

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

CONDOMINIUM OFFERING PLAN
2634 BUTLER PLACE CONDOMINIUM

A PLAN FOR CONDOMINIUM OWNERSHIP

of

PREMISES KNOWN AS
26 & 34 Butler Place
BROOKLYN, NEW YORK

(48 Residential Units* 1 Laundry Unit ** and 5 Storage Units)

*Unit 25 is to be sold to the Condominium as a superintendent's apartment.

** Laundry Unit is to be sold to Condominium

Total Amount of Offering \$24,356,115

Reserve Fund \$730,683

Working Capital Fund \$47,000

Total Amount of Offering Less Reserve and Working Capital Funds \$23,578,432

Sponsor:
26 & 34 Butler, LLC
101 Park Avenue
New York, New York

Selling Agent:
Awaye Realty, Managing Agent
522 A Court Street
Brooklyn, New York

Date of Acceptance for Filing Sept. 30, 2005

The Term of the Initial Offer commenced on Sept. 30, 2005 and expires on Sept. 30, 2006
unless extended in a duly filed amendment.

THIS OFFERING PLAN IS THE SPONSOR'S ENTIRE OFFER TO SELL THESE
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 CONDOMINIUM UNIT. FILING WITH THE
DEPARTMENT OF LAW DOES NOT MEAN THAT THE DEPARTMENT OR ANY OTHER
GOVERNMENT AGENCY HAS APPROVED THIS OFFERING.

BECAUSE SPONSOR IS RETAINING THE UNCONDITIONAL RIGHT TO RENT
RATHER THAN SELL UNITS, THIS PLAN MAY NOT RESULT IN THE CREATION
OF A CONDOMINIUM IN, WHICH THE MAJORITY OF THE UNITS ARE OWNED
BY OWNER-OCCUPANTS OR INVESTORS UNRELATED TO THE SPONSOR.
PURCHASERS FOR THEIR OWN OCCUPANCY MAY NEVER GAIN CONTROL OF THE
CONDOMINIUM BOARD UNDER THE TERMS OF THIS PLAN {SEE SPECIAL RISK
SECTION OF THE PLAN}.

THIS PLAN HAS BEEN AMENDED
PLEASE SEE INSIDE COVER

TABLE OF CONTENTS

PART I

	Page
SPECIAL RISKS.....	iii
INTRODUCTION.....	1
A PURCHASE PRICES AND SHARE ALLOCATIONS, SCHEDULE A.....	5
B BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION, SCHEDULE B.....	15
C CHANGES IN PRICES AND APARTMENTS.....	24
D OPINION OF REASONABLE RELATIONSHIP.....	27
E ACCOUNTANT'S CERTIFIED STATEMENTS OF OPERATION.....	29
F ATTORNEYS INCOME TAX OPINION.....	33
G RIGHTS OF EXISTING TENANTS.....	38
H OBLIGATIONS OF HOLDERS OF SHARES OF DWELLING UNITS OCCUPIED BY NON-PURCHASING TENANTS.....	43
I INTERIM LEASES.....	46
J PROCEDURE TO PURCHASE.....	47
K ASSIGNMENT OF SUBSCRIPTION AGREEMENTS.....	52
L EFFECTIVE DATE.....	52
M TERMS OF MORTGAGES.....	55
N FINANCING FOR QUALIFIED PURCHASERS.....	56
O SUMMARY OF PROPRIETARY LEASE.....	57
P APARTMENT CORPORATION.....	62
Q UNSOLD SHARES.....	64

	Page
R PURCHASERS FOR INVESTMENT OR RESALE.....	66
S SPONSOR'S RIGHTS AND OBLIGATIONS - RESERVE FUND AND WORKING CAPITAL FUND.....	67
T CONTRACT OF EXCHANGE.....	71
U SPECIAL TAX CONSEQUENCES.....	79
V MANAGEMENT AGREEMENT, CONTRACTS AND LEASES.....	81
W IDENTITY OF PARTIES.....	83
X SPONSOR'S PROFIT.....	84
Y REPORTS TO SHAREHOLDERS.....	84
Z DOCUMENTS ON FILE.....	84
AA GENERAL.....	85
BB SPONSOR'S STATEMENT OF BUILDING CONDITION.....	87

PART II

SUBSCRIPTION AGREEMENT.....	89
FORM OF SWORN STATEMENT BY ASSIGNEE.....	101
DESCRIPTION OF PROPERTY AND BUILDING CONDITION.....	104
ASBESTOS REPORT.....	124
PROPRIETARY LEASE (AND HOUSE RULES).....	184
BY-LAWS OF THE APARTMENT CORPORATION.....	235
GENERAL BUSINESS LAW SECTION 352-eee.....	253

CERTIFICATIONS:

SPONSOR AND SPONSOR'S PRINCIPALS.....	261
SPONSOR'S ENGINEER (OR ARCHITECT).....	264
SPONSOR'S EXPERT CONCERNING ADEQUACY OF BUDGET.....	266

SPECIAL RISKS

Title to the Property will be conveyed to the Apartment Corporation subject to an institutional first mortgage in the original principal amount of \$8,000,000 for a term of five (5) years. The Sponsor has agreed to buy down the interest rate of the mortgage so that the interest rate will not exceed 8% the first year, 9% the second year and 10% the third year. Thereafter and for the balance of the term the interest rate will be equal to 175 basis points over Citibank's cost of funds, set at the date of closing with the Apartment Corporation. Sponsor can make no representation as to what the interest rate will be at said date, however as of March 25, 1988 the interest rates for said loan were 10.89%. See Section M for details.

O F F E R I N G S T A T E M E N T

WENDELL TERRACE
20 Wendell Street
Hempstead, New York

PART I

INTRODUCTION

The purpose of this offering plan (the "Plan") is to set forth all the material terms of the offering. The Plan may be amended from time to time when an amendment is filed with the New York State Department of Law (the "Department of Law"). Amendments will be served in accordance with the regulations promulgated pursuant to Section 352-e(6) of the General Business Law, on: (i) one residential tenant per apartment; (ii) subscribers who have executed and delivered subscription agreements to Wendell Terrace Apartments, Inc. (the "Sponsor"), Wendell Terrace Owners Corp., (the Apartment Corporation"), or Sandra Greer Real Estate, Inc. (the "Selling Agent"), and are not in default; (iii) shareholders of the Apartment Corporation (the "Tenant-Shareholders"); and (iv) any other person entitled to service pursuant to local law or regulation (collectively "offerees").

The six story structure is located at 20 Wendell Street in the Village of Hempstead, New York, (the "Building"). The Building and the land are collectively referred to as the "Property." The Building was constructed in 1966. Principals of the Sponsor first acquired an interest in the Property in 1979. In the event the Plan is declared effective and a closing is held, Sponsor will convey or will cause to be conveyed legal ownership (fee simple title) of the Property to the Apartment Corporation, subject to the mortgage described in Section M.

197,090 shares of stock in the Apartment Corporation, allocated to 239 apartments (the "Apartments"), are being offered under the Plan. See Schedule A for the prices for the blocks of shares allocated to each apartment. The Building also contains one (1) superintendent's apartment (LB-6). The superintendent's apartment does not have shares allocated to it and will not be offered for sale, but will be owned by the Apartment Corporation. Common areas in the Building include elevators, interior corridors, lobby, laundry room, and garage. See Part II, Description of Property and Building Condition, for a complete description of the common areas of the Building.

There are approximately 221 parking spaces available. There is a covered parking area on the ground floor level of the Building which contains 69 enclosed reserved parking spaces (the "Reserved Parking Spaces"). All non-purchasing bona-fide tenants with the right to continued occupancy who currently occupy a Reserved Parking Space will be entitled to continued use of such Space pursuant to the ETPA regulations and guidelines. The holders of the shares allocated to the Apartment of non-purchasing tenants occupying Reserved Parking Spaces shall be responsible for payment of the parking space rent established by the Board regardless of the amount of rent, if any, paid by such non-purchasing tenants for the use of such Reserved Parking Spaces. The Offering Plan provides for a rent of \$40 per month for each Reserved Parking Space during the first year of operations. See Schedule A-1 for a list of the Reserved Parking Spaces and

the current rents. Any enclosed parking space which becomes available will be rented by the Apartment Corporation in the following order of priority: (i) the purchaser of an apartment from a Tenant-Shareholder shall have the right to continued occupancy of one Reserved Parking Space previously occupied by the transferor, or previously occupied by a non-purchasing tenant residing in said apartment (however if more than one Space becomes available, any additional such Spaces shall be made available to the other tenants and tenant-shareholders in accordance with (ii) below); and (ii) Other tenants and Tenant-Shareholders on a "first-come, first-served" basis. The Managing Agent shall maintain a current Reserved Parking Space waiting list, which shall be available for inspection by the tenants and Tenant-Shareholders. Tenant-Shareholders may sublet their Reserved Parking Spaces, subject to (i) and (ii) above, and to any rules or guidelines the Apartment Corporation may adopt regulating use of the Parking Spaces. There are also 152 unassigned uncovered outdoor spaces in a paved parking area to the rear of the Building, which are available on a "first-come, first-served" basis to all residents. No rent is presently being charged for such spaces. However, the Apartment Corporation may in the future elect to impose charges for the open parking spaces, subject to the rights of non-purchasing tenants pursuant to the ETPA.

The purchaser of a cooperative apartment (the "Apartment") buys shares of the corporation (the "Apartment Corporation") which will acquire fee title interest to the Building in which the Apartments are located and the land on which the Building is situated from the Sponsor. Ownership of the shares entitles the subscriber to a special lease of his Apartment (commonly known as the "Proprietary Lease"). As a shareholder (the "Tenant-Shareholder"), he will have the right to vote annually for the Board of Directors which will conduct the affairs of the Apartment Corporation and supervise the operation of the Property. As a lessee, he will pay as rent (customarily called maintenance charges) a proportionate share of the maintenance expenses of the Property and of the creation of such reserves for contingencies as the Board of Directors may deem proper.

Each Subscriber will enjoy many of the advantages of home ownership. He will be entitled to the exclusive possession of his Apartment and may decorate his Apartment in any way he desires. He may presently deduct for income tax purposes his proportionate share of the mortgage interest paid by the Apartment Corporation and the real estate taxes assessed against and paid by the Apartment Corporation. He may also presently deduct the interest he pays on the loan, if any, he secures to finance the cash portion of the purchase price of the shares allocated to his Apartment. See Section F of the Plan.

All of the Apartments to which shares have been allocated are subject to Section 352-eee of the General Business Law ("Section 352-eee") and the Emergency Tenants Protection Act ("EPTA"). For an explanation of the rights of tenants under Section 352-eee and the EPTA, see sections G and H of the Plan.

The following persons (the "Exclusive Offerees") will have an exclusive right for a period of ninety (90) days from the date of presentation of this Plan to subscribe for the shares of the Apartment Corporation allocated to their Apartments at the prices set forth in Schedule A: (i) bona fide tenants in occupancy on the date the Plan is accepted for filing ("Original Tenants"); (ii) bona fide tenants with the right to renew their leases; (iii) bona fide tenants with the right to continued occupancy; (iv) a bona fide sublessee in occupancy on the date that the Plan is accepted for filing who either (a) has obtained permission to purchase the shares allocated to the subleased Apartment from a bona fide tenant, or (b) is the sublessee of a non-bona fide tenant. For the purpose of determining who has the right to subscribe during the exclusive period, a bona fide tenant of record with an unexpired lease will be presumed to be a "tenant in occupancy" even though the tenant has sublet his or her Apartment or the Apartment is not the tenant's primary residence. During this initial 90 day period, the Plan will not be amended to change the terms of the offer in any way adverse to Exclusive Offerees.

If the Plan is substantially amended prior to the closing of title, the period of time Exclusive Offerees will have the exclusive right to purchase will be extended from the date of service of such substantial amendment as follows:

- a) If the Amendment is presented during the 90 day exclusive right to purchase period, such exclusive period will terminate 30 days after the date of presentation of the amendment, or at the expiration of the 90 day exclusive period, whichever is later.
- b) If the date of presentation of the amendment occurs at any time after the 90 day exclusive right to purchase period has expired, then for 30 days after such date of presentation, an Exclusive Offeree will have the exclusive right to purchase on the substantially amended terms.

There will be no increase in the price of the shares to Exclusive Offerees during the initial 90 day exclusive purchase period. Sponsor will not accept Subscription Agreements for Apartments occupied by Exclusive Offerees from non-tenant subscribers during the initial 90 day exclusive purchase period and any exclusive purchase period resulting from a substantial amendment.

This is a non-eviction plan and therefore non-purchasing tenants may not be evicted by reason of the conversion to co-operative ownership. A non-purchasing tenant is defined as 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. The attention of both tenants and purchasers is directed to Sections G and H of the Plan for a discussion of the rights of tenants.

The prices for the block of shares allocated to each Apartment as set forth on Schedule A are not subject to approval by the Department of Law or any other government agency.

The Plan, together with any amendments, delivered to tenants and prospective subscribers, contains all of the material terms of the transaction. Copies of the Plan, and all documents referred to in the Plan and Parts A, B and C of the Exhibits submitted to the Department of Law, in connection with the filing of the Plan, will be available for inspection without charge and for copying at a reasonable charge to prospective subscribers and their attorneys at the office of the Selling Agent.

The blocks of shares allocated to the various Apartments in the Building are being offered for sale at \$85.00 per share to Exclusive Offerees during the ninety (90) day exclusive purchase period and at \$100.00 per share to non-tenant subscribers. During said ninety (90) day exclusive purchase period, this purchase price to tenants will not be increased, nor will the Sponsor accept subscription agreements from non-tenant subscribers for any apartments occupied by bona fide tenants in occupancy without the prior written consent of the tenants involved. Following the expiration of the ninety (90) day exclusive purchase period, the \$100.00 per share price will be applicable to all subscribers.

The block of shares allocated to each Apartment can only be subscribed for by a Person as said term is defined in the Internal Revenue Code of 1986 to include an individual, trust, estate, partnership, association, company or corporation. Any individual who subscribes to a block of shares allocated to an Apartment must be 18 years of age or older.

The Property and Apartments are being offered in their current "as is" condition except as otherwise provided and represented in the Plan. See Description of Property and Building Conditions in Part II of the Plan which contains a detailed description of the Property and which should be carefully reviewed by the prospective subscribers.

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

SCHEDULE A: PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS, ESTIMATED MAINTENANCE CHARGES AND ESTIMATED INCOME TAX DEDUCTION FOR THE FIRST YEAR OF COOPERATIVE OPERATION JULY 1, 1989 TO JUNE 30, 1990

(1) Apt of No Rms	S B T A A T T H U S S	(2) Shares Allocated	(3) Total Cash Payment By Non-Occupant Purchasers at Per Share		(3) Total Cash Payment By Tenant Purchasers at Per Share		(4) Approx. Amount Of Mortgage Applicable To Shares Per Share		(5) ESTIMATED MAINTENANCE Annual at Per Share		(6) Estimated Annual Income Tax Deduction Per Share	
			\$100.00	\$85.00	\$100.00	\$85.00	\$40.59	\$7.95	\$7.95	\$6.625	\$5.33	\$5.33
LB1 4.5	I	755	\$75,500.00	\$64,175.00	\$64,175.00	\$50,875.00	\$30,645.45	\$6,002.25	\$6,002.25	\$508.19	\$4,024.15	\$4,024.15
LB2 3.0	I	595	\$59,500.00	\$50,575.00	\$50,575.00	\$40,450.00	\$24,151.05	\$4,730.25	\$4,730.25	\$394.19	\$3,171.35	\$3,171.35
LB3 4.5	I	970	\$97,000.00	\$82,450.00	\$82,450.00	\$65,450.00	\$39,372.30	\$7,711.50	\$7,711.50	\$642.62	\$5,170.10	\$5,170.10
LB4 4.5	IV	915	\$91,500.00	\$77,775.00	\$77,775.00	\$65,450.00	\$37,139.80	\$7,274.25	\$7,274.25	\$606.19	\$4,876.95	\$4,876.95
LB5 4.5	IV	775	\$77,500.00	\$65,875.00	\$65,875.00	\$52,700.00	\$31,457.25	\$6,161.25	\$6,161.25	\$513.44	\$4,130.75	\$4,130.75
LB6 SUPERINTENDENT												
1A 2.5	I	595	\$59,500.00	\$48,450.00	\$48,450.00	\$38,775.00	\$24,151.05	\$4,730.25	\$4,730.25	\$394.19	\$3,171.35	\$3,171.35
2A 2.5	I	570	\$57,000.00	\$46,500.00	\$46,500.00	\$36,750.00	\$22,933.35	\$4,491.75	\$4,491.75	\$374.31	\$3,011.45	\$3,011.45
3A 2.5	I	585	\$58,500.00	\$49,725.00	\$49,725.00	\$39,725.00	\$23,745.15	\$4,650.75	\$4,650.75	\$387.56	\$3,118.05	\$3,118.05
4A 2.5	I	585	\$58,500.00	\$49,725.00	\$49,725.00	\$39,725.00	\$23,745.15	\$4,650.75	\$4,650.75	\$387.56	\$3,118.05	\$3,118.05
5A 2.5	I	585	\$58,500.00	\$49,725.00	\$49,725.00	\$39,725.00	\$23,745.15	\$4,650.75	\$4,650.75	\$387.56	\$3,118.05	\$3,118.05
6A 3.5	I	770	\$77,000.00	\$65,450.00	\$65,450.00	\$52,700.00	\$31,254.30	\$6,121.50	\$6,121.50	\$510.12	\$4,104.10	\$4,104.10
7A 3.5	I	770	\$77,000.00	\$65,450.00	\$65,450.00	\$52,700.00	\$31,254.30	\$6,121.50	\$6,121.50	\$510.12	\$4,104.10	\$4,104.10
8A 3.5	I	770	\$77,000.00	\$65,450.00	\$65,450.00	\$52,700.00	\$31,254.30	\$6,121.50	\$6,121.50	\$510.12	\$4,104.10	\$4,104.10
9A 4.5	IV	990	\$99,000.00	\$84,150.00	\$84,150.00	\$67,150.00	\$40,104.10	\$7,870.50	\$7,870.50	\$655.88	\$5,276.70	\$5,276.70
10A 4.5B	I	1,010	\$101,000.00	\$85,850.00	\$85,850.00	\$68,850.00	\$40,925.90	\$8,029.50	\$8,029.50	\$669.12	\$5,383.30	\$5,383.30
11A 3.5B	I	955	\$95,500.00	\$81,175.00	\$81,175.00	\$64,175.00	\$38,763.45	\$7,592.25	\$7,592.25	\$632.69	\$5,090.15	\$5,090.15
12A 3.5B	I	950	\$95,000.00	\$80,750.00	\$80,750.00	\$63,750.00	\$38,560.50	\$7,552.50	\$7,552.50	\$629.30	\$5,063.50	\$5,063.50
13A 3.5B	I	950	\$95,000.00	\$80,750.00	\$80,750.00	\$63,750.00	\$38,560.50	\$7,552.50	\$7,552.50	\$629.30	\$5,063.50	\$5,063.50
14A 3.5B	I	960	\$96,000.00	\$81,600.00	\$81,600.00	\$64,600.00	\$38,966.40	\$7,732.00	\$7,732.00	\$636.00	\$5,116.00	\$5,116.00
15A 3.5B	I	790	\$79,000.00	\$67,150.00	\$67,150.00	\$52,700.00	\$32,866.10	\$6,200.50	\$6,200.50	\$523.30	\$4,210.70	\$4,210.70
16A 3.5B	IV	790	\$79,000.00	\$67,150.00	\$67,150.00	\$52,700.00	\$32,866.10	\$6,200.50	\$6,200.50	\$523.30	\$4,210.70	\$4,210.70
17A 3.5B	I	950	\$95,000.00	\$80,750.00	\$80,750.00	\$63,750.00	\$38,560.50	\$7,552.50	\$7,552.50	\$629.30	\$5,063.50	\$5,063.50
18A 4.0	IV	990	\$99,000.00	\$84,150.00	\$84,150.00	\$67,150.00	\$40,104.10	\$7,870.50	\$7,870.50	\$655.88	\$5,276.70	\$5,276.70
19A 6.5B 1.5		1,395	\$139,500.00	\$118,575.00	\$118,575.00	\$94,575.00	\$56,623.05	\$11,090.25	\$11,090.25	\$924.19	\$7,435.35	\$7,435.35
20A 2.5-3.5	I	775-565	\$77,500.00	\$65,875.00	\$65,875.00	\$52,700.00	\$31,457.25	\$6,161.25	\$6,161.25	\$513.44	\$4,130.75	\$4,130.75
21A 3.5B	I	800	\$80,000.00	\$68,000.00	\$68,000.00	\$56,000.00	\$32,472.00	\$6,360.00	\$6,360.00	\$530.00	\$4,264.00	\$4,264.00
22A 3.5B	I	810	\$81,000.00	\$68,850.00	\$68,850.00	\$56,850.00	\$32,877.90	\$6,439.50	\$6,439.50	\$536.62	\$4,317.30	\$4,317.30
23A 3.5B	I	790	\$79,000.00	\$67,150.00	\$67,150.00	\$52,700.00	\$32,866.10	\$6,200.50	\$6,200.50	\$523.30	\$4,210.70	\$4,210.70
24A 3.5B	I	795	\$79,500.00	\$67,575.00	\$67,575.00	\$53,075.00	\$32,269.05	\$6,320.25	\$6,320.25	\$526.69	\$4,237.35	\$4,237.35
25A 3.5	IV	740	\$74,000.00	\$62,900.00	\$62,900.00	\$50,900.00	\$30,836.60	\$5,883.00	\$5,883.00	\$490.25	\$3,944.20	\$3,944.20
26A 3.5	IV	740	\$74,000.00	\$62,900.00	\$62,900.00	\$50,900.00	\$30,836.60	\$5,883.00	\$5,883.00	\$490.25	\$3,944.20	\$3,944.20
27A 2.5	IV	585	\$58,500.00	\$49,725.00	\$49,725.00	\$39,725.00	\$23,745.15	\$4,650.75	\$4,650.75	\$387.56	\$3,118.05	\$3,118.05
28A 5.0B 1.5		1,125	\$112,500.00	\$95,625.00	\$95,625.00	\$74,625.00	\$45,663.75	\$8,943.75	\$8,943.75	\$745.31	\$5,996.25	\$5,996.25
29A 5.0B	I	1,050	\$105,000.00	\$88,250.00	\$88,250.00	\$70,250.00	\$42,619.50	\$8,347.50	\$8,347.50	\$695.62	\$5,596.50	\$5,596.50
30A 5.0	I	1,045	\$104,500.00	\$88,250.00	\$88,250.00	\$70,250.00	\$42,619.50	\$8,347.50	\$8,347.50	\$695.62	\$5,596.50	\$5,596.50
31A 5.0 1.5		1,105	\$110,500.00	\$93,925.00	\$93,925.00	\$74,925.00	\$44,831.95	\$8,787.75	\$8,787.75	\$692.31	\$5,569.85	\$5,569.85
32A 3.5	I	740	\$74,000.00	\$62,900.00	\$62,900.00	\$50,900.00	\$30,836.60	\$5,883.00	\$5,883.00	\$490.25	\$3,944.20	\$3,944.20
33A 3.5	I	750	\$75,000.00	\$63,750.00	\$63,750.00	\$51,750.00	\$30,442.50	\$5,962.50	\$5,962.50	\$496.00	\$3,997.50	\$3,997.50
34A 3.5	I	780	\$78,000.00	\$66,300.00	\$66,300.00	\$53,300.00	\$31,660.20	\$6,201.00	\$6,201.00	\$516.75	\$4,157.40	\$4,157.40
35A 2.5	I	565	\$56,500.00	\$48,025.00	\$48,025.00	\$38,025.00	\$22,933.35	\$4,491.75	\$4,491.75	\$374.31	\$3,011.45	\$3,011.45
36A 3.5	I	740	\$74,000.00	\$62,900.00	\$62,900.00	\$50,900.00	\$30,836.60	\$5,883.00	\$5,883.00	\$490.25	\$3,944.20	\$3,944.20
37A 3.5	I	740	\$74,000.00	\$62,900.00	\$62,900.00	\$50,900.00	\$30,836.60	\$5,883.00	\$5,883.00	\$490.25	\$3,944.20	\$3,944.20
38A 3.5	I	710	\$71,000.00	\$60,350.00	\$60,350.00	\$48,350.00	\$28,810.90	\$5,644.50	\$5,644.50	\$470.30	\$3,784.30	\$3,784.30
39A 3.0B	I	620	\$62,000.00	\$52,700.00	\$52,700.00	\$42,700.00	\$25,165.00	\$4,929.00	\$4,929.00	\$410.75	\$3,304.60	\$3,304.60

SCHEUDLE A: PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS, ESTIMATED MAINTENANCE CHARGES AND ESTIMATED INCOME TAX DEDUCTION FOR THE FIRST YEAR OF COOPERATIVE OPERATION JULY 1, 1989 TO JUNE 30, 1990

PAGE 2

(1) Apt No	(2) S B H U T T	(3) Total Cash Payment By Non-Occupant Purchasers at Per Share		(4) Approx. Amount Of Mortgage Applicable To Shares Per Share		(5) ESTIMATED MAINTENANCE Annual at Per Share		(6) Estimated Annual Income Tax Deduction Per Share	
		(3) Total Cash Payment By Tenant Purchasers at Per Share		(4) Approx. Amount Of Mortgage Applicable To Shares Per Share		(5) ESTIMATED MAINTENANCE Annual at Per Share		(6) Estimated Annual Income Tax Deduction Per Share	
1B 2.5	1V	600	\$51,000.00	\$24,354.00	\$24,354.00	\$4,770.00	\$397.50	\$3,190.00	\$3,190.00
2B 2.5	1	575	\$48,875.00	\$23,339.25	\$23,339.25	\$4,571.25	\$380.94	\$3,064.75	\$3,064.75
3B 2.5	1V	570	\$57,000.00	\$23,136.30	\$23,136.30	\$4,531.50	\$377.62	\$3,030.10	\$3,030.10
4B 2.5	1V	590	\$59,000.00	\$23,948.10	\$23,948.10	\$4,690.50	\$390.88	\$3,144.70	\$3,144.70
5B 2.5	1	590	\$59,000.00	\$23,948.10	\$23,948.10	\$4,690.50	\$390.88	\$3,144.70	\$3,144.70
6B 3.5	1	775	\$77,500.00	\$31,457.25	\$31,457.25	\$6,161.25	\$513.44	\$4,130.75	\$4,130.75
7B 3.5	1	775	\$77,500.00	\$31,457.25	\$31,457.25	\$6,161.25	\$513.44	\$4,130.75	\$4,130.75
8B 3.5	1	775	\$77,500.00	\$31,457.25	\$31,457.25	\$6,161.25	\$513.44	\$4,130.75	\$4,130.75
9B 4.5	1	995	\$99,500.00	\$40,387.05	\$40,387.05	\$7,910.25	\$659.19	\$5,303.35	\$5,303.35
10B 4.5B	1	1,015	\$101,500.00	\$41,190.85	\$41,190.85	\$8,069.25	\$672.44	\$5,409.95	\$5,409.95
11B 3.5B	1	960	\$96,000.00	\$38,966.40	\$38,966.40	\$7,632.00	\$636.00	\$5,116.00	\$5,116.00
12B 3.5B	1V	955	\$95,500.00	\$38,763.45	\$38,763.45	\$7,592.25	\$632.69	\$5,090.15	\$5,090.15
13B 3.5B	1	955	\$95,500.00	\$38,763.45	\$38,763.45	\$7,592.25	\$632.69	\$5,090.15	\$5,090.15
14B 3.5B	1	965	\$96,500.00	\$39,169.35	\$39,169.35	\$7,671.75	\$639.31	\$5,143.45	\$5,143.45
15B 3.5B	1	790	\$79,000.00	\$32,066.10	\$32,066.10	\$6,280.50	\$523.38	\$4,210.70	\$4,210.70
16B 3.5B	1	790	\$79,000.00	\$32,066.10	\$32,066.10	\$6,280.50	\$523.38	\$4,210.70	\$4,210.70
17B 3.5	1	950	\$95,000.00	\$38,568.50	\$38,568.50	\$7,552.50	\$629.30	\$5,063.50	\$5,063.50
18B 4.0	1V	995	\$99,500.00	\$40,387.05	\$40,387.05	\$7,910.25	\$659.19	\$5,303.35	\$5,303.35
19B 5.0B	1.5	1,145	\$114,500.00	\$46,475.55	\$46,475.55	\$9,102.75	\$758.56	\$6,102.85	\$6,102.85
20B 3.5	1	750	\$75,000.00	\$30,442.50	\$30,442.50	\$5,962.50	\$496.88	\$3,997.50	\$3,997.50
21B 3.5B	1	805	\$80,500.00	\$32,674.95	\$32,674.95	\$6,399.75	\$533.31	\$4,290.65	\$4,290.65
22B 3.5B	1	815	\$81,500.00	\$33,080.05	\$33,080.05	\$6,479.25	\$539.94	\$4,343.95	\$4,343.95
23B 3.5B	1	795	\$79,500.00	\$32,269.05	\$32,269.05	\$6,328.25	\$526.69	\$4,237.35	\$4,237.35
24B 3.5B	1	800	\$80,000.00	\$32,600.00	\$32,600.00	\$6,360.00	\$530.00	\$4,264.00	\$4,264.00
25B 3.5	1V	745	\$74,500.00	\$30,239.55	\$30,239.55	\$5,922.75	\$493.56	\$3,970.85	\$3,970.85
26B 3.5	1	745	\$74,500.00	\$30,239.55	\$30,239.55	\$5,922.75	\$493.56	\$3,970.85	\$3,970.85
27B 2.5	1	590	\$59,000.00	\$23,948.10	\$23,948.10	\$4,690.50	\$390.88	\$3,144.70	\$3,144.70
28B 5.0B	1.5	1,130	\$113,000.00	\$45,866.70	\$45,866.70	\$8,983.50	\$748.62	\$6,022.90	\$6,022.90
29B 5.0B	1	1,055	\$105,500.00	\$42,822.45	\$42,822.45	\$8,387.25	\$698.94	\$5,623.15	\$5,623.15
30B 5.0	1	1,050	\$105,000.00	\$42,619.50	\$42,619.50	\$8,347.50	\$695.62	\$5,596.50	\$5,596.50
31B 5.0	1.5	1,110	\$111,000.00	\$45,054.90	\$45,054.90	\$8,824.50	\$735.38	\$5,916.30	\$5,916.30
32B 3.5	1V	745	\$74,500.00	\$30,239.55	\$30,239.55	\$5,922.75	\$493.56	\$3,970.85	\$3,970.85
33B 3.5	1V	755	\$75,500.00	\$30,645.45	\$30,645.45	\$6,002.25	\$500.19	\$4,024.15	\$4,024.15
34B 3.5	1V	785	\$78,500.00	\$31,863.15	\$31,863.15	\$6,240.75	\$520.06	\$4,184.05	\$4,184.05
35B 2.5	1	570	\$57,000.00	\$23,136.30	\$23,136.30	\$4,531.50	\$377.62	\$3,030.10	\$3,030.10
36B 3.5	1	745	\$74,500.00	\$30,239.55	\$30,239.55	\$5,922.75	\$493.56	\$3,970.85	\$3,970.85
37B 3.5	1V	745	\$74,500.00	\$30,239.55	\$30,239.55	\$5,922.75	\$493.56	\$3,970.85	\$3,970.85
38B 3.5	1	715	\$71,500.00	\$29,021.85	\$29,021.85	\$5,604.25	\$473.69	\$3,810.95	\$3,810.95
39B 3.0B	1	625	\$62,500.00	\$25,368.75	\$25,368.75	\$4,960.75	\$414.06	\$3,331.25	\$3,331.25

**SCHEDULE A: PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS, ESTIMATED MAINTENANCE CHARGES
AND ESTIMATED INCOME TAX DEDUCTION FOR THE FIRST YEAR OF COOPERATIVE OPERATION JULY 1, 1989 TO JUNE 30, 1990**

PAGE 3

(1) No Apt of No Rms	(2) S T A T H U S S Allocated	(3) Total Cash Payment By Non-Occupant Purchasers at \$188.99 Per Share		(4) Approx. Amount Of Mortgage Applicable To Shares \$48.59 Per Share		(5) ESTIMATED MAINTENANCE CHARGES Monthly at \$7.95 Per Share		(6) Estimated Annual Income Tax Deduction \$5.33 Per Share	
		Total	Cash Payment By Tenant	Total	Approx. Amount Of Mortgage Applicable To Shares	ESTIMATED MAINTENANCE CHARGES Monthly at \$7.95 Per Share	ESTIMATED Annual Income Tax Deduction \$5.33 Per Share		
1C 2.5	1	685	\$51,425.00	\$24,556.95	\$4,809.75	\$480.81	\$3,224.65		
2C 2.5	1	580	\$49,320.00	\$23,542.20	\$4,611.00	\$461.10	\$3,091.40		
3C 2.5	1	575	\$48,875.00	\$23,339.25	\$4,571.25	\$457.13	\$3,064.75		
4C 2.5	1	595	\$50,575.00	\$24,151.05	\$4,738.25	\$473.83	\$3,171.35		
5C 2.5	1	595	\$50,575.00	\$24,151.05	\$4,738.25	\$473.83	\$3,171.35		
6C 3.5	1	780	\$66,300.00	\$31,660.20	\$6,201.00	\$620.10	\$4,157.40		
7C 3.5	1	780	\$66,300.00	\$31,660.20	\$6,201.00	\$620.10	\$4,157.40		
8C 3.5	1	780	\$66,300.00	\$31,660.20	\$6,201.00	\$620.10	\$4,157.40		
9C 4.5	1	1,000	\$85,000.00	\$40,500.00	\$8,100.00	\$810.00	\$5,330.00		
10C 4.5B	1V	1,020	\$86,700.00	\$41,401.80	\$8,109.00	\$810.90	\$5,336.60		
11C 3.5B	1	965	\$82,025.00	\$39,169.35	\$7,671.75	\$767.18	\$5,143.45		
12C 3.5B	1	960	\$81,600.00	\$38,966.40	\$7,632.00	\$763.20	\$5,116.00		
13C 3.5B	1V	960	\$81,600.00	\$38,966.40	\$7,632.00	\$763.20	\$5,116.00		
14C 3.5B	1	970	\$82,450.00	\$39,372.30	\$7,711.50	\$771.15	\$5,170.10		
15C 3.5B	1	795	\$79,500.00	\$32,269.85	\$6,320.25	\$632.03	\$4,237.35		
16C 3.5B	1	795	\$79,500.00	\$32,269.85	\$6,320.25	\$632.03	\$4,237.35		
17C 3.5B	1	955	\$95,500.00	\$46,750.00	\$9,142.50	\$914.25	\$5,890.15		
18C 4.0	1V	1,000	\$100,000.00	\$48,500.00	\$9,500.00	\$950.00	\$6,129.50		
19C 5.0B	1.5	1,150	\$115,000.00	\$46,678.50	\$9,142.50	\$914.25	\$6,129.50		
20C 3.5	1	755	\$75,500.00	\$32,877.90	\$6,439.50	\$643.95	\$4,237.35		
21C 3.5B	1	810	\$81,000.00	\$33,203.00	\$6,519.00	\$651.90	\$4,237.35		
22C 3.5B	1V	820	\$82,000.00	\$32,472.00	\$6,360.00	\$636.00	\$4,237.35		
23C 3.5B	1	800	\$80,000.00	\$32,674.95	\$6,399.75	\$639.98	\$4,237.35		
24C 3.5B	1V	805	\$80,500.00	\$30,442.50	\$5,962.50	\$596.25	\$4,237.35		
25C 3.5	1V	750	\$75,000.00	\$24,151.05	\$4,738.25	\$473.83	\$3,171.35		
26C 3.5	1V	750	\$75,000.00	\$24,151.05	\$4,738.25	\$473.83	\$3,171.35		
27C 2.5	1	595	\$59,500.00	\$24,151.05	\$4,738.25	\$473.83	\$3,171.35		
28C 5.0B	1.5	1,135	\$113,500.00	\$46,829.65	\$9,423.25	\$942.33	\$6,049.55		
29C 5.0B	1	1,060	\$106,000.00	\$43,025.40	\$8,427.00	\$842.70	\$5,649.00		
30C 5.0	1	1,055	\$105,500.00	\$42,822.45	\$8,367.25	\$836.73	\$5,623.15		
31C 5.0	1.5	1,115	\$111,500.00	\$45,277.85	\$8,864.25	\$886.43	\$5,942.95		
32C 3.5	1	750	\$75,000.00	\$30,442.50	\$5,962.50	\$596.25	\$3,997.50		
33C 3.5	1	760	\$76,000.00	\$30,848.40	\$6,169.60	\$616.96	\$4,050.80		
34C 3.5	1	790	\$79,000.00	\$32,150.00	\$6,280.50	\$628.05	\$4,210.70		
35C 2.5	1	575	\$57,500.00	\$23,339.25	\$4,571.25	\$457.13	\$3,064.75		
36C 3.5	1	750	\$75,000.00	\$30,442.50	\$5,962.50	\$596.25	\$3,997.50		
37C 3.5	1	750	\$75,000.00	\$30,442.50	\$5,962.50	\$596.25	\$3,997.50		
38C 3.5	1	720	\$72,000.00	\$29,224.80	\$5,724.00	\$572.40	\$3,837.60		
39C 3.0B	1	630	\$63,000.00	\$25,571.70	\$5,000.50	\$500.05	\$3,357.90		

SCHEDULE A: PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS, ESTIMATED MAINTENANCE CHARGES AND ESTIMATED INCOME TAX DEDUCTION FOR THE FIRST YEAR OF COOPERATIVE OPERATION JULY 1, 1989 TO JUNE 30, 1990

		(3)		(3)		(4)		(5)		(6)	
(1)	B T	Total Cash	Cash Payment	Total	Approx. Amount	ESTIMATED	FIRST YEAR	ESTIMATED	FIRST YEAR	Estimated	
Apt of	A A	Payment By	By Tenant		Of Mortgage	MAINTENANCE	CHARGES	Annual at	Monthly at	Annual	
No Res	T T	Non-Occupant	Purchasers at		Applicable	Annual at	Monthly at				
	H U	Purchasers at	\$85.00		To Shares	\$7.95	\$6.625				
S S	S S	\$100.00	\$85.00		\$48.59					\$5.33	
		Per Share	Per Share		Per Share	Per Share	Per Share			Per Share	
1D 2.5	1	\$61,000.00	\$51,850.00	\$51,850.00	\$24,759.90	\$4,849.50	\$404.12	\$4,849.50	\$404.12	\$3,251.30	
2D 2.5	1	\$58,500.00	\$49,725.00	\$49,725.00	\$23,745.15	\$4,658.75	\$387.56	\$4,658.75	\$387.56	\$3,118.05	
3D 2.5	1	\$58,000.00	\$49,300.00	\$49,300.00	\$23,542.20	\$4,611.00	\$384.25	\$4,611.00	\$384.25	\$3,091.40	
4D 2.5	1	\$60,000.00	\$51,000.00	\$51,000.00	\$24,354.00	\$4,770.00	\$397.50	\$4,770.00	\$397.50	\$3,198.00	
5D 2.5	1	\$60,000.00	\$51,000.00	\$51,000.00	\$24,354.00	\$4,770.00	\$397.50	\$4,770.00	\$397.50	\$3,198.00	
6D 3.5	1	\$78,500.00	\$66,725.00	\$66,725.00	\$31,863.15	\$6,240.75	\$528.06	\$6,240.75	\$528.06	\$4,184.05	
7D 3.5	1	\$78,500.00	\$66,725.00	\$66,725.00	\$31,863.15	\$6,240.75	\$528.06	\$6,240.75	\$528.06	\$4,184.05	
8D 3.5	1	\$78,500.00	\$66,725.00	\$66,725.00	\$31,863.15	\$6,240.75	\$528.06	\$6,240.75	\$528.06	\$4,184.05	
9D 4.5	1V	\$100,500.00	\$85,425.00	\$85,425.00	\$40,792.95	\$7,909.75	\$665.81	\$7,909.75	\$665.81	\$5,356.65	
10D 4.5B	1	\$102,500.00	\$87,125.00	\$87,125.00	\$41,604.75	\$8,148.75	\$679.06	\$8,148.75	\$679.06	\$5,463.25	
11D 3.5B	1	\$97,000.00	\$82,450.00	\$82,450.00	\$39,372.30	\$7,711.50	\$642.62	\$7,711.50	\$642.62	\$5,170.10	
12D 3.5B	1	\$96,500.00	\$82,025.00	\$82,025.00	\$39,169.35	\$7,671.75	\$639.31	\$7,671.75	\$639.31	\$5,143.45	
13D 3.5B	1	\$96,500.00	\$82,025.00	\$82,025.00	\$39,169.35	\$7,671.75	\$639.31	\$7,671.75	\$639.31	\$5,143.45	
14D 3.5B	1	\$97,500.00	\$82,875.00	\$82,875.00	\$39,575.25	\$7,751.25	\$645.94	\$7,751.25	\$645.94	\$5,196.75	
15D 3.5B	1	\$80,000.00	\$68,000.00	\$68,000.00	\$32,472.00	\$6,360.00	\$530.00	\$6,360.00	\$530.00	\$4,264.00	
16D 3.5B	1	\$80,000.00	\$68,000.00	\$68,000.00	\$32,472.00	\$6,360.00	\$530.00	\$6,360.00	\$530.00	\$4,264.00	
17D 3.5B	1	\$96,500.00	\$81,600.00	\$81,600.00	\$38,966.40	\$7,632.00	\$636.00	\$7,632.00	\$636.00	\$5,116.80	
18D 4.0	1	\$100,500.00	\$85,425.00	\$85,425.00	\$40,792.95	\$7,909.75	\$665.81	\$7,909.75	\$665.81	\$5,356.65	
19D 5.0B	1.5	\$115,000.00	\$98,175.00	\$98,175.00	\$46,881.45	\$9,182.25	\$765.19	\$9,182.25	\$765.19	\$6,156.15	
20D 3.5	1	\$76,000.00	\$64,600.00	\$64,600.00	\$30,848.40	\$6,042.00	\$503.50	\$6,042.00	\$503.50	\$4,050.80	
21D 3.5B	1V	\$81,500.00	\$69,275.00	\$69,275.00	\$33,080.85	\$6,479.25	\$539.94	\$6,479.25	\$539.94	\$4,343.95	
22D 3.5B	1	\$82,500.00	\$70,125.00	\$70,125.00	\$33,486.75	\$6,558.75	\$546.56	\$6,558.75	\$546.56	\$4,397.25	
23D 3.5B	1	\$80,500.00	\$68,425.00	\$68,425.00	\$32,674.95	\$6,399.75	\$533.31	\$6,399.75	\$533.31	\$4,298.65	
24D 3.5B	1	\$81,000.00	\$68,850.00	\$68,850.00	\$32,877.90	\$6,439.50	\$536.62	\$6,439.50	\$536.62	\$4,317.30	
25D 3.5	1	\$75,500.00	\$64,175.00	\$64,175.00	\$30,645.45	\$6,082.25	\$508.19	\$6,082.25	\$508.19	\$4,024.15	
26D 3.5	1V	\$75,500.00	\$64,175.00	\$64,175.00	\$30,645.45	\$6,082.25	\$508.19	\$6,082.25	\$508.19	\$4,024.15	
27D 2.5	1	\$60,000.00	\$51,000.00	\$51,000.00	\$24,354.00	\$4,770.00	\$397.50	\$4,770.00	\$397.50	\$3,198.00	
28D 5.0B	1.5	\$114,000.00	\$96,900.00	\$96,900.00	\$46,272.60	\$9,063.00	\$755.25	\$9,063.00	\$755.25	\$6,076.20	
29D 5.0B	1	\$106,500.00	\$90,525.00	\$90,525.00	\$43,228.35	\$8,466.75	\$702.25	\$8,466.75	\$702.25	\$5,649.80	
30D 5.0	1	\$106,000.00	\$90,100.00	\$90,100.00	\$43,025.40	\$8,427.00	\$702.25	\$8,427.00	\$702.25	\$5,649.80	
31D 5.0	1.5	\$112,000.00	\$95,200.00	\$95,200.00	\$45,468.00	\$9,084.00	\$742.00	\$9,084.00	\$742.00	\$5,969.60	
32D 3.5	1	\$75,500.00	\$64,175.00	\$64,175.00	\$30,645.45	\$6,082.25	\$508.19	\$6,082.25	\$508.19	\$4,024.15	
33D 3.5	1	\$76,500.00	\$65,025.00	\$65,025.00	\$31,851.35	\$6,081.75	\$506.81	\$6,081.75	\$506.81	\$4,077.45	
34D 3.5	1	\$79,500.00	\$67,575.00	\$67,575.00	\$32,269.05	\$6,320.25	\$526.69	\$6,320.25	\$526.69	\$4,237.35	
35D 2.5	1	\$58,000.00	\$49,300.00	\$49,300.00	\$23,542.20	\$4,611.00	\$384.25	\$4,611.00	\$384.25	\$3,091.40	
36D 3.5	1V	\$75,500.00	\$64,175.00	\$64,175.00	\$30,645.45	\$6,082.25	\$508.19	\$6,082.25	\$508.19	\$4,024.15	
37D 3.5	1	\$75,500.00	\$64,175.00	\$64,175.00	\$30,645.45	\$6,082.25	\$508.19	\$6,082.25	\$508.19	\$4,024.15	
38D 3.5	1	\$72,500.00	\$61,625.00	\$61,625.00	\$29,427.75	\$5,763.75	\$480.31	\$5,763.75	\$480.31	\$3,864.25	
39D 3.0B	1	\$63,500.00	\$53,975.00	\$53,975.00	\$25,774.65	\$5,048.25	\$420.69	\$5,048.25	\$420.69	\$3,384.55	

SCHEDULE A: PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS, ESTIMATED MAINTENANCE CHARGES AND ESTIMATED INCOME TAX DEDUCTION FOR THE FIRST YEAR OF COOPERATIVE OPERATION JULY 1, 1989 TO JUNE 30, 1990

(1)		(2)		(3)		(4)		(5)		(6)	
Apt of No Rms	S	B T A A T T H U S S	Shares Allocated	Total Cash Payment By Non-Occupant Purchasers at		Approx. Amount Of Mortgage Payable To Shareholders		ESTIMATED MAINTENANCE CHARGES Annual at		Estimated Annual Income Tax Deduction	
				Per Share	\$85.00	Per Share	\$40.59	Per Share	\$7.95	Per Share	\$5.33
1E 2.5	1V	615		\$61,500.00	\$52,275.00	\$24,962.85	\$40.59	\$4,889.25	\$487.44	\$3,277.95	
2E 2.5	1V	590		\$59,000.00	\$50,150.00	\$23,948.10	\$39.48	\$4,698.50	\$398.88	\$3,144.70	
3E 2.5	1V	585		\$58,500.00	\$49,725.00	\$23,745.15	\$39.45	\$4,650.75	\$387.56	\$3,118.05	
4E 2.5	1	685		\$68,500.00	\$51,425.00	\$24,556.95	\$35.66	\$4,809.75	\$408.81	\$3,224.65	
5E 2.5	1	685		\$68,500.00	\$51,425.00	\$24,556.95	\$35.66	\$4,809.75	\$408.81	\$3,224.65	
6E 3.5	1	790		\$79,000.00	\$67,150.00	\$32,066.10	\$32.06	\$6,280.50	\$523.38	\$4,210.70	
7E 3.5	1	790		\$79,000.00	\$67,150.00	\$32,066.10	\$32.06	\$6,280.50	\$523.38	\$4,210.70	
8E 3.5	1	790		\$79,000.00	\$67,150.00	\$32,066.10	\$32.06	\$6,280.50	\$523.38	\$4,210.70	
9E 4.5	1	1,010		\$101,000.00	\$87,550.00	\$41,007.70	\$41.01	\$8,229.50	\$669.12	\$5,383.30	
10E 4.5B	1	1,030		\$103,000.00	\$87,550.00	\$41,007.70	\$41.01	\$8,229.50	\$669.12	\$5,383.30	
11E 3.5B	1	975		\$97,500.00	\$82,875.00	\$39,575.25	\$39.58	\$7,751.25	\$645.94	\$5,196.75	
12E 3.5B	1	970		\$97,000.00	\$82,450.00	\$39,372.30	\$39.37	\$7,711.50	\$642.62	\$5,170.10	
13E 3.5B	1V	970		\$97,000.00	\$82,450.00	\$39,372.30	\$39.37	\$7,711.50	\$642.62	\$5,170.10	
14E 3.5B	1V	980		\$98,000.00	\$83,300.00	\$39,778.20	\$39.78	\$7,791.00	\$649.25	\$5,223.40	
15E 3.5B	1V	805		\$80,500.00	\$68,425.00	\$32,674.95	\$32.67	\$6,399.75	\$533.31	\$4,290.65	
16E 3.5B	1	805		\$80,500.00	\$68,425.00	\$32,674.95	\$32.67	\$6,399.75	\$533.31	\$4,290.65	
17E 3.5B	1	965		\$96,500.00	\$82,025.00	\$39,169.35	\$39.17	\$7,671.75	\$639.31	\$5,143.45	
18E 4.0	1	1,010		\$101,000.00	\$85,850.00	\$40,995.90	\$40.99	\$8,229.50	\$669.12	\$5,383.30	
19E 5.0B	1.5	1,160		\$116,000.00	\$98,600.00	\$47,004.40	\$47.00	\$9,222.00	\$768.50	\$6,182.00	
20E 3.5	1	765		\$76,500.00	\$65,025.00	\$31,051.35	\$31.05	\$6,081.75	\$506.81	\$4,877.45	
21E 3.5B	1	820		\$82,000.00	\$69,700.00	\$33,203.80	\$33.20	\$6,519.00	\$543.25	\$4,378.00	
22E 3.5B	1	830		\$83,000.00	\$70,550.00	\$33,609.70	\$33.61	\$6,598.50	\$549.88	\$4,423.90	
23E 3.5B	1	810		\$81,000.00	\$69,850.00	\$32,877.90	\$32.88	\$6,439.50	\$536.62	\$4,317.30	
24E 3.5	1	760		\$76,000.00	\$64,600.00	\$30,808.40	\$30.81	\$6,479.25	\$539.94	\$4,343.95	
25E 3.5	1	760		\$76,000.00	\$64,600.00	\$30,808.40	\$30.81	\$6,479.25	\$539.94	\$4,343.95	
26E 3.5	1	685		\$68,500.00	\$51,425.00	\$24,556.95	\$24.56	\$6,402.00	\$503.50	\$4,050.00	
27E 2.5	1	685		\$68,500.00	\$51,425.00	\$24,556.95	\$24.56	\$6,402.00	\$503.50	\$4,050.00	
28E 5.0B	1.5V	1,145		\$114,500.00	\$97,325.00	\$46,475.55	\$46.48	\$9,102.75	\$758.56	\$6,102.85	
29E 5.0B	1	1,070		\$107,000.00	\$90,525.00	\$43,431.30	\$43.43	\$8,506.50	\$708.88	\$5,703.10	
30E 5.0	1	1,065		\$106,500.00	\$90,525.00	\$43,228.35	\$43.23	\$8,466.75	\$705.56	\$5,676.45	
31E 5.0	1.5	1,125		\$112,500.00	\$95,625.00	\$45,663.75	\$45.66	\$8,943.75	\$745.31	\$5,996.25	
32E 3.5	1	760		\$76,000.00	\$64,600.00	\$30,808.40	\$30.81	\$6,402.00	\$503.50	\$4,050.00	
33E 3.5	1	770		\$77,000.00	\$65,450.00	\$31,254.30	\$31.25	\$6,121.50	\$510.12	\$4,104.10	
34E 3.5	1	800		\$80,000.00	\$68,000.00	\$32,472.00	\$32.47	\$6,360.00	\$530.00	\$4,264.00	
35E 2.5	1V	585		\$58,500.00	\$49,725.00	\$23,745.15	\$23.74	\$4,650.75	\$387.56	\$3,118.05	
36E 3.5	1V	760		\$76,000.00	\$64,600.00	\$30,808.40	\$30.81	\$6,402.00	\$503.50	\$4,050.00	
37E 3.5	1	760		\$76,000.00	\$64,600.00	\$30,808.40	\$30.81	\$6,402.00	\$503.50	\$4,050.00	
38E 3.5	1	730		\$73,000.00	\$62,050.00	\$29,630.70	\$29.63	\$5,803.50	\$483.62	\$3,890.90	
39E 3.0B	1	640		\$64,000.00	\$54,400.00	\$25,977.60	\$25.98	\$5,088.00	\$424.00	\$3,411.20	

FOOTNOTES TO SCHEDULE A

1. Number of rooms and baths:

Any floor plan or sketch shown to a prospective purchaser is only an approximation of the dimensions and layout of a typical Apartment. The actual layout of an Apartment may have been altered. Accordingly, each Apartment should be inspected prior to purchase to determine its actual dimensions, layout and physical condition. The number of rooms was calculated in accordance with the formula recommended by the Real Estate Board of New York, Inc., any may not necessarily conform to the formula used to calculate the room count for purposes of DHCR Registration.

2. Share allocation:

Shares are allocated in such a manner that the price of the block of shares allocated to each Apartment bears a reasonable relationship to the portion of the fair market value of the Apartment Corporation's equity in the Property attributable to the Apartment to which the block of shares is allocated. Factors considered include floor area, layout, number of rooms, relative location and any special features or amenities.

3. Cash purchase price:

Exclusive Offerees have the exclusive right for a period of 90 days from the date of service to purchase shares allocated to their Apartments for the Total Cash Payment of \$85.00 per share which is 15% lower than the purchase price offered to non-tenants. AFTER THE EXPIRATION OF SAID 90 DAY PERIOD, THE SAID REDUCTION IN PRICE WILL NOT BE OFFERED AND THE PRICE TO SUBSCRIBERS WILL BE \$100.00 PER SHARE WITHOUT AMENDMENT OF THE PLAN. The purchase price may be changed from time to time. See Section C of the Plan for details. The only additional anticipated costs that a purchaser may have to pay at the time of closing are the fees of his attorney, if any, and any fee or costs imposed by any lender, in the event purchaser finances any portion of the Total Cash Payment and any fees imposed by the Attorney for the Sponsor to review loan documents. See Section J of the Plan.

4. Approximate amount of mortgage allocated:

Tenant-Shareholders will not be personally liable for the payment of the mortgage loan. The Apartment Corporation will be responsible. Tenant-Shareholders' maintenance charges include amounts needed to pay debt service. In the unlikely event a

certain number of Tenant-Shareholders fail to pay their maintenance charges, there may be a default in the mortgage loan, which default may result in an action to foreclose the mortgage lien. In the unlikely event of foreclosure, the Tenant-Shareholders may lose their equity in the Apartments. The amount of mortgage indebtedness allocated to the shares is based on the assumption that the anticipated Closing Date will be July 1, 1989.

