repair.

The entrance and the vestibule are in acceptable condition, except as noted.

Lobby--
From the vestibule, a pair of aluminum and plate glass doors, with an aluminum saddle and a door closer, leads into the lobby. The door locks are controlled by a buzzer system connected to the apartments. There is no voice communication between the vestibule and the apartments.

The lobby consists of several sections. The front lobby, which is square-shaped, consists of an upper part -- on entrance level -- which leads to the easterly elevator and stairs. The lower part is two steps down and leads into a long rectangular section of the lobby which leads to the westerly elevator and stairs. It also connects -- through 2 service vestibules with fireproof self-closing doors -- with the superintendent's apartment and with all service spaces (tenants' laundry, boiler room, compactor room, meter rooms, storage room). The 2 sets of doors to the service spaces are on interlocks, which are not operational. The lobby floor is decorative terrazzo, with a marble base. Walls are painted plaster, with decorative marble pilasters. The ceiling is painted decorative plaster. Along the southerly side of the rectangular section, there are large stationary textured glass windows facing the south court. Along the window wall there are marble-faced flower boxes with artificial flowers. Lighting is by fluorescent wall and ceiling fixtures. Presently, the lobby walls are being redecorated.

There are recessed brass mail boxes with fluorescent wall lights, one group in the front (easterly) lobby, one in the westerly section. There is also a framed Certificate of Housing Department inspections. The latest inspection is dated 2-6 -1986 .

The lobby is in generally acceptable condition, except for the two terrazzo steps in the easterly section. They are cracked and need refinishing. Also, the ceiling of the main lobby section has peeling paint. It needs repainting.

PUBLIC HALLS & STAIRS.

Public Halls--
There are two sets of public halls and stairs, one for the easterly half of the building, one for the westerly half. They service all upper floors -- 1st through 6th. The public halls have asphalt tile floors, terrazzo bases and painted plaster walls and ceilings. Lights are 2-foot fluorescent ceiling fixtures. Public halls give access to apartments through fireproof self-closing kalamein doors in steel frames, with terrazzo saddles. Doors have cylinder locks, chains, peep holes and bells.

Stairs--
The two open stairs extend from the ground (designated "cellar") floor to the roof, where they terminate in masonry bulkheads (see "ROOF STRUCTURES"). They have steel stringers, terrazzo treads and platforms and painted steel risers. Railings are steel, with wood handrails. The stairs and public halls are ventilated by steel and wire-glass pivoted type windows at each floor. Some of the window panes are cracked and should be replaced. Otherwise, the public halls and stairs are in generally acceptable condition, except the easterly bulkhead ceiling, which shows evidence of water penetration from the bulkhead roof.

INTERIOR DOORS & FRAMES.

Apartment entrance doors are 1 1/2 hour fireproof self-closing, in steel frames. Interior apartment doors are hollow core wood (no fire rating) in steel frames. Elevator hatch doors are sliding 1 1/2 hour fireproof self-closing. Doors to cellar service areas (boiler room, laundry, storage, service vestibules) are 1 1/2 hour fire-roof self-closing in steel frames.

APARTMENTS.

The latest Certificate of Occupancy calls for 1 superintendent's apartment in the cellar, 17 apartments on the 1st floor and 18 each on the 2nd through 6th floors, or a total of 108 apartments. Actually, one apartment was added on the 1st floor, when unit 1-J was converted from an office back to its original use as an apartment. Thus, the total actual count is 109 apartments (including the 4 room superintendent's apartment).

APARTMENTS (continued).

Apartments on all floors -- 1st through 6th -- are typical. They are designated A, B, C, D, E, F, G, H, J on one side of the building and K, L, M, N, P, R, S, T, V on the other side.

Units consist of either studios or 1 bedroom apartments. All bathrooms and most kitchens have windows for light and ventilation. Interior kitchenettes are ventilated by ducts to the roof.

Floors (except in kitchens and bathrooms) are oak tongue and groove strip, with painted wood bases. Walls and ceilings are plastered (over rocklath) and painted.

Windows are wood double-hung. Generally, living rooms and bedrooms have double windows, kitchens have single windows. Radiators in metal covers are located under windows.

Interior apartment doors are wood. Saddles are oak.

Bathrooms have ceramic tile floors and 4 feet high wainscoting (6 feet high around tubs). Borders and accessories are black, including soap dishes, grab bars, towel bars and paper holders. Medicine cabinets are recessed, with hinged mirrored doors and glass shelves. A few bathrooms have the original clothes driers.

Bathroom fixtures include a 5 foot cast iron enamel tub with a shower head; a flushometer type W.C. and a wall-hung metal enamel wash basin. Some basins have been replaced over the years. All fixtures are white.

Kitchens have composition tile or linoleum floors. Fixtures include iron enamel sinks (some replaced with stainless steel sinks), gas ranges with ovens (Royal Rose and other makes) and refrigerators. Original kitchen cabinets are painted wood, and include broom closets. Some kitchens have replacement cabinets of wood or metal.

Apartments are provided with smoke detectors complying with Building Department rules and regulations.

ELEVATORS, ELEVATOR CABS.

The two building sections are serviced by one passenger elevator each, stopping at all floors, cellar to sixth (7 stops).

The elevators were installed under Elevator Application 86 of 1950 by the Otis Elevator Company. Subsequently, the installations were upgraded under Elevator Applications 149 and 195 of 1974. The machinery is located in the two roof bulkheads. Each installation includes a 7.5 H.P. 208 volt A.C. motor and a "Zonic" controller. Carrying capacity of each cab is 2000 pounds or 13 persons. Speed is 100 feet per minute. Operation is selective collective.

The hatch doors are hollow metal self-closing 1 1/2 hour fire-rated swinging doors; the cab doors are 1 1/2 hour hollow metal single slide doors. Both doors have square wire-glass vision panels.

Cab walls are finished with stainless steel panels, ceilings are wood, floors are composition tile. Lighting is by overhead fluorescent cove fixtures. There are corner security mirrors in both cabs. There are mechanical floor indicators on each floor, on the hall side.

The installation was last inspected by a Building Department representative on September 3, 1986. The elevators are under service contract with the Marcato Elevator Company. They are in acceptable condition.

TENANTS' LAUNDRY.

There is a tenants' laundry in the cellar, located off a small vestibule opening into the lobby. It has a fireproof self-closing hollow metal door and a double-hung wood window opening into the south court. The floor is concrete, pitched to a floor drain, walls and ceiling are plastered and painted. Lighting is by fluorescent ceiling fixtures.

The equipment consists of 3 General Electric washers and 2 General Electric gas-operated driers, which are vented to the outside. The equipment is operated as a concession by the Fisher Service Company.
Corporation. The condition of the space and equipment is acceptable. except for an accumulation of lint and dirt around the termination of the vent ductof the driers.

CELLAR.

In addition to the tenants' laundry, compactor rooms, boiler room, tank room, vestibule and lobby, which are described separately, the cellar contains the following spaces:

A restaurant at the corner and 7 retail stores along Queens Boulevard.

A city marshal's office on 82nd Avenue.

A superintendent's apartment.

A superintendent's workshop and a storage room for building supplies.

The superintendent's storage room and workshop have concrete floors and ceilings, masonry and concrete walls, and are lighted by fluorescent ceiling fixtures. The storage room has windows facing the south court. Both spaces are in acceptable condition.

COMPACTORS, REFUSE DISPOSAL.

Originally the building had two incinerators, one for the easterly and one for the westerly section. Subsequently, they were converted to compactor installations (under Building Notice Application 3185 of 1969).

The former incinerator rooms in the cellar have concrete floors and ceilings, plastered masonry walls, fireproof self-closing steel doors, sprinkler heads, hose bibs and floor drains. The westerly compactor is a Pack-King MK2, the make of the easterly compactor could not be ascertained. The compactors are in acceptable condition.

The existing incinerator chutes are used by the tenants to convey refuse down to the compactor rooms. The chutes have hopper doors at each floor, opening into small vestibules connected to the public halls by fireproof self-closing doors. The vestibules have concrete floors, painted plaster walls and ceilings.

COMPACTORS, REFUSE DISPOSAL (continued).

A few of the hopper doors need repair. On the roof, there are discontinued incinerator chimneys and settling chambers (see "ROOF STRUCTURES").

Compacted refuse is put out on the sidewalk, where it is collected several times a week -- free of charge -- by the New York City Department of Sanitation.

PLUMBING & DRAINAGE; GAS.

Plumbing--
The building is supplied with water by New York City. Charges are on a frontage basis. Cold and hot water piping is primarily brass. Pressure at fixtures is generally adequate and water is clean. Cold water is supplied to all floors under main pressure.

Domestic hot water is generated in submerged coils in the heating boiler, reduced to approximately 140 degrees F. in a mixing valve and circulated by a Bell & Gossett pump to all apartments.

Drainage--
The drainage system consists of a sanitary and a storm system, emptying both by gravity into the public sewer systems.

The main sewer and drainage piping including roof leaders is of extra heavy cast iron; branches are of galvanized steel. The house sewer is 8 inches in diameter. The soil stacks, waste stacks and interior leaders are 5 inches, the vents are 4 inches. The water and drainage systems are substantially as originally installed. They are in acceptable condition.

Gas--
Gas is supplied by the brooklyn Union Gas Company and distributed to all apartments from the cellar meters. All residential and commercial tenants are individually metered. Gas piping is black iron. It is in acceptable condition.

HEATING, AIR CONDITIONING & VENTILATION.

Boiler room--
The boiler room is located in the cellar and is reached from the lobby through a vestibule with 2 sets of fireproof self-closing doors, down a flight of open riser steel stairs with metal railings. The floor is concrete, drained by two sump pumps in pits. Walls are concrete and brick, the ceiling is a concrete slab. Lighting is by fluorescent ceiling fixtures. Fresh air is supplied through metal louvers and windows facing the south court.

Tank room--
The fuel tank is located in a separate compartment, enclosed in masonry walls and accessed through a hinged steel panel and down an engineer's ladder. The floor of the compartment is earth, the ceiling concrete. There is one window and one louver facing 82nd Avenue. Lighting is by incandescent bulbs. The oil tank is steel and has a capacity of 5,000 gallons.

The condition of both spaces including stairs, engineers' ladder and sump pumps, is acceptable.

Heating--
The original boiler and fuel tank were installed under Miscellaneous Application 761 of 1950. The present boiler was installed under Miscellaneous Application 558 of 1984, for which a Certificate of Approval was filed by the installer with the Queens Department of Buildings on October 25, 1984. The fuel tank was not replaced, but it was cleaned out in the fall of last year.

The new boiler is a Rockmills Model MP 125, with a maximum input of 5,250,000 and maximum output of 4,184,000 B.T.U. per hour. The new burner is an Iron Fireman Model 406-6.3 RK, with a gross firing rate of 37.5 gallons per hour. The installation was filed for #6 oil, but according to the building superintendent, #4 oil is being presently used. Oil is circulated by 2 Gould pumps and preheated in 2 pre-heaters. The boiler is vented into an insulated breeching connected to an existing round lined masonry chimney with a steel extension above the roof (see "CHIMNEYS"). The boiler is operating at 3 1/2 to 5 pounds steam pressure. Domestic hot water is generated in submerged

HEATING, AIR CONDITIONING & VENTILATION (continued).

coils in the boiler, brought to proper temperature in a mixing valve and circulated by a Bell & Gossett pump. Automatic controls are by Heatimer Corporation. The heating installation is in satisfactory condition. At the time of this inspection, an Air Resources Certificate of Operation had not yet been obtained.

Air conditioning--
There is no central air conditioning, except for air conditioning installed by commercial tenants in their spaces. Some residential tenants have installed window air conditioners.

Ventilation--
A few lines of interior kitchenettes are ventilated by vertical gravity type ducts terminating above the roof. They are in acceptable condition.

ELECTRICITY & TELEVISION.

Electric service is supplied by the Con Edison Company to the cellar, where most of the service equipment is located in the easterly service vestibule, together with the store meters and service equipment for the restaurant. The balance of the apartment meters is located in the westerly service vestibule. All residential and commercial tenants are individually metered.

All service is A.C. One service switch, protected by 3 fuses of 300 amp 250 volt, supplies light and power for the public areas and for some of the stores. A second service switch of the same capacity supplies the apartment lines A, B, D, H and L. A third service switch, protected by 3 fuses of 450 amp 250 volt, supplies the apartment lines C, E, F, G, J and K. A fourth service switch of the same capacity supplies the apartment lines M, N, P, R, S, T and V, also one of the stores. A service switch in the easterly service vestibule supplies electricity to the restaurant.

Studio apartments have 6-circuit panels with 15 and 20 amp, 100 volt circuit breakers. Bedroom apartments have 8- or 10-circuit panels. Kitchens are wired with grounded outlets on separate circuits. The present service is generally adequate to handle the load of modern appliances.

ELECTRICITY, TELEVISION (continued).

There is no master antenna. There is no security television in the building. There are numerous tenants' antennas anchored to roof parapets.

GENERAL COMMENTS.

The contents of this report are correct to the best of my knowledge and belief. This report and the conclusions stated herein are, however, limited to findings based upon a visual inspection of visible portions of the exterior and interior public areas and of a representative number of apartments. Additional information was supplied by the sponsor and by records in the Queens Department of Buildings.

October 23 , 1986



Serge Klein, Architect

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86-378-1

Results

of

Asbestos Survey

for

ABG International Properties Inc.

39 Broadway

New York, NY 10006

November 21, 1986

1. BACKGROUND

Brad Associates conducted an asbestos survey in the building located at 123-35 82nd Road, Kew Gardens, New York, to determine the presence of asbestos containing material (ACM) and to determine the best possible and applicable abatement program.

The survey consisted of review of available as-built building and piping drawings, a thorough visual inspection of all building spaces, sampling and analysis of all suspected ACM, and interviews with some of the building occupants.

Samples obtained were analyzed by means of Polarized Light Microscopy in accordance with the EPA guidelines.

As an aid to the survey, the algorithm developed by the U.S. Department of Education was used in determining the priorities in the abatement program.

The following alternatives were considered in the abatement program: Removal, Enclosure, Encapsulation, and Special Operations and Maintenance Program (O&M).

The survey was conducted November 10 & 11, 1986. Out of a total of 129 units 88 were inspected. In addition, the basement and retail stores were also surveyed within the building. The remaining units were not inspected because the tenants were unavailable or uncooperative. Uniformity exists between units, and the surveyed spaces in the building are believed to be representative of the entire building.

II. RESULTS

The results are tabulated on the next pages.

LOCATION	GUIDE NUMBER	AREA/ LENGTH	ACCESS-IBILITY	REMARKS
I. Right Basement (LU area)				
1. Boiler Room				
a. Floor, walls, ceiling	---			No asbestos. See Samples 4 & 6.
b. Boiler insulation	61.56	200 sf	y	Material has asbestos. See Sample 1. REMOVE.
c. Breeching & Stack	47.16	250 sf	y	Material has asbestos. See Samples 2 & 8. REMOVE.
d. Pipe insulation	45	85 ft.	y	Material has asbestos. See Sample 3. REMOVE.
e. Fittings insulation	41.4	6 unit	y	Material has asbestos. See Sample 5. REMOVE.
2. Water Tank Room				
a. Floor, wall, ceiling	---			No asbestos.
b. Pipe insulation	50.76	150 ft	y	Material contains asbestos. See Sample 11. REMOVE.
c. Other equipment	---			No asbestos.

Note: '---' means Guide No. not computed
ft = linear feet ; sf = square feet
Y = Accessible ; N = Not Accessible

LOCATION	GUIDE NUMBER	AREA/ LENGTH	ACCESS-IBILITY	REMARKS
I. Right Basement (cont'd.)				
3. Hallway - Basement				
a. Floor, wall, ceiling	---			No asbestos.
b. Pipe insulation	25.38	140 ft	y	Material has asbestos. See Sample 11. REMOVE.
c. Fitting insulation	29.88	8 unit	y	Material has asbestos. See Sample 12. REMOVE.
4. Incinerator Room				
a. Pipe insulation	50.76	20 ft	y	Material has asbestos. See Sample 11. REMOVE.
b. Fitting insulation	29.88	3 unit	y	Material has asbestos. See Sample 12. REMOVE.
c. Floor, walls, ceiling	---			No asbestos.

Note: '---' means Guide No. not computed
ft = linear feet ; sf = square feet
Y = Accessible ; N = Not Accessible

LOCATION	GUIDE NUMBER	AREA/ LENGTH	ACCESS-IBILITY	REMARKS
I. Right Basement (cont'd.)				
5. Laundry Room				
a. Floor, walls, ceiling	---			No asbestos.
b. Pipe insulation	50.76	70 ft.	y	Material has asbestos. See Sample 11. REMOVE.
c. Fitting insulation	29.88	12 uni	y	Material has asbestos. See Sample 12. REMOVE.
6. Elec. & Gas Meter Room & Adjacent Room				
a. Floor, walls, ceiling	---			No asbestos.
b. Pipe insulation	50.76	165 ft	y	Material has asbestos. See Sample 11. REMOVE.
c. Fittings insulation	29.88	10 uni	y	Material has asbestos. See Sample 12. REMOVE.

Note: '---' means Guide No. not computed
ft = linear feet ; sf = square feet
Y = Accessible ; N = Not Accessible

LOCATION	GUIDE NUMBER	AREA/ LENGTH	ACCESS-IBILITY	REMARKS
II. Basement - Left (AK area)				
1. Hallway				
a. Floor, walls, ceiling	---			No asbestos.
b. Pipe insulation	25.38	180 ft	y	Material has asbestos. See Sample 11. REMOVE.
c. Fittings insulation	14.94	2 unit	y	Material has asbestos. See Sample 12. REMOVE.
2. Laundry Room, Store Room & Stock Room				
a. Floor, walls, ceiling	---			No asbestos.
b. Pipe insulation	50.76	300 ft	y	Material has asbestos. See Sample 11. REMOVE.
c. Fittings insulation	29.88	26 uni	y	Material has asbestos. See Sample 12. REMOVE.

Note: '---' means Guide No. not computed
ft = linear feet ; sf = square feet
Y = Accessible ; N = Not Accessible

LOCATION	GUIDE NUMBER	AREA/ LENGTH	ACCESS-IBILITY	REMARKS
II. Basement - Left (AK area)				
3. Meter Room				
a. Floor, walls, ceiling	---			No asbestos.
b. Pipe insulation	50.76	15 ft.	y	Material has asbestos. See Sample 11. REMOVE.
c. Fittings insulation	29.88	12 uni	y	Material has asbestos. See Sample 12. REMOVE.
III. Garage - Two Levels				
1. Floor, walls, ceiling	---			No asbestos.
2. Pipe insulation	76.14	500 ft	y	Material has asbestos. Damaged. See Sample 11. REMOVE.
3. Fittings insulation	44.82	80 uni	y	Material has asbestos. See Sample 12. REMOVE.

Note: '---' means Guide No. not computed
ft = linear feet ; sf = square feet
Y = Accessible ; N = Not Accessible

LOCATION	GUIDE NUMBER	AREA/ LENGTH	ACCESS-IBILITY	REMARKS
IV. Various Apartments				
1. Apartment 7E				
a. Floor	---			No asbestos. Sample 9 shows a typical floor cover.
b. Ceiling	---			No asbestos. See Sample 13.
c. Walls	---			No asbestos.
d. Heater base	---			No asbestos. See Sample 7.
e. Pipe insulation in Bathroom.	12.72	6 ft.	y	Material has asbestos. See Sample 10. REMOVE.
2. Other apartments				
a. Floor	---			No asbestos. See Samples 9 & 14, 15 and 16.
b. Ceiling	---			No asbestos. See Sample 13.
c. Heater base	---			No asbestos. See Sample 7.
d. Pipe in Bathrooms	---			No insulation.

Note: '---' means Guide No. not computed
ft = linear feet ; sf = square feet
Y = Accessible ; N = Not Accessible

The following apartments were inspected and described in Item IV. - 2 above:

2A, 2C, 2D, 2E, 2K, 2N, 2O, 2P, 2Q, 2R, 2S, 3C, 3D, 3E, 3F, 3G, 3H, 3L, 3M, 3O, 3Q, 3R, 3T, 3U, 4A, 4B, 4C, 4D, 4F, 4H, 4J, 4K, 4L, 4P, 4R, 4S, 4T, 4U, 5A, 5B, 5C, 5E, 5G, 5H, 5J, 5K, 5L, 5P, 5Q, 5R, 5T, 5U, 6A, 6B, 6D, 6E, 6F, 6G, 6H, 6K, 6M, 6N, 6P, 6Q, 6R, 6S, 6T, 6U, 7A, 7B, 7C, 7D, 7E, 7F, 7G, 7H, 7J, 7M, 7Q, 7R, 7S, 7U, 8O, 8P, 8Q, 8R, 8U, and Superintendant's Apartment.

LOCATION	GUIDE NUMBER	AREA/ LENGTH	ACCESS-IBILITY	REMARKS
V. Retail Stores				
1. Cleaners				
a. Floors	---			No asbestos. Sample 21 shows typical vinyl tile.
b. Walls	---			No asbestos.
c. Ceiling	---			No asbestos. See Sample 20.
d. Pipe insulation	23.4	25 ft.	y	Material has asbestos. See Sample 26. Pipes present in all rooms. Material is damaged. REMOVE.
2. Pizza Store				
a. Floor, walls, ceiling	---			No asbestos.
b. Pipe insulation	27.864	40 ft.	y	Material has asbestos. See Sample 19. Pipes present in all rooms except center toilet. Mat'l. is damaged. REMOVE.
c. Duct insulation	---			No asbestos. See Sample 17.

Note: '---' means Guide No. not computed
ft = linear feet ; sf = square feet
Y = Accessible ; N = Not Accessible

LOCATION	GUIDE NUMBER	AREA/ LENGTH	ACCESS-IBILITY	REMARKS
U. Retail Stores				
3. Drug Store				
a. Floor tiles	---			No asbestos. See Samples 18 & 25.
b. Ceiling & Walls	---			No asbestos.
c. Pipe insulation	21.84	20 ft.	y	Material has asbestos. See Sample 26. Damaged. Pipes in all rooms. REMOVE.
4. Ice Cream Parlor				
a. Floor	---			No asbestos. See Sample 22.
b. Ceiling and walls	---			No asbestos.
c. Pipe insulation.	23.4	125 ft	y	Material has asbestos. See Sample 26. REMOVE. Pipe is present in all rooms.

Note: '---' means Guide No. not computed
ft = linear feet ; sf = square feet
Y = Accessible ; N = Not Accessible

LOCATION	GUIDE NUMBER	AREA/ LENGTH	ACCESS-IBILITY	REMARKS
V. Retail Stores				
5. Diner				
a. Floor	---			No asbestos. See Samples 23 & 28.
b. Ceiling & Walls	---			No asbestos. See Samples 25 & 27.
c. Pipe insulation	23.4	40 ft.	y	Material has asbestos. See Sample 26. Material is damaged. REMOVE. Pipe is present in all rooms.

Note: '---' means Guide No. not computed
ft = linear feet ; sf = square feet
Y = Accessible ; N = Not Accessible

III. DISCUSSION OF RESULTS

The Guidance Number is an indication of work priority. To a lesser degree, it also gives an indication of the health risk within the building. See Exhibit 1.

The different abatement alternatives considered are described as follows:

1. Removal - the asbestos containing material is removed in accordance with the guidelines of the EPA, OSHA, and NYC Local Law 76.

2. Enclosure - The asbestos containing material is enclosed in airtight walls and ceiling.

3. Encapsulation - Refers to the spraying of asbestos containing material with sealants.

4. Operation and Maintenance Programs (O & M) - This program is designed to (a) clean up asbestos previously released (b) prevent further release by minimizing disturbance or damage and (c) monitor the condition of the asbestos containing material at least once a year.

There was a total of 129 apartments in the building. Out of these, 88 were surveyed. The remaining apartments were not surveyed because the tenants were either unavailable or uncooperative. The surveyed spaces are believed to be representative of the entire building.

It should be noted that in the areas inspected, the asbestos containing materians are mostly in the basement and garage. The recommended abatement alternative can therefore be performed without the the need of evacuating all the occupants of the building.

Within the apartments themselves, the ACM found was the bathroom pipe insulation in Apartment 7E. The ACM will have to be removed when the occupants are not in. Since the areas are relatively small, no problem is anticipated.

In the retail stores, pipe insulation containing asbestos were also found. The insulation is present in all rooms. Most of them are damaged and in bad condition. They should be removed. Removal will have to be done when the areas are vacated. Safety procudures as required by EPA, OSHA and NYC (Local Law 76) will have to be followed.

In addition to the detected visible ACM, it is possible that asbestos type insulations are on the pipes within the risers. Since the risers are enclosed in airtight walls, no health risk is anticipated. The only time there may be any danger to the occupant is when any repair or maintenance work on the pipe involves disturbance (or damage) of the ACM. In such a case, precautionary measures as outlined by EPA must be followed.

For all abatement alternatives, it is recommended that an asbestos contractor with adequate experience be engaged. Air Monitoring and close supervision during such programs must be performed to assure proper and safe procedures.

Respectfully submitted,
BRAD ASSOCIATES

Benito P. San Pedro

Benito P. San Pedro, P.E.

E X H I B I T 1

GUIDANCE NUMBER NOMENCLATURE

Nomenclature of Guidance Rating

Factor One - Condition of Material

Virtually No Damage or Deterioration: Score = 0

The material is intact and shows no signs of deterioration. The material is adhering to the substrate. Essentially no missing pieces and no significant water spotting.

Moderate Damage or Deterioration: Score = 2

The material is breaking up into layers or beginning to come loose from the substrate. There may be small areas (10% of the total area) where the material is deteriorating. There are signs of accidental or intentional damage that cover no more than 10% of the total area.

Extensive Damage or Deterioration: Score = 5

Pieces are dislodged and debris may be evident. Parts of the material may be hanging from the ceiling or may have fallen to the floor. Damage extends over more than 10% of the surface.

Factor Two - Proportion of the Material Exposed

The material is exposed if it can be seen by the occupants. The material is not exposed if it lies behind a false or suspended ceiling or other barrier that is intact. The exposed surface shall be evaluated as follows:

Estimate the % of the surface of the friable asbestos containing material that is exposed. Multiply by 4 to convert to the score.

Proportion of Material Exposed: Score 0 - 4

Factor Three - Friability

Not Friable: Score = 0

Low Friable: Score = 1

The material can be damaged by hand but with difficulty.

Moderately Friable: Score = 2

It is fairly easy to mark, damage or dislodge the material by hand or to crush or pulverize by hand. The material can be removed in large or small pieces.

Highly Friable Score = 3

The material is fluffy in appearance and is soft or spongy to the touch. It may be flaking. It is easy to penetrate the material with the fingers. Almost any brushing or touching of the material causes a visible breaking away or dusting.

Factor Four - Total Asbestos Content

The percentages for all four types of asbestos present in a given sample shall be added to determine the total asbestos content.

The asbestos content must be determined by bulk sample analysis. Building records or assumptions are not reliable or acceptable. Only material with greater than 1% asbestos should be evaluated using the guidance system. This cut-off is due to the difficulty of analysis below 1% and the uncertainty of establishing percentage of content.

Generally materials containing less than 1% asbestos need not be considered further. However, unusual cicumstances, such as extensive damage may require special consideration.

The Asbestos Content shall be evaluated as follows:

Convert the mean concentration of asbestos to a score by multiplying by 2 and adding the result to 1.

Total Asbestos Content: Score = 1 - 3

EXHIBIT 2

ANALYTICAL DATA SHEETS

BULK SA LING ANALYSIS

Results Reporting Form

Analyzed by: Benito San Pedro Date: 11-17-86 Reference No: 86-378-1

		82nd Road			
Sample I.D.#		1	2	3	4
Sample Code Assigned by Laboratory		Boiler Insulation	Breeching Insulation	Pipe Insulation	Ceiling
Analytical Method (enter number)	1. PLM 2. PLM with dispersion staining 3. PLM + X-ray diffraction	1	1	1	1
Gross Sample Appearance	homogeneous?	yes	yes	yes	yes
	obvious layers?	no	yes	yes	no
	fibrous?	yes	yes	yes	no
	sample color	White	Black	Gray	Gray
Sample Treatment (enter number)	1. None 2. Homogenized 3. Other, specify	1	1	1	1
Does the Sample Contain Any Asbestos Fibers?		yes	yes	yes	no
Asbestos Present (enter number and percent)	1. Amosite 2. Chrysotile 3. Crocidolite 4. Other, specify	#1-64%	#1-81%	#1-75%	
Total Percent Asbestos Present in Sample		64%	81%	75%	0
Other Fibrous Materials Present (enter number and percent)	1. Fibrous glass 2. Cellulose 3. Other, specify	#2-6%	#2-10%	#2-20%	0
Nonfibrous Materials Present (description and percent)		Carbonates & Silicates 30%	Binder - 5% Soot - 4%	Binder - 5%	Concrete

Results Reporting Form

BULK SAMPLING ANALYSIS

Analyzed by: Benito San Pedro Date: 11-17-86 Reference No: 86-378-1

		82nd Road			
Sample I.D.#		5	6	7	8
Sample Code Assigned by Laboratory		Joint Insulation	Boiler Room Wall	Heater Base	Breeching Elbow
Analytical Method (enter number)	1. PLM 2. PLM with dispersion staining 3. PLM + X-ray diffraction	1	1		1
Gross Sample Appearance	homogeneous?	yes	yes	yes	yes
	obvious layers?	no	no	no	no
	fibrous?	yes	no	no	yes
	sample color	Gray	Gray/Black	Gray	White
Sample Treatment (enter number)	1. None 2. Homogenized 3. Other, specify	1	3	3	
Does the Sample Contain Any Asbestos Fibers?		yes	yes	no	yes
Asbestos Present (enter number and percent)	1. Amosite 2. Chrysotile 3. Crocidolite 4. Other, specify	#2-65%	#2- Trace		#2-44%
Total Percent Asbestos Present in Sample		65%	Trace	no	44%
Other Fibrous Materials Present (enter number and percent)	1. Fibrous glass 2. Cellulose 3. Other, specify	#2-28%		#2-5%	#2-41%
Nonfibrous Materials Present (description and percent)		Cement - 7&	Cinder 0 99% +	Cement 95%	CaCO3 - 15%

BULK SAMPLING ANALYSIS

Results Reporting Form

Analyzed by: Benito San Pedro Date: 11-17-86 Reference No: 86-378-1

		82nd Road			
Sample I.D.#		9	10	11	12
Sample Code Assigned by Laboratory		Floor Tile	Pipe Insulation	Pipe Insulation	Joint Insulation
Analytical Method (enter number)	1. PLM 2. PLM with dispersion staining 3. PLM + X-ray diffraction	1	1	1	1
Gross Sample Appearance	homogeneous?	no	yes	yes	yes
	obvious layers?	yes	yes	yes	no
	fibrous?	no	yes	yes	no
	sample color	Gray & Red	White	Gray	Gray
Sample Treatment (enter number)	1. None 2. Homogenized 3. Other, specify	2	1	2	1
Does the Sample Contain Any Asbestos Fibers?		yes	yes	yes	yes
Asbestos Present (enter number and percent)	1. Amosite 2. Chrysotile 3. Crocidolite 4. Other, specify	#2-5%	#2-56%	#2-91%	#2-33%
Total Percent Asbestos Present in Sample		5%	56%	91%	33%
Other Fibrous Materials Present (enter number and percent)	1. Fibrous glass 2. Cellulose 3. Other, specify	#2-8%	#2-40%		#2-30%
Nonfibrous Materials Present (description and percent)		Vinyl- 87%	Binder - 4%	Binder - 9%	Cement - 37%

BULK SA[illegible]LING ANALYSIS

Results Reporting Form

Analyzed by: Benito San Pedro Date: 11-17-86 Reference No: 86-378-1

		82nd Road			
Sample I.D.#		13	14	15	16
Sample Code Assigned by Laboratory		Ceiling Material	Floor Tile	Floor Tile	Floor Tile
Analytical Method (enter number)	1. PLM 2. PLM with dispersion staining 3. PLM + X-ray diffraction	1			
Gross Sample Appearance	homogeneous?	no	no	no	no
	obvious layers?	yes	yes	yes	yes
	fibrous?	no	yes (backing)	no	yes (backing)
	sample color	White & Gray	Yellow & Gray	Gray	Red & Gray
Sample Treatment (enter number)	1. None 2. Homogenized 3. Other, specify		2	2	2
Does the Sample Contain Any Asbestos Fibers?		no	no	no	no
Asbestos Present (enter number and percent)	1. Amosite 2. Chrysotile 3. Crocidolite 4. Other, specify				
Total Percent Asbestos Present in Sample		0	0	0	0
Other Fibrous Materials Present (enter number and percent)	1. Fibrous glass 2. Cellulose 3. Other, specify	#2-2% #3- Animal Hail 2%	#1-5% #2-40%	#2-5%	#1-15% #2-30%
Nonfibrous Materials Present (description and percent)		Cement - 96%	Vinyl 55%	Vinyl - 95%	Vinyl -55%

BULK SAMPLING ANALYSIS

Results Reporting Form

Analyzed by: Benito San Pedro Date: 11-17-86 Reference No: 86-378-1

		82nd Road			
Sample I.D.#		17	18	19	20
Sample Code Assigned by Laboratory		Pizza- Kitchen Duct Insulation	Drug- Floor Tile Oven	Pizza- Kitchen Pipe Insulation	Cleaner Ceiling Tile
Analytical Method (enter number)	1. PLM 2. PLM with dispersion staining 3. PLM + X-ray diffraction	1	1	1	1
Gross Sample Appearance	homogeneous?	yes	yes	yes	yes
	obvious layers?	no	no	no	no
	fibrous?	no	no	no	no
	sample color	White	White	Gray	Gray
Sample Treatment (enter number)	1. None 2. Homogenized 3. Other, specify	1	1	1	1
Does the Sample Contain Any Asbestos Fibers?		no	no	yes	no
Asbestos Present (enter number and percent)	1. Amosite 2. Chrysotile 3. Crocidolite 4. Other, specify			#2-31%	
Total Percent Asbestos Present in Sample		0	0	31%	0
Other Fibrous Materials Present (enter number and percent)	1. Fibrous glass 2. Cellulose 3. Other, specify	#2-Trace	#2-2%	#1-3% #2-11%	#1-88% #2-5%
Nonfibrous Materials Present (description and percent)		CaCO3 - 100%	Vinyl - 98%	Cement -55%	Binder -7%

Results Reporting Form

BULK SA[illegible]LING ANALYSIS

Analyzed by: Benito San Pedro Date: 11-17-86 Reference No: 86-378-1

		82nd Road			
Sample I.D.#		21	22	23	24
Sample Code Assigned by Laboratory		Cleaner Floor Tile	Ice Cream Floor Tile	Diner Kitchen Storeroom Floor Tile	Drug Store Floor Tile
Analytical Method (enter number)	1. PLM 2. PLM with dispersion staining 3. PLM + X-ray diffraction	1	1	1	1
Gross Sample Appearance	homogeneous?	yes	yes	no	yes
	obvious layers?	no	no	yes	no
	fibrous?	no	no	no	no
	sample color	Black	Tan	Tan & Black	Gray
Sample Treatment (enter number)	1. None 2. Homogenized 3. Other, specify	2	2	2	2
Does the Sample Contain Any Asbestos Fibers?		no	no	no	no
Asbestos Present (enter number and percent)	1. Amosite 2. Chrysotile 3. Crocidolite 4. Other, specify				
Total Percent Asbestos Present in Sample		0	0	0	0
Other Fibrous Materials Present (enter number and percent)	1. Fibrous glass 2. Cellulose 3. Other, specify	#2-2%	#2-2%	#2-41%	—
Nonfibrous Materials Present (description and percent)		Phenolic - 98%	Phenolic - 98%	Vinyl - 59%	Phenolic - 100%

BULK SA LING ANALYSIS

Results Reporting Form

Analyzed by: Benito San Pedro Date: 11-17-86 Reference No: 86-378-1

		82nd Road			
Sample I.D.#		25	26	27	28
Sample Code Assigned by Laboratory		Diner Parlor Ceiling Tile	Diner Toilet Pipe Insulation	Diner Storeroom-Outside Ceiling Tile	Diner Kitchen Parlor Entrance Floor Tile
Analytical Method (enter number)	1. PLM 2. PLM with dispersion staining 3. PLM + X-ray diffraction				
Gross Sample Appearance	homogeneous?	yes	yes	no	no
	obvious layers?	no	yes	yes	yes
	fibrous?	yes	yes	yes	
	sample color	Gray	Gray	Yellow&Black	Brown
Sample Treatment (enter number)	1. None 2. Homogenized 3. Other, specify	2	1	2	
Does the Sample Contain Any Asbestos Fibers?		no	yes	no	no
Asbestos Present (enter number and percent)	1. Amosite 2. Chrysotile 3. Crocidolite 4. Other, specify		#2-15%		
Total Percent Asbestos Present in Sample		0	15%	0	0
Other Fibrous Materials Present (enter number and percent)	1. Fibrous glass 2. Cellulose 3. Other, specify	#1-25% #2-65%	#2-80%	#1-40%	#1-11% #2-58%
Nonfibrous Materials Present (description and percent)		Binder - 10%	Binder - 5%	Tar - 60%	Vinyl - 31%

EXHIBIT 3

QUALIFICATIONS

STANDARD FORM (SF) 255
Architect-Engineer Related Services for Specific Project

1 Project Name / Location for which Firm is Filing.

2a *Commerce Business Daily* Announcement Date, if any:

2b. Agency Identification Number, if any:

3. Firm (or Joint-Venture) Name & Address

Brad Associates
1 Rosanne Court
Lake Ronkonkoma, NY 11779

3a. Name, Title & Telephone Number of Principal to Contact

Benito P. San Padro - Pres.
(516) 467-4539

3b. Address of office to perform work, if different from Item 3

4. Personnel by Discipline: (List each person only once, by primary function.)

___ Administrative	1 Electrical Engineers	___ Oceanographers	2 Physicists
___ Architects	___ Estimators	___ Planners: Urban/Regional	___
2 Chemical Engineers	___ Geologists	___ Sanitary Engineers	___
___ Civil Engineers	___ Hydrologists	___ Soils Engineers	___
___ Construction Inspectors	___ Interior Designers	___ Specification Writers	___
___ Draftsmen	___ Landscape Architects	1 Structural Engineers	___
2 Ecologists	2 Mechanical Engineers	___ Surveyors	___
___ Economists	___ Mining Engineers	___ Transportation Engineers	9 Total Personnel

5. If submittal is by JOINT-VENTURE list participating firms and outline specific areas of responsibility (including administrative, technical and financial) for each firm: (Attach SF 254 for each if not on file with Procuring Office.)

5a. Has this Joint-Venture previously worked together? ☐ yes ☐ no

6. If respondent is not a joint-venture, list outside key Consultants/Associates anticipated for this project (Attach SF 254 for Consultants/Associates listed, if not already on file with the Contracting Office).

