

73-01 Burns St

5124

← FILE

THIS IS A NON-EVICTION PLAN. NO EVICTIONS WILL BE SOUGHT, BY REASON OF CONVERSION TO COOPERATIVE OWNERSHIP, OF TENANTS WHO DO NOT WISH TO PURCHASE. SEE PAGE 32.

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

OFFERING PLAN
A PLAN TO CONVERT TO COOPERATIVE OWNERSHIP

Premises at
150 BURNS STREET
FOREST HILLS, NEW YORK

THIS PLAN HAS BEEN AMENDED
SEE INSIDE FRONT COVER

Total cash amount of offering (13,075 shares) (46 apartments)	\$4,000,950*
Mortgage Indebtedness	800,000
Total Purchase Price	4,800,950*
Less Reserve Fund to be retained by Apartment Corporation	25,000
Net Purchase Price of Property to Sponsor	4,775,950*

* This is based on the cash purchase price to non-tenant purchasers (see Schedule A, pages 4 to 7).

*Name and Address of Apartment Corporation
Whose Shares Are Offered*

150 BURNS APARTMENT CORP.
150 Burns Street
Forest Hills, New York

Name and Address of Sponsor and Selling Agent

DERMA HOLDING COMPANY
c/o Robert J. Ettinger
220 Madison Avenue
New York, New York

THIS PLAN HAS BEEN AMENDED
SEE INSIDE FRONT COVER

The approximate date of first offering of this Plan is July 12, 1982.

This Plan may not be used after July 12, 1983, unless amended or extended.

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

EXHIBIT A

NOTICE OF DECLARATION OF EFFECTIVENESS
TO PURCHASERS AND TENANTS IN OCCUPANCY

Re: Plan to Convert to Cooperative Ownership
Premises 150 Burns Street, Forest Hills, NY

PLEASE TAKE NOTICE that the above indicated Offering Plan dated July 12, 1982 to convert to cooperative ownership premises 150 Burns Street, Forest Hills, New York, is declared effective. Shares allocated to more than 15% of the apartments in the building have been subscribed for pursuant to the terms of the Plan by tenants in occupancy with respect to apartments in which they are currently residing and by non-tenants with respect to vacant apartments who have represented an intent to reside in such vacant apartments.

The closing date for the conveyance of title to the premises to the Apartment Corporation has been set as follows:

DATE AND TIME: June 1, 1983 -- 11:00 A.M.

PLACE: Offices of Sonnenschein Sherman & Deutsch, Esqs.
10 Columbus Circle, New York, New York 10019

In accordance with paragraph 3 of the Subscription Agreement, Purchasers are notified that the balance of their respective purchase prices under their respective subscription agreements are to be paid by certified check of the Purchaser or official bank check of a New York City bank by May 25, 1983. In lieu of paying the entire balance as herein indicated, the Purchaser has the right to submit to the Sponsor a commitment for a bank loan with the understanding that the amount of the loan will be paid over to Sponsor on the closing date simultaneously with the closing of the sale of the property to the Apartment Corporation; and in the event that the bank loan is an amount less than the entire balance of the purchase price now due, the difference shall be paid by the Purchaser not later than by the aforementioned date of May 25, 1983.

Purchasers are instructed to make all checks covering the requisite payments due payable to "GFO Special 150 Account" and to forward all such payments and copies of countersigned loan commitments in accordance with the provisions of the preceding paragraphs to the Sponsor, Derma Holding Company, in care of Goldschmidt, Fredericks & Oshatz, Esqs., 655 Madison Avenue, 19th Floor, New York, New York 10021 (212-838 2424).

It is suggested to each Purchaser who obtains a loan Commitment and arranges for financing that he execute the loan documents with his lender in advance of the Closing and arrange

for a representative of the lender to be present at the Closing with the proceeds of the loan (a bank check payable to "GFO Special 150 Account").

Purchasers will be advised shortly as to the arrangements for signing the Proprietary Leases. Purchasers are reminded that they must sign their leases in order to be able to close.

Any Purchaser who defaults in the performance of his subscription agreement and thereafter cures it and closes at a later date than the Closing will be required to pay a fee of \$250 to Sonnenschein Sherman & Deutsch at the closing of title to the shares he is purchasing.

Purchasers who are tenants are reminded that they must pay all rent and other charges lawfully due and owing up to and including the Closing Date in order to close.