5. Projected maintenance charges:

If a subscriber obtains financing, debt service will be an additional expense. Projected maintenance charges do not include certain costs for which a Tenant-Shareholder is responsible, such as maintenance, repair and decoration of interior of the Apartment and appliances and separately metered electricity for air-conditioning and general electrical use.

6. Estimated income tax deduction:

The first year's tax deduction is estimated as approximately \$5.33 per share, which is approximately 65% of the estimated maintenance charges for the first year of cooperative operation. The tax deduction was computed by determining the percentage that deductible items comprise of the total expenses, and applying an equal percentage to the total maintenance charges. The projected income tax deduction will vary in future years due to changes: in the allocation of constant debt service payments to interest and principal; in the interest rate if the Mortgage is refinanced; in the assessed value of the Property; the tax rate; or in the method of assessing real property which results in a change in real estate taxes. The projected income tax deduction is exclusive of deductions for interest paid on loans by purchasers who finance the acquisition of their shares.

SCHEDULE A-1

WENDELL TERRACE RESERVED PARKING

<u>SPOT#</u>	<u>APT#</u>	<u>NAME</u>	<u>PERMIT#</u>	<u>CHARGE</u>
01	6C	Bowers	0556	\$15.00
02	11B	Cohen	0552	25.00
03	30A	Castillo	0547	15.00
04	35C	LaBlanc	0571	25.00
05	14B	Sekac	0560	25.00
06	17F	Weisbrot	0510	15.00
07	19D	Fisher	0520	15.00
08	11C	Jacobs	0578	15.00
09	11C	Powell	0512	15.00
10	12F	Maliglowka	0568	15.00
11	9F	Zimber	0513	15.00
12	1A	McNamee	0535	15.00
13	14C	Thomas	0540	15.00
14		VACANT		
15	38F	Harris	0537	15.00
16	28B	Sholemson	0258	15.00
17	19E	Portelli	0545	15.00
*18	19E	PORTELLI	0544	15.00
19	17D	Nadel	0577	15.00
20		Phil DeRosa BLDG MGR.		
21	19A	Radwell	0523	25.00
22	23D	Gold	0533	15.00
23	16D	Fraser	0536	25.00
24	19B	Cohn	0576	15.00
25	9B	Lucardi	0565	25.00
26	13A	Carrington	0564	25.00
*27	17B	Backer	0558	15.00
*28	17B	Bell	0559	15.00
29	27C	Terry	0548	15.00
30	14B	Sekac	0561	25.00
31	30B	Henning	0580	15.00
32	21B	Thompson	0522	25.00
33	36C	O'Keefe	0515	15.00
34	9B	Lucardi	0542	15.00
35	23D	Gold	0534	15.00

* Included in rental payment as per agreement with former management

<u>SPCT#</u>	<u>APT#</u>	<u>NAME</u>	<u>PERMIT#</u>	<u>CHARGE</u>
36	35A	McKeithan	0528	\$ 15.00
37	22A	Condon	0567	25.00
38	28F	Haynes	0609	15.00
39	6E	Cannif	0530	15.00
40	24F	Gallen	0254	25.00
41	15D	Lund	0505	15.00
42	27D	Cronen	0525	15.00
43	24D	Ziatyk	0541	25.00
44	13D	Tannuzzo	0507	15.00
45	18D	Altman	0531	15.00
46	29B	Costello	0562	25.00
47	21E	DeBonis	0543	15.00
48	15C	Hoffman	0529	15.00
49		VACANT		
50	22D	Ball	0524	15.00
51	18F	Pooler	0501	25.00
52	34C	WRIGHT	0573	25.00
53	LB1	Dryer	0566	25.00
54	38B	Greene	0549	25.00
55	39A	Clausen	0555	25.00
56	22B	Moore	0553	15.00
57	6B	Giordano	0539	15.00
58	31A	Stanford	0521	15.00
59	15F	Stone	0569	25.00
60	15F	Stone	0569	-----
61		VACANT		
62	8F	Whitfield	0517	25.00
63		VACANT		
64	10D	Abruzzo	0508	25.00
				<u>1,080.00</u>

Building Address: 20 WENDELL AVENUE

Date: August 30, 1988

SCHEDULE B
BUDGET FOR THE FIRST YEAR OF
COOPERATIVE OPERATION
Beginning: July 1, 1989

PROJECTED INCOME:

Maintenance Charges:		
	197,090 shares at \$7.95 per share	\$1,566,865.50
Laundry Income (1)		\$ 18,000.00
Parking Income (2)		\$ 30,720.00
Rental Income (3)		\$ 2,749.96
	Total Income:	\$1,618,335.46

PROJECTED EXPENSES:

Labor (4)		\$ 88,606.79
Fuel Oil (5)		\$ 105,950.58
Gas and Electricity (6)		\$ 37,291.87
Water Charges (7)		\$ 37,195.22
Repairs and Maintenance (8)		\$ 40,000.00
Insurance (9)		\$ 71,050.00
Service Contracts (10)		\$ 76,725.41
Legal and Accounting Fees (11)		\$ 3,000.00
Management Fees (12)		\$ 55,000.00
Franchise and Corporate Taxes (13)		\$ 526.50
Real Estate Taxes (14)		\$ 445,091.66
General	\$ 54,189.75	
School	\$270,256.55	
Village	\$120,645.36	
Mortgage Indebtedness (15)		\$ 640,000.00
Contingency Reserve (16)		\$ 15,897.43
Miscellaneous Expenses (17)		\$ 2,000.00
Closing Adjustment Interest (18)		\$ 0
	Total Expenses:	\$1,618,335.46

August 25, 1988

20 WENDELL AVENUE

Footnotes For Schedule B

1. LAUNDRY INCOME (\$18,000) - As per the terms of the contract with Integrity Management Corporation, 737 Park Avenue, New York, N.Y. which expires on January 31, 1989 and provides for monthly payments to the Apartment Corporation of \$1,500. The Apartment Corporation is responsible for supplying all utilities necessary to operate the laundry machinery (gas, electricity, and water), but Integrity Management Corp. will provide public liability insurance covering the laundry equipment. Gas and electricity costs are included under budget item #6 "Electricity and Gas"; water costs are included under budget item #7 "Water Charges."
2. PARKING INCOME (\$30,720) - Income is based on 64 indoor garage spaces at \$40 per month, per space. At the date of Closing, these spaces will be rented to tenants on a "first come-first served" basis subject to the rights, if any, of non-purchasing tenants who are also lessees of parking spaces. The rental to be charged shall be ultimately determined by the Board of Directors, and is estimated at the figures listed above.
3. RENTAL INCOME (\$2,749.96) - Storage space on the lobby floor is currently rented to Nassau-Suffolk Law Services under a month to month agreement at a monthly rental of \$208.33. The budget item represents a 10% increase over the current rental.
4. LABOR (\$88,606.79) - The budget item is based on one non-union, full-time superintendent; one non-union, full-time handyman; and three non-union, full-time porters. This staff represents a reduction, from prior years, of one porter. Because of this change, labor costs for prior years (as reflected on the certified statements) have been higher than the amount budgeted here. There is no formal agreement between the building employees and their employer. The superintendent occupies apartment LB6, rent-free. His utility costs are included in line item #5. The budget item also includes an additional 5% for contingencies. The payroll breaks down as follows:

	Biweekly	WITHHELD				EMPLOYER EXPENSES				
	Payroll	FICA	Fed.	State	DBL	FICA	SUI	FUI	Comp.	DBL
Supt..	\$800.00	60.08	91.16	30.31	1.20	60.08	6.46	1.62	32.00	1.48
Handyman	\$680.00	51.06	74.00	26.80	1.20	51.06	6.46	1.62	27.20	1.48
Porter	\$440.00	33.04	3.41	2.47	1.20	33.04	6.46	1.62	17.60	1.48
Porter	\$400.00	30.04	-----	-----	1.20	30.04	6.46	1.62	16.00	1.48
Porter	\$440.00	33.04	-----	.16	1.20	33.04	6.46	1.62	17.60	1.48

FUEL OIL (\$105,950.58) - The Building uses No.2 fuel oil for the production of heat and hot water. Total consumption and cost have been:

YEAR	CONSUMPTION	TOTAL COST	COST PER GAL.
1985:	112,166.2 gallons	\$106,030.01	\$0.9452
1986:	109,088.0 gallons	\$ 70,097.00	\$0.6426
1987:	106,428.0 gallons	\$ 67,251.11	\$0.6319

The budget item is based on the three year average consumption of 109,227.4 gallons at a projected cost of \$0.97 per gallon, including sales tax. The most recent price paid by the Sponsor for No.2 fuel oil was \$0.5889 per gallon, tax included.

ELECTRICITY AND GAS (\$37,291.87) - These utilities are supplied to the Building by LILCO which bills monthly. Electricity is separately metered for individual apartments. This budget item is for all gas used, all electricity used in public areas, and to operate the Buildings' machinery. Also included are the utility costs for the superintendent's apartment, and the electric costs to operate a lamp post on Sealey Avenue.

ELECTRICITY: Consumption and cost have been:

Building Rate Class: 250

Year	Consumption	Total Cost
1985:	219,060 KWH 432.0* KW demand	\$22,689.25
1986:	208,860 KWH 416.5 KW demand	\$19,734.76
1987:	226,094 KWH 555.0 KW demand	\$19,841.84

*ACTUAL FIGURE UNAVAILABLE, this is an estimate.

Lamp Post Rate Class: 780

Year	Consumption	Total Cost
1986:	650 KWH	\$ 88.68
1987:	1,400 KWH	\$211.78

Superintendent's Apartment Rate Class: 180

Year	Consumption	Total Cost
1985:	6,766 KWH	\$891.12
1986:	5,773 KWH	\$747.02
*June - Dec 1987:	2,206 KWH	\$283.93

* balance of 1987 not available

Budget projection is based on the three year consumption average for the Building and the Lamp Post accounts, and two year (1985 and 1986) consumption average for the Superintendent account.
 BUILDING: 218,005 KWH or 18,167 KWH per month; 468 KW demand units or 39 KW demand units per month.
 LAMP POST: 1,025 KWH or 85.42 KWH per month.
 SUPERINTENDENT: 6269.5 KWH or 522.46 KWH per month.
 Each average is calculated according to current LILCO rates:

BUILDING: each demand unit costs \$7.77; each KWH costs \$0.0827; there is a monthly service charge of \$17.61.
 LAMP POST: \$13.74 per month, flat rate.
 SUPERINTENDENT: first 250 KWH \$0.1195 per unit; over 250 KWH \$0.1193 average cost per unit; plus \$4.53 monthly service charge and a total of 8% to cover all applicable taxes.

Also included is an additional 5% to cover fuel adjustments and contingencies. This item totals \$25,905.55.

GAS: Consumption and cost have been:

Year	Consumption	Total Cost
1985:	14,104 therms	\$ 9,900.27
1986:	14,042 therms	\$ 9,432.91
1987:	15,948 therms	\$10,150.19

The budget projection is based on the three year average consumption of 14,698 therms, or 1,224.83 therms per month, charged at current monthly LILCO rates.
 There is a minimum monthly charge of \$5.10 which includes the first three therms; the next six therms cost \$1.015 per unit, consumption in excess of nine therms costs \$0.679 per unit. Also included is a total of 8% to cover all applicable taxes and an additional 5% for contingencies. This item totals \$11,386.32.

7. WATER CHARGES (\$37,195.22) - Water is supplied to the Building by the Incorporated Village of Hempstead; for which bills twice annually. Consumption, in thousand gallon units, and cost have been:

Year	Consumption	Cost
1984/85	17,054	\$14,589.04
1985/86	18,295	\$15,733.70
1986/87	17,914	\$15,406.04
1987/88	10,175 (July-Jan)	\$18,023.75

Cost is projected based on the three and one half year average consumption of 18,125.14 (x 1000 gallons); charged according to the newly increased rate of \$1.15 per thousand for the first 500,000 gallons of water; \$1.50 per thousand for the next 500,000 gallons; and \$1.95 per thousand for all consumption over 100,000 gallons. Also included is the \$705 per annum cost for the fire line and an additional 5% for contingencies.

8. REPAIRS AND MAINTENANCE (\$40,000) - This budget item includes maintenance, repairs, painting of all public areas, and building supplies. The projected budget estimate does not include repairs, maintenance or supplies to be used in individual apartments, which are the responsibility of the individual shareholders. This item includes all major systems, including but not limited to heating,

plumbing, electric and everything else not specifically provided for in the budget. As the projected budget is an estimated budget, no representation is made that the building maintenance and repairs costs during the first year of cooperative operation will be in the projected amount. Actual costs may be higher or lower.

9. INSURANCE (\$71,050.00) - At or before Closing, Sponsor will cause the following coverage to be in effect. This schedule of insurance has been proposed by Coverage Concepts Inc., 1757 Veterans Memorial Highway, Hauppauge, N.Y.

1 a) Loss or Damage to Building \$12,500,000
Extended Coverage "All Risk", Replacement Cost and "Agreed Amount basis of loss valuation; no coinsurance.

b) Loss of Rental Income \$ 2,000,000
"All Risk"

- 2) Primary Comprehensive General Liability \$1,000,000
Bodily Injury and Property Damage, Combined Single Limit including:

Personal Injury Liability
Contractual Liability
Water Damage Legal Liability (\$100,000)
Elevator Collision (\$100,000)
Broad Form

- 3) Automobile Liability \$1,000,000
Combined Single Limit, Bodily Injury and Property Damage
Covering Owned, Non-Owned and Hired Vehicles
4) Officers and Directors Liability \$1,000,000
5) Fidelity Bond \$1,000,000
6) Boiler and Machinery \$100,000

Excess liability insurance and garage keeper liability insurance are not included in the proposal, but are available at an additional cost should the Board of Directors decide that such coverage is desirable.

The above outlined coverages are not applicable to individual apartments or to the contents of individual apartments. Insurance for the purpose of providing protection for individual units or unit contents may be voluntarily assumed by tenant-shareholders at their own cost.

10. SERVICE CONTRACTS (\$76,725.41) - 1) There is a contract, billed monthly, with Guardsman Elevator Company, 276 East 150th Street, New York, New York, for elevator maintenance at a total cost of \$6,235.20 per annum. The current contract expires in April 1993. 2) Although there is no contract for oil burner maintenance with Controlled Combustion Co., 2377 Washington Avenue, Bronx, N.Y., current costs for the service totalled \$3,364.00.

3) There is also a agreement with K-O Exterminators, Inc., 71-26 Fresh Pond Road, Ridgewood, N.Y., for weekly exterminating service at a total cost of \$6,332.63 per annum.

4) There is a contract with Gateway Security Services, Inc., 3130 Hempstead Turnpike, Levittown, N.Y. for security guard service from 4pm until 7am daily; on weekdays there is one security guard on duty, on weekends, the contract calls for two security guards. The contract calls for payment of \$7.98 per hour. This particular item includes an additional 2% to cover the higher (\$11.98 per hour) holiday rate for a total of \$57,140.00 per annum. This line item also includes an additional 5% to allow for increases.

11. LEGAL AND ACCOUNTING FEES (\$3,000) - A substantial portion of the budgeted item will be used for auditing fees in connection with the preparation of the Apartment Corporation's first year's audited financial statements and its Federal and New York State income tax returns. A small allowance is provided for miscellaneous (but not major) legal services in the event the Board of Directors engages an attorney.
12. MANAGEMENT FEES (\$55,000) - At Closing, the Apartment Corporation will enter into a management agreement with Metro Management Development Corp. (an entity unrelated to the Sponsor), 42-25 21st Street, Long Island City, N.Y. The management agreement will be for an initial term of 1 year at an annual fee of \$55,000.00. The annual fee is within the range charged other management companies providing comparable services to comparable properties in the area. See Section "U" for a full discussion of the management agreement.
13. FRANCHISE AND CORPORATE TAXES (\$526.50) - The budget item is based on estimated New York State corporate franchise taxes predicated on the projected assessed value of \$1,125,000 at the state franchise tax rate of .0004. Also included is the Metropolitan Transportation Surcharge tax estimated at 17% of the state franchise tax liability. The actual amount of state franchise taxes due will vary depending upon the number of tenants and non-tenants purchasing apartments, and on the aggregate reductions or increases in the price of shares.
14. REAL ESTATE TAXES (\$445,091.66) - The estimates for real estate taxes are based projected taxable values listed below, which were computed by Koepfel, Sommer and Del Casino, P.C., 155 First Street, Mineola, New York, the law firm which has instituted judicial real property tax review proceedings. The values projected reflect their analysis of the tax assessments and is not a warranty or representation; reductions in taxable value may be more or less than the values represented.

VILLAGE TAX:

LOT 1 - \$849,700
 LOT 10 - \$ 3,300
 LOT 11 - \$ 3,400

GENERAL AND SCHOOL TAXES:

LOT 1 - \$540,140
 LOT 10 - \$ 8,300
 LOT 11 - \$ 8,790

The tax rates for all three property taxes and all three lots have been as follows:

VILLAGE TAX

Tax Year	Tax Rates
1985/6	\$11.42
1986/7	\$12.00 (5.08% inc)
1987/8	\$13.40 (11.67% inc)
1988/9	\$13.40 (no increase)
	average increase: 5.583%

GENERAL TAX

Tax Year	TAX RATES (Lot 1 tax rate higher for 85/86)	Lots 10 and 11
1985	Lot 1: \$8.856	\$8.23
1986	Lot 1: \$8.997 (1.59% inc)	\$8.25
1987	Lot 1: \$9.883 (9.85% inc)	\$9.883
1988	ALL LOTS: 9.19% (no increase)	
	average increase: 3.813%	

(all projections will be based on average increase as computed using past rates for Lot 1)

SCHOOL TAX

Tax Year	TAX RATES (Lot 1 tax rate higher for 85/86)	Lots 10 and 11
1985/6	Lot 1: \$27.54	\$23.419
1986/7	Lot 1: \$32.59 (18.34% inc)	\$27.279
1987/8	Lot 1: \$36.537 (12.11% inc)	\$36.537
1988/9	--not available--	
	average increase: 15.225%	

(all projections will be based on average increase as computed using past rates for Lot 1)

The rate projections, listed below, were derived by increasing the current or projected rate by the two or three year average increase. Also taken into account is the tax year for each tax: General tax year is the calendar year; School tax year is July 1 - June 30; Village tax year is June 1 - May 31.

Rate Projections

General: 1989: \$9.19 + 3.813% = \$9.54 (6 months)
 1990: \$9.54 + 3.813% = \$9.90 (6 months)

School: 88/89: \$36.537 + 15.225% = \$42.09
 89/90: \$42.09 + 15.225% = \$48.50 (12 months)

Village: 88/89: \$13.40 (1 month)
 89/90: \$13.40 + 5.583% = \$14.15 (11 months)

On December 3, 1981 a new Section 581 was added to the Real Property Tax Law. This Section provides that real property owned or leased by a cooperative corporation shall be assessed at a sum not exceeding the assessment which would be placed on such parcel were the Property not owned or leased by a cooperative corporation. No representation or warranty is made that the current assessed valuation of the Property will not be changed in the future. Tax certiorari proceedings have been instituted to effect a reduction in assessed value.

15. MORTGAGE INDEBTEDNESS (\$640,000.00) - The budget item is based on a proposed mortgage to be held by Citibank for a term of six years, at which time all outstanding interest and the full principal amount will become due. The principal amount of the mortgage will be \$8,000,000 and the rate for the first year of cooperative operation will be 8%, interest only; for the second year the rate will be 9%, interest only; for the third year the rate will be 10%, interest only. For the remaining three years of the term, the mortgage will be adjusted to the then prevailing market rate, indexed to the prime rate, plus one point. For a full discussion of the mortgage terms, please see Section "M" of this Offering Plan.
16. CONTINGENCY RESERVE (\$15,897.43) - This item is to provide a fund for possible expenses including, but not limited to, Federal Income taxes, and other taxes and unanticipated expenses not included in the budget, or possible increases in one or more items of operating expenses above the amount projected. The budget may be modified from time to time prior to the commencement of, or during, cooperative operations to add new items of expense or to increase or decrease one or more items of operating expense. In addition, after Closing, the Board of Directors may, in its discretion, utilize the Reserve For Contingencies to the extent sufficient to fund such modifications. The Reserve For Contingencies does not include a reserve for major repairs or replacements.
17. MISCELLANEOUS EXPENSES (\$2,000.00) - This budget item is to provide for license and permit fees, and other miscellaneous expenses.

18. CLOSING ADJUSTMENT INTEREST (\$0) - During the first twelve months of cooperative operation, the Apartment Corporation will not be responsible to make any interest of principal payments on notes executed in favor of the Sponsor for closing adjustments. Thereafter, apportionments and interest will be paid over 48 months. Although the total amount of the adjustments may vary depending upon the actual Closing Date and other factors, Sponsor estimated those adjustments at \$222,545 for real estate taxes, \$5,000.00 for fuel oil. Interest will be calculated over the 48 month term at the rate of 12% per annum. It is anticipated that the cost will be approximately \$72,500.00 for the Apartment Corporation to meet this obligation. Sponsor believes, but does not warrant, as a consequence of inflationary factors provided for fuel oil, labor, utilities and other budget items, the contingency reserve and also possible interest income on any unexpended portions of cooperative income, that the budget should generate a sufficient surplus to provide for payment of the notes. However, in the event that the second year budget is insufficient to provide for these payments, maintenance charges may be increased during the second year of operations, or a special assessment may be necessary.

THE SPONSOR HAS RESERVED THE RIGHT TO MODIFY, RENEW AND REPLACE EXISTING SERVICE, MAINTENANCE, EMPLOYMENT, CONCESSIONAIRE AND OTHER AGREEMENTS AND INSURANCE POLICIES, AND TO ENTER INTO NEW AGREEMENTS AND POLICIES THAT WILL BE BINDING ON THE APARTMENT CORPORATION ON THE CLOSING DATE. SUCH NEW OR RENEWAL AGREEMENTS WILL NOT BE FOR A TERM EXPIRING MORE THAN 3 YEARS FROM THE CLOSING OF TITLE WITH THE APARTMENT CORPORATION.

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 PROPERTY. ASSUMING THE NET CLOSING ADJUSTMENTS ARE IN FAVOR OF THE SPONSOR, SAME WILL BE PAID AT CLOSING BY THE APARTMENT CORPORATION FROM THE WORKING CAPITAL FUND TO THE EXTENT OF NOT MORE THAN \$10,000 AND ANY BALANCE OWING SHALL BE PAID IN FORTY-EIGHT (48) EQUAL CONSECUTIVE MONTHLY INSTALLMENTS OVER A PERIOD OF FOUR YEARS, COMMENCING ON THE FIRST DAY OF THE FIRST CALENDAR MONTH ONE YEAR SUBSEQUENT TO THE CLOSING, PURSUANT TO NEGOTIABLE SERIES NOTES BEARING 12% INTEREST. SEE NOTE 18 ABOVE.

SHOULD THE PROJECTED COMMENCEMENT OF THE BUDGET YEAR DIFFER BY SIX (6) MONTHS OR MORE FROM THE ANTICIPATED DATE OF CLOSING, THE PLAN WILL BE AMENDED TO INCLUDE A REVISED BUDGET DISCLOSING CURRENT PROJECTIONS. IF SUCH AMENDED PROJECTIONS EXCEED THE ORIGINAL PROJECTIONS BY TWENTY-FIVE (25%) PERCENT OR MORE, THE SPONSOR SHALL OFFER ALL PURCHASERS THE RIGHT, FOR A PERIOD OF 15 DAYS FROM THE DATE OF PRESENTATION OF SUCH AMENDMENT, TO RESCIND THEIR OFFER TO PURCHASE AND TO HAVE THEIR DEPOSITS PROMPTLY REFUNDED.

C. CHANGES IN PRICES AND APARTMENTS

There will be no increase in the price of the shares to Exclusive Offerees during the initial 90 day exclusive purchase period. At the conclusion of the 90 day exclusive purchase period, the Total Cash Payment for Non-Occupants will be applicable to all subscribers. The Sponsor reserves the right at any other time, without prior notice, to change the Total Cash Payment required for the shares allocated to some or all of the Apartments shown on Schedule A or the number of shares allocated thereto. The Total Cash Payment will not be changed except by a duly filed amendment to the Plan if such change is (i) an across the board increase or decrease affecting one or more lines of Apartments or Apartment models, or (ii) an increase or decrease to be advertised, or (iii) an increase for an individual subscriber. Individually negotiated reductions of a change in the total Cash Payment may be made without amendment so long as such reductions do not constitute a prohibited discriminatory inducement.

No change will be made in the size or number of Apartments, the share allocations, the total number of authorized or issued shares or in the size or quality of public (common) areas of the Property except by a duly filed amendment to the Plan. Holders of "Unsold Shares" as hereinafter defined will be bound by this provision. Unless an affected Subscriber consents, no change will be made in Apartment size, layout or share allocation if a Subscription Agreement has been executed and delivered to the Sponsor for such Apartment and the Subscriber is not in default. No material change will be made in the total number of shares authorized or issued, or in the size or quality of public (common) areas unless Subscribers who executed and delivered Subscription Agreements to the Sponsor and are not in default are given the right to rescind their Subscription Agreements as described in the following Paragraph.

If any amendment is a material modification of the Plan which adversely affects Subscribers, anyone who previously executed and delivered a Subscription Agreement and is not in default thereunder, will be given not less than 30 days to rescind the Agreement by written notice to the Sponsor and Selling Agent, after a copy of the duly filed amendment is mailed or otherwise served upon the Subscriber. In the event of rescission, Sponsor will return all funds paid under the Subscription Agreement within 10 days after receipt of notice.

If a change in the Total Cash Payment for the block of shares allocated to any Unit is made, a Subscriber of the affected shares may pay more or less than another subscriber of shares allocated to a similar Apartment, but this shall not affect any prior or later sale of shares allocated to such similar (or any other) Apartment.

After the closing of title, the holders of Unsold Shares will have the same rights as the Sponsor to change the size (either as a result of subdivision, combination, alteration of boundary walls or internal partitioning or otherwise) and/or layout of any Apartment owned by them or any of them, and to reallocate shares in connection with such change, provided that the total number of shares reallocated to all Apartments which are the subject of such changes will not vary. A sale or assignment by a holder of Unsold Shares may be made without the consent of the Apartment Corporation. In addition, such holders of Unsold Shares may resell the Apartments held by them for any price established by them, and they may change such price from time to time without obtaining the approval of any other person. However, all across the board price changes, price increases and price changes to be advertised, shall be effected by duly filed amendment to the Plan.

Notwithstanding the foregoing, the total issued shares of the Apartment Corporation may be increased by duly filed amendment if (A) an existing Apartment is enlarged by using space in the Property to which no shares of the Apartment Corporation were previously allocated or are presently allocated on the date of such enlargement; or (B) such space is converted into a new residential Apartment. No such increase in shares, however, will occur prior to closing unless a further opinion has first been obtained prior to closing from a licensed real estate broker familiar with cooperative offerings of this kind, that the "reasonable relationship" as determined as of the date when the new shares are to be issued is maintained. An increase in the total number of shares issued will result in reducing the proportion that the number of shares owned by each shareholder bears to the total number of shares outstanding (with a concomitant decrease in the amount of the estimated deduction for income tax purposes available to each shareholder, if any) but may not result in reducing the maintenance charges payable by each shareholder unless the Board of Directors shall so determine. Such shares will be issued from the heretofore authorized but unissued shares of the Apartment Corporation.

Sponsor's Consultant, Sandra Greer Real Estate, Inc. has advised the Sponsor that in its opinion, the price of the shares allocated to each Apartment in the Building, as set forth on Schedule A, bears a reasonable relationship to the fair market value of the portion of the Apartment Corporation's equity in the Property attributable to that Apartment, as determined on the date of acceptance for filing of the Plan. See Section D of the Plan. Prior to or at the closing a further opinion will be obtained from Sandra Greer Real Estate, Inc., or another qualified real estate broker, as to such reasonable relationship.

Sandra Greer Real Estate, Inc., or another qualified real estate broker will not approve a change in such price prior to the Closing Date unless, in the opinion of Sandra Greer Real Estate, Inc. or another qualified real estate broker, the

aforementioned reasonable relationship, as determined on the date the change is made, is preserved.

If there shall be any change in the aggregate Total Cash Payment for shares allocated to all Apartments, then under the terms of the Contract of Exchange described in Section T of the Plan, the Total Cash Amount of the Offering will increase or decrease when the shares are sold to the extent that the aggregate Total Cash Payment has increased or decreased. Accordingly, the Sponsor will receive the benefit resulting from any increase and bear the loss or burden resulting from any decrease.



Sandra Greer Real Estate Inc.
201 East 77th Street
New York, N.Y. 10021
(212) 472-1878
772-3000 Sales
472-8503 Management

OPINION OF REASONABLE RELATIONSHIP

August 5, 1988

Bob Chicco
c/o Certilman, Haft
90 Merrick Avenue - 9th Fl.
East Meadow, NY 11554

RE: 20 Wendell Street
Hempstead, New York

Gentlemen:

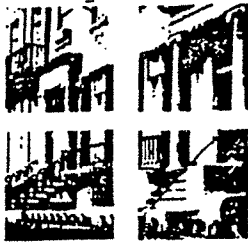
We have prepared for inclusion in the Offering Statement -- A PLAN TO CONVERT TO COOPERATIVE OWNERSHIP, Premises 20 Wendell Street, Hempstead, NY, -- the allocation of shares, Total Cash Payment for each apartment and other estimates contained in "Schedule A".

Our share allocations have been calculated on the basis of dimensions of the apartments to which the shares are allocated, including the additional factors such as location of apartments in the building, the relative value of one apartment to the other space in the building and the availability of amenities pertinent to the apartment for the exclusive or shared use.

In our opinion, after careful evaluation of all available information, the total prices of the blocks of shares allocated to each apartment in the Building, as set forth in Schedule A of the Plan, taking into account the reductions offered to tenants in occupancy, will bear a reasonable relationship to the portion of the fair market value of the Apartments Corporation's equity in the Property attributable to such apartment as of the Closing Date (as that term is defined in the Plan). In assessing the portion of the fair market value of the Apartment Corporation's equity attributable to each of the Apartments in the building, we have considered such factors including, without limitation, the age of the building, the services available to the tenants in the building and the fair market value of each apartment.

Any changes in the number, size, or layout of Apartments or the number of or additional Cash Payment for shares allocated to any apartment prior to the Closing Date will only be made if, in our opinion, the total price of the block of shares allocated to each apartment in the Building continues to bear a reasonable relationship to the portion of the fair market value of the Apartment Corporation's equity in the Property attributable to such Apartment as of the Closing Date.

DIVERSIFIED REAL ESTATE INVOLVEMENT



Sandra Greer Real Estate Inc.
201 East 77th Street
New York, N.Y. 10021
(212) 472-1878
772-3000 Sales
472-8503 Management

Our firm is a real estate brokerage and management firm which has been in business since 1970 and is a managing agent for seven rental apartment houses and five cooperative buildings and has been the selling agent for several cooperative conversions in the New York Metropolitan area. We are currently acting as sales agent for about thirty (30) buildings in and around New York.

We have no beneficial interest in the Sponsor or in the profitability of the conversion except in our capacity as Selling Agent. We consent to the inclusion of this letter in the Offering Plan.

Very truly yours,

SANDRA GREER REAL ESTATE INC.

BY: _____

SANDRA GREER

STATEMENTS OF OPERATING INCOME
AND CERTAIN OPERATING EXPENSES
OF THE
RESIDENTIAL PROPERTY LOCATED AT
20 WENDELL STREET, HEMPSTEAD, NEW YORK
YEARS ENDED DECEMBER 31, 1987 AND 1986
AND
REPORT OF INDEPENDENT ACCOUNTANTS

Margolin, Winer & Evens

Certified Public Accountants

600 OLD COUNTRY ROAD
GARDEN CITY, NEW YORK 11530
516-228-8600

Partners
Wendell Terrace Apartments
Hempstead, New York

We have examined the statements of operating income and certain operating expenses of the residential property located at 20 Wendell Street, Hempstead, New York for the years ended December 31, 1987 and 1986. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The accompanying statements were prepared for inclusion in an offering plan for the conversion to cooperative ownership of the property located at 20 Wendell Street and exclude certain material expenses, described in Notes 1 and 2, that would not be comparable to those resulting from the proposed future operations of the property.

In our opinion, the accompanying statements present fairly the operating income and certain operating expenses of the residential property located at 20 Wendell Street, Hempstead, New York for the years ended December 31, 1987 and 1986, in conformity with generally accepted accounting principles applied on a consistent basis.

Margolin, Winer & Evens

April 29, 1988

STATEMENTS OF OPERATING INCOME
AND CERTAIN OPERATING EXPENSES
OF THE RESIDENTIAL PROPERTY LOCATED AT
20 WENDELL STREET, HEMPSTEAD, NEW YORK
YEARS ENDED DECEMBER 31, 1987 AND 1986

	<u>1987</u>	<u>1986</u>
Operating Income (Note 1):		
Rental income	\$1,739,122	\$1,737,575
Laundry income	<u>15,600</u>	<u>16,900</u>
	<u>\$1,754,722</u>	<u>\$1,754,475</u>
Certain Operating Expenses (Note 1):		
Real estate taxes	\$ 406,006	\$ 387,939
Labor (including wages, disability insurance, workers' compensation insurance, and payroll taxes) (Note 3)	106,529	93,815
Management fees (Note 4)	101,557	104,474
Building insurance (Note 3)	90,556	87,896
Fuel oil - heat and hot water	63,866	68,161
Electric and gas	30,733	36,349
Water charges	26,032	13,966
Security service	54,002	-
Maintenance of building (including general repairs and maintenance, painting, supplies and sundry) (Note 2)	53,674	39,179
Professional fees	21,246	13,274
Office expenses and miscellaneous	<u>17,858</u>	<u>18,337</u>
	<u>\$ 972,059</u>	<u>\$ 863,390</u>

The accompanying notes are an integral part of these statements.

NOTES TO STATEMENTS OF OPERATING INCOME
AND CERTAIN OPERATING EXPENSES
OF THE RESIDENTIAL PROPERTY LOCATED AT
20 WENDELL STREET, HEMPSTEAD, NEW YORK
YEARS ENDED DECEMBER 31, 1987 AND 1986

1. Operating Income and Certain Operating Expenses:

Interest income, as well as expenses for bad debts, mortgage interest, depreciation and amortization, and renting expenses not related to the operation of the building as a cooperative venture have been excluded.

2. Maintenance of Building:

Maintenance of building excludes the costs of repairs to tenants' apartments totaling \$47,713 and \$33,700 for the years ended December 31, 1987 and 1986, respectively.

3. Building Insurance:

Building insurance represents the property's allocable share of premiums under a master policy covering several properties. Building insurance excludes workers' compensation and disability insurance, which are included in labor.

4. Management Fees:

The management of the property has been performed by a corporation owned by the general partners. Management fees represent 6% of cash collected.

CERTILMAN HAFT BALIN BUCKLEY KREMER & HYMAN

THE FINANCIAL CENTER AT MITCHEL FIELD

90 MERRICK AVENUE

EAST MEADOW, NY 11554

IRA J. ADLER
HERBERT M. BALIN
BARRY J. BENDES
DALE S. BERGMAN
MARTIN F. BRECKER
CHARLES P. BUCKLEY, JR.
MORTON L. CERTILMAN
JOHN P. DONOHUE
MICHAEL D. GREENBERG
WILLIAM R. GRIFFITH
JAY M. HAFT
DAVID Z. HERMAN
JAY M. HERMAN
RICHARD HERZBACH
BERNARD HYMAN
M. ALLAN HYMAN
HERBERT F. KOZLOV
ARTHUR J. KREMER

NORMAN J. LEVY
BERT J. LEWEN
ABRAHAM I. MARGLIN
JOHN J. PREEFER
A. JEFFRY ROBINSON
DAVID I. ROSENBERG
IRA I. ROXLAND
HARRY L. SEATON
ARTHUR D. SEDERBAUM
FRED S. SKOLNIK
LOUIS SOLOWAY
HOWARD M. STEIN
MARTIN STEIN
STUART J. STEIN
HENRY STERNBERG
MARTIN A. STOLL
ARTHUR M. STRAUSS
ROBERT J. WEST, JR.
BRIAN K. ZIEGLER

TELEPHONE:
(516) 296-7000

805 THIRD AVENUE
NEW YORK, NY 10022-7513
(212) 418-5200

120 MINEOLA BOULEVARD
MINEOLA, NY 11501
(516) 877-1400

7777 GLADES ROAD
BOCA RATON, FL 33434
(305) 488-2800

241 MAIN STREET
HACKENSACK, NJ 07601
(201) 487-7949

EARL J. WOFSEY
COUNSEL

F. ATTORNEY'S INCOME TAX OPINION

July 26, 1988

Wendell Terrace Owners Corp.
20 Wendell Street
Hempstead, New York 11021

Re: Income Tax Issues

Gentlemen:

You have requested our opinion as to whether Wendell Terrace Owners Corp., (the "Apartment Corporation"), which has been organized under the laws of the State of New York in anticipation of the filing of an Offering Plan - Premises - Wendell Terrace, 20 Wendell Street, Hempstead, New York, (the "Plan"), promulgated by Wendell Terrace Apartments, Inc., (the "Sponsor"), will qualify as a "cooperative housing corporation" for Federal and New York State income tax purposes after consummation of the Plan. You have advised us of your intention to incorporate our opinion in the Plan, to which we consent.

We have prepared the Plan, and the Certificate of Incorporation and the By-Laws of the Apartment Corporation. We have also prepared the Contract of Exchange, pursuant to which the Sponsor has agreed to transfer the Property to the Apartment Corporation, the Subscription Agreements, and various ancillary agreements and documents pertinent to the Plan.*

The opinions expressed herein is based solely upon the foregoing documents:

(i) As stated in the opinion of Sponsor's Consultant, on the date of the presentation of the Plan the price of the shares allocated to each apartment in the Building bears a reason-

* All capitalized terms have the meaning ascribed to them in the Plan.

able relationship to the portion of the value of the Apartment Corporation's equity in the Property which is attributable to the apartment to which the shares are allocated.

(ii) There will be no change in the price of any shares prior to the Closing, except upon the opinion of the Sponsor's Consultant that the price of shares allocated to each apartment in the Building, as changed, is not less than an amount bearing a relationship to the portion of the value of the Apartment Corporation's equity in the Property which is attributable to the Apartment to which such shares are allocated.

(iii) At closing, pursuant to the Contract of Exchange the Sponsor will transfer the Property, subject to indebtedness thereon, and pursuant to the Subscription Agreements other persons will transfer cash, to the Apartment Corporation. In consideration thereof there will be received from the Apartment Corporation by the Sponsor stock in the Apartment Corporation, Proprietary Leases appurtenant thereto, and cash, and by the other persons stock in the Apartment Corporation and Proprietary Leases appurtenant thereto.

(iv) There will be one and only one class of stock outstanding, which will be fully paid-up in an amount not less than the amount referred to in items (i) and (ii) above.

(v) No stockholder will be entitled (either conditionally or unconditionally) to receive any distribution not out of earnings and profits of the Apartment Corporation except on a complete or partial liquidation of the Apartment Corporation.

(vi) At least 80% of the gross income of the Apartment Corporation during the first year of cooperative operation will be derived from stockholders of the Apartment Corporation, as shown on the Projected Schedule of Receipts and Expenses for the First Year of Operation.

Based on the above and provided that the Plan is declared effective and there is a closing under the Plan strictly in accordance with the terms thereof, it is our opinion that:

(1) Each Stockholder of the Apartment Corporation will be a "tenant-stockholder" within the meaning of Section 216(b)(2) of the Internal Revenue Code of 1986 (the "Code"), which defines a "tenant-stockholder" as a "person," which under Section 7701 (a)(1) of the Code includes an individual, a trust, estate, partnership, association, company or corporation.

(2) During the first calendar year of cooperative operation, the Apartment Corporation will qualify as a "cooperative housing corporation" within the meaning of Section 216(b)(1) of the Code, and it will continue to so qualify thereafter provided

it continues to derive at least 80% of its gross income each calendar year from tenant-stockholders as required Section 216(b)(1)(D) of the Code.

(3) Each tenant-stockholder will be entitled, under Section 216(a)(1) of the Code and Section 615(a) of the New York State Tax Law (the "State Law") to deduct amounts paid or accrued by him to the Apartment Corporation within his taxable year to the extent that such amounts represent the tenant-stockholder's proportionate share of the real estate taxes allowable as a deduction to the Apartment Corporation under Section 164 of the Code which are paid or incurred by the Apartment Corporation before the close of the taxable year of the tenant-stockholder on the Building and the Land.

(4) Each tenant-stockholder whose apartment is either his principal residence or the one other residence that he selects pursuant to Section 163(h)(5)(A)(i)(II) of the Code will be entitled, under Section 216(a)(2) of the Code and Section 615(a) of the State Law, to deduct amounts paid or accrued by him to the Apartment Corporation within his taxable year to the extent that such amounts represent the tenant-stockholder's proportionate share of the interest allowable as a deduction to the Apartment Corporation under Section 163 of the Code which is paid or incurred by the Apartment Corporation before the close of the taxable year of the tenant-stockholder on the Apartment Corporation's indebtedness contracted in the acquisition of the Property, as well as interest paid or accrued by him to any lender on the tenant-stockholder's indebtedness incurred to purchase stock in the Apartment Corporation. The apartment may be so selected if the tenant-stockholder either uses it as a residence within the meaning of Section 280A(d)(1) (i.e., he uses it for personal purposes for a number of days which exceeds the greater of 14 days or 10% of the number of days during the year for which the apartment is rented at a fair rental), or neither rents nor uses the apartment at any time during the year.

(5) The Apartment Corporation will be subject to Section 277 of the Code, relating to membership organizations which are operated primarily to furnish services to members. S. Rep. No. 94-938, 94th Cong., 2d Sess., 1976-3 C.B. 49, 431-436. Consequently, in computing the Apartment Corporation's taxable income, its deductions attributable to furnishing such services (such as depreciation, repairs, etc.), to the extent in excess of its income received from members, may not offset income derived from non-members (such as interest income), although such excess may be carried over to the succeeding year to offset income received from members.

(6) It is more likely than not that the Sponsor's transfer of the Property, and the other persons' transfer of cash, to the Apartment Corporation will constitute transfers pursuant to Section 351(a) of the Code. In that case, while neither the

transferors of cash nor the Apartment Corporation will recognize any gain or loss as a result of such transfers, the Sponsor will recognize gain in an amount not less than the cash received by it from the Apartment Corporation.

(7) Based on opinion (6) above, it is more likely than not that the Apartment Corporation's basis in the Property will be, pursuant to Section 362(a)(1) of the Code, the same as it would be in the hands of the Sponsor, increased by the amount of gain recognized to the Sponsor on the transfer of the Property to the Apartment Corporation.

In rendering our opinion, we have considered the fact that certain of the Apartment Corporation's stockholders (i.e., those who either are not tenants in the Building or are tenants who do not own stock of the Apartment Corporation allocated to their own apartments) will not be entitled to immediate occupancy of the apartments to which their stock has been allocated, by reason of Section 352-eee of the New York State General Business Law ("Section 352-eee"). Nevertheless, all such stockholders will meet the requirement of Section 216(b)(1)(B) of the Code that each stockholder of a corporation intended to be a cooperative housing corporation be entitled, solely by reason of his ownership of stock in the corporation, to occupy his apartment for dwelling purposes. A voluntary sublease of an apartment by a tenant-stockholder does not disqualify a corporation from status as a cooperative housing corporation, nor does disqualification of such status result when the stockholder purchases the stock subject to occupancy by an existing tenant for a fixed term. Rev. Rul. 66-341, 1966-2 C.B. 101. Accordingly, even if existing tenants remain in occupancy by reason of provisions of law such as those contained in Section 352-eee, the Apartment Corporation will not be denied status as a cooperative housing corporation by Section 216(b)(1)(B). In these situations, the tenant-stockholders who do not occupy their apartments will meet the requirement of Treasury Department Regulation §1.216-1(d)(2), which interprets Section 216(b)(1)(B), because they will have a right "as against the corporation" to occupy the apartment.

Based on the foregoing and subject to the items and limitations set forth above, it is our opinion that the Apartment Corporation will qualify as a cooperative housing corporation and that the tenant-stockholders will be entitled to the income tax deductions referred to above.

This opinion is based upon existing rules of law applied to the facts, documents and items referred to above. No assurances may be given that the Internal Revenue Service, the Department of Taxation and Finance of the State of New York, or any other taxing authority will not challenge such income tax deductions or that the tax laws upon which counsel to the Apartment

Corporation bases its 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, Sponsor's Consultant, or any other person be liable if for any such reason the Apartment Corporation ceases to meet the requirements of the Internal Revenue Code of 1986, 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. Moreover, none of the aforesaid makes any warranties with respect to the tax consequences of the Plan or the tax consequences of ownership of any stock offered under the Plan except as expressly set forth herein, and no one else has been authorized to make any representations other than those contained herein.

Very truly yours,

CERTILMAN HAFT BALIN BUCKLEY
KREMER & HYMAN

By: /s/ IRA J. ADLER

G. RIGHTS OF EXISTING TENANTS

As of the date of acceptance of this Offering Plan for filing, all of the Apartments listed in Schedule A are subject to Section 352-eee of the New York General Business Law ("Section 352-eee") and the Emergency Tenant Protection Act of 1974 ("ETPA"). As used in this Plan, the term "date of presentation of the Plan" refers to the date copies of the Offering Plan are delivered to the tenants in the Building following the acceptance of the Plan for filing. In the event the Sponsor delivers the Plan by mail, however, the date of presentation shall be five (5) days following the actual mailing date.

1. Rights of All Tenants under General Business Law Section 352-eee.

The Sponsor hereby presents the Plan to all tenants in occupancy of Apartments in the Building.

The Exclusive Period in which to purchase shall be subject to the following:

- a) All bona fide tenants in occupancy on the date the Plan is accepted for filing will have the exclusive right to subscribe to the shares allocated to their apartments for ninety (90) days after the Plan is presented, and
- b) Any bona fide tenant with the right to renew a lease on the date the Plan is accepted for filing has the right to subscribe as a tenant during the exclusive period, and
- c) Any bona fide tenant who has the right to continued occupancy on the date the Plan is accepted for filing has the right to subscribe as a tenant during the exclusive period, and
- d) For the purpose of determining who has the right to subscribe during the exclusive period, a bona fide tenant of record with an unexpired lease on the date the Plan is accepted for filing shall be presumed to be a "tenant in occupancy" even though the tenant has sublet his or her apartment or the apartment is not the tenant's primary residence, and
- e) A bona fide sublessee in occupancy who at the time the Plan was accepted for filing sublets from a non-bona fide tenant or has obtained permission to purchase shares allocated to his or her apartment from a bona fide tenant of record has the

right to subscribe during the exclusive period. However, nothing herein shall be construed to deprive an owner of any legal remedy for illegal occupancy.

THIS IS A NON-EVICTION PLAN as defined in Section 352-eee of the General Business Law and, therefore:

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 access to the owner or a similar breach by the non-purchasing tenant of his obligations to the landlord, and provided further that the owner of 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.

The rentals of non-purchasing tenants who reside in dwelling units not subject to government regulations 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 become effective shall not be subject to unconscionable increases beyond ordinary rentals for comparable unregulated 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, 120 Broadway, New York, New York.

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

On the 30th, 60th, 88th and 90th days following the presentation of the Plan, and at least every thirty (30) days thereafter until the Plan is declared effective or is abandoned and on the 10th and 2nd day before the expiration of any exclusive purchase period provided in a substantial Amendment to the Plan, the Sponsor will file a written statement under oath with the Attorney General's Office setting forth the percentage of bona fide tenants in occupancy of all dwelling Units who have agreed in writing to purchase under the Plan as of the date of the statement. The Sponsor will also arrange to have a copy of the statement posted prior to noon on the day of posting in a prominent place accessible to all tenants in the Building covered by the Plan. The statement

shall include the following information:

- (a) The date and time of the statement.
- (b) The date the plan was filed with the Department of Law.
- (c) The date of presentation of the plan (and the current amendment).
- (d) The last day of any exclusive period(s).
- (e) The number of tenants in occupancy on the filing date and the number of bona fide tenants who became tenants in occupancy after the filing date who have signed subscription agreements as of a time specified in the statement who qualify to be included in the count pursuant to these regulations and applicable law. No tenant who is a relative, employee, shareholder or business associate of the Sponsor or Selling Agent will be included in determining the required percentage unless they are a bona fide tenant in occupancy on the date the Plan is accepted for filing.
- (f) The number of units or tenants counted in the base.
- (g) The percentage obtained by dividing the number of subscribers to be counted towards effectiveness given in sub-paragraph (e) by the number of tenants or units counted in the base given in sub-paragraph (f).

Tenants in occupancy on the date the Attorney General accepts the Plan for filing shall have the exclusive right to purchase their dwelling units or the shares allocated thereto for ninety days after the Plan is accepted for filing by the Attorney General, during which time a tenant's dwelling unit shall not be shown to a third party unless he has, in writing, waived his right to purchase.

All Apartments occupied by non-purchasing tenants shall be managed by the same managing agent who manages all other Apartments in the Building. Such managing agent shall provide to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. The Sponsor shall guarantee the obligation of the Managing Agent to provide all such services and facilities until such time as the Sponsor surrenders control of the Apartment Corporation's Board of Directors.

It is 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 Apartment or the facilities related thereto. A tenant may apply to the Attorney General for a determination that such conduct does exist or has taken place. The tenant or 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 Apartment or from proceeding with the Plan of Conversion.

The rights granted under the Plan to purchasers and to non-purchasing tenants may not be abrogated or reduced regardless of any expiration of or amendment to Section 352-eee.

2. Rights of all Tenants under the E.T.P.A.

Each tenant in occupancy of an apartment on the date of presentation of this Plan subject to the Emergency Tenants Protection Act of 1974 (the "E.T.P.A.") and the Tenant Protection Regulations promulgated thereunder will have the exclusive right to purchase the shares allocated to his apartment for ninety (90) days from the date of presentation or offering of this Plan at the price per share applicable to tenants in Schedule A, during which time his apartment shall not be shown to a third party unless he has, in writing, waived his right to purchase. After the expiration of such ninety (90) day period, a tenant in occupancy of such apartment shall no longer have the exclusive right to purchase the shares allocated to his apartment, and same will be offered for sale to others.

Under the E.T.P.A. and the Tenant Protection Regulations, as qualified by the provisions of Section 352-eee set forth herein, a tenant has the right (i) to remain in occupancy of his apartment so long as he does not default in paying his rent or commit certain wrongful acts (enumerated in Section 352-eee of the General Business Law) in violation of his lease or tenancy and (ii) to obtain a renewal lease for a term of one or two years (at the tenant's option) at an adjusted rental not to exceed the maximum rent established by the Nassau County Rent Guidelines Board.

Sponsor has no different or greater rights to increase rents as a result of conversion to cooperative ownership. However, The Sponsor reserves the right, at its election, to increase the rent payable by any tenant in occupancy of an apartment in the Building subject to ETPA who does not subscribe for the shares of the Apartment Corporation allocated to his or another

apartment, in accordance with the laws, regulations and rules limiting or otherwise controlling rent. Such rent increases may be obtained upon application to the Rent Administration based upon any of the following: increased services or facilities, major capital or other improvements, increased occupancy, unique circumstances, net annual return, unavoidable increase in operating costs or other adjustments deemed necessary by the Rent Administrator. If any of the laws, regulations and rules limiting or otherwise controlling rent become inapplicable for any reason, rent increases shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments.

The By-Laws provide that non-purchasing tenants will be notified of any changes in ownership of the shares allocated to the Apartments they occupy by registered or certified mail, within fifteen (15) days of any change in ownership.

The Subscription Agreement is not assignable.

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

Tenants in occupancy on the date the Plan was accepted for filing will be permitted to purchase vacant Apartments on a non-exclusive first come first served basis at the price offered to non-tenant purchasers as disclosed in Schedule A.

If there is any inconsistency between the terms of this Plan, on the one hand, and Section 352-eee, the ETPA and the Regulations promulgated thereunder, on the other hand, the terms and provisions of Section 352-eee, ETPA and the Regulations promulgated thereunder, shall prevail to the extent of such inconsistency as if the same were above set forth herein verbatim, so that all requirements of Section 352-eee, ETPA and the Regulations promulgated thereunder, applicable to the Plan are met hereby.

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

Except as otherwise noted, all of the Apartments on the Property (as shown on Schedule A), are occupied by persons under leases. THIS IS A NON EVICTION PLAN and 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 access to the owner or a similar breach by the non-purchasing tenant of his obligations to the landlord, and provided further that the owner of 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. Except as expressly permitted by Section 352-eee, the ETPA and the Regulations promulgated thereunder, the leases of non-purchasing tenants are not affected by the conversion of the Property to cooperative ownership. See Section G "Rights of Existing Tenants" on page 38, for further discussion.

A subscription agreement for the shares allocated to an occupied apartment is subject to any exclusive purchase rights granted to the Exclusive Offeree by the Plan or any amendments thereto. See Article 8.A of the Subscription Agreement. In addition, a subscriber of shares of the Apartment Corporation allocated to an occupied Apartment obtains a Proprietary Lease subject to: (a) the lease for the Apartment then in effect (and any renewal of the term thereof effected after the date of presentation of the Plan); (b) any existing statutory tenancy or occupancy of the Apartment; (c) all of the rights of any existing tenant of an Apartment who has not purchased the shares allocated to his Apartment afforded by Section 352-eee, the ETPA and the Regulations promulgated thereunder, including the right (among others) to continue to reside in their Apartments, without having any eviction proceedings commenced against them at any time other than for nonpayment of rent, illegal use or occupancy of the premises, refusal of access to the owner or similar breach of their obligations to the owner of their Apartment; and (d) any other applicable federal, state or local laws, regulations and rules limiting or controlling rent and occupancy terms and the landlord's rights to evict tenants or other occupants now existing or hereinafter enacted.

If the shares allocated to an Apartment are purchased by someone other than the tenant or occupant, thereof, the tenant or occupant will become the subscriber's tenant on the Closing Date and the subscriber will become his landlord.

A subscriber who acquires the shares allocated to an occupied Apartment will be required to pay to the Apartment Corporation the maintenance charges for such Apartment (including parking rent applicable to any covered parking space occupied by the non-purchasing tenant) whether such charges are greater or less than

the rent payable or received by the subscriber from the tenant in occupancy. See Schedule A-1 for a list of the occupied parking spaces and the present changes therefore. By reason of the terms of the subscriber's Proprietary Lease, Section 352-eee, and the ETPA and the Regulations promulgated thereunder, the subscriber will also be responsible for the due performance of all of the obligations of the landlord under the lease, statutory tenancy or other tenancy of the tenant, including, but not limited to, the right to renew the tenant's lease pursuant to the EPTA and Regulations promulgated thereunder, the obligations to maintain, repair and replace plumbing fixtures, the refrigerator, range, lighting fixtures and other equipment in the Apartment, and to paint the Apartment as provided in the lease with the tenant, or as required by any applicable law, as the case may be. In addition, any litigation costs, fees and dues related to the tenancy, are the sole responsibility of the purchaser. Notwithstanding the foregoing, the Apartment Corporation may not increase the rent for any parking space occupied by a Non-Purchasing Tenant.