Name & Address	Specialty	Worked with Prime before (Yes or No)
1)		
2)		
3)		
4)		
5)		
6)		
7)		
8)		

7. Brief resume of key persons, specialists, and individual consultants anticipated for this project

a. Name & Title: Benito San Pedro - President	a. Name & Title:
b. Project Assignment: Project Leader	b. Project Assignment:
c. Name of Firm with which associated: Brad Associates	c. Name of Firm with which associated:
d. Years experience: With This Firm _2_ With Other Firms _17	d. Years experience: With This Firm ___ With Other Firms ___
e. Education: Degree(s) / Year / Specialization B.S Chemical Engineering 1965	e. Education: Degree(s) / Years / Specialization
f. Active Registration: Year First Registered/Discipline Professional Engineer in New York and New Jersey	f. Active Registration: Year First Registered/Discipline
g. Other Experience and Qualifications relevant to the proposed project: 19 Years of experience in Consulting, Industrial Hygiene, Environmental Engineering, Hazardous Waste Management, Pollution Control and Asbestos Abatement. Qualified as an expert witness in judicial proceedings for asbestos problems.	g. Other Experience and Qualifications relevant to the proposed project:

7. Brief resum of key persons, pecialists, and i ividual consulta :s anticipated fo his project

a. Name & Title Donald Slowik	a Name & Title
b. Project Assignment: Project Engineer	b Project Assignment
c. Name of Firm with which associated: Brad Associates	c Name of Firm with which associated:
d. Years experience: With This Firm 1 With Other Firms ___	d Years experience With This Firm ___ With Other Firms ___
e. Education: Degree(s) / Year / Specialization M.S Physics B.S Physics	e. Education: Degree(s) / Years / Specialization
f. Active Registration: Year First Registered/Discipline	f. Active Registration: Year First Registered/Discipline
g. Other Experience and Qualifications relevant to the proposed project: Experienced in Abatement Programs, Research & Development, Sampling and Analysis.	g. Other Experience and Qualifications relevant to the proposed project:

7. Bnef resume of key persons, specialists, and individual consultants anticipated for this project.

a. Name & Title: Arnel Javal	a. Name & Title:
b. Project Assignment: Project Engineer	b. Project Assignment:
c. Name of Firm with which associated: Brad Associates	c. Name of Firm with which associated:
d. Years experience: With This Firm 1 With Other Firms 4	d. Years experience: With This Firm --- With Other Firms ---
e. Education: Degree(s) / Year / Specialization B.S. Electrical Engineering	e. Education: Degree(s) / Years / Specialization
f. Active Registration: Year First Registered/Discipline	f. Active Registration: Year First Registered/Discipline
g. Other Experience and Qualifications relevant to the proposed project: Extensive experience in preparation of Specifications, Construction Inspection, Building Surveys & Asbestos Sampling.	g. Other Experience and Qualifications relevant to the proposed project:

7. Brief resume of key persons, specialists, and individual consultants anticipated for this project.

a. Name & Title: Victorino Zabat	a. Name & Title:
b. Project Assignment: Project Engineer	b. Project Assignment:
c. Name of Firm with which associated: Brad Associates	c. Name of Firm with which associated:
d. Years experience: With This Firm 1 With Other Firms ---	d Years experience: With This Firm --- With Other Firms ---
e. Education: Degree(s) / Year / Specialization M.S Civil Engineering B.S Civil Engineering	e. Education: Degree(s) / Years / Specialization
f. Active Registration: Year First Registered/Discipline	f. Active Registration: Year First Registered/Discipline
g. Other Experience and Qualifications relevant to the proposed project: Experienced in Computer Programming, Structural Designs, Building Construction, Inspection and Sampling.	g. Other Experience and Qualifications relevant to the proposed project:

7 Brief resume of key persons, specialists, and individual consultants anticipated for this project.

a. Name & Title: Ronald Alber	a. Name & Title:
b. Project Assignment: Project Engineer	b. Project Assignment:
c. Name of Firm with which associated: Brad Associates	c. Name of Firm with which associated:
d. Years experience: With This Firm 1 With Other Firms ---	d. Years experience: With This Firm --- With Other Firms ---
e. Education: Degree(s) / Year / Specialization B.S. Physics	e. Education: Degree(s) / Years / Specialization
f. Active Registration: Year First Registered/Discipline	f. Active Registration: Year First Registered/Discipline
g. Other Experience and Qualifications relevant to the proposed project: Experienced in Specification Preparation, Air Testing, Analysis of Samples, Building Surveys & Construction Inspection.	g. Other Experience and Qualifications relevant to the proposed project:

7. Brief resume of key persons, specialists, and individual consultants anticipated for this project.

a. Name & Title: Mr. Stanley Jackson, Jr.	a. Name & Title:
b. Project Assignment: Industrial Hygienist	b. Project Assignment.
c. Name of Firm with which associated: Brad Associates	c. Name of Firm with which associated:
d. Years experience: With This Firm 2 With Other Firms 25	d. Years experience: With This Firm ___ With Other Firms ___
e. Education: Degree(s) / Year / Specialization B.E. Mechanical Engineering 1969 Completed courses in NIOSH	e. Education: Degree(s) / Years / Specialization
f. Active Registration: Year First Registered/Discipline	f. Active Registration: Year First Registered/Discipline
g. Other Experience and Qualifications relevant to the proposed project: Senior Industrial Hygienist and Environmental Engineer for Mobil Corp. for more than 10 years. Traveled all over the world inspecting various facilities for safety, asbestos and other contaminants. Certified by NIOSH in asbestos air sampling. Served as expert witness in court hearings.	g. Other Experience and Qualifications relevant to the proposed project:

7. Brief resume of key persons, specialists, and individual consultants anticipated for this project.

a. Name & Title: Emmanuel Salud - Project Engineer	a. Name & Title:
b. Project Assignment: Sampler - Analyst	b. Project Assignment:
c. Name of Firm with which associated: Brad Associates	c. Name of Firm with which associated:
d. Years experience: With This Firm 1 With Other Firms 4	d. Years experience: With This Firm ___ With Other Firms ___
e. Education: Degree(s) / Year / Specialization B.S. Mechanical Engineering 1980	e. Education: Degree(s) / Years / Specialization
f. Active Registration: Year First Registered/Discipline	f. Active Registration: Year First Registered/Discipline
g. Other Experience and Qualifications relevant to the proposed project: In charge of various projects in Asbestos Abatement. Responsibilities include Supervision of Contractors, Enclosure Designs, Air Monitoring, Bulk Sampling. Experienced in Construction Work.	g. Other Experience and Qualifications relevant to the proposed project:

8. Work by firm or joint-venture members which best illustrates current qualifications relevant to this project (list not more than 10 projects)

All Asbestos Jobs

a. Project Name & Location	b. Nature of Firm's Responsibility	c. Project Owner's Name & Address	d. Completion Date (actual or estimated)	e. Estimated Cost (in thousands)	
				Entire Project	Work for which Firm was/is responsible
(1) New Rochelle School District	Consultant/ air Monitor	School Dist. of New Rochelle North Avenue New Rochelle, N.Y.Mr. Mecca	1984	600	600
(2) We're Associates	Consultant/ air Monitor	We're Associates 1 Jericho Plaza Jericho, NY Mr. R. Bloom	1984	100-200	100-200
(3) Yonkers Board of Education	Consultant/ air Monitor,surveys	Yonkers Board of Education Palmer Road Yonkers, NY Mr. Grasso	1982	10	10
(4) BOCES 3	Consultant/ Survey	BOCES 3 507 Deer Park Road Dix Hills, NY Mr. Fleming	1984	3	3
(5) John Mather Memorial Hospital, Port Jefferson	Consultant/survey, air Monitor	HBE Company P.O. Box 362 Port Jefferson, NY 11777	1986	375	30
(6) New York Telephone Co. 111 Livingston Street Brooklyn, NY	Consultant/Survey, Air Monitoring	New York Telephone Co. 2 Penn Plaza New York, NY	Nov.1986	3,000	3,000
(7) Long Island National Cemetery	Consultant/Survey, air Monitoring	Veterans Administration Northport, New York	1986	170	20
(8) Village of Garden City Garden City, NY	Consultant/Surveys, air Monitoring	Village of Garden City Garden City, NY	1987	300	300
(9) H. Korn	Consultant/ air Monitor	Howard Korn [redacted]	1985	10	10
(10) Local Painters Union 1486	Consultant	Local Union 1486 103 Carleton Avenue E. Islip, NY Mr. Lattanzio	in progress	Consultant for homeowner's asbestos problems	

9. All work by firms or joint-venture members currently being performed directly for Federal agencies.

a. Project Name & Location	b. Nature of Firm's Responsibility	c. Agency (Responsible Office) Name & Address	d. Percent complete	e. Estimated Cost (In Thousands)	
				Entire Project	Work for which firm is responsible
Long Island Nat. Cemetery	Consultant, survey air monitoring.	V.A. Medical Center Northport, N.Y.	20	170	30
LIRR Support Facility 183 St., Hollis, New York	Consultant, air monitoring, supervision of Contractor.	Parsons Brinkerhoff/ Morrison Knudsen 461 Eighth Avenue, New York City	80	100	20

10. Use this space to provide any additional information or description of resources (including any computer design capabilities) supporting your firm's qualifications for the proposed project.

Brad Associates is a Engineering Consulting Firm Specializing in

* Asbestos Abatement Program
* Equipment Testing & Certification
* Construction Management
* Pollution Control
* Industrial Hygiene
* Litigation Cases
* Failure Analyses
* Hazardous Waste Management
* Mechanical Equipment
* Building Inspections

All staff members of Brad Associates are graduate Engineers and Scientists with considerable experience particularly in Asbestos Abatement programs.

Brad Associates is a successful participant in the EPA sponsored Asbestos Bulk Materials Quality Assurance Program. Our firm is also listed by the New York City Board of Education and the New York City General Services Agency in their respective listing of approved testing laboratories for asbestos. Brad Associates has twenty sampling pumps and 3 microscopes for asbestos programs.

Brad Associates have a computerized program utilized in building or home surveys. The use of this program cuts down the time requirement in preparing survey reports.

Enclosed is a copy of our typical Asbestos Abatement program.

11. The foregoing is a statement of facts.

Signature: _____ Typed Name and Title: _____

Date:

W O R K S C O P E

ASBESTOS ABATEMENT PROGRAM

1. Survey of Buildings

The purpose of this survey is to establish the extent of asbestos materials in any given building. This survey will also determine the optimum corrective measure applicable, and establish priority in the implementation of any required corrective measure.

This survey will include inspection of all available records, specifications and plans. It will then be followed by a thorough physical inspection of all areas within a building, including closets, storage rooms, attic spaces, crawl spaces, work areas, livings spaces, public facilities, offices and dwelling areas.

During this survey, any material suspected of containing asbestos will be sampled and analyzed for the asbestos content, type of asbestos and other components. Analyses will be done using Polarized Light Microscopy.

II. Assessment of Risk

All areas where asbestos containing materials are Present will be rated for exposure hazards using the Risk Assessment Rating System developed by EPA and the Department of Education. This rating system will consist of numerical figures indicating extremely hazardous conditions and safe conditions. The factors normally taken into consideration are friability, condition of the material, accessibility, existing and potential conditions which may lead to airborne asbestos, asbestos content and the type of asbestos within the material.

If necessary, an air sampling program will be established to determine the potential hazard or risk.

III. Selection of the Optimum Corrective Measure

With the information and data from the building records, survey, analytical tests and air sampling program, the appropriate corrective measure will be selected.

The recognized corrective measure are:

1. Removal;
2. Enclosure;
3. Encapsulation;
4. Periodic Maintenance & Reassessment.

Removal is generally recommended for areas where friable asbestos is present and for areas with a high degree of potential hazard, such as areas of extensive physical activities, highly populated spaces, areas frequented by children, plenum spaces used as the return air source of a ventilation system and location of high maintenence activity. Removal is a permanent solution which may require high initial cost by no follow-up costs.

Enclosure and Encapsulation are temporary solutions. These types of corrective measures are not as costly as the removal program but requires follow-up costs in the form of periodic maintenence and inspection.

Enclosure entails construction of airtight walls and ceiling around surfaces of asbestos containing materials. Encapsulation is the application of an appropriate sealant to render the asbestos containing material hard and non-friable. Both these corrective measures are normally recommended for inaccessible, dormant or seldom used areas.

Periodic Maintenence and re-assessment programs are recommended for asbestos materials which are in good condition, and a low potential for disturbance, erosion or damage. This normally involves patch-up work, installation of covers, minor clean-up, re-inspections or air sampling tests on a periodic basis.

IV. Establishing Priority in Corrective Measures

Using the Risk assessment Rating System, buildings or areas with high potential of asbestos exposure will be given priority for the required corrective measure. The report generated by Brad Associates for the survey will stipulate the proper priorities in work.

V. Preparation of Specifications for Qualified Bidders

Brad Associates will prepare (or assist in preparing) the specifications and drawings for bidding purposes. This specification will contain all the necessary legal requirements, work contract, agreements, necessary bonding and insurance, scope of work, drawings, safety procedures, replacement products, specifications, air sampling requirements and work progress requirements.

VI. Selection of Contractor's

The most qualified contractor will be selected by the client's representative upon recommendation of Brad Associates. Brad Associates will also determine the need in using several contractors as oppose to the use of a single contractor.

VII. Supervision of Contractors and Quality Assurance

Brad Associates will provide the necessary professional to supervise the work of the contractors for compliance with the specifications, schedules, safety and work procedures. Brad Associates will also provide personnel to perform the required air monitoring to assure safe conditions during the implementation of the corrective measures. Results of air monitoring are generally available within 24 hours.

VIII. Turnover of Building to Client

Brad Associates will provide the necessary inspectors to assure completion of work. Brad Associates will also train the client's staff in the proper care, handling, safety procedures and maintenance requirements in all asbestos related activities. Brad will be responsible for the acceptance or rejection of any contractor's work or contract requirements. All buildings or areas deemed safe by Brad Associates will be turned over to the client for final inspection and acceptance.

Apt. No.: _____

Shares: _____

THE CURTIS RESIDENCE LTD.

Lessor,

- to -

Lessee.

PROPRIETARY LEASE

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PROPRIETARY LEASE

PROPRIETARY LEASE, made as of _____, 198__ by and between **THE CURTIS RESIDENCE LTD.**, a New York corporation having an office c/o Stark, Elman, Amron, Barash & Narotsky, 1133 Avenue of the Americas, New York, New York 10036, hereinafter called the Lessor, and _____, hereinafter called the Lessee.

WHEREAS, the Lessor is the owner of the Residential Unit of the THE CURTIS RESIDENCE CONDOMINIUM consisting of portions of the land and building erected thereon in the County of Queens, City and State of New York, known as and by the street number 123-25 82nd Avenue a/k/a 120-86 Queens Boulevard, Kew Gardens, New York, hereinafter called the "Building"; and

WHEREAS, the Lessee is the owner of _____ shares of the Lessor to which this Lease is appurtenant and which have been allocated to Apartment _____ in the Building.

DEMISED PREMISES; TERM

NOW, THEREFORE, in consideration of the premises, the Lessor hereby leases to the Lessee, and the Lessee hires from the Lessor, subject to the terms and conditions hereof, Apartment _____ in the Building (hereinafter referred to as the apartment) for a term from _____, 19___, until _____ (unless sooner terminated as hereinafter provided. As used herein the "apartment" means the rooms in the Building as partitioned on the date of execution of this lease designated by the apartment number stated above, together with their appurtenances and fixtures and any closets, terraces, balconies, roof, or portion thereof outside of said partitioned rooms, which are allocated exclusively to the occupant of the apartment.

RENT (MAINTENANCE) HOW FIXED

1. (a) The rent (sometimes called maintenance) payable by the Lessee for each year, or portion of a year, during the term shall equal the proportion of the Lessor's cash requirements for such year, or portion of a year, which the number of shares of Lessor allocated to the apartment bears to the total number of shares of the Lessor issued and outstanding on the date of the determination of such cash requirements. Such maintenance shall be payable in equal monthly installments in advance on the first day of each month, unless the Board of Directors of the Lessor (hereinafter called Directors) at the time of its determination of the cash requirements directs otherwise. Lessee shall also pay Lessee's pro rata share (determined in the same manner as maintenance) of any special maintenance charge that may be levied by Lessor from time to time to pay for any repair, alteration, or improvement to the corporate property, or any deficit from operations for a prior period, or other cash requirements. Such special maintenance charge shall be deemed additional rent and shall be payable in a lump sum or in periodic installments, as the Directors shall determine.

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

Monthly Fee for Air Conditioning

(b) In addition to regular monthly maintenance charges each Lessee shall pay a monthly fee (to be determined from time to time by the Directors) for each air-conditioning unit installed in such Lessee's apartment, except that as to a Lessee who is a holder of Unsold Shares, each fee for an air-conditioning unit shall in no event exceed the lesser of (i) the fee established by the Directors pursuant to the foregoing or (ii) the maximum amount such Lessee may separately charge any tenant or occupant of the apartment for such air-conditioning unit under the Rent Stabilization Law of 1969 or the Code adopted pursuant thereto (if applicable). All fees shall be payable monthly in advance or in such payment or installments and at such times as shall be required by resolution of the Directors.

Accompanying Shares to Be Specified in Proprietary Leases

(c) In every proprietary lease heretofore executed by the Lessor there has been specified, and in every proprietary lease hereafter executed by it there will be specified, the number of shares of the Lessor issued to a Lessee simultaneously therewith, which number, in relation to the total number of shares of the Lessor issued and outstanding, shall constitute the basis for fixing, as hereinbefore provided, the proportionate share of the Lessor's cash requirements which shall be payable as rent by the Lessee.

Cash Requirements Defined

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

Authority Limited to Board of Directors

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

Issuance of Additional Shares

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

Paid-in Surplus

(g) The Directors may from time to time as may be proper determine how much of the maintenance and other receipts, when received, shall be credited on the corporate accounts to "Paid-in Surplus" (but not more than such amount as represents payments on account of principal of mortgages on the property and other capital expenditures). Unless the Directors shall determine otherwise, the amount of payments on account of principal of any mortgages shall be credited as Paid-in Surplus.

Failure to Fix Cash Requirements

(h) 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 the maintenance or any installment thereof; but the maintenance computed on the basis of the cash requirements as last determined for any year or portion thereof shall thereafter continue to be the maintenance until a new determination of cash requirements shall be made.

LESSOR'S REPAIRS

2. The Lessor at its expense shall keep in good repair all of the Building, including all of the apartments, the sidewalks and courts surrounding the same, and its equipment and apparatus, except those portions of the maintenance and repair which are expressly stated to be the responsibility of the Lessee pursuant to Paragraph 18 hereof.

SERVICES BY LESSOR

3. The Lessor shall maintain and manage the Building as a first-class apartment building, and shall keep the elevators and public halls, cellars and stairways clean and properly lighted and heated, and shall provide the number of attendants requisite, in the judgment of the Directors, for the proper care and service of the Building, and shall provide the apartment with a proper and sufficient supply of hot and cold water and of heat, and if there is central air-conditioning equipment supplied by the Lessor, air conditioning when deemed appropriate by the Directors. The covenants by the Lessor herein contained are subject, however, to the discretionary power of the Directors to determine from

time to time what services and what attendants shall be proper and the manner of maintaining and operating the Building, and also what existing services shall be increased, reduced, changed, modified, or terminated.

DAMAGE TO APARTMENT OR BUILDING

4. (a) If the apartment or the means of access thereto or the Building shall be damaged by fire or other cause covered by 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 the Building, the Building, the apartment, and the means of access thereto, including the walls, floors, ceilings, pipes, wiring, and conduits in the apartment. Anything in this Paragraph or Paragraph 2 to the contrary 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 or any of his predecessors in interest nor shall the Lessor be obligated to repaint or replace wallpaper or other decorations in the apartment or to refinish floors located therein.

Rent Abatement

(b) In case the damage resulting from fire or other cause shall be so extensive as to render the apartment partly or wholly untenantable, or if the means of access thereto shall be destroyed, the rent hereunder shall proportionately abate until the apartment shall again be rendered wholly tenantable or the means of access restored; but if said damages shall be caused by the act or negligence of the Lessee or the agents, employees, guests, or members of the family of the Lessee or any occupant of the apartment, such rental shall abate only to the extent of the rental value insurance, if any, collected by Lessor with respect to the apartment.

Expiration of Lease Due to Damage

(c) If the Directors determine that (i) the Building is totally destroyed by fire or other cause, or (ii) the Building is so damaged that it cannot be repaired within a reasonable time after the loss is adjusted with the insurance carriers, or (iii) the destruction or damage was caused by hazards that are not covered under the Lessor's insurance policies then in effect, and if in any such case the record holders of at least two-thirds of the issued shares, at a shareholders' meeting duly called for that purpose and held within 120 days after the determination by the Directors, shall vote not to repair, restore or rebuild, then upon the giving of notice pursuant to Paragraph 31 hereof, this Lease and all other proprietary leases and all right, title and interest of the parties thereunder and the tenancies thereby created shall thereupon wholly cease and expire and rent shall be paid to the date of such destruction or damage. The Lessee hereby waives any and all rights under Section 227 of the Real Property Law and in no event shall the Lessee have any option or right to terminate this Lease, except as provided herein.

Waiver of Subrogation

(d) Lessor agrees to use its best efforts to obtain a provision in all insurance policies carried by it waiving the right of subrogation against the Lessee; and, to the extent that any loss or damage is covered by the Lessor by any insurance policies which contain such waiver of subrogation, the Lessor releases the Lessee from any liability with respect to such loss or damage. In the event that Lessee suffers loss or damage for which Lessor would be liable, and Lessee carries insurance that covers such loss or damage and such insurance policy or policies contain a waiver of subrogation against the Landlord, then in such event Lessee releases Lessor from any liability with respect to such loss or damage.

INSPECTION OF BOOKS OF ACCOUNT-ANNUAL REPORT

5. The Lessor shall keep full and correct books of account at its principal office or at such other place as the Directors may from time to time determine, and the same shall be open during all reasonable hours to inspection by the Lessee or a representative of the Lessee. The Lessor shall deliver to the Lessee within a reasonable time after the end of each fiscal year an annual report of corporate financial affairs, including a balance sheet and a statement of income and expenses, certified by an independent certified public accountant.

CHANGES IN TERMS AND CONDITIONS OF PROPRIETARY LEASES

6. Each proprietary lease shall be in the form of this Lease, unless a variation of any lease is authorized by Lessees owning at least two-thirds of the Lessor's shares then issued and executed by the Lessor and Lessee affected. The form and provisions of all the proprietary leases then in effect and thereafter to be executed may be changed by the approval of Lessees owning at least 75 percent of the Lessor's shares then issued, and such changes shall be binding on all Lessees even if they did not vote for such changes, except that the proportionate share of rent or cash requirements payable by any Lessee may not be increased nor may his right to cancel the Lease under the conditions set forth in Paragraph 35 be eliminated or impaired without his express consent. Approval by Lessees as provided 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) purchasers 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 purchasers of Unsold Shares and the Secured Party affected thereby shall have unanimously agreed to each such change.

PENTHOUSE, TERRACES AND BALCONIES

7. If the apartment includes a terrace, balcony or a portion of the roof adjoining a penthouse, the Lessee shall have and enjoy the exclusive use of the terrace or balcony or that portion of the roof appurtenant to the penthouse,

subject to the applicable provisions of this Lease and to the use of the terrace, balcony or roof by the Lessor to the extent herein permitted. The Lessee's use thereof shall be subject to such regulations as may, from time to time, be prescribed by the Directors. The Lessor shall have the right to erect equipment on the roof, including radio and television aerials and antennas, for its use and the use of the Lessees in the Building and shall have the right of access thereto for such installations and for the repair thereof. The Lessee shall keep the terrace, balcony, or portion of the roof appurtenant to his apartment clean and free from snow, ice, leaves, and other debris and shall maintain all screens and drain boxes in good condition. No planting, fences, structures, or lattices shall be erected or installed on the terraces, balconies or roof of the Building, nor shall the walls thereof be painted by the Lessee without the prior written approval of the Lessor. No cooking shall be permitted on any terraces, balconies or roof of the Building 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 purposes of repairs, upkeep or maintenance of the Building.

ASSIGNMENT OF LESSOR'S RIGHTS AGAINST OCCUPANT

8. If at the date of commencement of this Lease any third party is in possession or has the right of 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 commencement of the term hereof, and the Lessee by the execution hereof assumes all of the Lessor's obligations to said third party from said date. The Lessor agrees to cooperate with the Lessee, but at the Lessee's expense, in the enforcement of the Lessee's rights against said third party.

CANCELLATION OF PRIOR AGREEMENTS

9. If at the date of commencement of this Lease the Lessee has the right to possess the apartment under any agreement or statutory tenancy, this Lease shall supersede such agreement or statutory tenancy, which shall be of no further effect after the date of commencement of this Lease, except for claims theretofore arising under the original agreement or tenancy.

QUIET ENJOYMENT

10. The Lessee, upon paying the rent and performing the covenants and complying with the conditions on the part of the Lessee to be performed as herein set forth, shall, at all times during the term hereby granted, quietly have, hold and enjoy the apartment without any let, suit, trouble, or hindrance from the Lessor subject, however, to the rights of present tenants or occupant of the apartment and subject to any and all mortgages and underlying leases of the land and Building, as provided in Paragraph 22 below.

INDEMNITY

11. The Lessee agrees to 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 or visiting in the apartment, or by the Lessor, its agents, servants or contractors when acting as agent for the Lessee as in this lease provided. This paragraph shall not apply to any loss or damage when the Lessor is covered by insurance that provides for waiver of subrogation against the Lessee.

PAYMENT OF RENT

12. The Lessee will pay the rent to the Lessor upon the terms and at the times herein provided, without any deduction on account of any set-off or claim the Lessee may have against the Lessor; and if the Lessee shall fail to pay any installment of rent promptly, the Lessee shall pay interest thereon at the maximum legal rate from the date when such installment becomes due to the date of the payment thereof, and such interest shall be deemed additional rent hereunder.

HOUSE RULES

13. The Lessor has adopted House Rules, which are appended hereto, and the Directors may alter, amend or repeal such House Rules and adopt new House Rules. This lease shall be in all respects subject to such House Rules which, when a copy thereof has been furnished to the Lessee, shall be taken to be part hereof, and the Lessee hereby covenants to comply with all such House Rules and see that they are faithfully observed by the family, guests, employees, and subtenants of the Lessee. Breach of a House Rule shall be a default under this lease. The Lessor shall not be responsible to the Lessee for the non-observance or violation of House Rules by any other lessee or person.

USE OF PREMISES

14. 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 the same or any part thereof to be occupied or used for any purpose other than as a private dwelling for the Lessee and Lessee's spouse, their children, grandchildren, parents, grandparents, brothers, sisters, and domestic employees, and in no event shall more than one married couple occupy the apartment without the written consent of the Lessor. In addition to the foregoing, the apartment may be occupied from time to time by guests of the Lessee for a period of time not exceeding one month, unless a longer period is approved in writing by the Lessor, but no guest 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. Notwithstanding the foregoing, (a) the Lessee may use the Apartment for any home occupation permitted under applicable zoning law, building code or other rules and regulations of governmental authorities having jurisdiction,

and (b) the Lessee, who is a holder of a block of Unsold Shares (defined in Paragraph 38 below), shall have the right to use the Apartment as a model or an office (or both) in connection with the sale or rental of apartments to which the Unsold Shares are allocated or for any other lawful purpose.

SUBLETTING

15. Except as provided in Paragraph 17(b) and 38 of this Lease, the Lessee shall not sublet the whole or any part of the apartment or renew or extend any previously authorized sublease, unless consent thereto is duly authorized by a resolution of the Directors or given in writing by a majority of the Directors or, if the Directors shall have failed or refused to give such consent, then by Lessees owning at least 65 percent of the shares of the Lessor then issued. Consent by Lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose. Any consent to subletting may be subject to such conditions as the Directors or Lessees may impose, as the case may be. There shall be no limitation on the right of Directors or Lessees to grant or withhold consent to a subletting for any reason or for no reason. No consent to a subletting shall release the Lessee from any obligation hereunder.

ASSIGNMENT

16. (a) The Lessee shall not assign this Lease or transfer the shares to which it is appurtenant or any interest therein, and no such assignment or transfer shall take effect as against the Lessor for any purpose until:

(i) An instrument of assignment in form approved by the Lessor executed and acknowledged by the assignor is delivered to the Lessor; and

(ii) An agreement executed and acknowledged by the assignee, in form approved by the Lessor, assuming and agreeing to be bound by all the covenants and conditions of this Lease to be performed or complied with by the Lessee on and after the effective date of said assignment has been delivered to the Lessor; or, at the request of the Lessor, the assignee has surrendered the assigned lease and entered into a new lease in the same form for the remainder of the term, in which case the Lessee's lease shall be deemed cancelled as of the effective date of said assignment; and

(iii) All shares of the Lessor to which this Lease is appurtenant have been transferred to the assignee, with proper transfer taxes paid and stamps affixed; and

(iv) All sums due from the Lessee 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 shares (subject to Paragraphs 17(b) and 38 hereof); and

(v) A search or certification from a title or abstract company, as the Directors may require, is delivered to the Lessor; and

(vi) Except in the case of an assignment, transfer or bequest of the shares and this Lease to the Lessee's spouse or adult siblings or parents, and except as otherwise provided in Paragraphs 17(b) and 38 of this Lease, consent to such assignment has 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 the Lessor's agent, then by Lessees owning of record at least 65 percent of the then issued shares of the Lessor. Consent by Lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose in the manner as provided in the By-Laws.

Consents: On Death of Lessee

(b) If the Lessee dies, 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, adult siblings or parents as to whom no consent is required).

Consents Generally: Stockholders' and Directors' Obligations to Consent

(c) There shall be no limitation, except as above specifically provided, on the right of Directors or Lessees to grant or withhold consent, for any reason or for no reason, to an assignment.

Release of Lessee upon Assignment

(d) If the Lease is assigned in compliance herewith, the Lessee-assignor shall have no further liability on any of the covenants of this Lease to be thereafter performed.

Further Assignment or Subletting

(e) Regardless of any prior consent theretofore given, neither the Lessee nor his executor or administrator, nor any trustee or receiver of the property of the Lessee, or 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, the Lessor, upon request of the Lessee, will deliver to the assignee a written statement that this Lease remains on the date thereof in force and effect; but no such statement shall be deemed an admission that there is no default under the Lease.

PLEDGE OF SHARES AND LEASE

17. (a) A pledge of this Lease and the shares to which it is appurtenant shall not be a violation of this Lease; but, except as otherwise provided elsewhere herein, neither the pledgee nor any transferee of the pledged security shall be entitled to have the shares transferred of record 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 in accordance with and after complying with all of the provisions of Paragraphs 14, 15 or 16, as the case may be. The acceptance by the Lessor of payments by the pledgee or any transferee of the pledged security on account of rent or additional rent shall not constitute a waiver of the aforesaid provisions.

Secured Party

(b) Notwithstanding the provisions of Subparagraph (a) of this Paragraph 17 or any other provisions of this Lease to the contrary, the following provisions of this Paragraph shall govern and be binding:

(i) The Lessor agrees that it shall give to any holder of a security interest in the shares of the Lessor specified in the recitals of this Lease, or to any mortgagee of this Lease who so requests (any such holder being hereinafter referred to as a "Secured Party"), a copy of any notice of default which the Lessor gives to the Lessee pursuant to the terms of this Lease; and if the Lessee fails to cure the default specified in such notice within the time and in the manner provided for in this Lease, then the Secured Party shall have an additional period of time, equal to the time originally given to the Lessee, to cure said default for the account of the Lessee or to cause the same to be cured, and the Lessor will not act upon said default unless and until the time has elapsed in which the Secured Party may cure said default or cause same to be cured as aforesaid and the default shall not have been cured.

(ii) If this Lease is terminated by the Lessor as provided in Paragraphs 31 or 35 of this Lease, or by agreement with the Lessee, (1) the Lessor promptly shall give notice of such termination to the Secured Party and (2) upon request of the Secured Party made within thirty (30) days of the giving of such notice the Lessor (i) shall commence and prosecute, at the Secured Party's sole expense, a summary dispossess proceeding to obtain possession of the apartment, and (ii) shall, within sixty (60) days of its receipt of the aforesaid request by the Secured Party, reissue the aforementioned shares to, and (with respect to any termination other than under Paragraph 36 below) shall enter into a new proprietary lease for the apartment with any individual designated by the Secured Party or the individual nominee of the individual so designated by the Secured Party, all without the consent of the Directors or the shareholders to which reference is made in Paragraph 16(a)(vi) and 32(c) but with the consent only of the Lessor's then managing agent, which shall not be unreasonably withheld or delayed, provided,

however, that the Lessor shall have received, on behalf of the Lessee, payment of all rent, additional rent and other sums owed by the Lessee to the Lessor under this Lease for the period ending on the date of reissuance of the aforementioned shares of the Lessor, including, without limitation, sums owed under Paragraphs 32(a) and (c) of this Lease; the individual designated by the Secured Party (if and as long as such individual (by himself or a member of his family) 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 were a holder of Unsold Shares; and accordingly, no surplus shall be payable by the Lessor to the Lessee as otherwise provided in Paragraph 32(c).

(iii) If the purchase by the Lessee of the shares allocated to the apartment was financed by a loan made by a bank, savings bank or savings and loan association or the Sponsor or any holder of Unsold Shares as described in paragraph 38 hereof, and a default or an event of default had occurred under the terms of the security agreement-leasehold mortgage or either of them entered into between the Lessee and the Secured Party, and if (1) notice of said default or event of default had been given to the Lessor, and (2) an individual designated by the Secured Party, or the individual nominee of the individual so designated by the Secured Party, is entitled to become the owner of shares and the Lessee under this Lease pursuant to the term of said security agreement-leasehold mortgage, or either of them, and (3) not less than five days' written notice of an intended transfer of the shares and this Lease has been given to the Lessor and Lessee, and (4) there has been paid, on behalf of the Lessee, all rent, additional rent and other sums owed 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 (4) have been met, then (a) 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 shareholders to which reference is made in Paragraph 16(a)(vi) but with the consent only of the Lessor's then managing agent, which shall not be unreasonably withheld or delayed, and (b) the individual to whom such transfer is made (if and as long as such individual (by himself or a member of his family) does not actually occupy the apartment) shall have all the rights provided for in Paragraphs 15, 16, 21, and 38 of this Lease as if he were a holder of Unsold Shares.

(iv) Without the prior written consent of any Secured Party who has requested a copy of any notice of default as hereinbefore provided in Subparagraph (a) of this Paragraph 17, (a) the Lessor and the Lessee must not enter into any agreement modifying or cancelling 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 must not terminate or accept a surrender of this Lease, except as provided in Paragraphs 31 or 35 of this Lease and in Subparagraph (b)(i) of this Paragraph 17, (d) the Lessee must 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 must not consent to any further mortgage on this Lease or security interest created in the shares, (g) the Lessee must not make any further mortgage or create any further security interest in the shares of this Lease, and (h) any such further mortgage or security interest shall be void and of no effect.

(v) Any designee of a Secured Party to whom a transfer of a Lease shall have been made pursuant to the terms of this Subparagraph (b) hereof may cancel it under the terms of Paragraph 35 hereof; except that such designee (a) may cancel this Lease at any time after the designee acquires 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 intention to cancel; and (c) may give such notice at any time during the calendar year.

(vi) 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 the Lessor or the Secured Party, or their respective successors or assigns, for acts or omissions on the part of either the Lessor or the Secured Party, or their respective successors or assigns, pursuant to this Subparagraph (b). The Lessor will give the Secured Party written notice with reasonable promptness of any such claim against the Lessor and the Secured Party may contest such claim in the name and on behalf of the Lessor with counsel selected by the Secured Party at the Secured Party's sole expense. The Lessor shall execute such papers and take such action as is reasonably necessary to implement the provisions of this Subpart (vi).

(vii) Upon the Lessee's final payment under the loan given by the Secured Party or upon repayment of said loan, the Secured Party will give the Lessor notice of such final payment or prepayment (as the case may be).

(viii) Upon request of the purchaser of Unsold Shares (referred to in Paragraph 38 below), the Lessor shall enter into an agreement (commonly known as a "Recognition Agreement") with a Secured Party pursuant to which the Lessor will acknowledge and agree that the foregoing provisions of this Subparagraph (b) shall enure to the benefit of and apply to the Secured Party. The Recognition Agreement may contain such additional or different provisions as the Secured Party may request and the Lessor shall

execute and deliver same to the Lender provided only that such additional or different provisions are approved by counsel to the Lessor (which approval may not be unreasonably withheld or delayed and shall be given or deemed given if same are of substantially similar tenor to the provisions of this Subparagraph (b)). All costs and expenses incurred by the Lessor in connection with such Recognition Agreement (including legal fees) shall be borne entirely by the Lessor, and no charge therefore may be assessed to said purchaser of Unsold Shares, or his successors or assigns, including the individual acquiring this Lease and the appurtenant shares from the purchaser of Unsold Shares. The provisions of this Subpart (viii) shall not apply to a Lessee who is not a purchaser of Unsold Shares.

(ix) Subject to the provisions of Subpart (viii) above, a Recognition Agreement between a Lender and Lessor may contain such additional or different provisions as the Lessor and Lender may agree to.

REPAIRS BY THE LESSEE

18. (a) The Lessee shall take possession of the apartment and its appurtenances and fixtures "as is" as of the commencement of the term hereof. Subject to the provisions of Paragraph 4 above, the Lessee shall keep the interior of the apartment (including interior walls, floors and ceilings, but excluding windows, window panes, window frames, sashes, sills, entrance and terrace doors, frames and saddles) in good repair, shall do all of the painting and decorating required for his apartment, including the interior of window frames, sashes and sills, and shall be solely responsible for the maintenance, repair and replacement of plumbing, gas and heating fixtures and equipment, and such refrigerators, dishwashers, removable and through-the-wall air-conditioners, washing machines, ranges and other appliances as may be in the apartment. Plumbing, gas and heating fixtures as used herein shall include exposed gas, steam and water pipes attached to fixtures, appliances and equipment, and the fixtures, appliances and equipment to which they are attached, and any special pipes or equipment that 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 floor, or air-conditioning or heating equipment that is part of the standard building equipment. The Lessee shall be solely responsible for the maintenance, repair and replacement of all lighting and electrical fixtures, appliances and equipment, and all meters, fuse boxes or circuit breakers and electrical wiring and conduits from the junction box at the riser into and through the Lessee's apartment. Any ventilator or air-conditioning device visible from the outside of the Building shall at all times be painted by the Lessee in a standard color that the Lessor may select for the Building.

Odors and Noises

(b) The Lessee shall not permit strong cooking or other odors to escape into the Building. The Lessee shall not permit or suffer any unreasonable noise or anything that will interfere with the rights of other Lessees or unreasonably annoy them or obstruct the public halls or stairways.

Equipment and Appliances

(c) If, in the Lessor's sole judgment, any of the Lessee's equipment or appliances result in damage to the Building or poor quality or interruption of service to other portions of the Building, or overloading of or damage to facilities maintained by the Lessor for supplying water, gas, electricity, or air conditioning to the Building, or if any such appliances visible from the outside of the Building become rusty or discolored, the Lessee shall promptly, on notice from the Lessor, remedy the condition and, pending such remedy, shall cease using any appliance or equipment that may be creating the objectionable condition.

Rules, Regulations, and Requirements of Mortgage

(d) The Lessee must comply with all the requirements of the Board of Fire Underwriters, insurance authorities and all governmental authorities and with all laws, ordinances, rules, and regulations with respect to the occupancy or use of the apartment. If any mortgage or ground lease affecting the land or the Building contains 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 ground lease relating thereto. Upon the Lessee's written request, the Lessor will furnish the Lessee with copies of applicable provisions of each and every such mortgage or ground lease.

LESSOR'S RIGHT TO REMEDY LESSEE'S DEFAULTS

19. If the Lessee fails for 30 days after notice to make repairs to any part of the apartment, its fixtures or equipment as herein required, or fails to remedy a condition which has become objectionable to the Lessor for reasons above set forth, or if the Lessee or any person dwelling in the apartment requests 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 be given 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 the Lessee fails to perform or comply with any of the other covenants or provisions of this Lease within the time required by a notice from the Lessor (not less than 5 days), then the Lessor may, but shall not be obligated, to comply therewith, and for such purpose may enter upon the apartment of the Lessee. The Lessor shall be entitled to recover from the Lessee all expenses incurred or which it has contracted hereunder, such expenses to be payable by the Lessee on demand as additional rent.

INCREASE IN RATE OF FIRE INSURANCE

20. The Lessee shall not permit or suffer anything to be done or kept in the apartment that will increase the rate of fire insurance on the Building or the contents thereof. If, by reason of the occupancy or use of the apartment by the Lessee, the rate of fire insurance on the Building or an apartment or the contents of either shall be increased, the Lessee shall (if such occupancy or use continues for more than 30 days after written notice from the Lessor specifying the objectionable occupancy or use) become personally liable for the additional insurance premiums incurred by the 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, electrical conduits, wiring or outlets, plumbing fixtures, intercommunication or alarm system, or any other installation or facility in the apartment or Building. The performance by the 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 that will overload the existing wires or equipment in the Building. Anything herein or in Subparagraph (b) below to the contrary notwithstanding, the consent of the Lessor shall not be required for any of the foregoing alterations, enclosures or additions made by, or the removal of any additions, improvements or fixtures from the apartment by, a holder of Unsold Shares, but the consent only of the Lessor's then managing agent will be sufficient, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, no additions, alterations or improvements shall be made by a holder of Unsold Shares in the public areas of the Building or in any apartment not leased to such holder of Unsold Shares without first obtaining the consent of the Lessor (which consent shall not be unreasonably withheld or delayed) and (if applicable) the Lessee of such other apartment. The performance by a holder of Unsold Shares of any work shall be in accordance with any applicable rules and regulations of any governmental agencies having jurisdiction thereof.

Removal of Fixtures

(b) Without the Lessor's written consent, the Lessee shall not remove any fixtures, appliances, additions, or improvements from the apartment except as hereinafter provided. If the Lessee, or a prior Lessee, shall have heretofore placed, or the Lessee shall hereafter place, in the apartment, at the Lessee's own expense, any additions, improvements, appliances, or fixtures, including but not limited to fireplace mantels, lighting fixtures, refrigerators, air-conditioners, dishwashers, washing machines, ranges, woodwork, wall paneling,

ceilings, special doors or decorations, special cabinet work, special stair railings or other built-in ornamental items that can be removed without structural alterations or permanent damage to the apartment, the title thereto shall remain in the Lessee and the Lessee shall have the right, prior to the termination of this Lease, to remove the same at the Lessee's own expense, provided: (i) that the Lessee at the time of such removal is not 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, repair all damage to the apartment that has been caused by either the installation or removal of any of such additions, improvements, appliances, or fixtures; (iii) that if the Lessee has 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, materials, fixtures, and equipment, and repair any damage resulting from their removal and restoration, or replace them with others of a kind and quality commonly used in comparable buildings and satisfactory to the Lessor; (iv) that if any mortgagee had acquired a lien on any such property prior to the execution of this Lease, the Lessor shall first procure from such mortgagee written consent to such removal, with any cost and expense incurred by the Lessor in respect thereof 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, and 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 the 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 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 ground or underlying leases and to any mortgages now or hereafter liens upon such leases or on the land and Building or buildings, and to any and all extensions, modifications, consolidations, renewals, and replacements thereof. This clause shall be self-operative and no further instrument of subordination shall be required by any such mortgagee or ground or underlying Lessee. In confirmation of such subordination the Lessee shall at any time, and from time to time, on demand, execute any instruments that may be required by any mortgagee, or by the Lessor, for the purpose of more formally subjecting this Lease to the lien of any such mortgage, or ground or underlying leases; and the

duly elected officers, for the time being, of the Lessor are and each of them is hereby irrevocably appointed the attorney-in-fact and agent of the Lessee to execute the same upon such demand, and the Lessee hereby ratifies any such instrument hereafter executed by virtue of the power of attorney hereby given.

In the event that a ground or underlying lease is executed and delivered to the holder of a mortgage or mortgages on such ground or underlying lease or to a nominee or designee of or a corporation formed by or for the benefit of such holder, the Lessee hereunder will attorn to such mortgagee or the nominee or designee of such mortgagee or to any corporation formed by or for the benefit of such mortgagee.

MECHANIC'S LIEN

23. Should a notice of mechanic's lien against the Building be filed purporting to be for labor or material furnished or delivered at the Building or the apartment to or for the Lessee, or anyone claiming under the Lessee, the Lessee shall forthwith cause such lien to be discharged by payment, bonding or otherwise; and if the Lessee fails to do so within 10 days after notice from the Lessor, then the Lessor may cause such lien to be discharged by payment, bonding or otherwise, without investigation as to the validity thereof or any offsets or defenses thereto, and shall have the right to collect, as additional rent, all amounts so paid and all costs and expenses paid or incurred in connection therewith, including reasonable attorneys' fees and disbursements, together with interest thereon from the time or times of payment.