NO RENT CONTROLLED OR RENT STABILIZED TENANT MAY BE EVICTED FOR FAILURE TO PURCHASE THE SHARES ALLOCATED TO HIS OR HER APARTMENT, AND WILL HAVE THE RIGHT TO REMAIN IN OCCUPANCY EVEN THOUGH THE SHARES ALLOCATED TO HIS OR HER APARTMENT ARE SOLD TO ANOTHER, SO LONG AS HE OR SHE IS NOT IN DEFAULT IN PAYING RENT OR PERFORMING ANY OTHER OBLIGATION UNDER HIS OR HER LEASE OR TENANCY.

DATED: April 22, 1983

Derma Holding Company,
Sponsor

150 BURNS APARTMENT CORP.,
Apartment Corporation

EXHIBIT B

Premises: 150 Burns Street
Forest Hills, New York

<u>Apt. No.</u>	<u>Subscriber</u>	<u>Shares</u>
6-A	Elizabeth McEleavy	495
3-B	* Ollie J. Yee & Larre Yee	150
5-B	* Edward Pritulak	160
6-B	* Elizabeth McEleavy	165
4-C	* Joseph Ingber	270
5-C	John Cyr	275
2-D	Constance S. Radut & Walter H. Radut	345
4-D	* Justin V. Stevens, Miriam Stevens & James E. Stevens	355
4-E	* Yukiko Novatt	255
5-E	* Judith G. Schechter	260
2-F	* Eileen Gasperowicz	225
3-F	* Gloria Latorre & John Latorre	230
6-F	* Fernando I. Reyes & Pauline Reyes	245
2-G	* Leo Novatt	145
3-G	Bruce Berkowitz & Marcy Berkowitz	150
4-G	* Joseph Ingber	155
6-G	* Herman Bender	165
6-H	Andrew Batkin & Ina Batkin	465

* Non-tenant purchasers of vacant apartments for occupancy.

EXHIBIT C

<u>Apartment</u>	<u>Shares</u>	<u>Subscriber</u>
4F	235	Howard Adams

150 BURNS APARTMENT CORP.

REPORT

DECEMBER 31, 1989

LEON, TARLOWE & SAPER
CERTIFIED PUBLIC ACCOUNTANTS

212.757.5800

www.**TitleVest**[®].com

info@titlevest.com

150 BURNS APARTMENT CORP.

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LEON, TARLOWE & SAPER
CERTIFIED PUBLIC ACCOUNTANTS

HAROLD E. SAPER
M. ARTHUR TARLOWE
ARTHUR M. LEON

LEON, TARLOWE & SAPER
CERTIFIED PUBLIC ACCOUNTANTS
EMPIRE STATE BUILDING
SUITE 7910
NEW YORK, NY 10118

SEYMOUR GROSSMAN
BARRY J. LEON

TEL. 212-465-9100 FAX. 212-465-9104

October 1, 1990

To the Stockholders and Board of Directors
150 Burns Apartment Corp.
c/o Alexander Wolf & Co.
One Dupont Street
Plainview, New York 11803

We have audited the balance sheet of 150 Burns Apartment Corp. as of December 31, 1989, and the related statements of income and expenses and cash flows for the year then ended. These financial statements are the responsibility of 150 Burns Apartment Corp's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying financial statements, together with the accompanying notes to the financial statements, present fairly the financial position of 150 Burns Apartment Corp. at December 31, 1989, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

Leon, Tarlowe & Saper
Leon, Tarlowe & Saper
Certified Public Accountants

150 BURNS APARTMENT CORP.

BALANCE SHEET

DECEMBER 31, 1989

ASSETS

CURRENT ASSETS

Cash in Bank - Operating Account	\$ 1,763	
- Money Market, etc.	<u>153,284</u>	\$ 155,047
Maintenance Receivable, etc.		25,373
Prepaid Expenses, etc.		<u>11,624</u>
<u>TOTAL CURRENT ASSETS</u>		\$ 192,044

LAND, BUILDING & IMPROVEMENTS - Note A

Land	\$ 384,323	
Building & Improvements	\$2,393,697	
Less: Accum. Depreciation	<u>623,706</u>	
<u>TOTAL LAND, BUILDING & IMPROVEMENTS</u>	<u>1,769,991</u>	2,154,314

OTHER ASSETS

Deposits	\$ 565	
Deferred Mortgage Costs	<u>22,826</u>	
<u>TOTAL OTHER ASSETS</u>		<u>23,391</u>