Any Subscription Agreement to purchase shares of an Apartment occupied by non-purchasing tenants and the proprietary leases for said Apartments will include an agreement by the subscriber to:

1. Irrevocably appoint the Managing Agent for the Apartment Corporation and its successors as his or her agent to perform for the account and at the expense of the subscriber all services required to be furnished or performed by a landlord under the non-purchasing tenant's lease and the laws and regulations specified above that are not to be provided by the Apartment Corporation under the proprietary lease, including, but not limited to, interior repairs and apartment painting; and
2. Except for the Sponsor and holders of unsold shares, subscription agreements or other agreements to purchase shares of Apartments occupied by non-purchasing tenants and the proprietary leases for said Apartments shall include an agreement to deposit with the Managing Agent at closing a sum not less than an amount equal to 2 months' maintenance charges to be used as working capital to furnish services required under the non-purchasing tenant's lease and the laws and regulations specified above. Upon notice by the Managing Agent that said deposit has been diminished, said fund shall be replenished by the shareholder within a specified period of time. The failure of the shareholder to replenish the fund in a timely fashion shall result in the Apartment Corporation having a lien against the shares appurtenant to the Apartment. Interest, if any, earned on the fund shall be the property of the shareholder.

Any person interested in purchasing shares of the Apartment Corporation allocated to an Apartment in which he does not reside is entitled to and is urged to examine any lease pertaining to

the Apartment to which such shares are allocated, verifying not only the expiration date of the lease (or any renewal thereof) and the obligations of the landlord thereunder, but also the rent currently payable for the Apartment. That rent may be more or less than the maintenance charges that will be payable by the subscriber to the Apartment Corporation for the Apartment after the Closing Date.

IT IS ALSO RECOMMENDED THAT EVERY SUBSCRIBER OF SHARES ALLOCATED TO AN OCCUPIED APARTMENT CONSULT AN ATTORNEY IN ORDER TO BECOME FULLY APPRISED OF THE EFFECT OF SECTION 352-eee, THE ETPA AND THE REGULATIONS PROMULGATED THEREUNDER, ON HIS RIGHTS AS A SUBSCRIBER AND HIS OBLIGATIONS TO ANY EXISTING TENANT OR OCCUPANT.

A subscriber of the shares allocated to an Apartment subject to a lease will be entitled to receive the unapplied portion of any security deposit held by the Sponsor under the terms of the lease. Said subscriber will be required to execute an agreement, in form approved by counsel to the Sponsor indemnifying the Sponsor from any liability therefor. Such security must be held by the subscriber in a special, interest bearing bank account in accordance with Section 7-103 of the General Obligations Law.

If the maximum legal rent for any apartment occupied by a non-purchasing tenant may be increased by reason of any act of the Apartment Corporation, such as major capital expenditures for improvements or increased services provided by the Apartment Corporation, or increases in operating costs for which pass-alongs or decreases in rent may be granted or allowed by any provision of law, the Apartment Corporation will cooperate with the holders of Unsold Shares to secure such increases in rent, and the Apartment Corporation will provide and file such documentation and will provide such information as is reasonably necessary or required by law to obtain such increases. The Apartment Corporation will cooperate with the holder of shares allocated to apartments occupied by non-purchasing tenants in any other application for rent increases, including, but not limited to hardship increases, which may be applicable. The Apartment Corporation will not be obligated to engage in litigation or to take any action to insure such increases, other than to provide and file any information reasonably necessary or required by law to permit the holders of shares allocated to apartments occupied by non-purchasing tenants 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 nonpurchasing tenants. The Apartment Corporation, in addition, will provide such holders with any contractor's certificate which may be required to obtain any such increase. If an extra charge is made therefor, the holder will reimburse the Apartment Corporation to the extent thereof.

No warranty is made that the Section 352-eee, the ETPA and the Regulations promulgated thereunder will (or will not) continue to apply to any Apartments on the Property or to the Plan, or that there will or will not be any further amendments to the Section 352-eee, the ETPA and the Regulations promulgated thereunder. In the event of any amendment to Section 352-eee, the ETPA

and the Regulations promulgated thereunder or other applicable law, regulation or code, the Plan may be amended to reflect the amended law, regulation or Code, as the case may be.

Neither Counsel nor the Sponsor makes any representation or statement of any kind as to the requirements of Section 352-eee, the ETPA and the Regulations promulgated thereunder or any other law, regulation or code, except as specifically set forth herein with respect to the Plan.

I. INTERIM LEASES

The Sponsor reserves the right to enter into leases with subscribers for apartments on the Property that are vacant on the date of acceptance of the Plan for filing or which become vacant after such date, including any apartments vacated by tenants who have assigned their Subscription Agreements pursuant to Section K of the Plan. Such leases are referred to as Interim Leases.

The Interim Lease shall be prepared on the standard form of apartment lease currently used by the Sponsor. The lease shall provide for a tenancy of one year which will terminate in all events on the Closing Date. The rent payable for any such Apartment under an Interim Lease will not exceed the maximum permitted by law, or any other applicable laws, regulations or rules, if any.

The existence of the Interim Lease will be specifically conditioned upon full performance of the subscriber's obligations under the Subscription Agreement. Any breach of the subscriber's obligations under the Subscription Agreement will be considered a material breach of the Interim Lease and will cause a default thereof. Similarly, a failure to fully perform the obligations under the Interim Lease will be considered a default under the Subscription Agreement. If an Interim Lessee defaults under his lease, the lease shall automatically terminate. In order for Sponsor to declare a default under the Subscription Agreement for an uncured default under the interim lease, either: (i) the Sponsor must obtain an order of eviction or other judgment or order from a court or agency of competent jurisdiction against the interim lessee, or (ii) the interim lessee must have vacated the Apartment. The interim lessee shall have thirty (30) days in which to vacate the apartment under any default or rescission offer he may accept

THE RETURN OF THE FUNDS DUE FOR ANY REASON, INCLUDING BUT NOT LIMITED TO ANY SHARE LOAN CONTINGENCY CLAUSE OR AMENDMENT, UNDER AN EXERCISE OF A RIGHT OF RESCISSION BY AN INTERIM LESSEE SHALL BE DISBURSED SIMULTANEOUSLY WITH THE INTERIM LESSEE VACATING THE APARTMENT AND SURRENDERING THE INTERIM LEASE. In the event the Interim Lessee fails to vacate the Apartment within thirty (30) days the amount due under the rescission shall be deposited in a segregated special escrow account to be held by the attorney representing the Apartment Corporation to be disbursed to the Interim Lessee upon his vacating the apartment and surrendering the interim lease.

In the event the Plan is abandoned, any tenant residing in the Building pursuant to an Interim Lease will be entitled to remain as a tenant in accordance with the terms of that lease and subject to applicable laws, rules and regulations.

It should be noted that until the Apartment Corporation acquires title to the Building, Subscribers for Apartments in the Buildings will not be able to claim the income tax deductions described in this Plan whether or not they have taken occupancy and pay rent under interim leases. Such deductions may become available, only (a) when and if the Plan is declared effective and there is a closing under this Plan, and (b) when and if the conditions set forth in Counsel's Tax Opinion have been met, and then only for the period subsequent to the Closing Date.

J. PROCEDURE TO PURCHASE

1. Subscription Agreement and Down Payment. A person desiring to purchase shares of the Apartment Corporation will be required to execute a Subscription Agreement in the form set forth in Part II of this Plan and to return it to the Selling Agent together with a check in the amount of 10% of the Total Cash Payment drawn on a New York bank to the order of "Wendell Terrace Owners Corp., Special Account". However, tenants in occupancy of Apartments on the date of acceptance of the Plan for filing will be required to pay only \$1,000 on account of the 10% down payment when they deliver their Subscription Agreements.

If a non-Tenant Subscriber submits an executed Subscription Agreement and down payment to the Sponsor and the Sponsor does not deliver a countersigned copy within twenty (20) days after the non-Tenant's submission, the Subscription Agreement will be deemed to have been rejected. In that case, the rejected subscriber's down payment will be returned and the parties will have no further liability to each other.

Simultaneously with or after the execution and delivery of a Subscription Agreement, the Selling Agent will submit duplicate Proprietary Leases to the subscriber for execution. The duplicate Proprietary Leases must be signed and returned to the Selling Agent promptly or the subscriber will be deemed in default under the Subscription Agreement and the down payment will be forfeited unless the default is cured within 30 days after notice to the subscriber.

2. Payment of Balance of Total Cash Payment. Except as provided in subsections 3 and 4 below, the Sponsor will have the right to require payment of the balance of the Total Cash Payment in either of the following ways: (a) the Sponsor may require the entire unpaid balance of the Total Cash Payment to be paid within fifteen (15) days after notice from the Sponsor that the Plan has been declared effective accompanied by a demand for payment. The notice will specify a Closing Date to occur between thirty (30) and sixty (60) days after the date of the notice. (b) Alternatively, the Sponsor may require payment of the balance of the

Total Cash Payment as follows: (i) the subscriber will pay any balance of the 10% down payment within 15 days after notice that the Plan has been declared effective accompanied by a demand for payment; (ii) thereafter, the subscriber will pay the balance of the Total Cash Payment in accordance with subsection (a) above.

If a subscriber fails to pay any amount due under subsections (a) or (b) above within fifteen (15) days after the Sponsor has notified the subscriber that the payment is due and demanded payment, the subscriber will be deemed in default under the Subscription Agreement. Unless such default is cured within thirty (30) days of notice thereof, the Subscription Agreement will be deemed cancelled, and the Apartment Corporation will retain all amounts previously paid, not in excess of 10% of the Total Cash Payment as liquidated damages.

If the subscriber fails to pay the balance of his Total Cash Payment within the 15 day period specified herein, he will also be required to pay the additional sum of \$500.00 for the extra paperwork required. Subscriber will be deemed in default until all amounts due, including said \$500 fee, are paid. In addition, if subscriber, for any reason except the fault of Sponsor, fails to close on the Closing Date specified by Sponsor, and pay the balance of the Total Cash Payment, including any portion being financed by a lending institution as provided in Section 3 below, subscriber shall be required to pay maintenance proration and other adjustments as of the Closing Date, pay the Selling Agent the sum of \$250 for the cost of re-scheduling the closing, and shall also be required to pay to Sponsor at the closing, interest at the rate of 12% per annum on the Total Cash Payment (including any portion financed by a lending institution) from the Closing Date originally specified until the date that the closing actually occurs. However, nothing herein provided shall be construed to require Sponsor to extend the Closing Date, or any applicable default periods. The Closing will be held in the Office of the Seller or Seller's Counsel only. In the event Purchaser requires the closing to be in any location other than as provided by Seller, Purchaser must pay an attendance fee of \$300.00 to the Sponsor.

3. Payment Where Purchaser Obtains Institutional Financing. Notwithstanding subsection 2, if a subscriber is obtaining financing from a bank, trust company or other lending institution, only that portion of the balance of the Total Cash Payment which is not being financed need be paid within the fifteen day notice period referred to above. In that case, payment of the unfinanced portion of the subscriber's payment must be accompanied by (i) a copy of a written stock loan commitment from the lending institution (in form satisfactory to counsel for the Sponsor and the Apartment Corporation) for the portion of the Total Cash Payment to be financed; (ii) all documents (including the "Recognition Agreement") which the institution will require the Apartment Corporation to execute; and (iii) a check payable to the order of Certilman, Haft, Balin, Buckley, Kremer & Hyman in the amount of \$150 for services in connection with reviewing the documents.

If the subscriber complies with the requirements set forth in the previous paragraph, the financed portion of the balance of the Total Cash Payment will be payable on the Closing Date. Unless the subscriber submits the documents and payments set forth above at the time the subscriber pays the unfinanced portion of the Total Cash Payment, the entire balance of the Total Cash Payment will be due in accordance with subsection 2 as if no financing were involved.

4. Payment Where Sponsor Financing is Offered. Sponsor does not presently intend to provide purchase money share loan financing. In the event Sponsor offers purchase money share loan financing Sponsor will first amend the Offering Plan to disclose the financing and said amendment will provide the information required in the regulations promulgated by the New York State Department of Law. If the Plan is amended such that the Sponsor offers purchase money stock loan financing and the subscriber takes advantage of such financing, the same procedures for payment of the unfinanced portion of the Total Cash Payment described in subsection 2 and 3 shall apply. With respect to the portion of the Total Cash Payment financed by the Sponsor, on the date that the subscriber pays the unfinanced portion of the purchase price, the subscriber shall execute the promissory note, security agreement, recognition agreement, collateral assignment of stock and lease and such other documents as deemed necessary by the Sponsor to protect its interest as lender. The Sponsor may permit the subscriber to execute the documents at a later date in the Sponsor's sole discretion. All documents shall be held in escrow by the Sponsor until the Closing Date. They will be released to the Sponsor upon the issuance of shares and a proprietary lease to the subscriber, and returned to the subscriber if the Plan is abandoned or the subscriber exercises a right of rescission or defaults under the Subscription Agreement.

In addition, counsel for the Sponsor shall be entitled to a fee of \$400 in connection with the preparation and review of documents and coordination of the closing. This payment will be due at the time the documents are executed.

Nothing contained within this section shall require or shall be taken to mean that the Sponsor will offer any financing.

5. Subscriber's Rights and Obligations if Application for Financing is Rejected. Unless a subscriber indicates an intention to subscribe for the shares allocated to an Apartment for all cash, a subscriber's Subscription Agreement will be made contingent upon the subscriber receiving a commitment from a financial institution to grant a stock loan to finance the purchase of the shares on the terms agreed by the subscriber and the Sponsor in the Subscription Agreement. The Subscription Agreement provides that the subscriber will have forty-five days after the date that the Subscription Agreement is accepted by the Sponsor, in order to satisfy the financing contingency (the

"application period.") The application period commences for a Tenant subscriber when the Tenant delivers an executed Subscription Agreement and down payment to the Sponsor, and for a non-tenant subscriber when the Sponsor accepts the Subscription Agreement. The subscriber must apply to an institutional lender for financing promptly after the application period commences and must pursue the application diligently. If the subscriber has complied fully with the procedures and requirements of the institutional lender and the lender has not approved the stock loan application within the application period, either party will have the right to cancel the Subscription Agreement except that Sponsor reserves the right (but is not obligated to) for a period of 60 days to designate another lending institution to grant the loan or grant the loan itself on prevailing rates terms and conditions. In the event Sponsor elects to provide such back-up financing, Subscriber will be provided with complete disclosure of the terms thereof. However, if the subscriber does not exercise its right to cancel by notice to the Sponsor or Selling Agent within five days after the application period has expired, the right to cancel for lack of financing will be deemed waived and the subscriber will be obligated to pay the balance of the Total Cash Payment on the Closing Date without regard to whether the subscriber has secured financing. The Sponsor will have the right to cancel the Subscription Agreement any time after the application period expires. However, the Sponsor's right to cancel will be nullified if a valid commitment is issued and delivered before the Sponsor's right is exercised. If the Subscription Agreement is cancelled, the subscriber's down payment will be returned within ten days thereafter, together with interest (if any) earned thereon, provided the subscriber is not otherwise in default under the Subscription Agreement.

6. Subscriber's Right to Cancel if Financing Commitment Lapses. Once a subscriber's stock loan application is approved, the Subscription Agreement will be fully binding on both the subscriber and the Sponsor according to its terms even if the commitment should expire, subject to the following: If a subscriber's stock loan commitment expires before the Closing Date, the subscriber will be obligated to make a good faith effort to (i) extend the expired commitment or (ii) obtain a new commitment from another lending institution. However, if the subscriber is unable to secure an extension of the commitment or obtain a new commitment from another lending institution after making a good faith effort, the Subscriber will have the right to cancel the Subscription Agreement by notice to the Sponsor provided, however, that Sponsor reserves the right (but is not obligated) for a period of 60 days to grant the loan itself on equivalent rates, terms and conditions. As used in this Paragraph, "good faith effort" includes acceptance of an extension or new commitment at equivalent stock loan rates and terms. Unless subscriber exercises said right to cancel within five days after the date the commitment expires, the subscriber's right to cancel will be deemed waived. Upon cancellation, and in the case of an interim Lessee, upon vacating the Apartment and surrendering the interim lease, the subscriber's down payment will be returned as described in subsection 5.

Financial institutions customarily extend the effective periods of their stock loan commitments once the commitments have been made to take into account postponement of the Closing Date or other delays. Most will also adjust the applicable interest rate on the stock loan to accord with their current market stock loan rate at that time. However, the Sponsor is unable to warrant or represent that any such extensions will, in fact, be granted.

7. Escrow Arrangements. All moneys received by the Sponsor directly or through its agents, employees or escrow agent will be held by Sponsor in trust in Chemical Bank, Broad Hollow Road, Melville, New York in a non-interest bearing segregated special escrow account entitled "Wendell Terrace Owners Corp., Special Account" or similar name, until delivery of the shares and lease for the apartment. The funds will be released only upon the signature of counsel for the Sponsor, Certilman, Haft, Balin, Buckley, Kremer & Hyman at closing, or before if the Plan is abandoned. If insufficient funds are raised through the offering to effectuate the purchase of the Property and the consummation of the Plan, if this Plan is abandoned or withdrawn for any reason, or if title to the Property is not acquired by the Apartment Corporation under the terms of the Contract of Exchange described in Section T, such moneys shall be fully returned to all subscribers, together with interest if any, earned thereon. The amounts paid by the subscribers will be handled in accordance with the provisions of Section 352e-2(b) and 352-h of the New York General Business Law.

8. Rescission Period. Non-tenant subscribers, for a period of seven (7) days following delivery to the Selling Agent of an executed Subscription Agreement together with a check for the Down Payment thereunder, may rescind the Subscription Agreement by written notice delivered personally to the Selling Agent within the seven (7) day period or mail the notice of rescission to the Selling Agent and have the mailing post marked within the seven (7) day period. Upon receipt of such notice, the Selling Agent shall promptly return the subscriber's deposit, the Subscription Agreement shall be deemed cancelled and thereafter the parties shall have no further liability to each other. Subscription Agreements will not be accepted from tenant subscribers unless they have had three (3) business days to review the Plan and any amendments thereto prior to executing a Subscription Agreement.

9. Liquidated Damages. Any failure to cure a default under the Subscription Agreement within the time period for each specified default and within thirty (30) days of notice and demand if no time is specified shall permit the Apartment Corporation to cancel said Agreement and to retain any amounts previously paid thereunder as liquidated damages, said sum not to exceed ten (10%) percent of the total purchase price, plus the cost of any special work ordered.

10. Conflict Between Plan and Subscription Agreement. Any conflict between the Plan or any Amendment thereto and the Subscription Agreement is to be resolved in favor of the terms of the Plan or any Amendment thereto.

11. Modifications. The Subscription Agreement may not be modified to contain a provision which waives a subscriber's rights or abrogates Sponsor's obligations under Article 23-A of the General Business Law. The Subscription Agreement used by Exclusive Offerees who subscribe during the ninety (90) day exclusive purchase period may not be modified except by a duly filed amendment to the Plan.

K. ASSIGNMENT OF SUBSCRIPTION AGREEMENTS

The Subscription Agreement is not assignable or transferable.

L. EFFECTIVE DATE OF THE PLAN AND CLOSING DATE

1. Declaring the Plan Effective. The following provisions will determine whether and when the Plan will be declared effective:
 - a. Non-Eviction Plan. The Plan is a Non Eviction Plan and may not be amended at any time to provide that there will be an eviction plan. The Sponsor may not declare the Plan effective unless, within twelve (12) months from the date of acceptance for filing of the Plan, at least fifteen (15%) percent of those bona fide Tenants in occupancy of all dwelling units in the Building on the date the Plan is declared effective shall have executed and delivered written agreements to purchase under the Plan. As to Tenants who were in occupancy on the date a letter was issued by the Attorney General accepting the Plan for filing, the Subscription Agreement shall be executed and delivered pursuant to an offering made in good faith without fraud and with no discriminatory repurchase agreement or other discriminatory inducements. In establishing a base for computing the required percentage for effectiveness, all dwelling units in the Building shall be included in the base. In addition the proposed underlying mortgage with Citibank has a requirement that the bank will not fund the mortgage until there are sales of at least twenty-five (25%) percent of the apartments in the Building to subscribers who represent they will occupy their apartments. In addition the mortgage requires that the Sponsor guarantee repayment of the mortgage until there are sales representing at least thirtyfive (35%) percent of all the apartments in the Building to subscribers who represent they will occupy their Apartments. As a result the Sponsor will not be able to close with the Apartment Corporation until Sponsor has obtained sales representing at least twenty-five (25%) percent of the apartments in the Building to subscribers who represent they will occupy their apartments.
 - b) After the conditions in paragraph (a) have been met, the Sponsor may, at its option, declare the Plan effective.
 - c) Not more than one Subscription Agreement for any particular unit, and only one Subscription Agreement from

any tenant who occupies two or more units, will be counted towards the number required to declare the plan effective.

- d) The Offering Plan will not be declared effective based on Subscription Agreements:
- (i) Signed by Subscribers who have been granted a right of rescission that has not yet expired or been waived; or
 - (ii) Assigned or transferred without compliance with Section K of this Plan; or
 - (iii) Conditioned upon an amendment to the Plan in which the Subscriber has not had at least three (3) business days to review.
 - (iv) With any subscriber who is the Sponsor or the Selling Agent, or is a principal of the Sponsor or the Selling Agent, or is related to the Sponsor or the Selling Agent or to any principal of the Sponsor or the Selling Agent by blood, marriage or adoption or as a business associate, an employee, a shareholder or a limited partner; except that such a subscriber other than the Sponsor or a principal of the Sponsor may be included only if the Sponsor has submitted proof satisfactory to the Department of Law establishing that the subscriber is a bona fide tenant in occupancy on the date the Plan is declared effective.
- e. If Subscription Agreements have been executed and accepted for the sale to subscribers of at least eighty (80%) percent of the Apartments offered under the Plan, the Sponsor must declare the Plan effective.
- f. The Sponsor will notify all subscribers and tenants when the aforementioned conditions of effectiveness have been met by delivery to them (personal delivery or by ordinary mail) of written notice to that effect.
- g. The Plan is contingent upon being declared effective. The Plan will be declared effective by delivery by regular mail to all tenants and purchasers of written notice only upon compliance with the above provisions. An amendment (the "Amendment") will be submitted for filing within five (5) business days thereafter to disclose the fact that the Plan has been declared effective. No closing shall be held until this Amendment is accepted for filing by the Department of Law.

2. Right to Amend to Conform to Applicable Law.

If any of the provisions of Section 352-eee, the ETPA, or the Regulations promulgated thereunder or any other applicable laws and regulations are amended, repealed or declared invalid or unconstitutional within the time in which the Plan may be declared effective, the Sponsor reserves the right to amend the Plan to reflect any such changes, subject to any rights granted to Non-Purchasing Tenants.

3. Closing Date.

Sponsor reserves the right to transfer title to the Apartment Corporation prior to or on even date with the First transfer of shares and proprietary leases to a bona fide purchaser. On or after the date of filing of the amendment disclosing that the Plan has been declared effective, the Sponsor will have the right to designate a date on which the shares and proprietary leases will be transferred to the Purchasers (the "Closing Date"). The Closing Date shall be not less than 30 days, nor more than 180 days, after the date of presentation of the Amendment that discloses that the Plan has been declared effective, unless the closing is adjourned or unless the Plan is abandoned in accordance with the terms of the Contract of Exchange described in Section T.

On or prior to the Closing Date, fee title to the Property will be conveyed to the Apartment Corporation. On the Closing Date each subscriber will thereupon become obligated for the payment of maintenance charges under his Proprietary Lease, whether or not he has taken possession of his Apartment and whether or not the tenant in possession, if any, pays the rent required to be paid by him. Certificates for the shares of the Apartment Corporation and the accompanying Proprietary Leases will be issued to the respective subscribers as of the Closing Date and will be delivered promptly thereafter.

The Sponsor may, at its option, declare the Plan abandoned for any reason whatsoever before the percentage referred to in the foregoing paragraph 1(d) has been reached. Once the Plan has been declared effective, it may not be abandoned except as provided below.

4. Abandonment of Plan.

The Sponsor, at its option, may declare the Plan abandoned for any reason whatsoever before the percentage referred to in the subsection 1 (d) above has been reached. Once the Plan has been declared effective, it may not be abandoned except for (i) a defect in title which cannot be cured for less than 1/2% of the total purchase price to non-tenant purchasers plus the mortgages (the "Total Purchase Price"), or (ii) work orders of a mortgagee exceeding 1/2% of the Total Purchase Price, or (iii) substantial damage or destruction of the building by fire or other casualty which cannot be cured for less than 1/2% of the Total Purchase Price, or (iv) the taking of any material portion of the property by condemnation or eminent domain. The amount of money relied upon as a basis for abandonment after the date of effectiveness will not include any title defects, work orders, or determinations of any authority or regulatory association which existed on the date of acceptance of the Plan for filing and are known to the Sponsor or a matter of public record. In

the event Sponsor does not abandon the Plan and consumates this offering, Sponsor will be obligated to cure those items which would have permitted the Sponsor to abandon the Plan.

The Plan will be deemed abandoned, void and of no effect if it has not been declared effective within twelve (12) months from the date the Offering Plan was accepted for filing and, in the event of such abandonment, no new Plan for the conversion of such building shall be submitted to the Attorney General for at least fifteen (15) months after such abandonment. If the Plan is not declared effective within the time limits set forth above, the Plan will be deemed abandoned and all moneys placed in the special non-interest bearing escrow account will be returned in full to the subscribers within twenty (20) days of the date of abandonment.

M. TERMS OF THE MORTGAGE

Pursuant to a proposal dated June 8, 1988 the property will be encumbered at the Closing by a First Mortgage to be held by CitiBank, N.A., in the original principal amount of \$8,000,000.

A summary of the terms of the First Mortgage is set forth below:

- A. Mortgage: to be held by CitiBank, N.A., with offices at 88 Duryea Road, Melville, New York.
1. Amount: in the principal amount of \$8,000,000.
 2. Payment Terms: The Sponsor has agreed to buy down the mortgage so that the Mortgage will not exceed constant monthly payments of interest only as follows:
 - a) First Year: \$53,333.33 at 8%
 - b) Second Year: \$60,000.00 at 9%
 - c) Third Year: \$66,666.66 at 10%
 - d) For the remaining two (2) years of the term, constant monthly payments of interest at a rate equal to 175 basis points over Citibank's cost of funds, set at the date of closing.
 3. Maturity Date: The term of the Mortgage will expire five (5) years from the date of closing. At maturity, the entire unpaid principal balance in the amount of \$8,000,000 plus accrued interest thereon shall be due and payable.
 4. Escrows: Mortgagor will deposit monthly installments with Mortgagee in an amount estimated by the mortgagee is sufficient to pay all real estate taxes and hazard insurance premiums as they become due.

5. Prepayment: The mortgage is not prepayable, nor assignable.
6. Terms of Default: Mortgagor will be in default if it fails to pay an installment of interest or principal or make any other payment it is obligated to make within fifteen (15) days after such payment is due.
7. Late Payment: In the event the mortgagor fails to make a payment due on any note, bond or mortgage, for more than ten (10) days after it is due, a late charge of 4% of the overdue payment will be imposed.
8. Subordinate Financing: Secondary financing is prohibited without Lender's prior knowledge and written approval.
9. Due on Sale Clause: The Mortgage will contain a due on sale clause.
10. Insurance: The proposal does not include any insurance requirements. The proposed coverage disclosed in Schedule B is on a replacement cost basis, which should satisfy the lenders requirements.
11. Pre-Sale: The mortgage requires a 35% pre-sale to subscribers who represent that they will occupy their apartment. Notwithstanding the above the mortgagee will fund the mortgage and close with the Apartment Corporation with a 25% pre-sale so long as the Sponsor guarantees a full repayment of the mortgage until the 35% pre-sale requirement is obtained. Sponsor has agreed to said obligation.

If all regular installments of interest have been paid, the Mortgage will have an unpaid balance at its maturity date of \$8,000,000, plus accrued interest thereon. If the Apartment Corporation were unable to arrange a refinancing or extension, it would be necessary to assess each Tenant-Shareholder approximately \$40.59 per share in order to pay the principal indebtedness then due. Arranging such financing is common practice in the real estate industry including properties owned by cooperative corporations. However, the availability, terms and cost of such refinancing will vary from time to time depending upon the then existing market conditions, the creditworthiness of the borrower, the financial and physical condition of the property and other factors. Purchasers should be aware that refinancing may not be available on the same or better terms.

N. FINANCING ARRANGEMENTS AVAILABLE TO PURCHASERS

Generally, savings and commercial banks, as well as savings and loan associations, are authorized to finance the purchase of cooperative apartments. If a loan commitment is issued, the type and interest rate of the loan will be the customary type and rate charged by the bank at the time of closing (i.e., funding) of the loan.

Each institution has its own lending policies and credit requirements and each institution may make loans for this purpose if the Apartment Corporation enters into an agreement pursuant to which the institution obtains special rights in respect of the shares and Proprietary Lease taken as collateral security for the loan. The form of Proprietary Lease permits loans by banking institutions to tenant-shareholders. Such loans are usually secured by a security interest in the shares owned by the subscriber as well as a mortgage on the Proprietary Lease and any personal property affixed to the Apartment.

Provided the Apartment is the Subscribers principal residence or the one other residence he selects pursuant to Section 163(h)5 (A)(i)II of the Code, interest payable on institutional financing is tax deductible and is in addition to the estimated income tax deduction set forth on Schedule A.

Each subscriber has the right to secure financing of the cash portion of the purchase price from any source of his own choosing. Persons interested in making financial arrangements with any commercial bank, savings bank or savings and loan association should communicate with the lenders of their preference or with the Selling Agent, who will assist them in processing their loan.

No representation or warranty is made that institutional financing will be available to anyone who subscribes for shares of the Apartment Corporation under this Plan or as to the terms and conditions upon which it might be available.

O. SUMMARY OF PROPRIETARY LEASE

The form of the Proprietary Lease referred to in the Plan and to be used by the Apartment Corporation appears in Part II. All Proprietary Leases to be entered into between the Apartment Corporation and its Tenant-Shareholders will commence on the Closing date and will have a term expiring on July 1, 2060 but may be extended by a vote of the Tenant-Shareholders.

The following is a summary of certain provisions of the Proprietary Lease:

Rent

The annual rent ("maintenance charges") payable by each Tenant-Shareholder will be fixed by the Board of Directors. Unless otherwise determined by the Board of Directors, the maintenance charges will be payable in equal monthly installments, in advance, on the first day of each month. Each Tenant-Shareholder will be required to pay maintenance charges equal to his proportionate share of (i) the cash requirements for the operation and maintenance of the property, and (ii) any reserves for contingencies as may be provided for pursuant to the Board of Directors right to establish such reserves as it may deem proper and to determine what portions of maintenance and assessments constitute "paid in surplus". A Tenant-Shareholder's proportionate share of such amounts is based upon the ratio of the number of shares allocated to his Apartment to the total number of issued and outstanding shares of the Apartment Corporation. Any Tenat-

Shareholder who fails to pay the maintenance charges and other charges payable under the Proprietary Lease for his Apartment when the same are due, will be required to pay interest on the overdue installment at the maximum rate permitted by law as additional rent.

A Tenant-Shareholder who is in default of his obligations under his Proprietary Lease will be required to reimburse the Apartment Corporation for all expenses, including reasonable attorneys' fees and disbursements, which it may incur in performing any acts on behalf of the Tenant-Shareholder, or instituting any action or proceeding against the Tenant-Shareholder based on such default. All payments will be applied first to such expenses and other obligations of the Tenant-Shareholder to the Apartment Corporation, and then toward rent or assessment arrears, if any.

Maintenance, Repairs and Alterations by Tenant-Shareholders

Each Tenant-Shareholder is responsible for (i) keeping the interior of his Apartment in good repair, including, without limitation, all lighting and electrical fixtures and equipment, (ii) painting and decorating his Apartment, and (iii) maintaining, repairing and replacing the appliances in his Apartment.

A Tenant-Shareholder may not make any alteration or other improvement to, or install any equipment or fixtures in his Apartment without first obtaining the written consent of the Apartment Corporation. All alterations must be in accordance with all applicable rules and regulations of the Apartment Corporation and any other governmental authority having jurisdiction.

If a Tenant-Shareholder places any additions, improvements or fixtures in his Apartment, he may remove them at his expense, provided that the Tenant-Shareholder (i) has complied with all of his obligations under his Proprietary Lease, (ii) shall give prior written notice of such removal to the Apartment Corporation, (iii) pays the cost of such removal, (iv) replaces and reinstalls, at his own expense, equipment like that installed in the Apartment at the beginning of the term of his Proprietary Lease, or replaces the equipment with standard equipment of a kind and quality customarily used in comparable buildings, provided such equipment is approved by the Apartment Corporation, and (v) has obtained the consent of any mortgagee having a lien on the Property prior to the execution of his Proprietary Lease.

Management and Maintenance of the Property

The Apartment Corporation is required to maintain and manage the Property. Accordingly, the Apartment Corporation, at its sole cost and expense, is required to keep the public portions of the Property clean and properly lighted and heated and to repair those portions of the Property which are not required to be maintained by the Tenant-Shareholders. The Apartment Corporation is required to supply hot and cold water, heat as required by law, and such

other services as the Board of Directors, in its discretion, may determine. THE BOARD OF DIRECTORS MAY DETERMINE FROM TIME TO TIME THE MANNER OF MAINTAINING AND OPERATING THE PROPERTY AND WHAT SERVICES SHALL BE INCREASED, REDUCED, CHANGED, MODIFIED OR TERMINATED. The Apartment Corporation will not be liable, except by reason of its negligence, for any failure or insufficiency of heat, water supply, electric, elevator service or other service to be supplied by the Apartment Corporation under the Proprietary Lease.

All Tenant-Shareholders are required to provide the Apartment Corporation and its agents with access to their Apartments to make repairs to any part of the Property and to cure any defaults by Tenant-Shareholders. Accordingly, each Tenant-Shareholder is required to furnish the Apartment Corporation with a key to his Apartment.

Amendment of Proprietary Leases

The Proprietary Leases of all the Tenant-Shareholders may be amended with the affirmative vote of Tenant-Shareholders owning at least 66-2/3% of the issued and outstanding shares of the Apartment Corporation.

Indemnity by Shareholders

Each Tenant-Shareholder agrees to indemnify the Apartment Corporation and hold it harmless from all liability, loss, damage and expense which may be occasioned by his failure to comply with the terms of his Proprietary Lease.

Subordination

The Proprietary Lease is subject and subordinate to (i) any future ground or underlying leases, and (ii) any and all mortgages constituting liens on the Property and any amendments, extensions or replacements thereof.

House Rules

Tenant-Shareholders are required to abide by the house rules as adopted and amended from time to time by the Board of Directors. Violation of a house rule constitutes a default under the Proprietary Lease.

Use

Apartments may be used for residential purposes only, subject to other restrictions in the proprietary lease.

Assignments and Subleases

A Tenant-Shareholder may sell his shares and assign his Proprietary Lease, or sublet his Apartment at any time, provided he complies with the provisions of the Proprietary Lease and the By-Laws, which require that consent thereto be authorized by resolution of the Board of Directors or given in writing by a

majority of the Directors or by written consent or vote of Tenant-Shareholders owning at least 66-2/3% of the Apartment Corporation's outstanding shares. The Board may impose fees in connection with such assignments and sublets. Initially, the Managing Agent will receive a fee of \$300 for any assignment, transfer, refinancing or sublet.

A Tenant-Shareholder may execute a leasehold mortgage or create a security interest in his Proprietary Lease and the shares appurtenant thereto without the Apartment Corporation's consent. The Apartment Corporation is obligated to notify the lender of any default.

Termination of Proprietary Leases

A Tenant-Shareholder's Proprietary Lease will terminate upon the occurrence of certain events, including, but not limited to, the following:

(i) if the Tenant-Shareholder is adjudicated a bankrupt or a receiver of his property is appointed and the order appointing such receiver is not dismissed within thirty (30) days; he makes a general assignment for the benefit of creditors; or his shares are levied upon by court process and not discharged within thirty (30) days;

(ii) the Proprietary Lease is assigned or the apartment sublet, occupied or used in violation of the Proprietary Lease;

(iii) if the Tenant-Shareholder defaults in the payment of rent (maintenance charges) for a period of one (1) month and fails to cure such default within ten (10) days after written notice;

(iv) if the Tenant-Shareholder defaults in the performance of any of the other terms or conditions of his Proprietary Lease and fails to cure such default within thirty (30) days after written notice;

(v) if holders of at least 66-2/3% of the issued and outstanding shares determine that the tenancy of the Tenant-Shareholder is undesirable because of objectionable conduct;

(vi) if two thirds of the Board of Directors and holders of at least 66-2/3% of the issued and outstanding shares terminate all Proprietary Leases;

(vii) if the Property is damaged or destroyed and a decision is made by the Tenant-Shareholders not to rebuild or repair it; and

(viii) if the Property or a substantial portion thereof is taken by condemnation proceedings.

(ix) if the tenant-shareholder is in default of any loan secured by a pledge of the proprietary lease and the shares allocated to the apartment.

Tenant's Right to Cancel

Tenant-Shareholders may cancel their Proprietary Leases and surrender their shares to the Apartment Corporation effective as of September 30, after the second anniversary after the Closing Date or as of any September 30 thereafter on at least six (6) months' prior notice to the Apartment Corporation. A Tenant-Shareholder who cancels his Proprietary Lease and surrenders his shares will not be liable for the payment of maintenance charges from and after the effective date of cancellation and surrender. Since the Apartment Corporation has no obligation to make any payment to a Tenant-Shareholder who surrenders his shares and cancels his Proprietary Lease, a Tenant-Shareholder who exercises this right will lose his investment in his shares of the Apartment Corporation and the Proprietary Lease and any investment made in Apartment improvements which are not removed by him.

If Tenant-Shareholders owning at least 66-2/3% of the issued and outstanding shares of the Apartment Corporation exercise their right to cancel their Proprietary Leases, all Proprietary Leases will terminate as though every Tenant-Shareholder had exercised that right but Tenant-Shareholders will not surrender their shares.

Holders of Shares of Apartments Occupied by Non-Purchasing Tenant

The obligations of holders of Shares of Apartments occupied by non-purchasing tenants as discussed in Section H of the Plan are included in the Proprietary Lease. The section of the Proprietary Lease concerning non-purchasing tenants may not be amended or deleted.

Non-purchasing tenants subject to governmental regulation as to rentals and continued occupancy shall continue to be subject thereto. The rental of any such non-purchasing tenants who reside in dwelling units not subject to government regulation as to rentals and continued occupancy, and any such 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 become effective, shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy.

Any tenant's renewal lease or renewal sub-lease may provide that eviction proceedings may be commenced for non-payment of rent, illegal use or occupancy of the premises, refusal of access to the owner or a similar breach by the non-purchasing tenant of his or her obligations to the landlord.

Special Rights to Holder of Unsold Shares and Secured Parties

The Unsold Shares (as that term is defined in Section Q of the Plan) may be transferred, and the appurtenant Proprietary Lease assigned, or the Apartment to which they are allocated subleased, without the consent of the Board of Directors, the Tenant-Shareholders, or the Managing Agent.

Similar rights are afforded to a designee of any commercial bank, savings bank or savings and loan association which is a pledgee or assignee of a Proprietary Lease and the shares appurtenant thereto, who does not occupy the Apartment affected thereby. A holder of Unsold Shares may alter the Apartment not occupied by a non-purchasing tenant to which the shares are allocated without the consent of the Apartment Corporation provided the alterations (i) do not affect other Apartments not owned by the holder of the Unsold Shares; (ii) do not permanently encroach on any public areas; and (iii) conform with applicable provisions of any local laws, codes and regulations. The right to cancel described in the previous subsection may not be availed of by the Sponsor or by a holder of Unsold Shares.

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

P. APARTMENT CORPORATION

The Apartment Corporation was formed on or about December 30, 1987, under the Business Corporation Law of the State of New York (the "Business Corporation Law"). It has an authorized capital of 250,000 shares, par value \$1.00 each. The By-Laws of the Apartment Corporation provide that the Tenant-Shareholders are entitled to elect a Board of Directors consisting of not more than nine nor less than three directors. After the first meeting of Tenant-Shareholders and absent an amendment to the By-Laws or a resolution of the tenant-shareholders to the contrary, there shall be five Directors. The initial Directors of the Corporation will be Ronald J. Johansen, Harry L. Johansen and John Bove. All are associated with the Sponsor. The initial Directors and Officers will resign in favor of the Directors and Officers to be elected by the Tenant-Shareholders and Directors at the meeting to be held within sixty (60) business days after the Closing Date. All directors and officers (including those designated by the Sponsor or holders of Unsold Shares) serve without compensation.

Each Tenant-Shareholder will be entitled to one (1) vote for each share held. Notwithstanding the foregoing, however, the Sponsor will cause the individuals described in Section Q of the Plan (the Holders of the Unsold Shares) to agree that after more than 50% of the shares have been sold or the first election after the Fifth Anniversary of the Closing Date (whichever occurs first) they will surrender voting control and not elect a majority of the Directors of the Apartment Corporation even if the number of shares owned by them would otherwise enable them to do so. However, so long as the holders of Unsold Shares hold shares allocated to three (3) or more Apartments, they will have the right to designate one (1) Director. Notwithstanding the foregoing, Sponsor and the Holders of Unsold Shares may not exercise veto control over any Schedule B budget items.

In addition so long as the Unsold Shares constitute 25% or more of the outstanding shares of the Apartment Corporation, the Apartment Corporation shall not take any of the following actions until the fifth anniversary of the Closing Date without the Sponsor's written consent unless the lessees owning at least 75% of all issued and outstanding shares of the Apartment Corporation approve the actions in writing or by vote, in person or by proxy, at a duly constituted meeting called for such purpose:

- (i) increase the number or change the type of employees from that described in the footnotes to Schedule B; or
- (ii) increase mortgage indebtedness or provide for new or additional services from those indicated in Schedule B, unless the annual cost of such new or additional services or mortgage indebtedness, when added to the annual cost of all other services being provided, is no greater than those provided in said Schedule B; or
- (iii) undertake any capital or major improvement or addition, unless required by law (except as to ordinary and necessary repairs), or increase the budgeted contingency reserve fund as indicated in Schedule B of the Plan. However, any unused portion of the budgeted contingency reserve fund for any year may be added to the contingency reserve fund for the following year; or
- (iv) Apply any budget income surplus towards capital or replacement reserves. Any surplus income available at the end of a year of operations must be applied as additional income in the next succeeding years' operating budget.

Sponsor and holders of Unsold Shares may not exercise any veto over Schedule B expense items, or over expenses required: (a) to comply with applicable laws or regulations, or (b) to remedy any notice of violation, or (c) to remedy any work order by a mortgagee or an insurer, or (d) to remedy a notice of default from a mortgagee.

Subject to restrictions in the Certificate of Incorporation against amendment of certain provisions of the By-Laws which protect the rights of holders of Unsold Shares (as defined in Section Q below), the By-Laws may be amended after prior written notice in the notice of meeting or with full attendance by (i) an affirmative vote of two-thirds of the Board of Directors; (ii) an affirmative vote of two-thirds of the Tenant-Shareholders. An amendment adopted under part (ii) may not be repealed by the directors. Notwithstanding the above, the Apartment Corporation may not amend the By-Laws so as to materially adversely affect the rights (or increase the obligations) of the holders of Unsold Shares pursuant to the rights specifically granted under the Offering Plan unless the Sponsor or the holders of Unsold Shares consent in writing.

The Apartment Corporation will have a lien on each Tenant-Shareholder's shares to secure the payment of rent (maintenance charges), assessments, and the replenishment of the fund to be maintained as described in Section H of the Plan. The Apartment

Corporation may not discriminate against any person for a reason proscribed by civil rights laws. A copy of the By-Laws of the Apartment Corporation is set forth in Part II of the Plan.

All expenses incurred in connection with the formation of the Apartment Corporation and the promulgation and consummation of the Plan including the Selling Agent's commissions will be paid for by the Sponsor.

Q. UNSOLD SHARES

As used in this Section, the term "Unsold Shares" shall mean those shares of the Apartment Corporation issued to Sponsor at closing in exchange for the Property which are retained by Sponsor and not transferred to purchasers under this Plan. At closing, all Unsold Shares shall be acquired and owned by Sponsor as part of the consideration for the sale of the Property to the Apartment Corporation and proprietary leases will be executed on behalf of the Holder of Unsold Shares. However, the right is reserved to have all or some of these Unsold Shares to be issued to one or more financially responsible Persons (as such term is defined in the Internal Revenue Code of 1986) procured by Sponsor. It is presently contemplated that all Unsold Shares shall be retained by Sponsor. A Holder of Unsold Shares is the Sponsor or any person designated to hold the Unsold Shares by the Sponsor. The consideration for the Unsold Shares at closing will meet the reasonable relationship standard of section 216 (b)(2) of the Internal Revenue Code. The Holders of Unsold Shares will not pool profits or losses incurred from the sale or rental of the Apartments.

The Unsold Shares shall cease to be Unsold Shares when the holder of Unsold Shares or a person related by blood or marriage to the holder of Unsold Shares takes occupancy as a bona fide resident.

The Sponsor has agreed that if any holder of Unsold Shares fails to fulfill his obligations under his Proprietary Lease, including his obligation to pay all maintenance charges thereunder, the Sponsor guarantees such obligations. The Apartment Corporation will also have a lien upon the Unsold Shares to secure the payment of all obligations of the Holder of Unsold Shares under his Proprietary Lease. The Sponsor presently has or will have the financial resources to enable it to meet its obligation with respect to Unsold Shares. However, no bond or other security has been furnished by the Sponsor, and the Sponsor's ability to perform its obligations with respect to the holders of Unsold Shares will depend solely upon its financial condition if and when called upon to perform. When a holder of Unsold Shares becomes a tenant or sells the shares allocated to an Apartment to a bona fide subscriber for occupancy, the Sponsor's obligation as to those shares ceases.

Holders of Unsold Shares shall comply with the trust fund and escrow provisions of Section 352-h and 352-e(2-b) of the General Business Law. A holder of Unsold Shares who engages in any selling activity must be registered with the Attorney General as a broker-dealer pursuant to General Business Law Section 359-e unless said holder is already registered as a principal of the Sponsor or otherwise previously registered. A holder of Unsold Shares shall amend the Plan to provide current and accurate information, including the same information concerning all holders of Unsold Shares as is required for principals of Sponsor by Section 18.3 (cc)(1), (2), (7), and (8) of Title 13 NYCRR, until the shares held by that holder of Unsold Shares have been sold to bona fide subscribers. A holder of Unsold Shares shall also provide prospective subscribers with a copy of the Plan and all amendments thereto.

For reference to special rights of holders of Unsold Shares, see Paragraphs 14, 15, 20, and 37 of the Proprietary Lease set forth in Part II. These special rights, as detailed in those paragraphs of the Proprietary Lease, include without requiring the consent of the Apartment Corporation, the right to assign or sublease the Apartment, the right to use units for models or sales offices, and the right to make alterations and additions.

In addition to the rights described above, so long as the Unsold Shares constitute 25% or more of the outstanding shares of the Apartment Corporation, the Apartment Corporation shall not take any of the following actions without the written consent of the Sponsor until the fifth anniversary of the Closing Date unless the lessees owning at least 75% of all issued and outstanding shares of the Apartment Corporation approve same in writing or by vote, in person or by proxy, at a duly constituted meeting called for such purpose;

(i) increase the number or change the type of employees from that described in the footnotes to Schedule B;

(ii) increase mortgage indebtedness or provide for new or additional services, from those indicated in Schedule B, unless the annual cost of such new or additional services or mortgage indebtedness when added to the annual cost of all other services being provided, is no greater than those provided in said Schedule B; or

(iii) undertake any capital or major improvement or addition unless required by law (except as to ordinary and necessary repairs), use the Reserve Fund described in Section S of the Plan, or increase the budgeted contingency reserve fund as indicated in Schedule B of the Plan. However, any unused portion of the budgeted contingency reserve fund for any year may be added to the contingency reserve fund for the following year.

(iv) Apply any budget income surplus towards capital or replacement reserves. Any surplus income available at the end of a year of operations must be applied as additional income in the next succeeding years' operating budget.

The above provision may not be exercised by the holder of Unsold Shares for expenses required: (a) to comply with applicable laws or regulations, or (b) to remedy any notice of-violation, or (c) to remedy any work order by a mortgagee or an insurer, or (d) to remedy a notice of default from a mortgagee, or (e) in accordance with the provisions of Schedule B.

R. PURCHASERS FOR INVESTMENT OR RESALE

At this time, the Sponsor does not intend to sell to purchasers for investment or resale although it reserves the right to do so in the future. In that event, the Sponsor will amend the Plan prior to selling to such purchasers.

A "Purchaser for Investment or Resale" is a subscriber, other than a holder of Unsold Shares as described in Section Q of the Plan who subscribes to shares allocated to three (3) or more Apartments, which Apartments are not for occupancy by such subscriber or persons related by blood, marriage or adoption to such subscriber.

A Purchaser for Investment or Resale must register as a broker-dealer with the Department of Law pursuant to General Business Law Section 359-e and shall comply with the trust fund provisions of Section 352-h and 352-e(2-b) of the General Business Law.

When a Purchaser for Investment or Resale wishes to sell the shares allocated to an Apartment to a bona fide subscriber, the Purchaser for Investment or Resale shall provide the following documents to a prospective subscriber at no cost to the subscriber at least three (3) business days before entering into a Subscription Agreement:

- (i) Copy of the most recent financial statement of the Apartment Corporation, if any, and a copy of the most recent budget of projected expenses, if any.
- (ii) Copy of the most recent notice from the Apartment Corporation of the interest and taxes deductible for income tax purposes, if any.
- (iii) Copies of notices from the Apartment Corporation concerning changes in maintenance charges, potential assessments, planned major capital improvements and proposed refinancing of the building's mortgage(s), if any.
- (iv) Copies of pleadings in pending lawsuits or proceedings the outcome of which may affect the offering of the Apartment, the seller's capacity to perform all of its obligations under the Subscription Agreement or the rights of an existing tenant of the apartment, if any.

- (v) If the apartment is occupied, copy of the tenant's lease and a representation of the tenant's status under any rent laws.
- (vi) Copies of the By-Laws and Proprietary Lease of the Apartment Corporation as amended.
- (vii) Copies of notices, if any, of uncured violations of record in the Apartment that are the responsibility of the proprietary lessee to cure.

S. SPONSOR'S RIGHTS AND OBLIGATIONS -
RESERVE FUND AND WORKING CAPITAL FUND

I. Sponsor's Rights and Obligations. The Sponsor reserves the following rights and agrees to perform the following obligations. Notwithstanding anything to the contrary contained in the Plan, these rights and obligations shall survive the closing of title:

1. The right to use Apartments which may become vacant as a sales office or model apartment. This right may continue as long as there are any holders of Unsold Shares.
2. The Sponsor represents that during the period in which the Individuals described in Section Q of the Plan may be entitled to elect a majority of the Board of Directors, the Board of Directors shall assure that the Apartment Corporation provides all services and facilities required by law to non-purchasing tenants on a nondiscriminatory basis. Thereafter, the Apartment Corporation shall be responsible to so provide such services and facilities.
3. In order to meet the possible varying demands for number and type of Apartments or to meet particular requirements of prospective subscribers or for any other reason, the Sponsor reserves the right at any time prior to closing of title by amendment to the Plan to (A) change the size, layout and/or number of Apartments; (B) subdivide one or more Apartments into separate Apartments; (C) combine separate Apartments into one or more Apartments; (D) change the size or internal partitioning of any Apartment (by altering the boundary walls or internal partitioning of such Apartment or otherwise) provided only that the consent of all governmental authorities having jurisdiction is first obtained (if such approval is required by law). However, if a Subscription Agreement relating to an affected Apartment has been executed and delivered to the Sponsor and the subscriber is not in default, no material change will be made in the size, layout or share allocation

of an Apartment unless the affected subscriber consents. In no event will any such change or combination result in a permanent encroachment of the public areas of the building (except as set forth in part 4 below) or adversely affect any tenant's interest except by duly filed amendment to this Plan. If the size of an Apartment is changed either as a result of any such subdivision, combination, alteration of boundary walls or internal partitioning or otherwise if the layout of the Apartment is changed, the number of shares allocated to such Apartment may be increased or decreased accordingly. No material change will be made in the total number of shares authorized or issued, or in the size or quality of public (common) areas unless Subscribers who executed and delivered Subscription Agreements to the Sponsor and are not in default are given the right to rescind their Subscription Agreements. No such reallocation of shares will have the effect of increasing or decreasing the total number of shares previously allocated to the affected Apartments nor shall any shares be reallocated unless there has first been obtained an opinion of a qualified real estate consultant familiar with cooperative offerings of this kind that the aforesaid "reasonable relationship", as determined on the date that the change is made, has been preserved. Any reallocation of shares will vary the estimated maintenance charges for the Apartment or Apartments affected thereby and the allocable portion of mortgage and estimated amount deductible for income tax purposes, from the amounts set forth in Schedule A. No such change, however, in any event will affect the proportion or amount of maintenance charges, proportion of mortgage or amounts estimated to be deductible for income tax purposes in respect of any Apartment which was not the subject of such change.

After the closing of title, the holders of Unsold Shares will have the same rights as the Sponsor to change the size (either as a internal partitioning or otherwise) or layout of any Apartment owned by them or any of them, and to reallocate shares in connection with such change, provided that the total number of shares reallocated to all Apartments which are the subject of such changes will not vary. A sale or assignment by a holder of Unsold Shares may be made without the consent of the Apartment Corporation. In addition, the holders of Unsold Shares change the size (either as an internal partitioning or otherwise) or layout of any Apartment owned by them or any of them, and to reallocate shares in

connection with such change, provided that the total number of shares reallocated to all Apartments which are the subject of such changes will not vary. A sale or assignment by a holder of Unsold Shares may be made without the consent of the Apartment Corporation. In addition, the holders of Unsold Shares will have the same rights as the Sponsor to resell the Apartments held by them.

4. Notwithstanding the previous paragraph, the total issued shares of the Apartment Corporation may be increased by duly filed amendment in the event (A) an existing Apartment is enlarged by using space in the Building to which no shares of the Apartment Corporation were previously allocated or are presently allocated on the date of such enlargement; or (B) such space is converted into a new residential Apartment. No such increase in shares, however, will occur unless an opinion has first been obtained from a qualified real estate consultant familiar with cooperative offerings of this kind, that said "reasonable relationship", as determined as of the date when the new shares are to be issued, is maintained. An increase in the total number of shares issued will result in reducing the proportion that the number of shares owned by each shareholder bears to the total number of shares outstanding (with a concomitant decrease in the amount of the estimated deduction for income tax purposes available to each shareholder, if any) but may not result in reducing the maintenance charges payable by each shareholder unless the Board of Directors shall so determine. Such shares will be issued from the heretofore authorized but unissued shares of the Apartment Corporation.