COOPERATION

24. The Lessee shall always in good faith endeavor to observe and promote the cooperative purposes for the accomplishment of which the Lessor is incorporated.

RIGHT OF ENTRY; KEY

25. The Lessor and its agents and authorized workmen shall be permitted to visit, examine or enter the apartment and any storage space assigned to the Lessee at any reasonable hour of the day upon notice, or at any time and without notice in case of emergency, to make or facilitate repairs in any part of the Building or to cure any default by the Lessee and to remove such portions of the walls, floors and ceilings of the apartment and storage space as may be required for any such purpose, but the Lessor shall thereafter restore the apartment and storage space to its proper and usual condition at the Lessor's expense if such repairs are the obligation of the Lessor or at the Lessee's expense if such repairs are the obligation of the Lessee or are caused by the act or omission of the Lessee or any of the Lessee's family, guests, agents, employees, or subtenants. In order that the Lessor shall at all times have access to the apartment or storage rooms for the purposes provided for in this Lease, the Lessee shall provide the Lessor with a key to each lock providing access to the apartment or the storage rooms, and if any lock shall be altered or new lock

installed, the Lessee shall provide the Lessor with a key thereto immediately upon installation. If the Lessee shall not be personally present to open and permit an entry at any time when an entry therein shall be necessary or permissible hereunder and shall not have furnished a key to Lessor, the Lessor or the Lessor's agents (but, except in an emergency, only when specifically authorized by an officer of the Lessor or an officer of the managing agent of Lessor) may forcibly enter the apartment or storage space without liability for damages by reason thereof (if during such entry the Lessor shall accord reasonable care to the Lessee's property), and without in any manner affecting the obligations and covenants of this Lease. The right and authority hereby reserved does not impose, nor does the Lessor assume by reason thereof, any responsibility or liability for the pipes, fixtures, appliances, or appurtenances therein contained, except as herein specifically provided.

WAIVERS

26. The failure of the Lessor to insist, in any one or more instances, upon a strict performance of any of the provisions of this Lease, or to exercise any right or option herein contained, or to serve any notice, or to institute any action or proceeding, shall not be construed as a waiver or a relinquishment for the future of any such provisions, options or rights, but such provision, option or right shall continue and remain in full force and effect. The receipt by the Lessor of rent, with knowledge of the breach of any covenant hereof, shall not be deemed waiver of such breach, and no waiver by the Lessor of any provision hereof shall be deemed to have been made unless in writing expressly approved by the Directors.

NOTICES

27. Any notice by or demand from either party to the other shall be duly given only if in writing and sent by certified or registered mail, return receipt requested: if by the Lessee, addressed to the Lessor at the Building with a copy sent by regular mail to the Lessor's managing agent; if to the Lessee, addressed to the Building. Either party may by notice served in accordance herewith designate a different address for service of such notice or demand. Notices or demands shall be deemed given on the date when mailed, except notices of change of address shall be deemed served when received.

REIMBURSEMENT OF LESSOR'S EXPENSES

28. If the Lessee shall at any time be in default hereunder and the Lessor shall incur any expense (whether paid or not) in performing acts that the Lessee is required to perform, or in instituting any action or proceeding based on such default, or defending or asserting a counterclaim in any action or proceeding brought by the Lessee, the expense thereof to the Lessor, including reasonable attorneys' fees and disbursements, shall be paid by the Lessee to the Lessor, on demand, as additional rent.

LESSOR'S IMMUNITIES

29. (a) The Lessor shall not be liable, except by reason of Lessor's negligence, for any failure or insufficiency of heat, or of air conditioning (where air conditioning is supplied or air-conditioning equipment is maintained by the Lessor), water supply, electric current, gas, telephone, or elevator service or other service to be supplied by the Lessor hereunder, or for interference with light, air, view or other interests of the Lessee. No abatement of rent or other compensation or claim of eviction shall be made or allowed because of the making or failure to make or delay in making any repairs, alterations or decorations to the Building, or any fixtures or appurtenances therein, or for space taken to comply with any law, ordinance or governmental regulation, or for interruption or curtailment of any service agreed to be furnished by the Lessor, due to accidents, alterations or repairs, or to difficulty or delay in securing supplies or labor, or other cause beyond the Lessor's control, unless due to the Lessor's negligence.

Storage Space and Laundry

(b) If the Lessor furnishs to the Lessee any storage bins or space, the use of the laundry, or any facility outside the apartment, including but not limited to a television antenna, the same shall be deemed to have been furnished gratuitously by the Lessor under a revocable license. The Lessee shall not use such storage space for the storage of valuable or perishable property and any such storage space assigned to Lessee shall be kept clean and free of combustibles by the Lessee. If washing machines or other equipment are made available to the Lessee, the Lessee shall use the same on the understanding that such machines or equipment may or may not be in good order and repair and that the Lessor is not responsible for such equipment, or for any damage caused to the property of the Lessee resulting from Lessee's use thereof, and that any use that Lessee may make of such equipment shall be at his own cost, risk and expense.

Automobiles and Other Property

(c) The Lessor shall not be responsible for any damage to any automobile or other vehicle left in the care of any employee of the Lessor by the Lessee, and the Lessee hereby agrees to hold the Lessor harmless from any liability arising from any injury to person or property caused by or with such automobile or other vehicle while in the care of such employee. The Lessor shall not be responsible for any property left with or entrusted to any employee of the Lessor or for the loss of or damage to any property within or without the apartment by theft or otherwise.

WINDOW CLEANING

30. The Lessee must not require, permit, suffer, or allow cleaning of any window on the premises from the outside (within the meaning of Section 202 of the New York Labor Law), unless the equipment and safety devices required by law, ordinance, rules, and regulations, including, without limitation, Section 202 of the New York Labor Law, are provided and used, and unless the industrial code of the State of New York is fully complied with; and the Lessee hereby

agrees to indemnify the Lessor and its employees, other lessees and the managing agent for all losses, damages or fines suffered by them as a result of the Lessee's requiring, permitting, suffering, or allowing any window in the premises to be cleaned from the outside in violation of the requirements of the aforesaid laws, ordinances, regulations, and rules.

TERMINATION OF LEASE BY LESSOR

31. If upon, or at any time after, the happening of any of the events mentioned in Subdivisions (a) to (j) inclusive of this Paragraph 31, the Lessor shall give to the Lessee a notice stating that the term hereof will expire on a date at least 5 days thereafter, the term of this Lease shall expire on the date so fixed in such notice as fully and completely as if it were the date herein definitely fixed for the expiration of the term, and all right, title and interest of the Lessee hereunder shall thereupon wholly cease and expire, and the Lessee shall thereupon quit and surrender the apartment to the Lessor, it being the intention of the parties to create hereby a conditional limitation. Thereupon the Lessor shall have the right to reenter the apartment and to remove all persons and personal property therefrom, either by summary disposses 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 reentry, repossession and removal herein granted and reserved.

Lessee Ceasing to Own Accompanying Shares

(a) If the Lessee ceases to be the owner of the shares to which this Lease is appurtenant, or if this Lease shall pass or be assigned to anyone who is not then the owner of all of said shares.

Lessee Becoming a Bankrupt

(b) If at any time during the term of this Lease (i) the then holder hereof shall be adjudicated a bankrupt under the laws of the United States; or (ii) a receiver of all of the property of such holder or of this Lease shall be appointed under any provision of the laws of the State of New York, or under any statute of the United States, or any statute of any state of the United States and the order appointing such receiver shall not be vacated within 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 days; or (v) this Lease or any of the shares to which it is appurtenant shall pass by operation of law or otherwise to anyone other than the Lessee herein named or a person to whom such Lessee has assigned this Lease in the manner herein permitted, but this Subsection (v) shall not be applicable if this Lease shall devolve upon the executors or administrators of the Lessee and 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 Paragraphs 15 or 16 hereof; or if any person not authorized by Paragraph 14 shall be permitted to use or occupy the apartment, and the Lessee fails to cause such unauthorized person to vacate the apartment within 10 days after written notice from the Lessor.

Default in Rent

(d) If the Lessee shall be in default for a period of one month in the payment of any rent or additional rent or any installment thereof and fails to cure such default within 10 days after written notice from the Lessor.

Default in Other Covenants

(e) If the Lessee shall be in default in the performance of any covenant or provision hereof, other than the covenant to pay rent, and such default shall continue for 30 days after written notice from the Lessor; provided, however, that if said default consists of the failure to perform any act, the performance of which requires any substantial period of time, then if within said period of 30 days such performance is commenced and thereafter diligently prosecuted to conclusion without delay and interruption, the Lessee shall be deemed to have cured said default.

Lessee's Objectionable Conduct

(f) If at any time the Lessor shall determine, upon the affirmative vote of two-thirds of its then Directors, at a meeting duly called for that purpose, that because of objectionable conduct on the part of the Lessee, or of a person dwelling or visiting in the apartment, repeated after written notice from the 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 hereto attached or hereafter established in accordance with the provisions of this Lease, 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 deemed 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 of its then Directors, at a meeting of such directors duly called for that purpose, and the affirmative vote of the record holders of at least 80 percent in amount of its then issued shares, at a shareholders' meeting duly called for that purpose, to terminate all proprietary leases.

Destruction of Building

(h) If the Building shall be destroyed or damaged and the shareholders shall decide not to repair or rebuild as provided in Paragraph 4.

Condemnation

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

Lessee's Default Under Security Agreement

(j) If the Lessee defaults in the payment or performance of any of the Lessee's obligations under any pledge or other security agreement (the "Security Agreement") given a Secured Party (who has complied with the provisions of Paragraph 17(b) hereof), and written notice of such default is given to Lessor by the Secured Party or its counsel.

LESSOR'S RIGHTS AFTER LESSEE'S DEFAULT

32. (a) In the event the Lessor resumes possession of the apartment, either by summmary proceedings, action of ejectment or otherwise, because of default by the Lessee in the payment of any rent or additional rent due hereunder, or on the expiration of the term pursuant to a notice given as provided in Paragraph 31 hereof upon the happening of any event specified in Subsections (a) to (f) inclusive or (j) of Paragraph 31, Lessee shall continue to remain liable for payment of a sum equal to the rent that would have become due hereunder and shall pay the same in installments at the time such rent would be due hereunder. No suit brought to recover any installment of such rent or additional rent shall prejudice the right of the Lessor to recover any subsequent installment. After resuming possession, the Lessor may, at its option, from time to time (i) relet the apartment for its own account or (ii) relet the apartment as the agent of the Lessee, in the name of the Lessee or in its own name, for a term or terms that may be less than or greater than the period that 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 10 days after such reletting the Lessor notifies the Lessee that the premises have been relet for the Lessor's own account. The fact that the Lessor may have relet the apartment as agent for the Lessee shall not prevent the Lessor from thereafter notifying the Lessee that it proposes to relet the apartment for its own account. If the Lessor relets the apartment as agent for the Lessee, it shall, after reimbursing itself for expenses in connection therewith, including leasing commissions and a reasonable amount for attorneys' fees and expenses, and decorations, alterations and repairs in and to the apartment, apply the remaining avails of such reletting against the Lessee's continuing obligations hereunder. There shall be a final accounting between the Lessor and the Lessee on the earliest of the four following dates: (a) the date of expiration of the term of this Lease, as stated on page 1 hereof; (b) the date as of which a new proprietary lease covering the apartment becomes effective; (c) the date the Lessor gives written notice to the Lessee that it has relet the apartment for its own account; (d) the date on which all proprietary

leases of the Lessor terminate. From and after the date upon which the Lessor becomes obligated to account to the Lessee, as provided above, the Lessor shall have no further duty to account to the Lessee for any avails of reletting, and the Lessee shall have no further liability for sums thereafter accruing hereunder, but such termination of the Lessee's liability shall not affect any liabilities theretofore accrued.

Collection of Rent from Subtenants

(b) If the Lessee at any time sublets the apartment and defaults in the payment of any rent or additional rent, the Lessor may, at its option, as long as such default continues, demand and receive from such subtenant the rent due or to become due from such subtenant to the Lessee, and apply the amount to pay sums due and to become due from the Lessee to the Lessor. Any payment by a subtenant to the Lessor shall constitute a discharge of the obligation of such subtenant to the Lessee, to the extent of the amount so paid. The acceptance of rent from any subtenant shall not be deemed a consent to, or approval of, any subletting or assignment by the Lessee, or a release or discharge of any obligations of the Lessee hereunder.

Sale of Shares

(c) Upon the termination of this Lease under the provisions of Subdivision (a) to (f) inclusive or (j) of Paragraph 31, the Lessee shall surrender to the corporation the certificate for the shares of the corporation owned by the Lessee to which this Lease is appurtenant. Whether or not said certificate is surrendered, the Lessor may issue a new proprietary lease for the apartment and 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 written document signed by a majority of the Directors or by Lessees owning, of record, at least a majority of the shares of the Lessor accompanying proprietary leases then in force. Upon such issuance the certificate owned or held by the Lessee shall be automatically cancelled and rendered null and void. The Lessor shall apply the proceeds received for the issuance of such shares, first, towards the payment of the Lessee's indebtedness hereunder (including attorneys' fees and other expenses incurred by the Lessor); second, if said termination shall result pursuant to Subdivision (j) of Paragraph 31 by reason of a default under the Security Agreement, towards the payment of the Lessee's indebtedness under the Security Agreement (including all costs, expenses and charges payable by the 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 such new proprietary lease and certificate, the Lessee's liability hereunder shall cease and the Lessee shall only be liable for rent and expenses accrued up to that time. However, the Lessor shall not 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," "reenter," and "reentry," as used in this Lease, are not restricted to their technical legal meaning.

SURRENDER OF POSSESSION

34. Upon the termination of this Lease under the provisions of Subdivisions (a) to (f) inclusive or (j) of Paragraph 31, the Lessee shall remain liable as provided in Paragraph 32 of this Lease. Upon the termination of this Lease under any other of its provisions, the Lessee shall be and remain liable to pay all rent, additional rent and other charges due or accrued and to perform all covenants and agreements of the Lessee up to the date of such termination. The Lessee shall vacate the apartment on or before any such termination and surrender possession thereof to the Lessor or its assigns, and upon demand of the Lessor or its assigns, shall execute, acknowledge and deliver to the Lessor or its assigns any instrument that may reasonably be required to evidence the surrendering of all estate and interest of the Lessee in the apartment or in the Building of which it is a part.

LESSEE'S OPTION TO CANCEL

35. (a) This Lease may be cancelled by the Lessee on any September 30th after the third anniversary of the consummation of the Plan of cooperative organization pursuant to which proprietary leases were originally issued, upon complying with all of the provisions hereinafter set forth. Irrevocable written notice of intention to cancel must be given by the Lessee to the Lessor on or before April 1st in the calendar year in which such cancellation is to be made. At the time of the giving of such notice of intention to cancel there must be deposited with the Lessor by the Lessee the following:

Deposits Required

(i) the Lessee's copy of this Lease with a written assignment in form required by the Lessor, in blank, effective as of August 31st of the year of cancellation, free from all subleases, tenancies, liens, encumbrances, pledges, security interests, and other charges whatsoever (except rights of occupancy of third parties existing on the date the Lessor acquires title to the Building);

(ii) the Lessee's certificate for his shares of the Lessor, endorsed in blank for transfer and with all necessary transfer tax stamps affixed and with payment of any transfer taxes due thereon;

(iii) a written statement setting forth in detail those additions, improvements, fixtures, or equipment that the Lessee has,

under the terms of this Lease, the right to remove and intends to do so.

Removal of Fixtures; Possession

(b) All additions, improvements, appliances, and fixtures that are removable under the terms of this Lease and that are enumerated in the statement made as provided in Subdivision (iii) above shall be removed by the Lessee prior to August 31st of the year of cancellation, and on or before said August 31st the Lessee shall 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, pledges, security interest, and other charges and shall pay to the Lessor all rent, additional rent and other charges that shall be payable under this Lease up to and including the following September 30th.

Permission to Show and Occupy Premises

(c) The Lessor and its agents may show the apartment to prospective lessees, contractors and architects at reasonable times after notice of the Lessee's intention to cancel. After August 31st or the earlier vacating of the apartment, the Lessor and its agents, employees and Lessees may enter the apartment, occupy the same and make such alterations and additions therein as the Lessor may deem necessary or desirable without diminution or abatement of the rent due hereunder.

Effective Date of Cancellation

(d) If the Lessee is not otherwise in default hereunder and if the Lessee has complied on time with all of the provisions of Subdivisions (a) and (b) hereof, then this Lease shall be cancelled and all rights, duties and obligations of the parties hereunder shall cease as of the September 30th date fixed in said notice, and the shares of the Lessor shall become the absolute property of the Lessor, provided, however, that the Lessee shall not be released from any indebtedness to the Lessor on said last mentioned date.

Rights on Lessee's Default

(e) If the Lessee gives the notice but fails to comply with any of the other provisions of this paragraph, the Lessor shall have the option at any time prior to September 30th, (i) of returning to the Lessee this Lease, the certificate for shares, and other documents deposited, and thereupon the Lessee shall be deemed to have withdrawn the notice of intention to cancel this Lease, or (ii) of treating this Lease as cancelled as of the September 30th named in the notice of intention to cancel as the date for the cancellation of such Lease, and bringing such proceedings and actions as it may deem best to enforce the covenants of the Lessee hereinabove contained and to collect from the Lessee the payments the Lessee is required to make hereunder, together with reasonable attorneys' fees and expenses.

EXTENSION OF OPTION TO CANCEL

36. (a) If on April 1st in any year the total number of shares owned by Lessees holding Proprietary Leases, who have given notice pursuant to Paragraph 35 of intention to cancel such Proprietary Leases on September 30th of said year, shall aggregate 10 percent or more of the Lessor's outstanding shares, exclusive of treasury shares, then the Lessor shall, prior to April 30th in such year, give a written notice to the holders of all issued shares of the Lessor, stating the total number of shares then outstanding and in its treasury and the total number of shares owned by Lessees holding Proprietary Leases who have given notice of intention to cancel. In such case the proprietary lessees to whom such notice has been given shall have the right to cancel their Leases in compliance with the provisions of Paragraph 35 hereof, provided only that written notice of the intention to cancel such Leases shall be given on or before July 1st instead of April 1st.

Right of Lessees to Cancel

(b) If Lessees owning at least 80 percent of the then issued and outstanding shares of the Lessor shall exercise the option to cancel their leases in one year, then this and all other proprietary leases shall thereupon terminate on September 30th of the year in which such options shall have been exercised, as though every Lessee had exercised such option. In such event none of the Lessees shall be required to surrender his shares to the Lessor and all certificates for shares delivered to the Lessor by those who had, during that year, served notice of intention to cancel their Leases under the provisions hereof shall be returned to such Lessees.

CONTINUANCE OF COOPERATIVE MANAGEMENT OF BUILDING AFTER ALL LEASES TERMINATED

37. No later than 30 days after the termination of all proprietary leases, whether by expiration of their terms or otherwise, a special meeting of shareholders of the Lessor shall take place to determine whether (a) to continue to operate the Building as a residential apartment building, (b) to alter, demolish or rebuild the Building or any part thereof, or (c) to sell the Building and liquidate the assets of the Lessor, and the Directors shall carry out the determination made at said meeting of shareholders of the Lessor, and all of the holders of the then issued and outstanding shares of the Lessor shall have such rights as enure to the shareholders of corporations having title to real estate.

UNSOLD SHARES

38. (a) The term "Unsold Shares" means and has exclusive reference to the shares of the Lessor that were (i) issued to or (ii) acquired by the Lessor's grantor(s) or individuals produced by Lessors grantor(s) pursuant to the Plan of cooperative organization of Lessor or to a nominee(s) or designee(s) of such grantor(s) or individual(s) including shares acquired pursuant to any agreement by such grantor to repurchase, or procure an individual to repurchase, shares as may be set forth in the Plan; and all shares which are Unsold Shares retain their

character as such (regardless of transfer) until (1) such shares become the property of a purchaser for bona fide occupancy (by himself or a member of his family) of the apartment to which such shares are allocated, or (2) the holder of such shares (or a member of his family) becomes a bona fide occupant of the apartment. This Paragraph 38 shall become inoperative as to this Lease upon the occurrence of either of said events with respect to the Unsold Shares held by the Lessee named herein or his assignee. The term "holder of Unsold Shares" wherever used herein shall include a "purchaser of Unsold Shares," such terms being used interchangeably in this Lease.

Subletting Apartment and Sale of Shares

(b) Neither the subletting of the apartment nor the assignment of this Lease, by the Lessee who is the holder of the block of Unsold Shares allocated thereto, shall require the consents of the Directors or shareholders, as provided in Paragraphs 15 and 16. A holder of Unsold Shares shall not be required to pay any sums for any expenses of the Lessor and its managing agent set forth in paragraph 16(a)(iv) of this Lease.

Change in Form of Lease

(c) Without the consent of the holder of Unsold Shares, no change in the form, terms or conditions of this proprietary lease, as permitted by Paragraph 6, shall (1) affect the rights of the holder of Unsold Shares who is the holder of the Unsold Shares accompanying this Lease to sublet the apartment or to assign this Lease, as provided in this paragraph, or (2) eliminate or modify any rights, privileges or obligations of such holder of Unsold Shares.

Restriction on Cancellation

(d) The provisions of Paragraph 35 may not be availed of by a Lessee who is the holder of a block 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 15 percent or less of Lessor's outstanding shares and at least five (5) years have elapsed since said Plan was consummated as therein set forth. On the effective date of cancellation Lessee shall pay to Lessor a sum equal to the product of the then current rent (maintenance charges) payable under this Lease, multiplied by 24.

Non-Interference with Marketing Unsold Shares

(e) Anything contained in this Lease and the House Rules annexed hereto to the contrary notwithstanding, Lessor shall not prevent nor 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" and "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 areas of the Property, including (without limitation) the parking areas (if any), lobbies, elevators, and hallways, 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.

FORECLOSURE-RECEIVER OF RENTS

39. Notwithstanding anything contained in this Lease, if any action shall be instituted to foreclose any mortgage on the land or the Building or the leasehold of the land or Building, the Lessee shall, on demand, pay to the receiver of rents appointed in such action rent, if any, owing hereunder on the date of such appointment and shall pay thereafter to such receiver in advance, on the first day of each month during the pendency of such action, as rent hereunder, the rent for the apartment as last determined and established by the Directors prior to the commencement of said action, and such rent shall be paid during the period of such receivership, whether or not the Directors shall have determined and established the rent payable hereunder for any part of the period during which such receivership may continue. The provisions of this Paragraph are intended for the benefit of present and future mortgagees of the land or the Building or the leasehold of the land or Building and may not be modified or annulled without the prior written consent of any such mortgage holder.

TO WHOM COVENANTS APPLY

40. The reference to the Lessor shall be deemed to include its successors and assigns, and the references herein to the Lessee or to a shareholder of the Lessor shall be deemed to include the executors, administrators, legal representatives, legatees, distributees, and assigns of the Lessee or of such shareholder; and the covenants herein contained shall apply to, bind and enure to the benefit of the Lessor and its successors and assigns, and the Lessee and the executors, administrators, legal representatives, legatees, distributees, successors, and assigns of the Lessee, except as hereinabove stated.

WAIVER OF TRIAL BY JURY

41. To the extent permitted by law, the respective parties hereto shall and 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 action or omission of the parties in any way connected with this Lease or the apartment.

LESSOR'S ADDITIONAL REMEDIES

42. In the event of a breach or threatened breach by Lessee of any provision hereof, the Lessor shall have the right of injunction and the right to invoke any remedy at law or in equity, as if reentry, summary proceedings and other remedies were not herein provided for, and the election of one or more remedies shall not preclude the Lessor from any other remedy.

LESSEE MORE THAN ONE PERSON

43. If more than one person is named as Lessee hereunder, the Lessor may require the signatures of all such persons in connection with any notice to be given or action to be taken by the Lessee hereunder including, without limiting the generality of the foregoing, the surrender or assignment of this Lease, or any request for consent to assignment or subletting. Each person named as Lessee shall be jointly and severally liable for all of the Lessee's obligations hereunder. Any notice by the Lessor to any person named as Lessee shall be sufficient and shall have the same force and effect as though given to all persons named as Lessee.

EFFECT OF PARTIAL INVALIDITY

44. If any clause or provision herein contained is adjudged invalid, the same shall not affect the validity of any other clause or provision of this Lease, or form the basis of any cause of action in favor of either party as against the other.

NOTICE TO LESSOR OF DEFAULT

45. The Lessee may not institute an action or proceeding against the Lessor or defend or make a counterclaim in any action by the Lessor related to the Lessee's failure to pay rent, if such action, defense or counterclaim is based upon the 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 30 days after the giving of written notice thereof by the Lessee to the Lessor.

UNITY OF SHARES AND LEASE

46. The shares of the Lessor held by the Lessee and allocated to the apartment have been acquired and are owned subject to the following conditions agreed upon with the 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 and only in connection with simultaneous tranfer of this Lease, unless transferred pursuant to Article V Section 4 of the By-Laws of the Lessor in connection with the regrouping of space in one or more apartments.

(b) The shares shall not be sold except to the Lessor or to an assignee of this Lease after compliance with all of the provisions of Paragraph 16 of this Lease relating to assignments.

CHARGES FOR GAS AND ELECTRICITY

47. If at any time during the term of this Lease the consumption of gas or electricity or both in the apartment is measured by a meter that also

measures consumption outside the apartment, the Lessor may determine from time to time by resolution of the Directors thereof, the charges, if any, to be paid by the 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.

Such charges may be determined in the proportion that the number of shares of the Lessor allocated to the apartment bears to all shares of the Lessor then issued and outstanding, or in the approximate proportion that the floor area of the Apartment bears to all floor areas measured by such meter, or such other equitable method as may be determined by the Directors.

Lessees of apartments equipped with air conditioning will pay a fee for each air-conditioning unit installed in their apartment in accordance with the provisions of Paragraph 1(b) hereof. Said fee shall be in addition to any charges for gas and electricity provided for above.

NO DISCRIMINATION

48. The Lessor will not discriminate against any person because of his race, creed, religion, color, national origin, or ancestry when exercising any right reserved to it in this Lease.

MARGINAL HEADINGS

49. The marginal headings of the several paragraphs of this Lease shall not be deemed a part of this Lease.

CHANGES TO BE IN WRITING

50. The provisions of this Lease cannot be changed orally.

CERTAIN LIMITATIONS ON LESSOR'S RIGHT TO INCREASE CASH REQUIREMENTS

51. Supplementing and modifying Paragraph 1(d) above, as long as the Unsold Shares constitute 25 percent or more of the outstanding shares of the Lessor, the Lessor shall not within five (5) years of the date title to the Building was conveyed to the Lessor take any of the following actions without the prior written consent of the holder(s) of Unsold Shares:

(i) increase the number or change the type of employees from that described in the aforesaid Plan in the "FOOTNOTES TO BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION";

(ii) provide for new or additional services from those indicated in the aforesaid Plan in said "FOOTNOTES TO BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION", unless the annual cost of such new or additional services, when added to the annual cost of all other services being provided, is no greater than those provided in said schedule;

(iii) impose any rent, maintenance, assessment, or other charge (regular or special) for the purpose of making any capital or major improvement or addition, unless required by law or necessary for health and safety (but not the general comfort or welfare) of Tenant-Shareholders;

(iv) Establish any reserves in addition to the Working Capital Fund and Reserve Fund set forth in said Plan, including (without limitation) a reserve for contingencies, repairs, improvements, or replacements, other than a 12-month reserve for contingencies not exceeding 5 percent of the budgeted operating expenses (exclusive of mortgage debt service) for the ensuing 12 months of cooperative operation.

Notwithstanding the foregoing, the Apartment Corporation may take any of the actions enumerated in clauses (a) through (d) above if the cost of such actions, when added to all other budgeted expenses of the Apartment Corporation, shall not result in increasing the maintenance charges for any year of operation by more than 5 percent above the previous year's maintenance charges.

FEES FOR PARKING

52. The Lessor may determine from time to time, by resolution of the Directors, the fees for parking spaces, if any, except that for a lessee who is a Holder of Unsold Shares, each fee for a parking space rented by a sublessee or other occupant of such lessee's apartment shall in no event exceed the lesser of (a) the fee established by the Directors pursuant to the foregoing; or (b) the maximum amount such lessee may separately charge any sublessee or other occupant of the apartment for such parking space under the Rent Stabilization Law of 1969 and the Code adopted pursuant thereto (if applicable). All fees shall be payable monthly in advance or in such payment or installment and at such times as shall be required by resolution of the Directors.

SENIOR CITIZEN REAL ESTATE TAX EXEMPTION

53. In the event the Lessee or any subtenant of the Lessee or occupant of the Apartment is a senior citizen and, as a result, the real estate taxes assessed against the Building are reduced by reason of the exemption afforded senior citizens under applicable law, then the maintenance charges payable to the Lessor hereunder during such period of exemption shall be reduced concomitantly by the amount of such reduction in taxes.

RIGHTS OF NON-PURCHASING TENANTS

54. The following provisions shall apply if the Apartment is occupied by a tenant who elects not to purchase the shares of the Lessor allocated to the Apartment:

(a) The Lessee acknowledges and understands that if the apartment is occupied by a tenant who elects not to purchase the apartment, no eviction proceedings may be commenced at any time against such non-purchasing tenant, except that such proceeding may be commenced for nonpayment of rent, illegal use or occupancy of the apartment, refusal of access to the Lessee, or a similar breach by such non-purchasing tenant. Lessee agrees that such tenant shall:

(i) continue to have the rights afforded to him under the Rent, Eviction and Rehabilitation Regulations of the City of New York, Department of Housing, Preservation and Development, the Rent Stabilization Law and Code of The Rent Stabilization Association of New York City, Inc., adopted pursuant thereto, and any other applicable law as to rentals and continued occupancy, for as long as such laws shall remain in effect; and

(ii) in the event such laws with respect to rentals and continued occupancy are eliminated or become inapplicable after the Plan is declared effective, not be subject to unconscionable rent increases beyond ordinary rentals for comparable apartments during the period of his occupancy.

(b) The Lessee hereby irrevocably appoints the Lessor's managing agent and its successors (or the Lessor if Lessor does not employ a managing agent) as Lessee's agent to provide the services and facilities required by law.

(c) At the commencement of this proprietary lease, the Lessee shall deposit with the Lessor's managing agent or its successors an amount equal to two (2) months' maintenance charges, to be used by such managing agent as working capital to furnish to the non-purchasing tenant all services required under the non-purchasing tenant's lease and all laws and rent regulations applicable to the tenancy of the apartment. Upon notice by the managing agent that said deposit has been diminished such fund shall be replenished by the Lessor within sixty (60) days after receipt of such notice, so that the amount of such fund shall always be equal to two (2) months' maintenance charges. Such fund shall be terminated when the apartment is vacated by the non-purchasing tenant. If the Lessor does not employ a managing agent, then the fund shall be maintained by the Lessor. The failure of the Lessee to replenish the fund in a timely manner shall result in a lien on the apartment and the accompanying shares in favor of the Lessor. Interest, if any, earned on the fund shall be the property of the Lessee. The provisions of this subparagraph (c) shall not apply to a holder of Unsold Shares.

(d) Lessee shall notify the tenant in occupancy of the execution of this Lease within thirty (30) days thereafter by certified mail.

The provisions of this paragraph 54 may not be altered or amended.

IN WITNESS WHEREOF, the parties have executed this Lease.

Lessor:

THE CURTIS RESIDENCE LTD.

By: _____
President
Secretary

Lessee:

_____ (L.S.)

_____ (L.S.)

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the _____ day of _____, in the year 19___, before me personally appeared _____ to me known, who being by me duly sworn, did depose and say that he resides at _____; that he is the _____ of THE CURTIS RESIDENCE LTD., the corporation described in and which executed the foregoing instrument and that he signed his name thereto by order of the board of directors of said corporation.

_____

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the _____ day of _____, in the year 19____, before me personally appeared _____, to me personally known and known to me to be the individual(s) described in and who executed the foregoing instrument, and duly acknowledged to me that (t)he(y) executed the same.

_____

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the _____ day of _____, in the year 19____, before me personally came _____, the subscribing witness to the foregoing instrument, with whom I am personally acquainted, who, being duly sworn, did depose and say that he resides at _____; that he knows the individual described in and who executed the foregoing instrument; that he, said subscribing witness, was present and saw _____ execute the same; and that he, said witness, thereupon at the same time subscribed his name as witness thereto.

_____

HOUSE RULES

1. The public halls and stairways of the Building shall not be obstructed or used for any purpose other than ingress to and egress from the apartments in the Building, and the fire towers shall not be obstructed in any way.

2. No patient of any doctor who has offices in the Building shall be permitted to wait in the lobby.

3. Children shall not play in the public halls, courts, stairways, fire towers or elevators and shall not be permitted on the roof unless accompanied by a responsible adult.

4. No public hall above the ground floor of the Building shall be decorated or furnished by any Lessee in any manner without the prior consent of all of the Lessees to whose apartments such hall serves as a means of ingress and egress; in the event of disagreement among such Lessees, the Directors shall decide.

5. No Lessee shall make or permit any disturbing noises in the Building or do or permit anything to be done therein that will interfere with the rights, comfort or convenience of other Lessees. No Lessee shall play upon or suffer to be played upon any musical instrument or permit to be operated a phonograph or a radio or television loud speaker in such Lessee's apartment between the hours of 11:00 p.m. and 8:00 a.m. if the same disturbs or annoys other occupants of the Building. No construction or repair work or other installation involving noise shall be conducted in any apartment except on weekdays (not including legal holidays) and only between the hours of 8:30 a.m. and 5:00 p.m.

6. No article shall be placed in the halls or on the staircase, landings, or fire towers, nor shall anything be hung or shaken from the doors, windows, terraces, or balconies or placed upon the window sills of the Building.

7. No awnings, window air-conditioning units or ventilators shall be used in or about the Building, except such as have been expressly approved by the Lessor or the managing agent, nor shall anything be projected out of any window of the Building without such approval.

8. No sign, notice, advertisement, or illumination shall be inscribed or exposed on or at any window or other part of the Building, except those that have been approved in writing by the Lessor or the managing agent.

9. No velocipedes, bicycles, scooters, or similar vehicles shall be allowed in a passenger elevator, and baby carriages and the above-mentioned vehicles shall not be allowed to stand in the public halls, passageways, areas, or courts of the Building.

10. Messengers and tradespeople shall use such means of ingress and egress as shall be designated by the Lessor.

11. Kitchen supplies, market goods and packages of every kind are to be delivered only at the service entrance of the Building and through the service elevator to the apartments when such elevator is in operation.

12. Trunks and heavy baggage shall be taken in or out of the Building through the service entrance.

13. Garbage and refuse from the apartments shall be disposed of only at such times and in such manner as the superintendent or the managing agent of the Building may direct.

14. Water closets and other water apparatus in the Building shall not be used for any purpose other than those for which they were constructed, nor shall any sweepings, rubbish, rags, or any other articles be thrown into the water closets. The cost of repairing any damage resulting from misuse of any water closets or other apparatus shall be paid for by the Lessee in whose apartment it has been caused.

15. No Lessee shall send any employee of the Lessor out of the Building on any private business of a Lessee.

16. No bird or animal shall be kept or harbored in the Building unless, in each instance, the same is expressly permitted in writing by the Lessor; such permission shall be revocable by the Lessor. In no event shall dogs be permitted on elevators or in any of the public parts of the Building unless carried or on leash. No pigeons or other birds or animals shall be fed from the window sills, terraces, balconies or in the yard, court spaces or other public portions of the Building, or on the sidewalks or street adjacent to the Building.

17. No radio or television aerial shall be attached to or hung from the exterior of the Building without the prior written approval of the Lessor or the managing agent.

18. No vehicle belonging to a Lessee or to a member of the family or guest, subtenant or employee of a Lessee shall be parked in such manner as to impede or prevent ready access to any entrance of the Building by another vehicle.

19. The Lessee shall use the available laundry facilities only upon such days and during such hours as may be designated by the Lessor or the managing agent.

20. The Lessor shall have the right from time to time to curtail or change any space devoted to storage or laundry purposes.

21. Unless expressly authorized by the Directors in each case, the floors of each apartment must be covered with rugs or carpeting or equally effective noise reducing material, to the extent of at least 80 percent of the floor area of each room excepting only kitchens, pantries, bathrooms, maids' rooms, closets, and foyer.

22. No group tour or exhibition of any apartment or its contents shall be conducted, nor shall any auction sale be held in any apartment without the consent of the Lessor or its managing agent.

23. The Lessee shall keep the windows of the apartment clean. In case of refusal or neglect of the Lessee during 10 days after notice in writing from the Lessor or the managing agent to clean the windows, such cleaning may be done by the Lessor, which shall have the right, by its officers or authorized agents, to enter the apartment for this purpose and to charge the cost of such cleaning to the Lessee.

24. The passenger and service elevators, unless of automatic type and intended for operation by a passenger, shall be operated only by employees of the Lessor, and there shall be no interference whatever with the same by Lessees or members of their families or their guests, employees or subtenants.

25. Complaints regarding the service of the Building shall be made in writing to the managing agent of the Lessor.

26. Any consent or approval given under these House Rules by the Lessor shall be revocable at any time.

27. If there is a garage in the Building, the Lessee will abide by all arrangements made by the Lessor with the garage operator with regard to the garage and the driveways thereto.

28. The following rules shall be observed with respect to incinerator equipment:

(a) All wet debris is to be securely wrapped or bagged in small package size that fits easily into the hopper panel.

(b) Debris should be completely drip free before it leaves the apartment and should be carried to the incinerator closet in a careful manner in a drip proof container and then placed into the flue hopper so that it will drop into the flue for disposal.

(c) No bottles or cans shall be dropped down the flue before 10:00 a.m. or after 5:00 p.m., but shall be left in a neat manner in service elevator area if such items must be disposed of before 10:00 a.m. or after 5:00 p.m.

(d) Cartons, boxes, crates, sticks of wood, or other solid matter shall not be stuffed into hopper opening. Small items of this nature may be left in a neat manner on the incinerator closet floor. Bulky items should be left at the service elevator area between 10:00 a.m. and 6:00 p.m. and service employee summoned to dispose of them by way of the service elevator.

(e) Under no circumstances should carpet sweepings containing naphthalene, camphor balls or flakes, floor scrapings, plastic wrappings or covers, oil soaked rags, empty paint or aerosol cans

or any other flammable, explosive, highly combustible substances, or lighted cigarettes or cigar stubs be thrown into the incinerator flue.

(f) Vacuum cleaner bags must never be emptied into the flue. Such dust, dirt, etc. should be put in a securely tied bag or package and placed through the hopper door panel into the flue.

(g) The superintendent shall be notified of any drippings or moist refuse appearing on incinerator closet floor and corridors.

29. No Lessee shall install any plantings on the terrace, balcony or roof without the prior written approval of the Lessor. Plantings shall be contained in boxes of wood lined with metal or other material impervious to dampness, and standing on supports at least two inches from the terrace, balcony or roof surface, and, if adjoining a wall, at least three inches from such wall. Suitable weep holes shall be provided in the boxes to draw off water. In special locations, such as a corner abutting a parapet wall, plantings may be contained in masonry or hollow tile walls, which shall be at least three inches from the parapet and flashing, with the floor of drainage tiles and suitable weep holes at the side to draw off water. It shall be the responsibility of the Lessee to maintain the containers in good condition and the drainage tiles and weep holes in operating condition.

30. 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 inspection to ascertain whether measures are necessary or desirable to control or exterminate any vermin, insects or other pests. If the Lessor takes measures to control or exterminate carpet beetles, the cost thereof shall be payable by the Lessee, as additional rent.

31. These House Rules may be added to, amended or repealed at any time by resolution of the Directors of the Lessor.

THE CURTIS RESIDENCE LTD.

BY-LAWS

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BY-LAWS

OF

THE CURTIS RESIDENCE LTD.

ARTICLE I

Meeting of Shareholders

Section 1. Annual Meeting. Except for the first meeting of shareholders to be held within approximately thirty (30) days after closing under the Offering Plan to convert the corporation's property to cooperative ownership, each subsequent annual meeting of the shareholders of the corporation, for the election of directors and for such other business as may properly come before such meeting, shall be held in the City of New York, State of New York, at such hour and place as may be designated in the notice of meeting, on the second Tuesday in May of each and every year, unless a legal holiday, in which event such meeting shall be held on the first day thereafter not a legal holiday. The notice of meeting shall be in writing and signed by the president or a vice president or the secretary or an assistant secretary. Such notice shall state the time 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 shareholder of record entitled to vote at such meeting, not less than ten nor more than fifty days before the meeting.

Section 2. Special Meetings. Special meetings of shareholders other than those regulated by statute, may be called at any time by any officer of the corporation or by a majority of the Board of Directors, and it shall also be the duty of the secretary to call such meeting whenever requested in writing so to do by shareholders of record of at least one-quarter of the outstanding capital stock. 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, on each shareholder of record not less than ten nor more than fifty 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 shareholders of record of all outstanding shares of the corporation are present thereat in person or by proxy.

Section 3. Waiver of Mailing of Notice. The notice provided for in the two foregoing sections is not indispensable and any shareholders' meeting whatever shall be valid for all purposes if the shareholders of record of all outstanding 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 time, place and purpose of such meeting has been duly waived in writing by all shareholders not so present. The attendance of any 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 him. Any notice to be served upon a shareholder by mail shall be directed to the shareholder at his address as it appears on the stock book unless the shareholder shall have filed with the secretary of the corporation, prior to the giving of a notice, a written request that notices intended for him be mailed to such other address, in which case it shall be mailed to the address designated in such request.

Section 4. Quorum. At all meetings of shareholders 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 a majority of the shares entitled to vote thereat. A majority of the shareholders present may adjourn a meeting to a subsequent day despite the absence of a quorum.