<u>TOTAL ASSETS</u>		<u>\$2,369,749</u>
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LIABILITIES AND CAPITAL

CURRENT LIABILITIES

Expenses Payable, etc.	\$ 44,015	
Taxes Withheld and Payable	<u>1,100</u>	
<u>TOTAL CURRENT LIABILITIES</u>		\$ 45,115

First Mortgage Payable - Note B		<u>1,200,000</u>
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<u>TOTAL LIABILITIES</u>		\$1,245,115
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CAPITAL - Note C

Capital Stock - Note D	\$ 13,075	
Additional Paid in Capital	1,626,316	
Deficit - December 31, 1988	\$(424,464)	
Net Loss	<u>(90,293)</u>	
Deficit - December 31, 1989		<u>(514,757)</u>

<u>TOTAL CAPITAL</u>		<u>1,124,634</u>
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<u>TOTAL LIABILITIES AND CAPITAL</u>		<u>\$2,369,749</u>
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The accompanying notes and letter are an integral part of this statement.

150 BURNS APARTMENT CORP.

STATEMENT OF INCOME AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1989

INCOME:

Apartments		\$ 305,622
Laundry		1,500
Interest Income - Note C		8,356
Sublet, Late Fees, Etc.		<u>12,367</u>

TOTAL INCOME

\$ 327,845

EXPENSES:

Salaries & Wages	\$ 6,360	
Payroll Taxes	<u>836</u>	\$ 7,196

Fuel	\$ 27,426	
Gas & Electric	8,857	
Water & Sewer	<u>8,837</u>	45,120

Repairs & Maintenance	\$ 27,193	
Building Supplies	<u>3,289</u>	30,482

Real Estate Tax	\$ 43,527	
Interest on Mortgage	123,000	
Insurance	14,634	
Licenses & Permits	<u>303</u>	181,464

Management Fee	\$ 12,900	
Legal & Accounting	31,330	
Professional Fees	1,730	
Miscellaneous	<u>1,813</u>	<u>47,773</u>

TOTAL EXPENSES

312,035

NET INCOME BEFORE DEPRECIATION AND TAXES

\$ 15,810

Depreciation	99,788	
Amortization of Mortgage Costs	<u>3,185</u>	<u>102,973</u>

NET (LOSS) BEFORE TAXES

\$ (87,163)

N.Y. City Corporation Tax	1,357	
N.Y. State Franchise Taxes	<u>1,773</u>	<u>3,130</u>

NET LOSS

\$ (90,293)

The accompanying notes and letter are an integral part of this statement.

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

<u>Cash Flows From Operating Activities:</u>		
Net loss		\$ (90,293)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and Amortization		102,973
Changes in assets and liabilities:		
Decrease in maintenance receivable, etc.	\$ 39,690	
Increase in prepaid expenses	(4,549)	
Increase in expenses payable	14,862	
Increase in taxes withheld and payable	<u>1,100</u>	
Total adjustments		<u>51,103</u>
Net cash provided by operating activities		\$ <u>63,783</u>
<u>Cash Flows From Investing Activities:</u>		
Acquisition of Building Improvements	\$ (168,504)	
Net cash used by investing activities		\$ (168,504)
<u>Cash Flows From Financing Activities</u>		<u>-0-</u>
Net decrease in cash and cash equivalents		\$ (104,721)
Cash and cash equivalents at beginning of year		<u>259,768</u>
Cash and cash equivalents at end of year		\$ <u>155,047</u>

The accompanying notes and letter are an integral part of this statement.

150 BURNS APARTMENT CORP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1989

A. LAND, BUILDING & IMPROVEMENTS

The property was acquired in a transaction under Section 351 of the Internal Revenue Code. For accounting purposes, the property is stated at the purchase price as noted in the closing statement. For tax purposes, the depreciable basis of the property is reported as required under Section 362(b) of the Internal Revenue Code. The building is being depreciated for both accounting and tax purposes by the straight-line method over the remaining life of the asset.

Subsequent improvements have the same basis for book and tax purposes.