5. The Sponsor, not later than the thirtieth day following the acceptance of a plan for filing by the State Department of Law pursuant to Section 352-eee 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 building 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 (48) hours of their issuance and maintained as described above. The offer-

or may satisfy the requirements of this Section by designating an agent on the premises with whom such listing shall be made available for inspection by the tenants.

II. Reserve Fund and Working Capital Fund.

On the Closing Date, from the amount of cash raised by this offering, the Apartment Corporation will retain the sum of \$25,000 as a "Reserve Fund." This Reserve Fund will be held or used for capital repairs or replacement items as may be determined to be necessary by the Board of Directors. While the Sponsor maintains control of the Board, said Reserve Fund will not be used to reduce the projected maintenance charges.

No representation is made that the Reserve Fund will be adequate to cover current or future expenses including repairs or replacement or real estate tax increases, and if additional funds are required over and above the Reserve Fund, it may be necessary to increase the maintenance charges payable by the Tenant-Shareholders.

No representation is made that the Reserve Fund will be adequate to cover expenses for any purpose not contemplated by the Projected Schedule of Receipts and Expenses set forth in Section A of the Plan.

On the Closing Date, from the amount of cash raised by this offering, the Apartment Corporation will retain the sum of \$10,000 as a "Working Capital Fund." This Working Capital Fund will be used to pay the closing adjustments. If the net closing adjustments referred to below under Section T, "Contract of Exchange", are in favor of the Apartment Corporation, the amount thereof will be paid to the Apartment Corporation on the Closing Date. If the net closing adjustments are in favor of the Sponsor, they will be paid to the Sponsor out of said Working Capital Fund and the payment of any balance owing shall be deferred and paid to the Sponsor in forty-eight (48) equal consecutive monthly installments commencing on the 1st day of the month following the anniversary of the Closing Date, together with interest at the rate of 12% per annum pursuant to negotiable serial promissory notes to be executed by the Apartment Corporation and delivered to the Sponsor at closing. Each such note will contain a provision permitting acceleration of the maturity date in the event of

a default under any other note. Each promissory note shall be prepayable by the Apartment Corporation in full at any time, without penalty, but with interest accrued to the date of prepayment.

THE PROPERTY IS OFFERED IN ITS CURRENT "AS IS" CONDITION AS SET FORTH IN THIS PLAN. NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENT AGENCY HAS PASSED UPON THE ADEQUACY OF THE RESERVE FUND, THE WORKING CAPITAL FUND, THE COST OF MAKING REPAIRS OR IMPROVEMENTS OR THE PHYSICAL CONDITION OF THE PROPERTY.

T. CONTRACT OF EXCHANGE

The Sponsor has contracted by written agreement dated as of December 30, 1987, to transfer title to the Property to the Apartment Corporation. A summary of certain principal terms of the Contract of Exchange includes:

1. The Exchange: Sponsor agreed to transfer the Property to the Apartment Corporation in exchange for:

a. an amount equal to the entire cash proceeds received by the Apartment Corporation up to and including the Closing Date, from the sale of its shares, less the Reserve Fund, the Working Capital Fund and the Apartment Corporation's "Closing Costs". "Closing Costs" as used herein shall be defined as all costs and expenses incurred or to be reimbursed by the Apartment Corporation in connection with the promulgation and consummation of the Offering Plan.

b. all of the Unsold Shares in accordance with Section Q of the Plan;

c. by the Apartment Corporation acquiring title subject to the Mortgage described in Section M of the Plan.

The net offering proceeds payable to Sponsor will be increased or decreased accordingly by the net difference resulting from all changes in the Total Cash Payments of the blocks of shares sold by the Closing Date. In addition, included in such net offering proceeds are all monies (inclusive of interest) forfeited by defaulting subscribers under their Subscription Agreements (the Liquidated Sums). For purposes of this Offering Plan, the Closing Date shall be deemed to be the date of the first transfer of shares and Proprietary Lease to a bona fide purchaser. Sponsor reserves the right to transfer title to the Apartment Corporation at any time prior to, or on even date with, the first transfer of shares and Proprietary Lease to a bona fide purchaser pursuant to the Offering Plan.

Sponsor shall indemnify the Apartment Corporation and purchasers against any liability incurred after title is transferred to the Apartment Corporation and before the Closing Date. Sponsor shall update the title search before the Closing Date and if there are any judgments or or liens of if litigation has been commenced, sponsor shall amend the plan before the Closing Date to disclose same, or shall provide security adequate to protect the Apartment Corporation and Purchasers. The Apartment Corporation will have public liability insurance after it takes title to the property and before the Closing Date.

The proceeds received from the shares sold under the Plan will be used in the following order of priority: (i) to pay the costs and expenses of this offering, which shall include all costs and expenses incurred or to be reimbursed by the Apartment Corporation in connection with the promulgation and consummation of the Offering Plan; (ii) to provide the Apartment Corporation's working capital (to be applied as explained above under "Working Capital Fund") and, (iii) to fund the Reserve Fund (as explained above under "Reserve Fund") and (iv) the balance to Sponsor as part of the consideration given in exchange for Sponsor transferring title to the Property to the Apartment Corporation.

2. Permitted Encumbrances: The Apartment Corporation will acquire the Property free and clear of all liens and encumbrances, subject, however, to the following:

a. Defects and encumbrances in title arising or becoming a lien after the date of closing except as specifically provided;

b. Consequences of the exercise and enforcement or attempted enforcement of any governmental war or police powers

c. Zoning restrictions or other restrictions or ordinances imposed by any governmental or quasi-governmental body or entity;

d. Judgments against the Apartment Corporation or estates, interest, defects, objections, liens or encumbrances created, suffered, assumed or agreed to, by or with the privity of the Apartment Corporation. However, the Sponsor will certify at closing that there are no such judgments or will bond any that exist;

e. Title to any property beyond the lines of the Property, or title to areas within or right or easements in any abutting streets, roads, avenues, lanes, ways or waterways, or the right to maintain therein vaults, tunnels, ramps or any other structure or improvement, unless a title insurance policy specifically provides that such titles, rights or easements will be insured;

f. Ordinary rights of access, ingress and egress belonging to abutting owners;

g. Compliance by the buildings or other structures upon the Property, or their use, with federal, state and municipal laws, regulations and ordinances;

h. Title in any third person or entity to any personal property, whether the property is attached to or used in connection with the premises or otherwise;

i. Rights, if any, of present tenants or persons in possession of the Property;

j. The terms and provisions of this Offering Plan;

k. The lien of any unpaid real estate taxes, water charges, sewer rents or street vault charges (which shall be apportioned between the Apartment Corporation and the Sponsor at the Closing so that the title company may omit any exceptions;

l. Encroachments of stoops, fences, areas, cellar steps, retaining and brick yard walls (and other walls), trim, fire escapes, vaults, hedges, trees, vent pipes, windows and window sills, doorways, cornices, iron doors, light brackets, projecting air-conditioning units or equipment, if any, upon any abutting streets, highways or the adjoining sidewalks, buildings or premises;

m. Easements and other rights of public utilities to install, replace, repair and maintain lines, pipes and equipment;

n. The lien of any unpaid franchise or corporation taxes with respect to any corporation in the chain of title provided that a title company agrees to insure the Apartment Corporation against the collection thereof of the Property;

o. Existing union, service and concession contracts, as the same may be renewed or extended, and such substitute contracts as may be in force and effect on the Closing Date;

p. Variations between record lot lines of the land and those shown on the tax map, if any;

q. The Mortgage(s) described in Section M of the Plan securing a principal indebtedness not in excess of \$8,000,000;

r. UCC financing statements filed by or assigned to the holders of the Mortgages described in Section N or filed against tenants in possession;

s. State of facts shown on an accurate survey of the property made by Teas, Barrett, Lanzisera & Frank dated April 25, 1983 and any state of facts a more current survey would show, provided same do not render title unmarketable.

t. Terms, covenants and restrictions contained in an instrument recorded in Liber 7594 cp 304.

u. Any pending proceedings for real estate reduction;

v. Beams and beam rights and party wall agreements, if

w. Utility company easements, including any electric utility vault easements.

x. Standard printed exceptions in the standard form title insurance policy then used by the title company insuring the Apartment Corporation;

y. Covenants and Restrictions of record;

Notwithstanding the foregoing, the Apartment Corporation is required to accept title to the Property provided that a title company authorized to do business in the State insures fee title in the Apartment Corporation subject only to the provisions of the Contract of Exchange and the standard printed exceptions contained in the standard form of title insurance policy then used by the company, so long as these exceptions do not render title unmarketable. The Sponsor will cure defects in title rendering title unmarketable provided that the cost to cure, as reasonably estimated by the Sponsor, does not require litigation or exceed 1/2% of the Total Purchase Price. If the estimated cost to cure requires litigation or exceeds 1/2% of the Total Purchase Price, the Sponsor shall have the right to cancel the Contract of Exchange and abandon the Plan.

3. "As Is" Condition: The Apartment Corporation will accept the Property, the improvements and all fixtures, furniture and other articles of personal property covered by the Contract of Exchange in their condition as of the date of the Contract of Exchange subject to reasonable wear and tear, and damage caused within their units by tenants or tenant-shareholders, their agents, employees or invitees. The Sponsor has no obligation to make repairs or improvements except as provided in this Plan.

4. Risk of Loss: The Sponsor has agreed that the Property will be maintained, repaired, cared for and operated in substantially the same condition and manner as it was on the date of the presentation of the Plan, subject to strikes, lockouts, labor difficulties, acts of God, fire or other casualty, storm,

riots, insurrection, inability to obtain materials, equipment or labor, governmental restrictions or any other acts or events over which the Sponsor is reasonably unable to exercise control. If the Sponsor is prevented from so maintaining the Property for any of these reasons other than fire or other casualty, the Sponsor will make any repairs subsequent to the Closing Date that it was obligated to make prior to such Date. In the event that all or any substantial portion of the Property is damaged or destroyed by fire or other casualty prior to the Closing Date, which the cost to repair would exceed 1/2 of 1% of the Total Purchase Price, the Sponsor may elect to terminate the Contract of Exchange. If the Sponsor does not so elect, or if less than a substantial portion of the Property is damaged or destroyed, the Contract of Exchange will automatically terminate within ninety (90) days of such damage or destruction, unless the Sponsor causes the Property to be repaired or restored to the reasonable satisfaction of a professional engineer pursuant to a written opinion, or agrees to provide the Apartment Corporation with funds sufficient, in the opinion of the Selling Agent, to repair or restore such damage and provides such funds on the Closing Date.

5. Condemnation: In the event of condemnation, the provisions of Section 5-1311 of the General Obligations Law of the State of New York shall apply.

6. No Defaults at Closing: On the Closing Date, the Sponsor will furnish the Apartment Corporation with an estoppel letter executed by the holder of the Mortgage on the Property, stating the principal balance outstanding on the Mortgage. The Sponsor will represent at closing that transfer of title to the apartment will not cause a default under any Mortgage.

7. Cure of Violations: The Sponsor at its own expense will cure or cause to be cured any dangerous or hazardous conditions existing as of the Closing date and all work orders of insurance carriers (except for work orders caused by acts or omissions of tenants within their own units) made on or prior to that date so that title may be delivered free and clear of those work orders. If the Sponsor is unable to cure those said dangerous or hazardous conditions or work orders after reasonable effort by the Closing Date, they will be cured promptly or expeditiously thereafter. The Sponsor will hold in escrow on the Closing Date an amount equal to the estimated cost of curing the conditions and work orders, as estimated by Sponsor's engineer. These funds will be disbursed only to cure such conditions or work orders. Any balance remaining after the conditions or work orders have been cured shall be disbursed to the Sponsor.

Notwithstanding the above, if the aggregate cost to cure the aforementioned work orders of insurance carriers exceeds 1/2% of the Total Purchase Price the Sponsor has the option not to cure the work orders and to abandon the Plan. However, the amount of money relied upon as a basis for abandonment

after the date of effectiveness will not include any title defects, work orders, or determinations of any authority or regulatory association which existed on the date of presentation of the Plan and are known to the Sponsor or are a matter of public record.

8. Delivery of Deed: The Sponsor shall deliver a Bargain and Sale Deed with covenants against grantor's acts so as to convey to the Apartment Corporation the fee simple title to the Property, free of all encumbrances except as provided in the Contract of Exchange.

9. Transfer of Fixtures: The transfer includes all fixtures and articles of personal property owned by the Sponsor and attached to or used in connection with the operation of the Property except items to be apportioned as stated in paragraph 10 below. All kitchen appliances owned by the Sponsor will become the property of the Apartment Corporation on the Closing Date. If a non-purchasing tenant vacates his Apartment and removes a refrigerator or range belonging to him, the Sponsor, at its own expense, will supply a replacement which may not be new but will be in good working order and will be similar in size and quality to the appliances contained in the Building on the date of presentation of the Plan.

10. Adjustments and Apportionments:

(i) The Contract of Exchange provides that the following items shall be apportioned between the Sponsor and the Apartment Corporation as of the date preceding the Closing Date:

- (a) Rents as and when collected;
- (b) Real estate taxes, sewer rents, water charges and vault charges (if any) on the basis of the fiscal year for which assessed;
- (c) Wages and payroll expense, including holiday and vacation pay accruals;
- (d) Building Service Welfare and Building Employees' Pension Fund Contributions;
- (e) Payments and receipts under service and concession contracts;
- (f) Utility charges, including applicable sales taxes;
- (g) fees for assignable permits and licenses;
- (h) Realty Advisory Board and Rent Stabilization Association charges, if any;
- (i) At Sponsor's option premiums on existing transferable insurance policies or renewals of those expiring prior to the closing; and
- (j) Escrow funds for real estate taxes, sewer rents, water charges and vault charges, if any, held or requested by the holders of mortgage(s) on the Property subject to which the Apartment Corporation will take title.

(ii) The Contract of Exchange also provides that on the Closing Date the Apartment Corporation will reimburse the Sponsor for:

- (a) building supplies and spare parts and equipment at the Sponsor's cost;
- (b) deposits with utility companies;
- (c) fuel on hand (at current cost) including applicable sales taxes.

If the net closing apportionments are in favor of the Sponsor, not more than \$10,000 will be paid to Sponsor out of the Working Capital Fund. To the extent such apportionments in favor of the Sponsor exceed \$10,000, the Apartment Corporation shall execute a series of unsecured promissory notes totalling, in the aggregate, such excess amount to the order of the Sponsor, providing for forty-eight (48) equal consecutive monthly payments commencing on the first day of the first full calendar month following the first anniversary of Closing Date and bearing interest at the rate of twelve (12%) percent per annum. Each such note will contain a provision permitting acceleration of the maturity date in the event of a default under any other note. Further, each note shall be pre-payable by the Apartment Corporation in full at any time, without penalty, but with interest accrued to the date of prepayment.

11. Obligations of Tenants: The Sponsor reserves the right to remove tenants who fail to honor their obligations under the ETPA, the regulations promulgated thereunder or other applicable laws, or their leases or tenancies, as the case may be, and to rent or hold vacant any Apartments and other space vacant on the date of presentation of the Plan or that becomes vacant thereafter (with or without Sponsor's consent). Any new lease will provide for the payments of no more than the maximum rent permissible by law.

12. Assumption of Contractual Obligations: The Apartment Corporation will assume the obligations of the Sponsor from and after the Closing Date for all union, service and concession contracts in existence on the Closing Date, as they may be renewed or extended, and such substitute contracts as may be in force on the Closing Date.

13. Continuation of Representations and Warranties: The Sponsor and the Apartment Corporation each agree to comply with all obligations on their part to be complied with as provided in the Plan. All obligations of the sponsor under Section 352-eee of the General Business Law, and such additional obligations under the Offering Plan to be performed subsequent to closing will survive delivery of the deed.

14. Closing Costs: On the Closing Date, the Apartment Corporation will be provided with title insurance in an amount not

less than the aggregate of (a) the total cash payments received under all subscription agreements less the reserve and/or working capital fund, (b) the product of the number of unsold shares multiplied by the lowest cash payment per share offered to tenants in occupancy, and (c) the amount of the Apartment Corporation's mortgage indebtedness. The cost of the title insurance will be paid by the Sponsor. All other transfer and closing charges, such as deed and mortgage recording taxes, contract fees and gratuities, will be paid by Sponsor.

15. Unsold Shares: On the Closing Date, the Sponsor will comply with its obligations in respect of Unsold Shares as described in Section Q of the Plan and will deliver to the Apartment Corporation an agreement by each holder of Unsold Shares produced by it, if any, as set forth in Section Q, to hold any proceeds of Subscription Agreements made under the Plan by persons who have not paid all sums due thereunder, the shares allocated to the Apartments referred to in such Subscription Agreements and all appurtenant Proprietary Leases, subject to the rights, if any, of such persons.

16. Abandonment of Plan: If (a) the Plan is abandoned or if for any reason is not declared effective within the time prescribed in Section L, the following shall apply: (i) the Apartment Corporation will comply with its obligations under the Plan relating to the refund of payments made by persons who have executed Subscription Agreements, together with the interest, if any, earned thereon, and (ii) the Contract of Exchange will be deemed cancelled and of no further force and effect and neither party will have any rights, claims or demands against the other except that Sponsor will be obligated to pay any and all expenses incurred by the Apartment Corporation up to the date of such cancellation for which the Sponsor is responsible under the provisions of the Contract of Exchange or which the Apartment Corporation would have had the right to deduct from the cash portion of the consideration payable under the Contract of Exchange had an exchange been consummated.

17. Security Deposit: The security deposit, if any, together with accrued interest (less a 1% administrative fee), of a tenant who purchases will be refunded to him after the Closing Date if he is not in default under his lease or tenancy. The security deposit, together with accrued interest, of a non-purchasing tenant who is not in default under this lease or tenancy will be transferred after the Closing Date to the subscriber of the shares allocated to the Apartment and held in a separate escrow account in accordance with General Obligations Law Section 7-103.

18. Tax Proceedings: 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 hold 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.

19. Plan Supersedes Contract of Exchange: In the event of any conflict between the provisions of the Contract of Exchange and the Plan, the conflict shall be resolved in favor of the provisions of the Plan.

U. SPECIAL TAX CONSEQUENCES

This Plan has been structured with the intention of meeting the requirements of Section 351 of the Internal Revenue Code of 1986 ("IRC"). See Section T for details of the Contract of Exchange. Under Section 351, property may be transferred to a controlled corporation in exchange for its stock, with gain or loss being recognized by the transferor of the property to the extent only of the additional consideration (if any) received by such transferor on the exchange. See page 72 as to Sponsor's obligation under the Contract of Exchange if the property is transferred to the Apartment Corporation prior to stock certificates and proprietary leases being delivered to purchasers under the Plan.

If the transfer of the Property by Sponsor to the Apartment Corporation does in fact qualify as a transfer to a controlled corporation under IRC Section 351, then the Apartment Corporation's basis for depreciation of the Building and fixed assets will be the same basis as that of the Sponsor at the time of the transfer, increased as provided in IRC Section 362 by any gain recognized by the Sponsor in connection with such transfer (see "Counsel's Tax Opinion" above for full discussion). As a result, it is anticipated that the Apartment Corporation's basis for depreciation of the Building will be (i) \$12,500,000, Sponsor's estimated basis as of July 1, 1989 plus (ii) all gain recognized by Sponsor in connection with the transfer (including cash paid to Sponsor at title closing), less (iii) depreciation taken between July 9, 1989 and the Closing. This amount is substantially less than the basis the Apartment Corporation would have obtained if all of the shares had been issued for a cash price (that is, had none of such shares been issued in exchange for transferring the Property).

If this Plan had been structured as a "sale" transaction under which the Apartment Corporation would purchase the Property from Sponsor for cash, then the Apartment Corporation's basis for

depreciation would have equalled the purchase price of the Property paid to Sponsor. In a "sale" transaction, the purchase price of the Property would ordinarily equal the sum of (i) the net proceeds realized from the sale of the shares, after deducting the Working Capital Fund, Reserve Fund and offering expenses, plus (ii) the Mortgage indebtedness encumbering the Property. Assuming all the shares offered in this Plan are sold at the price of \$85.00 per share, then the purchase price of the Buildings to the Apartment Corporation as a "sale" transaction would have been approximately \$24,717,650* (before deducting the offering expenses). Thus, the Apartment Corporation's basis for the depreciation of the Building in a "sale" transaction would have been approximately \$12,217,650 higher than the basis it will obtain in a Section 351 "exchange" transaction, without, however, consideration for (i) any additional basis which may be applicable under IRC Section 362 for recognition of gain to Sponsor or (ii) reduction in basis resulting from depreciation taken since July 1, 1989.

As a result of this lower basis, (i) the Apartment Corporation will have less available depreciation and (ii) the Apartment Corporation will have a potentially greater tax liability in the event the Property is ever sold either voluntarily or involuntarily through a foreclosure of a mortgage, a condemnation, a substantial casualty or the like. (However, in cases of involuntary sales, no tax will be due in the event the proceeds realized from the involuntary sale are immediately reinvested in like kind property).

In addition, the Apartment Corporation's basis in the Property will be reduced to the extent of the depreciation taken each year. It is likely that the amount of depreciation will exceed the amortization of the mortgage. The amount by which the unpaid principal balance of the mortgage exceeds the Apartment Corporation's basis (the "excess") would be of no consequence to the Apartment Corporation or its tenant-shareholders unless the Property would be sold (whether voluntarily or involuntarily). In the case of a sale, under present tax laws the Apartment Corporation would recognize gain at least to the extent of such "excess", irrespective of whether any cash is received on the sale. Since the gain does not represent cash from the sale, the gain would always be greater than the net proceeds, if any, realized on the sale, after paying off the outstanding principal of the mortgage. The Apartment Corporation would be required to pay corporate income taxes on such gain, which would reduce the net proceeds available for distribution to its tenant-shareholders.

* \$16,752,650 (cash offering of shares) plus \$8,000,000 (Mortgage indebtedness) less \$10,000 (Working Capital Fund) and less \$25,000 Reserve Fund.

Moreover, any tenant-shareholder who subscribes for shares under this Plan and uses his apartment in his trade or business (and not just strictly as a residence) would have lower depreciation deductions. However, structuring this transaction as a Section 351 exchange does not affect the customary tax deductions available to tenant-shareholders who use their apartments as a residence or by the individual tax basis of each tenant-shareholder in the shares purchased by him.

The financial details of the transfer of title with the Apartment Corporation containing the Apartment Corporation's final adjusted basis will be disclosed by a duly filed amendment to this Plan. A copy of such amendment will be sent to all purchasers.

V. MANAGEMENT AGREEMENT AND OTHER CONTRACTURAL ARRANGEMENTS

On the Closing Date, the Apartment Corporation will assume the obligations of the Sponsor for any union, service and concession contracts in existence on the Closing Date, as they may be renewed or extended, and such substitute contracts as may be in force on the Closing Date from and after the Closing Date. No such agreements presently exist except for the agreements noted below. All such agreements, as well as the Management Agreement discussed below, have been reflected in the Schedule B projected first year operating budget. Copies of each of these written agreements are available for inspection at the office of the Selling Agent during reasonable business hours.

The Sponsor reserves the right to extend any or all of the said service or concession contracts, or to renew or replace any such contracts which may expire prior to date. No such contract, however, will be for a term expiring more than two (2) years after the transfer of title to the Apartment Corporation.

At Closing, the Apartment Corporation will enter into a written Management Agreement for a term of one (1) year with Metro Management Development Corp. with offices at 42-25 21st Street, Long Island City, New York (the "Managing Agent"). The Management Agreement is not assignable by either party. The Managing Agent will receive an annual fee of \$55,000 payable in monthly installments. The fee is calculated on approximately 3.8% of the Maintenance Roll, which is within the range of fees charged for the management of comparable property in Nassau County.

The Managing Agent will also receive fees in connection with the transfer of shares and Proprietary Lease upon resale or assignment or in connection with any refinancing or subletting of a unit will be in the amount of \$300 for each transaction. This fee will be payable by Tenant-Shareholder of the affected unit.

Management Agreement

The Managing Agent will perform the following services among others:

1. hire, supervise and discharge employees and maintain payroll records;
2. cause to be made ordinary repairs and alterations;
3. contract (with the authorization of the Apartment Corporation) for services for the Building, such as electricity, gas, and exterminator service;
4. check and pay bills for services, work and supplies;
5. bill and collect proprietary rents and other income;
6. cause to be prepared and filed the necessary forms for unemployment insurance, withholding and social security taxes and other forms relating to employment of building employees and maintenance and operation of the Building;
7. render monthly statements of receipts and disbursements;
8. set up and keep in good order, separate accounting records, other than books of account to be maintained by the Apartment Corporation's accountants;
9. be responsible to assist in the preparation of and submit annually to the Board of Directors an operating budget setting forth the anticipated income and expenses for the ensuing year;
10. send notices, prepare agendas and, if requested, attend Directors' and Shareholders meetings, and record and keep the minutes of such meetings.

The Management Agreement requires the Apartment Corporation to indemnify the Managing Agent with respect to (i) injury to any person or property in, about and in connection with the Property, unless such injury shall be caused by the Managing Agent's own wilful negligence or failure to comply with its obligations under the Management Agreement; and (ii) all acts properly performed by the Managing Agent pursuant to instructions of the Apartment Corporation.

Pursuant to the requirements of Section 352-eee of the General Business Law, the Managing Agent will manage all Apartments occupied by non-purchasing tenants and shall provide to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. The Sponsor will guarantee the obligation of the Managing Agent to provide such services and

facilities until such time as the Sponsor no longer has control of the Board of Managers.

The Sponsor reserves the right to extend any or all of the service or concession contracts listed above, or to renew or replace any such contracts which may expire prior to date. No such contract, however, will be for a term expiring more than two (2) years after the transfer of title to the Apartment Corporation.

W. IDENTITY OF THE PARTIES

Sponsor

The Sponsor is Wendell Terrace Apartments, Inc., a New York Corporation whose principals and major stockholders are Ronald K. Johansen and Harry L. Johansen. Sponsor and its principals each maintain an office at 91 North Franklin Street, Hempstead, New York. The principals of Sponsor were also principals of the Sponsor of Atrium Plaza Condominium, Hempstead, New York; Plaza 230 - A Professional Condominium, Hempstead, New York; The Lakes at Honey Hollow Home Owners Association, Hauppauge, New York; The Lakes at Setauket Condominium I and The Lakes at Setauket Condominium II, both in Setauket, New York.

Selling Agent

Sandra Greer Real Estate, Inc., 307 East 77th Street, New York, New York, has been retained by Sponsor to be the Selling Agent under this Plan. The firm is duly licensed under the laws of the State of New York as a real estate broker and duly registered as a broker-dealer in securities. The firm's principals are thoroughly experienced in the organization, sale and management of cooperative apartment buildings and are independent of the Sponsor herein.

Managing Agent

At closing, the Apartment Corporation will enter into a one year management agreement with Metro Management Development Corp., 42-25 21st Street, Long Island City, New York. The Managing Agent has been operating since 1985, and currently manages more than 10 residential apartment buildings.

Counsel

The law firm of Certilman, Haft, Balin, Buckley, Kremer & Hyman, 90 Merrick Avenue., East Meadow, New York 11554 has been engaged by the Sponsor regarding all aspects of this Offering Plan.

Architect

Michael Lynn, Registered Architect of the firm of Michael Lynn & Associates, P.C., with offices at 300 Park Avenue South, New York, New York 10010 has examined the physical condition of the building and has rendered his report thereof as set forth in Part II. 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 for its fee for services rendered in connection with such report. The firm and its principals have experience in reporting on the condition of existing buildings and has prepared numerous reports for inclusion in offering plans.

X. SPONSOR'S PROFIT

The principals of the Sponsor first acquired an interest in the property in 1979. Sponsor anticipates that when all of the shares of the Apartment Corporation are finally sold, the Sponsor will make a profit from the sale. However, the exact amount of profit to be realized cannot now be determined because of such variable factors as future market conditions, increases or decreases in the estimated expenses of the Sponsor and the length of time required to finally sell all of the shares of the Apartment Corporation.

Y. REPORTS TO SHAREHOLDERS

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

A. An income tax deduction statement prepared and delivered by an independent certified public accountant before March 15 of each year.

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

C. Notice of the holding of an annual Shareholders' meeting for the purpose of electing a Board of Directors to be received not less than ten (10) nor more than forty (40) days prior to the meeting.

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

Z. DOCUMENTS ON FILE

In accordance with Section 352-e(9) of the General Business Law, copies of the Plan and all exhibits and documents referred to herein shall be available for inspection without charge, and for copying at a reasonable charge by prospective subscribers

and by any persons who shall have purchased securities offered by the Plan or shall have participated in the offering of such securities, at the office of the Selling Agent, and shall remain available for such inspection and copying for a period of six years.

AA. GENERAL

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

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

Section 334(a)(1) of the Real Property Law requires, among other things, that any person who subdivides real property within Nassau County file a subdivision map prior to offering "Units" for sale.

Section 334(a)(1), as amended on August 5, 1987, purports to apply to units in buildings to be owned by cooperative corporations, whether new construction or conversions.

Sponsor believes the law should not apply to the conversion of existing occupied buildings to cooperative ownership. The premises was in existence and legally occupied prior to August 5, 1987; the use of the premises is in compliance with applicable planning and zoning regulations; and the premises is being converted to cooperative, not condominium ownership. However, should the law be determined to apply to the conversion of the premises, Sponsor will undertake to take all reasonable steps necessary to comply with Section 334(a)(1) prior to closing.

In accordance with the provisions of the law of the State of New York, the Sponsor represents that the Sponsor, the Selling Agent and the Managing Agent will not discriminate against any person because of his or her race, creed, color, sex, national origin or ancestry in the sale of the shares offered by this Plan, or in the leasing of any Apartment on the Property.

As of the date of the first presentation of this Plan, neither the Sponsor nor the Selling Agent, or any representative, or agent thereof, has raised funds or made any preliminary offering to or binding agreement with tenants, subtenants, or nonresident pros-

pective subscribers with respect to apartments on the Property except in accordance with the laws of the State of New York or the regulations of the Department of Law.

The Plan may be amended from time to time prior to such time as it is declared effective, to change the cash purchase price per share at which all of the apartments are being offered, the amount and terms of the encumbering mortgage(s), the size of the reserve fund and in such other respects as the Apartment Corporation and/or the Sponsor see fit. While the Plan may also be amended from time to time after such time as it is declared effective, no such amendment may substantially increase the sales price on or substantially alter the terms of a Subscription Agreement which the Sponsor has already accepted. In the event any amendment is a substantial modification of the Plan which adversely affects subscribers of shares, anyone who has previously executed a Subscription Agreement shall be given not less than thirty (30) days after a copy of the duly filed amendment is mailed or otherwise delivered to him to cancel the Subscription Agreement by written notice to the Sponsor and Selling Agent and to obtain a refund, in full, of the down payment made therewith. In the event the Sponsor amends the Plan prior to the date that the Plan is declared effective, to terms and conditions which are more favorable to subscribers, subscribers who have executed Subscription Agreements will be entitled to elect to benefit from such new terms. In the event the Offering Plan is substantially amended prior to the initial closing of title to shares to subscribers, the exclusive right to purchase time periods shall be extended, as follows:

- (1) If the presentation of the substantial amendment occurs during the initial exclusive right to purchase period, such period shall terminate at the later of thirty days after presentation of the substantial amendment or the expiration of the original exclusive right to purchase period.
- (2) If the presentation of the substantial amendment occurs after the expiration of the initial exclusive right to purchase period, Exclusive Offerees will be given an exclusive right to purchase on the terms offered in the amendment for a period of thirty (30) days from the date of presentation.

"Substantial Amendment" shall include but not be limited to: an increase or decrease in the mortgage amount or cash purchase price, an increase or decrease in the working capital or reserve fund, agreement by the Sponsor to make additional repairs or improvements, or to repurchase apartments, or the offer of new or better terms for financing the purchase price of an apartment. No person has been authorized to make any representation which is not expressly contained herein. This Plan may not be changed or modified orally.

BB. SPONSOR'S STATEMENT OF PRESENT BUILDING CONDITION

The Sponsor represents to the best of its knowledge that the statement of present condition of Property the ("Report") that follows in Part II accurately states the condition of the Buildings, its equipment and the land on which it stands. With respect to the Sponsor's preparation of the statement, the Sponsor relied upon the expertise of Michael Lynn & Associates, who made visual inspections of and reported on the Buildings and the apartments and equipment therein, and whose report is included in this Plan. The Sponsor adopts said report and hereby represents that it does not know of any material defect or need for major repairs except as set forth in Part II of the Plan in the Description of Property and Building Condition, and the Asbestos Report, and except for items customarily corrected by routine maintenance.

The Certificate of Occupancy provides for 234 residential units. Sponsor has obtained a Certificate of Approval of Building Alteration dated August 3, 1988 permitting five (5) additional dwelling units. Accordingly the number of units offered is identical to the number of units stated in the Certificate of Occupancy, as amended, and the proposed use of the units is the same as the use indicated in the Certificate of Occupancy as amended.

Except as otherwise provided and represented in the Plan, the Property is offered in its current "As Is" condition. Neither the Sponsor nor the Apartment Corporation will have any obligation to make repairs or improvements except as set forth in this Plan. Sponsor will obtain all necessary permits and certificates, including, if applicable, for air resources, oil storage, elevator inspection, sprinkler systems, boiler safety inspection and garage. Title 13 NYCRR Section 18.3(hh)3 ("Section 18.3 (hh)3") requires that Sponsor cause to be cured all violations of record as of the closing date (except for violations caused by acts or omissions of tenants in their own apartments). The remedial obligations of Section 18.3(hh)3 were determined to exceed the statutory authority of the Attorney General and held to be invalid in an action for declaratory judgement commenced in the New York State Supreme Court, Albany County, against the Attorney General (Council for Owner Occupied Housing, Inc. et. al. v. Abrams, Index #1695/87). The Court's holding was automatically stayed pending Appeal by the Attorney General. This plan will be amended to disclose the outcome of this litigation.

Sponsor will cure or cause to be cured all violations of record against the Property on the Closing Date (except violations caused by the acts or omissions of tenants within their own apartments) and will eliminate all dangerous or hazardous conditions that sponsor has notice of and comply with all work orders from mortgagees provided that the aggregate cost of the work necessary to cure the violations is less than 1/2% of the Total Purchase Price. If the aggregate cost of such work exceeds 1/2% of the Total Purchase Price, Sponsor will have no obligation to perform the work and may abandon the Plan even after it has

been declared effective. However, the amount of money relied upon as a basis for abandonment after the date of effectiveness will not include any title defects, violations, work orders, or determinations of any authority or regulatory association which existed on the date of presentation of the Plan and are known to the Sponsor or are a matter of public record. In the event the Violations of Record remain uncured or any work to be performed by Sponsor, including the Improvements, is incomplete at closing, Sponsor will place in Escrow with Sponsor's Attorney, an amount to be determined by a licensed Engineer or Architect as adequate to pay for the performance of such obligations and the completion of such work. Notwithstanding the foregoing in the event the decision invalidating the aforesaid regulations is ultimately upheld, Sponsor reserves the right to amend the Plan to provide that Sponsor will have no obligation to cure any violations of record in order to convert the premises in which case all prior subscribers will be given a right to rescind their Subscription Agreements in accordance with Section AA above.

Pursuant to Part 18.7(aa) of the revised Regulations of the Department of Law, first promulgated on August 8, 1986 (the "Asbestos Regulations"), Sponsor caused to be prepared a report on the asbestos in the Buildings (the "Asbestos Report"). The Asbestos Report contains the qualification of the person preparing the Report, a detailed inventory of the asbestos containing material ("ACM") in the Building, whether the ACM presents any immediate health or safety hazard, recommendations for handling the ACM items, how such recommendations should be implemented and a recommended protocol for the future handling and maintenance of ACM in the building. Sponsor has no remedial obligations as to the implementation of the recommendations of the Report and makes no representation with respect thereto. See Part II of the Plan for the complete text of the Asbestos Report.

Dated: July 26, 1988
East Meadow, New York

WENDELL TERRACE OWNERS CORP.
Apartment Corporation

WENDELL TERRACE APARTMENTS, INC.
Sponsor

O F F E R I N G S T A T E M E N T

WENDELL TERRACE
20 Wendell Street
Hempstead, New York

PART II

SUBSCRIPTION AGREEMENT

WENDELL TERRACE
20 Wendell Street
Hempstead, New York

Subscriber(s) _____

Existing lease expires _____

Monthly tenancy () _____

Rent under existing lease
or tenancy:

Apartment _____

Number of Shares _____

\$ _____ per month

Total Cash Payment

\$ _____

(A) Down payment (enclosed)

\$ _____

(B) Additional Down
Payment [due when
the Plan is de-
clared effective]

\$ _____

(C) Balance \$ _____

1. As Subscriber, I acknowledge having received a copy of the Offering Plan (the "Plan") with respect to the premises Wendell Terrace, 20 Wendell Street, Hempstead, New York including any amendment(s) thereto, (all of which is made a part hereof) consisting of Part I and Part II thereof, at least 3 full business days before executing and delivering this Subscription Agreement. The Plan, as amended, is hereby made a part of this Subscription Agreement. I have read and approved the Plan and have been advised that no one has been authorized to make, and warrant that no one has made, any representations or warranties not specifically set forth therein.

2. I hereby agree to purchase the above-stated number of shares of Wendell Terrace Owners Corp. (the "Apartment Corporation") allocated to the apartment designated above (the "apartment") for the Total Cash Payment stated above, and to become the proprietary lessee of the apartment in the premise.

3.A. Enclosed is my check to the order of "Wendell Terrace Owners Corp. Special Account", for the amount of the above stated Down Payment (A). I agree that the Sponsor will have the right to require payment of the Additional Down Payment (B) and the Balance (C) in either of the following ways: (1) The Sponsor may require the entire unpaid amounts, the Additional Down Payment and the Balance of the Total Cash Payment to be paid within fifteen (15) days after the notice from the Sponsor that the Plan has been declared effective accompanied by a demand for payment. The notice will specify a Closing Date to occur between thirty and sixty days after the date of the notice. In addition, I must also deliver a check in the amount of \$300.00 payable to Certilman, Haft, Balin, Buckley, Kremer & Hyman, Counsel to the Sponsor, as a legal fee for supervising and coordinating the closing of my apartment. (2) Alternatively, the Sponsor may require payment of the balance of the Total Cash Payment as follows: I will pay any Additional Down Payment (B) within 15 days after notice declaring the Plan effective accompanied by a demand for payment. Thereafter, I will pay the Balance and the \$300.00 legal fee pursuant to section (i) above within fifteen (15) days after notice from the Apartment Corporation or Selling Agent of a closing date accompanied by a demand for payment. The notice will specify a closing date to occur between thirty and sixty days after the date of notice. The payment of the Balance (C) shall be by personal certified check or official bank check drawn on a New York bank to the order of "Wendell Terrace Owners Corp. Special Account" delivered to the Apartment Corporation. I agree to sign the proprietary lease for the apartment promptly upon its presentation to me in the form contained in Part II of the Plan. My failure to do so shall constitute a default under this Subscription Agreement.

If I fail to pay the balance of the Total Cash Payment within the 15 day period specified herein, I will also be required to pay the additional sum of \$500.00 for the extra paperwork required. Subscriber will be deemed to be in default until all amounts due, including said \$500.00 fee, are paid. In addition, if for any reason except the fault of Sponsor, I fail to close on the Closing Date specified by Sponsor, and pay the balance of the Total Cash Payment, including any portion being financed by a lending institution as provided in Section (ii) below, I shall be required to pay maintenance proration and other adjustments as of the Closing Date, and I shall also be required to pay at the closing, the sum of \$250 to the Selling Agent for the cost of re-scheduling the closing, and pay to the Sponsor, interest at the rate of 12% per annum on the Total Cash Payment (including

any portion financed by a lending institution) from the Closing Date originally specified until the date that the closing actually occurs. Nothing herein contained shall be construed to require the Sponsor to extend the Closing Date, beyond any applicable default periods, or to extend any other default periods. The Closing will be held in the office Seller's Counsel only. In the event Purchaser requires the closing to be in any location other than as provided by Seller, Purchaser must pay an attendance fee of \$300.00 to Seller's Counsel.

(ii) Payment of the Balance (C) shall be subject to my obtaining, from a New York lending institution at my sole cost and expense, a stock or leasehold mortgage loan in the amount of \$, repayable over a period of years with interest at prevailing rates. I warrant and represent that I will apply for a loan commitment and will promptly furnish all reports, documents, verifications and fees required in connection therewith. I will pursue the application diligently and in good faith. If I do not obtain such a loan or mortgage by forty-five (45) days after this Subscription Agreement is accepted (the "Application Period"), after the exercise of good faith, either party hereto shall have the right to cancel this Subscription Agreement by written notice mailed to the other or to their attorney, except that Sponsor reserves the right (but is not obligated) for a period of 60 days to designate another lending institution, or grant the loan itself on prevailing terms, conditions and rates. However, if I do not exercise my right to cancel within five days after the application period expires, my right to cancel for lack of financing will be deemed waived and I shall be obligated to pay the Balance (C) on the Closing date without regard to whether I have secured financing. The Sponsor will have the right to cancel this Agreement at any time after the application period expires. However, the Sponsor's right will be nullified if I deliver a valid commitment before the right is exercised. Upon cancellation, this Subscription Agreement shall be deemed null and void, and Sponsor and the Apartment Corporation's sole liability hereunder shall be the return of all money paid pursuant to this Subscription Agreement. Upon payment, the parties shall be released from all further liability hereunder.

(iii) I acknowledge that if my stock loan application is approved, this Subscription Agreement will be fully binding on both myself and the Sponsor according to its terms even if the commitment should expire. However, if my stock loan or mortgage commitment expires before the Closing Date, I shall make a good faith effort to (1) extend the expired commitment and/or (2) secure a new commitment from another lending institution. However, if I am unable to obtain the extension or new commitment after making a good faith effort, I will have the right to cancel the Subscription Agreement by notice by certified or registered mail to the Selling Agent provided, however, that Sponsor reserves the right for a period of 60 days to designate another lending institution to grant the loan, or to grant the loan

itself, on prevailing rates, terms and conditions. I must exercise my right within five days after the commitment expires, or my right to cancel shall be waived. Upon cancellation, the sole liability of the Sponsor and Apartment Corporation will be the return of all money paid under this Subscription Agreement.

Upon payment, the parties shall be released from all further liability. As used in this Article, a "good faith effort" includes acceptance of an extension or new commitment at the then prevailing stock loan rate and terms of the applicable lender.

(iv) Notwithstanding any other provision of the Plan or this Subscription Agreement to the contrary, any portion of the Total Cash Payment to be financed by a bank, trust company or other lending institution or by the Sponsor may be paid on the Closing Date provided that the Apartment Corporation shall have been furnished beforehand with a copy of a written commitment from the lending institution for the portion of the purchase price being financed by it; and copies of all documents which the lending institution will require the Apartment Corporation to execute, or (if financing is to be furnished by the Sponsor) with a copy of the executed promissory note and Loan-Security Agreement; and payment of the charges listed in subparagraph 3.A.(vi) below. The Apartment Corporation shall not be obligated to execute any such documents that do not conform to the provisions of the proprietary lease.

(v) Except as set forth in part (iv), if this Subscription Agreement is executed after the Plan has been declared effective and the Closing Date has been fixed, the Total Cash Payment shall be payable in full by my personal certified or official bank check on the execution hereof.

(vi) If I finance the purchase of the Shares with funds loaned by or arranged by the Sponsor, on the Closing Date I will pay to Certilman, Haft, Balin, Buckley, Kremer & Hyman a legal fee of \$300 in connection with the preparation and review of the financing documents and supervision of the closing. If I finance the purchase of the Shares with funds loaned by an outside lender other than the Sponsor on the Closing Date I will pay to Certilman, Haft, Balin, Buckley, Kremer & Hyman a legal fee of \$150 in connection with the review of the financing documents and recognition agreement. Nothing in this subparagraph (vi) shall be construed to create any obligation on the part of Sponsor to provide any such financing.

(vii) The Sponsor will give me prompt written notice when the Plan either becomes effective or is abandoned.

*3.B. I understand and acknowledge that on the date of this Agreement the apartment is occupied under a lease expiring on
, 19 /under a monthly tenancy ~~(strike out inapplicable~~
~~provision)~~ at a rent of \$ _____ per month. I understand that if the tenant in occupancy does not voluntarily remove from the apartment when his right to occupancy ends, I shall be required to obtain possession at my own expense. I understand that the apartment I am purchasing is subject to the ETPA and the Regulations promulgated pursuant thereto and that I shall be obliged to comply with the applicable law and code or regulations in evicting the tenant. I understand that the apartment I am purchasing is also subject to the provisions of Section 352-eee of the General Business Law and that I will be obliged to comply with that law. I understand that this Plan is being converted as a Non-Eviction Plan as defined in Section 352-eee and in the Plan. I understand and acknowledge that no eviction proceeding may be commenced at any time against the tenant other than for non-payment of rent, illegal use or occupancy, refusal of access or similar breach of a material obligation. I acknowledge that I am purchasing subject to all of the rights of such tenant and that I and my successors and assigns will continue to be bound by those rights as long as such occupancy continues. I further understand that if the apartment I am purchasing is subject to an existing tenancy, I will be assuming the seller's rights and obligations after the closing date under the existing lease or tenancy. These rights and obligations will include the obligations to repair and maintain the apartment for the benefit of the existing tenant and the right to collect rent payable under the existing lease and tenancy whether the rent is greater or less than the proprietary rent established by the proprietary lease.

4.A. All moneys received hereunder by the Sponsor through Sponsor's agents or employees will be held in trust in a non-interest bearing escrow account until delivery to me of the shares and proprietary lease relating to the apartment. The moneys will be deposited with Chemical Bank, Broad Hollow Road, Melville, New York. The funds so deposited will be held in trust in accordance with the provisions of Sections 352-e(2)(b) and 352-h of the General Business Law and will be disbursed only at the closing upon the signature of Certilman, Haft, Balin, Buckley, Kremer & Hyman, and only for the purposes of the consummation of this Plan, or returned to me, together with interest, if any, earned thereon.

4.B. My signing of this Subscription Agreement shall constitute my acceptance of said apartment and the Building in the condition set forth in the Offering Plan, except for any work re-

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

quired to be performed by the Sponsor under the Plan, subject to reasonable wear and tear, force majeure (as defined in the aforesaid contract), and damage caused by acts or omissions of myself, my agents, employees or invitees.

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

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

5.C. If the Plan is abandoned or does not become effective, or shall not be consummated for any reason after being declared effective within the time prescribed by the Plan, the following shall apply: This Subscription Agreement shall be deemed cancelled and the Plan terminated. Within twenty (20) days thereafter, I will receive back all monies paid by me hereunder together with interest, if any, earned thereon. Upon such repayment no party shall have any claim against any other party or person, the Apartment Corporation, the Sponsor, the Escrow Agent or the Selling Agent, and all parties shall be released from all obligations hereunder.

5.D. If I rescind the Subscription Agreement validly in accordance with the Plan, the sole liability of the Sponsor shall be to return my down payment (together with interest, if any). Upon the return of the down payment, this Subscription Agreement shall be deemed void and the parties shall be released from all further liability to each other.

5.E. Title shall be transferred to the Apartment Corporation not earlier than 30 days nor later than 180 days after the Plan has been declared effective, unless the closing of title is adjourned.

6. I agree that if I shall fail to pay any installment of the Balance of the Total Cash Payment when due, as herein provided, the Apartment Corporation may elect to cancel this Subscription Agreement by thirty (30) days written notice to me by registered or certified mail. Unless I shall have paid the Balance in full within thirty (30) days after the mailing date of the notice, this Subscription Agreement shall be deemed cancelled and all rights of the parties hereunder shall terminate, except that any amounts previously paid hereunder shall be paid over to the Apartment Corporation as liquidated damages up to ten (10%) percent of the Total Cash Payment, plus the cost of any extras. Except for payment

of these liquidated damages, neither party will have any other claim against the other. My liability hereunder shall be limited to the loss of the down payment and additional down payment. Upon such termination, the Apartment Corporation shall have the right to sell the shares and proprietary lease to another subscriber as though this Subscription Agreement had never been made.

If I fail to pay the balance of the Total Cash Payment within the 15 day period specified herein, I will, in addition, be required to pay the Selling Agent the sum of \$500.00 for the additional paperwork required. In addition, if for any reason except the fault of Sponsor, I fail to close on the Closing Date

specified by Sponsor, and pay the balance of the Total Cash Payment, including any portion being financed by a lending institution as provided in Section 3A (ii) above, I will pay maintenance pro-rata and other adjustments as of the Closing Date, pay the Selling Agent the sum of \$250 for the cost of re-scheduling the closing and will also pay to Sponsor at the closing, interest at the rate of 12% per annum on the Total Cash Payment (including any portion financed by a lending institution) from the Closing Date originally specified until the date that the closing actually occurs. However, nothing provided herein shall be constituted as requiring Sponsor to extend any default periods, or to extend any Closing Date beyond any default periods herein provided.

7.A. The Plan and this Subscription Agreement set forth the entire agreement between the parties. The only representations made to me are those contained herein and in the Plan. I have not relied upon any representations, statements or warranties, written or oral, as to any matter or estimate, that are not set forth herein and in the Plan. I acknowledge that I have had full opportunity to examine all documents and investigate all facts referred to and stated herein. This Subscription Agreement is not assignable or transferable. This Subscription Agreement may not be changed orally.

7.B. It is understood that the terms of the Plan may be amended before it is declared effective to change the price hereunder, the cash purchase price per share at which all of the apartments are being offered, the amount and terms of the encumbering mortgage(s), the size of the reserve fund, or in such other respects as the Apartment Corporation and/or Sponsor see fit. However, after the Plan has been declared effective, if such amendment provides for (i) an increase in the purchase price for my apartment, (ii) any material change in the total number of shares or in the size or quality of public areas, or (iii) otherwise materially alters the Plan in a way which adversely affects me, I will be given thirty (30) days from the date that said amendment is presented to subscribers to cancel this Subscription Agreement by written notice to the Sponsor and Selling Agent. In such event, I will receive a refund of the down payment being tendered herewith. In

the event that the Sponsor amends the Plan prior to the date that the Plan is declared effective, to terms and conditions which are more favorable to me, I will be entitled to elect to benefit from such new terms.

7.C. Conflicts between this Subscription Agreement and the Plan or any Amendments thereto shall be resolved in favor of the Plan or Amendments.

8.A. If this agreement is for an apartment not occupied by me, and if the tenant of that apartment purchases the shares allocated to the apartment within the exclusive purchase period or match-offer period granted to that tenant under the Plan or any amendment thereto, this agreement shall be deemed cancelled. Within twenty (20) days thereafter, the Apartment Corporation shall refund to me all moneys paid by me with interest earned thereon, if any. Upon repayment, neither myself, the Apartment Corporation, the Sponsor nor any other person who participated in the preparation or presentation of the Plan shall have any liability or obligation to the other hereunder. If the tenant of the apartment shall be entitled to purchase at a later date under New York General Business Law Section 352-eee, the ETPA, the Regulations promulgated thereunder or pursuant to an administrative or judicial interpretation thereof, and if that tenant shall purchase, this agreement shall be deemed cancelled and the foregoing provisions of this paragraph 8.A. shall apply.

8.B. If this Agreement is for an apartment not occupied by me, I hereby agree to irrevocably appoint the Managing Agent for the Apartment Corporation as my agent to perform for the account and at the expense of the subscriber all services required to be furnished or performed by a landlord under the non-purchasing tenant's lease and the laws and regulations applicable to the Apartment that are not to be provided by the Apartment Corporation under the proprietary lease, including, but not limited to, interior repairs and apartment painting.

8.C. If this agreement is for an apartment not occupied by me, I hereby agree to deposit with the Managing Agent at closing a sum not less than an amount equal to two months maintenance charges to be used as working capital to furnish services required under the non-purchasing tenant's lease and the laws and regulations specified above. Upon notice by the Managing Agent that said deposit has been diminished, said fund shall be replenished, by the shareholder within a specified period of time.

9. If I was not a tenant when the Plan was accepted for filing, this Subscription Agreement shall not be binding on me or the Apartment Corporation until I, as Subscriber, shall be accepted, by endorsement hereon by the Sponsor or the Selling Agent, and a fully signed copy thereof shall have been delivered

or mailed to me. If this Agreement shall not be accepted within twenty (20) days of the date hereof by the delivery or mailing to me of such endorsed and fully signed copy, this Subscription Agreement shall be deemed to be rejected and cancelled and my deposit shall be promptly refunded to me within ten (10) days thereafter.

10. If I have executed an Interim Lease (as defined in the Plan) in conjunction with the execution of this Subscription Agreement, the following shall apply: (a) I acknowledge that a breach of my obligations under the Interim Lease shall be considered a default under this Subscription Agreement. In either case, the Sponsor shall be entitled to all of its remedies under the Interim Lease and this Subscription Agreement; (b) I recognize and acknowledge that the Plan may be amended further. If any such amendment or failure to obtain a commitment for share loan financing or any other clause in the Subscription Agreement entitles me to a right of rescission and I exercise my right or rescission pursuant to the amendment, the return of any funds due under said rescission shall be paid simultaneously with my vacating the Apartment and surrendering the Interim Lease. The Interim Lease shall terminate in any event as of the date that I exercised my rescission right and I shall not be paid any funds deposited herewith until I vacate the Apartment and surrender the Interim Lease and (c) I shall be given thirty (30) days in which to vacate my apartment after I have defaulted under the Subscription Agreement, Interim Lease or accepted an offer of rescission of the Subscription Agreement; and in the event I have not vacated the Apartment within thirty (30) days the amount, I am due shall be deposited in a segregated special escrow account to be held by the attorney representing the Apartment Corporation to be disbursed to me upon my vacating the Apartment and surrendering the Interim Lease (d) I acknowledge that if I am not a tenant in occupancy as of the date of acceptance of the Plan for filing, my status will not be the same as a tenant in occupancy on the date of acceptance of the Plan for filing.

11. Simultaneously with the execution of this Agreement, I agree to complete and sign before a notary and deliver to the Selling Agent, three (3) copies of the New York State Real Property Transfer Gains Tax Transferee Questionnaire Form TP-581, Exhibit "C". I also agree to fully cooperate with the Sponsor by completing any and all documents or providing any information required by the New York State Department of Taxation and Finance in connection with the Real Property Transfer Gains Tax. The provision of this paragraph shall survive the closing.