Section 5. Voting. Each shareholder of record shall be entitled at each shareholders' meeting to one vote, in person or by proxy, for each share standing in his name on the stock book at the time of the meeting, except that when voting for the election of directors, such shareholder: (i) shall be entitled to one vote for each said share per director to be elected and (ii) shall not have the right to cumulate his or her votes in favor of any one or more directors to be elected. All proxies shall be in writing but need not be acknowledged or witnessed and shall be filed with the secretary at or previous to the time of the meeting. The person named as proxy need not himself be a shareholder of the corporation. All voting shall be viva voce, except that any qualified voter may demand a ballot vote, in which case the voting shall be by ballot, and each ballot shall state the name of the shareholder voting and the number of shares owned by him, and in addition, the name of the proxy, if such ballot is cast by a proxy. All elections shall be determined by a plurality vote and unless otherwise specified in these By-Laws or the Certificate of Incorporation, the affirmative vote of a majority represented at any meeting of shareholders shall be necessary for the transaction of any item of business and shall constitute the act of the shareholders.

Section 6. Inspectors of Election. At any election of directors where more candidates are nominated than there are positions to be filled, the election shall be conducted by two inspectors of election to be appointed by the president. No director or candidate for director shall be eligible for appointment as inspector. Before entering upon the discharge of their duties, the inspectors appointed to act at any meeting of the 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 two inspectors present, ready and willing to act, the required number of temporary inspectors to make up such number shall be appointed by the chairman of the meeting.

Section 7. Consent of Shareholders. Whenever the shareholders are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken and signed by the holders of all outstanding shares entitled to vote thereon.

Section 8. Order of Business. At each meeting of shareholders, the president or in his absence a vice president shall act as chairman of the meeting. The secretary, or in his absence such person as may be appointed by the chairman, 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.
3. Roll call and presentation and examination of proxies.
4. Reading of minutes of previous meeting or meetings.
5. Reports of officers and committees.
6. If the annual meeting, the appointment of inspectors of election, if any.
7. If the annual meeting, the election of directors.
8. Unfinished business.
9. New business.
10. Adjournment.

ARTICLE II

Directors

Section 1. Qualification and Number. At least one less than a majority of the directors to be elected must be residents of the Residential Unit owned by the corporation. At such time as the "Unsold Shares" (as such term is defined in the corporation's proprietary lease referred to in Article V below) constitute less than 50% of all shares of the corporation then issued and outstanding, but in no event later than the fifth anniversary of the date title to the property referred to in the aforesaid Offering Plan is conveyed to the corporation, a majority of directors to be elected at all subsequent annual meetings of shareholders shall be residents of the Residential Unit owned by the corporation who are not nominated or designated by the holders of Unsold Shares.

All directors shall be at least 18 years of age.

The number of directors shall not be less than three and not more than seven. The first board elected by the shareholders shall consist of seven (7) members. The number of directors shall be determined by the shareholders from time to time at any annual or any special meeting of shareholders called for that purpose, and the number so determined shall be the number of directors of the corporation until changed by further action of the shareholders, provided, however, that the number of directors shall not be decreased to a number less than the number of directors then in office, except at an annual meeting of shareholders. Reference is made to Section 7 of this Article for the power of the board to fix the number of directors.

Section 2. Election and Term. The directors constituting the first board of directors shall be elected by the incorporator at the organization meeting of the incorporator. Directors, other than those constituting the first board, shall be elected at the annual meeting of shareholders, or at a special meeting called for that purpose as provided by law, by a plurality of the votes cast at such election. The entire number of directors to be elected shall be balloted for at one and the same time and not separately.

Directors elected by the incorporator shall serve until the election and qualification of directors elected at the first annual meeting of shareholders. Directors elected at the first annual meeting of shareholders and at meetings subsequent thereto shall serve until the date herein fixed for the next annual meeting of shareholders and until the election and qualification of their respective successors.

Section 3. Vacancies. When any vacancy exists or occurs among the directors by death, resignation or otherwise, the same shall be filled 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 the directors is increased, the additional directors shall be elected by a plurality of the votes cast at a meeting of shareholders duly called for the purpose and shall serve for the term above prescribed. If all the directors die or resign, any shareholder may call a special meeting of the 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 or sent by registered mail, return receipt requested, to the president or secretary of the corporation. Such resignation shall take effect at the time specified therein, and unless specifically requested, acceptance of such resignation shall not be necessary to make it effective.

Any director may be removed from office at any time with or without cause and at the pleasure of the shareholders, upon affirmative vote of the shareholders of record taken at a shareholders' meeting duly called for the purpose; provided, however, that the directors elected by the holders of Unsold Shares can be removed only for cause by vote of a majority of the shareholders or without cause by the holder(s) of Unsold Shares.

Any vacancy on the board by a director designated or elected by a holder or holders of Unsold Shares, whether arising from the resignation, removal, death or otherwise, shall be filled only by such holder or holders of Unsold Shares.

Except for directors elected by the holders of Unsold Shares, a director who ceases to be a shareholder or whose spouse ceases to be a shareholder, as the case may be, shall be deemed to have resigned as a director.

Section 5. Meetings. Meetings of the board of directors, regular or special, shall be held at such place within the City and State of New York, as shall be specified in the notice calling the meeting. The first meeting of each newly elected board of directors shall be held immediately after the annual meeting of the 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 City and State of New York 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 two days notice to each director, either personally or by mail or by telegram; 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 meeting without protesting prior thereto or at its commencement, the lack of notice. 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 Secton 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. 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. Annual Budget. In furtherance of the definitions and provisions of the proprietary lease entered into or to be entered into by the corporation with its shareholders, the board of directors shall determine the cash requirements as defined therein, for each particular year of the term of such proprietary lease, by resolution or resolutions adopted during the particular year in question or the preceding year, and shall likewise fix the terms and times of payment for the rent due from shareholders who are lessees under such proprietary leases to meet such cash requirements. Immediately after the adoption of any such resolution as above provided, the secretary shall mail or cause to be mailed, or deliver or cause to be delivered, to each 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. The board of directors shall have discretionary power to prescribe the manner of maintaining and operating the Residential Unit owned by the corporation, 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 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 shareholders, be deemed necessarily and properly made for such purposes. The operating year of the corporation shall be the calendar year.

Anything herein contained to the contrary notwithstanding, so long as the Unsold Shares (as defined in Paragraph 38 of the Proprietary Lease) constitute 25% or more of the outstanding shares of the corporation, the board of directors shall not, within five (5) years after the Closing Date, take any of the following actions, without the prior written consent of the holder(s) of Unsold Shares:

(i) increase the number or change the type of employees from that described in the aforesaid Plan in the "FOOTNOTES TO BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION";

(ii) provide for new or additional services from those indicated in the aforesaid Plan in said "FOOTNOTES TO BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION", unless the annual cost of such new or additional services, when added to the annual cost of all other services being provided, is no greater than those provided in said schedule;

(iii) impose any rent, maintenance, assessment, or other charge (regular or special) for the purpose of making any capital or major improvement or addition, unless required by law or necessary for health and safety (but not the general comfort or welfare) of Tenant-Shareholders;

(iv) establish any reserves in addition to the Working Capital Fund and Reserve Fund, including (without limitation) a reserve for contingencies, repairs, improvements or replacements, other than a 12-month reserve for contingencies not exceeding five (5%) percent of the budgeted operating expenses (exclusive of mortage debt service) for the ensuing 12 months of cooperative operation.

Notwithstanding the foregoing, the Apartment Corporation may take any of the actions enumerated in clauses (i) through (iv) above if the cost of such actions, when added to all other budgeted expenses of the Apartment Corporation, shall not result in increasing the maintenance charges for any year of operation by more than 5% above the previous year's maintenance charges.

Section 7. 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. 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 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 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 shareholders, the determination of the shareholders shall govern.

The board of directors shall be responsible for carrying out the duties imposed upon it under these By-Laws or the Proprietary Leases referred to in Article V below, regardless of whether an apartment in the Residential Unit is vacant or occupied by the owner thereof (i.e., 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 in the Business Corporation Law.

Section 8. House Rules. The board of directors shall have power to make and change reasonable rules applicable to any apartment in the Residential Unit owned or leased by the corporation whenever the board deems it advisable so to do. All house rules shall be binding upon all tenants and occupants of the Residential Unit. Copies of changes in house rules shall be furnished to each shareholder and shall be binding upon the delivery thereof in the manner provided in the proprietary lease.

Section 9. Executive Committee. The board of directors may by resolution appoint an executive committee to consist of three or more directors of the corporation. Such committee shall have and may exercise all of the powers of the board in the management of the business affairs of the corporation during the intervals between the meetings of the board, so far as may be permitted by law, except that the executive committee shall not have power to determine the cash requirements defined in the proprietary leases, or to fix the rent to be paid under the proprietary leases, or to vary the terms of the payment thereof as fixed by the board. Vacancies in membership on the Executive Committee shall be filled by the board of directors at a regular or special meeting.

Section 10. 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 by resolution create an Admissions Committee of two 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 Admission 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 shareholder or any other person the reasons for his determination. The provisions of this Section are not applicable to proposed assignment or subletting by purchasers of Unsold Shares.

Section 11. 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 12. 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 he or their votes are counted for such purpose, provided that the provisions of Section 713 of the Business Corporation Law are complied with.

Section 13. Compensation. No director, by virtue of his office as such, nor for any other reason, at any time, shall receive any salary or compensation for his 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 stockholders' meeting, by the record holders of at least two-thirds (2/3) of the then outstanding shares of the stock of the corporation.

Section 14. 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.

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 majority vote, a president and 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. Each of the officers shall serve until the next annual meeting of the Board and until the election or appointment of his respective successor; but any officer may be removed from office at any time, and a successor chosen, at the pleasure of the Board, upon affirmative vote, taken at any meeting, by a majority of the then total authorized number of directors.

Section 2. Qualification and Vacancies. The president shall be a member of the Board, but none of the other officers 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 is employed by or affiliated with a holder of unsold shares need not be a shareholder. In addition, an Assistant Secretary or Assistant Treasurer need not be a shareholder if employed by or affiliated with the Managing Agent. An Officer who is a shareholder or whose spouse is a shareholder and who subsequently ceases to be a shareholder or whose spouse ceases to be a shareholder, as the case may be, shall be deemed to have resigned as an Officer.

Section 3. President and Vice President. The president shall preside at meetings of shareholders and of the Board of Directors. He shall, subject to the control of the Board, have general management of the affairs of the corporation and shall perform all the duties incidental to his office or prescribed for him by these By-Laws or by the Board, and shall make and sign the name of the Corporation to 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 the power to make and sign proprietary leases in the name of the Corporation.

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 shareholders. He shall record all transfers of shares and cancel and preserve certificates of shares transferred, and shall keep such records as the Board shall require. He shall attend to the giving and serving of notices of the Corporation, and 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 shall keep a book, to be known as the stock book, containing the names, alphabetically arranged, of all persons who are 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. Such books shall be open daily during at least three business hours, for inspection by any judgment creditor of the Corporation, or by any person who shall have been a shareholder of record for at least six months immediately preceding his demand or by any person holding, or thereunto in writing authorized by the holders of, at least five per cent of all 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. The secretary shall be entitled to execute a Recognition Agreement between a lender and the Corporation.

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 office, or prescribed for him by these By-Laws or by the Board. If so required by the Board, he 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 April 1st of the year following said December 31st, the treasurer shall furnish to each 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. In addition, no later than March 15th of the year following the close of each year ending December 31st, the treasurer shall send to each shareholder who is a lessee under a proprietary lease in force during said prior year a statement on which there shall be indicated the portion of the rent paid by such shareholder under his proprietary lease during such year which has been used by the Corporation for the payment of taxes on real estate and interest on its mortgage or other indebtedness and such other information as may be necessary to permit him to compute his income tax liabiliy or income tax benefits that may accrue to him 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. The treasurer shall be entitled to execute a Recognition Agreement between a lender and the Corporation.

Section 6. Salaries. No salary 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 the shareholders called for that purpose, by the shareholders of record of at least two thirds of the then outstanding capital stock.

ARTICLE IV

Indemnification of Directors and Officers

Section 1. (a) In Actions by or in the Right of Corporation. Any person made a party to an action by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he, his testator or intestate, is or was a director or officer of the Corporation, shall be indemnified by this Corporation against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him, in connection with the defense of such action, or in connection with an appeal therein, except in relation to matters as to which such director or officer is adjudged to have breached his duty to the Corporation under Section 717 of the Business Corporation Law and except with respect to those amounts and expenses referred to in Paragraph (b) of Section 722 of the Business Corporation Law.

(b) In Other Actions or Proceedings. Any person 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 liability or penalty on such person, his testator or intestate, as a director or officer of the Corporation, or of any other corporaton, 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 he reasonably believed to be in the best interests of the Corporation and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful.

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 reasonably believed to be in the best interests of the Corporation or that he had reasonable cause to believe that his conduct was unlawful.

(c) Payment. A person who has been wholly successful, on the merits or otherwise, in the defense of a civil or criminal action or proceeding of the character described in Section 722 or 723 of the Business Corporation Law shall be entitled to indemnification as authorized in said Sections.

Except as provided in Paragraph (a) of Section 724 of the Business Corporation Law, any indemnification under Section 722 or 723 of that law, unless ordered by a court under Section 725 thereof, shall be made by the Corporation only if authorized in the specific case in accordance with the provisions of Paragraph (a) of said Section 724.

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 if authorized under Paragraph (b) of said Section 724.

(d) Other Provisions. Indemnification of directors or officers shall be subject to the other provisions affecting the same as set forth in Section 726 of the Business Corporation Law.

ARTICLE V

Proprietary Leases

Section 1. Form. The Board of Directors shall adopt a form of proprietary lease to be issued by the Corporation for the leasing of all apartments, extra servants' rooms and other space in the Residential Unit, if any, to be leased to shareholders under proprietary leases. Such proprietary leases shall be for such term, with or without provisions for renewals, and shall contain such restrictions, limitations and provisions in respect to the assignment thereof, the subletting of the premises demised thereby, and the sale or transfer of the shares of stock of the Corporation accompanying the same, and such other terms, provisions, conditions and covenants, as the Board deems advisable. 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 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 lease. A duplicate original of each proprietary lease shall

always be kept on file in the Office of the Corporation or with the Managing Agent of the Residential Units.

Section 3. Accompanying Shares. The Board of Directors 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 the shares set forth in the Offering Plan pursuant to which the Corporation was organized. 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 Residential Unit and the land on which it stands which is attributable to the apartment. In the event of any dispute between the Board of Directors and a 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 of the Residential Unit, whose determination shall be final and conclusive.

Section 4. Re-grouping of Space. The Board of Directors, upon the written request of the owner or owners of one or more proprietary leases covering one or more apartments in the Residential Unit of the building and of the shares issued to accompany the same, may in its discretion at any time, permit such owner or owners, at his or their own expense:

A. (1) to subdivide any apartment into two or more apartments; (2) to combine all or any portionns of any such apartments into one or any desired number of apartments; and (3) to reallocate the shares issued to accompany the proprietary lease or leases so affected in such proportions as the said owners request, provided only that (a) the allotment of shares is based upon the fair market value of the equity in the property (including the Residential Unit) attributable to the subdivided or combined apartments, and (b) in any case, the total number of the shares so reallocated remains the same, and (c) in any case, 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 certificate of shares for the number of shares so reallocated to each such new proprietary lease; or

B. To incorporate other space in the Residential Unit, not covered by any proprietary lease, whether in connection with any regrouping of space pursuant to subparagraph A of 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 Residential Unit) attributable to such resulting apartment or apartments), provided such incorporation shall be conditioned upon the surrender by the owner making such request of his 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 purchasers of Unsold Shares shall have the absolute right, without payment of any fee or charge of whatsoever nature, to change the size and layout of any apartment including the right to subdivide any apartment owned by them, or any of them, into two or more apartments or to combine all or any porton of any such apartments into one or any desired number of apartments provided such change complies with law and does not permanently encroach on any public or common area of the Apartment Corporation. However, no Unsold Shares shall be reallocated in connection with any such changes without obtaining the prior determination of the then Managing Agent of the Residential Unit or (at the option of the holder of Unsold Shares) other reputable realty expert that the proposed reallocation of shares is in accordance with the fair market value of the Corporation's equity in the property (including the Residential Unit) attributable to the subdivided or combined apartments. In any event the total number of shares so allocated shall remain the same and no such change shall permanently encroach upon any pre-existing public or common area of the Apartment Corporation. Upon 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 Residential Unit or (in the case of reallocation of Unsold Shares) the real estate expert (if any shall have been selected as aforesaid), 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 Residential Unit 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. The number of such new shares allocated to such additional space shall bear a reasonable relationship to the fair market value of the property attributable to such new space as reasonably determined by the Board of Directors.

Secton 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 of a proprietary lease or any reallocation of shares takes effect as against the Corporation as Lessor, reasonable fees to cover the Corporation's expenses and attorneys' fees in connection with such proposed assignment, or reallocation, or both, as the case may be. However, no such fees may be charged to purchasers of Unsold Shares in connection with the sale or transfer of such Unsold Shares and appurtenant proprietary leases or a reallocation of shares. Furthermore, no fees or charges including a fee or charge for the transfer or sale of shares of the Corporation shall be imposed upon Sponsor or the holders of Unsold Shares.

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 with the same terms, provisions, conditions, and limitations. The Board may, in its discretion, before the issuance of 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 expenses 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, not exceeding double the value of the shares accompanying such proprietary lease, to indemnify the Corporation.

ARTICLE VI

Capital Shares

Section 1. Capital 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 Residential Unit owned by the Corporation, and the ownership of the said shares so issued shall entitle the holder thereof to occupy for dwelling purposes the apartment specified in the proprietary lease so executed and delivered in connection with the issuance of said shares, subject to the 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 issued, as the case may be, in conjunction with the execution of a proprietary lease of an apartment in the Residential Unit.

Section 2. Certificates and Issuance. 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. 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 immediately pasted in the certificate book opposite the memorandum of its issue.

Section 3. Transfer. Transfers of shares shall be made 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 of Directors 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 any 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 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 requirements with respect thereto set forth in the proprietary lease shall have been satisfied and complied with. Upon a transfer of shares of the Corporatios allocated to an apartment occupied by a non-purchasing tenant, the shareholder will notify the non-purchasing tenant of such transfer in writing within thirty (30) days thereafter by certified mail.

Section 4. 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 or other space described in such proprietary lease. 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 acquried 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 5. 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 attorneys' fees in connection with such proposed transfer.

Section 6. Corporation's Lien. The Corporation shall at all times have a first lien upon the shares of each shareholder to secure the

payment by such shareholder of all rent to become payable by such shareholder under the provisons of any proprietary lease issued by the Corporation and at any time held by such shareholder and for all other indebtedness from such shareholder to the Corporation and to secure the performance by the shareholder of all the covenants and conditions of said proprietary lease to be performed or complied with by the shareholder. Unless and until such shareholder as lessee makes default in the payment of any of such rent or other indebtedness or in the performance of any of such covenants or conditions, said shares shall continue to stand in the name of the shareholder upon the books of the Corporation and the shareholder shall be entitled to exercise the right to vote thereon as though said lien did not exist. The Board of Directors may refuse to consent to the transfer of such shares until any indebtedness of the shareholder to the Corporation 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 shareholder, and thereupon the certificate for such shares issued to such defaulting shareholder shall become void and such defaulting shareholder shall surrender the same to the Corporation on demand. The failure of such defaulting shareholder to so surrender such certificate shall not affect the validity of the certificate issued in replacement thereof.

Section 7. 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 of the same tenor and for the same number of shares in lieu thereof. The Board may in its discretion, before the issuance of such new certificate, require the owner of the lost stolen, destroyed or mutilated certificate, or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to the loss, theft, destruction or mutilation as it deems necessary, and to give the Corporation a bond in such reasonable sum as it directs, not exceeding double the appraised value of the shares, to indemnify the Corporation.

Section 8. Legend on Shares Certificate. 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 the By-Laws of the Corporation and to all terms, covenants, conditions and provisions of a certain proprietary lease made between the Corporation, as Lessor, and the person in whose name this certificate is issued, as Lessee, for an apartment in the apartment house, which is owned by the Corporation and operated as a 'co-operative', which proprietary lease limits and restricts the title and rights of any transferee of this certificate.

The shares represented by this certificate are transferable only as an entirety and only to an assignee of such proprietary lease approved in writing in accordance with the provisions of the proprietary lease. The directors of this Corporation may refuse to consent to the transfer of the shares represented by this Certificate until any indebtedness of the shareholder to the Corporation is paid.

Copies of the Certificate of Incorporation, proprietary lease and By-Laws are on file and available for inspection at the office of the managing agent of the Residential Unit.

Pursuant to the Certificate of Incorporation, certain actions of the Board of Directors and of the shareholders require a greater quorum and/or a greater vote than would otherwise be required by law.

Pursuant to Article VI Section 6 of the By-Laws, the Corporation shall at all times have a first lien upon the shares of each shareholder to secure the payment by such shareholder of all rent to become payable by such shareholder under the provisions of any proprietary lease issued by the Corporation and at anytime held by such shareholder and for all other indebtedness from such shareholder to the Corporation and to secure the performance by the shareholder of all the covenants and conditions of said proprietary lease to be performed or complied with by the shareholder. 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 shareholder, and thereupon the certificate for such shares issued to such defaulting shareholder shall become void and such defaulting shareholder shall surrender the same to the Corporation on demand. The failure of such defaulting shareholder to so surrender such certificate shall not affect the validity of the certificate issued in replacement thereof."

Section 9. 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 thereof 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.

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, N.Y."

ARTICLE VIII

Checks, Notes, Etc.

Section 1. Signatures on Checks. All checks, drafts, orders for payment of money and negotiable instruments shall be signed by such officer or officers, or employee or employees as shall be designated from time to time by the Board of Directors by resolution or special order, for that purpose.

Section 2. Signatures of Notes and Bonds. Promissory notes and bonds of the Corporation shall be signed by any two officers who, from time to time, shall be designated by the Board of Directors for that purpose.

Section 3. 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 4. 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.

ARTICLE IX

Sale, Lease, Demolition or Disposition of Property

Section 1. Sale, Lease, Demolition or Disposition of Property. No decision to demolish or reconstruct any building standing on the land owned or leased by the Corporation, or to sell or exchange the Corporation's

fee simple or leasehold interest therein, or to lease any such building in its entirety or substantially in its 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 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.

ARTICLE X

Amendments

Section 1. By the Shareholders. These By-Laws may be amended, altered, repealed or added to at any shareholders' meeting by vote of shareholders of record, present in person or by proxy, of at least two thirds of the then outstanding capital shares, provided that the proposed amendment or the substance thereof has been inserted in the notice of the meeting or that all of the shareholders are present in person or by proxy.

Section 2. By the Directors. 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, 13 and 14, 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 shareholders pursuant to Section 1 of this Article X.

Section 3. General. Anything herein contained to the contrary notwithstanding, these By-Laws and any provision hereof may not be altered, amended or repealed in such a manner as 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 Residential Unit. Anything herein contained to the contrary notwithstanding, so long as there are any Unsold Shares outstanding, these By-Laws may not be altered, amended, repealed or added to without the unanimous consent of all shareholders.

ARTICLE XI

Fiscal Year

Section 1. 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, within four (4) months following close of a fiscal year, send to each 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 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 shareholder.

Section 2. Tax Deduction Statement. The Corporation shall, on or before March 15th following the close of a fiscal year, send to each 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 the rent paid by such shareholder under his 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. Designation of Board of Directors for Service of Process or Notice Under Certain Circumstances. Whenever an apartment in the Residential Unit is occupied by other than the owner thereof (i.e., the Shareholder-Lessee) as permitted by 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 cf 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.

DECLARATION

Establishing a Plan for Condominium Ownership of the Premises known as

THE CURTIS RESIDENCE CONDOMINIUM
123-25 82nd Avenue a/k/a
120-86 Queens Boulevard
Kew Gardens, New York

Pursuant to Article 9-B of the Real Property Law of the State of New York

Name: **THE CURTIS RESIDENCE CONDOMINIUM**

Sponsor: **HNP REALTY, INC.**
c/o Stark, Elman, Amron, Barash & Narotsky
1133 Avenue of the Americas
New York, New York 10036

Date of Declaration: _____, 19____

Prepared by: **Stark, Elman, Amron, Barash & Narotsky**
1133 Avenue of the Americas
New York, New York 10036

The land affected by the within instrument lies in Section 17, Block 3358, Lot 28 on the Tax Map of the County of Queens City and State of New York

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* Reproduced in full beginning at page 151.

** Reproduced in full beginning at page 152.

DECLARATION
OF
THE CURTIS RESIDENCE CONDOMINIUM

(Pursuant to Article 9-B of the Real Property Law of the State of New York)

HNP REALTY, INC., having an office c/o ABG International Properties, Inc., 39 Broadway, New York, New York (hereinafter referred to as "**Sponsor**"), does hereby declare as follows:

PART I

Article 1

Definitions

All capitalized terms used in this Declaration that are not otherwise defined in the Articles hereof shall have the meanings set forth in Exhibit C annexed hereto, unless the context in which the same are used shall otherwise require. All capitalized terms used in this Declaration that are defined in any of the Articles hereof shall have the meanings ascribed to them in such Articles, unless the context in which the same are used shall otherwise require. Each of the said capitalized terms shall be applicable to singular and to plural nouns, as well as to verbs of any tense.

Article 2

Submission of the Property

Sponsor hereby submits the Property to the provisions of the Condominium Act and, pursuant thereto, does hereby establish a regime for the condominium ownership of the Property as more particularly set forth herein and in the By-Laws.

Article 3

Name of Condominium

The Condominium shall be known as THE CURTIS RESIDENCE CONDOMINIUM.

Article 4

The Land

The Land, which is located in the Borough and County of Queens, City and State of New York and is more particularly described in Exhibit A annexed hereto, is owned by Sponsor in fee simple absolute and has an area of approximately 19,854 square feet.

Article 5

The Building

The Building is six (6) stories high plus a cellar and is a Class A non-fireproof Multiple Dwelling. The exterior and interior bearing walls are masonry. Public halls are enclosed in masonry walls and have fireproof reenforced walls. The two street elevations are finished with red face brick. The white marble window sills are extended into continuous horizontal bands and similiar white marble bands frame the window heads. The rear elevations are faced with common red brick from the first floor up. The walls have exposed concrete at the cellar level. The apartment windows are wood double-hung in wood frames. There are fire escapes with access to all apartments from the first through the sixth floors. The main roof is builtup with the top covering consisting of three feet wide rolls of roofing felt. The roofs over the stores consists of reinforced concrete slabs covered with built up roofing, with copper flashing. The Building was erected on the Land in 1951 and is now covered by Certificate of Occupancy number Q197952 issued July 13, 1982.

Each Unit is being offered in its condition existing as of the date upon which a Purchase Agreement therefor is signed, ordinary wear and tear excepted. Except as may otherwise be set forth in the Plan, neither Sponsor, the Selling Agent, the Managing Agent, nor the Condominium Board will be obligated to make any repairs or improvements to any of these Units. However, Sponsor will, until the First Closing, maintain the Building in its present condition, ordinary wear and tear excepted.

Article 6

The Units

(a) Exhibit B annexed hereto sets forth the following data with respect to each Unit necessary for the proper identification thereof: (i) its designation number; (ii) its tax lot number; (iii) its approximate location in the Building; (iv) its approximate area; (v) the number of rooms contained therein; (vi) the portions of the Common Elements to which such Unit has immediate access; and (vii) the Common Interest appurtenant to such Unit. The precise location of each Unit within the Building is shown on the Floor Plans.

(b) Each Unit consists of the area measured horizontally between the hidden (unexposed) surface of the plaster walls enclosing such Unit and the area measured vertically from the bottom (unexposed) surface of the wood floor to the top (unexposed) surface of the plaster ceiling. However, any Common Elements located within a Unit shall not be considered a part of such Unit.

(c) Each Unit includes: (i) the front entrance door and any other entrance doors to such Unit; (ii) the interior walls, partitions and floor coverings and plastered ceilings affixed, attached, or appurtenant to such Unit; (iii) all windows (including, without limitation, their panes, casements and frames) located within, or opening from , such Unit; (iv) all equipment, fixtures and appliances (including, without limitation, heating and cooling equipment, plumbing facilities, sinks, bathtubs, waterclosets, refrigerators, ovens, ranges, dishwashers and any other appliances) affixed, attached, or appurtenant to such Unit; and (v) all other Facilities affixed, attached, or appurtenant to such Unit and benefiting only that Unit.

(d) Notwithstanding anything contained in this Article 6 to the contrary, each Unit Owner shall have the right, exercisable at any time and from time to time, to install, at such Unit Owner's sole cost and expense, such decorations, fixtures and coverings (including, without limitation, painting, finishing, wall papering, carpeting, pictures, mirrors, shelving and lighting fixtures) on the surfaces of the walls, ceilings and floors that face the interior of such Unit Owner's Unit and to a depth of one inch behind such surfaces for the purposes of installing nails, screws, bolts and the like, provided that no such installation shall impair the structural integrity of such Unit or of the Building.

Article 7

The Common Elements

(a) The Common Elements consist of the Land and those rooms, areas, corridors and other portions of the Building (other than the Units), as well as those Facilities therein, either currently or hereafter existing for the common use of the Units or of the Unit Owners or necessary for, or convenient to, the existence, maintenance, management, operation, or safety of the Property. Without intention to limit the generality of the foregoing in any respect, the Common Elements include:

(i) the Land;

(ii) all foundations, columns, beams, supports, girders, exterior walls, interior walls, partitions, floors, roofs, and ceilings in, on or under the Building, to the extent that the same are not expressly included as a part of a Unit pursuant to the terms of Article 6 hereof;

(iii) all hallways, corridors, lobbies, vestibules, basements and cellars (except to the extent that Units are located on such

levels), yards, storage spaces, garages, stairs, stairways, elevator shafts and pits, other mechanical and electrical equipment spaces, and entrances to, and exits from, the Building;

(iv) all central and appurtenant installations and Facilities for services such as power, light, telephone, intercom, gas, sewer, plumbing, drainage, hot and cold water distribution, heat, ventilation, air-conditioning, garbage disposal, master and cable television and other mechanical and electrical systems to the extent that the same are not expressly included as a part of a Unit pursuant to the terms of Article 6 hereof; and

(v) all other parts of the Property, and all apparatus and installations now existing or hereafter constructed in the Building or on the Property, either existing for the common use of the Units or the Unit Owners or necessary for, or convenient to, the existence, maintenance, or safety of the Property.

(b) The Common Elements shall remain undivided, and no Unit Owner or any other Person shall bring, or shall have the right to bring, any action for partition or division thereof, except as is expressly permitted pursuant to the terms of Article 15 hereof and Section 5.5 of the By-Laws.

Article 8

Determination of Common Interests

The Common Interest of each Unit in the Common Elements shall be based upon floor space, subject to the location of such space and the 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 uses, and the overall dimensions of the Unit, pursuant to the terms of Section 339(i) of the Condominium Act.

Article 9

Use of Units

(a) As more particularly set forth in the By-Laws, the Residential Unit may be used for any lawful purpose provided that no immoral, improper or offensive use shall be permitted therein. Upon the prior written consent of the Condominium Board any Unit may be used as a professional office, provided, however, that such use is permitted by Law and does not violate the terms and conditions of the then existing certificate of occupancy for such Unit. The Commerical Unit may be used for any lawful purpose without prior consent of the Board of Managers. Units may be leased only in accordance with the By-Laws and the Rules and Regulations.

(b) Notwithstanding the foregoing or anything contained in the By-Laws or the Rules and Regulations to the contrary, Sponsor may, without the consent of the Condominium Board or other Unit Owners: (i) grant permission for the use of any Unsold Unit, or part thereof, as a professional office or for any other purpose, provided, however, that such use is permitted by Law and does not violate the then existing certificate of occupancy for such Unit; (ii) use any Unsold Unit, or part thereof, as a model or office for the selling, renting, management, operation and promotion of the Unsold Unit, or part thereof, or for any other purpose, subject only to compliance with Law; and (iii) lease any Unsold Unit, or part thereof, to third parties for their occupancy.

Article 10

Easements for the Enjoyment of Common Elements

(a) Subject to the terms of the By-Laws and the Rules and Regulations, Sponsor, the Unit Owners, all other permitted tenants and occupants of the Building, the Selling Agent, the Managing Agent, the Condominium Board and all officers, partners, employees, agents, guests, invitees and licensees of the foregoing shall have, in common with all of the others, an easement for ingress and egress through, as well as for the use and enjoyment of, all of the Common Elements, and the Common Elements shall be subject to such easement. No Person shall use or enjoy the Common Elements except in accordance with the reasonable purposes for which they are intended and without encroaching upon the rights of other Persons to do so. In addition to the foregoing, however, the owner of the Commercial Unit or Units shall have an easement for emergency ingress and egress through all of the common elements and the common elements shall be subject to such easement.

(b) Notwithstanding anything to the contrary contained in paragraph (a) hereof, Sponsor and its successors, assignees, invitees, licensees, contractors, employees, agents and tenants shall have an easement in, over, under, through and upon the Common Elements to use the same, without being subject to any fee or charge, for all purposes and activities in connnection with the sale or renting of Apartments or Unsold Units and shall have the right to use part of any one or more Unsold Units as sales, rental and/or management offices and/or as model apartments or units. Such Unsold Units shall remain Units within the meaning of this Declaration, the By-Laws and the Condominium Act, and shall not comprise a part of the Common Elements. In addition, Sponsor reserves the right, to the extent permitted by Law, to use one or more portions of the Common Elements, as designated by Sponsor in its sole discretion, for sales, rental, or display purposes, which right shall include, without limitation, the right to place "for sale", "for rent" and other signs and promotional materials, of such size and content as Sponsor shall determine, in, on, about and adjacent to the Building (including the exterior walls thereof) and the Property.

Article 11

Other Easements

(a) Subject to the terms of the By-Laws and to the Rules and Regulations, each Unit Owner shall have, in common with all other Unit Owners, an easement to use any of the Common Elements, and all pipes, wires, ducts, cables, conduits, public utility lines and all other utility distribution systems, whether or not Common Elements, located in, over, under, through, adjacent to, or upon any other Unit or the Common Elements to the extent that such Common Element and utility distribution system serves, or is necessary to the service of, his or her Unit, and each Unit and all of the Common Elements shall be subject to such easement. In addition, the Condominium Board shall have an easement and a right of access to each Unit and to the Common Elements to inspect the same, to remove violations therefrom and to install, operate, maintain, repair, alter, rebuild, restore and replace any of the Common Elements located in, over, under, through, adjacent to, or upon the same, and each Unit and the Common Elements shall be subject to such easement and right of access. The easements and the rights of access granted in this paragraph shall be exercised in such a manner as will not unreasonably interfere with the use of the Units for their permitted purposes. Such entry shall be permitted on not less than one day's notice, except that no such notice shall be necessary in the event of repairs or replacements immediately necessary or required for the preservation or safety of the Building, for the safety of the occupants of the Building or other persons, or to avoid the suspension of any necessary service in the Building.

(b) Sponsor reserves for itself, for so long as it shall own any Unsold Unit(s) or Unsold Shares in the Apartment Corporation, and grants to the Condominium Board, on behalf of all Unit Owners, the right to grant such additional electric, gas, steam, cable television, telephone, water, storm drainage, sewer and other utility easements in, or to relocate any existing utility easements to, any portion of the Property as Sponsor or the Condominium Board, as the case may be, shall deem necessary or desirable for the proper operation and maintenance of the Building or any portion thereof or for the general health or welfare of the owners, tenants and occupants of the appropriate Units; provided, however, that the grant of such additional utility easements, or the relocation of existing utility easements, shall not unreasonably interfere with the use of the Units for their permitted purposes. Any utility company, as well as its officers, employees and agents, shall have the right of access to each Unit and to the Common Elements in furtherance of such easement. However, such right of access shall be exercised in such a manner as will not unreasonably interfere with the use of the Units for their permitted purposes.

(c) Each Unit and the Common Elements shall have easements of subjacent support and necessity, and the same shall be subject to such easements in favor of all of the other Units and the Common Elements.

(d) If (i) any portion of the Common Elements now encroaches upon any Unit or upon any other portion of the Common Elements, (ii) any Unit now encroaches upon any other Unit or upon any portion of the Common Elements,

or (iii) any such encroachment shall hereafter occur as a result of (x) the settling or shifting of the Building, (y) 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 Condominium Board, by Sponsor or Sponsor's designee, or (z) any repair or restoration made to the Building or any portion thereof, to any Unit, or to the Common Elements in accordance with the terms of this Declaration and the By-Laws after damage by fire or other casualty or after any taking by condemnation or eminent domain proceedings, then, in any such event, a valid easement shall exist for such encroachment and for the maintenance of the same for so long as the Building or the affected Unit or Common Elements shall stand.

(e) In addition to the specific easements set forth in this Article 11 and in Article 10 hereof, the Property and every portion thereof shall be subject to all easements and rights of access prescribed in the Condominium Act.

Article 12

Alterations, Additions, Improvements and Changes to Units

(a) Residential Unit

Except to the extent prohibited by Law, Sponsor or its designee shall have the right, without the consent or approval of the Condominium Board, the Unit Owners, the Selling Agent, the Managing Agent, or the Mortgage Representatives, if any, to:

(i) make alterations, additions, or improvements, whether structural or non-structural, interior or exterior, ordinary or extraordinary, in, to and upon the Residential Unit(s);

(ii) change the layout of, or number of rooms in, the Residential Unit(s);

(iii) change the size and/or number of Residential Units by (w) subdividing one or more Residential Units into two or more separate Units, (x) combining two or more separate Residential Units (including, without limitation, those resulting from such subdivision or otherwise) into one or more Units, (y) altering the boundary walls of any Residential Units, or (z) otherwise; and

(iv) if appropriate, reapportion among the Residential Units affected by such change in size or number pursuant to the preceding clause (iii) their respective Common Interest;

provided, however, that, with respect to any such alteration, addition, improvement, or change in, to, of, or upon the Residential Unit;

(1) no physical modification shall be made to any other Unit, and the Common Interest or interior dimensions of anv other Unit shall not be changed by reason thereof, unless the owner of such other affected Unit shall consent thereto;

(2) Sponsor or its designee shall comply with Law;

(3) Sponsor or such designee shall agree to hold the Condominium Board and all other Unit Owners harmless from any liability arising therefrom; and

(4) such alteration, addition, improvement, or change shall not jeopardize the soundness or structural integrity of any part of the Building or the safety of any tenant or other persons at the Property.

(b) Commercial Unit(s)

Except to the extent prohibited by Law, the Commercial Unit Owner shall have the right, without the consent or approval of the Condominium Board, the Unit Owners, the Selling Agent, the Managing Agent, or the Mortgage Representatives, if any, to:

(i) make alterations, additions or improvements, whether structural or non-structural, interior or exterior, ordinary or extraordinary, in, to an upon Commercial Units including plumbing, water, electric, gas and sewer services;

(ii) change the layout of, or number of rooms in, any Commercial Units;

(iii) change the size and/or number of Commercial Units by (w) subdividing one or more Commercial Units into two or more separate Units, (x) combining two or more separate Commercial Units (including, without limitation, those resulting from such subdivision or otherwise) into one or more Units, (y) altering the boundary walls of any Commercial Units, or (z) otherwise; and

(iv) if appropriate, reapportion among the Commercial Units affected by such change in size or number pursuant to the preceding clause (iii) their respective Common Interest;

provided, however, that, with respect to any such alteration, addition, improvement, or change in, to, of, or upon a Commercial Unit;

(1) no physical modification shall be made to any other Unit, and the Common Interest or interior dimensions of any other Unit shall not be changed by reason thereof, unless the owner of such other affected Unit shall consent thereto;

(2) Commercial Unit Owner shall comply with Law;

(3) Commercial Unit Owner shall agree to hold the Condominium Board and all other Unit Owners harmless from any liability arising therefrom; and

(4) such alteration, addition, improvement, or change shall not jeopardize the soundness or structural integrity of any part of the Building or the safety of any tenant or other persons at the Property.

Notwithstanding the foregoing, however, the aggregate amount of the Common Interests of all of the Units shall always remain at 100%, and no reapportionment of the Common Interest appurtenant to any Unit shall be made unless there is first delivered to the Condominium Board a written certification stating that the new Common Interest of the affected Unit has been based upon the factors set forth in Article 8 hereof. The certification referred to in the preceding sentence shall be delivered, at Sponsor's election, by Sponsor, the Selling Agent, the Managing Agent, or any other Person reasonably acceptable to the Condominium Board. The provisions of this Article 12 may not be added to, amended, modified, or deleted without the prior written consent of Sponsor or its designee.

Article 13

Acquisition of Units by the Condominium Board

If (i) any Unit Owner surrenders his or her Unit, together with its Appurtenant Interests, to the Condominium Board pursuant to the terms of the By-Laws or of Section 339-X of the Condominium Act or (ii) the Condominium Board, pursuant to the terms of the By-Laws or otherwise, either (x) acquires or leases a Unit, together with its Appurtenant Interests or (y) purchases a Unit, together with its Appurtenant Interests, at a foreclosure or other similar sale, then, in any such event, title or the leasehold estate, as the case may be, in and to such Unit and such Appurtenant Interests shall be held by the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners, in proportion to their respective Common Interests. Any lease or sublease of any Unit leased or subleased by the Condominium Board or its designee shall be held by the Condominium Board or such designee, corporate or otherwise, on behalf of all Unit Owners, in proportion to their respective Common Interests.

Article 14

Power of Attorney to Sponsor, Commercial Unit Owner and the Condominium Board

(a) Each Unit Owner, by acceptance of a deed or otherwise succeeding to title to a Unit, shall be deemed to have irrevocably nominated, constituted and appointed as such Unit Owner's attorney-in-fact, coupled with an interest

and with power of substitution, (i) Sponsor or Commercial Unit Owner, to amend the Condominium Documents pursuant to the terms of Article 18 hereof and (ii) the Persons who shall from time to time constitute the Condominium Board, jointly, to:

(x) acquire or lease any Unit, together with its Appurtenant Interests, (1) whose owner desires to sell, convey, transfer, assign, lease, or surrender the same or (2) that becomes the subject of a foreclosure or other similar sale, in the name of the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners;

(y) convey, sell, lease, mortgage, or otherwise deal with (but not to vote the Common Interest appurtenant to) any Unit so acquired or to sublease any Unit so leased; and

(z) execute, acknowledge and deliver (1) any declaration or other instrument affecting the Condominium that the Condominium Board deems necessary or appropriate to comply with any Law applicable to the maintenance, demolition, construction, alteration, repair, or restoration of the Condominium or (2) any consent, covenant, restriction, easement, or declaration, or any amendment thereto, affecting the Condominium or the Common Elements that the Condominium Board deems necessary or appropriate.

(b) In confirmation of the foregoing power of attorney, each Unit Owner, upon the request of either Sponsor, Commercial Unit Owner or the Condominium Board, shall duly execute, acknowledge and deliver to the requesting party, for recording in the Register's Office, a Unit Owner's Power of Attorney in the form set forth in Exhibit E to this Declaration.

Article 15

Termination of Condominium

The Condominium shall continue until terminated by (i) casualty loss, condemnation, or eminent domain, as more particularly provided in the By-Laws or (ii) withdrawal of the Property from the provisions of the Condominium Act by a vote of both Unit Owners. No such vote under clause (ii) in the preceding sentence shall be effective without the written consent of the Mortgage Representatives, if any, which consent shall not be unreasonably withheld or delayed. In the event that said withdrawal is authorized as aforesaid, but only in such event, the Property shall be subject to an action for partition by any Unit Owner or lienor as if owned in common, in which event the net proceeds of sale 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 such Unit Owner's share of such

net proceeds, all liens on the Unit Owner's Unit, in the order of priority of such liens.

Article 16

Covenant of Further Assurances

(a) Any Person who is subject to the terms of this Declaration, whether such Person is a Unit Owner, a lessee or a sublessee of a Unit Owner, an occupant of a Unit, a member of the Condominium Board, an officer of the Condominium, or otherwise, shall, at the expense of any such other Person requesting the same, execute, acknowledge and deliver to such other Person such instruments, in addition to those specifically provided for herein, and take such other action, as such other Person may reasonably request to effectuate the provisions of this Declaration or of any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

(b) If any Unit Owner or any other person who is subject to the terms of this Declaration fails or refuses to execute, acknowledge, or deliver any instrument, or fails or refuses, within ten days after request therefor, to take any action that such Unit Owner or Person is required to take pursuant to this Declaration, then the Condominium Board is hereby authorized as attorney-in-fact for such Unit Owner or other Person, which power shall be deemed to be coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of such Unit Owner or other Person, and such document or action shall be binding on such Unit Owner or other Person.

(c) If any Unit Owner or the Condominium Board or any other Person who is subject to the terms of this Declaration fails or refuses to execute, acknowledge, or deliver any instrument, or fails or refuses, within ten days after request therefor, to take any action that the Condominium Board, Unit Owner, or other Person is required to take pursuant to this Declaration at the request of Sponsor, then Sponsor is hereby authorized as attorney-in-fact for the Condominium Board, such Unit Owner, or other Person, which power shall be deemed to be coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of the Condominium Board, such Unit Owner, or other Person, and such document or action shall be binding on the Condominium Board, such Unit Owner, or other Person , as the case may be.

Article 17

Covenants to Run With the Land

(a) All provisions of this Declaration, the By-Laws and the Rules and Regulations, including, without limitation, the provisions of this Article 17, shall, to the extent applicable and unless otherwise expressly herein or therein provided

to the contrary, be perpetual and be construed to be covenants running with the Land and with every part thereof and interest therein, and all of the provisions thereof shall be binding upon, and shall inure to the benefit of, the owner of all or any part thereof, or interest therein, and his or her heirs, executors, administrators, legal representatives, successors and assigns, but the same are not intended to create, nor shall they be construed as creating, any rights in, or for the benefit of, the general public. All present and future owners, tenants and occupants of Units 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. The acceptance of a deed or conveyance, the entering into a lease, or the entering into occupancy of any Unit 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, tenant, or occupant, and all of such provisions 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, conveyance, or lease.

(b) If any provision of this Declaration or of the By-Laws is invalid under, or would cause this Declaration and the By-Laws to be insufficient to submit the Property to, the provisions of the Condominium Act, such provision shall be deemed deleted from this Declaration or the By-laws, as the case may be, for the purpose of submitting the Property to the provisions of the Condominium Act, but shall nevertheless be valid and binding upon, and shall inure to the benefit of, the owners of the Property and their heirs, executors, administrators, legal representatives, successors and assigns, as covenants running with the Land and with every part thereof and interest therein under other applicable Law to the extent permitted under such applicable Law with the same force and effect as if, immediately after the recording of this Declaration and the By-laws, all Unit Owners had signed and recorded an instrument agreeing to each such provision as a covenant running with the Land. If any provision that is necessary to cause this Declaration and the By-Laws to be sufficient to submit the Property to the provisions of the Condominium Act is missing from this Declaration or the By-laws, then such provision shall be deemed included as part of this Declaration or the By-Laws, as the case may be for the purposes of submitting the Property to the provisions of the Condominium Act.

(c) Subject to the terms of paragraph (b) of this Article 17, if this Declaration and the By-Laws are insufficient to submit the Property to the provisions of the Condominium Act, the provisions of this Declaration and the By-Laws shall nevertheless be valid and binding upon, and shall inure to the benefit of, the owners of the Property and their heirs, executors, administrators, legal representatives, successors and assigns, as covenants running with the Land and with every part thereof and interest therein under other applicable law to the extent permitted under such applicable law with the same force and effect as if, immediately after the recording of this Declaration and the By-Laws, all Unit Owners had signed and recorded an instrument agreeing to each such provision as a covenant running with the Land.

Article 18

Amendments to this Declaration

(a) Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions, or deletions affecting Sponsor or its designee of any Unsold Units, any provision of this Declaration may be amended, modified, added to, or deleted by the vote of both Unit Owners taken in accordance with the provisions of the By-Laws. Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions, or deletions affecting Sponsor or its designee or any Unsold Units, no amendment, modification, addition, or deletion pursuant to the preceding sentence shall be effective without the written consent of the Mortgage Representatives, if any, which consent shall not be unreasonably withheld or delayed. No such amendment, modification, addition, or deletion shall be effective until recorded in the Register's Office. Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions, or deletions affecting Sponsor or its designee or any Unsold Units, any such amendment, modification, addition, or deletion shall be executed by the Condominium Board as attorney-in-fact for the Unit Owners, which power shall be deemed to be coupled with an interest, and the Condominium Board is hereby authorized by the Unit Owners so to act as their attorney-in-fact. Subject to the rights of Sponsor or its designee under Articles 9, 10, 11, 12, 14 and 15 of this Delcaration, Articles 9, 10, 11, 12, 14 and 15 of this Declaration may not be amended, modified, added to, or deleted unless (in addition to the consent, if required, of the Mortgage Representatives, if any, as set forth above) eighty percent, both in number and in aggregate Common Interests, of all Unit owners affected thereby approve such amendment, modification, addition, or deletion in the manner set forth above.

(b) Sponsor or its designee or a Commercial Unit Owner shall have the right, at its sole cost and expense and without the vote or consent of any other Unit Owners, the Condominium Board, or the Mortgage Representatives (if any), to execute, acknowledge and record (or, at Sponsor's or a Commercial Unit Owner's or such designees' sole option, to require the Condominium Board or any other Unit Owners to execute, acknowledge and record) in the Register's Office and elsewhere, if required by law, one or more amendments to this Declaration (including, without limitation, to Exhibit B hereto), together with such documents, plans and maps as Sponsor or Commercial Unit Owner or such designee deems appropriate to effectuate the same:

(i) to reflect any changes in Unsold Units or Commercial Units and/or the reapportionment of the Common Interest of the affected Unsold Units or Commercial Units resulting therefrom made by Sponsor or such designee or a Commercial Unit Owner and in accordance with the terms of Article 12 hereof; or

(ii) required by (x) an Institutional Lender designated by Sponsor to make a loan secured by a mortgage on any Unit, (y) any governmental agency having regulatory jurisdiction over the

Condominium, or (z) any title insurance company selected by Sponsor to insure title to any Unit;

provided, however, that any amendment made pursuant to the terms of subparagraph (i) or (ii) of this paragraph shall not (1) change the Common Interest of any Unit other than a Unit owned by Sponsor or a Commercial Unit Owner, (2) require a material, physical modification of any Unit other than a Unit owned by Sponsor or a Commercial Unit, or (3) adversely affect the priority or validity of the lien of any purchase money mortgage or any mortgage held by an Institutional Lender unless the owner of such affected Unit (in the event described in subparagraph (1) or (2) of this paragraph) or the holder of such mortgage (in the event described in subparagraph (3) of this paragraph) shall consent thereto by joining in the execution of such amendment.

(c) Any amendment to this Declaration may be executed: (i) if on behalf of Sponsor pursuant to the terms of paragraph (b) hereof, by any principal of Sponsor or (ii) if on behalf of a Commercial Unit Owner pursuant to the terms of paragraph (b) hereof, by such Unit Owner or (iii) if on behalf of the Unit Owners or by the Condominium Board, by the President or Vice President and the Secretary or an Assistant Secretary of the Condominium. If the amendment requires the approval of a specified percentage of Unit Owners pursuant to the terms of this Declaration or the By-Laws, then there shall be attached to such amendment an original executed Secretary's Certification, certifying that the requisite number and percentage of Unit Owners approved the amendment at a duly constituted meeting or (when permitted in this Declaration or the By-Laws) in writing without a meeting, in which Certification shall be described the number and percentage of Unit Owners so consenting and (if voted upon at a meeting) the date and time of the meeting.

(d) Notwithstanding anything contained in the Condominium Documents to the contrary, but subject to any limitation imposed by the Condominium Act, no amendment to the Condominium Documents shall be adopted for so long as Sponsor or its designee owns any Unit if the same would (i) unreasonably interfere with the sale, lease, or other disposition of a Unit owned by Sponsor or such designee; (ii) abridge, modify, suspend, eliminate, or otherwise affect any right, power, easement, privilege, or benefit reserved to Sponsor or such designee; or (iii) impose any charge or fee against Sponsor or such designee in addition to assessments for common charges.

(e) The provisions of this Article 18 may not be modified, amended, added to, or deleted, in whole or in part, without the consent of Sponsor or its designee.

Article 19

Consents of Sponsor

Wherever the consent, approval, satisfaction, or permission of Sponsor or its designee is required under this Declaration or the By-Laws, such

consent, approval, satisfaction, or permission shall not be required when Sponsor or such designee no longer owns any Units.

Article 20

Person to Receive Service

ABG International Properties, Inc., 39 Broadway, New York, New York 10006 or any Successor Managing Agent is hereby designated to receive service of process in any action that may be brought against the Condominium.

Article 21

Incorporation by Reference

The terms, covenants, conditions, descriptions and other information contained in (i) the Property description annexed hereto as Exhibit A; (ii) the description of the Units annexed hereto as Exhibit B; (iii) the table of definitions annexed hereto as Exhibit C; (iv) the By-Laws annexed hereto as Exhibit D; (v) the Unit Owner's Power of Attorney annexed hereto as Exhibit E; and (vi) the Floor Plans are, by this reference, each incorporated herein and made a part of this Declaration as if the same were set forth at length in the text hereof.

Article 22

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, regardless of the number of violations or breaches that may occur.

Article 23

Severability

Subject to the provisions of paragraphs (b) and (c) of Article 17 hereof, if any provision of the Condominium Documents is invalid or unenforceable as against any Person or under certain circumstances, the remainder of the Condominium Documents and the applicability of such provision to other Persons or circumstances shall not be affected thereby. Each provision of the Condominium Documents shall, except as otherwise provided herein, be valid and enforced to the fullest extent permitted by Law. Any conflict between any provision of the Condominium Documents and the Condominium Act, or any questions regarding the interpretation of any of the Condominium Documents, shall be governed by the Condominium Act.

Article 24

Successors and Assigns

The rights and/or obligations of Sponsor as set forth herein shall inure to the benefit of, and shall be binding upon, any successor or assignee of Sponsor or, with consent of Sponsor, any transferee of all of the then Unsold Units. Subject to the foregoing, Sponsor shall have the right, at any time, in its sole discretion, to assign or otherwise transfer its interest herein, whether by merger, consolidation, lease, assignment, or otherwise.

Article 25

Gender

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

Article 26

Captions

The index hereof and the captions herein inserted are included only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of this Declaration or the intent of any provision hereof.

IN WITNESS WHEREOF, Sponsor has caused this Declaration to be executed as of the _____ day of _____, 19____.

HNP REALTY, INC.

By:_____
Felix Blitz, Vice President

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On this _____ day of _____, 19____, before me personally came Felix Blitz, to me known, who, being by me duly sworn, did depose and say that he resides at ; that he is the Vice President of HNP REALTY, INC., the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

_____
Notary Public

PART II

EXHIBIT A TO THE DECLARATION OF THE CURTIS RESIDENCE CONDOMINIUM

DESCRIPTION OF THE LAND

ALL that certain plot, piece or parcel of land situate, lying and being in the Second Ward, Borough and County of Queens, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southwesterly side of Queens Boulevard with the northwesterly side of 82nd Avenue,

running thence southwesterly along the northwesterly side of 82nd Avenue, 189.09 feet;

thence northwesterly at right angles to 82nd Avenue 138.96 feet;

thence northeasterly parallel to 82nd Avenue 95.89 feet to the southwesterly side of Queens Boulevard;

thence southeasterly along the southwesterly side of Queens Boulevard 167.32 feet to the corner at the point or place of **BEGINNING.**

SAID PREMISES being known as and by the street number 123-25 82nd Avenue a/k/a 120-86 Queens Boulevard, Kew Gardens, New York.

EXHIBIT B TO THE DECLARATION OF THE CURTIS RESIDENCE CONDOMINIUM

DESCRIPTION OF THE UNITS

Unit Number	Tax Lot	Location (in portion of Building Facing in the Direction Set Forth Below)	Area in Sq. Ft.	Approx. Number of Rooms	Common Elements To Which Unit Has Immediate Access	Percentage of Common Interest
Commercial-1	1001	Northeast/ facing Queens Boulevard	1683.12		None	3.00875
Commercial-2	1002	Northeast/ facing Queens Boulevard	633.84		None	.95875
Commercial-3	1003	Northeast/ facing Queens Boulevard	1173.93		None	2.00625
Commercial-4	1004	Northeast/ facing Queens Boulevard	715.20		None	1.16625
Commercial-5	1005	Northeast/ facing Queens Boulevard	1059.64		None	1.60750
Commercial-6	1006	Northeast/ facing Queens Boulevard	311.91		None	.47500
Commercial-7	1007	Northeast/ facing Queens Boulevard	681.73		None	.99125
Commercial-8	1008	Northeast/ facing Queens Boulevard	474.30		None	.77875

EXHIBIT B TO THE DECLARATION OF THE CURTIS RESIDENCE CONDOMINIUM

DESCRIPTION OF THE UNITS

Unit Number	Tax Lot	Location (in portion of Building Facing in the Direction Set Forth Below)	Area in Sq. Ft.	Approx. Number of Rooms	Common Elements To Which Unit Has Immediate Access	Percentage of Common Interest
Commercial-9	1009	Southeast/ facing 82nd Avenue	946.00		none	1.50750
Residential Unit	1010	facing Queens Boulevard, 82nd Avenue, alley and courtyard	12710.63	350.00	all	87.50000

EXHIBIT C TO THE DECLARATION OF

THE CURTIS RESIDENCE CONDOMINIUM

DEFINITIONS

(1) **"Applicable Rent Laws"** shall mean (i) the Rent, Eviction and Rehabilitation Regulations of the New York City Department of Housing Preservation and Development, (ii) the Rent Stabilization Law of 1969, (iii) the Code adopted pursuant thereto, (iv) the Emergency Tenant Protection Act of 1974, and (v) General Business Law, Section 352-eeee to the extent that any or all of the same shall apply to the Property.

(2) **"Appurtenant Interest"** shall mean, with respect to any Unit, the undivided interest of the owner thereof, pursuant to the terms of Section 339-x of the Condominium Act, in and to: (i) the Common Elements; (ii) any other Units owned or leased at the time in question by the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners; (iii) any proceeds of the sale or lease of Units of the nature described in subdivision (ii) above; and (iv) any other assets of the Condominium.

(3) **"Building"** shall mean the building situated on the Land and known as THE CURTIS RESIDENCE CONDOMINIUM.

(4) **"By-Laws"** shall mean the By-Laws of the Condominium, which are annexed as Exhibit D to the Declaration, as the same may be amended from time to time pursuant to the terms thereof.

(5) **"Common Elements"** shall mean those certain portions of the Land and the Building (other than the Units), as well as those Facilities therein, either existing for the common use of the Units or the Unit Owners or necessary for, or convenient to, the existence, maintenance, or safety of the Property, as more particularly described in Article 7 of the Declaration.

(6) **"Common Charges"** shall mean the charges allocated and assessed by the Condominium Board to the Unit Owners, pro-rata in accordance with their respective Common Interests (except as otherwise provided in the Declaration or in the By-Laws), to meet the Common Expenses.

(7) **"Common Expenses"** shall mean all costs and expenses to be incurred generally by the Unit Owners pursuant to the 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; (ii) the establishment and/or maintenance of a general operating reserve or a reserve fund for working capital, for replacements with respect to the Common Elements, or to make up any deficit in the Common Charges for any prior year(s): (iii) the purchase, lease, or sublease by the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners, of any Unit

whose owner has elected to sell, lease, transfer, or convey the same or that is to be sold at a foreclosure or other sale; and (iv) generally, the conduct of the affairs of the Condominium.

(8) "**Common Interest**" shall mean the undivided percentage interest of each Unit in the Common Elements.

(9) "**Condominium**" shall mean THE CURTIS RESIDENCE CONDOMINIUM which was established pursuant to the terms of the Declaration and is to be governed pursuant to the terms of the By-Laws.

(10) "**Condominium Act**" shall mean Article 9-B of the Real Property Law of the State of New York, as the same may be amended from time to time.

(11) "**Condominium Board**" shall mean the governing body of the Condominium, whose members shall be selected pursuant to the terms of Articles 2 and 4 of the By-Laws.

(12) "**Condominium Documents**" shall mean the Declaration, the By-Laws and the Rules and Regulations.

(13) "**Declaration**" shall mean the declaration executed by Sponsor for the purposes of submitting the Property to the provisions of the Condominium Act and establishing a regime for the condominium ownership thereof.

(14) "**Facilities**" shall mean all personal property and fixtures now or hereafter existing in, on, or under the Land or the Building and either existing for the common use of the Units or the Unit Owners or necessary or convenient for the existence, maintenance, or safety of the Property. For purposes of illustrating the broad scope of such term and without intention to limit the generality of the foregoing in any respect, the term "Facilities" shall include all systems, equipment, apparatus, convectors, radiators, heaters, converters, heat exchangers, mechanisms, devices, machinery, induction units, fan coil units, motors, pumps, controls, tanks, tank assemblies, installations, condensers, compressors, fans, dampers, blowers, thermostats, thermometers, coils, vents, sensors, shut off valves, other electric distribution facilities, wiring, wireways, switches, switchboards, circuit breakers, transformers, fittings, siamese connections, hoses, plumbing fixtures, lighting fixtures, other fixtures, bulbs, signs, antennae, telephones, meters, meter assemblies, scaffolding, piping, lines, ducts, conduits, cables, risers, mains, shafts, pits, flues, locks, hardware, racks, screens, strainers, traps, drains, catch basins, leaders, filters, incinerators, canopies, closets, cabinets, doors, railings, copings, steps, furniture, mirrors, furnishings, appurtenances, urns, baskets, mail chutes, mail boxes, carpeting, tiles, floor coverings, draperies, shades, window coverings, wallpaper, wall coverings, trees, shrubbery, flowers, plants, horticultural tubs and horticultural boxes.

(15) "**Family Members**" shall mean the spouse, children (natural and adopted), stepchildren, grandchildren, siblings, parents, parents-in-law and grandparents of a Unit Owner who reside in such Unit Owner's Unit.

(16) "**First Closing**" shall mean the first date upon which title to a Unit is conveyed to a purchaser pursuant to the terms of the Plan.

(17) "**Floor Plans**" shall mean the floor plans of the Units certified by Serge Klein, Architect A.I.A., and filed in the Register's Office simultaneously with the recording of the Declaration, together with any supplemental floor plans thereto.

(18) "**Initial Control Period**" shall mean the period ending on the earlier of: (i) the closing of title with purchasers under the Plan to Units having more than fifty percent of the aggregate Common Interests appertaining to all Units or (ii) five years after the First Closing.

(19) "**Institutional Lender**" shall mean (i) a savings bank, savings and loan association, bank or trust company, insurance company, real estate investment trust, or mortgage trust or (ii) a federal, state, municipal, teacher's or union employee, welfare, pension or retirement fund or system.

(20) "**Institutional Mortgage**" shall mean any first mortgage covering one or more Units that is a Permitted Mortgage and the initial holder of which is either Sponsor or its designee or an Institutional Lender.

(21) "**Insurance Trustee**" shall mean a bank or a trust company, in either event having both an office in the City of New York and a capital surplus and undivided profits of $500,000,000.00 or more, from time to time appointed to serve as such by the Condominium Board.

(22) "**Land**" shall mean all that certain tract, plot, piece and parcel of land situate, lying and being in the County of Queens, City and State of New York, as more particularly described in Exhibit A to the Declaration.

(23) "**Law**" shall mean the laws and ordinances of any or all of the federal, New York State, New York City, and Queens County 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 and/or the Condominium, and/or the direction of any public officer pursuant to law.

(24) "**Managing Agent**" shall mean a Person employed by the Condominium Board pursuant to paragraph (C) Section 2.6 of the By-Laws, who shall undertake to perform the duties and services that the Condominium Board shall direct and who shall have whatever powers the Condominium Board shall delegate, subject to the limitations contained in paragraph (D) of Section 2.6 of the By-Laws.

(25) "**Majority of Unit Owners**" shall mean those Units Owners having more than 50% of the total authorized votes of all Unit Owners (determined in accordance with the terms of Section 4.8 of the By-Laws) who are present, in person or by proxy, and voting at any duly constituted meeting of the Unit Owners at which a quorum is present.

(26) "**Mortgage Representatives**" shall mean the representatives of the holders of all mortgages encumbering Units, designated by the holders of Institutional Mortgages in accordance with the terms of paragraph (B) of Section 8.6 of the By-Laws.

(27) "**Permitted First Mortgage**" shall mean a Permitted Mortgage that is a first mortgage lien against a Unit.

(28) "**Permitted First Mortgagee**" shall mean any holder of a Permitted First Mortgage.

(29) "**Permitted Mortgage**" shall mean any mortgage covering one or more Units that is placed thereon in compliance with the terms contained in Article 8 of the By-Laws.

(30) "**Permitted Mortgagee**" shall mean any holder of a Permitted Mortgage at the time in question.

(31) "**Person**" shall mean any natural person, partnership, corporation, trust, estate, fiduciary, unincorporated association, syndicate, joint venture, organization, government or any department or agency thereof, or any other entity.

(32) "**Plan**" shall mean that certain offering plan to convert the Property to condominium ownership filed with the Department of Law of the State of New York pursuant to Section 352-eeee of the General Business Law of the State of New York.

(33) "**Property**" shall mean the Land, the Building, all other improvements erected or to be 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.

(34) "**Register's Office**" shall mean the Queens County office of the Register of the City of New York.

(35) "**Rules and Regulations**" shall mean the rules and regulations of the Condominium, which are annexed as an addendum to the By-Laws, as any of the same may be amended, modified, added to, or deleted from time to time pursuant to the terms of the By-Laws, provided that they are not in conflict with the terms of the Condominium Act, the Declaration, or the By-Laws.

(36) "**Selling Agent**" shall mean any Person employed by Sponsor or its designee in connection with the sale, renting, management, operation and/or promotion of the Unsold Units.

(37) "**Special Assessments**" shall mean the charges allocated and assessed by the Condominium Board to the Unit Owners, pro-rata in accordance with their respective Common Interests (except as otherwise provided in the Declaration or in the By-Laws), in accordance with paragraph (C) of Section 6.1 of the By-Laws.

(38) "**Sponsor**" shall mean HNP REALTY, INC., c/o ABG International Properties Inc., 39 Broadway, New York, New York 10006.

(39) "**Unit**" shall mean either the Residential "Unit" or the Commercial "Units", as such term is defined in the Condominium Act, located on the first through sixth floors of the Building, which units are more particularly described in Article 6 of, and Exhibit B to, the Declaration and in the Floor Plans.

(40) "**Unit Owner**" shall mean any Person who holds fee title, of record, to one or more Units at the time in question.

(41) "**Unsold Units**" shall mean any Unit owned by Sponsor or its designee at the time in question.

(42) "**Residential Unit**" shall mean the Residential "Unit", as such term is defined in the Condominium Act, located on the first through sixth floors of the Building, which units are more particularly described in Article 6 of, and Exhibit B to, the Declaration and in the Floor Plans.

(43) "**Commercial Unit**" shall mean a Commercial "Unit", as such term is defined in the Condominium Act, located on the first floor and cellar of the Building, which unit is more particularly described in Article 6 of, and Exhibit B to, the Declaration and in the Floor Plans.

EXHIBIT D TO THE DECLARATION OF

THE CURTIS RESIDENCE CONDOMINIUM

BY-LAWS

BY-LAWS

OF

THE CURTIS RESIDENCE CONDOMINIUM

Borough and County of Queens, City and State of New York

_____, 19____

STARK, ELMAN, AMRON, BARASH & NAROTSKY
1133 Avenue of the Americas
New York, New York 10036

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BY-LAWS

OF

THE CURTIS RESIDENCE CONDOMINIUM

ARTICLE 1

GENERAL

Section 1.1 **Purpose.** The purpose of these By-Laws is to set forth the rules and procedures concerning the conduct of the affairs of the Condominium. The Condominium covers the Property, which consists of: (i) the Land, which lies in Section 17, Block 3358, Lot 28 on the Tax Map of the Borough and County of Queens, City and State of New York; (ii) the Building, which includes, without limitation, the Units, the Common Elements and all easements, rights and appurtenances belonging thereto; and (iii) all other property, real, personal, or mixed, intended for use in connection therewith. The Property has been submitted to the provisions of the Condominium Act by the recording of the Declaration in the Register's Office, of which Declaration these By-Laws form a part.

Section 1.2 **Definitions.** All capitalized terms used in these By-Laws that are not otherwise defined in any of the Articles hereof shall have the meanings set forth in Exhibit C to the Declaration, unless the context in which the same are used shall otherwise require. All capitalized terms used in these By-Laws that are defined in any of the Articles hereof shall have the meanings ascribed to them in such Articles, unless the context in which the same are used shall otherwise require. Each of the aforedescribed capitalized terms shall be applicable to singular and to plural nouns, as well as to verbs of any tense.

Section 1.3 **Applicability of By-Laws.** These By-Laws are applicable to the Property and to the use and occupancy thereof.

Section 1.4 **Application of By-Laws.** All present and future Unit Owners, mortgagees, lessees, sublessees and occupants of Units, and employees and guests of Unit Owners, as well as all other Persons who may use the Property, are and shall be subject to the Declaration, these By-Laws and the Rules and Regulations, as each of the same may be amended from time to time. The acceptance of a deed or other instrument of conveyance, or the succeeding to title to, or the execution of a lease or sublease for, or the act of occupancy of, a Unit shall constitute an agreement that the provisions of the Declaration, these By-Laws and the Rules and Regulations, as each of the same may be amended from time to time, are accepted, ratified and will be complied with.

Section 1.5 **Principal Office of the Condominium.** The principal office of the Condominium shall be located either at the Property or at such other place in the Borough of Queens reasonably convenient thereto as may be designated from time to time by the Condominium Board.

ARTICLE 2

BOARD OF MANAGERS

Section 2.1 **General.** As more particularly set forth in Sections 2.4, 2.5 and 2.6 hereof, the affairs of the Condominium shall be governed by the Condominium Board. In exercising its powers and performing its duties under the Declaration and these By-Laws, the Condominium Board shall act as, and shall be, the agent of the Unit Owners, subject to, and in accordance with, the terms of the Declaration and these By-Laws.

Section 2.2 **Status of the Condominium Board.** Unless and until the Condominium Board shall incorporate in accordance with the terms of Section 2.4 hereof, the Condominium Board shall have, to the extent permitted by law, the status conferred upon unincorporated associations under, or pursuant to, the terms of the General Association Law of the State of New York. If the Condominium Board shall incorporate in accordance with the terms of Section 2.4 hereof, the Condominium Board shall have, to the extent permitted by Law, the status conferred upon it under, or pursuant to, the terms of the applicable statutes of the State of New York. In either event, however, the Condominium Board shall also have the status conferred upon it under, or pursuant to, the terms of the Condominium Act.

Section 2.3 **Principal Office of the Condominium Board.** The principal office of the Condominium Board shall be located either at the Property or at such other place in the Borough of Queens reasonably convenient thereto as may be designated from time to time by the Condominium Board.

Section 2.4 **Powers and Duties of The Condominium Board.** (A) The Condominium Board shall have all of the powers and duties necessary for, or incidental to, the administration of the affairs of the Condominium, provided, however, that the Condominium Board shall not have such powers and duties that by Law, or pursuant to the terms of the Declaration and these By-Laws, may not be delegated to the Condominium Board by the Unit Owners. Without intention to limit the generality of the foregoing in any respect, the Condominium Board shall have the following specific powers and duties:

(i) to operate, maintain, repair, restore, add to, improve, alter and replace the Common Elements, including, without limitation, as the Condominium Board shall deem necessary or proper in connection therewith: (a) the purchase and leasing of supplies, equipment and material and (b) the employment, compensation and dismissal of personnel;

(ii) to acquire, in the name of the Condominium Board or its designee, corporate or otherwise, and on behalf of the Unit Owners, all rights, titles and interests in real and personal property deemed necessary or proper by the Condominium Board for use in connection with the ownership and operation of the Property as a residential condominium;

(iii) to maintain complete and accurate books and records with respect to the finances and the operation of the Condominium, including, without limitation: (a) detailed accounts, in chronological order, of receipts and expenditures affecting the Property; (b) detailed books of account of the Condominium Board; (c) other financial records, as well as other books of account of the Condominium, as may be required to be kept pursuant to the terms of these By-Laws; and (d) minutes and other records of all meetings held pursuant to the terms of these By-Laws;

(iv) to prepare and adopt a budget for the Condominium for each fiscal year thereof, setting forth, without limitation: (a) a detailed accounting of the anticipated Common Expenses for the ensuing fiscal year and (b) a detailed projection of all sources and amounts of income necessary to discharge the same;

(v) to determine the amount and establish the means and methods of payment of, and to collect, the Common Charges and Special Assessments from the Unit Owners;

(vi) to borrow money on behalf of the Condominium when required in connection with the operation, maintenance, repair, restoration, improvement, alteration and replacement of the Common Elements, provided, however, that: (a) the affirmative consent of at least two-thirds of the members of the Condominium Board shall be required for the borrowing of any sum in excess of $25,000.00 in any one fiscal year (regardless of the balance of any loans outstanding from previous fiscal years); (b) the affirmative consent of both Unit Owners shall be required for the borrowing of any sum in excess of $50,000.00 in any one fiscal year (regardless of the balance of any loans outstanding from previous fiscal years); (c) no lien to secure repayment of any sum borrowed may be created on any Unit or its Appurtenant Interests without the consent of the owner of such Unit; and (d) the documentation executed in connection with any such borrowing shall provide that, if any sum borrowed by the Condominium Board pursuant to this subparagraph (vi) shall not be repaid by the Condominium Board, any Unit Owner who pays to the creditor thereunder such proportion of the then outstanding indebtedness represented or secured thereby as such Unit Owner's Common Interest bears to the aggregate Common Interest of all Unit Owners shall be entitled to obtain from the creditor a release

of any judgment or other lien that the said creditor shall have filed, or shall have the right to file, against such Unit Owner's Unit;

(vii) to open and maintain bank accounts on behalf of the Condominium and to designate the signatories required therefor;

(viii) to use the Common Charges and Special Assessments collected from Unit Owners, as well as all other funds held by the Condominium Board or received in connection with the operatioe of the Property, for the administration of the Condominium, including, without limitation: (a) the payment of Common Expenses and (b) the making of restorations, additions, alterations and improvements to the Common Elements;

(ix) to obtain insurance for the Property, including the Units, pursuant to the terms of Section 5.4 hereof;

(x) to adjust and settle claims under insurance policies obtained pursuant to the terms of Section 5.4 hereof, and to execute and deliver releases upon such adjustment and settlement on behalf of: (a) all Unit Owners; (b) all holders of mortgages and other liens on Units; and (c) all holders of any other interest in the Property;

(xi) to make, or to contract with others for the making of, repairs, maintenance, additions and improvements to, and alterations, restorations and replacements of, the Property after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings, all in accordance with the terms of these By-Laws;

(xii) to obtain and keep in force fidelity bonds, in amounts deemed appropriate by the Condominium Board, but in no event less than $100,000.00, for: (a) all members of the Condominium Board; (b) all officers and employees of the Condominium; and (c) the Managing Agent, and the premiums on all such fidelity bonds shall constitute a part of the Common Expenses;

(xiii) to accept the surrender of any Unit pursuant to the terms of paragraph (C) of Section 6.2 hereof, in the name of the Condominium Board or its designee, corporate or otherwise, and on behalf of all Unit Owners;

(xiv) to purchase, lease, or otherwise acquire Units offered for sale or lease by their owners, in the name of the Condominium Board or its designee, corporate or otherwise, and on behalf of all Unit Owners;

(xv) to purchase Units at foreclosure or other judicial sales, in the name of the Condominium Board or its designee, corporate or otherwise, and on behalf of all Unit Owners;

(xvi) to sell, lease, mortgage and otherwise deal with Units acquired by, and to sublease Units leased by, the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners, provided, however, that the Condominium Board or its designees shall in no event be entitled to vote the votes appurtenant to any such Unit;

(xvii) to adopt and amend the Rules and Regulations and to levy and collect fines against Unit Owners for violations of the same;

(xviii) to enforce by legal means the terms, covenants and conditions contained in the Condominium Documents and to bring or defend against any proceedings that may be instituted on behalf of, or against, the Unit Owners;

(xix) to incorporate, to the extent and in the manner provided in the Condominium Act, provided, however, that: (a) the certificate of incorporation and by-laws of any such resulting corporation shall conform as closely as practicable to the terms of the Declaration and these By-Laws and (b) the terms of the Declaration and these By-Laws shall prevail in the event of any inconsistency or conflict between the terms thereof and the terms of such certificate of incorporation and by-laws;

(xx) to organize corporations to act as the designees of the Condominium Board in acquiring title to, or leasing of, Units and in acquiring rights, titles and interests in real and personal property for use in connection with the ownership and operation of the Property as a residential condominium;

(xxi) to execute, acknowledge and deliver: (a) any declaration or other instrument affecting the Property that the Condominium Board deems necessary or appropriate to comply with any Law applicable to the maintenance, demolition, construction, alteration, repair, or restoration of the Building, (b) any consent, covenant, restriction, easement, or declaration affecting the Property that the Condominium Board deems necessary or appropriate and (c) notification to non-purchasing tenants of changes in ownership of their Units;

(xxii) to prepare, execute, ackowledge and record on behalf of all Unit Owners, as their attorney in fact, coupled with an interest, a restatement of the Declaration or these By-Laws, whenever, in the Condominium Board's estimation, it is advisable to consolidate and restate all amendments, modifications, additions and deletions theretofore made to the same; and

(xxiii) to carry out any other duties imposed upon the Condominium Board pursuant to the Declaration and these By-Laws.

(B) The Condominium Board shall be responsible for carrying out the duties imposed upon it under the Condominium Documents regardless of whether a Unit is vacant or occupied by the owner thereof or by a permitted lessee or other permitted occupant.

Section 2.5 **Certain Limitations on the Powers of The Condominium Board.** (A) Notwithstanding anything to the contrary contained in these By-Laws, so long as Sponsor or its designee or both shall continue to own a Unit, the Condominium Board may not do any of the following without Sponsor's or such designee's prior written consent:

(i) make any addition, alteration, or improvement to the Common Elements or to any Unit, unless the same shall be required by law or is necessary for the health or safety of the residents of the Building;

(ii) assess any Common Charges or Special Assessments for the creation or replacement of, or the addition to, all or any part of a reserve, contingency, or surplus fund in excess of 5% in the aggregate of the estimated Common Expenses for any year of operation;

(iii) increase the number or change the type of employees from that described in the "FOOTNOTES TO BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION" set forth in the Plan;

(iv) enter into any service or maintenance contracts for work not covered in the schedule referred to in subparagraph (iii) hereinabove; or

(v) borrow money on behalf of the Condominium;

Notwithstanding the foregoing, the Board of Managers may take any of the actions enumerated in clauses (i) through (v) above if the cost of such actions when added to all other budgeted expenses of the Condominium shall not result in increasing the common charges for any year of operation by more than five (5%) percent above the previous year's common charges.

(B) Notwithstanding anything to the contrary contained in these By-Laws, the Condominium Board shall not take any of the following actions unless 75% of all members thereof shall approve the same in writing or by vote at a duly constituted meeting called for such purpose:

(i) increase the number, or change the type, of employees from those hired at the time of recording the Declaration;

(ii) provide for new or additional services from those being provided at the time of recording the Declaration;

(iii) impose any Common Charge or Special Assessment for the purpose of making any capital or major improvement, alteration or addition to the Common Elements or to any Unit, unless required by Law or is necessary for the health or safety of residents of the

Building (nothing contained herein shall restrict the right and obligation of the Condominium Board to maintain and repair the Common Elements); or

(iv) establish any reserves, including, without limitation, a reserve for contingencies, repairs, improvements, or replacements, other than a twelve-month reserve for contingencies not exceeding five percent of the budgeted operating expenses for the ensuing twelve months of operation (nothing contained herein shall restrict the right of the Condominium Board to assess Unit Owners from time to time for any budget deficiency).

(C) Notwithstanding anything to the contrary contained in these By-Laws, in the event a transfer fee ("flip tax") of any kind is imposed upon Unit Owners in connecton with the sale or leasing of a Unit, the payment of such flip tax shall not be applicable to a sale or leasing by the Sponsor, the holders of Unsold Units, designees of Sponsor, or by a person who purchased the Unit subject to occupancy and neither the person nor any member of his immediate family ever occupied the Unit.

Section 2.6 **Exercise and Delegation of Powers and Duties.** (A) Any act within the power of the Condominium Board to perform, and deemed necessary or desirable to be performed by the Condominium Board, shall be performed by the Condominium Board or shall be performed on its behalf and at its direction by the agents, employees, or designees of the Condominium Board.

(B) The Condominium Board may appoint an Executive Committee by duly adopted resolution, which Executive Committee shall have, and may exercise, all of the powers of the Condominium Board, subject to both the exceptions and limitations contained in paragraph (D) of this Section 2.6 and such additional exceptions and limitations as the Condominium Board may from time to time deem appropriate, during the intervals between the meetings of the Condominium Board. In addition, the Condominium Board may from time to time appoint, by duly adopted resolutions, such other committees as the Condominium Board may deem appropriate to perform such duties and services as the Condominium Board shall direct, each of which committees shall have, and may exercise, all of the powers delegated to it in its enabling resolution, subject, however, to the exceptions and limitations contained in paragraph (D) of this Section 2.6. The Executive Committee and each other committee shall consist of three or more members of the Condominium Board, at least one of whom shall be a member designated by Sponsor for so long as Sponsor shall have the right to designate or elect one or more members of the Condominium Board.

(C) The Condominium Board may employ a Managing Agent to serve at a compensation to be established by the Condominium Board and to perform such duties and services as the Condominium Board shall direct. Subject to the exceptions and limitations contained in paragraph (D) of this Section 2.6, the Condominium Board may delegate to the Managing Agent any of the powers granted to the Condominium Board in these By-Laws.

(D) Notwithstanding anything to the contrary contained in this Section 2.6, the Executive Committee and the Managing Agent shall neither have nor be entitled to exercise, and the Condominium Board shall not delegate to either of them or to any other committee, the powers or duties described io subparagraphs (ii), (iv), (v), (vi), (vii), (x), (xiii), (xiv), (xv), (xvi), (xvii), (xix), (xx) and (xxi) of paragraph (A) of Section 2.4 hereof. In addition, neither the Managing Agent nor any of the committees described in Subsection (B) of this Section 2.6 shall have, or be entitled to exercise, any of the powers of the Condominium Board, except to the extent permitted by Law.

Section 2.7. **Number, Election and Qualification of Members.** Until the first annual meeting of the Unit Owners held pursuant to the terms of Section 4.1 hereof, the Condominium Board shall consist of three individuals to be designated from time to time by Sponsor. From and after the first annual meeting of the Unit Owners, the Condominium Board shall consist of nine individuals to be elected seven by the Residential Unit Owner and two by the Commercial Unit Owner pursuant to the terms of Section 4.9 hereof. The voting rights of the Residential Unit Owner shall be exercised by the Board of Directors of the Apartment Corporation. Except for members designated or elected by Sponsor or its designee pursuant to the terms of this Section 2.7 or of Section 2.10 or 4.9 hereof, all members of the Condominium Board shall be either: (i) individual Unit Owners; (ii) individual Permitted Mortgagees; (iii) officers, directors, shareholders, partners, principals, employees, or beneficiaries of corporations, partnerships, fiduciaries, or any other entities that are Unit Owners or Permitted Mortgagees; or (iv) adult Family Members of any of the foregoing. However, no Unit Owner may be elected to serve on the Condominium Board if the Condominium Board has perfected a lien against such Unit Owner's Unit and the amount necessary to release such lien has not been paid at the time of such election.