12. I represent that I am over eighteen (18) years of age, and am purchasing the shares for my own account and not for the account of any other individual, corporation, partnership, trust or other entity. The provision of this paragraph shall not apply to corporations that are Original tenants as defined in the Plan, which may purchase in their own names.

13. Notices hereunder shall be delivered or mailed as follows: to the Subscriber(s), at the address stated below, and to the Selling Agent and to the Apartment Corporation, at the Selling Agent's office.

14. I represent that the sale of these shares was made to me in good faith pursuant to the terms set forth in the Plan, without fraud or duress and with no discriminatory repurchase agreement or other discriminatory inducement. This purchase is for my personal occupancy.

15. It is expressly agreed and understood that all provisions of this Subscription Agreement, including enforcement hereof and rights and remedies hereunder, shall be governed by the laws of the State of New York.

16. The failure of Sponsor to insist upon a strict performance of any of the terms or conditions of this Subscription Agreement shall not be deemed a waiver of any subsequent breach or default in the terms and conditions of this Subscription Agreement. Except as expressly provided in this Subscription Agreement or in the Plan, the terms and conditions set forth herein shall not survive the closing of title. Notwithstanding anything to the contrary contained herein, all representations made by the Subscriber shall expressly survive the closing of title.

17. If I am purchasing the apartment in which I am a tenant in occupancy on the date the Plan was accepted for filing, I acknowledge that I have received a copy of the Plan at least three (3) full business days before executing this Subscription Agreement. If I am not purchasing an apartment in which I am a tenant in occupancy on the date the Plan was accepted for filing, I shall have seven (7) days from my executing and delivering this Agreement to you together with checks for the Down Payments required by Paragraph 3.A hereof, to rescind this Agreement. If I elect to so rescind this Agreement, I must inform you in writing, delivered in person or by mail within the seven (7) day period.

If I do rescind, you will promptly refund all monies I have paid hereunder to me and this Agreement will be deemed cancelled. Thereafter, we shall have no further liability to one another.
Dated: _____, 19____

Subscriber(s): _____

Approved and Accepted
WENDELL TERRACE
OWNERS CORP.
APARTMENT CORPORATION:

(Print signature underneath if
not legible)

Address: _____

By: _____

Apt. No. _____

EXHIBIT "A"

Affidavit of Assignee of Subscription Agreement

STATE OF NEW YORK)
 : ss.:
 COUNTY OF)

Re: Wendell Terrace
 20 Wendell Street
 Hempstead, New York

, being duly sworn,

deposes and says:

1. I am the assignee of the Subscription Agreement for the shares of Wendell Street Owners Corp. allocated to Apartment at 20 Wendell Street, Hempstead, New York (the "Premises").

2. I was not procured by the Sponsor or the Selling Agent of the Offering Plan to Convert the Premises to Cooperative Ownership, as amended.

3. I or (_____, who is a member of my immediate family) intend to personally occupy the Apartment.

Sworn to before me this
 day of _____, 198 .

 Notary Public

EXHIBIT "B"

Affidavit of Personal Occupancy
(Non-Tenant Purchaser Only)

STATE OF NEW YORK)
) ss.:
 COUNTY OF)

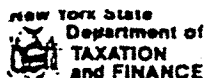
, being duly sworn deposes
 and says:

1. I have executed the Subscription Agreement for the shares of Wendell Terrace Owners Corp. allocated to Apartment 20 Wendell Street, Hempstead, New York ("Premises") pursuant to the Offering Plan to convert the Premises to Cooperative Ownership, dated , 198 , as amended.

2. I or a member of my immediate family intend to personally occupy the Apartment.

Sworn to before me this
 day of , 198 .

 Notary Public



New York State
REAL PROPERTY TRANSFER GAINS TAX

Questionnaire

TRANSFeree

This questionnaire must be completed for all transfers of real property and transfers of controlling interests in entities which own real property where the realty is located in New York State and where the transfer is to occur on or after May 28, 1983.

NOTE: See Instructions (TP-581-I), Section B before completing this form if the consideration for the transfer is less than \$500,000 or if the property being transferred consists of premises occupied and used by the transferor as his residence.

PLEASE PRINT		Name		Social Security Number	
(Transferee)		Address		Zip Code	
				Federal Employer Identification Number	
		Name		Social Security Number	
(Transferor)		Address		Zip Code	
				Federal Employer Identification Number	
		Name			
(Transferee's Att'y)		Address		Zip Code	

LOCATION OF PROPERTY TO BE TRANSFERRED (List each lot separately)

Address	County

DATE OF ANTICIPATED TRANSFER

Month	Day	Year

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 TRANSFEE

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 _____

Name(s) of Transferee(s)

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

Signature of officer administering oath

Title



September 29, 1987

REPORT OF INSPECTION

SITE: 20 Wendell Street
Hempstead, New York

Project No: 42435

I. INTRODUCTION

During the week ending September 25, 1987, an inspection was performed at the above referenced site. The purpose of the investigation was to provide a comprehensive description of the property and building located on the Site.

The "Report of Inspection" has been prepared to comply 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 of Inspection."

The information contained herein has been obtained from information on record with the local municipal agencies, information presented by the Site's management and the visual inspection that was conducted at the Site. The following is a comprehensive description of our findings.

II. LOCATION

The site is known and identified as 20 Wendell Street. The Site is located within the Village of Hempstead, Nassau County, State of New York.

The local Department of Buildings identifies the site's complete and official address as 20 Wendell Street.

The Sponsor stated that the property's existing and proposed use will continue to comply with all zoning laws and use requirements at the time of closing.

III. SITE

A. LOCATION

The Site is located at 20 Wendell Street. Atlantic Avenue, Smith Street, and Sealey Street are adjacent to Wendell Street.

B. NUMBER OF BUILDINGS

There is one building located on the Site. The structure is a six story building.

C. STREETS

There are four (4) streets. The streets are known and identified by the Village of Hempstead as Wendell Street, Smith Street, Atlantic Avenue and Sealey Street.

The streets are village owned streets and are constructed in a similar manner and are in similar condition. The streets are constructed as described below:

1. Street Pavement

The streets are paved with a concrete and/or asphalt and tar composition, a composition that is of typical construction for the majority of the State of New York streets and highways. The majority of the street pavement located on Wendell Street, Sealey Street, Atlantic Avenue and Smith Street are in good condition where the pavement borders the site.

2. Street Curbing

There is curbing provided along the entire perimeter of all four (4) streets where the streets border the Site. All curbing is of typical Department of Highways concrete construction. At the time this inspection was conducted, the majority of the curbing along all four (4) streets were observed to be in good condition.

3. Street Drainage

Street drainage for all four (4) streets is collected with the utilization of steel catch basins. The catch basins are located along all four (4) streets. The catch basins empty by gravity into the Sewer Storm System mains. The catch basins are of standard Department of Highway type construction and were observed to be in good condition at the time of inspection.

At the time of inspection the street drainage system appeared to be adequate. As of the date of this Report of Inspection, there were no apparent indications of a poor drainage condition.

4. Street Lighting

There is street lighting provided along all four (4) streets where they border the Site. The street lighting is capable of adequately illuminating the streets maintained by the project, the sidewalks maintained by the project and to an extent the building perimeter.

Street lighting consists of standard Department of Highway Lighting. The street lighting fixtures are four hundred watt, sodium vapor lighting fixtures which are controlled by photo cells. The lighting fixtures are post mounted and are spaced properly within the Department of Highway Code Requirements.

At the time of inspection, all of the street lighting fixtures, located along all four (4) streets where they border the Site, were functioning and were in good condition.

5. Site's Compliance with Local Municipal Codes

The Site, building, streets maintained by the Site, street pavement, street curbing, street drainage, and street lighting pertaining to the Site were in compliance with all local Municipal Agencies at the time when the Structure was constructed.

D. DRIVES AND PARKING AREAS

There are three (3) drives located on the site. All are of similar construction and are in similar condition.

Drive A extends from Smith Street. Drive B extends from Atlantic Avenue and Drive C extends from Sealey Street.

All of drives were constructed to give access to the exterior parking area. The drives are constructed as follows: asphaltic/concrete pavement and concrete curbing. The drive areas are illuminated by a combination of fluorescent and sodium vapor lighting fixtures. Drainage is achieved at the parking area. There are locations where the drives are bordered by wood fencing and/or metal chain link fencing (6'± in height). At the time of inspection it was observed that access to the parking area from Drive C has been discontinued and a metal chain link fence has been installed to prohibit utilization of the drive.

At the time of inspection, the drives were observed to be in good condition with the exception of several locations which required minor masonry asphaltic repairs and/or fencing repairs.

The site contains a large exterior parking area located at the street level. A portion of the parking area is located beneath the first story of the building structure. The parking area contains 156 public spaces and 69 reserved spaces. The parking area is accessible from, the lobby, service entrances, and two (2) fire stairs also located beneath the first story of the building structure. The parking area is paved with an asphaltic/tar composition and has concrete curbing. There is metal chain link fencing and wood fencing (6'± in height) provided along the boarder of the parking area. There are recessed steel catch basins provided at the low points of the parking area. Drainage at the parking area was observed to be adequate at the time of inspection. In addition, there are concrete wheel stops, fluorescent and sodium vapor lighting fixtures, trees and fire hydrants located at the parking area. Spaces are identified and separated by the utilization of painted yellow lines. The portion of the parking area located beneath the first story of the building structure contains asphalt pavement, ornamental masonry and concrete block walls and a suspended ceiling. Fire stair enclosure walls are constructed of concrete block.

At the time of inspection, the parking area was observed to be in good condition with the exception of minor asphalt/concrete repairs and fencing repairs.

IV. UTILITIES

A. ELECTRICAL

The electrical service to the building is supplied by the Lilco Utility Company's electrical mains from the mains located at Wendell Street. For a comprehensive description of the Site's electrical Service and Electrical Distribution System refer to Article XXVI of this Report of Inspection.

Each apartment is individually metered and billed for the electrical energy utilized. The tenants are billed on a monthly basis by the Lilco Utility Company. Each apartment has its own electrical meter located at one of the street level electrical Service and Meter Rooms of the building.

The landlord individually subscribes electrical service with the Lilco Utility Company of the electrical energy used for public lighting and power. The sponsor is billed on a monthly basis.

The Lilco Utility Company is government regulated.

B. TELEPHONE

The tenants individually subscribe telephone service through the NYNEX Telephone Company. The tenants are individually billed on a monthly basis. The NYNEX Telephone Company is government regulated.

C. WATER SUPPLY

Domestic water is supplied to the Site from a water main located beneath Wendell Street. The water supply is metered for domestic use.

D. SANITARY AND STORM SEWER

The sanitary and storm sewer drainage systems for the site empties by gravity into the sanitary and storm sewer mains located beneath Wendell Street.

E. GAS SUPPLY

The gas service to the Site is supplied by the Lilco Utility Company's gas mains located beneath Wendell Street. For a comprehensive description of the Site's gas service and system, refer to Article XXIII of this Report of Inspection.

The building is collectively metered for the gas energy utilized within the building. The tenants do not pay for the gas energy utilized within their apartments.

The sponsor individually subscribes for gas service through the Lilco Utility Company which is government regulated. The sponsor is billed by the Lilco Utility Company on a monthly basis for the gas energy utilized by the building's systems.

V. SUB-SOIL CONDITIONS

The Site contains several sub-soil characteristics. The majority of the soil located on the Site consists of clay. The soil was pitched to allow any excess of water to run away from the buildings. The drainage on the Site appeared to be adequate. There was no specific tests on the sub-soil available. At the time of inspection, there were no ground water conditions observed.

There was no danger from flooding, either due to water table in the area or an overflow from other bodies of water. There were no signs of potential mudslides or erosion observed at the time that this inspection was conducted.

VI. LANDSCAPING AND ENCLOSURES

There are planting areas provided throughout the site. The landscaping consists of trees, shrubbery, and plants. There is grass coverings provided at the Site. The grass was observed to be seeded and sod grass. There was no additional fencing, gates, garden walls, retaining walls and/or display pools or foundations observed at the time of inspection. The majority of the trees are of the deciduous and pine type. There is no water sprinkler system or additional enclosures located on the Site. The landscaping was observed to be well maintained and in satisfactory condition at the time of inspection.

VII. BUILDING SIZE

BUILDING HEIGHT (APPROXIMATE total feet from the ground to the highest part of roof): 65 feet ±

Sub-cellar: None provided

Number of Floors: Six stories

Penthouse: None provided

Roof Level Elevator

Equipment Rooms: Fifteen feet ±

Parapet Walls: Three feet ±

VIII. STRUCTURAL SYSTEM AND BUILDING EXTERIOR

A. STRUCTURAL SYSTEM

The building is erected on a concrete foundation. The building has steel support masonry walls and a masonry facade. The above were in compliance with the local building and municipal code requirements at the time that the building was constructed. It was observed that there are several interior/exterior settling cracks located at the building facades, and the interior of the building. These conditions did not appear hazardous at the time of inspection but should be corrected.

B. BUILDING EXTERIOR

Building facades are of brick construction. There is one (1) window type located on the building. The window assemblies are constructed as follows: aluminum construction, aluminum frames and aluminum

sash, double hung single glazed non-thermopane, clear glass lights. The majority of the inspected windows were observed to be in good condition with the exception of caulking. The majority of the exterior brick work is in good condition. There are locations that require minor pointing and minor brick repairs due to cracks.

There are several different sized windows located on the building facades.

The building's window sills are constructed of precast concrete. The majority of the inspected window sills were observed to be in satisfactory condition.

The building's window and door lintels are of steel construction. The majority of the inspected lintels were observed to be in good condition with the exception of scraping and painting.

The exterior face of the parapet walls of the building are constructed of brick. The majority of the exterior face of the parapet walls is in good condition. There are locations along the parapet walls that require minor crack repairs and pointing.

There are precast concrete coping stones located on the building. At the time of inspection, all of the inspected coping stones were observed to be secured. The majority of the inspected coping appeared to be in satisfactory condition. Parapet walls contain several sections of aluminum fencing. At the time of inspection, the aforementioned was observed to be in fair condition.

There are two (2) chimneys located on the building. One of the chimneys is utilized for the heating plant system. The other chimney is inoperable and was previously utilized as an incinerator chimney. The chimneys are brick construction and contain masonry caps. There are no chimneys located on the site for the purpose of fireplaces. There were no fireplaces observed. At the time of inspection, the chimneys and chimney caps were observed to be in good condition with the exception of minor repairs.

There are terraces and exterior patios located on the building.

There are terraces provided on the building from the 2nd story to the 6th story of the building. All of the terraces are in similar condition and are of similar construction. The terraces are constructed as follows: concrete floors, steel guards and supports, brick building walls, concrete undersides (ceilings), building windows, aluminum railings, and single glazed aluminum framed swing type terrace entrance doors.

The majority of the inspected terraces were observed to be in satisfactory condition with the exception of minor masonry repairs and scraping and painting.

There are exterior patios provided at the street level apartments facing Wendell Street. The exterior patios are accessible from a common exterior walkway which runs parallel to Wendell Street. The patios are constructed as follows: concrete pavement, brick building walls, single glazed aluminum framed swing type doors and concrete undersides (ceilings).

The majority of the inspected exterior patios were observed to be in satisfactory condition with the exception of minor masonry repairs, scraping and painting.

IX. EXTERIOR ENTRANCES

There are two (2) main tenant entrances provided for the Building. Both share a common lobby. One entrance (Entrance "A") is accessible from a concrete walkway which extends from the Wendell Street sidewalk. Entrance B is accessible from the exterior parking area. The exterior entrances are illuminated by means of fluorescent lighting fixtures. Both lobby vestibules are accessible via two (2) aluminum framed single glazed glass swing type doors.

The lobbies are accessible via two (2) sets of identical doors. The lobby vestibule of Entrance "A" is constructed as follows: resilient tile flooring, glass walls, wood panelled wainscot masonry ceiling. The lobby vestibule of Entrance B is constructed as follows: resilient tile flooring, glass/brick walls and a suspended ceiling. The lobby vestibule of Entrance A contains the master intercommunication system. The common lobby contains federally approved recessed mailboxes for the tenants' use. The lobby is illuminated with a combination fluorescent lighting fixtures and incandescent chandeliers.

At the time of inspection, the lobby and entrance area was observed to be in satisfactory condition.

X. SERVICE ENTRANCES

There are two (2) service entrances provided for the building.

Both are located at the street level. Service Entrance A is accessible from a concrete walkway which extends from the Atlantic Avenue sidewalk. The walkway leads to a concrete landing with masonry walls and a suspended ceiling. There is a fireproof metal service entrance door set in a fireproof metal frame which leads to the interior service corridor of the building.

Service Entrance B is accessible from the exterior parking area. Service entrance B is accessible via a door set in a steel frame. The door entrance leads to a cellar service corridor. The service entrances are equipped with incandescent and/or fluorescent lighting, flat plate covered cast iron drain, and masonry walls.

At the time of inspection, the service entrance was observed to be in fair condition with the exception of minor masonry repairs, scraping and painting of all metal work.

XI. ROOF AND ROOF STRUCTURES

There is one (1) main roof for the building. It is provided above the upper floor apartments for the entire length and width of the building.

The main roof consists of rubberoid roofing materials. There is no gravel or slag located on the main roof. The main roof contains concrete block parapet walls at the perimeter of the building. The parapet walls are approximately three feet (3') + in height. There are precast concrete coping stones installed above the parapet walls and the bulkheads. The insulation "R" factor of the roof was not available at the time of inspection. There was no roofing bonds or guarantees available at the time when this inspection was conducted. The roofing materials are approximately 5 years old.

There is copper/aluminum flashing and counter flashing installed in a reglet type installation at all areas where the roofing materials intersect with the parapet walls, bulkhead walls, chimneys and other roof located appurtenances.

There are five (5) stair bulkheads and three (3) elevator bulkheads located on the main roof. Parapet walls are of tarred over block construction. All inspected bulkhead doors were observed to be fireproof metal doors set in fireproof metal frames. Bulkhead roofs are of similar construction to that of the main roof.

In addition to the bulkheads, there are cast iron plumbing vents located at the main roof.

At the time of inspection, the sponsor was in the process of removing the asphaltic/tar materials from the parapet walls and flashing.

The bulkhead roof drainage system consists of upper aluminum gutters and leaders mounted on the bulkhead walls and drain by gravity onto the main roof. The main roof is pitched to cast iron drains which collect rain water which empties into the Building's storm system. The drains contain protective screens to filter debris.

There are exterior steel stairs provided at the main roof for the purpose of gaining access to the elevator machine rooms. There are no additional ladders or hatches located on the roof.

There are no skylights located on the main roof.

MAIN ROOF SURFACE

The main roof was observed to be in fair condition with the exception of minor blistering and repairs.

BULKHEAD ROOF SURFACE

The bulkhead roofs were observed to be in fair condition with the exception of minor blistering and repairs.

INTERIOR PARAPET WALLS

The majority of the parapet wall area was observed to be in satisfactory condition. There are locations that require minor masonry repairs and additional removal of tar/asphaltic substances.

COPING STONES

The majority of the coping stones and capping were observed to be in fair condition.

FLASHING

The majority of the flashing was observed to be in satisfactory condition. There are several locations that require repairs and/or replacement of flashing.

BULKHEADS WALLS

The majority of the bulkhead wall area was observed to be in fair condition. There are locations that require minor waterproofing repairs.

BULKHEAD DOORS

The bulkhead doors were observed to be in fair condition with the exception of scraping and painting.

GUTTERS AND LEADERS

The gutters and leaders were observed to be in fair condition at the time of inspection. There are locations where leaders are missing.

DRAINS

The drains are in good condition with the exception of cleaning.

PLUMBING VENTS

The plumbing vents are in good condition with the exception of scraping and painting.

XII. FIRE ESCAPES None providedXIII. YARDS AND COURTS

- A. YARDS: There are no yards located on the site.
- B. COURTS: There are no courts located on the Site.

XIV. INTERIOR STAIRS

The building contains five (5) main fire egress stairs. The stair is of the "enclosed" type and the enclosure consists of masonry floors, walls and ceilings. The stair consists of a concrete filled steel pan with concrete treads, steel balustrades, steel stringers, steel risers, and wood handrails. The stair landings consist of concrete flooring. The stairs are illuminated by means of wall mounted incandescent lighting fixtures.

In general, the stair was observed to be in satisfactory condition at the time that this inspection was conducted.

There are fireproof metal stair doors with wire mesh glass vision panels. Stairs A, B and C originate at the lobby. Stairs D and E originate at the exterior and terminate at the roof level.

XV. INTERIOR DOORS AND FRAMES

Apartment entrance doors are hollow metal doors set in fireproof metal frames. All of the inspected apartment entrance doors have a doorbell and all doors have a security viewing eye. The inspected apartment entrance doors contained adequate self closing devices and have a variety of lock types. The majority of the doors have deadbolt security locks.

Interior bedroom, bathroom and closet doors are wood and/or metal and set in metal frames. The majority of the closet doors are swing type doors. There are also metal bi-folding doors.

The Service Area rooms are equipped with fireproof doors.

- XVI. ELEVATORS There are three (3) elevators provided at the building. All three (3) elevators are utilized as passenger elevators. There are no specific service elevators provided. The elevators and elevator equipment was manufactured by the Seaburg Elevator Corp. All of the elevators are of identical construction and are in similar condition. The elevator cabs are constructed as follows: resilient tile flooring, laminated paneled walls, stainless steel handrails, suspended eggcrate ceiling, concealed fluorescent lighting fixtures. The elevators are automatic. It was observed that the elevators are capable of accommodating 13 persons or 2000 lbs each. The elevators were last inspected on 9/2/87. The elevators contain sliding metal doors and were in satisfactory condition at the time of inspection.

There is a private elevator service corp. maintaining the building's elevators.

XVII. LAUNDRY

There is one laundry room located within the building and is located on the cellar level. The laundry room is equipped with twelve (12) commercial type washing machines and two (2) commercial dryers. The dryers are gas dryers. All equipment is coin operated and is owned and maintained by a private vendor. Refer to Article XXV

of this Report of Inspection for a description of the laundry room ventilation system. All dryers were manufactured by IDC Appliance Corp. The washing machines were manufactured by the Speed Queen Appliance Corporation.

XVIII. REFUSE DISPOSAL

There is a hopper type refuse door located in the public corridor on each floor. The tenants place their refuse in the hopper type door. The refuse empties into a chamber and is mechanically compacted. The refuse is then placed into dumpsters by the building management.

The refuse is placed at the curbside by the building's management on the designated collection days. The refuse is collected and carted away by the Village of Hempstead on a regular basis. The compactor is in satisfactory condition.

XIX. PLUMBING

The water main to the building is approximately a six inch (6") + main and enters at the street level.

The water is distributed throughout the building via Village of Hempstead water pressure. The water pressure was observed to be in satisfactory condition.

The piping consists of a combination of brass, and copper. The above appeared to be in satisfactory condition at the time of Inspection. There are no pumps and/or pressure tanks utilized.

XX. SANITARY AND STORM SEWER DRAINAGE

The building has a sanitary and storm sewer system. The building has approximately six inch (6") + cast iron sewer main. There is a sump pump located in the boiler room. The sanitary and storm sewer system appeared to be in satisfactory condition with the exception of the drains which require cleaning.

XXI. PERMITS

The landlord stated that all required Permits and Certificates will be submitted prior to closing.

XXII. HEATING

There are two (2) No. 2 oil fired boilers in the building. One boiler is utilized as a backup (Boiler B). It is provided at the cellar level. The heating plants were in operating condition at the time of inspection.

Boiler AHeating Plant Specifications

Boiler Make:	Federal (one)
Boiler Model Number:	Not Available
Burner Make:	Power Flame
Burner Model Number:	C4-0

There is one 10,000 gallon + storage tank provided at the building.

There are two (2) mixing valves utilized by the Heating Plants. The hot water heater is generated by a coil immersed within the boiler.

The above boiler plants are of original installations and are in fair condition for their age. Both boilers require insulation jacket repairs.

The apartments are heated by steam fin convectors. The hot water system utilized hot water circulating pumps.

The boiler is controlled by a Heat Timer. All the boiler controls and service switches are mounted on the boiler room walls.

XXIII. GAS SERVICE

The gas service enters the building at one (1) location from the Wendell Street main into a central gas meter. The gas service main is approximately a four inch (4") + gas main and feeds the entire building with gas energy. The landlord is individually billed by the Lilco Utility Company for all of the gas energy utilized in the building. The above appeared to be in satisfactory condition at the time of inspection.

XXIV. AIR CONDITIONING

There are no central air conditioning systems located on the building Site. The apartments are equipped with through wall sleeve air conditioning units. The landlord presently owns and maintains the air conditioner units installed in the tenants apartment.

The majority of the units are in fair condition for their age and are of original installation.

The electrical air conditioning wiring in the inspected apartments is adequate for the units that have been installed by the tenants.

Manufacturer: Chrysler

Model: Air Temp Units

BTU Rating: Studio 14,800. Other apartments (7,700 btu per room)

Volts: Some 110 volt

Some 220 volt

XXV. VENTILATION

Ventilation throughout the public corridors/bathrooms, kitchen compactor closets and equipment rooms is achieved by exhaust ducts and roof located mechanical ventilation fans.

The apartments are ventilated by operable windows.

The laundry room is ventilated by exhaust fans. The laundry gas dryers are vented to the exterior via exhaust duct work.

At the time of inspection, all of the above was observed to be in satisfactory condition.

XXVI. ELECTRICAL SYSTEM

The electrical service enters the building from the Lilco Electrical main on Wendell Street into a Lilco service end box. The service end box then feeds into a 40 amp, 4 wire, 3 phase, 110/220 volt main disconnect switch.

The Main Disconnect Service Switch feeds a four (4) tenant electrical meter banks. Each apartment has its own 110/220 volt, 3 wire, electrical meter. Each apartment has a 40 amp 110/220 volt electrical service.

Located above the tenant electrical meter banks are 110/220 volt, circuit breaker type vertical distribution panels which service each tenant apartment with a 110/220 volt circuit breaker type distribution service.

In addition, the main Disconnect Service Switch also supplies a landlord 4 wire, 110/220 volt, electrical meter and 110/220 volt electrical distribution panels (public lighting and power).

There is exposed wiring and storage throughout the electrical meter rooms. These conditions should be corrected. These are in violation of the National Electrical Code.

Each apartment has a 110/220 volt circuit breaker type distribution panel located within the apartment.

A generator is provided for the building. The generator is utilized for emergencies and is capable of providing lighting and power for all common areas including elevators during a blackout.

The electrical service is adequate for today's usage.

Ceiling lights are provided, in general, in foyers, kitchens, halls, dining rooms areas and bedrooms. Wall mounted fixtures with a convenience outlet are provided in the bathrooms. There seems to be an ample amount of duplex convenience grounded outlets well dispersed throughout a typical apartment unit. Depending upon the actual size of the room there are generally 3-5 outlets provided per room. The apartments utilize pull chain type lighting fixtures.

Specifications of Generator

Manufacturer: Onan Electrical Panel

Model No: 35ED-4R8-895D

Engine Generator Rating: 35 KW

RPM: 1800, 121 AMPS

USE: 12 volt battery

Generator: 43.75

P.F.: .8

Phases: 3 ph, 4 wire, 110/220 volt

A. INTERCOMMUNICATION AND/OR DOOR SIGNAL SYSTEMS

There is a master intercommunication within the building. The master station is located in the lobby vestibule of Entrance A. The system appears to be in good condition. The system permits 2-way conversation between apartments and the master station.

The inspected apartment entrance doors are equipped with doorbells and peepholes.

B. TELEVISION RECEPTION FACILITIES

There is a master antenna mounted on the roof of the apartment building. Cablevision is provided at the site for subscribing tenants.

C. EXTERIOR LIGHTING (On Site)

There are sodium vapor and fluorescent lighting fixtures provided at the perimeter of the building.

XXVII. RECREATION FACILITIES

A. SWIMMING POOL: None Provided

B. TENNIS COURTS: None Provided

XXVIII. VIOLATIONS

There is an official search pending with the Village of Hempstead Department of Buildings, and upon receipt will be forwarded as an addendum to this report.

XXIX. UNIT INFORMATION

Approximately twenty-five percentage of the apartments were visited. The apartments have similar types of finished materials and coverings throughout the building. The following were our findings:

The majority of the apartments visited contained wood floors, gypsum walls, and gypsum ceilings. The bathrooms had ceramic floors and wainscots, gypsum board walls, and gypsum board ceilings.

Each bathroom was observed to contain an American Standard type water closet and an American Standard type lavatory. All the inspected bathroom fixtures appeared to be in satisfactory condition at the time that this inspection was conducted.

It was observed that the kitchens in the apartments visited has resilient tile and/or linoleum flooring, gypsum walls, and gypsum board ceilings. The kitchen cabinets are of laminated wood and have laminated wood doors. The kitchen counter tops are of formica construction. The kitchen cabinetry and fixtures appeared to be in satisfactory condition at the time of inspection and are of original installation.

There was no laundry equipment observed within the inspected apartments. The laundry equipment for the building is located within the laundry room.

The kitchen appliances located within the apartment were observed to be of the following:

The apartments have a combination range and oven unit. The unit is gas. The stove has four (4) burners. The majority of the units were manufactured by "Welbilt" and were in satisfactory condition.

The landlord refrigerators supplied within the units are all double door units. All of the inspected refrigerators had freezer tops and were in satisfactory condition. The majority of the refrigerators observed were manufactured by "General Electric". There were Caloric dishwashers observed in the majority of the inspected apartments.

It was observed that several of the bathrooms require tile repairs and regrouting.

FINISHED SCHEDULE OF ROOMS WITHIN THE APARTMENTS

<u>ROOM</u>	<u>FLOOR</u>	<u>WALLS</u>	<u>WAINSCOT</u>	<u>CEILING</u>	<u>APPROX. CEILING HT.</u>
Bedrooms	Wood	Gyp. Bd.	---	Gyp. Bd.	8'+
Kitchen	Linoleum/ Resilient Tile	Gyp. Bd.	---	Gyp. Bd.	8'+
Bathroom	Ceramic Tile	Gyp. Bd.	Ceramic Tile	Gyp. Bd.	8'+
Living Room	Wood	Gyp. Bd.	---	Gyp. Bd.	8'+

FINISHED SCHEDULE OF SPACES OTHER THAN UNITS

<u>ROOM</u>	<u>FLOOR</u>	<u>WALLS</u>	<u>COVE BASE</u>	<u>CEILING</u>	<u>APPROXIMATE CEILING HT.</u>
Storage Rooms	Concrete	Masonry	None	Masonry	10'+
Service Corridor	Resilient	Gyp. Bd.	None	Suspended	8'+
Meter Rms.	Concrete	Masonry/ Gyp. Bd.	None	Masonry	10 - 15'+

Boiler Room	Concrete	Masonry	None	Masonry	15'+
Compactor	Concrete	Masonry/ Gyp. Bd.	None	Masonry/ Suspended	15'+
Super. Shop	Concrete	Masonry/ Gyp. Bd.	None	Suspended	10'+
Laundry	Resil. Tile	Gyp. Bd./ Masonry	None	Suspended	8'+

ALL CORRIDORS

<u>FLOOR</u>	<u>WALLS</u>	<u>CEILING</u>	<u>APPROXIMATE CEILING HT.</u>
Carpet	Gyp. Bd.	Suspended	8'+

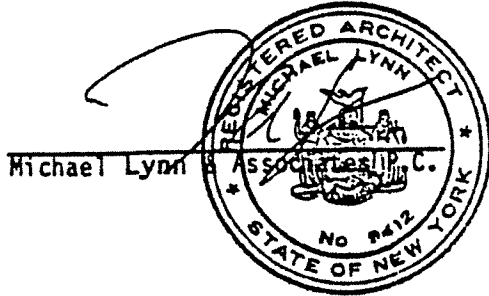
XXX. FIRE PROTECTION SYSTEM

There is a separate standpipe and sprinkler systems located within the building. Standpipe and sprinkler systems are required for the property under the local code requirement for Fire Protection.

The compactor room and all kitchen are supplied with sprinkler heads. The kitchen heads are all in the downright position. The compactor room heads are in the upright position. The piping consists of standard weight steel pipe. The system appeared to be in fair condition at the time of inspection, but we recommend that the entire system be checked to insure its proper working order. In addition, there is a separate standpipe system servicing the fire stairs. There are hoses, nozzles and globe valves provided at every stair landing. The Fire Protection Mains and siamese connectors are located in the vicinity of Service Entrance A and are accessible from Atlantic Avenue. The aforementioned system appeared to be in fair condition at the time of inspection. We recommend that the system be tested to insure its proper working order.

The public corridors and apartments are equipped with battery operated smoke detectors. The above is in compliance with the local requirements.

We hereby affirm that the above report is an unbiased opinion arrived at without inducement of any kind.



**KASELAAN
& D'ANGELO**

ASSOCIATES, INC.

BOSTON • LOS ANGELES • NEW YORK • PHILADELPHIA

SURVEY FOR
LOCATION
OF
ASBESTOS-CONTAINING MATERIALS

AT
20 WENDELL STREET
HEMPSTEAD, NEW YORK

FOR
MICHAEL LYNN ASSOCIATES INC.
300 PARK AVENUE SOUTH
NEW YORK, NEW YORK

NOVEMBER 11, 1987
K&D PROJECT #2857-84

SURVEY FOR
LOCATION
OF
ASBESTOS-CONTAINING MATERIALS

AT
20 WENDELL STREET
HEMPSTEAD, NEW YORK

NOVEMBER 11, 1987
K&D PROJECT #2857-84

PREPARED BY: *Charles Abner* *For*
Charles Abner
Project Manager
Certified NYC Asbestos Investigator

REVIEWED BY: *Michael C. Quinlan*
Michael C. Quinlan
Division Manager

TABLE OF CONTENTS

- 1.0 EXECUTIVE SUMMARY
- 2.0 BUILDING SURVEY
 - 2.1 BASEMENT/BOILER ROOM
 - 2.2 GROUND/LOBBY LEVEL
 - 2.3 ROOF
 - 2.4 LIVING AREAS
 - 2.5 GARAGES
- 3.0 PROCEDURES AND METHODOLOGY
- 4.0 ASBESTOS AND HEALTH
- 5.0 CERTIFICATES OF ANALYSIS
- 6.0 CONCLUSIONS AND RECOMMENDATIONS
- 7.0 APPENDIX
 - A. LISTING OF ASBESTOS MATERIALS
COMMONLY FOUND IN BUILDINGS
 - B. DEFINITIONS
 - C. DEFINITIONS OF CORRECTIVE ACTIONS
 - D. COMPARISON OF ASBESTOS ABATEMENT
METHODS FOR SURFACING MATERIALS
 - E. NJ ASBESTOS MANAGEMENT PROGRAM
 - F. QUALIFICATIONS PACKAGE

THIS DOCUMENT CONTAINS PROPRIETARY INFORMATION OF KASELAAN & D'ANGELO ASSOCIATES, INC. AND MAY NOT BE REPRODUCED OR USED WITHOUT EXPRESS WRITTEN PERMISSION OF KASELAAN & D'ANGELO ASSOCIATES, INC.

(C) COPYRIGHT KASELAAN & D'ANGELO ASSOCIATES, INC. 1987
ALL RIGHTS RESERVED.

1.6 Executive Summary

Kaselaan & D'Angelo Associates, Inc. has conducted an inspection for the presence of friable asbestos containing materials at 20 Wendell Street, Hempstead, New York. The inspections were conducted on October 1, 1987 by Mr. Charles A. Abner in the accompaniment of the building superintendent.

The purpose of the survey was to identify the presence and condition of asbestos containing construction and insulation materials and to offer recommendations for the proper corrective action.

A total of thirty living units and all utility spaces were available for inspection during the survey. Only readily visible and accessible interior building materials that were suspected of containing asbestos were sampled. No exterior materials were examined and no exploratory demolition was performed.

This report identifies the area surveyed and the general conditions relative to asbestos. In summary, asbestos containing materials have been located. The condition of some of the material warrants immediate attention. An on-going Asbestos Management Plan and continued surveillance are recommended until appropriate corrective action can be taken.

2.0 Building Survey

The apartment building located at 20 Wendell Street, Hempstead, New York was surveyed for the presence of friable asbestos containing materials. This seven story, 240 unit building was constructed in approximately 1965. The basement level contains only the boiler room. All utility areas are located on the ground floor (lobby) level. Open air garages are located outside under the first floor apartments. Two boilers in the basement supply heat and hot water to the building. Heat is supplied by means of steam radiators. Air conditioning is provided by tenants by means of individual window mounted units. Construction is of steel, brick and concrete. There are three elevators.

2.1 Basement/Boiler Room

The boiler room contains two 12' long x 10' high x 6' wide boilers which are insulated with asbestos containing cementitious materials covering fiberglass insulation. This material is in fair condition. Repair and maintenance is recommended. The 3' wide x 3' high x 35' long boiler breeching is insulated with cementitious asbestos containing material covering fiberglass insulation. This material is in fair to poor condition. Repair and maintenance is recommended. Approximately 200 linear feet of asbestos aircell pipe insulation with asbestos containing cementitious elbow packing is present in the boiler room. This material is in fair to poor condition. Removal is recommended.

The trash compactor room is located on the basement level. This room has approximately 20 linear feet of asbestos containing aircell pipe insulation with asbestos containing cementitious elbow packing. This material is in fair condition. Repair and maintenance is recommended.

2.2 Ground/Lobby Level

The electric meter room has approximately 20 linear feet of asbestos containing aircell pipe insulation with asbestos containing cementitious elbow packing. This material is in fair to good condition. Sealing of open joints is recommended. There is also approximately 10 linear feet of non-asbestos containing brown-paper pipe insulation with asbestos containing cementitious elbow packing. This material is in fair to good condition. Minor repair of the elbow insulation is recommended.

The hallway has vinyl floor tile. This has been analyzed using polarized light microscopy and the results indicate that the tile does not contain asbestos. Lay-in acoustical ceiling tile in the hallway (representative of the ceiling tile in most of the building hallways) has been analyzed and determined not to contain asbestos. Wall plaster from the hallway has been analyzed and determined not to contain asbestos. There are several non-acoustical type 2'x4' lay-in ceiling tiles in the hallway. These tiles are composed of asbestos containing transite board. All outside suspended ceiling tiles in the garage area of this building are composed of this material. Transite board is considered non-friable unless broken, sawed, drilled or otherwise altered.

The plumbing room has approximately 55 linear feet of asbestos containing aircell pipe insulation with asbestos containing cementitious elbow packing. This material is in fair condition. Repair and maintenance is recommended.

The first storage room (from the northern end of the hallway) has approximately 26 linear feet of asbestos containing aircell pipe insulation with asbestos containing cementitious elbow packing. This material is in fair condition. Repair and maintenance is recommended.

The second storage room has approximately 40 linear feet of asbestos containing aircell pipe insulation with asbestos containing cementitious elbow packing. This material is in fair condition. Repair and maintenance is recommended.

The third storage room which was once used as an apartment and is typical of the ground floor apartments has a 1'x1' spline-type acoustical suspended ceiling which is composed of non-asbestos containing material. Exposed beams above this ceiling are not insulated. Floors are covered with vinyl floor tile similar to the floor tile in the hallways. Above the suspended ceiling there is approximately 110 linear feet of asbestos containing aircell pipe insulation with asbestos containing cementitious elbow packing. This material is in fair condition. Minor repair and periodic maintenance is recommended.

The ground floor hallway in the area of the apartments has an undetermined quantity of asbestos containing pipe insulation above the ceiling. This material appears to be in good condition. Deferred action is recommended at this time.

The shop has non-asbestos containing acoustical ceiling tile, with an undetermined quantity of asbestos containing pipe insulation above the ceiling. This material appears to be in good condition. Deferred action is recommended at this time.

The rental office also has non-asbestos containing acoustical ceiling tile with asbestos containing pipe insulation above the ceiling. This material appears to be in good condition. Deferred action is recommended at this time.

The porter room has non-asbestos containing acoustical ceiling tile with asbestos containing pipe insulation above the ceiling. This material is in good condition. Deferred action is recommended at this time.

In the laundry room, there is approximately 50 linear feet of asbestos containing aircell pipe insulation with asbestos containing cementitious elbow packing. This material is in fair condition. Repair and maintenance is recommended.

2.3 Roof

The roof is composed of a flat tar deck. There are no visible friable asbestos containing materials on the roof. There are also no visible friable asbestos containing materials in the elevator mechanical houses or in the cable television room.

2.4 Living Areas

Typical living area construction on floors 1 through 6 consists of sheetrock and wood stud walls, sheetrock ceilings, wood floors, and concrete decking. All hallways on these floors are carpeted and have acoustical tile suspended ceilings with uninsulated concrete decking exposed above the ceilings. There are no visible asbestos containing materials in the hallways.

Typical living area construction on the ground floor consists of sheetrock and wood stud walls, suspended non-asbestos containing acoustical tile ceilings, vinyl tiles over concrete deck floors. The plenum above the suspended ceiling, in all surveyed ground floor units, has asbestos containing pipe insulation with asbestos containing elbow and valve fitting insulation. These lines are enclosed by the 1'x1' spline-type suspended ceiling. The hallway on this floor has vinyl floor tile over concrete decking. There is asbestos containing pipe insulation with asbestos containing elbow and valve fitting insulation on the lines above the suspended ceiling in the ground floor hallway in the area of the apartments.

A total of thirty living units were assessed.

9A	18A	38A	3B	25B	32B	38B	18C	22C	25C
26C	33C	1D	2D	5D	14D	17D	22D	2E	10E
11E	23E	8F	11F	20F	23F	34F	35F	38F	L6

No risers were exposed in any of the apartments accessed. No asbestos containing materials were located in association with the radiators in any of the units accessed. No asbestos containing materials were located in any units on floors 1 through 6.

Asbestos containing pipe insulation is located above the suspended ceilings in the ground floor apartments. Because this material is enclosed, deferred action is recommended at this time.

2.5 Garages

This building has two outside garages located at ground floor level under the first floor living units. They have asphalt decks, concrete block walls, suspended ceilings, and concrete decks with steel beams and columns exposed above the suspended ceilings.

Northern Garage

The lay-in type grid suspended ceiling consists of approximately 13,800 square feet of 2'x4' asbestos containing transite board ceiling panels. This material is in good condition and deferred action is recommended at this time.

The location and condition of other asbestos containing materials in the garage are listed below:

Pipe Insulation

Along the eastern wall of the garage, there is approximately 30 linear feet of aircell pipe insulation with asbestos containing elbow insulation. This material is in poor condition. Removal is recommended. There is also approximately 25 linear feet of aircell pipe insulation with asbestos containing elbow insulation along the northern wall of the garage near the northeast corner. This material is also in poor condition. Removal is recommended. Several hundred feet of aircell pipe insulation is present above the suspended ceiling. The exact quantity of this material has not been determined due to access constraints. This material appears to be in good condition and deferred action is recommended at this time.

Along the northern wall of the garage, there is approximately 290 linear feet of asbestos containing brown paper pipe insulation with cementitious elbow insulation. This material is in fair condition. Repair and maintenance is recommended. There is one elbow near the north wall entrance to the garage which is insulated with asbestos containing material in very poor condition. Removal is recommended.

Sprayed-on Fireproofing

Approximately 50 percent of the beams above the suspended ceiling are covered with friable, asbestos containing, sprayed-on fireproofing. Overspray partially covers the concrete deck. Most of the ceiling panels appear to be contaminated with asbestos debris from the sprayed-on fireproofing.

The lower surface of one beam and the tops of several columns along the southern perimeter of the garage are covered with friable asbestos containing fireproofing in poor condition. This material is exposed to the ambient environment. Removal of this material is recommended.

Western Garage

The lay-in type grid suspended ceiling consists of approximately 2880 square feet of 2'x4' asbestos containing transite board ceiling panels. This material is in good condition and deferred action is recommended at this time.

The location and condition of other asbestos containing materials in the garage are listed below:

Pipe Insulation

There is aircell pipe insulation with asbestos containing elbow insulation present above the suspended ceiling. The exact quantity of this material has not been determined due to access constraints. This material appears to be in good condition and deferred action is recommended at this time. No other pipe insulants are visible in this area.

Sprayed-on Fireproofing

Approximately 200 square feet of asbestos containing sprayed-on asbestos containing fireproofing is present on the outer perimeter beam. This material is friable and is exposed to the ambient environment. Removal is recommended.

3.0 Procedures and Methodology

The inspection was characterized by close visual inspection of selected areas. Observations were made for asbestos-containing floor tiles, fireproofing on structural beams or decking, insulation on mechanical surfaces (boiler, pipe, duct, etc.) above ceilings or walls or in mechanical spaces. Suspect materials were inventoried and examined for evidence of deterioration, damaged and/or exposed friable material, and potential for disturbances as a result of normal activity.

Guidelines utilized were those established by the Environmental Protection Agency in the Asbestos School hazard Detection and Control Act of 1980 (P.L. 96-270), EPA's 1982 publications Friable Asbestos-Containing Materials in Schools, Identification and Notification published in the Federal Register, 40 CFR Part 763, May 27, 1982, and EPA's 1985 publication Guidance for Controlling Asbestos-Containing Materials in Buildings (Office of Pesticides and Toxic Substances, Doc. No. 560/5-85-024).

The inspection and rating system that has been developed in these documents considers eight factors in determining the likelihood and extent of airborne asbestos within a building environment as well as developing an appropriate corrective action. These factors include a material's condition, extent of water damage, amount of exposed area, accessibility, amount of activity, proximity to air supply, friability, and asbestos content. Combination of these factors is an aid in assessing exposure to airborne asbestos and prioritizing several buildings or areas within a single building of corrective action.

All samples were analyzed by Polarized Light Microscopy with dispersion staining as described by the Interim Method of the Determination of Asbestos in Bulk Insulation, Federal Register/Volume 47, No. 103/May 27, 1982. This is a standard method of analysis in optical mineralogy and a definitive method for determination of asbestos in bulk samples. A suspect material is immersed in a solution of known refractive index and subjected to illumination by polarized light. Characteristic color displays which result enable mineral identification.

Some non-friable materials, such as vinyl asbestos tile, are not specifically addressed by EPA regulation but nonetheless require special consideration. The abrasion and/or damage that is likely to occur to this material from excessive wear, abrasive sanding or stripping, or removal within a construction zone is likely to release asbestos fibers, although the asbestos content in the tiles may go undetected by standard

Polarized Light Microscopy (PLM). The original fabrication of these tiles routinely involved milling of asbestos fibers to extremely small sizes so they could be incorporated within the binding matrix of the tile. As a result, these fibers may not be large enough to adequately diffract the polarized light into detectable patterns for the PLM microscopist. Scanning Electron/Transmission Electron Microscopy is required for a more definitive analysis of these materials. Kaselaan & D'Angelo Associates, as a matter of policy, recommends Electron Microscopy analysis for any sample revealing 1% asbestos by standard PLM.

The survey has been conducted on August 21, 1987 by Mr. Charles Abner from Kaselaan & D'Angelo Associates (K&D). Samples were hand transferred to our New Jersey laboratory where they were analyzed as described above. K&D's laboratory has been deemed proficient by the EPA Bulk Sample Quality Assurance Program (No. 2187).

Proper sampling requires a minimum of three samples per sampling area where surface coatings (i.e. ceiling acoustical plaster or spray fireproofing) are encountered. Obtaining multiple samples reduces the errors inherent in the analytical procedure in addition to accounting for variations in preparation and application at the time of original construction.

4.6 Asbestos and Health

Asbestos is a commercial name for several naturally occurring, fibrous, inorganic minerals. Due to its characteristics of high tensile strength, heat and chemical resistance, and excellent frictional properties; asbestos has found use in over 3,000 manufactured products. It has been commonly used in building materials since the early 1900's. Asbestos consumption in the US peaked in 1972 at about 800,000 tons per year.

The inhalation of asbestos fibers has been associated with the following diseases in humans:

ASBESTOSIS: A fibrosis (or scarring) of the lungs due the accumulation of asbestos fibers. This disease results from exposure to very high doses of asbestos for many years and is almost exclusively limited to workers in asbestos industries.

LUNG CANCER: Numerous studies have demonstrated the increased incidence of lung cancer among individuals exposed to asbestos. Cigarette smokers who are also exposed to asbestos have the greatest risk of lung cancer.

MESOTHELIOMA: A cancer of the lining of the lung (pleura) or abdomen (peritoneum). This is an extremely rare form of cancer almost always associated with asbestos exposure.

GASTROINTESTINAL CANCER: Persons exposed to asbestos also appear to have an increased incidence of GI cancer.

There are no known acute (short term) effects from exposure to asbestos. The diseases associated with asbestos (noted above) show a latency period in that they develop within 10-40 years following initial exposure.

The occurrence of an asbestos related disease is thought to be influenced by the type of mineral, fiber morphology, concentration, and duration of exposure. Most people with asbestos related diseases were exposed to high levels of asbestos while working in asbestos related industries prior to 1972 (US EPA - June 1985).

The Federal Occupational Safety and Health Administration (OSHA) regulates workplace exposures to asbestos. These standards are intended to prevent adverse health effects in employees exposed for a working lifetime (45 years). The current OSHA "permissible exposure limit" for asbestos is an 8-hour time weighted average concentration of 0.2 fibers/cc with an "action limit" of 0.1 fibers/cc. When personal exposures exceed these limits employers are required to provide engineering controls and/or personal protective equipment to reduce the exposure. In addition, extensive monitoring, training, medical surveillance, and other requirements are necessary.

At present, there are no standards governing "non-occupational" exposures to asbestos (such as occurs in schools, office buildings, etc.). This is partly due to the continued controversy over a "safe" level for asbestos exposure. In other words, does a concentration or threshold of exposure exist at which no disease would result?

Scientific and medical opinion, based on risk assessment models and what is known as the one fiber theory of cancer induction, contends that it is not possible to demonstrate a level at which no effects would occur. Indeed, in a report to the US Consumer Products Safety Commission, the Chronic Hazard Advisory Panel on Asbestos (July 1983) stated:

"From a public health standpoint, and in the absence of final clarifications of the uncertainties, it is prudent to behave as if asbestos fibers may be carcinogenic at low level exposures and at small particle sizes."

However, some current research suggests that the risk due to exposures in buildings under routine use is negligible. Sawyer (1986) cites several papers which purport to identify exposures at which increased disease in a population cannot be defined.

The Federal EPA has recommended, and several states (including the NJ Department of Health) have mandated, limits for "acceptable" concentrations following asbestos removal work in schools. These are currently in the range of 0.01 fibers/cc. Again, while these are not exposure standards they can serve as a basis for comparison.

While construction materials containing asbestos have been used extensively in schools and other buildings, the presence of asbestos in a building does not mean that the health of the occupants is endangered. If the asbestos material remains in good condition and is not likely to be disturbed, exposure will be negligible. However, if the asbestos material is damaged or disturbed (during maintenance, repairs, or renovation conducted without proper controls), asbestos fibers are released. These fibers can create a potential hazard for building occupants (US EPA June 1985). Of particular concern are friable asbestos containing materials. These can release asbestos fibers when contacted with minimal pressure, or subject to excessive vibration, air velocity, or other mechanical forces.

As with any toxic material, if there is no exposure, there will be no effect. If asbestos cannot be detected in the settled dust of an occupied space, and it is not airborne, then there can be no exposure and thus no hazard to health.

References

- EPA, 1985 "Guidance for Controlling Asbestos-Containing Materials in Buildings". US EPA, Office of Pesticides and Toxic Substances, Washington, DC EPA 560/5-85-024
- Sawyer, Robert N. "Asbestos Exposure: Health Effects Update". Special Report of the Asbestos Information Center, Center for Environmental Management, Tufts University, No. 1, October 1986.

5.0 Certificates of Analysis

KASELAAN & D'ANGELO

ASSOCIATES, INC.

Environmental Science and
Engineering

ASBESTOS BULK SAMPLE ANALYSIS DATA

Client: Michael Lynn Associates
Site: 20 Wendell Street, Hempstead, New York
Project No.: 2857-83
Sampling Date: 10/1/87
Collected by: C. Abner

SAMPLE #	LOCATION	MATERIAL SAMPLED	ASBESTOS (%/TYPE)	OTHER FIBROUS MATERIALS (%)	NON-FIBROUS MATERIALS (%)
01	Boiler Room	Boiler insulation	60% Chrysotile		40% Binder
02	Boiler Room	Boiler breaching insulation	55-60% Chrysotile		40% Binder
03	Boiler Room	Aircell pipe insulation on 4" line	45% Chrysotile	40% Cellulose	15% Unspecified
04	Boiler Room	Elbow insulation	25% Chrysotile	35% Mineral Wool	40% Binder
05	Boiler Room	Aircell pipe insulation on 2 1/2" line	45% Chrysotile	40% Cellulose	15% Unspecified
06	Boiler Room	Elbow pipe insulation	20-25% Chrysotile	35% Mineral Wool	40% Binder
07	Boiler Room	Plaster on 9" x 9" vertical column	None Detected		100% Vermiculite & Unspecified
08	Ground Floor, Electric Meter Room	Brown paper pipe insulation	None Detected	98% Cellulose	1-2% Unspecified
09	Ground Floor, Electric Meter Room	Elbow insulation	20-25% Chrysotile	35% Mineral Wool	40% Binder
10	Lobby	1' x 1' white floor tile	None Detected		100% Unspecified
11	Lobby	2' x 4' lay-in acoustical ceiling tile	None Detected	70% Cellulose/ Mineral Wool	30% Perlite & Unspecified

POLARIZED LIGHT MICROSCOPY WITH DISPERSION STAINING
FOR QUALITY ASSURANCE PROGRAM NO. 2187
VIA MICROANALYSIS

James J. Werten
Laboratory Director/Manager

IN APPLICABLES 515 Green Street, Hackensack, NJ 07601 (609) 547-6500

u:2857-83.141

6.8 Conclusions and Recommendations

Based upon the site survey and supported by analytical results the following conclusions and recommendations are offered.

- 6.1 Predominantly only general building systems and common areas were inspected. No demolition into walls or shaftways occurred.
- 6.2 Friable asbestos containing pipe insulation and friable asbestos containing pipe elbow insulation in fair to poor condition has been located in the boiler room and the northern garage. Removal has been recommended for these areas.
- 6.3 Friable asbestos containing sprayed-on fireproofing is present along the southern perimeter beam in the northern garage and eastern perimeter beam in the western garage. Removal has been recommended for this material.
- 6.4 Friable asbestos containing sprayed-on fireproofing is present above the suspended ceiling in the northern garage. Overspray is present on adjacent surfaces. Asbestos containing debris is on the upper surface of the suspended ceiling. Complete enclosure or removal is recommended for these materials.
- 6.5 The suspended ceiling panels in both garages are composed of asbestos containing transite board. This material does not present a hazard in its present form. If alterations or handling of this material is to occur, these activities should take place under asbestos control conditions.
- 6.6 Friable asbestos containing materials in fair condition have been located in the following areas:
 - o Boiler Room
 - o Trash Compactor Room
 - o Electric Meter Room
 - o Plumbing Room
 - o Ground Floor Storage Rooms
 - o Laundry Room

Repair and maintenance has been recommended for these areas.