Section 2.8. **Term of Office of Members.** The term of office of the three members of the Condominium Board designated by Sponsor prior to the first annual meeting of the Unit Owners shall expire when the nine individuals to be elected at such meeting are so elected and qualified. The term of office of each of the nine individuals elected and qualified at the first annual meeting of the Unit Owners shall be fixed at such meeting as follows: (i) as to three of such members, at a term of office of three years; (ii) as to three of such members, at a term of office of two years; and (iii) as to three of such members, at a term of office of one year. With respect to the foregoing, those members receiving the highest number of votes shall serve for the longest terms of office, but any members elected by Sponsor or its designee pursuant to the terms of Section 4.9 hereof shall serve for the shortest terms of office. At each annual meeting of the Unit Owners subsequent to the first such meeting, three members of the Condominium Board shall be elected pursuant to the terms of Section 4.9 hereof to serve a term of office fixed at three years. Notwithstanding anything to the contrary contained in this Section 2.8, however, each member of the Condominium Board shall serve until his or her successor shall be elected and qualified. There shall be no limit on the number of terms of office, successive or otherwise, that a member of the Condominium Board may serve.

Section 2.9 **Removal and Resignation of Members.** (A) Any member of the Condominium Board who was elected thereto either by the Unit Owners, pursuant to the terms of Section 4.9 hereof, or by the Condominium Board, pursuant to the terms of Section 2.10 hereof, or who was designated as such or elected by Sponsor or its designee, pursuant to the terms of Section 2.7, 2.10 or 4.9 hereof, may be removed from office, with or without cause, by a vote of both of Unit Owners. Any member of the Condominium Board whose proposed removal is to be acted upon at a meeting of the Unit Owners shall be given prior written notice thereof and an opportunity to be present and heard thereat.

(B) Any member of the Condominium Board may resign his or her membership at any time by giving written notice thereof to the Condominium Board and, with respect to members of the Condominium Board designated as such or elected by Sponsor or its designee, to Sponsor or such designee. In addition, any member of the Condominium Board who shall cease to be qualified for membership pursuant to the terms of Section 2.7 hereof shall be deemed to have resigned his or her membership effective as of the date upon which such qualification shall cease.

Section 2.10 **Vacancies.** (A) Any vacancy on the Condominium Board that is caused by the removal, resignation, or death of a member who was elected thereto by the Unit Owners shall be filled by an individual who is qualified to be a member pursuant to the terms of Section 2.7 hereof and who is elected by a vote of a majority of the members of the Condominium Board then in office. A special meeting of the Condominium Board shall be held for the purpose of filling any such vacancy promptly after the occurrence thereof, and the election held thereafter shall be effective to fill such vacancy even if the number of members present at such meeting shall not constitute a quorum.

(B) Any vacancy on the Condominium Board that is caused by the removal, resignation, or death of a member who was designated as such or elected by Sponsor or its designee shall be filled by an individual designated by Sponsor or such designee.

(C) Each member of the Condominium Board who is elected thereto or designated as such to fill a vacancy pursuant to the terms of paragraph (A) or (B), respectively, of this Section 2.10 shall serve as a member of the Condominium Board for the remainder of the term of the member he or she replaced and until his or her successor shall be selected and qualified at the appropriate annual meeting of the Unit Owners pursuant to the terms of Section 4.9 hereof.

Section 2.11 **Organizational Meeting of the Condominium Board.** The first meeting of the Condominium Board following each annual meeting of the Unit Owners shall be held within ten days of such annual meeting, at such time and place in the Borough of Queens as shall be both fixed informally by a majority of the members of the Condominium Board and designated in a written notice given to all members thereof by personal delivery, mail, or telegram not later than five business days prior to such date.

Section 2.12 **Regular Meetings of the Condominium Board.** Regular meetings of the Condominium Board may be held at such time and place in the Borough of Queens as shall be determined from time to time by a majority of the members thereof, provided that at least four such meetings shall be held during each fiscal year. Written notice of all regular meetings of the Condominium Board shall be given to each member thereof by personal delivery, mail, or telegram at least five business days prior to the day named for such meeting.

Section 2.13 **Special Meetings of the Condominium Board.** The President may call a special meeting of the Condominium Board whenever he or she deems the same to be necessary or desirable. However, the President shall call such a meeting upon the written request of three or more members of the Condominium Board. Written notice of all special meetings shall be given to each member thereof by personal delivery, mail, or telegram at least five business days prior to the day named for such meeting, which notice shall state the time, place (in the Borough of Queens) and purpose of the meeting.

Section 2.14 **Waiver of Notice of Meetings.** Any member of the Condominium Board may, at any time, waive notice of any meeting thereof in writing, and such waiver shall be deemed equivalent to the giving of notice. Attendance by a member of the Condominium Board at any meeting thereof shall constitute a waiver by him or her of notice of the time and place thereof. If all of the members of the Condominium Board are present at any meeting thereof, no notice of such meeting shall be required and any business may be transacted at such meeting.

Section 2.15 **Quorum of the Condominium Board.** For purposes of all meetings of the Condominium Board, a majority of the members thereof (which majority shall include at least one designee of the Commercial Unit Owner and one designee of the Residential Unit Ower) shall constitute a quorum for the transaction of business. In connection therewith, one or more members of the Condominium Board may participate in any meeting thereof by means of a conference telephone or similar communications equipment permitting all individuals participating in the meeting to hear each other at the same time, and such participation shall constitute presence at such a meeting for all purposes. If, at any meeting of the Condominium Board, there shall be less than a quorum present, a majority of the members of the Condominium Board in attendance may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting originally called but for the lack of a quorum may be transacted without further notice.

Section 2.16 **Conduct of Meetings.** The President shall preside at all meetings of the Condominium Board, and the Secretary shall faithfully record the minutes thereof, which minutes shall include the full text of all resolutions duly adopted by the Condominium Board and a record of all transactions and proceedings occurring thereat. The then current edition of Robert's Rules of Order, or any other rules of procedure from time to time acceptable to a majority of the Condominium Board, shall govern the conduct of the meetings

of the Condominium Board unless the same shall be in conflict with the terms of the Declaration, these By-Laws, or the Condominium Act.

Section 2.17 **Decisions by the Condominium Board.** Except as otherwise expressly provided in the Declaration or these By-Laws, the vote of a majority of the members of the Condominium Board present at a meeting thereof at which a quorum is present shall constitute the decision of the Condominium Board. Alternatively, any decision that is required or permitted to be made by the Condominium Board may be made without a meeting thereof if all of the members of the Condominium Board shall individually or collectively consent in writing to such decision, and all such written consents shall be duly filed by the Secretary of the Condominium in the minutes of the Condominium Board.

Section 2.18 **Compensation of Members.** No member of the Condominium Board shall receive any compensation from the Condominium for acting as such.

Section 2.19 **Common or Interested Members of the Condominium Board.** Each member of the Condominium Board shall perform his or her duties, and shall exercise his or her powers, in good faith and with a view to the interests of the Condominium. To the extent permitted by Law, no contract or other transaction between the Condominium Board and either (i) any of its members or (ii) any corporation, partnership, fiduciary, firm, association, or other entity in which any of the members of the Condominium Board are officers, directors, employees, partners, fiduciaries, beneficiaries, or principals, or are otherwise interested, pecuniarily or otherwise, shall be deemed either void or voidable because either (a) any such member of the Condominium Board was present at the meeting or meetings of the Condominium Board during which such contract or transaction was discussed, authorized, approved, or ratified, or (b) the vote of any such member was counted for such purpose, provided, however, that either:

(x) the fact thereof is disclosed to, or known by, the Condominium Board or a majority of the members thereof or noted in the minutes thereof, and the Condominium Board shall authorize, approve, or ratify such contract or transaction in good faith by a vote of a majority of the entire Condominium Board, less the number of such members;

(y) the fact thereof is disclosed to, or known by, a Majority of Unit Owners, and a Majority of Unit Owners shall authorize, approve, or ratify such contract or transaction; or

(z) the contract or transaction is commercially reasonable to the Condominium Board at the time that the same is authorized, approved, ratified, executed, or otherwise consummated.

Any such member of the Condominium Board may be counted in determining the presence of a quorum of any meeting of the Condominium Board that authorizes,

approves, or ratifies any such contract or transaction, but no such member shall be entitled to vote thereat to authorize, approve, or ratify such contract or transaction.

Section 2.20 **Liability of the Condominium Board.** (A) The members of the Condominium Board shall have no liability to the Unit Owners for errors of judgment, negligence, or otherwise, except that each member of the Condominium Board shall be liable thereto for his or her own bad faith or willful misconduct. In connection therewith, members of the Condominium Board designated as such by Sponsor shall not be deemed either to be in bad faith or to have committed willful misconduct by reason of any self-dealing in connection with any contract made, or other transaction entered into, between the Condominium Board and Sponsor or its agents, provided that any compensation paid, or to be paid, to Sponsor or its agents in connection with any such contract or transaction is disclosed in the Plan or an amendment thereto or is at competitive rates for goods sold or services rendered in the Borough of Queens.

(B) Every contract made, and other document executed, by or on behalf of the Condominium Board, any committee thereof, or the Managing Agent shall expressly state (if obtainable and in addition to the limitation of liability of the officers of the Condominium and the Unit Owners pursuant to the terms of Sections 3.10 and 4.12 hereof, respectively) that the same is made or executed by or on behalf of the Condominium Board, such committee, or the Managing Agent solely as agent for the Unit Owners and that the members of the Condominium Board or such committee or the Managing Agent shall have no liability thereon, except to the extent of their liability, if any, as Unit Owners pursuant to the terms of Section 4.12 hereof.

(C) Neither the Condominium Board nor any member thereof shall be liable for either:

(i) any failure or interruption of any utility or other services to be obtained by, or on behalf of, the Condominium Board or to be paid for as a Common Expense; or

(ii) any injury, loss, or damage to any individual or property, occurring in or upon either a Unit or the Common Elements, and either: (a) caused by the elements, by any Unit Owner, or by any other Person; (b) resulting from electricity, water, snow or ice that may leak or flow from a Unit or any portion of the Common Elements; or (c) arising out of theft or otherwise.

(D) The Unit Owners shall jointly and severally indemnify and hold each member of the Condominium Board harmless from and against any claim or liability to others arising from his or her acts or omissions as, or by reason of the fact that such individual is or was, a member of the Condominium Board, except, however, to the extent that such claim or liability shall be due to, or shall arise out of, the bad faith or willful misconduct of such member.

ARTICLE 3

OFFICERS

Section 3.1 **General.** The principal officers of the Condominium shall be the President, the Vice President, the Secretary and the Treasurer. The Condominium Board may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as in its discretion may be necessary or desirable. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed, upon the direction of the Condominium Board, by any two officers of the Condominium or by such lesser number of officers or by such other Person or Persons as may be designated from time to time by the Condominium Board.

Section 3.2 **President.** The President shall be the chief executive officer of the Condominium and shall preside at all meetings of the Unit Owners and of the Condominium Board. The President shall have all of the general powers and duties that are incident to the office of president of a stock corporation organized under the Business Corporation Law of the State of New York (hereinafter referred to as the "**BCL**"), including, but not limited to, the power to appoint the members of all committees created by the Condominium Board from amongst the Unit Owners from time to time as he or she may decide, in his or her discretion, are appropriate to assist in the conduct of the affairs of the Condominium.

Section 3.3 **Vice President.** The Vice President shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. If both the President and the Vice President are unable to act, the Condominium Board shall appoint some other member of the Condominium Board to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall be imposed upon him or her from time to time by the Condominium Board or by the President.

Section 3.4 **Secretary.** The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Condominium Board. The Secretary shall have charge of such books and papers as the Condominium Board shall direct and, in general, shall perform all of the duties that are incident to the office of secretary of a stock corporation organized under the BCL.

Section 3.5 **Treasurer.** The Treasurer shall have the care and custody of the funds and securities of the Condominium and shall be responsible for keeping full and accurate financial records and books of account thereof, showing all receipts and disbursements necessary for the preparation of all required financial data. The Treasurer shall be responsible for the deposit of all funds and other securities in the name of the Condominium Board or in the name of the Managing Agent in such depositories as may from time to time be designated by the Condominium Board and, in general, shall perform all of the duties incident to the office of treasurer of a stock corporation organized under the BCL.

Section 3.6 **Election, Term of Office and Qualifications of Officers.** Each of the officers of the Condominium Board shall be elected annually by a majority vote of the Condominium Board taken at the organizational meeting of each new Condominium Board, and shall serve at the pleasure of the Condominium Board. At least two (2) officers shall be elected from amongst the members of the Condominium Board who are Unit Owners. The other officers of the Condominium, however, need not be Unit Owners or members of the Condominium Board and need not have any interest in the Condominium.

Section 3.7 **Removal and Resignation of Officers.** Any officer of the Condominium may be removed from office with or without cause, by an affirmative vote of a majority of the members of the Condominium Board. In addition, any officer may resign at any time by giving written notice to the Condominium Board. Finally, if the President or the Vice President of the Condominium shall cease to be a member of the Condominium Board during his or her term of office, such officer shall be deemed to have resigned his or her office effective upon the date upon which his or her membership shall cease.

Section 3.8 **Vacancies.** Any vacancy in an office shall be filled by a majority vote of the Condominium Board at any regular meeting of the Condominium Board or at a special meeting thereof called for such purpose.

Section 3.9 **Compensation of Officers.** No officer of the Condominium shall receive any compensation from the Condominium for acting as such.

Section 3.10 **Liability of the Officers of the Condominium.** (A) The officers of the Condominium shall have no liability to the Unit Owners for errors of judgment, negligence, or otherwise, except that each officer of the Condominium shall be liable thereto for his or her own bad faith or willful misconduct. In addition, every contract made, and other document executed, by one or more officers or other Persons on behalf of the Condominium shall expressly state (if obtainable and in addition to the limitation of liability of the members of the Condominium Board and the Unit Owners pursuant to the terms of Sections 2.20 and 4.12 hereof, respectively) that the same is made or executed by such officers or Persons on behalf of the Condominium solely as agent for the Unit Owners and that such officers or Persons shall have no liability thereon, except to the extent of their liability, if any, as Unit Owners pursuant to the terms of Section 4.12 hereof.

(B) None of the officers of the Condominium shall be liable for either:

(i) any failure or interruption of any utility or other services to be obtained by any such officer on behalf of the Condominium or to be paid for as a Common Expense; or

(ii) any injury, loss, or damage to any individual or property, occurring in or upon either a Unit or the Common Elements, and either: (a) caused by the elements, by any Unit

Owner, or by any other Person; (b) resulting from electricity, water, snow, or ice that may leak or flow from a Unit or any portion of the Common Elements; or (c) arising out of theft or otherwise.

(C) The Unit Owners shall jointly and severally indemnify and hold each officer of the Condominium harmless from and against any claim or liability to others arising from his or her acts or omissions as, or by reason of the fact that such individual is or was, an officer of the Condominium, except, however, to the extent that such claim or liability shall be due to, or shall arise out of, the bad faith or willful misconduct of such officer.

ARTICLE 4

UNIT OWNERS

Section 4.1 **Annual Meetings of the Unit Owners.** The first annual meeting of the Unit Owners shall be held approximately four months after the First Closing, at which meeting the incumbent three-member Condominium Board shall resign and a successor nine-member Condominium Board shall be elected by the Unit Owners, as provided both in this Article 4 and in Article 2 hereof. Thereafter, annual meetings of the Unit Owners shall be held on or about the second Tuesday in January of each year, unless such date shall occur on a legal holiday, in which event the meeting will be held on or about the succeeding business day. At each such subsequent meeting, the Unit Owners shall elect successors to the members of the Condominium Board whose term of office expires on the day of such meeting and shall transact such other business as may properly come before such meeting.

Section 4.2 **Special Meetings of the Unit Owners.** The President shall call a special meeting of the Unit Owners whenever so directed by a duly adopted resolution of the Condominium Board. Each such resolution or petition shall set forth, in reasonable detail, the purposes for calling such a meeting, and no business shall be transacted at such special meeting except business reasonably related to such stated purposes.

Section 4.3 **Place of Meetings.** Meetings of the Unit Owners shall be held at the principal office of the Condominium or at such other suitable and convenient place in the Borough of Queens as may be designated by the Condominium Board.

Section 4.4 **Notice of Meetings.** (A) The Secretary of the Condominium shall give notice of each annual or special meeting of the Unit Owners to all Unit Owners then of record entitled to vote at such meeting, which notice shall set forth the purpose, time and place of such meeting. Such notice may be given to any Unit Owner by personal delivery, mail, or telegram not later than five business days prior to the day fixed for the meeting; however, the mailing of such notice to any Unit Owner, addressed to his or her address at the Property, at least ten days prior to the day fixed for the meeting shall be conclusively deemed the giving of notice to such Unit Owner of such meeting.

Any Unit Owner may designate an address for the giving of notice other than such Unit Owner's address at the Property by giving written notice thereof to the Secretary of the Condominium not less than ten days prior to the giving of notice of the applicable meeting.

(B) If the business to be conducted at any meeting of the Unit Owners shall include the consideration of a proposed amendment to the Declaration or to these By-Laws, the notice of such meeting shall be mailed to all Unit Owners at least thirty days prior to the day fixed for such meeting and shall be accompanied by a copy of the text of such proposed amendment.

Section 4.5 **Quorum of the Unit Owners.** Except as otherwise provided in these By-Laws, the presence, in person or by proxy, of the Residential Unit Owner and the Commercial Unit Owner shall constitute a quorum at all meetings of the Unit Owners. If any meeting of the Unit Owners cannot be held because the Residential and Commercial Units are not represented, a majority of the Unit Owners present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than 48 hours from the time fixed for the original meeting.

Section 4.6 **Conduct of Meetings.** The President shall preside at all meetings of the Unit Owners, and the Secretary shall faithfully record the minutes thereof, which minutes shall include the full text of all resolutions duly adopted by the Unit Owners and a record of all transactions and proceedings occurring thereat. The then current edition of Robert's Rules of Order, or any other rules of procedure acceptable to a majority of the Unit Owners present at any meeting, in person or by proxy, shall govern the conduct of the meetings of the Unit Owners, unless the same shall be in conflict with the terms of the Declaration, these By-Laws, or the Condominium Act. All votes of the Unit Owners shall be tallied by the persons appointed by the presiding officer of the meeting.

Section 4.7 **Order of Business.** The order of business at all annual meetings of the Unit Owners shall be as follows:

(i) Roll call;

(ii) Proof of notice of meeting;

(iii) Reading of the minutes of the preceding meeting (unless waived);

(iv) Reports of officers of the Condominium;

(v) Reports of members of the Condominium Board;

(vi) Reports of committees;

(vii) Election of inspectors of election (when so required);

(viii) Election of members of the Condominium Board (when so required);

(ix) Unfinished business; and

(x) New business.

Section 4.8 **Voting.** (A) The Residential Unit Owner shall be entitled to cast seven (7) votes at all meetings of the Unit Owners and the Commercial Unit Owner shall be entitled to cast two (2) votes at all meetings of the Unit Owners. Subdivision of the Commercial Unit to more than one Unit shall not affect the voting rights set forth herein.

(B) Notwithstanding the terms contained in paragraph (A) hereof, no Unit Owner may vote at any meeting of the Unit Owners if the Condominium Board has perfected a lien against such Unit Owner's Unit and the amount necessary to release such lien has not been paid at the time of such meeting. In addition, neither the Condominium Board nor any designee thereof shall be entitled to vote the Common Interest appurtenant to any Unit owned by the Condominium Board or such designee. The Common Interests of all Units whose owners are precluded from voting pursuant to the terms of this paragraph (B) will be excluded when computing the aggregate Common Interests of all Unit Owners for voting purposes.

(C) A fiduciary shall be the voting member with respect to a Unit owned in a fiduciary capacity. In addition, if two or more Persons own a Unit, they shall designate one Person amongst them to vote the Common Interest appurtenant to their Unit in a writing given to the Secretary of the Condominium, and the vote of such designee shall be binding upon all of such Persons. Failing such a designation, all of such Persons shall mutually vote such Common Interest under one ballot without division, and the concurrence of all Persons shall be conclusively presumed if any one of them purports to vote such Common Interest without protest being contemporaneously made to the individual presiding over the meeting at which such vote is taken. If protest is made, the Common Interest appurtenant to such Unit shall be counted solely for the purpose of determining whether a quorum is present for such voting.

(D) The owner(s) of any Unit may designate any Person to act as a proxy on his or her behalf. The designation of any such proxy shall be made in a writing both signed and dated by the designor and delivered to the Secretary of the Condominium at or before the appointed time for the meeting(s) during which the same is to be effective. Any such designation shall be revocable at any time upon written notice given to the Secretary of the Condominium; however, no revocation of such a designation shall be effective with respect to any votes cast by such proxy prior to the receipt of such revocation notice by the Secretary of the Condominium or, if such revocation is made at a meeting of the Unit Owners during which the Secretary of the Condominium is not in attendance, by the individual acting as the secretary of such meeting. Except with respect to

the designation of a Permitted Mortgagee to act as the proxy of its mortgagor(s), no designation to act as a proxy shall be effective for a period in excess of six months after the date thereof.

(E) Except when otherwise required by law or otherwise provided in the Declaration or in these By-Laws, the affirmative vote of a Majority of Unit Owners shall be binding upon all Unit Owners for all purposes.

Section 4.9 **Election of Members of the Condominium Board.**

(A) All elections of members of the Condominium Board shall be by written ballot, and each ballot cast shall state: (i) the name of the voting Unit Owner and, if such ballot is cast by proxy, the name of the proxy; (ii) the designation number(s) of the Unit(s) owned by the voting Unit Owner; (iii) the amount of the Common Interest(s) appurtenant to such Unit(s); and (iv) the names of the candidates for whom such ballot is cast (the number of which names shall not exceed the number of members to be elected). Any ballot that is not cast in conformity with this paragraph (B) shall be discounted. All election ballots shall be retained in the records of the Condominium, appropriately segregated by election.

(B) Subject to the terms of paragraph (C) of this Section 4.9, all elections of members of the Condominium Board shall be determined by plurality vote.

(C) Not more than five members of the Condominium Board shall serve by reason of the votes cast by Sponsor or its designee at any election held during the Initial Control Period, and not more than three members of the Condominium Board shall serve by reason of the votes cast by Sponsor or its designee at any election held after the expiration of the Initial Control Period. However, Sponsor or its designee shall have the right to elect the following minimum number of members of the Condominium Board: (a) three members, for so long as the Common Interests attributable to any Units owned by Sponsor or its designee equals, in the aggregate, 35% or more of the Common Interests of all Units; (b) two members, for so long as the Common Interests attributable to any Units owned by Sponsor or its designee equals, in the aggregate, less than 35% but more than 15% of the Common Interests of all Units; and (c) one member, for so long as the Common Interests attributable to any Units owned by Sponsor or its designee equals, in the aggregate, less than 15% but more than 5% of the Common Interests of all Units.

Section 4.10 **Action Without a Meeting.** Any action required or permitted to be taken by the Unit Owners at a duly constituted meeting may be taken without such a meeting if the number of Unit Owners sufficient (both in absolute number and in aggregate Common Interests) to approve such an action at a duly constituted meeting of the Unit Owners pursuant to the Declaration or to these By-Laws consent in writing to the adoption of a resolution approving such action. All written consents given by Unit Owners pursuant to this Section 4.10 shall be retained in the records of the Condominium together with a true copy of the resolution to which they relate.

Section 4.11 **Title to Units.** Title to any Unit may be taken by any Person or by any two or more Persons as joint tenants, tenants in common, or tenants by the entirety, as may be appropriate, but not as owners in severalty.

Section 4.12 **Contractual Liability of Unit Owners.** Every contract made by the Condominium Board, by any officer of the Condominium, or by any superintendent or Managing Agent of the Building shall state (if obtainable and in addition to the limitation of liability of the members of the Condominium Board and the officers of the Condominium pursuant to the terms of Section 2.20 and 3.10 hereof, respectively) that the liability of any Unit Owner with respect thereto shall be limited to: (i) such proportionate share of the total liability thereunder as the Common Interest of such Unit Owner bears to the aggregate Common Interests of all Unit Owners and (ii) such Unit Owner's interest in his or her Unit and its Appurtenant Interests, unless otherwise provided by Law.

ARTICLE 5

OPERATION OF THE PROPERTY

Section 5.1 **Maintenance and Repairs.** (A) Except as otherwise provided in the Declaration or in these By-Laws, all painting, decorating, maintenance, repairs and replacements, whether structural or non-structural, ordinary or extraordinary;

(i) in or to any Unit and all portions thereof (including, but not limited to, the interior walls, ceilings and floors in the Unit, kitchen and bathroom fixtures and appliances, windows and their frames, sills and sashes, all doors (entrance and terrace or patio, if any) and their frames and saddles, exposed plumbing, gas and heating fixtures shall be performed by the owner of such Unit at such Unit Owner's cost and expense; and

(ii) in or to the Common Elements shall be performed by the Condominium Board as a Common Expense.

Promptly upon obtaining knowledge thereof, each Unit Owner shall report to the Condominium Board or to the Managing Agent any defect or need for repairs for which the Condominium Board is responsible pursuant to the terms hereof.

All painting, decorating, maintenance, repairs and replacements performed hereunder or otherwise, whether by or at the behest of a Unit Owner or the Condominium Board, shall be performed in such a manner as shall not unreasonably disturb or interfere with any Unit Owners or the tenants and occupants of any Units.

(B) Notwithstanding anything to the contrary provided in paragraph (A) of this Section 5.1, however, the exterior glass surfaces of all windows of each Unit are to be washed and cleaned by the owner of such Unit at such Unit Owner's sole cost and expense. In addition, if any painting, decorating, maintenance, repairs, or replacements to the Property or any part thereof, whether structural or non-structural, ordinary or extraordinary, is necessitated by the negligence, misuse, or abuse of (i) any Unit Owner, the entire cost and expense thereof shall be borne by such Unit Owner, or (ii) the Condominium Board, the entire cost and expense thereof shall be borne by the Condominium Board as a Common Expense, except, in all events, to the extent that such cost and expense is covered by the proceeds of any insurance maintained pursuant to the terms of these By-Laws. Similarly, each Unit Owner shall be responsible for any and all damage to any Unit or to the Commmon Elements resulting from such Unit Owner's failure to maintain, repair, or replace his or her Unit or any portion thereof as required herein.

(C) Each Unit and all portions of the Common Elements shall be kept in first-class condition, order and repair (and free of snow, ice and accumulation of water with respect to any terrace, patio, roof, or other part of the Property exposed to the elements) by the Unit Owner or the Condominium Board, whichever is responsible for the maintenance thereof as set forth herein, and such Unit Owner or the Condominium Board, as the case may be, shall promptly make or perform, or cause to be made or performed, all maintenance work (including, without limitation, painting, repairs and replacements) that is necessary in connection therewith. In addition, the public areas of the Building and those areas exposed to public view shall be kept in good appearance, in conformity with the dignity and character of the Building, by (i) the Condominium Board, with respect to such parts of the Building required to be maintained by it, and (ii) each Unit Owner, with respect to the interior and exterior surfaces of terraces, patios, windows and shades, venetian or other blinds, drapes, curtains or other window decorations in or appurtenant to his or her Unit.

Section 5.2 **Alterations, Additions, Improvements, or Repairs in and to Units.** (A) Both the Residential Unit Owner and the Commercial Unit Owner shall have the right to make any structural addition, alteration or improvement in or to his Unit, without the prior written consent thereto of the Condominium Board, provided such addition, alteration or improvement does not affect the portion of the building utilized by the other Unit Owner or does not alter the outside of the Building.

(B) Notwithstanding anything to the contrary contained in paragraph (A) of this Secton 5.2, however, Sponsor or its designee or the Owner of the Commercial Unit shall have the right, pursuant to the terms of Article 12 of the Declaration, to (i) make any alterations, additions, improvements, or repairs

in or to any Unsold Unit or Commercial Unit, whether structural or non-structural, interior or exterior, ordinary or extraordinary, and (ii) subdivide, combine and change the boundary walls of Unsold Units, all without the approval of the Condominium Board or Residential Unit Owner provided that such Unit Owner shall comply with all laws, ordinances or regulations of all governmental authorities having jurisdiction and shall agree to hold the Condominium Board and the Residential Unit Owner harmless from any liability arising therefrom. The Residential Unit Owner shall have the right to make any such permitted alteration, additions or improvements to the Residential Unit without the consent or the approval of the Condominium Board or a Commercial Owner provided that it shall comply with all applicable rules, ordinances and regulations and shall hold the Condominium Board and Commercial Unit Owner harmless from any liability arising therefrom.

(C) All alterations, additions, improvements and repairs by Unit Owners shall be made in compliance with Law. In connection therewith, the Condominium Board shall execute applications to any departments of the City of New York, or to any other governmental agencies having jurisdiction thereof, for any and all permits required in connection with the making of alterations, additions, improvements, or repairs in or to a Unit, provided that, with respect to all such work of a structural nature (but other than that of the nature described in paragraph (B) hereof), the same was approved by the Condominium Board pursuant to the terms of paragraph (A) hereof.

(D) Neither the Condominium Board nor any Unit Owner (other than the Unit Owner(s) making any alterations, improvements, additions, or repairs, or causing any of the same to be made, in or to his, her or their Unit(s)) shall incur any liability, cost, or expense either (i) in connection with the preparation, execution, or submission of the applications referred to in paragraph (C) hereof; (ii) to any contractor, subcontractor, materialman, architect, or engineer on account of any alterations, improvements, additions, or repairs made or caused to be made by any Unit Owner; or (iii) to any Person asserting any claim for personal injury or property damage arising therefrom. Any Unit Owner(s) making any alterations, improvements, additions, or repairs, or causing any of the same to be made, in or to his, her or their Unit(s) shall agree (in a writing executed and delivered to the Condominium Board, if the Condominium Board shall so request), and shall be deemed to agree (in the absence of such writing), to indemnify and hold the Condominium Board, the members of the Condominium Board, the officers of the Condominium, the Managing Agent and all other Unit Owners harmless from and against any such liability, cost and expense.

Secton 5.3 **Alterations, Additions, or Improvements to the Common Elements.** Except as otherwise provided in the Declaration or in these By-Laws, all necessary or desirable alterations, additions, or improvements in or to any of the Common Elements shall be made by the Condominium Board, and the cost and expense thereof shall constitute a Common Expense. Notwithstanding the foregoing, however, whenever the cost and expense of any such alterations, additions, or improvements would, in the judgment of the Condominium Board, exceed $25,000.00 in the aggregate in any calendar year, such proposed alterations, additions, or improvements shall not be made unless first approved by both Unit

Owners (including Sponsor or its designee, if Sponsor or such designee then owns any Unit) and by the Mortgage Representatives, if any. Except as otherwise provided in the Declaration and in these By-Laws, all such alterations, additions, or improvements costing $25,000.00 or less in the aggregate in any calendar year may be made as aforesaid without the approval of either the Unit Owners or any Mortgage Representatives.

Section 5.4 **Insurance.** (A) If the same shall be obtainable, the Condominium Board shall obtain, and shall maintain in full force and effect, fire insurance policies with all risk extended coverage, vandalism and malicious mischief endorsements, insuring the Building (including all Units and the bathroom and kitchen fixtures installed therein on the date of recording the Declaration and all service machinery contained therein, but not including appliances or any furniture, furnishings, decorations, belongings, or other personal property supplied or installed by Unit Owners or the tenants of Unit Owners) and covering the interest of the Condominium, the Condominium Board, all of the Unit Owners and all Permitted Mortgagees, as their interests may appear. Each of the said policies shall contain:

(i) waivers of (a) subrogation, (b) any defense based upon co-insurance or other insurance, (c) invalidity arising out of any acts of the insured and (d) pro-rata reduction of liability;

(ii) a provision that any adjustment of loss will be made by the Condominium Board and that all proceeds thereof shall be paid to either the Condominium Board or the Insurance Trustee, as provided in Section 5.5 hereof;

(iii) a New York standard mortgagee clause in favor of each Permitted Mortgagee, which shall provide that the proceeds thereof shall be paid to such Permitted Mortgagee as its interest may apear, subject, however, to the loss payment provisions in favor of the Condominium Board and the Insurance Trustee set forth in subparagraph (ii) above and in Section 5.5 hereof; and

(iv) a provision that such policy may not be either cancelled or substantially modified except upon at least ten days' prior written notice to all of the insureds, including all Permitted Mortgagees.

Duplicate originals or certificates of all such policies and of all renewals thereof, together with proof of payment of premiums, shall be sent to all Unit Owners and Permitted Mortgagees at least ten days prior to the expiration of the then current policies.

(B) The Condominium Board shall also obtain and maintain, to the extent practicable:

(i) comprehensive general liability insurance, covering all claims for personal injury or property damage arising out of any

occurrence on the Property and listing as co-insureds (a) the Condominium Board and each member thereof, (b) the Managing Agent or manager (if any), (c) each officer and employee of the Condominium and (d) each Unit Owner (except, however, that such insurance shall not cover any liability of a Unit Owner arising from occurrences within his or her own Unit);

(ii) rent insurance;

(iii) workmen's compensation and New York State disability benefits insurance;

(iv) boiler and machinery insurance;

(v) water damage level liability insurance;

(vi) elevator liability and collision insurance; and

(vii) such other insurance as the Condominium Board shall from time to time determine.

Each of the aforementioned policies of insurance shall also cover cross-liability claims of one insured against another.

(C) All policies of insurance to be maintained by the Condominium Board shall contain such limits as the Condominium Board shall from time to time determine, provided, however, that:

(i) with respect to insurance policies maintained by the Condominium Board pursuant to paragraph (A) hereof, the coverage shall be in an amount equal to not less than eighty percent of the full replacement cost of the Building, exclusive of excavation and foundations, without deduction for depreciation, as approved by a fire insurance company, a qualified insurance broker, or another qualified source;

(ii) with respect to insurance policies maintained by the Condominium Board pursuant to subparagraph (i) of paragraph (B) hereof, such policies shall contain single limits of not less than $1,000,000.00 in the aggregate until the first regular meeting of the first nine-member Condominium Board elected by the Unit Owners; and

(iii) with respect to insurance policies maintained by the Condominium Board pursuant to subparagraph (ii) of paragraph (B) hereof, the coverage shall be in an amount equal to the aggregate of all of the Unit Owners' Common Charges for one year.

Any insurance policies maintained by the Condominium Board may also provide for such deductible amounts as the Condominium Board shall determine. The

Condominium Board shall review the limits of each insurance policy, as well as the amount of any deductible sum thereunder, at least once each year.

(D) The cost of all insurance maintained by the Condominium Board pursuant to this Section 5.4, together with the fees and disbursements of any Insurance Trustee appointed by the Condominium Board pursuant to the terms of these By-Laws, shall be borne by the Condominium Board as a Common Expense.

(E) Unit Owners shall not be prohibited from carrying other insurance for their own benefit, provided that all such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing the insurance maintained by the Condominium Board shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

Section 5.5 **Casualty or Condemnation.** (A) In the event that either (i) the Building or any part thereof is damaged or destroyed by fire or other casualty (hereinafter referred to as a "**Casualty Loss**") or (ii) the Common Elements or any part thereof is taken in condemnation or by eminent domain (hereinafter referred to as a "**Taking**"), the net insurance proceeds payable under the insurance policies maintained by the Condominium Board pursuant to the terms of Section 5.4 hereof by reason of such Casualty Loss or the net condemnation awards receivable by reason of such Taking, as the case may be, shall be payable either to the Condominium Board, if the same shall be $100,000.00 or less in the aggregate, or to the Insurance Trustee, if the same shall exceed $100,000.00 in the aggregate. In either instance, all such monies actually received (hereinafter referred to as the "**Trust Funds**") shall be held in trust for the benefit of all Unit Owners and their Permitted Mortgagees and shall be disbursed pursuant to the terms of this Section 5.5. Notwithstanding anything to the contrary contained either in this paragraph (A) or elsewhere in this Section 5.5, however, no Unit Owner whose Unit, or any portion thereof, is taken in condemnation or by eminent domain (whether or not all or a part of the Common Elements are contemporaneously taken) shall be deemed to have waived whatever rights that he or she may have to pursue a separate claim against the condemning authority by reason thereof.

(B) Subject to the terms of paragraph (D) hereof, the Condominium Board shall arrange for the prompt repair or restoration (hereinafter referred to as the "**Work**") of: (i) in the event of a Casualty Loss, the portion(s) of the Building (including all Units and the bathroom and kitchen fixtures installed therein on the date of recording the Declaration and all service machinery contained therein, but not including appliances or any furniture, furnishings, decorations, belongings, or other personal property supplied or installed by either Unit Owners or the tenants of Unit Owners) affected by such Casualty Loss or (ii) in the event of a Taking, the portion(s) of the Common Elements affected by such Taking. If, pursuant to the immediately preceding sentence, Work is to be performed in or to Units, Common Elements that service or enclose Units and other Common Elements, or any combination of the foregoing, the Work shall be performed, to the extent practicable, first in or to the Units, next in or to the Common Elements that service or enclose Units and then in or to the

balance of the Common Elements. In addition, each Unit Owner whose Unit, or any portion thereof, shall be the subject of all or part of any Work shall have the right, subject to the terms of Section 5.2 hereof, to supervise any redecorating of his or her Unit.

(C) In the event that Work shall be performed pursuant to the terms of paragraphs (B) and (D) of this Secton 5.5, the Condominium Board or the Insurance Trustee, as the case may be, shall disburse the Trust Funds to the contractors engaged in the Work in appropriate progress payments. If the Trust Funds shall be less than sufficient to discharge the cost and expense of performing the Work, the Condominium Board shall levy a Special Assessment against all Unit Owners for the amount of such deficiency in proportion to their respective Common Interests, and all proceeds of such Special Assessment shall become part of the Trust Funds. If, conversely, the Trust Funds shall prove to be more than sufficient to discharge the cost and expense of performing the Work, such excess shall be paid to all Unit Owners in proportion to their respective Common Interests, except that no payment shall be made to a Unit Owner until there has first been paid, out of such Unit Owner's share of such excess, such amounts as may be necessary to reduce unpaid liens on the Unit Owner's Unit (other than mortgages that are not Permitted Mortgages) in the order of priority of such liens. Notwithstanding the foregoing, however, in the event that the Unit Owners are assessed pursuant to the terms of the second sentence of this paragraph (C) for any projected deficiency in the amount of the Trust Funds available to the Condominium Board and, after the payment of all costs and expenses incurred in connection with the Work, any portion of the Trust Funds remains unspent, such excess Trust Funds shall, to the extent of such Special Assessment, be deemed to be, and shall constitute, an unspent Special Assessment and shall be paid to the Unit Owners so assessed in proportion to their respective Common Interests, free of any claim of any lienor (including, without limitation, any Permitted Mortgagee).

(D) If either 75% or more of the Building is destroyed or substantially damaged by fire or other casualty or 75% or more of the Common Elements are taken in a Taking, the Work shall not be performed unless 75% or more of all Unit Owners (including Sponsor or its designee, if Sponsor or such designee shall then own any Units), both in number and in aggregate Common Interest, shall promptly resolve to proceed with the same. In the event that a sufficient number of Unit Owners shall so resolve, the Work shall be performed pursuant to the terms of paragraphs (B) and (C) hereof. Conversely, in the event that a sufficient number of Unit Owners shall either fail or refuse to so resolve, the Work shall not be performed and the Property shall be subject to an action for partition by any Unit Owner or lienor, as if owned in common, in which event the net proceeds of the resulting sale, together with any Trust Funds, shall be paid to all Unit Owners in proportion to their respective Common Interests, except that no payment shall be made to a Unit Owner until there first has been paid, out of such Unit Owner's share of such funds, such amounts as may be necessary to reduce unpaid liens on the Unit Owner's Unit (other than mortgages that are not Permitted Mortgages) in the order of priority of such liens.

(E) In the event that the damage resulting from a Casualty Loss shall (i) render one or more Units wholly or partially unusable for the purposes permitted herein and in the Declaration or (ii) destroy the means of access to one or more Units, the installments of Common Charges otherwise payable by the owner of any Unit so affected thereby shall proportionately abate until such Unit shall again be rendered useable for such purposes and/or until the means of access thereto shall be restored, as the case may be. Notwithstanding the foregoing, however, if such Casualty Loss shall be caused by the act, the omission to act, or the negligence of the owner of a Unit so affected thereby, by a Family Member of such Unit Owner, or by a tenant or other occupant of such Unit, such installments of Common Charges shall abate only to the extent of any proceeds of rent insurance actually collected by the Condominium Board with respect to such Unit.

(F) If (i) a portion of any Unit shall be taken in condemnation or by eminent domain and (ii) the Condominium shall not be terminated by reason of a simultaneous Taking pursuant to the terms of paragraph (D) hereof, the Common Interest appurtenant to such Unit shall be adjusted in the proportion that the total floor area of such Unit after such Taking bears to the total floor area of such Unit prior to such Taking. The Condominium Board shall promptly prepare and record an amendment to the Declaration reflecting the new Common Interest appurtenant to such Unit, which amendment shall be executed by the owner of such Unit together with the holders of record of any liens thereon (or, in lieu of execution by such Unit Owner and lienors, the same may execute a consent to such amendment in recordable form). Following the Taking of a portion of a Unit and the recording of the aforementioned amendment to the Declaration, the votes appurtenant to such Unit shall be based upon the new Common Interest of such Unit, and, in the event of a Taking of an entire Unit, the right to vote appurtenant to such Unit shall wholly terminate. In either event, the Common Interests of the other or remaining Units shall be adjusted accordingly and reflected in an amendment to the Declaration duly executed and acknowledged by the Condominium Board and the owners of, together with the holders of record of all liens upon, all of the other or remaining Units.