- 6.7 Asbestos containing pipe insulants in fair to good condition have been located above the suspended ceiling in the following areas:
 - o Ground Floor Hallways
 - o Superintendent's Office
 - o Shop
 - o Rental Office
 - o Porter Room

Deferred action has been recommended for these areas.

- 6.8 Vinyl floor tile present in many areas of the building has been analyzed by Polarized Light Microscopy (PLM). PLM has indicated that this material does not contain asbestos. Often these tiles contain small amounts of asbestos which can remain undetected by PLM analysis. Transmission Electron Microscopy (TEM) analysis is recommended for a more precise determination of asbestos content.
- 6.9 A copy of the state of New Jersey, Department of Health, Asbestos Management Plan is presented in the Appendix. The State of New York (DEC) does not have regulations governing the formulation of programs of this type.
- 6.10 All asbestos activities should be conducted in accordance with all Federal, State, and local regulations.
- 6.11 Random bulk material samples have been collected. Every effort has made to identify all locations and types of asbestos containing insulation and construction materials (See Certificates of Analysis enclosed). Sampling has included multiple samples of the same material chosen at random. However, due to the inconsistencies of insulation manufacturer's processes and installation contractors methods, materials of similar construction may have varied degrees of asbestos. The intention of locating all asbestos materials could only be definitively achieved by conducting exploratory demolition and sampling every section of pipe insulation, every fitting or valve covering, every square yard of fireproofing, and every square foot of other surface coating materials. K&D therefore recommends additional bulk sampling and analysis of all materials in a space prior to renovation or demolition. K&D makes no warranty that all asbestos has been found.

7.0 APPENDICES

- A. LISTING OF ASBESTOS MATERIALS COMMONLY
FOUND IN BUILDINGS
- B. DEFINITIONS
- C. DEFINITIONS OF CORRECTIVE ACTIONS
- D. COMPARISON OF ASBESTOS ABATEMENT METHODS
FOR SURFACING MATERIALS
- E. NJ ASBESTOS MANAGEMENT PROGRAM
- F. QUALIFICATIONS PACKAGE

Listing of Asbestos Materials
Commonly Found in Buildings

Subdivision	Generic Name	Asbestos (%)	Dates of Use
Textiles	cloth		
	blankets (fire)	100	1910-present
	felts:	90-95	1920-present
	blue stripe	80	1920-present
	red stripe	90	1920-present
	green stripe	95	1920-present
	sheets	50-95	1920-present
	cord/rope/yarn	80-100	1920-present
	tubing	80-85	1920-present
	tape/strip	90	1920-present
	curtains (theatre, welding)	60-65	1945-present
Cementitious concrete-like products	extrusion panels:	8	1965-1977
	corrugated	20-45	1930-present
	flexible	30-50	1930-present
	flexible perforated	30-50	1930-present
	laminated (outer surface)	35-50	1930-present
	roof tiles	20-30	1930-present
	clapboard and shingles:		
	clapboard	12-15	1944-1945
	siding shingles	12-14	unknown-present
	roofing shingles	20-32	unknown-present
	pipe	20-15	1935-present
Paper products	corrugated		
	high temperature	90	1935-present
	moderate temperature	35-70	1910-present
	indented	98	1935-present
	millboard	80-85	1925-present

Subdivision	Generic name	Asbestos (%)	Dates of use
Roofing felts	smooth surface	10-15	1910-present
	mineral surface	10-15	1910-present
	shingles	1	1971-1974
	pipeline	10	1920-present
Asbestos-containing compounds	caulking putties	30	1930-present
	adhesive (cold applied)	5-25	1945-present
	joint compound		1945-1975
	roofing asphalt	5	unknown-present
	mastics	5-25	1920-present
	asphalt tile cement	13-25	1959-present
	roof putty	10-25	unknown-present
	plaster/stucco	2-10	unknown-present
	spackles	3-5	1930-1975
	sealants fire/water	50-55	1935-present
	cement, insulation	20-100	1900-1973
Asbestos ebony products	cement, finishing	55	1920-1973
	cement, magnesia	15	1926-1950
		50	1930-present
Flooring tile and Sheet Goods	asphalt/asbestos tile	26-33	1920-present
	sheet goods/resilient	30	1950-present
Wallcovering	vinyl wallpaper	6-8	unknown-present
Paints and Coatings	roof coating	4-7	1900-present
	air tight	15	1940-present

Definitions

Acceptable Air Level: Owners and consultants specific recommended level vs. contaminated level of airborne fibers following asbestos abatement contract work. Reported in fibers/cc. Commonly background level or 0.01 fibers/cc.

Asbestos: A general term used to describe a group of naturally occurring hydrated mineral silicates. Commercially available varieties include chrysotile, amosite, crocidolite, and tremolite.

Ceiling Concentration: The maximum allowable concentration to which a worker may be exposed for any 15 minute period.

CIH: Certified Industrial Hygienist. An individual certified by number, similar to a licensing program, by the American Board of Industrial Hygiene, Akron, Ohio, recognized nationally.

DEC: Department of Environmental Conservation (State of New York)

EPA: Environmental Protection Agency, Federal Region II, New York

Fibers: Means asbestos fibers longer than 5 microns with a length to width aspect ratio of 3:1 or greater.

fibers/cc: Fibers per cubic centimeter air volume

Friable: Any material applied to ceilings, walls, piping, duct work, etc. which when dry, may be crumbled, pulverized, or reduced to a powder by hand pressure.

Health Effects: Studies of humans exposed to asbestos in the work place have revealed findings confirming adverse health effects; increased cancer rates in certain workers, lung abnormalities in asbestos workers' family members, asbestosis, mesothelioma, and digestive cancers.

HEPA: High Efficiency Particulate Absolute, capable of filter efficiency of 99.97% down to .3 microns for a monodispersed aerosol.

l: Liters, as in volume of air

MSHA: Mine Safety and Health Administration

NIOSH: National Institute for Occupational Safety and Health, (U.S. Department of Labor)

OSHA: Occupational Safety and Health Administration (U.S. Department of Labor)

PCM: Phase Contrast Microscopy, commonly 450 magnification. Present NIOSH Physical and Chemical Analytical Method No. 239. Present OSHA accepted method. Method for air samples only and involves counting all fibers greater than 5.0 microns length in a known surface area of filter. Reported in fibers/cc.

PLM: Polarized Light Microscopy, commonly 100X magnification. Present EPA recommended method for the determination of asbestiform mineral fibers in building materials (bulk samples). Involves dispersion staining liquids to match the known refractive index of asbestiform minerals.

Potentially Friable: Any material which in its present, normal, state would be considered hard, firm, encased or well bound, and not readily crumbled or pulverized; which will crumble or pulverize when subject to strong abuse, hard contact or the drilling, cutting, sanding, breaking, etc. associated with construction or demolition activities.

SEM: Scanning Electron Microscopy, magnification 450X through 15,000X. State-of-the-art analytical method for air and bulk samples. Utilizes energy dispersive microanalysis (x-ray) to identify asbestos only fibers. Method involves the counting of fibers, discriminating between less than and greater than 5.0 microns length, in a known surface area of filter.

STP: Standard Temperature and Pressure (70°F and 29.92"Hg)

TEM: Transmission Electron Microscopy, commonly 1,000X through 25,000X. State-of-the-art analytical method for air samples. Utilizes the high magnification to identify asbestos fibers. Method involves the weight of all asbestos fibers present, of any size, and reports in nanograms per cubic meter. Recommended for ambient air evaluations.

TWA: Time Weighted Average - the eight hour averaged airborne concentration to which an employee may be exposed.

Definitions of Corrective Actions

1. Encapsulation

The asbestos material is coated with a bonding agent called a sealant. Sealants penetrate and harden the asbestos material (penetrants) or cover the surface of a material with protective coating (bridging sealants). The sealant prevents fiber release from the asbestos material.

2. Removal

All the asbestos material is taken off the underlying surface, collected, and placed in containers for burial in an approved waste disposal site. EPA has regulations concerning asbestos removal which require specific practices, safety and health procedures, and disposal in an approved waste disposal site.

3. Enclosure

A barrier such as a suspended ceiling is constructed between the asbestos material and the building environment. Since the asbestos material remains, fiber release and fallout continues behind the barrier and accumulation of fibers will occur. This should be considered if any normal maintenance requires the barrier to be removed.

4. Deferred Action

If the exposure potential is considered negligible, no action can be taken. A continuing inspection program should be included in deferred action, and if the condition of the material changes, the exposure potential should be re-evaluated. A strict, published Operations and Maintenance Program, which includes training and equipping maintenance staff, is also required.

COMPARISON OF ASBESTOS ABATEMENT METHODS FOR SURFACING MATERIALS

METHOD	ADVANTAGES	DISADVANTAGES	APPROPRIATE APPLICATIONS	INAPPROPRIATE APPLICATIONS	GENERAL COMMENTS
Encapsulation	Reduces asbestos fiber release from material.	Asbestos source remains and must be removed later.	Material still retains bonding integrity.	Material does not adhere well to substrate.	Containment barriers needed.
	Initial cost may be lower than for removal.	If material is not in good condition, sealant may cause material to delaminate.	Damage to material not likely.	Material is deteriorating or damaged, or damage is likely.	Worker protection needed.
	Does not require replacement of material.	Periodic reinspection required to check for damage or deterioration.	Material not highly accessible.	Water damage is evident.	Airless sprayers should be used.
		Repair of damaged or deteriorating encapsulation surface required.	Material granular, cementitious.	Material is fibrous, fluffy.	Previously encapsulation materials may have to be re-encapsulated.
		Encapsulated surface is difficult to remove and may require dry techniques for eventual removal.	After removal of ACM, if the substrate is porous.		
		Long term costs may be higher than removal.			

COMPARISON OF ASBESTOS ABATEMENT METHODS FOR SURFACING MATERIALS

METHOD	ADVANTAGES	DISADVANTAGES	APPROPRIATE APPLICATIONS	INAPPROPRIATE APPLICATIONS	GENERAL COMMENTS
Removal	Eliminate asbestos source	Replacement with substitute material may be necessary	Can be used in most situations		Containment barriers needed.
	Eliminate need for special operations and maintenance program.	Porous surfaces also may require encapsulation.			Worker protection required.
		Improper removal may raise fiber levels.			Wet removal is required for all types of asbestos. (Amosite will not absorb water with traditional wetting agents.)
					Disposal may be a problem in some areas.
					Unusual circumstances, complex surfaces, and the presence of utilities may require special removal techniques.

15

COMPARISON OF ASBESTOS ABATEMENT METHODS FOR SURFACING MATERIALS

METHOD	ADVANTAGES	DISADVANTAGES	APPROPRIATE APPLICATIONS	INAPPROPRIATE APPLICATIONS	GENERAL COMMENTS
Enclosure	Reduces exposure in area outside enclosure. Initial costs may be lower than for removal unless utilities need relocating or major changes. Usually does not require replacement of material.	Asbestos source remains and must be removed eventually. Fiber release continues behind enclosure. Special operations program required to control access to enclosure for maintenance and removal. Periodic reinspection required to check for damage. Repair of damaged enclosure necessary. Fibers released in dry form during construction of enclosure. Long term costs could be higher than for removal.	ACM is located in a small area (e.g. a column). Disturbances or entry into enclosed area unlikely.	Damaged or deteriorating materials causing rapid fiber release. Water damage evident. Damage or entry into enclosure likely. Ceiling to be enclosed is low.	Containment barriers needed. Use of tools with HEPA filtered vacuum attachments advisable. Worker protection needed

ASBESTOS MANAGEMENT PROGRAM

Wherever asbestos materials are found, an Asbestos Management Program (AMP), with or without remediation, will be required.

When asbestos material is in good condition, presents no current health hazard and has a low potential for future hazards (i.e., from water damage, vandalism, natural deterioration or disturbance), the best course of action will usually be to institute the management program only. Where remediation is indicated, a management program must be implemented until the remediation takes place.

The AMP is a set of procedures designed: (1) to educate building staff and occupants regarding asbestos, (2) to monitor the physical condition of asbestos-containing materials, (3) to minimize the likelihood of fiber release by preventing disturbance of the asbestos material, and (4) to minimize the potential for exposure to building occupants and maintenance personnel. The basic components of the management program (listed below) are applicable to facilities with asbestos pipe and boiler insulation as well as to those with sprayed-on asbestos ceiling and wall materials, whether these materials are friable or not. It should be noted that an effective AMP must be tailored to the materials and conditions found in any particular building. While each of the four components must be implemented, the items within each component will vary according to the hazards identified.

One of the main purposes of the AMP is to protect maintenance and custodial personnel in asbestos-containing buildings. It is these personnel who can be exposed to occupational levels of airborne asbestos and who are generally at greatest risk of developing an asbestos-related disease. This risk is considerably reduced by the implementation of appropriate work practices and cleaning procedures.

The AMP serves to minimize exposure of other building occupants to asbestos. These persons must be informed that the special cleaning and maintenance practices to be used by custodial staff is not an indication that they, the occupants, are being subjected to a considerable health risk. In fact, the essence of an AMP is the contrary situation: An AMP assures occupants that asbestos exposure hazards will not increase over time, and that airborne asbestos levels remain low.

1. Education

- a. Building occupants must be informed of the presence of asbestos-containing materials in the building, the public health impact of the materials found, and the appropriate preventive health measures that they can take (such as avoidance of activities which can result in the disturbance of asbestos materials).

- b. Maintenance personnel must be informed of the presence and locations of asbestos-containing materials in the building, the public health impact of the materials found, and the appropriate preventive health measures that they can take (such as conducting routine visual inspections of material).

2. Monitor asbestos-containing materials

- a. Maintenance personnel and building occupants should be instructed to report promptly to the landlord or building supervisor the presence of any damaged asbestos-containing materials. An appropriate assessment and repairs should be made as soon as possible.
- b. Asbestos-containing materials should be visually checked by trained personnel at least once every other month to identify and correct conditions (such as deteriorated ceiling areas or torn insulation covering) which may contribute to fiber release and which can be readily repaired.

3. Minimize fiber release

- a. A training session must be held for maintenance personnel to advise them that:
 - o Asbestos-containing materials, particularly sprayed-on asbestos ceilings, which are more commonly located in general use areas, must not be disturbed by such activities as nailing, tacking, taping or hanging objects from the asbestos materials;
 - o Routine procedures (such as changing light bulbs) which may disturb asbestos materials should be conducted during off-hours to minimize exposure to building occupants; and
 - o Proper work practices (see below) must be followed at all times but especially during repair jobs.
- b. The presence of asbestos-containing materials should be considered in building master plans; that is, any plan that relates to the future renovation, construction or use of the buildings in question. Particular attention should be given to building renovations and use changes which would be likely to damage or disturb the asbestos materials. The desirability of removal prior to renovation or use changes should be thoroughly evaluated.

4. Minimize exposures

- a. Rugs in areas with asbestos ceilings must be cleaned using a HEPA filter-equipped vacuum. Conventional vacuums will not trap asbestos fibers and will contribute to re-entrainment of fibers in the air.

- b. Wood, tile, or linoleum floors must be wet-mopped or cleaned with a HEPA vacuum. Dry sweeping of floors must be prohibited in areas containing asbestos to minimize re-entrainment of asbestos fibers in the air.
- c. All maintenance employees whose work disturbs asbestos-containing materials must be provided with approved respirators, equipped with filters appropriate for use in asbestos dust-contaminated areas. To function properly, respirators must be individually fitted to provide a tight seal. In addition, disposable body suits with shoe coverings, gloves and hoods must be available for use by maintenance personnel working on or near asbestos materials that may be disturbed.
- d. Any debris from routine maintenance operations that involve asbestos-containing materials must be cleaned up promptly and disposed of properly. Wet mopping and damp wiping of surfaces should be used. All waste and cleaning materials must be disposed of in sealed and labeled 6-mil. plastic bags. These bags should be transported and disposed in a landfill, according to the EPA and local Department of Environmental Protection regulations for asbestos waste.
- e. Large jobs (over 160 square feet or 260 linear feet in 12 months or less) require the use of licensed contractors who employ permitted workers. Maintenance personnel are not allowed to conduct this work. Maintenance staff should, however, report improper contracting work to their supervisors promptly.

PROPER WORK PRACTICES

Whenever you plan to disturb or repair small amounts of asbestos-containing material, check with the local building inspector to determine whether any permits are required for the work to be conducted. When minor repairs are made, appropriate work practices, as noted below, should be used.

- 1. Approved respirators and protective clothing must be worn by any individuals performing asbestos-related work.
- 2. Prior to the start of repair or replacement, adequate warning signs of asbestos dust hazard should be posted outside of all work areas where work on asbestos-containing materials will be conducted.

3. Work areas where asbestos-containing materials will be disturbed must be isolated from the surrounding environment. This enclosure is extremely important where work is to be performed in occupied areas. Furniture and movable equipment should be cleaned and removed from the work area, which should then be sealed off from the surrounding area using 6-mil. thick polyethylene sheeting. The floor and wall surfaces should also be covered with the sheeting. The material and building conditions involved in each job need to be evaluated carefully to develop a proper enclosure.
4. Only personnel essential to a repair operation should be present in an area where asbestos is being worked on or disturbed. This may necessitate that the work not be done during normal school or work hours, so as to avoid possible exposure to other people who usually occupy the area.
5. Release of asbestos fibers from material to be repaired can be controlled by thoroughly wetting the materials. Before repair of asbestos-covered pipes, boilers, hot water heaters, etc., all asbestos-containing material must be thoroughly sprayed (using an electric airless sprayer or a large garden-type insect sprayer) with water, using a wetting agent such as 50% polyoxyethylene ester and 50% polyoxyethylene ether.
6. After wetting the material to be repaired, every effort should be made to minimize disturbance of the material. Lagging adhesive, mixed and applied while wearing gloves, should be used to repair damaged pipe or boiler insulation. Wet cheesecloth may also be wrapped around the damaged area, then sealed with a lagging adhesive or other sealant. Enclosure with canvas, wood or metals may be suitable for the repair of pipe and boiler insulation. Under special conditions, glove bags can also be used to minimize worker exposure and environmental contamination.
7. Employees must not smoke, drink or eat in areas where they are repairing asbestos-containing materials.
8. All gross contamination of the workers or their disposable clothing should be removed using a HEPA vacuum before leaving the work area. The suits should be discarded as asbestos-contaminated waste, after cleaning up the work area with the HEPA vacuum. Maintenance employees must have access to shower facilities after performing asbestos-related work activities.
9. The work area must be thoroughly HEPA-vacuumed and wet mopped before any plastic sheeting is taken down. All contaminated clothing, cleaning rags, mops, etc. must be treated and disposed of like asbestos waste.

10. When work is completed, all plastic sheeting used to protect walls, floors, and equipment should be sprayed, dried, rolled up with the contaminated surface inside, and carefully removed in a manner that keeps the contaminated area inside. Sheets of plastic can be rolled up, ends tucked in, placed in plastic bags and sealed.
11. All asbestos waste should be placed in 6-mil. plastic bags, double bagged with visible labels, and securely sealed by knotting the bag.
12. Asbestos waste must be disposed of in accordance with the regulations of the Department of Environmental Protection.
13. Unless no alternative is available, all future use of asbestos cement, insulation gaskets, etc. should cease.
14. Outside contractors, who will be working in an area where asbestos materials are located, should be advised of its presence and cautioned to prevent disturbance of the material and possible exposure of the workers.

Asbestos repair jobs in tunnels, crawl spaces and plumbing access spaces are likely to present unique conditions which will require modification of the recommended procedures described here. In all instances, however, employees must be provided with respirators and disposable body suits, and every effort should be made to minimize airborne fibers and contamination of surrounding areas by enclosing the work area effectively. Work schedules should contain sufficient flexibility so that employees can adjust lunch hours and breaks, without added inconvenience, to ensure proper suit up and adherence to these procedures. Fans or blowers should not be used to ventilate tunnels, basement areas or manholes before or during asbestos repair work.

Whenever possible, asbestos repair projects should not be conducted when the building is in general use.

ORGANIZATIONAL EXPERIENCE

ORGANIZATIONAL SUMMARY

Kaselaan and D'Angelo Associates, Inc. is a highly technical environmental consulting and professional engineering firm, specializing in asbestos abatement projects. We have pioneered the growth of the asbestos control program in New Jersey and have assisted the New Jersey Governors office in the formulation of recent regulations, as well as, assisting other organizations and private industries.

The principals of the firm are environmental scientists with strong engineering and planning backgrounds and extensive hazardous materials experience. Continuing education, technical training and association certification are numerous. The Key personnel include:

Certified Industrial Hygienists	Licensed Architects
Industrial Hygienists	Professional Engineers
Respiratory Protection Specialists	CSI Specification Writers
MS Environmental Scientists	Licensed Survey Crews

The firm is strongly positioned economically. The main office complex located outside of Philadelphia encompasses over 15,000 square feet floor space. K&D also operates a permanent office located in New York, New York and Boston, Massachusetts. Complete performance bonding and line of credit protection is in place through Aetna Insurance Company and the Princeton Bank, respectively. All legal consultation is provided by a retained attorney and staff. Full comprehensive liability as well as A/E Professional Liability (Errors and Omissions) is in place.

The firm began business in the spring of 1979 and became incorporated in the State of New Jersey in September of 1980. The firm is also a registered corporation in Pennsylvania, New York, Massachusetts and has also provided services in Maryland, Delaware, Connecticut, Maine, Alabama, Florida, Louisiana and Texas. K&D is capable of providing services world-wide.

Our professional services range from the private residence to Federal Government and large industry. These services include:

- Engineering; Environmental and Civil
- Architecture; Historical and Interior Renovation
- Asbestos Management
- Comprehensive Industrial Hygiene and Indoor Air Pollution
- Hazardous Materials Management
- Marine and Aquatic Sciences

In regards to Asbestos Qualifications, Kaselaan and D'Angelo Associates offers the following:

1. Comprehensive In-house Asbestos Laboratory, approved Nationally by NIOSH and the U.S. EPA.
2. American Industrial Hygiene Association Laboratory Certification (No. 298) and American Board of Industrial Hygiene Certified Hygienists.
3. National Asbestos Council Approved Training Facility.
4. New Jersey Department of Health Approved Training Facilities, Asbestos Safety Monitoring (No. 0002) and an Asbestos Analytical Facility.
5. Successful completion of Inspection, Design and Monitoring of over 50 million dollars of asbestos removal projects for the United States Veteran's Administration, of Washington, D.C.
6. Successful completion of Inspection, Design and Monitoring of over 60 million dollars of asbestos abatement projects for numerous private clients including such significant Boards of Education as:
 - o The City of Philadelphia, Pennsylvania School District - 300 buildings
 - o The Archdiocese of New York City, New York - 250 buildings
 - o The Lower Merion School District of Ardmore, Pennsylvania
7. Successful completion of Inspection, Design, and Monitoring for such inner city projects as:
 - o James A. Farley Post Office, 33rd & 8th Avenues, New York, NY
 - o ABC Studios, 63rd & Broadway, New York, NY
 - o F.W. Woolworth & Co., New York, NY
 - o R.H. Macy & Co., New York, NY
 - o Prudential Insurance Co., New York, New Jersey, Maryland, Boston
 - o Marriott Corporation, Washington, DC
 - o Union Station Redevelopment, Washington, DC
 - o Chase Manhattan Bank, New York, NY
 - o PSFS - Reading Terminal, Philadelphia, PA
 - o Winthrop Properties, New York, NY

8. Successful completion of inspection for asbestos for such property owners as:

- o American Continental Properties, Inc., New York, NY
- o Bank of New England, Boston, MA
- o Chase Manhattan Bank, New York, NY
- o Cushman & Wakefield, Philadelphia, PA
- o Dorchester Owners Associates, Philadelphia, PA
- o Marriott Corporation, Washington, DC

9. K&D is presently the retained term contractor for:

- o The City of Philadelphia, PA
- o US Postal Service, NE Region
- o The City of Atlantic City, NJ
- o US Veterans Administration, Washington, DC
- o School District of Philadelphia, PA
- o Mutual Life of New York (MONY), National
- o GSA - Federal Government Buildings, States of Maine and Vermont
- o Long Island Railroad Corporation, Long Island, NY
- o R.H. Macy & Company, New York, NY

DAVID BUONOCORE

WORK EXPERIENCE

Industrial Hygiene/
Environmental Field
Technician

KASELAAN & D'ANGELO ASSOCIATES, INC.

Asbestos Abatement project supervision. Monitoring ambient and work zone air quality as per OSHA regulations and project specifications; routinely involved with post abatement air quality to determine suitability for building occupancy; providing technical advice in regards to proper engineering and abatement procedures.

Environmental Manager

Bio Grow Systems

Interface with State and Federal regulatory agencies. Secured all required environmental permits for land application of raw sludge. Conducted field investigations and sampling programs. Coordinated laboratory analysis and prepared reports.

Sales Manager

Reed & Perrine

Supervisor of sales for organic fertilizers and agricultural additives. Coordinate production of special orders.

Supervisor/Crew Leader

Monmouth County Parks Department

Restoration of historical buildings; planning/construction of environmental control projects in County Park System.

EDUCATION AND CERTIFICATIONS

B.A. Geography, Montclair State College, Montclair, NJ

B/86

WM. CHIP D'ANGELO

WORK EXPERIENCE

President

KASELAAN & D'ANGELO ASSOCIATES, INC.

Administration and management of consulting and engineering firm. Supervision of 5 separate divisions to include: asbestos, industrial hygiene, civil engineering, land survey, environmental engineering and marine & aquatic sciences. Sales and coordination with engineers, regulation agencies, industries and municipalities. Responsibilities include costing, proposals, organization and scheduling of field personnel. Coordination with laboratory and outside consultants. Final reporting and invoicing. Project Manager for asbestos exposure sampling and assessment, industrial hygiene process inventory and stack testing.

Field Supervisor
Safety EngineerRoy F. Weston, Inc.

Contract negotiation and pricings. Project supervision. Production control; scheduling of continuous metering; groundwater observation; rainfall/tide observation; and flow isolation. Preparatory cleaning; closed circuit TV inspection; I/I Analysis reports, SSES reports; cost effective analysis; project planning and budgeting. Safety engineer regarding entry into confined system.

Assistant Project
Manager/Project
SuperintendentSouthern Line Cleaning Co.
Puerto Rico Div.

Assistant manager of entire Puerto Rico Division and General Superintendent for all projects on the island. Project manager for internal inspection phases of SSES in Mayaguez, Puerto Rico, and for \$1.5 million SSES in Bayamon Region, Puerto Rico. Engineer/subcontract negotiations and pricing. Complete control of personnel, equipment, finances, field work and report writing.

WM. CHIP D'ANGELO
PAGE TWO

EDUCATION AND CERTIFICATIONS

B.S. Environmental Science, Montclair State College,
Montclair, NJ
Asbestos Worker Certification, State of New Jersey
Department of Treasury

Adjunct Professor

Tufts University, Boston, MA
Asbestos Information Center
Center for Environmental Management

- Instructor for "Supervision of Asbestos Abatement Contracts"

Georgia Institute of Technology
Atlanta, GE
- Instructor for "Supervision of Asbestos Abatement Contracts"

CONTINUED EDUCATION

Georgia Institute of Technology, Architect Engineers Workshop on
Asbestos and Building Evaluations for Asbestos Containing
Materials - Atlanta, GA - 1984

Remediation of Hazardous Waste Sites - The Center for Professional
Advancement, New Brunswick, NJ - 1983

Air Pollution Control Technology, Course 31 - Northrop
Environmental Training Institute, Philadelphia, PA - 1982

Identification of Asbestos - McCrone Research Institute,
Chicago, IL - 1982

Source Sampling and Analysis of Gaseous Pollutants,
Course 468 - EPA Air Pollution Training Institute,
Research Triangle Park, NC - 1981

Source Sampling for Particulate Pollutants, Course 450 -
EPA Air Pollution Training Institute, Research Triangle
Park, NC - 1981

Sampling and Evaluating Airborne Asbestos Dust, No 582 - U.S.
Department of Health, Education and Welfare, NIOSH,
Cincinnati, OH - 1981

Visual Emissions Evaluation Certification - Cook College of
Rutgers University, New Brunswick, NJ - 1980

WM. CHIP D'ANGELO
PAGE THREE

PUBLICATION

"Sophisticated Asbestos Removal, Occupied Buildings and Operating HVAC Systems", paper delivered at National Asbestos Council Full Technical Conference Sept. 23, 1985, Tampa, Florida.

PROFESSIONAL ASSOCIATIONS

American Industrial Hygiene Association
National Asbestos Council
National Association of Environmental Professionals
New Jersey Water Pollution Control Association
Air Pollution Control Association
Engineers Club of Philadelphia

8/86

NEAL FLEMING, CCS

WORK EXPERIENCE

Certified Construction
Specifications Writer/
Project Manager

KASELAAN & D'ANGELO ASSOCIATES, INC.

Designs and writes specifications for asbestos removal, interior and historical renovations. Project co-ordination with in-house architect, drafting department and managers. Recommends and reviews bid documents with owners and architects for contract award. Comprehensive project management.

Environmental Scientist

Conducted field sampling, laboratory determinations, and equipment calibration for Industrial Hygiene determination of gas free atmospheres, stack emissions and atmospheric pollutant studies. Responsible for all phases of environmental/pollutant studies from project design, field surveys, environmental assessments, engineering and construction cost estimates, writing of technical specifications through to report preparation. Acted as field superintendent for water sampling and flow studies. Installed portable/permanent water sampling and gauging equipment.

Assistant Project
Manager
Project Superintendent

Southern Line Cleaning, Co.

Assistant manager of entire Puerto Rico Division and General Superintendent for all projects on the island. Started as field technician on Sewer System Evaluation Survey of the City of Philadelphia. Trained in all facets of this type of project. Have directed field crews, and supervised all actions of project.

EDUCATION AND CERTIFICATIONS

B.S. Environmental Resource Management, Penn State University,
State College, PA
Certified Construction Specifier. The Construction Specifications
Institute
Asbestos Worker Certification, State of NJ Department of Treasury

NEAL FLEMING
PAGE TWO

CONTINUED EDUCATION

Wall & Ceiling Industry's Exposition - Kansas City, MO - 1985

Building Evaluations for Asbestos - Containing Materials -
Georgia Institute of Technology, Atlanta, GA - 1984

Architects and Engineers Workshop - Georgia Institute of
Technology, Atlanta, GA - 1984

Construction Cost Estimating and Bidding - Rutgers University - 1984

Maritime Industries - Competent Person Course - U.S. Department
of Labor Occupational Safety & Health Administration (OSHA) - 1983

Atmospheric Sampling, Course 435 - EPA Air Pollution Training
Institute - 1982

Source Sampling for Particulate Pollutants, Course 450 - EPA
Air Pollution Training Institute - 1982

PROFESSIONAL ASSOCIATIONS

The Construction Specifications Institute
Air Pollution Control Association
National Association of Environmental Professionals
Engineers Club of Philadelphia

8/86

MICHAEL C. QUINLAN, CIH

WORK EXPERIENCE

Certified Industrial
Hygienist

KASELAAN & D'ANGELO ASSOCIATES, INC.

Oversees and/or participates in comprehensive industrial hygiene surveys. Directs asbestos abatement projects, including hazard/risk assessments, preparation of asbestos abatement project plans and specifications, air monitoring and quality assurance inspection services, and preparation of comprehensive technical reports.

Industrial Hygienist

Princeton University

Assisted in providing complete industrial hygiene services to all areas of the University community (academic, administrative, and maintenance departments). Responsibilities included conducting comprehensive industrial hygiene surveys (evaluating employee exposures to health hazards, developing appropriate control methodologies, and communicating the survey results and corrective action); managing the University Hearing Conservation and Respiratory Protection programs; developing the present training programs and seminars related to occupational health and safety (including Right-to-Know); and preparing and reviewing University policy for occupational health.

MICHAEL C. QUINLAN
PAGE TWO

Industrial Hygienist

Arabian American Oil Company (ARAMCO)

ARAMCO, with over 50,000 employees, is the world's largest oil producing company. Additional operations include petroleum refining, NGL production and fractionation, and various support activities such as transportation, maintenance, aviation, laboratory, medical and dental. Major activities included conducting comprehensive field industrial hygiene surveys; developing training programs for specific health hazards; coordinating the activities of staff technicians; and liaising with company audiologist, occupational health physicians, and other environmental organizations.

Industrial Hygienist

US Department of Labor, Occupational Safety and Health Administration (OSHA)

Conducted safety and health compliance inspections at many and varied industries. Prepared case files and presented oral testimony during legal proceedings. Obtained a thorough understanding of OSHA regulations and health hazard abatement procedures.

EDUCATION AND CERTIFICATIONS

M.S. Environmental Science, Rutgers University, New Brunswick, NJ

B.S. Environmental Science, Cook College, Rutgers University,
New Brunswick, NJ. Graduated with honors.

Certified PADI Advanced Open Water Scuba Diver

PROFESSIONAL ASSOCIATIONS

Certified Comprehensive Practice of Industrial Hygiene (ABIH)

American Industrial Hygiene Association (National and Local Sections)

9/86

MARIANNE S. ROGERS, CIH

WORK EXPERIENCECertified Industrial
HygienistKASELAAN & D'ANGELO ASSOCIATES, INC.

Coordinates and/or participates in chemical, industrial hygiene and safety aspects of K&D's programs. Performs industrial site contamination assessments and environmental sampling including New Jersey Environmental Clean-Up and Responsibility (ECRA) projects. ECRA project responsibilities include industrial process descriptions, hazardous waste characterization and design and implementation of sampling and site decontamination plans. Conducts facility surveys for potential health hazards, OSHA compliance and industrial hygiene monitoring programs. Prepares comprehensive technical reports, oversees computer data management programs.

Industrial Hygiene
ChemistNewport News Shipbuilding & Drydock Co.,
Tenneco

Collection and analysis of industrial hygiene samples (OSHA & NIOSH methods), recommendation and implementation of analytical methods, instrument maintenance, selection of new sampling and analytical instruments, analysis of quality control samples to maintain lab accreditation.

Chemical & Biohazard
Safety AnalystOffice of Environmental Health Analyst &
Safety, University of Virginia

On-site safety and industrial hygiene surveys of university labs, coordination of reclamation and disposal of hazardous materials, measure and evaluate employee chemical exposures, lecture on lab safety and toxicology.

MARIANNE S. ROGERS
PAGE TWO

Chemical Assistant

Environmental Protection Agency,
Washington, DC

Review consultant reports on toxicity of effluents from various industrial process to assist in writing Resources Conservation and Recovery Act.

EDUCATION AND CERTIFICATIONS

M.S. Analytical Chemistry, University of Virginia,
Charlottesville, VA

B.S. Chemistry, University of Virginia, Charlottesville, VA

ABIH Certified Industrial Hygienist in Chemical Aspects

CONTINUING EDUCATION

Hazardous Waste Management Seminar - Philadelphia, PA -
UNZ Company - June 1986

American Industrial Hygiene Conference - Dallas, TX - 1986

Legal Aspects of Industrial Hygiene - AIHC Short Course - 1986

Occupational Hazards to Hospital Workers - AIHC Short Course -
1985

Industrial Hygiene Practice at Chemical Waste Sites - AIHC Short
Course - 1985

PCB Regulatory Briefing - Executive Enterprises, Inc. -
Washington, D.C. - 1985

American Industrial Hygiene Conference - Las Vegas, NV - 1985

American Industrial Hygiene Association - Real Time
Monitoring of Air Contaminants - Spring 1985

Gas Chromatography Mass Spectrometry, graduate lecture and lab -
Old Dominion University - Spring 1984

Comprehensive Review for Industrial Hygiene Professionals -
University of Cincinnati - Fall 1982

MARIANNE S. ROGERS
PAGE THREE

Industrial Toxicology - University of North Carolina
Occupational Safety & Health - Summer 1982

Biological Safety Cabinet Certification Course -
NIH/Harvard - Fall 1980

PROFESSIONAL ASSOCIATIONS

American Industrial Hygiene Association
American Chemical Society

8/86

R. CHRISTOPHER SPICER, IHIT

WORK EXPERIENCE

Industrial Hygienist/
Senior Project Manager

KASELAAN & D'ANGELO ASSOCIATES, INC.

Management and Supervision of field hygienists and technicians for asbestos consulting services. Services include hazard/risk assessment, preparation of asbestos abatement project plans and specifications, and air monitoring and quality assurance inspection services during abatement projects.

Design, administration, and instruction of state approved asbestos workers' training course and maintenance/custodial workers' training (New Jersey P.L. 1984, C. 173).

Determination of asbestos hazards in buildings via inspection, bulk material and/or air sampling. Providing documentation and recommendations as well as design information for preparation of asbestos abatement contract documents.

Participation in quality assurance of in-house laboratory analysis of airborne asbestos (NIOSH P&CAM Nos. 239 and 7400); participation in various industrial hygiene surveys.

Monitoring ambient and work zone air Technician/Technical quality as per OSHA regulation and Writer project specifications writer during asbestos abatement. Work has also involved technical advice in regard to appropriate health, safety, and engineering procedures to contractors and/or building owners and project A/E.

R. CHRISTOPHER SPICER
PAGE TWO

EDUCATION AND CERTIFICATIONS

M.A. Environmental Studies, Glassboro State College, Glassboro, NJ

B.A. Biological Sciences, University of Delaware, Newark, DE

Core Certification, IHIT - American Board of Industrial Hygiene

Field Training Instructor - National Asbestos Council/OSHA

Commonwealth of Massachusetts Department of Labor and Industries
Third Party Instructor - Registration 86-347

New Jersey Public School Teacher's Certification - Secondary Science
(Comprehensive)

New York Certified Asbestos Investigator

Adjunct Professor

New York University
School of Continuing Education
Real Estate Institute

CONTINUED EDUCATION

Sampling and Evaluation of Airborne Asbestos - NIOSH - 1984

Asbestos in Schools and Public Buildings - Mt. Sinai School of
Medicine - 1984

Practical Aspects of Industrial Hygiene - American Industrial
Hygiene Assn. - Hartford, Connecticut - 1984

PUBLICATIONS

"Sophisticated Asbestos Removal: Occupied Buildings and Operating
HVAC Systems" (co-author).

"Misinterpretation and Misapplication of Airborne Asbestos Standards
in the Asbestos Control and General Construction Industries"

"Field Evaluation of Asbestos Encapsulants on Asbestos-Containing
Fireproofing" (co-author)

PROFESSIONAL ASSOCIATIONS

American Industrial Hygiene Association
National Association of Environmental Professionals

NICHOLAS DMYTRYSZYN, P.E.

WORK EXPERIENCE

Manager
New York Branch
Civil Engineer

KASELAAN & D'ANGELO ASSOCIATES, INC.

Responsible for the development and complete management of the New York Branch Office of Kaselaan & D'Angelo Associates, Inc. Supervises secretarial and field technical staffs. Duties also include marketing and preparation of technical proposals. Conducts on-site inspection, inventory, assessment and audit of properties for asbestos-containing materials; collects bulk samples, and prepares technical reports.

Environmental
Engineering Manager

The Long Island Railroad, Jamaica, NY

Responsibilities included management of a \$2 million, system-wide asbestos abatement program, investigation and development of remedies for chronic railroad environmental problems: PCB's, hazardous waste, noise and air pollutions, wastewater treatment, oil spills. Reviewed and directed all inter-departmental activities which impact on LIRR environmental controls, and represented the railroad in dealings with all environmental regulatory agencies.

Engineering Group
Manager

NUS Corporation, Edison, NJ

Member of field investigation team for EPA, Superfund Division. Supervised engineers on Superfund sites and on remedial investigations. Designed, implemented, and led field work for mandated 12-month Superfund remedial investigations under EPA's Responsible Party Enforcement program. Planned and conducted sampling of all environmental media for site investigations. Reviewed and evaluated Superfund restoration efforts of other environmental consultants reporting to EPA. Evaluated office field work and analytical data to determine MITRE model ranking; developed recommendations to EPA for further action.

NICHOLAS DMYTRYSYN
PAGE TWO

Project Engineer

Chemtech Consulting Group, Inc., NY, NY

Directed implementation of all environmental regulations for Chemtech clients; monitored effects of regulations for further modification. Prepared hazardous waste manifests and related documentation: engineering feasibility studies for treatment; renewals of discharge permits; development, initiation, and analysis of long-term wastewater sampling programs. Served as Laboratory Field Engineer in 10-month sampling of New York City municipal landfill. Researched market for prospective client-users of Chemtech services.

Engineer

John J. Kassner, Inc., Suffolk Co. Office, NY

Developed designs for Phase I Industrial Wastewater Program to investigate industrial pretreatment and its effects on the sewer system, district, and sewage treatment plant. Developed the district's sewer activation program.

EDUCATION AND TRAINING

M.S., Environmental Engineering, 1982, City College of New York
B.S., Civil Engineering, 1980, City College of New York

Additional training in landfill management (Superfund Training),
NUS Corporation, Pittsburgh, PA

Licensed Engineer in states of New York and New Jersey

11/86

CHARLES A. ABNER

WORK EXPERIENCE

Hydrogeologist

KASELAAN & D'ANGELO ASSOCIATES, INC.

Project Hydrogeologist for hydrogeologic and geologic investigations conducted by K&D. Responsible for the design, implementation, and supervision of subsurface investigations in aquifer studies. Projects have included hydrogeologic studies involving regional and site-specific geologic and soils mapping classification, in-situ testing and computer modeling, and hazardous waste investigations including drilling, sampling, and assessments.

Project Manager

NEW YORK CITY DEPARTMENT OF ENVIRONMENTAL PROTECTION - BUREAU OF WATER SUPPLY

Project Manager responsible for establishing New York City's hydrogeology/limnology work station in the Catskill watershed. Duties included creating hydrogeologic data base for all NYC watersheds; coordinating, designing and conducting field sampling; interpreting, reducing, analyzing and evaluating all pertinent data.

Hazardous Materials Specialist

NEW YORK CITY DEPARTMENT OF ENVIRONMENTAL PROTECTION - BUREAU OF SCIENCE AND TECHNOLOGY, HAZARDOUS MATERIALS CONTROL DIVISION

Project Manager and On-Scene Coordinator for long-term and short-term hazardous materials site investigations. Conducted all field sampling including magnetic and electromagnetic geophysical surveys with surveys of landfills, oil and chemical spill sites and suspect and known buried hazardous materials. Has developed decontamination plans and assisted in project management through contractor selection and award.

CHARLES A. ABNER
PAGE TWO

EDUCATION AND CERTIFICATIONS

M.S. Candidate, Geology, Queens College, City University of New York.
Degree expected 1988.

B.S. Geology, State University of New York, Cortland College

New York Certified Asbestos Investigator

CONTINUED EDUCATION

USEPA Hazardous Materials Training Course "Hazardous Materials Incident Response Operations, Incident Mitigation and Treatment Models, Hazard Evaluation and Environmental Assessment" - 1982

Cornell University, "Aquifer Contamination and Community Response" - 1983

Princeton Associates, "Groundwater Pollution and Hydrology" - 1983

Technology and Regulatory Trends, "Seminar on Leaking Underground Storage Tanks" - 1985

Geological Society of America, Northeastern Section Conference - 1983, 1984, 1985

4/87

BRIAN KEARNEY

WORK EXPERIENCE

Industrial Hygiene/
Environmental Technician

KASELAAN & D'ANGELO ASSOCIATES, INC.

Wide experience in all phases of air monitoring and work practice evaluation on asbestos abatement projects; personal full shift as well as work air monitoring; routinely involved with post abatement air quality and inspection to determine suitability for re-occupancy as well as technical advice to contractors and building owners for proper asbestos abatement procedures.

Determination of potential asbestos hazards in buildings through architectural survey and necessary bulk sampling; interface with design engineers in preparation of contract documents for asbestos abatement projects.

Construction Supervisor

Supervision of construction crews in all phases of home construction/remodeling.

EDUCATION AND CERTIFICATIONS

New Jersey Asbestos Worker's Seminar - State of New Jersey, DEC.
New York Certified Asbestos Investigator

CONTINUED EDUCATION

Supervision of Asbestos Abatement Contracts, Georgia Institute of Technology, Atlanta, GA - 1984

4/87

EDWIN J. HICKS

WORK EXPERIENCEIndustrial Hygiene/
Environmental TechnicianKASELAAN & D'ANGELO ASSOCIATES, INC.

Supervision of asbestos abatement projects. Conducts regular inspections of work areas to assure technical specifications, procedures, and safety practices are adhered to. Also conducts environmental sampling both in and around the work area to determine compliance with applicable OSHA, EPA, and state Department of Environmental Resources regulations and standards. Consults with clients/owners and the contractor on proper abatement procedures and coordination of abatement in proposed phases. Conducts inspections of buildings and collects bulk samples to determine the presence of possible asbestos-containing material and to make evaluation of the potential hazard of those materials.

Environmental
Construction ForemanWright and Kohli Construction Co.

Supervised and directed construction of toxic waste treatment reservoirs, conducted inspections of materials and workmanship to assure compliance with technical specifications and applicable OSHA and EPA regulations.

EDUCATION AND CERTIFICATIONS

Ecology, University of Delaware

KENNETH VAN NORMAN

WORK EXPERIENCESenior Environmental
ScientistKASELAAN & D'ANGELO ASSOCIATES, INC.

Conduct environmental sampling in and around asbestos abatement projects to establish EPA and OSHA compliance. Provides construction inspection regarding proper procedures, adherence to technical specifications and safety and health practices. Conducts building assessments for engineering plans and drawings. Assist in coordination of final reports to clients.

Field Technician

Environmental Monitoring & Consulting Assoc.

Conducted air monitoring for various contractors to comply with EPA and OSHA guidelines. Provided consultation on construction and abatement practices.

Field Survey
TechnicianPennoni Associates

Title, Hydrographic, Topographic surveys, field work.

Marine Biologist

Atlantic Environmental Science, Inc.

Dealt with various sampling methods, instruments, technical readings, and laboratory techniques of the marine sciences. Company specialized in bioassay testing methods and instrumentation.

EDUCATION AND CERTIFICATIONS

B.S. Environmental Science, Stockton State College, Pomona, NJ

"Supervision of Asbestos Abatement Projects", Georgia Institute of Technology, Baltimore, MD, 1985

Asbestos Safety Technician, State of New Jersey Department of Community Affairs, 1986

NIOSH Course #582: Sampling and Evaluating Airborne Asbestos Dust, New York, New York, 1987

New York Certified Asbestos Investigator

4/87

BETTYJANE WATKINS

WORK EXPERIENCE

Executive Vice
President

KASELAAN & D'ANGELO ASSOCIATES, INC.

Responsibilities include sales, client services, contracts, administration, solid and hazardous waste consulting and technical related services.

Administration and management of consulting and engineering firm. Supervision of office administration, purchasing, marketing and research sciences. Sales and coordination with engineers, regulatory agencies, industry, municipalities and private corporations. Responsibilities include costing, proposals, contracts, invoicing, accounts receivable, and fee negotiation.

Customer Services
Representative

Cecos International, Inc.

Responsibilities included knowledge of chemical industry and organic chemistry, technical information, RCRA and DOT regulations, Customer Relations, sales support of six salesman, two managers, corporate sale support.

Asst. Director,
Technical Services

Environmental Consulting & Testing Services

Responsibilities included marketing, sales, technical information services, preliminary consulting, technical proposals.

Environmental Impact
Statement Research

Burns Mill Estates

Geographic and demographic research.

Environmental Internship: U.S. Coast
Guard Port Safety

Responsibilities included safety inspection and spill inspection of oil tankers, cargo ships, asphalt barges.

BETTYJANE WATKINS
PAGE TWO

EDUCATION AND CERTIFICATIONS

B.A. Geography, Glassboro State College, Glassboro, NJ
A.A. Science, Ocean County College, NJ
Certificate: Environmental Planning, Glassboro State College
Asbestos Worker Certification, State of New Jersey Department of
Treasury Division of Building & Construction, 1982

CONTINUED EDUCATION

National Asbestos Council Technical Seminar - Baltimore, MD -
February 1986
Association of Wall & Ceiling Industries National Conference
and Exposition, Kansas City, MO - March, 1985
National Association of Environmental Professionals Conference -
Baltimore, MD - May, 1984
HazMat '84 Conference and Exposition - Philadelphia, PA - June, 1984
American Industrial Hygiene Conference - Cincinnati, OH - March, 1983
"Remediation of Hazardous Waste Sites" - The Center for Professional
Advancement - December, 1983
Hazardous Waste Management - Vanderbilt University, Philadelphia, PA -
1981

PROFESSIONAL ASSOCIATIONS

New Jersey Water Pollution Control Association
National Association of Environmental Professionals
National Association of Female Executives
Association of Wall & Ceiling Industries

8/86

Apt. No.:

Shares :

WENDELL TERRACE OWNERS CORP.

Lessor,

TO

Lessee

PROPRIETARY LEASE

INDEX

	Page
Abatement of rent -	
damage to apartment	4
not authorized - no defense	6
Additional rent payable as rent	2
Alterations by Lessee -	
consent required	15
mortgagee's requirements	16
Amendment of lease by shareholders	6
Annual reports by Lessor	5
"Apartment" defined	1
Apartment -	
surrender on lease termination	21
use as dwelling - guests.....	8
Assignment of lease:	8
Conditions to be complied with	8
Death of Lessee	10
Fees-legal and other expenses.....	9
Stockholders' and directors consent -	
discretion	10
Release of Lessee	10
Restrictions on	8
Statement that lease in effect	10
Assignment of Lessor's rights against	
occupant	6
Assignment of Lessor's Obligations to	
Non-Purchasing Tenants.....	7
Attorneys' fees and other expenses:	
Action on Lessee's default	22
Assignment of lease	8
Automobiles -	
Lessor not responsible for damage	20
House Rules - impeding access to entrance	39
Bankruptcy of Lessee - termination of lease	22
Books of account - inspection	5
Building, damage to	4
Cancellation of lease by Lessee -	26
deliver possession	27
deposits required	26
effective date	27
"escape clause"	26
extension	28
permission to show premises	27
removal of fixtures	27
rights on Lessee's default	28
by 66-2/3% of shares	28
Cancellation of prior lease and tenancy	6
Cash requirements of Lessor -	
defined	2
failure to fix	3

	Page
Changes in provisions of lease	6
Changes in lease - not orally	35
Condemnation	23
Continuance of cooperative	29
Cooperation by Lessee	18
Covenants - to whom applicable	33
Damage to building -	4
repair by Lessor	4
abatement of rent	4
expiration of lease	5
waiver of subrogation	5
Death of Lessee -	10
assignment of lease	10
bankruptcy exception	22
Default by Lessee:	
Covenants - default in performance	22
Lessor's rights after default	24
Lessor's right to remedy	14
Reimbursement of Lessor's expenses	19
Sale of Lessee's shares	25
Subtenant - collection of rent	25
Demised premises	1
Destruction of Building.....	23
Directors -	
authority not exercisable by others	2
determination of cash requirements	
conclusive	2
failure to fix cash requirements	3
Discrimination prohibited	35
Electricity	34
Entry - apartment and storage space	18
Equipment and appliances - remedying defects	13
"Escape clause" - cancellation of lease by	
Lessee	26
Expenses of Lessor on Lessee's default	24
Expiration of lease - fixed date	1
Expiration of lease - conditions	21
Fire insurance - rate increase, Lessee's use	15
Fire or other cause -	
damage to building	4
abatement of rent	4
expiration of lease	5
Fixtures - removal by Lessee	15
Foreclosure of mortgage - receiver	32
Gas	34
Guests - in apartment	8
House Rules -	
existing	7A
amendment - compliance covenant	7A
Immunities of Lessor	20
Indemnity - by Lessee	7A
Injunction - by Lessor.....	33

	Page
Insurance -	
increase in rates	15
waiver of subrogation, effects	5
Jury trial waiver	33
Key - Lessee to furnish	18
Laundry and washing machines - use	20
Lease -	
cancellation by Lessee - "escape clause"	26
cancellation by Lessee - extension	28
cancellation by 66-2/3% of shares	28
changes in provisions	6
existing lease superseded by	6
expiration - see "Termination of Lease"	21
form - all leases	6
partial invalidity, effect	35
pledge by Lessee	10
Lessee more than one person	34
Maintenance (rent) - see "Rent"	1
Maintenance of building by Lessor -	
Directors' powers	1
Marginal headings not part of lease	35
Mechanics' liens	17
Mortgage -	
foreclosure and receiver	32
provisions as to alterations	15
subordination clause	17
Mortgage payments as Paid-in Surplus	3
Noises prohibited	13
Non-Occupant Lessee's Obligations	37
Non-Purchasing Tenant's Rights	7
Notices	19
Objectionable conduct - see "Termination of Lease" ...	23
Occupancy by unauthorized person	22
Odors prohibited	13
Paid-in Surplus	3
Payment of Rent	7A
Partial invalidity of lease - effect	35
Pledge of shares and lease by Lessee	10
Purchaser for Investment or Resale	37
Quiet enjoyment	7
Remedies of Lessor -	
additional remedies	33
default by Lessee	23
expenses recoverable	19
Lessor's right to remedy defaults	14
Rent (Maintenance) -	
how calculated	1
default - Lessor's rights	24
failure of Directors to fix	3
issuance of additional shares	3
no abatement or defense	4
payment monthly	1
subtenants, collection from	25
Repairs -	
Lessee's obligations	12

	Page
Lessor's obligations	3
Report - annual, Lessor to furnish	5
Secured Party - rights	30
Senior Citizens Rights.....	
Services - Lessor's obligations	3
Shares -	
accompanying lease, specified	2
additional shares issued	3
all shares transferred on assignment	8
surrender on lease termination	26
transfer taxes	9
Storage space	20
Subletting -	
consent required.....	8
further subletting, new consent	10
rent - collection from subtenant	25
violation of restrictions	7
Subordination to mortgages and ground	
leases	17
Subrogation waiver - Lessor's obligations	5
Surrender of apartment -	
lease expiration	16
lease termination	26
liability continues	25
Terraces, Balconies and Patios.....	9
Term of lease	1
Termination of lease -	
conditional limitation	21
assignment unauthorized	22
bankruptcy of Lessee	22
condemnation	23
covenants breached	22
Termination of lease -	
destruction of building	23
occupancy unauthorized	22
objectionable conduct	23
rent default	24
shares, Lessee ceases to own	22
subletting unauthorized	22
termination of all leases	23
Third party occupant - Lessor's rights	6
and obligations	
Unsold Shares - special provisions	29
Use of apartment -	
compliance with requirements	7A
insurance rate increase	15
Waiver	
of subrogation, Lessor's obligation	5
no waiver by Lessor	19
right of redemption, by Lessee	26
trial by jury	33
Window cleaning	21

PROPRIETARY LEASE, made as of 19 , by and between WENDELL TERRACE OWNERS CORP., a New York corporation having an office at 20 Wendell Street, Great Neck, New York, hereinafter called the Lessor, and

residing at
hereinafter called the Lessee.

Whereas, the Lessor is the owner of the land and building erected thereon known as Wendell Terrace - 20 Wendell Street, Hempstead, New York, (the "Building");

Whereas, the Lessee is the owner of shares of the Lessor to which this lease is appurtenant and which have been allocated to Apartment No. in the Building;

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 No. in

Demised
Premises

(hereinafter referred to as the "apartment") for a term from , 19 , until July 1, 2060 (unless sooner terminated as hereinafter provided). As used herein "the apartment" means the rooms in the Building as partitioned on the date of the execution of this lease, designated by the above-stated apartment number, together with their appurtenances and fixtures, closets, roof, or portion thereof outside of said partitioned rooms, which are allocated exclusively to the occupant of the apartment.

Term

1.(a) The rent (sometimes called "maintenance") payable by the Lessee for each year, or portion of a year, during the term shall equal that proportion of the Lessor's cash requirements for such year, or portion of a year, which the number of shares of the 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

Rent
(Maintenance)
How Fixed

called "Directors") at the time of its determination of the cash requirements shall otherwise direct. The Lessee shall also pay such additional rent as may be provided for herein where due.

Accompanying
Shares to Be
Specified in
Proprietary
Leases

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

(c) "Cash requirements" whenever used herein shall mean the estimated amount in cash which the Directors shall from time to time in its judgment determine to be necessary or proper for (i) the operation, maintenance, care, alteration and improvement of the corporate property during the year or portion of the year for which such determination is made; (ii) the creation of such reserve for contingencies as it may deem proper; (iii) the payment of, or the establishment of a reserve for, any rentals and other sums payable under any ground leases covering the property owned by the Lessor; and (iv) the payment of any obligations, liabilities or expenses incurred (even though incurred during a prior period) or to be incurred, after giving consideration to (1) income expected to be received during such period (other than rent from proprietary lessees), and (2) cash on hand which the Directors in its discretion may choose to apply. The Directors may from time to time modify its prior determination and increase or diminish the amount previously determined as cash requirements of the corporation for a year or portion thereof. No determination of cash requirements shall have any retroactive effect on the amount of the rent payable by the Lessee for any period prior to the date of such determination. All determinations of cash requirements shall be conclusive as to all lessees.

Authority
Limited to
Board of
Directors

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

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

Issuance
of
Additional
Shares

(f) The Directors may from time to time as may be proper determine how much, if any, of the maintenance and other receipts received (but not more than such amount as represents payments on account of principal of mortgages on the property and other capital expenditures) shall be credited on the corporate accounts to "Paid-in-Surplus". Unless the Directors shall determine otherwise the amount of payments on account of principal of any mortgages shall be credited to Paid-in-Surplus.

Paid-
In Surplus

(g) The failure of the Directors to determine the Lessor's cash requirements for any year or portion thereof shall not be deemed a waiver or modification in any respect of the covenants and provisions hereof, or a release of the Lessee from the obligation to pay the maintenance or any instalment 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.

Failure
to Fix
Cash
Require-
ments

2. The Lessor shall at its expense keep in good repair the Building including all of the apartments, the sidewalks and courts surrounding the same, and their equipment and apparatus except those portions the maintenance and repair of which are expressly stated to be the responsibility of the Lessee pursuant to Paragraph 17 hereof.

Lessor's
Repairs

3. The Lessor shall maintain and manage the Buildings as a first-class apartment building, and shall keep the public halls, cellars and stairways clean and properly lighted and heated, and shall provide the number of attendants requisite, in the judgment of the Directors, for the proper care and

Services
by
Lessor

service of the Building, and shall provide the apartment with a proper and sufficient supply of hot and cold water and of heat. The covenants by the Lessor herein contained are subject, however, to the discretionary power of the Directors to determine from time to time what services and what attendants shall be proper and the manner of maintaining and operating the Building, and also what existing services shall be increased, reduced, changed, modified or terminated.

Damage to
Apartment or
Building

4. (a) If the apartment or the means of access thereto or the Building shall be damaged by fire or other cause covered by multiperil policies commonly carried by corporations owning "cooperative apartment buildings" in New York State (any other damage to be repaired by the Lessor or the 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 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, the Lessor shall not be required to repair or replace, or cause to be repaired or replaced, equipment, fixtures, furniture, furnishings or decorations installed by the Lessee or any of his predecessors in title nor shall the Lessor be obligated to repaint or replace wallpaper or other decorations in 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 untenable, or if the means of access thereto shall be destroyed, the rent hereunder shall proportionately abate until the apartment shall again be rendered wholly tenantable or the means of access restored; but if said damage shall be caused by the act or negligence of the Lessee or 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 the Lessor with respect to the apartment.

(c) If the Directors shall determine that, (i) the Building are totally destroyed by fire or other cause, or (ii) the Building are so damaged that they cannot be repaired within a reasonable time after the loss shall have been adjusted with the insurance carriers, or (iii) the destruction or damage was caused by hazards which are not covered under the Lessor's insurance policies then in effect, and if in any such case the record holders of at least two-thirds (2/3) of the issued and outstanding shares of the capital stock of the Lessor, at a shareholders' meeting duly called for that purpose held within 120 days after the determination by the Directors, shall vote not to repair, restore or rebuild, then upon the giving of notice pursuant to Paragraph 30 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.

Expira-
tion of
Lease
Due to
Damage

(d) The Lessor agrees to use its best efforts to obtain a provision in all insurance policies carried by it waiving the right of subrogation against the Lessee, and, to the extent that any loss or damage is covered by any insurance policies payable to the Lessor which contain such waiver of subrogation, the Lessor releases the Lessee from any liability with respect to such loss or damage. In the event that the Lessee suffers loss or damage for which the Lessor would be liable, and the Lessee carries insurance which covers such loss or damage and such insurance policy or policies contain a waiver of subrogation against the Lessor then in such event the Lessee releases the Lessor from any liability with respect to such loss or damage.

Waiver
of Sub-
rogation

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

Inspection
of Books
of Account

sheet and a statement of income and expenses, certified by an independent certified public accountant.

Changes
in Terms
and Condi-
tions of
Proprietary
Leases

6. Each proprietary lease made by the Lessor shall be in the form of this lease, except with respect to the statement as to the number of shares owned by the Lessee, unless a variation of any lease is authorized by lessees owning at least 66-2/3% of the Lessor's shares then issued and outstanding, and executed by the Lessor and the affected lessee. 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 66-2/3% of the Lessor's shares then issued and outstanding, and such changes shall be binding on all lessees even if they did not vote for such changes except that (i) the proportionate share of rent or cash requirements payable by any lessee may not be increased, (ii) the right of any lessee to cancel his lease under the conditions set forth in Paragraph 35 may not be eliminated or impaired, without, in each of the foregoing instances, the express consent of the lessee affected, and (iii) the provisions hereof are subject to the provisions of Paragraphs 37(c) and 38(d) of this lease. Approval by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose.

Assignment
of Lessor's
Rights
Against
Occupant

7. If at the date of the commencement of this lease, any third party shall be in possession or have the right to possession of the apartment, then the Lessor hereby assigns to the Lessee all of the Lessor's rights against said third party from and after the date of the commencement of the term hereof, and the Lessee by the execution hereof assumes all 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

8 (a). If at the date of the commencement of this lease, the Lessee has the right to possession of the apartment under any agreement or statutory tenancy, this lease shall supersede such agreement or statutory tenancy which shall be of no further effect after the date of commencement of this lease, except for claims theretofore arising thereunder.

8 (b). If the occupant is a Non-Purchasing tenant as said term is defined in Section 352-eee of the General Business Law and in the Plan, Lessor and Lessee hereby agree that their rights under this lease are subject to the rights of said occupants and that the Lessee's successors and assignees under the Lease shall continue to be bound by such rights so long as such occupancy continues. Said occupants may not be evicted by the Lessee for purposes of owner occupancy, such right being intended for the benefit of the occupant, and not being intended to abrogate any rights of the Lessee as against the Lessor.

Assignment
of Lessor's
Obligations
to Non-
Purchasing
Tenants

Lessor and Lessee hereby agree that any occupant subject to government regulation or to rentals and continued occupancy shall continue to be subject thereto. Lessor and Lessee further agree that the rentals of any such occupants who reside in Apartments not subject to government regulation as to rentals and continued occupancy, and any such occupants who reside in Apartments with respect to which government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the Offering Plan has become effective, shall not be subject to unconscionable increases beyond ordinary rentals for comparable Apartments during the period of their occupancy. Lessor and Lessee further agree that any occupant's renewal lease or renewal sublease may provide that eviction proceedings may only be commenced for non-payment of rent, illegal use or occupancy of the premises, refusal of access to the Lessor or Lessee or a similar breach by the occupant of his obligations to the Lessor and Lessee. The Lessor and Lessee further agree that this Section of the Proprietary Lease concerning said Non-Purchasing tenant may not be subsequently amended or deleted.

9. 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 lawsuit, trouble or hindrance from the Lessor, subject, however, to the rights of present tenants or occupants of the apartment, and subject to any and all mortgages and underlying leases of the land and Building.

Quiet
Enjoyment:

10. The Lessee agrees to save the Lessor harmless from all liability, loss, damage and expense arising from injury to person or property occasioned by the failure of the Lessee to comply with any provision hereof, or due wholly or in part to any act, default or omission of the Lessee or of any person dwelling, working 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 to the extent the Lessor is covered by insurance which provides for waiver of subrogation against the Lessee.

Indemnity

11. The Lessee will pay the rent to the of Lessor upon the terms and at the times herein provided, without any deduction on account of any set-off or claim which the Lessee may have against the Lessor, and if the Lessee shall fail to pay any installment of rent promptly, the Lessee shall pay interest thereon at the maximum legal rate from the date when such installment shall have become due to the date of the payment thereof, and such interest shall be deemed additional rent hereunder.

Payment
of Rent

12. 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.

House
Rules

13. 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 members of the Lessee's family, but no apartment may be occupied

Use of
Premises

by more than one family at a time without the written consent of Lessor. As used herein, members of the family shall include spouse, parents, children, children of a spouse, parents in law, brothers, sisters, grandchildren or no more than three persons unrelated by blood or marriage. The term "spouse" as used herein shall also include a member of the same or opposite sex with whom the Lessee actually resides. In addition to the foregoing, the apartment may be occupied from time to time by guests of the Lessee for a period of time not exceeding one month, unless a longer period is approved in writing by the Lessor, but no guests may occupy the apartment unless one or more of the permitted adult residents are then in occupancy or unless consented to in writing by the Lessor.

Terraces,
Patios, and
Balconies

13. A. If the apartment includes a terrace, patio or balcony adjacent to such Apartment the Lessee shall have and enjoy the exclusive use of the terrace, patio or balcony subject to the applicable provisions of this lease and to the use of the terrace, patio or balcony by the Lessor to the extent herein permitted. If such patio, terrace or balcony is necessary to gain access to an adjacent Apartment, the Lessee of the adjacent Apartment may use such patio, terrace or balcony for egress or ingress only. The Lessee's use thereof shall be subject to such regulations as may, from time to time, be prescribed by the Directors and subject to the Lessor's right of access thereto when necessary for building maintenance. The Lessor shall have the right to erect equipment on the roof, including radio and television aerials and antennae, 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, patio or balcony clean and free of 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 or balconies, or any other portion of the property owned by the Lessor outside of the apartments, without the prior written approval of the Lessor. Any planting or other structures erected by the Lessee or his predecessor in interest may be removed and restored by the Lessor at the expense of the Lessee for the purpose of repairs, upkeep or maintenance of the building of any other portion of

the property owned by the Lessor outside of the apartments.

14. Except as provided in Paragraphs 37 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 shall have been duly authorized by a resolution of the Directors, (which consent shall not be unreasonably withheld) 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 66-2/3% of the then issued and outstanding shares of the Lessor. Consent by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose. Any consent to subletting may be subject to such conditions as the Directors or lessees, as the case may be, may impose, except that the Directors (acting as a Board) may not impose unreasonable conditions.

Subletting

15. (a) Except as provided otherwise in this lease, 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:

Assignment

(i) An instrument of assignment in form approved by the Lessor executed and acknowledged by the assignor shall be delivered to the Lessor; and

(ii) An agreement executed and acknowledged by the assignee in form approved by Lessor assuming and agreeing to be bound by all the covenants and conditions of this lease to be performed or complied with by the Lessee on and after the effective date of said assignment shall have been delivered to the Lessor, or, at the request of the Lessor, the assignee shall have surrendered the assigned lease and entered into a new lease in the same form for the remainder of the term, in which case the Lessee's lease shall be deemed cancelled as of the effective date of said assignment; and

(iii) All shares of the Lessor to which this lease is appurtenant shall have been transferred to the assignee, with proper transfer taxes

paid and stamps affixed; and

(iv) All sums due from the Lessee shall have been paid to the Lessor, together with a sum to be fixed by the Directors to cover reasonable legal and other expenses of the Lessor and its Managing agent, in connection with such assignment and transfer of shares; and

(v) A "Tax Status Determination" (as defined in Paragraph 49) is obtained.

(vi) A search or certification is obtained from a title insurance or abstract company as the Directors may require; and

(vii) Except in the case of an assignment, transfer or bequest to the Lessee's spouse (as that term is defined in Paragraph 13), of the shares and this lease, and except as provided in Paragraphs 16, 37 or 38 of this lease, consent to such assignment shall have been authorized by resolution of the Directors, or given in writing by a majority of the Directors; or, if the Directors shall have failed or refused to give such consent within thirty (30) days after submission of references to them or the Lessor's managing agent, then by lessees owning of record at least 66-2/3% of the then issued and outstanding 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.

(b) If the Lessee shall die, consent shall not be unreasonably withheld or delayed to an assignment of the lease and shares to a financially responsible member of the Lessee's family (other than the Lessee's spouse, as that term is defined in Paragraph 13 as to whom no consent is required).

Consents:
On Death of
Lessee

(c) There shall be no limitation, except as above specifically provided, on the right of the Directors or lessees to grant or withhold consent, for any reason or for no reason, to an assignment, where such consent is required, except that the Directors (acting as Board) shall not unreasonably withhold their consent to an assignment.

Consents
Generally:
Lessees' and
Directors
Obligations
to Consent

(d) If the lease shall be assigned in compliance herewith, the Lessee-assignor shall have no further liability on any of the covenants of this

Release of
Lessee Upon
Assignment

lease to be thereafter performed.

Further
Assignment
or Sub-
letting

(e) Regardless of any prior consent theretofore given, neither the Lessee nor his executor, nor administrator, nor any trustee or receiver of the property of the Lessee, nor anyone to whom the interests of the Lessee shall pass by law, shall be entitled further to assign this lease, or to sublet the apartment, or any part thereof, except upon compliance with the requirements of this lease. The restrictions on the assignment of this lease, as hereinbefore set forth, are a special consideration and inducement for the granting of this lease by the Lessor to the Lessee. No demand or acceptance of rent from any assignee hereof shall constitute or be deemed to constitute a consent to or approval of any assignment.

Statement
by Lessor

(f) If this lease is then in force and effect, the Lessor will, upon request of the Lessee, deliver to the assignee a written statement that this lease remains on the date thereof in force and effect; but no such statement shall be deemed an admission that there is no default under the lease.

Parking
Spaces

(g) If Lessee is entitled to occupy a parking space in the premises at the time of transfer, Lessee shall be entitled to assign said right of occupancy to the Assignee. The foregoing right shall not apply to more than one parking space.

Pledge of
Shares and
Lease

16. (a) The execution and delivery of a leasehold mortgage and/or the creation of a security interest in the lease by pledge or otherwise and the shares to which this lease is appurtenant shall not be a violation of this lease; but, [except as provided in Paragraph 38 of this lease] neither the secured party nor the leasehold mortgagee, nor any transferee of the 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 complying with all of the provisions of Paragraphs 13, 14 and 15 of this lease. The acceptance by the Lessor of payments by the secured party or leasehold mortgagee or any transferee of the security on account of rent or additional rent shall not constitute a waiver of the aforesaid provision.

(b) In the event that the Lessee shall have pledged this lease and the shares to which it is appurtenant, and provided that the pledgee (hereinafter called "the Lender") shall have given the Lessor's managing agent by ordinary mail notice of the existence of such pledge, which notice shall be accompanied by (i) a copy of the note, security agreement and any other relevant documents, (ii) an undertaking by the Lender, in form and substance satisfactory to the Lessor, to notify the Lessor by registered mail (with a copy to the Lessor's managing agent by ordinary mail) as soon as the loan has been repaid, and (iii) an undertaking by the Lender, in form and substance satisfactory to the Lessor, to indemnify the Lessor, its directors, officers, agents and employees for loss, liability or expense (including reasonable counsel fees) arising out of any claims by the Lessee or others because of any action or failure to take action pursuant to the terms of this paragraph (but such undertaking may be conditioned upon the Lender having been given prompt notice by registered mail of such claim and the opportunity to contest such claim at the Lender's sole cost and expense with the cooperation of the person or persons against whom the claim is asserted), then, during the existence of such pledge, the Lessor shall (notwithstanding any other provision of this lease):

(i) Not take any action to terminate this lease in the event of a default unless:

(A) requested by the Lender to do so; or

(B) the Lender shall have failed for 20 days after notice to it of the existence of any default on the part of the Lessee to pay to the Lessor all sums owing to the Lessor and to cure all other defaults specified in said notice; or

(C) the Lender shall after such 20 day period fail to make any payment coming due after the date of such notice or promptly cure any violation of which it shall thereafter receive notice.

(ii) reject a surrender or cancellation of this lease by the Lessee unless consented to by the Lender.

(iii) withhold its consent to any assignment by the Lessee of such stock and this lease unless consented to by the Lender (if such consent is required under the terms of the pledge).

(iv) accept from the Lender payment of the rent and other amounts due under the terms of this lease.

(v) upon the termination of this lease and the sale of the apartment by the Lessor, pay to the Lender any sums realized in excess of the amounts owing to the Lessor (including reasonable expenses incurred in connection with the sale).

(vi) not unreasonably withhold its consent to any assignment of such stock and this lease or a subletting of the apartment at the request of the Lender.

(c) Anything to the contrary notwithstanding, the Lessor shall not be liable to the Lender if through oversight or negligence on its part or the part of its agents or employees it fails to comply with its obligations to the Lender under subparagraph (a) or (b) of this paragraph, provided that (i) the Lessor shall promptly notify the Lender upon discovery of such failure and (ii) the Lessor shall thereafter insofar as possible comply with such obligations.

Repairs
by the
Lessee

17. (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 hereof, 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 doors and 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 to which they are attached, and any special pipes or equipment which the Lessee may install within the wall or ceiling, or under the floor, but shall not include gas, steam, water or other pipes or conduits within the walls, ceilings or floors or heating equipment which is part of the standard building equipment. The Lessee shall be solely responsible for the maintenance, repair and replacement of all lighting and electrical fixtures, appliances, and equipment, and all meters, fuse boxes or circuit breakers and electrical wiring and conduits from the junction box at the riser into and through the Lessee's apartment. Any ventilator or air conditioning device which shall be visible from the outside of the buildings shall at all times be painted by the Lessee in a standard color which the Lessor may select for the building.

(b) The Lessee shall not permit unreasonable cooking or other odors to escape into the building. The Lessee shall not permit or suffer any unreasonable noises or anything which will interfere with the rights of other lessees or unreasonably annoy them or obstruct the public halls or stairways.

Odors and
Noises

(c) If, in the Lessor's sole judgment, any of the Lessee's equipment or appliances shall result in damage to the buildings, or poor quality services or interruption of service to other portions of the building, or overloading of, or damage to facilities maintained by the Lessor for the supplying of water, gas, or electricity to the Building, or if any such appliances visible from the outside of the buildings shall become rusty or discolored, the Lessee shall promptly, on notice from the Lessor, remedy the condition and, pending such remedy, shall cease using any appliance or equipment which may be creating the objectionable condition.

Equipment
and
Appliances

Rules and
Regulations
and Require-
ments of
Mortgage

(d) The Lessee will comply with all the requirements of the Board of Fire Underwriters, insurance authorities and all governmental authorities and with all laws, ordinances, rules and regulations with respect to the occupancy or use of the apartment. If any mortgage affecting the Building or the land on which it stands shall contain any provisions pertaining to the right of the Lessee to make changes or alterations in the apartment, or to remove any of the fixtures, appliances, equipment or installations, the Lessee herein shall comply with the requirements of such mortgage or mortgages relating thereto. Upon the Lessee's written request, the Lessor will furnish the Lessee with copies of applicable provisions of each and every such mortgage.

Lessee's
Right to
Remedy
Lessee's
Defaults

18. If the Lessee shall fail for thirty (30) days after notice to make repairs to any part of the apartment, its fixtures or equipment as herein required, or shall fail to remedy a condition which has become objectionable to the Lessor for reasons above set forth, or if the Lessee or any person dwelling in the apartment shall request the Lessor, its agents or servants to perform any act not hereby required to be performed by the Lessor, the Lessor may make such repairs, or arrange for others to do the same, or remove such objectionable condition or equipment, or perform such act, without liability on the Lessor; provided that, if the condition requires prompt action, notice of less than thirty (30) days 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 the Lessee, be conclusively deemed to be acting as agents of the Lessee and all contracts therefor made by the Lessor shall be so construed whether or not made in the name of the Lessee. If Lessee shall fail to perform or comply with any of the other covenants or provisions of this lease within the time required by a notice from the Lessor (not less than five (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 for which it has contracted hereunder, such expenses to be payable by the Lessee on demand as additional rent.

19. The Lessee shall not permit or suffer anything to be done or kept in the apartment which will increase the rate of fire insurance on the Buildings 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 Buildings or an apartment or the contents of either shall be increased, the Lessee shall (if such occupancy or use continues for more than thirty (30) days after written notice from the Lessor, specifying the objectionable occupancy or use) become 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.

Increase
in Rate
of Fire
Insurance

20. (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 the Building, any alteration, enclosure or addition or any alteration of or addition to the water, gas, or steam risers or pipes, heating or air-conditioning units, electrical conduits, wiring or outlets, plumbing fixtures, intercommunication or alarm system, or any other installation or facility, as may be owned by the Lessor in the apartment or Buildings, or, except as hereinafter authorized, remove any additions, improvements or fixtures from the apartment. The performance by Lessee of any work in the apartment shall be in accordance with any applicable rules and regulations of the Lessor and governmental agencies having jurisdiction thereof. The Lessee shall not in any case install any appliances which will overload the existing wires or equipment in the buildings. Anything contained herein or in subparagraph (b) hereinbelow to the contrary notwithstanding, the written consent of the Lessor shall not be required for any of the foregoing alterations, enclosures, additions made by, or the removal of any additions, improvements of fixtures from the apartment by a holder of "Unsold Shares" provided the holder does not permanently encroach upon any public area and complies with any applicable provisions of local law.

Alterations

(b) Without Lessor's written consent, the Lessee shall not remove any fixtures, appli-

Removal of:
Fixtures

ances, additions or improvements from the apartment except as hereinafter provided. If the Lessee, or a prior lessee, shall have heretofore placed, or the Lessee shall hereafter place in the apartment, at the Lessee's own expense, any additions, improvements, appliances or fixtures, including but not limited to fireplace mantels, lighting fixtures, refrigerators, air conditioners, dishwashers, washing machines, ranges, woodwork, wall paneling, ceilings, special doors or decorations, special cabinet work, special stair railings or other built-in ornamental items, which can be removed without structural alterations or permanent damage to the apartment, then title thereto shall remain in the Lessee and the Lessee shall have the right, prior to the termination of this lease, to remove the same at the Lessee's own expense, provided: (i) that the Lessee at the time of such removal shall not be in default in the payment of rent or in the performance or observance of any other covenants or conditions of this lease; and (ii) that the Lessee shall, at the Lessee's own expense, prior to the termination of this lease, repair all damage to the apartment which shall have been caused by either the installation or removal of any of such additions, improvements, appliances or fixtures; (iii) that if the Lessee shall have removed from the apartment any articles or materials owned by the Lessor or its predecessor in title, or any fixtures or equipment necessary for the use of the apartment, the Lessee shall either restore such articles and materials and fixtures and equipment and repair any damage resulting from their removal and restoration, or replace them with others of a kind and quality customary in comparable buildings and satisfactory to the Lessor; and (iv) that if any mortgagee had acquired a lien on any such property prior to the execution of this lease, the Lessor shall have first procured from such mortgagee its written consent to such removal, and any cost and expense incurred by the Lessor in respect thereof shall have been paid by the Lessee.

Surrender
on
Expiration
of Terms

(c) On the expiration or termination of this lease, the Lessee shall surrender to the Lessor possession of the apartment with all additions, improvements, appliances and fixtures then included therein, except as hereinabove provided. Any additions, improvements, fixtures or appliances not removed by the Lessee on or before such expiration or termination of this lease shall, at the option of the Lessor, be deemed abandoned and shall become the property of the Lessor and may be disposed of

by the Lessor without liability or accountability to the Lessee. Any other personal property not removed by the Lessee at or prior to the termination of this lease may be removed by the Lessor to any place of storage and stored for the account of the Lessee without the Lessor in any way being liable for trespass, conversion or negligence by reason of any acts of the Lessor or of 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 in caring for such property while in storage.

21. 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 and/or on the Buildings and the land on which it stands, and to any and all extensions, modifications, consolidations, renewals and replacements thereof. This clause shall be selfoperative and no further instrument of subordination shall be required by any such mortgagee or ground or underlying lessee. In confirmation of such subordination the Lessee shall at any time, and from time to time, on demand, execute any instruments that may be required by any mortgagee, or by the Lessor, for the purpose of more formally subjecting this lease to the lien of any such mortgage or mortgages or ground or underlying leases; and the duly elected officers, for the time being, of the Lessor are and each of them is hereby irrevocably appointed the attorney-in-fact and agent of the Lessee to execute the same upon such demand, and the Lessee hereby ratifies any such instrument hereafter executed by virtue of the power of attorney hereby given.

Lease
Subordinate
to Mortgages
and Ground
Leases

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.

22. In case a notice of mechanic's lien against a Building shall be filed purporting to be for labor or material furnished or delivered at the Building or the apartment to or for the Lessee, or anyone claiming under the Lessee, the Lessee shall forthwith cause such lien to be discharged by pay-

Mechanic's
Lien

ment, bonding or otherwise; and if the Lessee shall fail to do so within ten (10) days after notice from the Lessor, then the Lessor may cause such lien to be discharged by payment, bonding or otherwise, without investigation as to the validity thereof or of any offsets or defenses thereto, and shall have the right to collect, as additional rent, all amounts so paid and all costs and expenses paid or incurred in connection therewith, including reasonable attorneys' fees and disbursements, together with interest thereon from the time or times of payment.

Cooperation

23. 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

24. The Lessor and its agents and their authorized workmen shall be permitted to visit, examine, or enter the apartment, areas appurtenant thereto, 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 Buildings 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, licensees, agents, employees or subtenants. In order that the Lessor shall at all times have access to the apartment, appurtenant area and 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, appurtenant area 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 the Lessor, the Lessor or the Lessor's agents (but, except in an emergency, only when specifically authorized by an officer of the Lessor or an officer of the managing agent) may forcibly enter the apartment or storage space without

liability for damages by reason thereof (if during such entry the Lessor shall accord reasonable care to the Lessee's property), and without in any manner affecting the obligation and covenants of this lease. The right and authority hereby reserved do not impose, nor does the Lessor assume by reason thereof, any responsibility or liability for the care or supervision of the apartment, or any of the pipes, fixtures, appliances or appurtenances therein contained, except as herein specifically provided.

25. 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 provisions, options or rights shall continue and remain in full force and effect. The receipt by the Lessor of rent, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach, and no waiver by the Lessor of any provision hereof shall be deemed to have been made unless in a writing expressly approved by the Directors.

Waivers

26. 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 Lessee at the building. Either party may by notice served in accordance herewith designate a different address for service of such notice or demand. Notices or demands shall be deemed given on the date when mailed.

Notices

27. If the Lessee shall at any time be in default hereunder and the Lessor shall incur any expense (whether paid or not) in performing acts which the Lessee is required to perform, or in instituting any action or proceeding based on such default, or defending, or asserting a counterclaim in, any action or proceeding brought by the Lessee, the expense thereof to the Lessor, including reasonable attorneys' fees and disbursements, shall be paid by the Lessee to the Lessor, on demand, as additional rent.

Reimbursement of
Lessor's
Expenses

Lessor's
Immunities

28. (a) The Lessor shall not be liable, except by reason of the Lessor's negligence, for any failure or insufficiency of heat, water supply, electric current, gas, telephone, 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 buildings, or any fixtures or appurtenances therein, or for space taken to comply with any law, ordinance or governmental regulation, or for interruption or curtailment of any service agreed to be furnished by the Lessor, due to accidents, alterations or repairs, or to difficulty or delay in securing supplies or labor or other cause beyond Lessor's control, unless due to the Lessor's negligence.

Storage
Space and
Laundry

(b) If the Lessor shall furnish to the Lessee any storage bins or space, the use of the laundry, or any facility outside the apartment, including but not limited to 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 the Lessee shall be kept by the Lessee clean and free of toxic, inflammable and combustible materials. If washing machines or other equipment are made available to the Lessee, the Lessee shall use the same on the understanding that such machines or equipment may or may not be in good order and repair and that the Lessor is not responsible for such equipment, nor for any damage caused to the property of the Lessee resulting from the Lessee's use thereof, and that any use that the 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, including storage areas, by theft or otherwise.

29.. The Lessee will not require, permit, suffer or allow the cleaning of any window in the premises from the outside (within the meaning of Section 202 of the New York Labor Law) unless the equipment and safety devices required by law, ordinance, rules and regulations, including, without limitation, Section 202 of the New York Labor Law, are provided and used, and unless the industrial code of the State of New York is fully complied with; and the Lessee hereby agrees to indemnify the Lessor and its employees, other lessees, and the managing agent, for all losses, damages or fines suffered by them as a result of the Lessee's requiring, permitting, suffering or allowing any window in the premises to be cleaned from the outside in violation of the requirements of the aforesaid law, ordinances, regulations and rules.

Window
Cleaning

30. If upon, or at any time after the happening of any of the events mentioned in subdivisions (a) to (j) inclusive of this Paragraph 30, the Lessor shall give to the Lessee a notice stating that the term hereof will expire on a date at least five days thereafter, the term of this lease shall expire on the date so fixed in such notice as fully and completely as if it were the date herein definitely fixed for the expiration of the term, and all right, title and interest of the Lessee hereunder shall thereupon wholly cease and expire, and the Lessee shall thereupon quit and surrender the apartment to the Lessor, it being the intention of the parties hereto to create hereby a conditional limitation, and thereupon the Lessor shall have the right to re-enter the apartment and to remove all persons and personal property therefrom, either by summary dispossession proceedings, or by any suitable action or proceeding at law or in equity, or by force or otherwise, and to repossess the apartment in its former estate as if this lease had not been made, and no liability whatsoever shall attach to the Lessor by reason of the exercise of the right of re-entry, re-possession and removal herein granted and reserved:

Termination
of Lease by
Lessor

(a) If the Lessee shall cease to be the owner of the shares to which this lease is appurtenant, or if this lease shall pass or be assigned to anyone who is not then the owner of all said shares;

Lessee Ceas-
ing to Own
Accompany-
ing Shares

Lessee
Becoming a
Bankrupt;
Appointment
of Receiver;
Assignment
for Credi-
tors; Levy
on Shares;
Transfer by
Operation
of Law;
Transfer
Pursuant to
Pledge,
Mortgage or
Security
Agreement

(b) If at any time during the term of this lease (i) the then holder hereof shall be adjudicated a bankrupt under the laws of the United States; or (ii) a receiver of all of the property of such holder or of this lease shall be appointed under any provision of the laws of the State of New York, or under any statute of the United States, or any statute of any state of the United States and the order appointing such receiver shall not be vacated within thirty days; or (iii) such holder shall make a general assignment for the benefit of creditors; or (iv) any of the shares owned by such holder to which this lease is appurtenant shall be duly levied upon under the process of any court whatever unless such levy shall be discharged within thirty 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 15 hereof; or (vi) this lease or any of the shares to which it is appurtenant shall pass to anyone other than the Lessee under a pledge or security agreement or a leasehold mortgage made by the Lessee;

Assignment,
Subletting
or Un-
authorized
Occupancy

(c) Subject to the provisions of Paragraphs 37 and 38 hereof, if there be an assignment of this lease, or any subletting hereunder, without full compliance with the requirements of Paragraphs 14 or 15 hereof; or if any person not authorized by Paragraph 13 shall be permitted to use or occupy the apartment, and the Lessee shall fail to cause such unauthorized person to vacate the apartment within ten 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 of any installment thereof and shall fail to cure such default within ten days after written notice from the Lessor;

Default
in other
Covenants

(e) If the Lessee shall be in default in the performance of any covenant or provision hereof, other than the covenant to pay rent, and such default shall continue for thirty (30) days

after written notice from the Lessor; provided, however, that if said default consists of the failure to perform any action the performance of which requires any substantial period of time, then if within said period of thirty 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;

(f) If at any time the Lessor shall determine, upon the affirmative vote of the record holders of at least 66-2/3% in amount of its then issued and outstanding shares, at a shareholder's meeting duly called for that purpose, that because of objectionable conduct on the part of the Lessee, or of a person dwelling or visiting in the apartment, repeated after written notice from Lessor, the tenancy of the Lessee is undesirable [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 loose or immoral character to enter or remain in the buildings or the apartment, shall be deemed to be objectionable conduct];

Objection-
able Conduct

(g) If at any time the Lessor shall determine, upon the affirmative vote of two-thirds of its then Board of Directors at a meeting of such directors duly called for that purpose, and the affirmative vote of the record holders of at least 66-2/3% in amount of its then issued and outstanding shares, at a shareholders' meeting duly called for that purpose, to terminate all proprietary leases;

Termination
of all
Proprietary
Leases

(h) If the Building shall be destroyed or damaged and the shareholders shall decide not to repair or rebuild as provided in Paragraph 4;

Destruction
of Building

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

Condemnation

(j) If the Lessee shall be in default in the payment of any note or the terms, covenants and conditions of any loan security agreement secured by a pledge of this lease and the shares allocated to the apartment.

Default
Under Loan
Agreement

Lessor's
Rights
After
Lessee's
Default

31. (a) In the event the Lessor resumes possession of the apartment, either by summary proceedings, action of ejectment or otherwise, because of default by the Lessee in the payment of any rent or additional rent due hereunder, or on the expiration of the term pursuant to a notice given as provided in Paragraph 30 hereof upon the happening of any event specified in subsections (a) to (f) inclusive of Paragraph 30, the Lessee shall continue to remain liable for payment of a sum equal to the rent which would have become due hereunder and shall pay the same in installments at the time such rent would be due hereunder. No suit brought to recover any instalment of such rent or additional rent shall prejudice the right of the Lessor to recover any subsequent installment. After resuming possession, the Lessor may, at its option, from time to time (i) relet the apartment for its own account or (ii) relet the apartment as the agent of the Lessee, in the name of the Lessee or in its own name, for a term or terms which may be less than or greater than the period which would otherwise have constituted the balance of the term of this lease, and may grant concessions or free rent, in its discretion. Any reletting of the apartment shall be deemed for the account of the Lessee, unless within ten days after such reletting the Lessor shall notify the Lessee that the premises have been relet for the Lessor's own account. The fact that the Lessor may have relet the apartment as agent for the Lessee shall not prevent the Lessor from thereafter notifying the Lessee that it proposes to relet the apartment for its own account. If the Lessor relets the apartment as agent for the Lessee, it shall, after reimbursing itself for its expenses in connection therewith, including leasing commissions and a reasonable amount for attorneys' fees and expenses, and decorations, alterations and repairs in and to the apartment, apply the remaining avails of such reletting against the Lessee's continuing obligations hereunder. There shall be a final accounting between the Lessor and the Lessee upon the earliest of the four following dates: (A) the date of expiration of the term of this lease as stated on page 1 hereof; (B) the date as of which a new proprietary lease covering the apartment shall have become effective; (C) the date the Lessor gives written notice to the Lessee that it has relet the apartment for its own account; (D) the date upon which all proprietary leases of the Lessor terminate. From and after the date upon which the Lessor becomes obligated to account to the Lessee, as above provided, the Lessor shall have no further duty to

account to the Lessee for any avails of reletting and the Lessee shall have no further liability for sums thereafter accruing hereunder, but such termination of the Lessee's liability shall not affect any liabilities theretofore accrued.

(b) If the Lessee shall at any time sublet the apartment and shall default in the payment of any rent or additional rent, the Lessor may, at its option, as long as such default shall continue, demand and receive from the subtenant the rent due or becoming due from such subtenant to the Lessee, and apply the amount to pay sums due and to become due from the Lessee to the Lessor. Any payment by a subtenant to the Lessor shall constitute a discharge of the obligation of such subtenant to the Lessee to the extent of the amount so paid. The acceptance of rent from any subtenant shall not be deemed a consent to or approval of any subletting or assignment by the Lessee, or a release or discharge of any of the obligations of the Lessee hereunder.

Collection
of Rent
from
Subtenants

(c) Upon the termination of this lease under the provisions of subdivisions (a) to (j) inclusive of Paragraph 30, the Lessee shall surrender to the corporation the certificate for the shares of the corporation owned by the Lessee to which this lease is appurtenant. Whether or not said certificate is surrendered, the Lessor may issue a new proprietary lease for the apartment and issue a new certificate for the shares of the Lessor owned by the Lessee and allocated to the apartment when a purchaser therefor is obtained, provided that the issuance of such shares and such lease to such purchaser is authorized by a resolution of the Directors, or by writing signed by a majority of the Directors or by lessees owning, of record, at least a majority of the shares of the Lessor accompanying proprietary leases then in force. Upon such issuance the certificate owned or held by the Lessee shall be automatically cancelled and rendered null and void. The Lessor shall apply the proceeds received for the issuance of such shares towards the payment of the Lessee's indebtedness hereunder, including interest, attorneys' fees and other expenses incurred by the Lessor, and, if the proceeds are sufficient to pay the same, the Lessor shall pay over any surplus to the Lessee, but, if insufficient, the Lessee shall remain liable for the balance of the indebtedness. Upon the issuance of any such new proprietary lease and certificate, the Lessee's liability hereunder shall cease and the Lessee shall only be liable for rent and expenses

Sale of
Shares

accrued to that time. The Lessor shall not, however, be obligated to sell such shares and appurtenant lease or otherwise make any attempt to mitigate damages.

Waiver of
Right of
Redemption

32. The Lessee hereby expressly waives any and all right of redemption in case the Lessee shall be dispossessed by judgment or warrant of any court or judge. The words "enter", "re-enter" and "re-entry" as used in this lease are not restricted to their technical legal meaning.

Surrender
of
Possession

33. Upon the termination of this lease under the provisions of subdivisions (a) to (f), inclusive, of Paragraph 30, the Lessee shall remain liable as provided in Paragraph 31 of this lease. Upon the termination of this lease under any other of its provisions, the Lessee shall be and remain liable to pay all rent, additional rent and other charges due or accrued and to perform all covenants and agreements of the Lessee up to the date of such termination. On or before any such termination the Lessee shall vacate the apartment and surrender possession thereof to the Lessor or its assigns, and upon demand of the Lessor or its assigns, shall execute, acknowledge and deliver to the Lessor or its assigns any instrument which may reasonably be required to evidence the surrendering of all estate and interest of the Lessee in the apartment, or in the building of which it is a part.

Lessee's
Option to
Cancel

34. (a) This lease may be cancelled by the Lessee on any September 30th after the second anniversary after the date on which the share of the Lessor were first issued, upon complying with all the provisions hereinafter set forth. Irrevocable written notice of intention to cancel must be given by the Lessee to the Lessor on or before April 1, in the calendar year in which such cancellation is to occur. At the time of the giving of such notice of intention to cancel there must be deposited with the Lessor by the Lessee:

Deposits
Required

(i) the Lessee's counterpart of this lease with a written assignment in form required by the Lessor, in blank, effective as of August 31 of the year of cancellation, free from all subleases, tenancies, liens, encumbrances and other charges whatsoever (except rights of occupancy of third parties existing on the date the Lessor acquired 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 which the Lessee has the right to remove under the terms of this lease and intends to remove.

(b) All additions, improvements, appliances and fixtures which are removable under the terms of this lease and which are enumerated in the statement made as provided in subdivision (iii) above shall be removed by the Lessee prior to August 31st of the year of cancellation, and on or before said August 31st the Lessee shall deliver possession of the apartment to the Lessor in good condition with all required equipment, fixtures and appliances installed and in proper operating condition and free from all subleases and tenancies, liens, encumbrances and other charges (except as aforesaid) and pay to the Lessor all rent and other charges which shall be payable under this lease up to and including the following September 30th.

Removal of
Fixtures

Possession

(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.

Permission
to Show
and Occupy
Premises

(d) If the Lessee is not otherwise in default hereunder and if the Lessee shall have timely complied with all of the provisions of subdivisions (a) and (b) hereof, then this lease shall be cancelled and all rights, duties and obligations of the parties hereunder shall cease as of the September 30th fixed in said notice, and the shares of Lessor shall become the absolute property of the Lessor, provided, however, that the Lessee shall not be released from any indebtedness owing to the Lessor on said last mentioned date.

Effective
Date of
Cancellation

Rights on
Lessee's
Default

(e) If the Lessee shall give the notice but fail to comply with any of the other provisions of this paragraph, the Lessor shall have the option at any time prior to September 30th (i) of returning to the Lessee this lease, the certificate for shares and other documents deposited, and thereupon the Lessee shall be deemed to have withdrawn the notice of intention to cancel this lease, or (ii) of treating this lease as cancelled as of the September 30th named in the notice of intention to cancel as the date for the cancellation of such lease, and bringing such proceedings and actions as it may deem best to enforce the covenants of the Lessee hereinabove contained and to collect from the Lessee the payments which the Lessee is required to make hereunder, together with reasonable attorneys' fees and expenses.

Not Apply
to Unsold
Shares

(g) The above right to cancel shall not apply to a Holder of Unsold Shares as described in Paragraph 37.

Extension
of Option
to Cancel

35. (a) If on April 1st in any year the total number of shares owned by lessees holding proprietary leases for apartments in the building, who have given notice pursuant to Paragraph 34 of intention to cancel such proprietary leases on September 30th of said year, shall aggregate ten percent (10%) 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 and outstanding shares of the Lessor, stating the total number of shares then outstanding and in its treasury and the total number of shares owned by lessees holding proprietary leases who have given notice of intention to cancel. In such case the proprietary lessees to whom such notice shall have been given shall have the right to cancel their leases in compliance with the provisions of Paragraph 35 hereof, provided only that written notice of the intention to cancel such leases shall be given on or before July 1st instead of April 1st.

Right of
Lessees
to Cancel

(b) If Lessees owning at least 66-2/3% of the then issued and outstanding shares of the Lessor shall exercise the option to cancel their leases in one year, then this and all other proprietary leases shall thereupon terminate on the September 30th of the year in which such options shall have been exercised, as though every Lessee had exercised such option. In such event none of the Lessees shall be required to surrender his shares to the Lessor and all certificates for shares delivered to the Lessor by those who had, during that year,

served notice of intention to cancel their leases under the provisions hereof, shall be returned to such lessees.

36. No later than thirty (30) days after the termination of all proprietary leases for space in the buildings, 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 portions thereof, or (c) to sell the Buildings and liquidate the assets of the Lessor, and the Directors shall carry out the determination made by the holders of a majority of the shares of the Lessor then issued and outstanding 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 shareholders of corporations having title to real estate.

Continuance
of Coopera-
tive Manage-
ment of
Building
After all
Leases
Terminated

37. (a) The Term "Unsold Shares" means and refers to shares of the Lessor which have been issued or transferred to the Sponsor or to a Person or Person (the "holders of Shares") produced by the Sponsor as provided in Section Q of the Offering Plan - A Plan to Convert to Cooperative Ownership - Premises: Wendell Terrace - 20 Wendell Street, Hempstead, New York, (the "Plan"), to acquire Unsold Shares or to a nominee or designee of such Sponsor or Person(s); and all shares which are Unsold Shares retain their character as such (regardless of transfer) until an holder of Unsold Shares purchases same for use and occupancy by himself or a member of his family.

Unsold
Shares

(b) Neither the subletting of the apartment from time to time nor the assignment of this lease by the holder of Unsold Shares allocated to the apartment nor the posting of signs in connection with such subletting, assignment or sale shall require the consent of the Directors or shareholders to which reference is made in Paragraphs 14 and 15(a) (vi) of this lease; and a holder of Unsold Shares shall not be required to pay any sums for expenses of the Lessor or of its Managing Agent set forth in subparagraph (a) (iv) of said Paragraph 15, nor shall the holder of Unsold Shares be required to pay any transfer fee or other fee, cost or imposition in connection with any such assignment, sale or subletting. The holder of Unsold Shares shall be privileged to use without charge common areas of the Premises for Sales Office or similar purposes.

Subletting
Apartment
and Sale
of Shares

Change in
Form of
Lessee

(c) Without the consent of a holder of Unsold Shares, no change in the form, terms or conditions of this proprietary lease, as permitted by Paragraph 6, shall (i) affect the rights of the holder of Unsold Shares allocated to the apartment to sublet the apartment or to assign this lease, as hereinbefore provided in this Paragraph 37, or (ii) eliminate or modify any other rights, privileges or obligations of such holder of Unsold Shares.

(d) The provisions of Paragraph 34 of this Lease shall not be applicable to a holder of Unsold Shares.

Rights of
a Secured
Party

38. Where the provisions of Paragraph 16(b) are deemed inapplicable, the following provisions shall apply with respect to rights of secured parties:

(a) 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 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 shall fail 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 same to be cured, and the Lessor will not act upon said default unless and until the time in which the Secured Party may cure said default or cause same to be cured as aforesaid, shall have elapsed, and the default shall not have been cured.

(b) If this lease is terminated by the Lessor as provided in Paragraphs 30 or 34 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 a summary dispossession proceeding at the Secured Party's sole expense 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 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 Paragraphs 15(a) (vi) and 31(c) but 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 payment, on behalf of the Lessee, 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 14, 15, 20 and 37 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 31(c).

(c) 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 and a default or an event of default shall have occurred under the terms of the security agreement-leasehold mortgage or either of them entered into between the Lessee and the Secured Party, and if (1) notice of said default or event of default shall have been given to the Lessor, (2) an individual designated by the Secured Party, or the individual nominee of the individual so designated by the Secured Party, shall be entitled to become the owner of the shares and the lessee under this lease pursuant to the terms of said security agreement-leasehold mortgage, or either of them, (3) not less than five days' written notice of an intended transfer of the shares and this lease shall have been given to the Lessor and the Lessee, (4) there has been paid, on behalf of the Lessee, all rent, additional rent and other sums 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) - (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 Direc-

tors or the shareholders to which reference is made in Paragraph 15(a) (vi) but 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 of the rights provided for in Paragraphs 14, 15, 20 and 37 of this lease as if he were a holder of Unsold Shares.

(d) 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 38, (a) the Lessor and the Lessee will not enter into any agreement modifying or cancelling this lease, (b) no change in the form, 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 38, (c) the Lessor will not terminate or accept a surrender of this lease, except as provided in Paragraphs 30 or 34 of this lease and in subparagraph (a) of this Paragraph 38, (d) the Lessee will not assign this lease or sublet the apartment, (e) any modification, cancellation, surrender, termination or assignment of this lease or any sublease of the apartment not made in accordance with the provisions hereof shall be void and of no effect, (f) the Lessor will not consent to any further mortgage on this lease or security interest created in the shares, (g) the Lessee will not make any further mortgage or create any further security interest in the shares or this lease, and (h) any such further mortgage or security interest shall be void and of no effect.

(e) Any designee of a Secured Party to whom a transfer of a lease shall have been made pursuant to the terms of subparagraphs (b) and (c) hereof may cancel this lease under the terms of Paragraph 34 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 its intention to cancel; and (c) may give such notice at any time during the calendar year.

Foreclosure
Receiver
of Rents

39. Notwithstanding anything to the contrary contained in this lease, if any action shall be instituted to foreclose any mortgage on the land or

the Buildings or the leasehold of the land or Buildings, the Lessee shall, on demand, pay to the receiver of the rents appointed in such action rent, if any owing hereunder on the date of such appointment and shall pay thereafter to such receiver in advance, on the first day of each month during the pendency of such action, as rent hereunder, the rent for the apartment as last determined and established by the Directors prior to the commencement of said action, and such rent shall be paid during the period of such receivership, whether or not the Directors shall have determined and established the rent payable hereunder for any part of the period during which such receivership may continue. The provisions of this paragraph are intended for the benefit of present and future mortgagees of the land or the Buildings or the leasehold of the land or Buildings and may not be modified or annulled without the prior written consent of any such mortgage holder.

40. The references herein 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 inure to the benefit of the Lessor and its successors and assigns, and the Lessee and the executors and administrators, legal representatives, legatees, distributees and assigns of the Lessee, except as hereinabove stated.

To Whom
Covenants
Apply

41. To the extent permitted by law, the respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this lease, the Lessee's use or occupancy of the apartment, or any claim of damage resulting from any act or omission of the parties in any way connected with this lease or the apartment, appurtenant area or storage area assigned to the Lessee.

Waiver of
Trial by
Jury

42. In the event of a breach or threatened breach by Lessee of any provision hereof, the Lessor shall have the right of injunction and the right to invoke any remedy at law or in equity, as if re-

Lessor's
Additional
Remedies

entry, summary proceedings and other remedies were not herein provided for, and the election of one or more remedies shall not preclude the Lessor from any other remedy.

Lessee
More
Than
One
Person

43. If more than one person is named as Lessee hereunder, the Lessor may require the 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.

Actions

44. 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 thirty days after the giving of written notice thereof by the Lessee to the Lessor.

Holding
of
Shares

45. 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

(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.

(c) the shares represented by each certificate and the accompanying proprietary lease are subject to a first lien of the corporation, as described in the By-Laws.

Charges
for Gas
and
Electricity

46. If at any time or times during the term of this lease the consumption of gas or electricity, or both, in the apartment is measured by a meter which also measures consumption outside the apartment, the

Lessor may determine from time to time by resolution of the Board of 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.

47. The Lessor will not discriminate against any person because of his or her or her race, creed, color, national origin or ancestry when exercising any right reserved to it in this lease.

No
Discrimi-
nation

48. If any clause or provision herein contained shall be adjudged invalid, the same shall not affect the validity of any other clause or provision of this lease, or constitute any cause of action in favor of either party as against the other.

Effect of
Partial
Invalidity

49. The term "Tax Status Determination," when used in this lease with respect to an assignment of shares or the sale of such shares to a purchaser pursuant to the terms of the Proprietary Lease, means a written determination, made in accordance with the following sentences of this paragraph, that the ownership of the shares by the assignee or purchaser will not jeopardize Lessor's qualification as a cooperative housing corporation under said Section 216 or any similar qualification under any future law of similar import. A Tax Status Determination may be made by Lessor and shall not be unreasonably withheld by it. If the shares are Unsold Shares and a Tax Status Determination is required, such determination may, at the election of the Holder of the Unsold Shares, be made by the Holder of the Unsold Shares instead of Lessor.

Tax Status
Determina-
tion

50. The marginal heading of the several paragraphs of this lease shall not be deemed a part of this lease, nor used as evidence of the intent of the parties.

Marginal
Headings

51. The provisions of this lease cannot be changed orally.

Changes to
be in writ-
ting

52. A reference in this lease to any one gender, masculine, feminine or neuter, includes the other two and the singular includes the plural, and

Certain
References

vice versa, unless the context otherwise requires.

Limitation
of Lessor's
Rights

53. Anything herein contained to the contrary notwithstanding, so long as the Unsold Shares constitute 25% or more of the outstanding shares of the Lessor, the Lessor shall not take any of the following actions without the written consent of the Sponsor until the fifth anniversary of the Closing Date unless the lessees owning at least 75% of all issued and outstanding shares of the Lessor approve same in writing or by vote, in person or by proxy, at a duly constituted meeting called for such purpose:

(a) increase the number or change the type of employees from that described in the footnotes to Schedule B;

(b) increase mortgage indebtedness or provide for new or additional services, from those indicated in Schedule B, unless the annual cost of such new or additional services or mortgage indebtedness when added to the annual cost of all other services being provided, is no greater than those provided in said Schedule B; or

(c) undertake any capital or major improvement or addition, unless required by law (this restriction shall expressly not be applicable to ordinary and necessary repairs), use the Reserve Fund described in Section S of the Plan, or increase the budgeted contingency reserve fund as indicated in Schedule B of the Plan. However, any unused portion of the budgeted contingency reserve fund for any year may be added to the contingency reserve fund for the following years.

(d) Apply any budget income surplus towards capital or replacement reserves. Any surplus income available at the end of a year of operations must be applied as additional income in the next succeeding years' operating budget.

This provision may not be exercised over expenses required: (a) to comply with applicable laws or regulations, or (b) to remedy any notice of violation, or (c) to remedy any work order by a mortgagee or an insurer, or (d) to remedy a notice of default from a mortgagee.

54. (a) The term "Purchaser for Investment or Resale" means a purchaser, other than an Individual as described in Section Q of the Plan) who purchases Resale shares allocated to three (3) or more apartments, which apartments are not for occupancy by such purchaser or persons related by blood, marriage or adoption to such Purchaser, as described in Section R of the Plan.

Purchaser
for Invest-
ment or
Resale

(b) When a Purchaser for Investment or Resale wishes to sell the shares allocated to an apartment, the Purchaser for Investment or Resale must provide the following documents to a prospective purchaser at least three (3) business days before entering into a Purchase Agreement:

(i) Copy of the most recent financial statement of the Apartment Corporation, if any.

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

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

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

(v) If the apartment is occupied, a copy of the tenant's lease and a 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) Copies of notices, if any, of uncured violations of record in the apartment that are the responsibility of the proprietary lessee to cure, if any.

(c) A Purchaser for Investment or Resale shall be subject to all the other provisions of this lease as if said purchaser was the owner of shares allocated to an apartment which he, or a person related by blood marriage or adoption to him, is occupying.

55. If Lessee is the Tenant-Shareholder of an apartment subject to the lease of a non-purchasing tenant in occupancy on the date that title to the Building was transferred to Lessor, the following shall apply:

(a) Lessee will be required to pay to the Apartment Corporation the maintenance charges for that Apartment whether those charges are greater or less than the rent payable or received by the Lessee from the tenant in occupancy. By reason of the terms of the Lease, New York State General Business Law Section 352-eee ("Section 352-eee"), and ETPA and the Regulations promulgated pursuant thereto, Lessee will be responsible for the due performance of all of the obligations of the landlord under the lease, statutory tenancy or other tenancy of the tenant which are not the obligations of the Lessor, including obligations to maintain, repair and replace plumbing fixtures, the refrigerator, range, lighting fixtures and other equipment in the Apartment, and to paint the Apartment as provided in the lease with the tenant, or required by any applicable law, Section 352-eee, the ETPA and the Regulations promulgated pursuant thereto, as the case may be. Unless Lessee designates to Lessor in writing another person as Lessee's agent, Lessee hereby designates the Managing Agent of the Property as Lessee's agent to perform such services at Lessee's expense. Lessor shall have the right to bill Lessee for the cost of performing the services (including parts at Lessor's cost; labor at the basic hourly wage rate of the person performing the service, if appropriate, or the charge of an independent contractor performing the service; plus a reasonable administrative fee for the Managing Agent).