(G) As used in this Section 5.5, the terms:

(i) **"prompt repair or restoration"** shall mean that the Work is to be commenced not more than either: (a) sixty days after the date upon which the Insurance Trustee notifies the Condominium Board and the Unit Owners that it has received Trust Funds sufficient to discharge the estimated cost and expense of the Work, or (b) ninety days after the date upon which the Insurance Trustee notifies the Condominium Board and the Unit Owners that it has received Trust Funds insufficient to discharge the estimated cost and expense of the Work, or (c) in the event that the Trust Funds are payable to the Condominium Board pursuant to the terms of paragraph (A) of this Section 5.5, sixty days after the date upon which the Condominium Board notifies the Unit Owners that it has received the Trust Funds, whether or not the same are sufficient to discharge the cost and expense of the Work; and

(ii) "**promptly resolve**" shall mean that a resolution shall be duly made not more than sixty days after the date upon which the Condominium Board or the Insurance Trustee, as the case may be, notifies the Unit Owners that it has received the Trust Funds and that the same are or are not sufficient to discharge the estimated cost and expense of the Work, as the case may be.

(H) Any dispute that may arise under this Section 5.5 between Unit Owners or between any Unit Owner(s) and the Condominium Board shall be resolved by arbitration pursuant to the terms of Article 10 hereof.

Section 5.6 **Use of The Property.** (A) No nuisance shall be allowed on the Property, nor shall any use or practice be allowed that interferes with the peaceful possession or proper use of the Property by its residents or occupants. No immoral, improper, offensive, or unlawful use shall be made of the Property or any portion thereof, and all valid Laws relating to any portion of the Property shall be complied with at the full cost and expense of the respective Unit Owners or the Condominium Board, whoever shall have the obligation to maintain or repair such part of the Property.

(B) Nothing shall be done or kept in any Unit other than Commercial Units or in any of the Common Elements that would increase the rate of insurance for the Property, except upon the prior written consent of the Condominium Board. Any increase in the rate of insurance for the Property resulting from a change in the use of a Unit shall be paid in full as an additional charge by the owner of the Unit whose change caused the insurance increase. No Unit Owner shall permit anything to be done or kept in a Unit or in the Common Elements that will result in the cancellation of insurance on the Property or the contents thereof, or that would be in violation of any law. No waste shall be committed in the Common Elements.

(C) Nothing shall be done in any Unit or in, on or to the Common Elements that will impair the structural integrity of the Property or that will structurally change the Building, except as is otherwise provided in the Declaration or in these By-Laws. In no event shall interior partitions contributing to the support of any Unit or the Common Elements be altered or removed.

Section 5.7 **Use of the Units.** (A) In order to provide for congenial occupancy of the Property and for the protection of the values of the Units, the use of Units shall be restricted to, and shall be in accordance with, the terms contained in the balance of this Section 5.7.

(B) Subject to the terms of paragraphs (C) and (D) of this Section 5.7, the Residential Unit shall be used only as a multiple dwelling. The Commercial Units may be used for any purpose provided that such use or uses complies with law and does not violate the then existing certificate of occupancy covering the Commercial Unit.

(C) The Condominium Board may, in its sole discretion, consent to the use of an apartment or portion of a Residential Unit as a professional

or business office or for any purpose other than that set forth in paragraph (B) hereof, provided that the nature and manner of such use complies with Law and does not violate the then existing Certificate of Occupancy covering such Unit or such space or apartment. Any such consent shall be in writing and shall be personal to such Unit Owner. Any lessee of, or successor in title to, such Unit Owner shall be required to obtain the prior written consent of the Condominium Board before using such Unit for any purpose other than that set forth in paragraph (B) hereof.

(D) Notwithstanding anything to the contrary contained in this Section 5.7, Sponsor may, without the consent of either the Condominium Board or the Unit Owners:

(i) grant permission for the use of any Unsold Unit as a professional or business office or for any other purpose, provided that the nature and manner of such use complies with Law and does not violate the then existing Certificate of Occupancy covering such Unsold Unit; and

(ii) use any one or more Unsold Units as model units and offices for the sale, promotion, rental, management and operation of the Unsold Units or for any other purposes, subject only to compliance with Law.

(E) Commercial Units may be used for any lawful purpose consistent with the Certificate of Occupancy without prior consent of the Board of Managers.

Section 5.8 **Use of the Common Elements.** (A) Subject to the terms of paragraph (B) of this Section 5.8, the Common Elements (including, without limitation, the electrical, heating, gas, plumbing and other mechanical systems and equipment of the Building and the Facilites) may be used only for the furnishing of the services and facilities, and for the other uses, for which they are reasonably suited and capable. In addition, no furniture, packages, or objects of any kind shall be placed in the lobbies, vestibules, public halls, stairways, public elevators, or any other part of the Common Elements (except for those areas designated as storage areas) without the prior written consent of the Condominium Board. The lobbies, vestibules, public halls, stairways and public elevators shall be used only for normal passage through them. Accordingly, all Unit Owners shall require their tradesmen to utilize exclusively the elevator and entrance designated by the Condominium Board for transporting packages, merchandise, or other objects.

(B) The terms of paragraph (A) of this Section 5.8 shall not apply to Sponsor or its designee for so long as there are any Unsold Units. Sponsor or its designee shall have the right, without charge or limitation, to: (i) erect and maintain signs, of any size or content determined by Sponsor or such designee, on or about any portion of the Common Elements chosen by Sponsor or such designee, including, without limitation, on the exterior walls of the Building or adjacent to the main entrance thereof; (ii) have its employees, contractors, subcontractors and sales agents present on the Property; and (iii) do all things

necessary or appropriate, including the use of the Common Elements, to sell, lease, manage, or operate Unsold Units, to complete any work or repairs to the Building expressly undertaken by Sponsor and to comply with Sponsor's obligations under the Plan and the Condominium Documents. In no event, however, shall Sponsor or such designee be entitled to use any Common Elements in such a manner as will unreasonably interfere with the use of any Unit for its permitted purposes.

Section 5.9 **Rights of Access.** (A) Subject to the rights of existing tenants and other occupants of Unsold Units, each Unit Owner shall grant to the Condominium Board, to the Managing Agent or manager (if any), to the superintendent and/or to any other Person authorized by any of the foregoing a right of access to his or her Unit for the purposes of:

(i) making inspections of, or removing violations noted or issued by any governmental authority against, the Common Elements or any other part of the Property;

(ii) curing defaults hereunder or under the Declaration or violations of the Rules and Regulations committed by such Unit Owner or correcting any conditions originating in his or her Unit and threatening another Unit or all or a portion of the Common Elements;

(iii) performing maintenance, installations, alterations, repairs, or replacements to the mechanical or electrical services, or other portions of the Common Elements located within his or her Unit or elsewhere in the Building;

(iv) reading, maintaining, or replacing utility meters relating to the Common Elements, to his or her Unit, or to any other Unit; or

(v) correcting any condition that violates the provisions of any Permitted Mortgage encumbering another Unit.

Except in cases of emergency (that is, a condition requiring repairs or replacements immediately necessary for the preservation or safety of the Building or for the safety of the occupants of the Building or other individuals, or required to avoid the suspension of any necessary service in the Building), the foregoing rights of access shall be exercised only upon not less than one day's advance notice and only in such a manner as will not unreasonably interfere with the use of the Units for their permitted purposes. In cases of emergency, however, such rights of access may be exercised immediately, without advance notice and whether or not the Unit Owner is present.

(B) Each Unit Owner shall grant a right of access to his or her Unit and the Condominium Board shall grant rights of access to the Common Elements, to Sponsor and its contractors, subcontractors, agents and employees for the purpose of fulfilling Sponsor's obligations as set forth in the Plan or in

any amendment thereto, provided that access thereto shall not be exercised, with respect to any Unit in such a manner as will unreasonably interfere with the use of such Unit for its permitted purposes.

Section 5.10 **Modification of the Rules and Regulations.** The Condominium Board shall have the right to amend, modify, add to or delete any of the Rules and Regulations from time to time, provided, however, that any such amendment, modification, addition, or deletion may be overruled by a vote of a Majority of Unit Owners. Copies of the text of any amendments, modifications, additions, or deletions to the Rules and Regulations shall be furnished to all Unit Owners not less than thirty days prior to the effective date thereof.

Section 5.11 **Real Estate Taxes, Water Charges and Sewer Rents.** Water for the Building shall be supplied by the City of New York. Unless and until real estate taxes, water charges and sewer rents are billed directly to Unit Owners by the City Collector, the Condominium Board shall promptly pay such taxes, charges and rents as a Common Expense. In the event of a proposed sale of any Unit, the Condominium Board (for so long as the Condominium Board is still paying such real estate taxes, water charges and sewer rents) shall, upon the written request of the selling Unit Owner, execute and deliver to the purchaser of such Unit or to such purchaser's title company, a letter agreeing to promptly pay all such taxes, charges and rents affecting such owner's Unit to the date of the closing of title to such Unit.

Section 5.12 **Steam and Fuel Oil.** The charges for steam and fuel oil consumed or used in the Building (including in the Units) shall be paid by the Condominium Board as a Common Expense.

Section 5.13 **Gas and Electricity.** Gas and electricity shall be supplied to each Unit through a separate meter for such Unit, and each Unit Owner shall be required to pay all charges for gas and electricity consumed or used in his or her Unit directly to the utility company servicing the Building as and when billed therefor. However, the Condominium Board shall have the right, exercisable in its sole discretion, to require that gas and electricity be supplied to the Condominium through one or more common meters. In such an event, the cost thereof shall be borne by each Unit Owner based upon the consumption or usage of gas and electricity in his or her Unit, as determined by submetering, survey, or any other reasonable method prescribed by the Condominium Board and permitted by Law, and shall be payable either to the Condominium Board or to the utility company servicing the Building, as directed by the Condominium Board.

Section 5.14 **Utilities Serving the Common Elements.** The cost and expense of water, steam, electricity and gas serving or benefiting any Common Element shall be (i) considered part of the expense of maintaining such Common Elements, (ii) determined by the Board and (iii) charged to the Unit Owners as a Common Expense.

Section 5.15 **Vault Charges.** All license fees, and all periodic taxes and charges, for vaults or other protrusions beyond the building line shall be paid by the Condominium Board as a Common Expense.

Section 5.16 **Compliance with the Applicable Rent Laws.** The Condominium Board shall operate the Property at the same level of services as those supplied on the date of recording the Declaration in accordance with the Applicable Rent Laws, except for those services that are the obligation of Sponsor or its designee to provide to the Unsold Units pursuant to the terms of the Declaration or these By-Laws. The Condominium Board shall not impose any charge or fee upon the tenants or occupants of the Unsold Units for using the Common Elements or on account of any services provided to such tenants or occupants unless permitted by the Applicable Rent Laws, and any such permitted charge or fee shall be increased from time to time only to the extent allowed under the Applicable Rent Laws. Except for those services and obligations to be provided or performed by the Condominium Board as set forth in the Declaration and in these By-laws, Sponsor shall provide and perform all other services and obligations required by Law to be furnished to tenants and occupants of Unsold Units (including, without limitation, painting the interior of Unsold Units).

Section 5.17 **Records and Audits.** (A) The Treasurer of the Condominium, or the Managing Agent under the supervision of such Treasurer, shall keep full, detailed and accurate records and bocks of account with respect to the financial affairs of the Condominium, which records and books of account shall include, without limitation, (i) a listing of all receipts of and expenditures by the Condominium Board and the Managing Agent and (ii) a separate listing for each Unit, setting forth, among other things, the amount of each assessment of Common Charges and Special Assessments levied against such Unit, the date when due, the amounts paid thereon and the balance, if any, remaining unpaid.

(B) Within (4) four months after the end of each fiscal year of the Condominium, the Condominium Board shall submit to each Unit Owner, and, if so requested, to any Permitted Mortgagee, an annual report of the receipts and expenditures of the Condominium prepared and certified by an independent certified public accountant. The cost of preparing and distributing each such report shall be borne by the Condominium Board as a Common Expense.

ARTICLE 6

COMMON CHARGES

Section 6.1 **Determination of Common Expenses and Fixing of Common Charges.** (A) From time to time, but not less frequently than once a year, the Condominium Board shall: (i) prepare and adopt and budget for the Condominium, subject, in all respects, to the strictures set forth in Section 2.5 hereof; (ii) determine the aggregate amount of Common Charges necessary to be charged to the Unit Owners in order to meet the Common Expenses; and (iii) allocate and assess such Common Charges amongst the Unit Owners pro-rata, in

accordance with their respective Common Interests (except as otherwise provided in the Declaration or in these By-Laws). The Condominium Board shall advise all Unit Owners promptly thereafter in writing of the amount of Common Charges payable by each of them and, not later than ten days next preceding the date upon which the first installment of newly determined Common Charges is due, shall furnish copies of the budget (in a reasonably itemized form) upon which such Common Charges are based to all Unit Owners and to their respective Permitted Mortgagees. The Condominium Board may, at its sole discretion, from time to time increase or decrease the amount of Common Charges allocated to the Units and payable by the Unit Owners and may modify its prior determination of the Common Expenses for any fiscal year so as to increase or decrease the amount of Common Charges payable for such fiscal year or portion thereof; however, no such revised determination of Common Expenses shall have a retroactive effect on the amount of Common Charges payable by Unit Owners for any period prior to the date of such new determination. Notwithstanding the foregoing, however, the Condominium Board shall not reduce the Common Charges payable during any year occurring within the Initial Control Period solely as a result of either reducing the number of employees of the Condominium below the number employed for the Property on the date of recording the Declaration, or eliminating or reducing any service or reducing the insurance coverage below that provided for the Property on such date, except with the concurrence of a majority of the members of the Condominium Board elected by Unit Owners other than Sponsor or its designee.

Furthermore, so long as the Sponsor or Sponsor's designee continues to own collectively Units representing 25% or more in number or in aggregate common interests, the Board of Managers shall not, within five (5) years after the Closing Date, take any of the following actons without the prior written consent of Sponsor or its designee:

(i) increase the number or change the type of employees from that described in the aforesaid Plan in the "FOOTNOTES TO BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION";

(ii) provide for new or additional services from those indicated in the aforesaid Plan in said "FOOTNOTES TO BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION", unless the annual cost of such new or additional services, when added to the annual cost of all other services being provided, is not greater than those provided in said schedule;

(iii) assess any common charge (regular or special) for the purpose of making any capital or major improvement or addition, unless required by law or necessary for health and safety (but not the general comfort or welfare) of Unit Owners;

(iv) establish any reserves in addition to the Working Capital Fund and Reserve Fund, including (without limitation) a reserve for contingencies, repairs, improvements or replacements,

other than a 12-month reserve for contingencies not exceeding five (5%) percent of the budgeted common charges for the ensuing 12 months of condominium operation.

(v) make any additions, alterations or improvements to the Common Elements or to any Unit unless required by law;

(vi) borrow money on behalf of the Condominium.

Notwithstanding the foregoing, the Board of Managers may take any of the actions enumerated in clauses (i) through (vi) above if the cost of such actions, when added to all other budgeted expenses of the Condominium shall not result in increasing the common charges for any year of operation by more than 5% above the previous year's common charges.

(B) The failure or delay of the Condominium Board to prepare or adopt a budget or to determine the Common Expenses for any fiscal year or portion thereof shall not be deemed a waiver or modification in any respect of the convenants and provisions hereof or a release of any Unit Owner from the obligation to pay Common Charges. In such event, the Common Charges that were computed on the basis of the Common Expenses last determined for any fiscal year or portion thereof shall continue thereafter to be the Common Charges payable by the Unit Owners until a new determination of the Common Expenses shall be made.

(C) In addition to the foregoing duty to determine the amount of and assess Common Charges, the Condominium Board shall have the right, subject, in all respects, to the strictures contained in Section 2.5 hereof, to levy Special Assessments to meet the Common Expenses. All Special Assessments shall be levied against all Unit Owners in proportion to their respective Common Interests and may be payable either in one lump sum or in installments, as the Condominium Board shall determine, provided, however that the Condominium Board shall give each Unit Owner not less than fifteen days' written notice prior to the date upon which such Special Assessment, or the first installment thereof, shall be due and payable, which notice shall set forth, in reasonable detail, the nature and purpose thereof. The Condominium Board shall have all rights and remedies for the collection of Special Assessments as are provided herein for the collection of Common Charges (including, without limitation, the provisions of Section 6.4 hereof).

(D) The excess of all rents, profits and revenues derived from the rental or use of any space forming a part of, or included in, any Common Element remaining after deduction of all expenses incurred in connection with generating the same shall constitute income of the Unit Owners, and shall be collected on behalf of the Unit Owners by the Condominium Board and applied against the Common Expenses for the year in which collected. In the event that such net rents, profits and revenues, together with the Common Charges and any Special Assessments collected from the Unit Owners, for any year of operation shall exceed the Common Expenses for such year, then such excess

shall be applied by the Condominium Board against the Common Expenses for the next succeeding year(s) of operation, and no Unit Owner shall be entitled to a distribution of any portion of such excess unless the Condominium Board shall determine to distribute all or part of such excess to all Unit Owners pro-rata, in proportion to their respective Common Interests. Notwithstanding any provision contained in these By-Laws or in the Declaration to the contrary, however, in no event shall any rent, profit, or revenue derived from the rental or use of any space in the Building be deemed to be derived from the rental or use of any floor slabs, ceilings, or walls delineating or enclosing such space or the incidental use of any portion of any Common Elements appurtenant to such space.

Section 6.2 **Payment of Common Charges.** (A) All Unit Owners (including Sponsor or its designee with respect to Unsold Units for so long as the same are owned thereby) shall be obligated to pay Common Charges and Special Assessments assessed by the Condominium Board pursuant to the terms of Section 6.1 hereof at such time or times (but not less than annually) as the Condominium Board shall determine. Unless otherwise determined by the Condominium Board, Common Charges shall be payable in installments on the first day of every month in advance. To the extent permitted by Law, the Condominium Board shall have a lien on each Unit, on behalf of all Unit Owners, for unpaid Common Charges and Special Assessments assessed against such Unit. Such lien, however, shall be subordinate, to the extent required by Law, to any liens for real estate taxes assessed against such Unit.

(B) No Unit Owner shall be liable for the payment of any part of the Common Charges and any Special Assessments assessed against his or her Unit subsequent to a sale, transfer, or other conveyance by him or her of such Unit, together with its Appurtenant Interests, made in compliance with the terms of Article 7 hereof. A purchaser or other successor-in-title to the owner of a Unit shall be liable for the payment of all Common Charges and any Special Assessments accrued and unpaid against such Unit prior to his or her acquisition thereof, except that, to the extent permitted by Law, a Permitted First Mortgagee acquiring title to a mortgaged Unit or a purchaser at a mortgage foreclosure sale held with respect to a Permitted First Mortgage shall not be liable, and such mortgaged Unit shall not be subject to a lien, for the payment of any Common Charges and Special Assessments assessed subsequent to the recording of such Permitted First Mortgage and prior to the acquisition of title to such Unit by the Permitted First Mortgagee or by such purchaser. However, in the event of a foreclosure of a Permitted First Mortgage (whether by sale, deed in lieu of foreclosure, or otherwise), the defaulting Unit Owner shall remain fully liable for the payment of all unpaid Common Charges and Special Assessments that accrued prior to such foreclosure. Any unpaid Common Charges and Special Assessments that are not collected from such defaulting Unit Owner shall be deemed a Common Expense, collectible from all those who are Unit Owners at the time that the same is levied.

(C) Subject to the terms and conditions contained in these By-Laws, any Unit Owner may convey his or her Unit, together with its Appurtenant Interests, to the Condominium Board or to its designee, corporate or otherwise, on behalf of all Unit Owners, without being compensated therefor, and, in such

event, be exempt from the payment of Common Charges and Special Assessments thereafter accruing, provided, however that: (i) all Common Charges and any Special Assessments then due and payable with respect to such Unit have been paid; (ii) such Unit is free and clear of all liens and encumbrances other than a Permitted First Mortgage and the statutory lien for unpaid Common Charges and Special Assessments; and (iii) no violation of any provision of the Condominium Documents then exists with respect to such Unit. However, in no event shall Sponsor or its designee be permitted to convey any Unsold Unit to the Condominium Board and thereby exempt itself from Common Charges and any Special Assessments attributable to such Unit thereafter accruing unless the aggregate Common Interests then appertaining to the Unsold Units constitutes 15% or less of the total Common Interests then appertaining to all Units, at least five years shall have elapsed from the date of the First Closing and, at the time of conveyance, Sponsor or such designee shall pay to the Condominium Board an amount equal to the product of the then current monthly Common Charges for the Unsold Unit(s) being conveyed multiplied by 24.

(D) No Unit Owner shall be exempted from liability for the payment of Common Charges or Special Assessments by waiving the use or enjoyment of any or all of the Common Elements or by abandoning his or her Unit (except with respect to a conveyance of the same to the Condominium Board, without compensation, pursuant to the terms of paragraph (C) hereof. Except as expressly provided to the contrary in paragraph (E) of Section 5.5 hereof, no Unit Owner shall be entitled to a diminution or abatement in the Common Charges or Special Assessments payable thereby for any inconvenience or discomfort arising from: (i) the failure or interruption of any utility or other services; (ii) the making of repairs or improvements to the Common Elements or any Unit (including, without limitation, such Unit Owner's Unit) pursuant to the terms of Sections 5.1, 5.2 or 5.3 hereof; or (iii) any action taken by the Condominium Board or the officers of the Condominium to comply with Law.

Section 6.3 **Statement of Common Charges.** The Condominium Board shall promptly provide a written statement of all unpaid Common Charges due from any Unit Owner upon its receipt of a written request therefor from such Unit Owner. In addition, each Unit Owner shall be permitted to examine the books of account of the Condominium at reasonable times on business days, but not more frequently than once a month.

Section 6.4 **Default in Payment of Common Charges.** (A) The Condominium Board shall take prompt action to collect any Common Charges due to the Condominium Board that remains unpaid for more than thirty days after the due date for the payment thereof. In connection therewith, the Condominium Board shall have the right and obligation to cause liens for all sums due and owing to the Condominium Board to be filed in the Register's Office pursuant to the terms of Section 399-z of the Condominium Act, to cause such liens to be foreclosed in the manner provided in Section 399-aa of the Condominium Act and/or to institute all other proceedings deemed necessary or desirable by the Condominium Board to recover all such unpaid Common Charges, together with all additional sums of money collectable by the Condominium Board by reason of such nonpayment pursuant to the terms of paragraph (B) hereof.

A suit to recover a money judgment for unpaid Common Charges, however, shall be maintainable without foreclosing or waiving the lien securing such charges.

(B) In the event that any Unit Owner shall fail to make prompt payment of Common Charges, such Unit Owner shall be obligated to pay interest thereon at the highest rate chargeable to individuals pursuant to Law, to be computed from the due date thereof until paid in full, together with all costs and expenses paid or incurred by the Condominium Board, the Managing Agent, or the manager (if any) in connection with collecting such aforementioned lien, including, without limitation, reasonable attorneys' fees and disbursements and court costs. In addition, if the Condominium Board shall bring an action to foreclose the aforementioned lien, the defaulting Unit Owner shall be required to pay a reasonable rental for the use of his or her Unit, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. All such interest, costs and expenses and rentals shall be added to and shall constitute Common Charges payable by such Unit Owner.

(C) In any action brought by the Condominium Board to foreclose a lien on a Unit because of unpaid Common Charges, the Condominium Board shall have, on behalf of all Unit Owners, the power to purchase such Unit at the foreclosure sale thereof and to acquire, hold, lease, mortgage, convey, or otherwise deal with such Unit (but not to vote the votes appurtenant to the same). In the event that the net proceeds received on such foreclosure (after deduction of all legal fees and disbursements, advertising costs, brokerage commissions, court costs and other costs and expenses paid or incurred in connection therewith) shall be insufficient to satisfy the defaulting Unit Owner's obligations to the Condominium, such Unit Owner shall remain liable for the deficit. Any surplus on such foreclosure sale shall be paid to the defaulting Unit Owner after first paying all liens on such Unit Owner's Unit in the order of priority of such liens.

ARTICLE 7

SELLING AND LEASING OF UNITS

Section 7.1 **General.** The Owner of the Residential Unit and the Owner of the Commercial Unit shall have the absolute right to sell their respective Units or to lease all or any part thereof without the consent of the Condominium Board.

Section 7.2 **No Severance of Ownership.** No Unit Owner shall execute any deed or other instrument conveying title to his or her Unit without including therein its Appurtenant Interests, it being the intention to prevent any severance of such combined ownership. Any deed or other instrument purporting to affect one or more such interests shall be 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 Interests of any Unit may be sold, conveyed, or otherwise disposed of, except as part of a sale, conveyance, or other disposition of the Unit to which such interests are appurtenant or as

part of a sale, conveyance, or other disposition of such part of the Appurtenant Interests of all Units.

Section 7.3 **Payment of Common Charges.** No Unit Owner shall be permitted to convey or lease his or her Unit unless he or she shall have paid in full to the Condominium Board all unpaid Common Charges and Special Assessments theretofore assessed against such Unit and shall have satisfied all unpaid liens, other than that of Permitted Mortgages, levied against such Unit.

Section 7.4 **Power of Attorney.** At the time of acquiring title to a Unit and as a condition thereof, the new Unit Owner shall duly execute, acknowledge and deliver to the representative of his or her title insurance company (or, if no such representative is present, to Sponsor or its designee, or, if Sponsor or its designee is not then the owner of any Unsold Unit, to the Condominium Board) for recording in the Register's Office, the Unit Owner's Power of Attorney required in Article 14 of the Declaration, in the form set forth as Exhibit E to the Declaration.

ARTICLE 8

MORTGAGING OF UNITS

Section 8.1 **General.** Each Unit Owner shall have the right to mortgage his or her Unit, subject only to the terms and conditions contained in Section 8.2 hereof. Any Unit Owner who mortgages his or her Unit, or the holder of such mortgage, shall supply the Condominium Board with the name and address of his or her mortgagee and shall file a conformed copy of the note and mortgage with the Condominium Board. Any Unit Owner who satisfies a mortgage covering his or her Unit shall so notify the Condominium Board and shall file a conformed copy of the satisfaction of mortgage with the Condominium Board. The Secretary of the Condominium shall maintain such information in a book entitled "Mortgages of Units".

Section 8.2 **Restrictions on Mortgaging.** (A) No Unit Owner shall be permitted to mortgage, pledge, or hypothecate his or her Unit unless and until he or she shall have paid in full to the Condominium Board all unpaid Common Charges and special assessments theretofore assessed against such Unit and shall have satisfied all unpaid liens, except the liens of Permitted Mortgages levied against such Unit.

(B) No Unit Owner shall execute any mortgage or other document mortgaging, pledging, or hypothecating title to his or her Unit without including therein its Appurtenant Interests, it being the intention to prevent any severance of such combined ownership. Any 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.

(C) Any mortgage covering a Unit shall be substantially in the form of the New York statutory form of mortgage, except for such changes or additions thereto as may be required in order to permit a particular bank, trust company, insurance company, savings and loan association, or other institutional or non-institutional lender to make the mortgage loan or take an assignment thereof.

Section 8.3 **Notice of Unpaid Common Charges and Default.** Whenever requested in writing by a Permitted Mortgagee, the Condominium Board shall promptly report to such Permitted Mortgagee any default by his or her mortgagor(s) in the payment of Common Charges or Special Assessments or in the observance or performance of any of the provisions of the Condominium Documents as to which the Condominium Board has knowledge then exists. The Condominium Board shall, when giving notice to a Unit Owner of any such default, also send a copy of such notice to his or her Permitted Mortgagee, if so requested. However, the Condominium Board shall have no liability for any failure, through oversight or negligence, in notifying a Permitted Mortgagee of any default by his or her mortgagor under the Condominium Documents, provided that (i) the Condominium Board shall advise such Permitted Mortgagee of the default promptly after discovering such failure and (ii) if the Condominium Board shall foreclose a lien on such mortgagor's Unit pursuant to the terms of Section 6.4 hereof by reason of such default, the Condominium Board shall pay to such Permitted Mortgagee any net proceeds of any foreclosure sale of such Unit (after retaining all sums due and owing to the Condominium Board pursuant to the Condominium Documents) or such lesser sum as shall be due and owing to such Permitted Mortgagee.

Section 8.4 **Performance by Permitted Mortgagees.** Any sum of money to be paid or any act to be performed by a Unit Owner pursuant to the terms of the Condominium Documents may be paid or performed by his or her Permitted Mortgagee, and the Condominium Board shall accept such Permitted Mortgagee's payment or performance with the same force and effect as if the same were paid or performed by such Unit Owner.

Section 8.5 **Examination of Books.** Each Permitted Mortgagee shall be permitted to examine the books of account of the Condominium at reasonable times on business days, but not more frequently than once a month.

Section 8.6 **Consent of Mortgagees; Designation of Mortgage Representatives.** (A) Except as otherwise expressly provided for herein or in the Declaration, no consent or approval by any mortgagee shall be required with respect to any determination or act of the Condominium Board or any Unit Owner, provided, however, that nothing contained herein shall be deemed to limit or affect the rights of any mortgagee against his or her mortgagor. In the event that any such consent or approval shall be expressly required pursuant to the terms of the Declaration or these By-Laws, the decision of a majority of the Mortgage Representatives, if any, designated pursuant to the terms of paragraph (B) of this Section 8.6, shall be deemed binding upon the holders of all mortgages encumbering Units.

(B) The holders of Institutional Mortgages constituting a majority in principal amount of all Institutional Mortgages may, if they so elect, designate not more than three Mortgage Representatives by giving written notice thereof to the Condominium Board, which Mortgage Representatives shall thereby be empowered to act as the representatives of the holders of all mortgages encumbering Units with respect to any matter requiring the consent or approval of mortgagees under the Declaration or these By-Laws. Any designation of a Mortgage Representative pursuant to the terms of this paragraph (B) shall be effective until any successor Mortgage Representative is designated pursuant to the terms hereof and written notice thereof is given to the Condominium Board. Unless otherwise required by Law, no holders of mortgages encumbering Units other than Permitted Mortgagees who hold Institutional Mortgages shall be entitled to participate in the designation of Mortgage Representatives, but all holders of mortgages encumbering Units shall be subject to all determinations made by the Mortgage Representatives pursuant to the terms of the Declaration or these By-Laws.

ARTICLE 9

CERTAIN REMEDIES

Section 9.1 **Abatement and Enjoinment.** (A) In the event that any Unit Owner shall violate or breach any of the provisions of the Condominium Documents on his or her part to be observed or performed, the Condominium Board shall have the right to enjoin, abate, or remedy the continuance or repetition of any such violation or breach by appropriate proceedings brought either at law or in equity.

(B) The violation or breach of any of the terms of the Condominium Documents with respect to any rights, easements, privileges, or licenses granted to Sponsor or its designee shall give to Sponsor or such designee the right to enjoin, abate, or remedy the continuation or repetition of any such violation or breach by appropriate proceedings brought either at law or in equity.

ARTICLE 10

ARBITRATION

Section 10.1 **Procedure.** Any matter required or permitted to be determined by arbitration pursuant to the terms of the Condominium Documents shall be submitted for resolution by a single arbitrator in a proceeding held in the City of New York in accordance with the then existing rules of the American Arbitration Association or any successor organization thereto. In the event that the American Arbitration Association shall not then be in existence and has no successor organization, any such arbitration shall be held in the City of New York before one arbitrator appointed, upon the application of any party, by any Justice of the highest court of appellate jurisdiction then located in the City of New York. The decision of the arbitrator so chosen shall be given within ten days after his or her selection or appointment.

Section 10.2 **Variation by Agreement.** The parties to any dispute required or permitted to be resolved by arbitration pursuant to the terms of the Condominium Documents may, by written agreement, vary any of the terms of Section 10.1 hereof with respect to the arbitration of such dispute or may agree to resolve their dispute in any manner, including, without limitaiton, the manner set forth in Section 3031 of the New York Civil Practice Law and Rules and known as "New York Simplified Procedure for Court Determination of Disputes".

Section 10.3 **Binding Effect.** The decision in any arbitration conducted pursuant to the terms of Sections 10.1 and 10.2 hereof shall be binding upon all of the parties thereto and may be entered in any court of appropriate jurisdiction. Notwithstanding the foregoing, however, any arbitration held pursuant to the terms of the Condominium Documents with respect to a matter that arose prior to the first annual meeting of all Unit Owners held pursuant to the terms of Section 4.1 hereof shall be non-binding.

Section 10.4 **Costs and Expenses.** (A) The fees, costs and expenses of the arbitrator shall be borne by the losing party in the arbitration or, if the position of neither party to the dispute shall be substantially upheld by the arbitrator, such fees, costs and expenses shall be borne equally by the disputants. Each disputant shall also bear the fees and expenses of his or her counsel and expert witnesses.

(B) All costs and expenses paid or incurred by the Condominium Board in connection with any arbitration held hereunder, including, without limitaton, the fees and expenses of counsel and expert witnesses, shall constitute Common Expenses.

ARTICLE 11

NOTICES

Section 11.1 **General.** All notices required or desired to be given hereunder shall be sent by registered or certified mail, return receipt requested, postage prepaid addressed:

(i) if to the Condominium Board, to the Condominium Board at its principal office as set forth in Section 1.5 hereof, with a photocopy sent to the Managing Agent (if any) at its principal office address as aforesaid;

(ii) if to a Unit Owner other than Sponsor or its designee, to such Unit Owner at his or her address at the Property;

(iii) if to Sponsor or its designee, to Sponsor or such designee, c/o Stark, Elman, Amron, Barash & Narotsky, 1133 Avenue of the Americas, New York, New York 10036; or

(iv) if to a Permitted Mortgagee, to such Permitted Mortgagee at its latest address designated in writing to the Condominium Board.

Any of the foregoing parties may change the address to which notices are to be sent, or may designate additional addresses for the giving of notice, by sending written notice to the other parties as aforesaid. All notices sent pursuant to the terms of this Section 11.1 shall be deemed given when deposited in a United States Postal Service depository located in the State of New York enclosed in a sealed, postage prepaid wrapper, provided, however, that notices of change of address, notices designating additional addresses and notices deposited in a United State Postal Service depository located outside of the State of New York shall be deemed to have been given when received.

Section 11.2 **Waiver of Service of Notice.** Whenever any notice is required to be given by Law or pursuant to the terms of the Condominium Documents, a waiver thereof in writing, signed by the Person or Persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE 12

AMENDMENTS TO BY-LAWS

Section 12.1 **General.** (A) Subject to the terms of paragraph (B) hereof and subject, further, to any provisions contained in the Declaration or these By-Laws with respect to any amendments (hereinafter referred to as "**Special Amendments**") affecting or in favor of Sponsor or its designee, any Unsold Unit(s), and/or any Permitted Mortgagee, any provision of these By-Laws may be amended, modified, added to, or deleted by the affirmative vote of not less than 66 2/3% in number and aggregate Common Interests of all Unit Owners either taken at a duly constituted meeting thereof or given in writing without a meeting as provided in Section 4.10 hereof. Each duly adopted amendment, modification, addition, or deletion hereof or hereto shall be effectuated in an instrument executed and recorded in the Register's Office by or on behalf of the Condominium Board as attorney-in-fact of all Unit Owners, which power-of-attorney shall be deemed irrevocable and coupled with an interest. Attached to each such instrument shall be an original, executed Secretary's Certification, certifying that the requisite number and percentage of Unit Owners approved the amendment, modification, addition, or deletion set forth therein either at a duly constituted meeting of Unit Owners or in writing without a meeting pursuant to the terms of Section 4.10 hereof, in which Secretary's Certification there shall be described the number and percentage of Unit Owners approving the same and, if voted at a meeting, the date, time and place of such meeting. No such amendment, modification, addition, or deletion shall be effective unless and until such an instrument shall be duly recorded in the Register's Office.

(B) Notwithstanding anything to the contrary contained in paragraph (A) hereof, but still subject to any provision contained in the Declaration or these By-Laws with respect to Special Amendments:

(i) the Common Interest appurtenant to any Unit, as set forth in the Declaration, shall not be altered without the consent of the Unit Owner thereof, except as otherwise provided in paragraph (F) of Section 5.5 hereof;

(ii) no amendment, modification, addition, or deletion agreed to pursuant to the terms of paragraph (A) hereof shall be effective without the prior written consent of the Mortgage Representatives, if any, provided, however, that no such consent shall be unreasonably withheld or delayed; and

(iii) the terms of Section 5.7 hereof may not be amended, modified, added to, or deleted unless (in addition to the consent, if required, of the Mortgage Representatives as provided above) not less than eighty percent in number and in aggregate Common Interests of all Unit Owners affected thereby shall approve such amendment, modification, addition or deletion in writing.

Section 12.2 **Special Amendments.** (A) Any amendment, modification, addition, or deletion of or to any of the provisions of these By-Laws that, pursuant to the terms of the Declaration or these By-laws, may be effected by Sponsor or its designee without the consent of the Condominium Board or the Unit Owners shall be embodied in an instrument executed and recorded in the Register's Office by Sponsor or such designee as attorney-in-fact of both the Condominium Board and all Unit Owners, which power-of-attorney shall be deemed to be irrevocable and coupled with an interest. Attached to each such instrument shall be an original, executed Certification by Sponsor or such designee, certifying that the amendment, modification, addition, or deletion set forth therein was effectuated by Sponsor or such designee pursuant to the terms of the Declaration and/or these By-Laws, in which Certification there shall be set forth the Article and/or Section of the Declaration or these By-Laws pursuant to which the same was effectuated. No such amendment, modification, addition, or deletion shall be effective unless and until such an instrument shall be duly recorded in the Register's Office.

(B) Notwithstanding any provision contained herein to the contrary, no amendment, modification, addition, or deletion of or to these By-Laws shall be effective in any respect against Sponsor or its designee, any Unsold Unit, Commercial Unit, or the holder of any present or future mortgage, pledge, lien or security agreement covering any Unsold Unit unless and until Sponsor, such designee, and/or such holder (as the case may be) shall consent to the same in writing.

(C) Notwithstanding any provision contained herein to the contrary, no amendment, modification, addition, or deletion of or to Section 5.4 or 5.5, paragraph (B) of Section 6.2, subparagraph (iv) or (v) of paragraph (B) of Section

7.5, or Article 8 hereof shall be effective with respect to the holder of any Permitted Mortgage theretofore made unless and until such Permitted Mortgagee shall have given its written consent thereto.

ARTICLE 13

FURTHER ASSURANCES

Section 13.1 **General.** Any Person that is subject to the terms of these By-laws, whether such Person is a Unit Owner, a lessee or sublessee of a Unit Owner, an occupant of a Unit, a member of the Condominium Board, an officer of the Condominium, or otherwise, shall, at the expense of any other Person requesting the same, execute, acknowledge and deliver to such other Person such instruments, in addition to those specifically provided for therein, and take such other action as such other Person may reasonably request in order either to effectuate the provisions of these By-Laws or any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

Section 13.2 **Failure to Deliver or Act.** (A) If any Unit Owner or other Person that is subject to the terms of these By-Laws fails to execute, acknowledge, or deliver any instrument, or fails or refuses, within ten days after request therefor, to take any action that such Unit Owner or Person is required to execute, acknowledge and deliver or to take pursuant to these By-Laws, then the Condominium Board is hereby authorized, as attorney-in-fact for such Unit Owner or other Person, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of such Unit Owner or other Person, and such document or action shall be binding on such Unit Owner or other Person.

(B) If the Condominium Board, any Unit Owner, or other Person that is subject to the terms of these By-Laws fails to execute, acknowledge, or deliver any instrument, or fails or refuses, within ten days after request therefor, to take any action that the Condominium Board, such Unit Owner, or Person is required to execute, acknowledge and deliver or to take pursuant to these By-Laws at the request of Sponsor, then Sponsor is hereby authorized, as attorney-in-fact for the Condominium Board, such Unit Owner, or other Person, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of the Condominium Board, such Unit Owner, or other Person, and such document or action shall be binding on the Condominium Board, such Unit Owner, or other Person.

ARTICLE 14

MISCELLANEOUS

Section 14.1 **Inspection of Documents.** Copies of the Declaration, these By-Laws, the Rules and Regulations and the Floor Plans, as

the same may be amended from time to time, shall be maintained at the office of the Condominium Board and shall be available for inspection by Unit Owners and their authorized agents during reasonable business hours.

Section 14.2 **Waiver.** No provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches that may occur.

Section 14.3 **Conflicts.** In the event that any provision of these By-Laws or of the Rules and Regulations shall be construed to be inconsistent with any provision of the Declaration or of the Condominium Act, the provision contained in the Declaration or in the Condominium Act shall control.

Section 14.4 **Severability.** If any provision of these By-Laws is invalid or unenforceable as against any Person or under certain circumstances, the remainder of these By-Laws and the applicability of such provision to other Persons or circumstances shall not be affected thereby. Each provision of these By-Laws shall, except as otherwise provided herein, be valid and enforced to the fullest extent provided by Law.

Section 14.5 **Successors and Assigns.** The rights and/or obligations of Sponsor as set forth herein shall inure to the benefit of, and shall be binding upon, any successor or assignee of Sponsor or, with the consent of Sponsor, any transferee of all of the then Unsold Units.

Section 14.6 **Gender.** A reference in these By-Laws to any one gender, masculine, feminine, or neuter, includes the other two, and the singular includes the plural, and vice-versa, unless the context otherwise requires.

Secton 14.7 **Captions.** The index hereof and the captions herein inserted are included 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 hereof.

Addendum to the By-Laws of

THE CURTIS RESIDENCE CONDOMINIUM

RULES AND REGULATIONS

OF

THE CURTIS RESIDENCE CONDOMINIUM

1. The sidewalks, entrances, passages, public halls, elevators, vestibules, corridors and stairways of or appurtenant to the Building shall not be obstructed or used for any purpose other than ingress to and egress from the Units.

2. No velocipedes, bicycles, scooters, or similar vehicles shall be taken into or from the Building through the main entrance or shall be allowed in any of the elevators of the Building other than the elevator designated by the Condominium Board or the Managing Agent for such purpose, and no baby carriages or any of the above-mentioned vehicles shall be allowed to stand in the public halls, passageways, or other public areas of the Building.

3. All service and delivery persons will be required to use the service entrance or such other entrance of the Building designated by the Condominium Board. In addition, all servants, messengers and tradespeople visiting the Building shall use the elevator designated by the Condominium Board or the Managing Agent for the purposes of ingress and egress, and shall not use any of the other elevators for any purpose, provided, however, that nurses in the employ of Unit Owners or their Family Members, guests, tenants, subtenants, licensees, or invitees may use any of the other elevators when accompanying said Unit Owners, Family Members, guests, subtenants, licensees or invitees.

4. Trunks and heavy baggage shall be taken in or out of the Building only by the elevator designated by the Condominium Board or the Managing Agent for that purpose and only through the service entrance.

5. No article (including, but not limited to, garbage cans, bottles or mats) shall be placed or stored in any of the halls or on any of the staircases or fire tower landings of the Building, nor shall any fire exit thereof be obstructed in any manner.

6. The storage rooms of the Building shall be used by all Unit Owners, in common, only for the storage of trunks, bags, suitcases and packing cases, all of which shall be empty, and for the storage of such other articles as the Condominium Board, in its sole discretion, may determine. Supervision, management and control of the storing in and removal of a Unit Owner's property from the storage rooms is vested in the Condominium Board. The use of the

storage rooms shall be at the sole risk of the Unit Owner or other person using the same, and the Condominium Board, its agents, or the Managing Agent shall not be liable for any injury to person, loss by theft or otherwise, or damage to property, whether due to the negligence of the Condominium Board, its agents, the Managing Agent, or otherwise.

7. The laundry and drying apparatus in the laundry room of the Building shall be used in such manner and at such times as the Condominium Board or the Managing Agent may direct. No clothes, sheets, blankets, laundry, or other articles of any kind shall be hung on or out of a Unit or shall be dried or aired on any open terrace or patio.

8. No refuse from the Units shall be sent to the cellar of the Building, except at such times and in such manner as the Condominium Board or the Managing Agent may direct. Nothing shall be hung or shaken from any doors, window, or open terraces or patios, or placed upon the window sills, of the Building, and no Unit Owner shall sweep or throw, or permit to be swept or thrown, any dirt, debris or other substance therefrom.

9. There shall be no playing or lounging in the entrances, passages, public halls, elevators, vestibules, corridors, stairways, or fire towers of the Building, except in recreational areas or other areas designated as such in the Declaration or by the Condominium Board.

10. The Condominium Board or the Managing Agent may, from time to time, curtail or relocate any portion of the Common Elements devoted to storage, recreation, or service purposes in the Building.

11. Nothing shall be done or be kept in any Unit or in the Common Elements that will increase the rate of insurance of the Building, or the contents thereof, without the prior written consent of the Condominium Board. No Unit Owner shall permit anything to be done or kept in his or her Unit or in the Common Elements that will result in the cancellation of insurance on the Building, or the contents thereof, or that would be in violation of any Law. No Unit Owner or any of his or her Family Members, agents, servants, employees, licensees, or visitors shall, at any time, bring into or keep in his or her 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.

12. There shall be no barbecuing in the Units, or in the Common Elements, except for those areas (if any) specifically designated for barbecuing by the Condominium Board.

13. No Unit Owner shall make, cause, or permit any unusual, disturbing, or objectionable noises or odors to be produced upon or to eminate from his or her Unit or permit anything to be done therein that will interfere with the rights, comforts, or conveniences of the other Unit Owners. No Unit Owner shall play upon or suffer to be played upon any musical instrument, or shall operate or permit to be operated a phonograph, radio, television set, or other loudspeaker in such Unit Owner's Unit between midnight and the following

8:00 A.M., if the same shall disturb or annoy other occupants of the Building, and in no event shall any Unit Owner practice or suffer to be practiced either vocal or instrumental music between the hours of 10:00 P.M. and the following 9:00 A.M. No construction, repair work, or other installation involving noise shall be conducted in any Unit except on weekdays (not including legal holidays) and only between the hours of 8:00 A.M. and 5:00 P.M., unless such constructon or repair work is necessitated by an emergency.

14. No bird, reptile, or animal shall be permitted, raised, bred, kept, or harbored in the Building unless, in each instance, the same shall have been expressly permitted in writing by the Condominium Board or the Managing Agent. Any such consent, if given, shall be revocable at any time by the Condominium Board or the Managing Agent in their sole discretion. In no event shall any bird, reptile, or animal be permitted in any public elevator of the Building, other than the elevator designated by the Condominium Board or the Managing Agent for that purpose, or in any of the public portions of the building, unless carried or on leash. No pigeons or other birds or animals shall be fed from the window sills, patios, terraces, or other public portions of the building, or on the sidewalk or street adjacent to the Building.

15. No Unit Owner shall install any plantings on any terrace or patio, without the prior written approval of the Condominium Board. Plantings shall be contained in boxes of wood, lined with metal or other material impervious to dampness and standing on supports at least two inches from the terrace or patio surface, and, if adjoining a wall, at least three inches from such wall. Suitable weep holes shall be provided in the boxes to draw off water. In special locations, such as a corner abutting a parapet wall, plantings may be contained in masonry or hollow tile walls which shall be at least three inches from the parapet and flashing, with the floor of drainage tiles and suitable weep holes at the sides to draw off water. Such masonry planting beds shall not, however, rest directly upon the surface of such terrace or patio, but shall stand on supports at least two inches above such surface. It shall be the responsibility of the Unit Owner to maintain the containers in good condition, and the drainage tiles and weep holes in operating condition. Such Unit Owner shall pay the cost of any repairs rendered necessary, or damage caused, by such plantings.

16. No group tour or exhibition of any Unit or its contents shall be conducted, nor shall any auction sale be held in any Unit, without the consent of the Condominium Board or the Managing Agent in each instance. In the event that any Unit shall be used for home out-patient purposes in conformance with the Declaration and the By-Laws, no patients, clients or other invitees shall be permitted to wait in any lobby, public hallway, or vestibule.

17. Unless expressly authorized by the Condominium Board in each instance, not less than eighty percent of the floor area of each Unit (excepting only kitchens, pantries, bathrooms, closets and foyers) must be covered with rugs, carpeting, or equally effective noise-reducing material.

18. No window guards or other window decorations shall be used in or about any Unit, except such as shall be required by law or shall have been

approved in writing by the Condominium Board or the Managing Agent, which approval shall not be unreasonably withheld or delayed. In no event, however, shall any exterior glass surfaces of any windows at the Property be colored or painted.

19. No ventilator or air conditioning device shall be installed in any Unit without the prior written approval of the Condominium Board, which approval may be granted or refused in the sole discretion of the Condominium Board.

20. No radio or television aerial shall be attached to or hung from the exterior of the Building, and no sign, notice, advertisement, or illumination (including, without limitation, "For Sale", "For Lease", or "For Rent" signs) shall be inscribed or exposed on or at any window or other parts of the Building, except such as are permitted pursuant to the terms of the Declaration and/or the By-Laws or shall have been approved in writing by the Condominium Board or the Managing Agent. Nothing shall be projected from any window of a Unit without similar approval.

21. 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.

22. Water-closets and other water apparatus in the Building shall not be used for any purpose other than those for which they were designed, and no sweepings, rubbish, rags or any other article shall 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.

23. Each Unit Owner shall keep his or her Unit in a good state of preservation, condition, repair and cleanliness in accordance with the terms of the By-Laws.

24. The agents of the Condominium Board or the Managing Agent and any contractor or workman authorized by the Condominium Board or the Managing Agent, may enter any room or Unit at any reasonable hour of the day, on at least one day's prior notice to the Unit Owner, for the purpose of inspecting such Unit for the presence of any vermin, insects, or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pests; however, such entry, inspection and extermination shall be done in a reasonable manner so as not to unreasonably interfere with the use of such Unit for its permitted purposes.

25. The Condominium Board or the Managing Agent may retain a pass-key to each Unit. If any lock is altered or a new lock is installed, the Condominium Board or the Managing Agent shall be provided with a key thereto immediately upon such alteration or installation. If the Unit Owner is not

personally present to open and permit an entry to his or her Unit at any time when an entry there is necessary or permissible under these Rules and Regulations or under the By-Laws, and has not furnished a key to the Condominium Board or the Managing Agent, then the Condominium Board or Managing Agent or their agents (but, except in an emergency, only when specifically authorized by an officer of the Condominium or an officer of the Managing Agent) may forcibly enter such Unit without liability for damages or trespass by reason thereof (if, during such entry, reasonable care is given to such Unit Owner's property).

26. If any key or keys are entrusted by a Unit Owner, by any Family Member thereof, or by his or her agent, servant, employee, licensee, or visitor to an employee of the Condominium or of the Managing Agent, whether for such Unit Owner's Unit or an automobile, trunk, or other item of personal property, the acceptance of the key shall be at the sole risk of such Unit Owner, and neither the Condominium Board nor the Managing Agent shall (except as provided in Rule 25 above) be liable for injury, loss or damage of any nature whatsoever, directly or indirectly resulting therefrom or connected therewith.

27. Unit Owners and their respective Family Members, guests, servants, employees, agents, visitors, or licensees shall not at any time or for any reason whatsoever enter upon, or attempt to enter upon, the roof of the Building.

28. No occupant of the Building shall send any employee of the Condominium or of the Managing Agent out of the Building on any private business.

29. Any consent or approval given under these Rules and Regulations may be amended, modified, added to, or repealed at any time by resolution of the Condominium Board. Further, any such consent or approval may, in the discretion of the Condominium Board or the Managing agent, be conditional in nature.

30. Complaints regarding the service of the Condominium shall be made in writing to the Condominium Board or to the Managing Agent.

EXHIBIT E TO THE DECLARATION OF THE CURTIS RESIDENCE CONDOMINIUM

UNIT OWNER'S POWER OF ATTORNEY

Any terms used in this Unit Owner's Power of Attorney that are used (a) in the Declaration establishing a plan for condominium ownership of the premises known both as THE CURTIS RESIDENCE CONDOMINIUM and by the street number 123-25 82nd Avenue a/k/a 120-86 Queens Boulevard, Kew Gardens, New York, under Article 9-B of the Real Property Law of the State of New York, dated _____, 19___, and recorded in the Queens County office of the Register of The City of New York on _____, 19___, in Reel _____, at page _____ (hereinafter referred to as "**Declaration**"), or (b) in the By-Laws of THE CURTIS RESIDENCE CONDOMINIUM (hereinafter referred to as the "**By-Laws**") attached to, and recorded together with, the Declaration, shall have the same meanings in this Unit Owner's Power of Attorney as in the Declaration or the By-Laws.

The undersigned _____, residing at _____, the owner of the Condominium Unit (hereinafter referred to as the "**Undersigned's Unit**") known as Unit No. _____ in THE CURTIS RESIDENCE CONDOMINIUM, said Unit being designated and described as Unit No. _____ in the Declaration and also designated as Tax Lot _____, in Block 3358 of Section 17 of the Borough of Queens on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans, (does)(do)[1] hereby irrevocably nominate, constitute and appoint the persons who may from time to time constitute the Condominium Board, true and lawful attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, in their own names, as members of the Condominium Board or in the name of their designee (corporate or otherwise), on behalf of all Unit Owners, in accordance with the Unit Owner's respective Common Interests, subject to the provisions of the By-Laws then in effect, (1) (a) to acquire or lease any Unit, together with its Appurtenant Interests, from any Unit Owner desiring to sell, convey, transfer, assign, or lease the same, (b) to acquire any Unit, together with its Appurtenant Interests, whose owner elects to surrender the same pursuant to the terms of paragraph (C) of Section 6.2 of the By-Laws, (c) to acquire any Unit, together with its Appurtenant Interests, that becomes the subject of a foreclosure or other similar sale, on such terms and (with respect to any transfer pursuant to the terms of subdivision (a) or (c) of this paragraph) at such price or at such rental, as the case may be, as said attorneys-in-fact shall deem proper, and thereafter to convey, sell, lease, mortgage, or otherwise deal with (but not vote the interest appurtenant to) any such Unit so acquired by them, or to sublease any Unit so leased by them, on such terms as said attorneys-in-fact may determine, granting to said attorneys-in-fact the power to do all things in said premises

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1. delete inapplicable parenthetical

that the undersigned could do if the undersigned were personally present and (2) to execute, acknowledge and deliver (a) any declaration or other instrument affecting the Condominium that the Condominium Board deems necessary or appropriate to comply with any law, ordinance, regulation, zoning, resolution, or requirement of the Department of Buildings, the City Planning Commission, the Board of Standards and Appeals, or any other public authority, applicable to the maintenance, demolition, construction, alteration, repair or restoration of the Condominium or (b) any consent, covenant, restriction, easement, or declaration, or any amendment thereto, affecting the Condominium or the Common Elements, that the Condominium Board deems necessary or appropriate.

The acts of a majority of such persons constituting the Condominium Board shall constitute the acts of said attorneys-in-fact.

The undersigned (does)(do)[2] hereby irrevocably nominate, constitute and appoint Sponsor as attorney-in-fact for the undersigned, coupled with an interest, with power of substitution, to amend from time to time said Declaration, By-Laws and the Rules and Regulations of the said Condominium, or any of said documents, when such amendment (1) shall be required to reflect any changes in Unsold Units and/or the reapportionment of the Common Interest of the affected Unsold Units resulting therefrom made by Sponsor or its designee in accordance with Article 12 of the Declaration or (2) shall be required by (a) an Institutional Lender designated by Sponsor to make a mortgage loan secured by a mortgage on any Unit, (b) any governmental agency having regulatory jurisdiction over the Condominium, or (c) any title insurance company selected by Sponsor to insure title to any Unit, provided, however, that any amendment made pursuant to the terms of subdivision (1) or (2) of this paragraph shall not (i) change the Common Interest of the Undersigned's Unit, (ii) require a material, physical modification to the Undersigned's Unit, or (iii) adversely affect the priority or validity of the lien of any purchase money mortgage or any mortgage held by an Institutional Lender covering the Undersigned's Unit unless the undersigned (in the event described in subdivision (i) or (ii) of this paragraph) or the holder of such mortgage (in the event described in subdivision (iii) of this paragraph) shall consent thereto by joining in the execution of such amendment. The terms, covenants and conditions contained in, and the powers granted pursuant to, this paragraph shall remain in full force and effect until such time as the Sponsor or its designees shall cease to own any Unit in THE CURTIS RESIDENCE CONDOMINIUM.

IN WITNESS WHEREOF, the undersigned (have)(has) executed this Unit Owner's Power of Attorney as of the _____ day of _____, 19____.

_____

(SEAL)

_____

_____

2. delete inapplicable parenthetical

ACKNOWLEDGMENT

STATE OF NEW YORK)
: ss.:
COUNTY OF)

On the _____ day of _____, 19____, before me personally came _____, to me known and known to me to be the individual(s) described in and who executed the foregoing instrument; and acknowledged to me that (s)he, they executed the same.

_____
Notary Public

STATE OF NEW YORK)
: ss.:
COUNTY OF)

On the _____ day of _____, 19____, before me personally came _____, to me known and known to me to be the individual(s) described in and who executed the foregoing instrument; and acknowledged to me that (s)he, they executed the same.

_____
Notary Public

STATE OF NEW YORK)
: ss.:
COUNTY OF)

On the _____ day of _____, 19____, before me personally came _____, to me known, who being by me duly sworn did depose and say that (s)he resides at No. _____, that (s)he is the _____ of _____, the corporation described in and which executed the foregoing instrument and that (s)he signed (his)(her) name thereto by order of the Board of Directors of the Corporation.

_____
Notary Public

CONDOMINIUM UNIT DEED

THIS INDENTURE, made the _____ day of _____, 19____, by and between _____, having an office c/o ABG International Properties, Inc., 39 Broadway, New York, New York 10006, (hereinafter referred to as the "**Grantor**") and _____, residing at _____ (hereinafter referred to as the "**Grantee**").

W I T N E S S E T H :

That the Grantor, in consideration of Ten ($10.00) Dollars and other valuable consideration paid by the Grantee, does hereby grant and release unto the Grantee, and the heirs or successors and assigns of the Grantee, forever:

The Condominium Unit (hereinafter referred to as the the "**Unit**") known as Unit No. ____ in the building (hereinafter referred to as the "**Building**") known as THE CURTIS RESIDENCE CONDOMINIUM and by the street number 123-25 82nd Avenue a/k/a 120-86 Queens Boulevard, Kew Gardens, New York, Borough of Queens, County of Queens, City and State of New York, said Unit being designated and described as Unit No. ____ in a certain declaration dated _____, 19__, made by Grantor pursuant to Article 9-B of the Real Property Law of the State of New York (hereinafter referred to as the "**Condominium Act**"), establishing a plan for condominium ownership of the Building and the land (hereinafter referred to as the "**Land**") upon which the Building is situate (which Land is more particularly described in Exhibit A annexed hereto and by this reference made a part hereof), which declaration was recorded in the Queens County office of the Register of The City of New York on _____, 19__, in Reel _____, Page _____ (and has been amended as set forth on Exhibit B annexed hereto and by this reference made a part hereof)[1] (which declaration and amendments thereto are hereinafter collectively referred to as the "**Declaration**"). This Unit is also designated as Tax Lot _____ in Block 3358 of Section 17 of the Borough of Queens on the Tax Map of the Real Property

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1. Delete if inapplicable

Assessment Department of The City of New York and on the Floor Plans of the Building, certified by Serge Klein, A.I.A., 616 West 232nd Street, New York, New York 10463 on _____, 19___, and filed with the Real Property Assessment Department of The City of New York on _____, 19___, as Condominium Plan No. _____ and also filed in the City Register's Office on _____, 19___, as Condominium Plan No. _____;

Together with an undivided _____% interest in the **Common Elements** (as such term is defined in the Declaration);

Together with the appurtenances and all the estate and rights of the Grantor in and to the Unit;

Together with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws of THE CURTIS RESIDENCE CONDOMINIUM, as the same may be amended from time to time (hereinafter referred to as the "**By-Laws**"), all of which shall constitute the covenants running with the Land and shall bind any person having at any time any interest or estate in the Unit, as though recited and stipulated at length herein;

Subject also to such other liens, agreements, covenants, easements, restrictions, consents and other matters of record as pertain to the Unit, to the Land and/or to the Building (which Land and Building are hereinafter collectively referred to as the "**Property**").

TO HAVE AND TO HOLD the same unto the Grantee, and the heirs or successors and assigns of the Grantee, forever.

If any provision of the Declaration or the By-Laws is invalid under, or would cause the Declaration or the By-Laws to be insufficient to submit the Property to, the provisions of the Condominium Act, or if any provision that is necessary to cause the Declaration and the By-Laws to be sufficient to submit the Property to the provisions of the Condominium Act is missing from the Declaration or the By-Laws, or if the Declaration and the By-Laws are insufficient to submit the Property to the provisions of the Condominium Act, the applicable provisions of Article 17 of the Declaration shall control.

Except as otherwise specifically permitted by the Condominium Board (as such term is defined in the Declaration) or provided in the Declaration or in the By-Laws, the Unit is intended for commercial use only.

The Grantor covenants that the Grantor has not done or suffered anything whereby the Unit has been encumbered in any way whatever, except as set forth in the Declaration and the By-Laws (and any Rules and Regulations adopted under the By-Laws).

The real property is not encumbered by a credit line mortgage.

The Grantor, in compliance with Section 13 of the Lien Law of the State of New York, covenants that the Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund for the purpose of paying the cost of the improvements at the Property and will apply the same first to the payment of the cost of such improvements before using any part of the same for any other purposes.

The Grantee accepts and ratifies the provisions of the Declaration and the By-Laws (and any Rules and Regulations adopted under the By-Laws) and agrees to comply with all the terms and provisions thereof.

This conveyance is made in the regular course of business actually conducted by the Grantor.

The term "**Grantee**" shall be read as "**Grantees**" whenever the sense of this indenture so requires.

IN WITNESS WHEREOF, the Grantor and the Grantee have duly executed this indenture as of the day and year first above written.

_____

Grantor

_____

Grantee

_____

Grantee

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the _____ day of _____, 19____, before me personally came _____, to me known and known to me to be the individual(s) described in and who executed the foregoing instrument; and acknowledged to me that (t)he(y) executed the same.

_____
Notary Public

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the _____ day of _____, 19____, before me personally came _____, to me known and known to me to be the individual(s) described in and who executed the foregoing instrument; and acknowledged to me that (t)he(y) executed the same.

_____
Notary Public

STATE OF NEW YORK)
: ss.:
COUNTY OF)

On the _____ day of _____, 19____, before me personally came _____, to me known, who being by me duly sworn did depose and say that (s)he resides at No. _____, that (s)he is the _____ of _____, the corporation described in and which executed the foregoing instrument; that (s)he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation; and that (s)he signed (his)(her) name thereto by like order.

_____
Notary Public

EXHIBIT A TO CONDOMINIUM UNIT DEED
DATED _____, 19___, BY
AND BETWEEN _____, as Grantor
and _____, as Grantee

DESCRIPTION OF THE LAND

ALL that certain plot, piece or parcel of land situate, lying and being in the Second Ward, Borough and County of Queens, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southwesterly side of Queens Boulevard with the northwesterly side of 82nd Avenue,

running thence southwesterly along the northwesterly side of 82nd Avenue, 189.09 feet;

thence northwesterly at right angles to 82nd Avenue 138.96 feet;

thence northeasterly parallel to 82nd Avenue 95.89 feet to the southwesterly side of Queens Boulevard;

thence southeasterly along the southwesterly side of Queens Boulevard 167.32 feet to the corner at the point or place of **BEGINNING.**

SAID PREMISES being known as and by the street number 123-25 82nd Avenue a/k/a 120-86 Queens Boulevard, Kew Gardens, New York.

EXCERPTS FROM
GENERAL BUSINESS LAW
SECTION 352-eeee

Conversions to cooperative or condominium ownership in the City of New York

1. As used in this section, the following words and terms shall have the following meanings:

(a) "Plan". Every offering statement or prospectus submitted to the department of law pursuant to section three hundred fifty-two-e of this article for the conversion of a building or group of buildings or development from residental rental status to cooperative or condominium ownership or other form of cooperative interest in realty, other than an offering statement or prospectus for such conversion pursuant to article two, eight or eleven of the private housing finance law.

(b) "Non-eviction plan". A plan which may not be declared effective until written purchase agreements hve been executed and delivered for at least fifteen percent of all dwelling units in the building or group of buildings or development by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family intend to occupy the unit when it becomes vacant. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made in good faith without fraud and discriminatory repurchase agreements or other discriminatory inducements.

(d) "Purchaser under the plan". A person who owns the shares allocated to a dwelling unit or who owns such dwelling unit itself.

(e) "Non-purchasing tenant". A person who has not purchased under the plan and who is a tenant entitled to possession at the time the plan is declared effective or a person to whom a dwelling unit is rented subsequent to the effective date. A person who sublets a dwelling unit from a purchaser under the plan shall not be deemed a non-purchasing tenant.

2. The attorney general shall refuse to issue a letter stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this chapter has been filed whenever it appears that the offering statement or prospectus offers for sale residential cooperative apartments or condominium units pursuant to a plan unless:

(a) The plan provides that it will be deemed abandoned, void and of no effect if it does not become effective within fifteen months from the date of issue of the letter of the attorney general stating that the offering statement or prospectus has been accepted for filing and, in the event of such abandonment, no new plan for the conversion of such building or group of buildings or development shall be submitted to the attorney general for at least twelve months after such abandonment.

(b) The plan provides either that it is an eviction plan or that it is a non-eviction plan.

(c) The plan provides, if it is a non-eviction plan, as follows:

(i) The plan may not be declared effective until written purchase agreements have been executed and delivered for at least fifteen percent of all dwelling units in the building or group of buildings or development subscribed for by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family occupy the dwelling unit when it becomes vacant. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made without discriminatory repurchase agreements or other discriminatory inducements.

(ii) No eviction proceedings will be commenced at any time against non-purchasing tenants for failure to purchase or any other reason applicable to expiration of tenancy; provided that such proceedings may be commenced for non-payment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the owner or a similar breach by the non-purchasing tenant of his obligations to the owner of the dwelling unit or the shares allocated thereto; and provided further than an owner of a unit or of the shares allocated thereto may not commence an action to recover possession of a dwelling unit from a non-purchasing tenant on the grounds that he seeks the dwelling unit for the use and occupancy of himself or his family.

(iii) Non-purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy prior to the conversion of the building or group of buildings or developmnt to cooperative or condominium ownership shall continue to be subject thereto.

(iv) The rentals of non-purchasing tenants who reside in dwelling units not subject to government regulation as to rentals and continued occupancy and non-purchasing tenants who reside in dwelling units with respect to which government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the plan has been accepted for filing by the attorney general shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy. In determining comparability, consideration shall be given to such factors as building services, level of maintenance and operating expenses.

(v) The plan may not be amended at any time to provide that it shall be an eviction plan.

(vi) The rights granted under the plan to purchasers under the plan and to non-purchasing tenants may not be abrogated or reduced notwithstanding any expiration of, or amendment to, this section.

(vii) After the issuance of the letter from the attorney general stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this article has been filed, the offeror shall, on the thirtieth, sixtieth, eighty-eighth and ninetieth day after such date and at least once every thirty days until the plan is declared effective or is abandoned, as the case may be, and on the second day before the expiration of any exclusive purchase period provided in a substantial amendment to the plan, (1) file with the attorney general a written statement, under oath, setting forth the percentage of the dwelling units in the building or group of buildings or development subscribed for by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family occupy the dwelling unit when it becomes vacant as of the date of such statement and, (2) before noon on the day such statement is filed post a copy of such statement in a prominent place accessible to all tenants in each building covered by the plan.

(e) The attorney general finds that an excessive number of long-term vacancies did not exist on the date that the offering statement or prospectus was first submitted to the department of law. "Long-term vacancies" shall mean dwelling units not leased or occupied by bona fide tenants for more than five months prior to the date of such submission to the department of law. "Excessive" shall mean a vacancy rate in excess of the greater of (i) ten percent and (ii) a percentage that is double the normal average vacancy rate for the building or group of buildings or development for two years prior to the January preceding the date the offering statement or prospectus was first submitted to the department of law.

(f) The attorney general finds that, following the submission of the offering statement or prospectus to the department of law, each tenant in the building or group of buildings or development was provided with a written notice stating that such offering statement or prospectus has been submitted to the department of law for filing. Such notice shall be accompanied by a copy of the offering statement or prospectus and a statement that the statements submitted pursuant to subparagraph (vii) of paragraph (c) or subparagraph (vii) of paragraph (d) of this subdivision will be available for inspection and copying at the office of the department of law where the submission was made and at the office of the offeror or a sellling agent of the offeror. Such notice shall also be accompanied by a statement that tenants or their representatives may physically inspect the premises at any time subsequent to the submission of the plan to the department of law, during normal business hours, upon written request made by them to the offeror, provided such representatives are registered architects or professional engineers licensed to practice in the State of New York. Such notice shall be sent to each tenant in occupancy on the date the plan is first submitted to the department of law.

3. All dwelling units occupied by non-purchasing tenants shall be managed by the same managing agent who manages all other dwelling units in the building or group of buildings or development. Such managing agent shall provide to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. The offeror shall guarantee the obligation of the managing agent to provide all such services and facilities until such time as the offeror surrenders control to the board of directors or board of managers.

4. It shall be unlawful for any person to engage in any course of conduct, including, but not limited to, interruption or discontinuance of essential services, which substantially interferes with or disturbs the comfort, repose, peace or quiet of any tenant in his use or occupancy of his dwelling unit or the facilities related thereto. The attorney general may apply to a court of competent jurisdiction for an order restraining such conduct and, if he deems it appropriate, an order restraining the owner from selling the shares allocated to the dweling unit or the dwelling unit itself or from proceeding with the plan of conversion; provided that nothing contained herein shall be deemed to preclude the tenant from applying on his own behalf for similar relief.

5. Any local legislative body may adopt local laws and any agency, officer or public body may prescribe rules and regulations with respect to the continued occupancy by tenants of dwelling units which are subject to regulation as to rentals and continued occupancy pursuant to law, provided that in the event that any such local law, rule or regulation shall be inconsistent with the provisions of this section, the provisions of this section shall control.

6. Any provision of a lease or other rental agreement which purports to waive a tenant's rights under this section or rules and regulations promulgated pursuant hereto shall be void as contrary to public policy.

7. The provisions of this section shall only be applicable in the City of New York.

EXCERPTS FROM TITLE YYYY OF THE ADMINISTRATIVE CODE OF THE CITY OF NEW YORK

§ YYYY5[illegible]-1.0 Application. The provisions of this title shall apply to conversions from rental to cooperative or condominium status of a building or a group of buildings or developments for which a plan must be filed with the state department of law pursuant to section three hundred fifty-two-eeee of the general business law.

§ YYYY5[illegible]-2.0 Definitions — As used in this title the following words shall mean:

a. "Building" — any building, group of buildings or development.

b. "Total price" —

(1) with respect to cooperative conversions, the number of all shares in the offering multiplied by the last price per share which was offered to tenants in occupancy prior to the effective date of the plan regardless of number of sales made.

(2) with respect to condominium conversions, the sum of the cost of all units in the offering at the last price which was offered to tenants in occupancy prior to the effective date of the plan regardless of number of sales made.

c. "Capital replacement" — a building-wide replacement of a major component of any of the following systems:

(1) elevator;

(2) heating, ventilation and air conditioning;

(3) plumbing;

(4) wiring;

(5) window;

or a major structure replacement to the building; provided, however, that replacements made to cure code violations of record shall not be included.

d. "Offeror" — the offeror, his nominees, assignees and successors in interest.

§ YYYY5[illegible]-3.0 Establishment of reserve fund — a. Within thirty days after the closing of a conversion pursuant to an offering plan the offeror shall establish and transfer to the cooperative corporation or condominium board of managers, a reserve fund to be used exclusively for making capital repairs, replacements and improvements

necessary for the health and safety of the residents of such buildings. Such reserve fund shall be exclusive of any other funds required to be reserved under the plan or applicable law or regulation of the state attorney general, except a fund for capital repairs, replacement and improvements substantially similar in purpose to and in an amount not less than the reserve fund mandated by this section. Such reserve fund also shall be exclusive of any working capital fund and shall not be subject to reduction for closing apportionments.

b. Such fund shall be established in an amount equal to either (i) three per cent of the total price or, (ii)(A) three per cent of the actual sales price of all cooperative shares or condominium units sold by the offerer at the time the plan is declared effective, provided, however, that if such amount is less than one per cent of the total price, then the fund shall be established as a minimum of one per cent of the total price; plus (B) supplemental contributions to be made by the offeror at a rate of three per cent of the actual sales price of cooperative shares or condominium units for each unit or its allocable shares held by the offeror and sold to bona fide purchasers subsequent to the effective date of the plan and within 5 years of the closing of the conversion pursuant to such plan notwithstanding that the total amount contributed may exceed three per cent of the total price; and provided, further, that if five years from thirty days after the closing of the conversion pursuant to such plan the total contributions by the offeror to the fund are less than three per cent of the total price the offeror shall pay the difference between the amount contributed and three per cent of the total price. Supplemental contributions shall be made within 30 days of each sale.

c. The contributions required pursuant to this section may be made earlier or in an amount greater than so provided. An offeror may claim and receive credit against the mandatory initial contribution to the reserve fund for the actual cost of capital replacements which he has begun after the plan is submitted for filing to the state department of law and before the plan is declared effective; provided, however, that any such replacements must be set forth in the plan together with their actual or estimated costs and further provided, that such credit shall not exceed the lesser of the actual cost of the capital replacements or one per cent of the total price.

d. Any building, construction of which was completed within three years prior to the closing of a conversion pursuant to an offering plan, shall be exempt from the requirements of this section.

§ YYYY51-4.0 Report on status of reserve fund — The cooperative corporation or condominium board of managers shall report to shareholders and unit owners on a semi-annual basis with respect to all deposits into and withdrawals from the reserve fund mandated by section YYYY51-3.0.

§ YYYY51-5.0 Posting of violations. — The offeror, not later than the thirtieth day following the acceptance of a plan for filing by the state department of law pursuant to section three hundred fifty-two-eeee of the general business law and until the closing of the conversion pursuant to such plan, shall post and maintain in a prominent place, accessible to all tenants in each building covered by the plan, a listing of all violations of record against such buildings as determined by the department of buildings and the department of housing preservation and development. All newly issued violations shall be posted within forty-eight hours of their issuance and maintained as described above. The offeror may satisfy the requirements of this section by designating an agent on the premises with whom such listng shall be made available for inspection by the tenants.

§ YYYY51-6.0 Report on condition of premises. — Where pursuant to law or regulations of the state attorney general, an offeror is required to file a report with the state department of law describing the condition of the physical aspects of the premises to be converted and the surrounding neighborhood a copy of such report shall be submitted simultaneously to the commissioner of buildings.

§ YYYYY51-7.0 No waiver of rights. — Any provision purporting to waive the provisions of this title in any contract to purchase or agreement between an offeror and the cooperative corporation or the condominium board of managers pursuant to a conversion plan shall be void as against public policy.

CERTIFICATION OF SPONSOR AND SPONSOR'S PRINCIPALS PURSUANT TO SECTIONS 18.4(b) and 19.1(o)(2) OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A, AS AMENDED.

New York State Department of Law
Two World Trade Center
New York, New York 10047

Attention: Real Estate Financing Bureau

Re: 123-25 82nd Avenue
a/k/a 120-86 Queens Boulevard
Kew Gardens, New York

The undersigned, certify as follows:

We are the Sponsor and the principals* of Sponsor of the offering to convert the subject property to condominium and cooperative ownership.

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Attorney General in Part 18 and Part 19 and such other laws and regulations as may be applicable.

We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for making this certification. We jointly and severally certify that the offering plan does, and that all documents submitted hereafter by us which amend or supplement the offering plan will:

(1) set forth the detailed terms of the transaction and be complete, current and accurate;

(2) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;

(3) not omit any material fact;

---

* "Principals" means all individual sponsors; all general partners of sponsors that are partnerships; all officers, directors and shareholders of a corporate sponsor that are actively involved in the planning and consummation of the offering; and all other individuals who both own an interest in or control sponsor and actively participate in the planning and consummation of the offering, regardless of the form of organization of sponsor.

(4) not contain any untrue statement of a material fact;

(5) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

(6) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(7) not contain any representation or statement which is false, where we: (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made no reasonable effort to ascertain the truth, or (iv) did not have knowledge concerning the representations or statement made.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

HNP REALTY, INC.

By: _____
Felix Blitz, Vice President

Sworn to before me this
10th day of December, 1986

_____
Notary Public

ELLEN J. HOFFMAN
Notary Public, State of New York
No. 41-4519639
Qualified in Queens County
Commission Expires Feb. 28, 1989

CERTIFICATION OF SPONSOR AND SPONSOR'S PRINCIPALS PURSUANT TO SECTIONS 18.4(b) and 19.1(o)(2) OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A, AS AMENDED.

New York State Department of Law
Two World Trade Center
New York, New York 10047

Attention: Real Estate Financing Bureau

Re: 123-25 82nd Avenue
a/k/a 120-86 Queens Boulevard
Kew Gardens, New York

The undersigned, certify as follows:

We are the Sponsor and the principals* of Sponsor of the offering to convert the subject property to condominium and cooperative ownership.

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Attorney General in Part 18 and Part 19 and such other laws and regulations as may be applicable.

We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for making this certification. We jointly and severally certify that the offering plan does, and that all documents submitted hereafter by us which amend or supplement the offering plan will:

(1) set forth the detailed terms of the transaction and be complete, current and accurate;

(2) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;

(3) not omit any material fact;

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* "Principals" means all individual sponsors; all general partners of sponsors that are partnerships; all officers, directors and shareholders of a corporate sponsor that are actively involved in the planning and consummation of the offering; and all other individuals who both own an interest in or control sponsor and actively participate in the planning and consummation of the offering, regardless of the form of organization of sponsor.

(4) not contain any untrue statement of a material fact;

(5) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

(6) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(7) not contain any representation or statement which is false, where we: (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made no reasonable effort to ascertain the truth, or (iv) did not have knowledge concerning the representations or statement made.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

HNP REALTY, INC.

By: Nancy C. Guinan
Nancy C. Guinan, Secretary

Sworn to before me this
10th day of December, 1986

Ellen J. Hoffman
Notary Public

ELLEN J. HOFFMAN
Notary Public, State of New York
No. 41-4519639
Qualified in Queens County
Commission Expires Feb. 28, 1989

CERTIFICATION OF SPONSOR'S ENGINEER OR ARCHITECT PURSUANT TO SEC. 18.4(c) OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A, AS AMENDED.

New York State Department of Law
Two World Trade Center
New York, N.Y. 10047

ATT: REAL ESTATE FINANCING BUREAU

RE: 123-25 82nd Avenue, Queens, N.Y.

The undersigned, (an Architect registered in New York State), certifies as follows:

The sponsor of the offering to convert the captioned property to a cooperative & condominium retained me to prepare a report disclosing the conditions of the property (the "Report"). I visually inspected the property on October 17, 1986, and prepared the Report dated October 23, 1986, a copy of which is intended to be incorporated into the offering plan so that tenants and prospective purchasers may rely on the Report.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 18 insofar as they are applicable to this Report.

I have read the entire Report and investigated the facts set forth in the Report and the facts underlying it and conducted the visual inspection referred to above with due diligence in order to form a basis for this certification. I certify that the Report and all documents prepared by me disclose all material facts which were then discernible from a visual inspection of the property. This certification is made for the benefit of all parties to whom this offer is made. I certify that the Report based on my visual inspection:

(i) sets forth in narrative form the physical condition of the entire property and is current and accurate as of the date of inspection;

(ii) in my opinion, affords potential investors, purchasers and participants an adequate basis upon which to found their judgement concerning the physical condition of the property;

(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;

(continued)

(vii) does not contain any representation or statement which is false, where I: (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 knwoledge concerning the representations or statement made;

(viii) it is to be understood that all aspects of the physical condition of the property cannot be determined by a visual inspection and that the statements contained in this certification - (i)to(vii)- are premised on and limited to such visual inspection.

I further certify that I am not owned or controlled by and have no beneficial interest in the Sponsor and that my compensation for preparing this Report is not contingent on the conversion of the property to a cooperative or on the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

SERGE KLEIN, Architect A.I.A.

Sworn to before me this

24th day of October 1986

Notary Public

LEONARD H. NEWBURGER
NOTARY PUBLIC, State of New York
No. 03-8127740
Qualified in Bronx County
Commission Expires Sept. 30, 1987

Certification as to Adequacy of Budget
Pursuant to Section 18.4 (d) of the
Regulations Issued Pursuant to
General Business Law, Article 23-A, As Amended

New York State Department of Law
Two World Trade Center
New York, New York 10047

Attn: Real Estate Financing Bureau

Re: **123-25 82nd Avenue**
Kew Gardens, New York

The sponsor of the cooperative/condominium offering plan for the conversion of the residential unit The Curtis Residence, Ltd., has retained this firm to review Schedule B containing projections of income and expenses for the first year of cooperative operation.

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 insofar as they are applicable to Schedule B.

We have reviewed the Schedule and investigated the facts set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for the certification.

We certify that the projections in Schedule B appear reasonable and adequate under existing circumstances, and the projected income will be sufficient to meet the anticipated operating expenses for the projected first year of cooperative operation.

We certify that the Schedule:

(I) sets forth in detail the terms of transaction as it related to the Schedule and is complete, current and accurate.

(II) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of cooperative operation;

(III) does not omit any material fact;

(IV) does not contain any untrue statement of a material fact.

(V) does not contain any fraud, deception, concealment or suppression;

New York State Department of Law - page two

(VI) does not contain any promise or representation as to the future which is beyond reasonable or unwarranted by existing circumstances;

(VII) does not contain any representation or statement which is false, where I: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representations or statement made.

We further certify that we are not owned or controlled by the sponsor. We understand that a copy of the certification is intended to be incorporated into the offering plan.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

This firm is a licensed real estate broker which has been actively engaged in the real estate brokerage and management business in the Greater New York Area since 1978, and is thoroughly familiar with the operation, management and analysis of residential income producing properties.

Very truly yours,

LLERANDI & SON REALTY CORP.

Daniel J. Perez
Senior Broker
Chief Executive Officer

Sworn to before me
this 11th day of December 1986.

WILLIAM ROTACH
NOTARY PUBLIC, State of New York
No. 41-3122570
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 1987

Certification as to Adequacy of Budget
Pursuant to Section 18.4 (d) of the
Regulations Issued Pursuant to
General Business Law, Article 23-A, As Amended

New York State Department of Law
Two World Trade Center
New York, New York 10047

Attn: Real Estate Financing Bureau

Re: **123-25 82nd Avenue**
Kew Gardens, New York

The sponsor of the cooperative/condominium offering plan for the conversion of the above referenced property, has retained this firm to review Schedule D containing projections of income and expenses for the first year of condominium operation.

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 insofar as they are applicable to Schedule D.

We have reviewed the Schedule and investigated the facts set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for the certification.

We certify that the projections in Schedule D appear reasonable and adequate under existing circumstances, and the projected income will be sufficient to meet the anticipated operating expenses for the projected first year of condominium operation.

We certify that the Schedule:

(I) sets forth in detail the terms of transaction as it related to the Schedule and is complete, current and accurate;

(II) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of cooperative operation;

(III) does not omit any material fact;

(IV) does not contain any untrue statement of a material fact.

(V) does not contain any fraud, deception, concealment or suppression;

New York State Department of Law - page two

(VI) does not contain any promise or representation as to the future which is beyond reasonable or unwarranted by existing circumstances;

(VII) does not contain any representation or statement which is false, where I: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representations or statement made.

We further certify that we are not owned or controlled by the sponsor. We understand that a copy of the certification is intended to be incorporated into the offering plan.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

This firm is a licensed real estate broker which has been actively engaged in the real estate brokerage and management business in the Greater New York Area since 1978, and is thoroughly familiar with the operation, management and analysis of residential income producing properties.

Very truly yours,

LLERANDI & SON REALTY CORP.

Daniel J. Perez
Senior Broker
Chief Executive Officer

Sworn to before me
this 11th day of December 1986.

William Gotaer
NOTARY PUBLIC, State of New York
No. 41-3122570
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 1987

37-52 82ND STREET, SUITE 400, JACKSON HEIGHTS, N.Y. 11372 USA (718) 457-6400