(b) Lessor shall have the right to bill Lessee for its allocable share any dues associated with Rent Stabilization, if required.

(c) Deposit with the Managing Agent at closing a sum not less than an amount equal to 2 months maintenance charges to be used as working capital to furnish services required under the non-purchasing tenant's lease and the laws and regulations specified above. Upon notice by the Managing Agent that said deposit has been diminished, said fund shall be replenished by the shareholder within a specified period of time.

56. Anything contained in this lease and the

House Rules annexed hereto 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 including, without limitation "For Sale" or "For Rent" signs size up to 3 ft. by 4 ft. on the lawn, and up to 12 by 18 inches in the lobby and corridors. In addition, prospective purchasers of Unsold Shares shall be given access to the public areas of the Property, including (without limitation) the lobbies and hallways, for purposes of ingress and egress, without being subject to any charge or fee therefor.

57. At the request of any Tenant-Shareholder of an apartment subject to the lease of a non-purchasing tenant in occupancy on the date that title was transferred to Lessor, the following shall apply:

Rights of
Non-Occupant
Lessees

a) Lessor will make or assist in the making of any application under Section 49 of the Omnibus Housing Act and any regulations promulgated thereunder for an increase (a "Hardship Increase") in the maximum legal rent for any apartments occupied by non-purchasing tenants.

b) Lessor will make or assist in the making of any application for real estate tax credits available as a result of Senior Citizen Rent Increase Exemptions granted by the New York State Division of Housing and Community Renewal ("Senior Citizen Exemption Benefits"). Within 30 days after receipt of the Exemption Credit, the Apartment Corporation shall apply an equal credit against the monthly maintenance charges payable by the benefited apartments.

c) If the maximum legal rent for any apartment occupied by a non-purchasing tenant may be increased by reason of any act of the Lessor, such as major capital expenditures for improvements or increased services provided by the Lessor, or increases in operating costs for which pass-alongs or decreases in rent may be granted or allowed by any provision of Law, the Lessor will cooperate with the holders of shares allocated to such apartments to secure such increases in rent, and the Lessor will provide and file such documentation and will by law to ob-

tain such increases. The holders of shares of apartments occupied by non-purchasing tenants will be under no obligation to account to the Lessor for any rents received from non-purchasing tenants. The Lessor, in addition, will provide such holders with any contractor's certificate which may be required to obtain any such increase. If an extra charge is made therefor, the holder will reimburse the Lessor to the extent therefor. The Lessor will not be obligated to engage in litigation or to take any action to insure such increases, other than to provide and file any information reasonably necessary or required by law to permit the holders of Unsold Shares to secure such increases.

If requested, Lessor will appoint a representative of the non-occupant Lessees as assistant secretary for the sole purpose of securing such Hardship Increases, Major Capital Improvements or increases or such Senior Citizen Exemption Benefits. The Lessor will use its best efforts to obtain, file and provide any materials, information, documentation and assistance reasonably necessary or required to obtain such Hardship Increases or Senior Citizen Exemption Benefits.

IN WITNESS WHEREOF, the parties have executed this lease.

WENDELL TERRACE OWNERS CORP.

Lessor

By _____
(Vice) President
Secretary

Lessee

(L.S.)

(L.S.)

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.

(2) Children shall not play in the public halls, courts and stairways.

(3) No public hall 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 a means of ingress and egress; in the event of disagreement among such Lessees, the Board of Directors shall decide.

(4) No Lessee shall make or permit any disturbing noises in the Building or do or permit anything to be done therein which will interfere with the rights, comfort or convenience of other Lessees. No Lessee shall play upon or suffer to be played upon any musical instrument or permit to be operated a phonograph or a radio or television loud speaker in such Lessee's apartment between the hours of 11:00 o'clock p.m. and the following 8:00 o'clock a.m. if the same shall disturb or annoy other occupants of the Building. No construction or repair work or other installation involving noise shall be conducted in any apartment except on weekdays (not including legal holidays) and only between the hours of 8:00 a.m. and 5:00 p.m.

(5) No article shall be placed in the halls or on the stair-case landings nor shall anything be hung or shaken from the doors, windows or roofs or placed upon the window sills or ledges of the Building.

(6) No awnings, window air-conditioning units or ventilators shall be used in or about the Building except such as shall have been expressly approved by the Lessor or the Managing Agent, nor shall anything be projected out of any window of the Building without similar approval. No air-conditioning units or ventilators may be installed, whether mounted in windows or through-the-wall sleeves without the prior consent in writing of the Lessor or the Board of Directors, which may at its option, designate the size, quantity, model or location of any such air-conditioning or ventilator units, and impose any other restriction or qualification thereon.

(7) No sign, notice, advertisement or illumination shall be inscribed or exposed on or at any window or other part of the Building, except such as shall have been approved in writing by the Lessor or the Managing Agent.

(8) No velocipedes, mopeds, motorcycles, bicycles, scooters, strollers, baby carriages or other wheeled items shall be allowed to stand in public halls, passageways, areas or the courtyard of the Building.

(9) Messengers and tradespeople shall use such means of ingress and egress as shall be designated by the Lessor.

(10) Kitchen supplies, market goods and packages of every kind are to be delivered only at the service entrance of the Building.

(11) Trunks and heavy baggage shall be taken in or out of the Building through the service entrance.

(12) 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.

(13) Water closets and other water apparatus in the Building shall not be used for any purposes other than those for which they were constructed, nor shall any sweepings, rubbish, rags or any other article be thrown into the water closets. The cost of repairing any damage resulting from misuse of any water closets or other apparatus shall be paid for by the Lessee in whose apartment it shall have been caused.

(14) No Lessee shall send any employee of the Lessor out of the Building on any private business of a Lessee.

(15) No dog, cat, bird, reptile or any other animal shall be kept or harbored in the Building without the prior approval in writing of the Board. No pigeons or other birds or animals shall be fed from the window sills or in the yard, court spaces or other public portions of the Building, or on the sidewalks or streets adjacent to the Building.

(16) 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.

(17) No vehicle belonging to a Lessee or to a member of the family or guest, subtenant, licensee 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.

(18) The Lessor shall have the right from time to time to curtail or relocate any space devoted to storage.

(19) 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.

(20) 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 rights, by its officers or authorized agents, to enter the apartment for the purpose and to charge the cost of such cleaning to the Lessee.

(21) Complaints regarding the service of the Building shall be made in writing to the Managing Agent of the Lessor.

(22) Any consent or approval given under these House Rules by the Lessor shall be revocable at any time.

(23) No Lessee shall install any plantings on the roof without the prior written approval of the Lessor. If approved, 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 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, and raised at least two inches from the roof surface, with the floor of drainage tiles and suitable weep holes at the sides to draw off water. It shall be the responsibility of the Lessee to maintain the containers in good condition, and the drainage tiles and weep holes in operating condition.

(24) The agents of the Lessor, and any contractor or workman authorized by the Lessor, may enter any apartment at any reasonable hour of the day for the purpose of inspecting such apartment to ascertain whether measures are necessary or desirable to control or exterminate any vermin, insects or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pest. If the Lessor takes measures to control or exterminate carpet beetles, the cost thereof shall be payable by the Lessee, as additional rent.

(25) These House Rules may be added to, amended or repealed at any time by resolution of the Board of Directors of the Lessor.

BY-LAWS
OF
WENDELL TERRACE OWNERS CORP.

BY-LAWS

ARTICLE IPurpose of Business

Section 1. The primary purpose of the Corporation is to provide apartments for shareholders who shall be entitled, solely by reason of their ownership of shares, to proprietary leases for apartments in the building owned by the Corporation, for purposes set forth in such leases.

ARTICLE II

Section 1. Annual Meeting: The first annual meeting of shareholders shall be held within 60 business days after closing under the Offering Plan, A Plan to Convert to Cooperative Ownership Premises Wendell Terrace, 20 Wendell Street, Hempstead, New York, (the "Offering Plan") and subsequent annual meetings shall be held in the State of New York, at such time and place before the 31st day of May each year as may be designated by the Board. The notice of the meeting shall be in writing and signed by the president or vice president or the secretary or an assistant secretary. Such notice shall state the time when and the place within the state where it is to be held, and the secretary shall cause a copy thereof to be delivered personally or mailed to each shareholder of record of the Corporation entitled to vote at such meeting not less than ten nor more than forty days before the meeting. If mailed, it shall be directly to each such shareholder at his or her address as it appears on the sharebook, unless he or she shall have filed with the secretary of the Corporation a written request that notices intended for him or her be mailed to some other address, in which case it shall be mailed to the address designated in such request.

Section 2. Special Meetings: Special meetings of shareholders, other than those the calling of which is regulated by statute, may be called at any time by the president or secretary or by a majority of the Board of Directors. It shall also be the duty of the secretary to call such meetings whenever requested in writing to do so by shareholders owning at least twenty-five percent of the outstanding shares of the Corporation. The secretary shall cause a notice of such special meeting stating the time, place and object thereof and the officer or other person or persons by whom the meeting is called, to be delivered personally or mailed as provided in Section 1 of this Article to each shareholder of record of the Corporation entitled to vote at such meeting not less than ten nor more than forty days before such meeting. No business other than that stated in such notice shall be transacted at such special meeting unless the holders of all the outstanding shares of the Corporation be present thereat in person or by proxy.

Section 3. Waiver of 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 the 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 each meeting of shareholders, except where otherwise provided by law, shareholders representing, in person or by proxy, a majority of the shares then issued and outstanding shall constitute a quorum; in case a quorum shall not be present at any meeting, the holders of a majority of the shares represented may adjourn the meeting to some future time and place. No notice of the time and place of the adjourned meeting need be given other than by announcement at the meeting. Only those shareholders who, if present at the original meeting, would have been entitled to vote thereat shall be entitled to vote at any such adjourned meeting.

Section 5. Voting: At each meeting of shareholders each shareholder present in person or by proxy shall be entitled to one vote for each share registered in his name at the time of service of notice of such meeting or at such prior date, not more than forty days before such meeting, as may be prescribed by the Board of Directors for the closing of the corporate share transfer books or fixed by the Board of Directors as the date for determining which shareholders of record are entitled to notice of and to vote at such meeting. The proxies shall be in writing duly signed by the shareholder but need not be acknowledged or witnessed, and the person named as proxy by any shareholder need not himself be a shareholder of the Corporation. Voting by shareholders shall be by voice vote unless any shareholder present at the meeting, in person or by proxy, demands a vote by written ballot, in which case the voting shall be by ballot, and each ballot shall state the name of the shareholder voting and the number of shares owned by him, and in addition, the name of the proxy of such ballot if cast by a proxy.

In all elections of directors of the Corporation, each shareholder shall be entitled to as many votes as shall equal the

number of votes which (except for these provisions) he would be entitled to cast for the election of directors with respect to his shares, multiplied by the number of directors to be elected, and he may cast all of such votes for a single director or may distribute them among the number to be voted for, or any two or more of them, as he may see fit.

Section 6. Inspectors of Election: Inspectors of election shall not be required to be appointed at any meeting of shareholders unless requested by a shareholder present (in person or by proxy) and entitled to vote at such meeting and upon the making of such request inspectors shall be appointed or elected as provided in Section 610 of the Business Corporation Law.

Section 7. Order of Business: So far as consistent with the purpose of the meeting, the order of business of each meeting of shareholders shall be as follows:

1. Call to order
2. Presentation of proofs of due calling
of the meeting.
3. Roll call and presentation and examination
of proxies
4. Reading of minutes of previous meeting or
meetings, unless waived
5. Reports of officers and committees
6. Appointment or election of inspectors of
election, if requested
7. If the annual meeting or a special meeting
called for that purpose, the election of
directors
8. Unfinished business
9. New business
10. Adjournment

ARTICLE III

Directors

Section 1. Number: (a) The number of directors of the corporation shall be no more than nine nor less than three, as may be fixed from time to time by resolution of the shareholders. In the absence of any resolution of such provision the number of directors shall be five. The number of directors may be changed by resolution of the shareholders from time to time at any annual or special meeting, provided that the notice of such meeting shall state that a resolution will be considered to change the number of directors and shall set forth the number to be proposed in such resolution. Any such resolution shall specify the manner in which the selection of directors necessitated by an increase in the number of directors shall be accomplished, or shall state

that a decrease in the number of directors shall not shorten the term of any incumbent director, as the case may be. Any such resolution increasing or decreasing the number of Directors shall require that a proportionate number be elected from each building. The number of directors so determined shall be the number of directors of the corporation until changed by further action of the shareholders in accordance with the foregoing.

(b) Notwithstanding anything to the contrary contained herein, the Sponsor of the Offering Plan to Convert the Premises to Cooperative Ownership will cause the holders of Unsold Shares as same are defined in Paragraph 37 of the Proprietary Lease to agree that after 51% of the shares of the corporation held by them have been sold or the fifth anniversary of the Closing Date, whichever occurs first, the Sponsor and holder of Unsold Shares will not elect a majority of the Board of Directors even though the number of shares owned by them would enable them to do so. However, notwithstanding anything to the contrary in the By-Laws, so long as the holders of Unsold Shares hold shares allocated to three (3) or more Apartments, they shall have the right to designate at least one of the Directors of the Corporation.

Section 2. Election: The Directors shall be elected at the annual meeting of shareholders or at a special meeting called for that purpose as provided by Section 5 of Article II of these By-Laws. Their term of office shall be until the date herein fixed for the next annual meeting and thereafter until their respective successors are elected and qualify. It shall not be necessary for a director of this Corporation to be a shareholder.

Section 3. Quorum: A majority of the Directors then authorized by these By-Laws shall constitute a quorum.

Section 4. Vacancies: Vacancies in the Board of Directors resulting from death, resignation or otherwise may be filled without notice to any of the shareholders by a vote of a majority of the remaining directors present at the meeting at which such election is held even though no quorum is present, which may be at any regular meeting of the Board of Directors or any special meeting thereof called for such purpose. In the event of the failure to hold any election of directors at the time designated for the annual election of directors or in the event that the Board of Directors shall not have filled any such vacancy, a special meeting of shareholders to elect a new Board of Directors or to fill such vacancy or vacancies may be called in the manner generally provided for the calling of special meetings of shareholders. Vacancies in the Board of Directors resulting from an increase of the Board of Directors by amendment of these By-Laws shall be filled in the manner provided in the resolution adopting such amendment. In case of a reduction of the authorized number of directors by amendment to these By-Laws, the directors, if any, whose term of office shall cease, shall be determined in the manner provided in the resolution adopting such amendment.

Section 5. Meetings: The Board of Directors shall meet immediately after the annual meeting of shareholders without notice and also whenever called together by any officer of the Corporation or upon the written request of any two directors then holding office, upon notice given to each director, by delivering personally, mailing or telegraphing the same to him at least two days prior to such meeting at the last address furnished by him to the Corporation. Regular meetings may be held without notice at such times and places as the Board of Directors may determine. Any meeting of the Board at which all the members shall be present, or of which notice shall be duly waived by all absentees, either before or after the holding of such meeting, shall be valid for all purposes provided a quorum be present. Meetings of directors may be held either at the principal office of the Corporation or elsewhere within the State of New York as provided in the notice calling the meeting, unless the Board of Directors by resolution adopt some further limitation in regard thereto. At all meetings of the Board of Directors, each director shall be entitled to one vote. The vote of a majority of the Board of Directors present at the time of a vote of a duly constituted meeting shall be the act of the Board of Directors.

Section 6. Resignation and Removal: Any director may resign at any time by written notice delivered in person or sent by certified or registered mail to the president or secretary of the Corporation. Such resignation shall take effect at the time specified therein, and unless specifically requested, acceptance of such resignation shall not be necessary to make it effective.

Any director may be removed from office without cause by the shareholders of the Corporation at a meeting duly called for that purpose.

Section 7. Annual Cash Requirements: The Board of Directors shall, except as may be otherwise restricted by the proprietary leases of the Corporation, from time to time, determine the cash requirements as defined in the Corporation's proprietary leases, and fix the terms and manner of payment of rent under the Corporation's proprietary leases. The Board of Directors shall have discretionary power to prescribe the manner of maintaining and operating the Property of the Corporation and to determine the cash requirements of the Corporation to be paid as aforesaid by the shareholder-tenants under their respective proprietary leases. Every such determination by the Board of Directors shall be final and conclusive as to all shareholder-tenants and any expenditures made by the Corporation's officers or its agent under the direction or with the approval of the Board of Directors of the Corporation shall, as against the shareholder-tenants, be deemed necessarily and properly made for such purpose.

So long as the Unsold Shares constitute twenty-five (25%) percent or more of the outstanding shares of the corporation, the Board of Directors of the corporation shall not take any of the following actions without the written consent of the holder of

Unsold Shares until the fifth anniversary of the Closing Date unless shareholders owning at least seventy-five percent (75%) of the shares of the corporation approve same in writing or by vote, in person or by proxy, at a duly constituted meeting.

(i) increase the number or change the type of employees from that described in the footnotes to Schedule B;

(ii) provide for new or additional services from those indicated in Schedule B, unless the annual cost of such new or additional services or mortgage indebtedness when added to the annual cost of all other services being provided, is no greater than those provided in said Schedule B; or

(iii) undertake any capital or major improvement or addition, unless required by law (this restriction shall expressly not be applicable to ordinary and necessary repairs), use the Reserve Fund described in Section S of the Plan, or increase the budgeted contingency reserve fund as indicated in Schedule B of the Plan. However, any unused portion of the budgeted contingency reserve fund for any year may be added to the contingency reserve fund for the following years.

(iv) apply any budget income surplus towards capital or replacement reserves. Any surplus income available at the end of operations must be applied as additional income in the next succeeding years' operating budget.

(v) Rent, lease or permit the occupancy of any parking or garage spaces which became vacant until the holders of unsold shares are offered the right to first refusal to such spaces at a rent now greater than the rent paid by the prior user of such space.

This Section may not be exercised by the holder of Unsold Shares for expenses required: (a) to comply with applicable laws or regulations, or (b) to remedy any notice of violation, or (c) to remedy any work order by a mortgagee or an insurer, or (d) to remedy a default from a mortgagee.

Section 8. House Rules: The Board of Directors may from time to time, adopt and amend such house rules as it may deem necessary in respect to the apartment building of the Corporation for the health, safety and convenience of the shareholder-tenants. Copies thereof and of changes therein shall be furnished to each shareholder-tenant.

9. Executive Committee and Other Committees: The Board of Directors may by resolution appoint an Executive Committee

and such other committees as it may deem appropriate, each to consist of three or more directors of the Corporation. Such committees shall have and may exercise such of the powers of the Board in the management of the business and affairs of the Corporation during the intervals between the meetings of the Board as may be determined by the authorizing resolution of the Board of Directors and so far as may be permitted by law, except that no committee shall have power to determine the cash requirements defined in the proprietary leases, or to vary the terms of payment thereof as fixed by the Board.

Section 10. Distributions: No shareholder-tenant 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 IV

Section 1. Election and Removal: The officers of the Corporation shall be a president, one or more vice presidents, a secretary and a treasurer. Such officers shall be elected at the first meeting of the Board of Directors after these By-Laws become effective, and thereafter at the regular meeting in each year following the annual meeting of shareholders, and shall serve until removed or until their successors shall have been elected. The Board of Directors may at any time or from time to time appoint one or more assistant secretaries and one or more assistant treasurers to hold office at the pleasure of the Board and may accord to such officers such power as the Board deems proper. Any officer may be removed at any time, with or without cause, by the affirmative vote of a majority of the then authorized total number of directors. The president shall be a member of the Board of Directors, and shall be a shareholder or the spouse of a shareholder, but none of the other officers need be a member of the Board of Directors but shall be a shareholder or spouse of a shareholder. One person may hold not more than two offices at the same time, except that the president and the secretary may not be the same person. Vacancies occurring in the office of any officer may be filled by the Board of Directors at any time.

Section 2. Duties of President and Vice President: The president shall preside at all meetings of the stockholders and of the Board of Directors. The president or any vice president shall sign in the name of the Corporation all contracts, leases and other instruments which are authorized from time to time by the Board of Directors. The president, subject to the control of the Board of Directors, shall have general management of the affairs of the Corporation and perform all the duties incidental to the office. In the absence from the State of New York or inability of the president to act, any vice president shall have the powers and perform the duties of the president.

Section 3. Duties of Treasurer: The treasurer shall have the care and custody of all funds and securities of the Corporation, and shall deposit such funds in the name of the Corporation in such bank or trust companies as the directors may determine, and he shall perform all other duties incidental to his office. If so required by the Board of Directors, he shall, before receiving any such funds, furnish to the Corporation a bond with a surety company as surety, in such form and amount as said Board from time to time shall determine. The premium upon such bond shall be paid by the Corporation. Within three months after the close of each calendar year, the treasurer shall cause to be furnished to each shareholder-tenant whose proprietary lease is then in effect, a statement of the Certified Public Accountant of the Corporation of any deductions available for income tax purposes on a per share basis and indicating thereon on a per share basis any such other information as may be necessary or useful to permit him to compute his income tax returns in respect thereof. Such statement shall not relate to independent business operations, but only cooperative ownership.

Within three months after the end of each fiscal year, the treasurer shall cause to be transmitted to each shareholder-tenant whose proprietary lease is then in effect, an annual report of operations and balance sheet of the Corporation which shall be certified by an independent Certified Public Accountant.

In the absence or inability of the treasurer, the assistant treasurer, if any, shall have all the powers and perform all the duties of the treasurer.

Section 4. Duties of the Secretary: The secretary shall keep the minutes of the meetings of the Board of Directors and of the meetings of shareholders; he shall attend to the giving and serving of all notices of the Corporation and shall be empowered to affix the corporation seal to all written instruments authorized by the Board of Directors or these By-Laws. He shall also perform all other duties incidental to his office. He shall cause to be kept a book containing the names, alphabetically arranged, of all persons who are shareholders of the Corporation, showing their places of residence, the number of shares held by them, respectively, the time when they respectively became the owners thereof, and the amount paid thereon, and the denomination and the amount of all shares issuance or transfer stamps affixed thereto, and such book shall be open for inspection as provided by law. In the absence or inability of the secretary, the assistant secretary, if any, shall have all the powers and perform all the duties of the secretary.

ARTICLE VProprietary Leases

Section 1. Form of Lease: The Board of Directors shall adopt a form of proprietary lease to be used by the Corporation for the leasing of all apartments and other space in the Property of the Corporation. Such proprietary leases shall be for such terms, with or without provisions for renewals, and shall contain such restrictions, limitations and provisions in respect to the assignment thereof, the subletting of the premises demised thereby and the sale and/or transfer of the shares of the Corporation appurtenant thereto, and such other terms, provisions, conditions and covenants as the Board of Directors may determine.

After a proprietary lease in the form so adopted by the Board of Directors shall have been executed and delivered by the Corporation, all proprietary leases (as distinct from the house rules) subsequently executed and delivered shall be in the same form, except with respect to the statement as to the number of shares owned by the lessee, the use of the premises and the date of the commencement of the term, unless any change or alteration is approved by lessees in accordance with the voting set forth in Section 5 of Meetings of Shareholders above.

Section 2. Assignment: Proprietary leases shall be assigned or transferred only in compliance with, and shall never be assigned or transferred in violation of, the terms, conditions or provisions of such proprietary leases. A duplicate original of each proprietary lease shall always be kept on file in the principal office of the Corporation or with the managing agent of the Property of the Corporation.

Section 3. Allocation of Shares: The Board of Directors shall allocate to each apartment or other space in the Property of the Corporation to be leased to shareholder-tenants under proprietary leases the number of shares of the Corporation which must be owned by the proprietary lessee of such apartment or other space.

Section 4. Assignment of Lease and Transfer of Shares: No assignment of any lease or transfer of the shares of the Corporation shall take effect as against the Corporation for any purpose until a proper assignment has been delivered to the Corporation; the assignee has assumed and agreed to perform and comply with all the covenants and conditions of the assigned lease or has entered into a new lease for the remainder of the term; all shares of

the Corporation appurtenant to the lease have been transferred to the assignee; all sums due have been paid to the Corporation; and all necessary consents have been properly obtained. The action of the Board of Directors with respect to the written application for the consent to a proposed assignment or subletting must be made within thirty (30) days after receipt of said written application.

Section 4.(a) Where the Sponsor named in the Plan of Cooperative Organization or a person supplied by the Sponsor is a lessee or holder of Unsold Shares (as that term is defined in the proprietary lease) of the Corporation then consent to an assignment or transfer of his lease and the shares appurtenant thereto will not be required from the Managing Agent and/or the Apartment Corporation.

Section 4.(b) No person to whom the interest of a lessee or shareholder shall pass by law, shall be entitled to assign any lease, transfer any shares, or to sublet or occupy any apartment, other than upon compliance with the requirements of the lease and these By-Laws.

Section 5. Fees on Assignment: The Board of Directors shall have authority before an assignment or sublet of a proprietary lease or reallocation of shares takes effect as against the Corporation as lessor, to fix a reasonable fee to cover actual expenses and attorneys' fees of the Corporation, a service fee of the Corporation and such other conditions as it may determine, in connection with each such proposed assignment or sub-let.

Section 6. Lost Proprietary Leases: In the event that any proprietary lease in full force and effect is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new proprietary lease in lieu thereof, in the same form and with the same terms, provisions, conditions and limitations. The Board may, in its discretion, before the issuance of any such new proprietary lease, require the owner thereof, or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutilation as it deems necessary, and to give the Corporation a bond in such reasonable sum as it directs, to indemnify the Corporation.

Section 7. Regrouping of Space: The Board of Directors, upon the written request of the owner or owners of one or more proprietary leases covering one or more apartments in the Property 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): (i) to subdivide any apartment into any desired number of apartments; (ii) to combine all or any portions of any such apartments into one or any desired number of apartments; and (iii) to reallocate the shares issued to accompany the propri-

etary lease or leases, but the total number of the shares so re-allocated shall not be less, or more, than the number of shares previously allocated to the apartment or apartments involved, and, in connection with any such regrouping, the Board of Directors may require that the number of shares allocated to the resulting apartment or apartments be greater than the number of shares allocated to the original apartment or apartments, and may authorize the issuance of shares from its treasury for such purpose; or (b): to incorporate one or more servant's rooms, or other space in the building not covered by a proprietary lease, into one or more apartments covered by a proprietary lease, whether in connection with any regrouping of space pursuant to subparagraph (a) of this Section 7 or otherwise, and in allocating shares to any such resulting apartment or apartments, shall determine the number of shares from its treasury to be issued and allocated in connection with the appropriation of such additional space.

In respect of unsold apartments or apartments for which the proprietary lease and shares issued to accompany the same are owned by the Sponsor named in the Plan of Cooperative Organization or a person supplied by the Sponsor as a holder of Unsold Shares (as that term is defined in the proprietary lease), who while entitled to occupy any such apartments for his personal use does not do so, such Sponsor, or person holding the Unsold Shares may change the number of such apartments by increasing or decreasing their size, or change the size, layout or location of any such apartment or subdivide same, but such Sponsor, or person holding Unsold Shares shall not have the right to reallocate the shares allocated to any of the apartments offered for sale under said Plan, unless such reallocation is designed to reflect a change in the value of the equity in the property attributable to the apartment or apartments to which the block of shares is being reallocated provided such changes comply with law and do not permanently encroach on any pre-existing public or common area of the Apartment Corporation.

Upon any regrouping of space in the building, the proprietary leases so affected, and the accompanying share certificates shall be surrendered, and there shall be executed and delivered in place thereof, respectively, a new proprietary lease for each separate apartment involved, and a new certificate for the number of shares so reallocated to each new proprietary lease.

ARTICLE VI

Capital Shares

Section 1. No shares hereafter issued or acquired by the Corporation shall be issued or reissued except in connection with the execution by the purchaser and delivery by the Corporation of a proprietary lease of an apartment in the Property owned by the

Corporation. The ownership of shares shall entitle the holder thereof to occupy the apartment for the purposes specified in the proprietary lease to which the shares are appurtenant, subject to the provisions, covenants and agreements contained in such proprietary lease.

Section 2. Form and Share Register: Certificates of the shares of the Corporation shall be in the form adopted by the Board of Directors, and shall be signed by the president or a vice president and the secretary or an assistant secretary or the treasurer or an assistant treasurer, and sealed with the seal of the Corporation, and shall be numbered in the order in which issued. Such signatures and seal may be facsimilies when and to the extent permitted by applicable statutory provisions. Certificates shall be issued in consecutive order and there shall be recorded the name of the person holding the shares, the number of shares and the date of issue. Each certificate exchanged or returned to the Corporation shall be cancelled, and the date of cancellation shall be indicated thereon and such certificate shall be retained in the Corporate records.

Section 3. Issuance of Certificates: Shares appurtenant to each proprietary lease shall be issued in the amount allocated by the Board of Directors to the apartment or other space described in such proprietary lease and shall be represented by a single certificate.

Section 4. Transfers: Transfers of shares shall be made upon the books of the Corporation only by the holder in person or by power of attorney, duly executed and filed with the secretary of the Corporation and on the surrender of the certificate for such shares, except that shares sold by the Corporation to satisfy any lien which it holds thereon may be transferred without the surrender of the certificate representing such shares. 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 of the State of New York or any other applicable provision of law, until it shall have been entered in the shares ledger, or as required by any then existing applicable provision of law, by an entry stating from whom and to whom transferred. No transfer of shares shall be valid or binding upon the Corporation and no such transfer shall be entered in the shares transfer ledger or stock books of the Corporation unless said shares shall have been sold in accordance with applicable law. Subject to the provisions of the form of proprietary lease adopted by the Board of Directors, the Board of Directors shall have authority before an assignment of shares takes effect as against the corporation, to fix a reasonable fee to cover actual expenses and attorneys' fees of the Corporation in connection with each such proposed assignment, and may direct that such attorneys' fees be paid directly to the attorneys.

All non-purchasing tenants will be notified of any transfer of shares allocated to the apartments they occupy by registered or certified mail, within fifteen (15) days of any change in ownership.

Section 5. Units of Issuance: Except as otherwise provided in Article V, Section 7, unless and until all proprietary leases which shall have been executed by the Corporation shall have been terminated, the shares appurtenant to each proprietary lease shall not be sold or assigned except as an entirety to the Corporation or an assignee of such proprietary lease, after complying with and satisfying the requirements of such proprietary lease, in respect to the assignment thereof.

Section 6. Corporation's Lien: The Corporation shall at all times have a first lien upon the shares owned by each shareholder for all indebtedness and obligations owing and to be owing by such shareholder to the Corporation, arising under the provisions of any proprietary lease issued by the Corporation and at any time held by such shareholder or otherwise arising. Unless and until such shareholder as lessee shall default in the payment of any of the rental or in the performance of any of the covenants or conditions of such proprietary lease, and/or unless and until such shareholder shall default in the payment of any indebtedness or obligation owing by such shareholder to the Corporation otherwise arising, such shares shall continue to stand in the name of the shareholder upon the books of the Corporation, and the shareholder shall be entitled to exercise the right to vote thereon as though said lien did not exist. The Corporation shall have the right to issue to any purchaser of such shares upon the enforcement by the Corporation of such lien, or to the nominee of such purchaser, a certificate of the shares so purchased substantially of the tenor of the certificate issued to such defaulting shareholder, and thereupon the certificate for such shares theretofore issued to such defaulting shareholder shall become void and such defaulting shareholder agrees to surrender such last mentioned certificate to the Corporation upon the latter's demand, but the failure of such defaulting shareholder so to surrender such certificate shall not affect the validity of the certificate issued in replacement thereof. The Corporation may refuse to consent to the transfer of shares of any shareholder indebted to the Corporation unless and until such indebtedness is paid.

Section 7. Lost Certificates: In the event that any share certificate is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new certificate of the same tenor and for the same number of shares in lieu thereof. The Board may, in its discretion, before the issuance of such new certificate, require the owner of the lost, stolen, destroyed or mutilated certificate, or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutilation as it deems necessary, and

to give the corporation a bond in such reasonable sum as it directs, to indemnify the Corporation.

Section 8. Legend of Share Certificates: Certificates representing shares of the Corporation shall bear a legend reading as follows:

"The rights of any holder hereof are subject to the provisions of the By-Laws of Wendell Terrace Owners Corp. and to all the terms, covenants, conditions and provisions of a certain proprietary lease made between the person in whose name this certificate is issued, as Lessee, and Wendell Terrace Owners Corp. as Lessor, for an apartment in the premises located at 20 Wendell Street, Hempstead, New York, which lease limits and restricts the title and rights of any transferee hereof. The shares represented by this certificate are transferable only as an entirety and only to an approved assignee of such proprietary lease. Copies of the proprietary lease and the By-Laws are on file and available for inspection at the office of the Managing Agent of this Corporation.

The directors of this Corporation may refuse to consent to the transfer of the shares represented by this certificate until any indebtedness of the shareholder to the Corporation is paid. The Corporation, by the terms of said By-Laws and proprietary lease, has a first lien on the shares represented by this certificate for all sums due and to become due under said proprietary lease.

Notice is hereby given pursuant to Sections 616 and 709 of the Business Corporation Law that the Certificate of Incorporation contains provisions authorized by Sections 616 and 709 of said Law prescribing special provisions for quorum, vote or consent of shareholders and directors and the holder of this Certificate is charged with knowledge thereof and holds the same subject to said provisions."

ARTICLE VII

Indemnification

Section 1. To the extent allowed by law, the Corporation shall indemnify any person, made a party to an action by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he, his testator or, intestate, is or

was a director or officer of the Corporation, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of such action, or in connection with an appeal therein, except in relation to matters as to which such director or officer is adjudged to have breached his duty to the Corporation, as such duty is defined in Section 717 of the Business Corporation Law. To the extent allowed by law, the Corporation shall also indemnify any person, made, or threatened to be made, a party to an action or proceeding other than one by or in the right of the Corporation to procure a judgment in its favor, whether civil or criminal, including an action by or in the right of any other corporation, domestic or foreign, which he served in any capacity at the request of the Corporation by reason of the fact that he, his testator or intestate was a director or officer of the Corporation or served it in any capacity against judgment, fines, amounts paid in settlement, and reasonable expenses, including attorneys' fees actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such director or officer acted, in good faith, for a purpose which he reasonably believed to be in the best interests of the Corporation and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful.

Nothing contained in this provision shall limit any right to indemnification to which any director or any officer may be entitled to contract or under any law now or hereinafter enacted.

ARTICLE VIII

Seal

Section 1. The seal of the Corporation shall be circular in form and have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal" and "New York."

ARTICLE IX

Negotiable Instruments

Section 1. All checks, drafts, orders for payment of money and negotiable instruments shall be signed by such officer or officers or employee or employees as the Board of Directors may from time to time, by standing resolution or special order, prescribe.

Section 2. Endorsements or transfers of shares, bonds, or other securities shall be signed by the president or any vice pre-

sident and by the treasurer or any assistant treasurer or the secretary or an assistant secretary unless the Board of Directors, by special resolution in one or more instances, prescribe otherwise.

Section 3. Safe Deposit Boxes: Such officer or officers as from time to time shall be designated by the Board of Directors, shall have access to any safe of the Corporation in the vault of any safe deposit company.

Section 4. Securities: Such officer or officers as from time to time shall be designated by the Board of Directors shall have power to control and direct the disposition of any bonds or other securities or property of the Corporation deposited in the custody of any trust company, bank or other custodian.

ARTICLE X

Fiscal Year

Section 1. The fiscal year of the Corporation shall be the calendar year unless otherwise determined by the resolution of the Board of Directors.

ARTICLE XI

Miscellaneous

Section 1. Salaries: No salary or other compensation for services shall be paid to any director or officer of the Corporation for services rendered as such officer unless and until the same shall have been authorized in writing or by affirmative vote, taken at a duly held meeting of shareholders, by shareholders owning at least a majority of the then outstanding shares of the Corporation.

Section 2. References: 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. The term spouse shall mean spouse as the same is defined in the proprietary lease.

ARTICLE XII

Amendments

Section 1. With the exception of Section 1(b) of Article III hereof, these By-Laws may be amended, enlarged or diminished either (a) at any shareholders' meeting by vote of shareholders owning two-thirds of the amount of the outstanding shares, repre-

sented in person or by proxy, provided that the proposed amendment or the substance thereof shall have been inserted in the notice of meeting or that all of the shareholders be present in person or by proxy, or (b) at any meeting of the Board of Directors by vote of two-thirds of the number of Directors fixed in Article III, Section I of the By-Laws, provided that the proposed amendment or the substance thereof shall have been inserted in the notice of meeting or that all of the Directors are present in person, except that the Directors may not repeal a By-Law amendment adopted by the shareholders as provided above.

Section 2. 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 (or its nominees, designees, successors and assigns) under said Offering Plan.

SECTION 352-eee OF THE GENERAL BUSINESS LAW
CONVERSIONS TO COOPERATIVE OR CONDOMINIUM OWNERSHIP
IN CERTAIN CITIES, TOWNS AND VILLAGES LOCATED IN
THE COUNTIES OF NASSAU, WESTCHESTER AND ROCKLAND

352-eee. Conversions to cooperative or condominium ownership in the counties of Nassau, Westchester and Rockland.

1. As used in this section, the following words and terms shall have the following meanings:

(a) "Plan". Every offering statement or prospectus submitted to the department of law pursuant to section three hundred fifty-two-e of this article for the conversion of a building or group of buildings or development from residential rental status to cooperative or condominium ownership or other form of cooperative interest in realty, other than an offering statement or prospectus for such conversion pursuant to article two, eight or eleven of the private housing finance law.

(b) "Non-eviction plan". A plan which may not be declared effective until at least fifteen percent of those bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the plan is declared effective shall have executed and delivered written agreements to purchase under the plan. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made in good faith without fraud and discriminatory repurchase agreements or other discriminatory inducements.

(c) "Eviction plan". A plan which, pursuant to the provisions of this section, can result in the eviction of a non-purchasing tenant by reason of the tenant failing to purchase pursuant thereto, and which may not be declared effective until written agreements to purchase under the plan pursuant to an offering made in good faith without fraud and with no discriminatory repurchase agreements or other discriminatory inducements shall have been executed and delivered by: (i) at least fifty-one percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general excluding, for the purposes of determining the number of bona fide tenants in occupancy on such date, eligible senior citizens and eligible disabled persons; and (ii) at least thirty-five percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general including, for the purposes of determining the number of bona fide tenants in occupancy on such date eligible senior citizens and eligible disabled persons.

(d) "Purchaser under the plan". A person who owns the shares allocated to a dwelling unit or who owns such dwelling unit itself.

(e) "Non-purchasing tenant". A person who has not purchased under the plan and who is a tenant entitled to possession at the time the plan is declared effective or a person to whom a dwelling unit is rented subsequent to the effective date. A person who sublets a dwelling unit from a purchaser under the plan shall not be deemed a non-purchasing tenant.

(f) "Eligible senior citizens". Non-purchasing tenants who are sixty-two years of age or older on the date the plan is declared effective and the spouses of any such tenants on such date, provided that such tenant shall not be precluded from subsequently purchasing the dwelling unit on the terms then offered to tenants in occupancy.

(g) "Eligible disabled persons". Non-purchasing tenants who have an impairment which results from anatomical, physiological or psychological conditions, other than addiction to alcohol, gambling, or any controlled substance, which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques, and which are expected to be permanent and which prevent the tenant from engaging in any substantial gainful employment on the date the attorney general has accepted the plan for filing, and the spouses of any such tenants on such date, and who have elected, within sixty days of the date the attorney general has accepted the plan for filing, on forms promulgated by the attorney general and presented to such tenants by the offeror, to become non-purchasing tenants under the provisions of this section; provided, however, that if the disability first occurs after acceptance of the plan for filing, then such election may be made within sixty days following the onset of such disability unless during the period subsequent to sixty days following the acceptance of the plan for filing but prior to such election, the offeror accepts a written agreement to purchase the apartment from a bona fide purchaser; and provided further that such election shall not preclude any such tenant from subsequently purchasing the dwelling unit or the shares allocated thereto on the terms then offered to tenants in occupancy.

2. The attorney general shall refuse to issue a letter stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this chapter has been filed whenever it appears that the offering statement or prospectus offers for sale residential cooperative apartments or condominium units pursuant to a plan unless:

(a) The plan provides that it will be deemed abandoned, void and of no effect if it does not become effective within twelve 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 fifteen 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 at least fifteen percent of those bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the plan is declared effective shall have executed and delivered written agreements to purchase under the plan. 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.

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

(iii) Non-purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy prior to the conversion of the building or group of buildings or development to cooperative or condominium ownership shall continue to be subject thereto.

(iv) The rentals of non-purchasing tenants who reside in dwelling units not subject to government regulation as to rentals and continued occupancy and non-purchasing tenants who reside in dwelling units with respect to which government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the plan has been accepted for filing by the attorney general

shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy. In determining comparability, consideration shall be given to such factors as building services, level of maintenance and operating expenses.

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

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

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

(d) The plan provides, if it is an eviction plan, as follows:

(i) The plan may not be declared effective unless: (1) at least fifty-one percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general excluding, for the purposes of determining the number of bona fide tenants in occupancy on such date, eligible senior citizens and eligible disabled persons; and (2) at least thirty-five percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general including, for the purposes of determining the number of bona fide tenants in occupancy on such date eligible senior citizens and eligible disabled persons; shall have executed and delivered written agreements to purchase under the plan pursuant to an offering made in good faith without fraud and with no discriminatory repurchase agreements or other discriminatory inducements.

(ii) No eviction proceedings will be commenced against a non-purchasing tenant for failure to purchase or any other reason applicable to expiration of tenancy until the later to occur of (1) the date which is the expiration date provided in such non-purchasing tenant's lease or rental agreement, and (2) the date which is three years after the date on which the plan is declared effective. Non-purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy prior to conversion shall continue to be subject thereto during the period of occupancy provided in this paragraph. Thereafter, if a tenant has not purchased, he may be removed by the owner of the dwelling unit or the shares allocated to such dwelling unit.

(iii) No eviction proceedings will be commenced, except as hereinafter provided, at any time against either eligible senior citizens or eligible disabled persons. The rentals of eligible senior citizens and eligible disabled persons who reside in dwelling units not subject to government regulation as to rentals and continued occupancy and eligible senior citizens and eligible disabled persons who reside in dwelling units with respect to which government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the plan has been accepted for filing shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy considering, in determining comparability, such factors as building services, level of maintenance and operating expenses; provided that such proceedings may be commenced against such tenants for non-payment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the owner or a similar breach by the tenant of his obligations to the owner of the dwelling unit or the shares allocated thereto; 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.

(iv) Eligible senior citizens and eligible disabled persons who reside in dwelling units subject to government regulation as to rentals and continued occupancy shall continue to be subject thereto.

(v) The rights granted under the plan to eligible senior citizens and eligible disabled persons may not be abrogated or reduced notwithstanding any expiration of, or amendment to, this section.

(vi) Any offeror who disputes the election by a person to be an eligible senior citizen or an eligible disabled person must apply to the attorney general within thirty days of the receipt of the election forms for a determination by the attorney general of such person's eligibility. The attorney general shall, within thirty days thereafter, issue his determination of eligibility. The foregoing shall, in the absence of fraud, be the sole method

for determining a dispute as to whether a person is an eligible senior citizen or an eligible disabled person. The determination of the attorney general shall be reviewable only through a proceeding under article seventy-eight of the civil practice law and rules, which proceeding must be commenced within thirty days after such determination by the attorney general becomes final.

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

(viii) If the plan is amended before it is declared effective to provide that it shall be a non-eviction plan, any person who has agreed to purchase under the plan prior to such amendment shall have a period of thirty days after receiving written notice of such amendment to revoke his agreement to purchase under the plan.

(ix) The tenants in occupancy on the date the attorney general accepts the plan for filing shall have the exclusive right to purchase their dwelling units or the shares allocated thereto for ninety days after the plan is accepted for filing by the attorney general, during which time a tenant's dwelling unit shall not be shown to a third party unless he has, in writing, waived his right to purchase; subsequent to the expiration of such ninety day period, a tenant in occupancy of a dwelling unit who has not purchased shall be given the exclusive right for an additional period of six months from said expiration date to purchase said dwelling unit or the shares allocated thereto on the same terms and conditions as are contained in an executed contract to purchase said dwelling unit or shares entered into by a bona fide purchaser, such exclusive right to be exercisable within fifteen days from the date of mailing by registered mail of notice of the execution of a contract of sale together with a copy of said executed contract to said tenant.

(e) The attorney general finds that an excessive number of long-term vacancies did not exist on the date that the offering statement or prospectus was first submitted to the department of

law. "Long-term vacancies" shall mean dwelling units not leased or occupied by bona fide tenants for more than five months prior to the date of such submission to the department of law. "Excessive" shall mean a vacancy rate in excess of the greater of (i) ten percent and (ii) a percentage that is double the normal average vacancy rate for the building or group of buildings or development for two years prior to the January preceding the date the offering statement or prospectus was first submitted to the department of law.

(f) The attorney general finds that, following the submission of the offering statement or prospectus to the department of law, each tenant in the building or group of buildings or development was provided with a written notice stating that such offering statement or prospectus has been submitted to the department of law for filing. Such notice shall be accompanied by a copy of the offering statement or prospectus and a statement that the statements submitted pursuant to subparagraph (vii) of paragraph (c) or subparagraph (vii) of paragraph (d) of this subdivision, whichever is applicable, will be available for inspection and copying at the office of the department of law where the submission was made and at the office of the offeror or a selling agent of the offeror. Such notice shall also be accompanied by a statement that tenants or their representatives may physically inspect the premises at any time subsequent to the submission of the plan to the department of law, during normal business hours, upon written request made by them to the offeror, provided such representatives are registered architects or professional engineers licensed to practice in the state of New York. Such notice shall be sent to each tenant in occupancy on the date the plan is first submitted to the department of law and to the clerk of the municipality wherein such building or group of buildings or development is located.

3. All dwelling units occupied by non-purchasing tenants shall be managed by the same managing agent who manages all other dwelling units in the building or group of buildings or development. Such managing agent shall provide to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. The offeror shall guarantee the obligation of the managing agent to provide all such services and facilities until such time as the offeror surrenders control to the board of directors or board of managers.

4. It shall be unlawful for any person to engage in any course of conduct, including, but not limited to, interruption or discontinuance of essential services, which substantially interferes with or disturbs the comfort, repose, peace or quiet of any tenant in his use or occupancy of his dwelling unit or the facilities related thereto. The attorney general may apply to a court of competent jurisdiction for an order restraining such conduct and, if he deems it appropriate, an order restraining the owner from selling the shares allocated to the dwelling unit or the dwelling unit itself or from proceeding with the plan of conversion; provided

that nothing contained herein shall be deemed to preclude the tenant from applying on his own behalf for similar relief.

5. Any local legislative body may adopt local laws and any agency, officer or public body may prescribe rules and regulations with respect to the continued occupancy by tenants of dwelling units which are subject to regulation as to rentals and continued occupancy pursuant to law, provided that in the event that any such local law, rule or regulation shall be inconsistent with the provisions of this section, the provisions of this section shall control.

6. Any provision of a lease or other rental agreement which purports to waive a tenant's rights under this section or rules and regulations promulgated pursuant hereto shall be void as contrary to public policy.

7. The provisions of this section shall only be applicable cities, towns and villages located in the counties of Nassau, Westchester and Rockland which by resolution adopted by the respective local legislative body of such city, town or village, elect that the provisions hereof shall be applicable therein. A certified copy of such resolution shall be filed in the office of the attorney general at Albany and shall become effective on the date of such filing.

CERTIFICATION OF SPONSOR AND SPONSOR'S
PRINCIPALS PURSUANT TO 13NYCRR 18.4(b)

New York State
Department of Law
120 Broadway - 23rd Floor
New York, NY 10271

Re: WENDELL TERRACE COOPERATIVE

Gentlemen:

We are the sponsor and the principals of sponsor of the offering plan for the captioned property.

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Attorney General in Part 18 and such other laws and regulations as may be applicable.

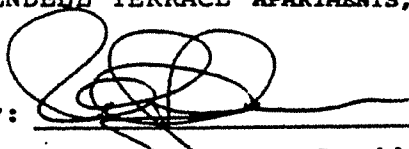
We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for making this certification. We jointly and severally certify that the offering plan does, and that all documents submitted hereafter by us which amend or supplement the offering plan will:

- (i) set forth the detailed terms of the transaction and be complete, current and accurate;
- (ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;
- (iii) not omit any material fact;
- (iv) not contain any untrue statement of a material fact;
- (v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;
- (vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) not contain any representation or statement which is false, where I/we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no

reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representation or statement made.

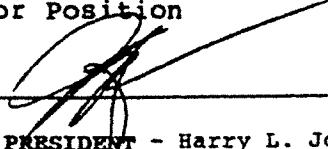
This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

WENDELL TERRACE APARTMENTS, INC.

By: 

~~CHAIRMAN~~ - Ronald K. Johansen

Title or Position

By: 

~~PRESIDENT~~ - Harry L. Johansen

TITLE OR POSITION

SPONSOR'S PRINCIPALS:

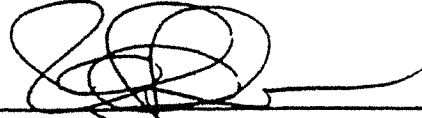
Ronald K. Johansen/Chairman

Harry L. Johansen/President

.. Sworn to before me this
day of , 198

Notary Public

SPONSOR'S PRINCIPALS:



 Ronald K. Johansen - Chairman



 Harry L. Johansen - President

Sworn to before me this
 11 day of Dec , 198 .



 Notary Public

ROBERT CHICCO
 NOTARY PUBLIC, State of New York
 No 30 -4742114
 Qualified in ~~Albany~~ Albany County
 Commission Expires 4/30/89



MICHAEL LYNN & ASSOCIATES P.C.
ARCHITECTS • ENGINEERS
PLANNERS • INTERIOR DESIGNERS

300 PARK AVENUE SOUTH • NEW YORK, N.Y. 10010 • (212) 477-1900
1983 MARCUS AVENUE • LAKE SUCCESS, N.Y. 11042 • (516) 326-8280
TELEX: 4974653 BEV UI

DOCUMENT 6B

CERTIFICATION OF SPONSOR'S ENGINEER
PURSUANT TO SECTION 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, New York 10047

Att: Real Estate Financing Bureau

Re: 20 Wendell Street
Hempstead, New York

Job No.: 42435

The sponsor of the offering plan to convert the captioned property to cooperative ownership retained our firm to prepare a report disclosing the condition of the property (the "Report"). We visually inspected the property in the week ending September 25, 1987 and prepared the Report dated September 29, 1987, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the Report.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 18 insofar as they are applicable to this Report.

We have read the entire Report and investigated the facts set forth in the Report and the facts underlying it and conducted the visual inspection referred to above with due diligence in order to form this certification. We certify that the Report and all documents prepared by us disclose all the material facts which were then discernable from a visual inspection of the property. This certification is made for the benefit of all parties to whom this offer is made. We certify that the Report based on our visual inspection:

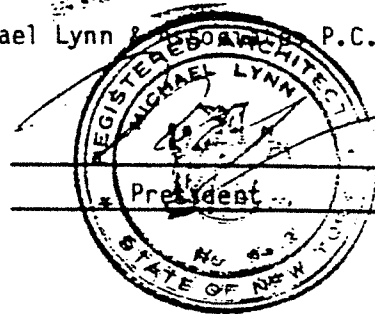
- (i) sets forth in narrative form the physical condition of the entire property and is current and accurate as of the date of inspection;
- (ii) in our professional opinion affords potential investors, purchasers and participants an adequate basis upon which to found their judgement concerning the physical 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;
- (vii) does not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representations or statement made.
- (viii) It is understood that all aspects of the physical condition of the property cannot be determined by a visual inspection and that all statements contained in this Certification are premised on and limited to such visual inspection.

We further certify that we are not owned or controlled by and have no beneficial interest in the sponsor and that our compensation for preparing this Report is not contingent on the conversion of the property to a cooperative or on the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

Michael Lynn & P.C.

BY:



Sworn to before me this
29 day of September, 1987

Robert Gruskin

Notary Public

ROBERT GRUSKIN
NOTARY PUBLIC, State of New York
No. 31-4862928
Qualified in New York County
Commission Expires July 14, 1990

MLA



Sandra Greer Real Estate Inc.
 201 East 77th Street
 New York, N.Y. 10021
 (212) 472-1878
 772-3000 Sales
 472-8503 Management

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.

December 8, 1987

New York State Department of Law
 100 Church Street
 5th Floor
 New York, N.Y. 10007

Att: Real Estate Financing Bureau

RE: 20 Wendell Street
 Hempstead, New York

The Sponsor of the cooperative offering plan ("the Plan") for the captioned property retained our firm to review schedule B of the Plan, containing projections of income and expenses for the first year of cooperative operation. Our firm is a licensed Real Estate brokerage firm and has been in business for approximately thirteen years. At the present time, our firm is involved in the preparation of price schedules and budgets incident to the conversion of at least twenty properties, and is under contract to manage nine rental apartment buildings and four cooperative apartment buildings.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in part 18 insofar as they are applicable to Schedule B.

We have reviewed the Schedule and investigated the facts set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for this certification. We have also relied on our experience in managing residential buildings.

We certify that the projections in Schedule B appear reasonable and adequate under existing circumstances, and the projected income appears sufficient to meet the anticipated operating expenses for the projected first year of cooperative operation.

We certify that the Schedule:

- (i) sets forth in detail the projected income and expenses for the first year of cooperative operation;

DIVERSIFIED REAL ESTATE INVOLVEMENT



Sandra Greer Real Estate Inc.
201 East 77th Street
New York, N.Y. 10021
(212) 472-1878
772-3000 Sales
472-8503 Management

- (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 fraud, deception, concealment or suppression;
- (v) does not contain any untrue statement of a material fact;
- (vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and
- (vii) does not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representation or statement made.

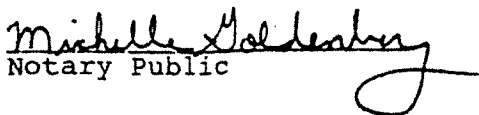
We certify that we are not owned or controlled by the Sponsor. We understand that a copy of this certification is intended to be incorporated into the Offering Plan.

This statement is not intended as a guarantee or warranty of the income and expenses for the first year of cooperative operation.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and the Penal Law.


Sandra Greer, President

Sworn to before me
this 8 day of December 1987


Notary Public

MICHELLE GOLDENBERG
Notary Public, State of New York
No. 4886483
Qualified in New York County
Commission Expires March 2, 1989