<u>Property</u>	<u>Accounting Basis</u>	<u>Federal Tax Basis</u>
Land	\$ 384,323	\$ 132,263
Building	2,030,775	690,613
Total	\$2,415,098	\$ 822,876
Less: Accumulated Depreciation	595,102	186,708
Net Land and Building	\$1,819,996	\$ 636,168
 Improvements	 362,922	 353,824
Less: Accumulated Depreciation	28,604	30,970
Net Improvements	\$ 334,318	\$ 322,854
 Net Property	 \$2,154,314	 \$ 959,022

B. FIRST MORTGAGE PAYABLE

On February 25, 1987 the Corporation borrowed \$1,200,000 from Morgan Guaranty Trust Company of New York, as Custodian for the Church Pension Fund.

The mortgage requires monthly interest payments of \$10,250. There is no amortization of the principal. On March 1, 1997, the entire principal of \$1,200,000 is due.

C. FEDERAL INCOME TAXES

The Internal Revenue Service has taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code.

Section 277 of the Code provides that a member organization that is operated to provide services to members is permitted to deduct expenses attributable to the furnishing of services to the members only to the extent of the income derived during such year from its members.

continued

150 BURNS APARTMENT CORP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1989

(Continued)

C. FEDERAL INCOME TAXES

Section 277 permits a membership organization to reduce income from non-member sources only by expenses incurred in generating this income. Accordingly, income from non-member sources, such as interest, commercial rentals, etc. in excess of expenses properly attributable thereto, may be subject to federal tax.

Income tax liability that may result from the above is not reflected in the attached financial statements. If the position of the Internal Revenue Service is sustained by the courts, such liability will be reflected in future financial statements.

D. CAPITAL STOCK

The Corporation is authorized to issue 35,000 shares of \$1.00 Par Value Common Stock, of which 13,075 are issued and outstanding.

A P P E N D I X

GLOSSARY OF TERMS

- AMBIENT EXPOSURE ----- Exposure to environmental fiber concentrations, (i.e. the normal concentration of fibers in an area prior to the disturbance of asbestos-containing materials).
- ENCAPSULATION ----- To enclose in or surrounded by a gelatinous (paint, etc.) substance.
- EXPOSURE POTENTIAL --- A numerical value calculated from a series of variables which addresses the degree of risk (of being subjected to asbestos fibers) within an area. The higher the value the more critical the area.
- FRIABLE ----- Easily crumbled or pulverized by hand pressure.
- IMMINENT ASBESTOS HAZARD ----- This term is used to describe an area or situation with a high degree of exposure risk.
- PEAK EXPOSURE ----- Exposure at the time of disturbance to asbestos-containing material which creates relatively high fiber concentrations.
- PETROGRAPHIC ----- Pertaining to the description or systematic classification of substances.

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SPECIAL RISK FACTORS

EXECUTION OF A SUBSCRIPTION AGREEMENT IS NOT CONDITIONAL ON OBTAINING FINANCING AND THEREFORE ANY PROSPECTIVE PURCHASER WHO EXECUTES A SUBSCRIPTION AGREEMENT AND DOES NOT OBTAIN FINANCING MAY LOSE HIS DEPOSIT IF HE IS UNABLE OTHERWISE TO RAISE THE MONIES FOR THE BALANCE OF THE PURCHASE PRICE.

THE WRAPAROUND MORTGAGE WHICH WILL ENCUMBER THE PROPERTY WILL MATURE ON OCTOBER 1, 1987, AT WHICH TIME THE UNPAID BALANCE WILL BE APPROXIMATELY \$753,815.02 (ASSUMING THE CLOSING UNDER THIS PLAN WILL BE JANUARY 1, 1983). IF THE APARTMENT CORPORATION DOES NOT ARRANGE FOR REFINANCING OR EXTENSION OF THE WRAPAROUND MORTGAGE WHEN IT IS DUE, IT WILL BE REQUIRED TO PAY THE UNPAID PRINCIPAL, WHICH MAY REQUIRE ADDITIONAL MAINTENANCE CHARGES AND POSSIBLE ASSESSMENTS ON THE STOCK. ASSUMING THAT AT THE TIME OF MATURITY THE PRINCIPAL BALANCE IS \$753,815.02 AND THE NUMBER OF OUTSTANDING SHARES REMAINS AT 13,075, THE AMOUNT NECESSARY TO PAY OFF THE MORTGAGE WILL EQUAL \$57.65 PER SHARE. NO REPRESENTATIONS ARE MADE AS TO THE AVAILABILITY OF FUNDS FOR REFINANCING AT THE TIME THE WRAPAROUND MORTGAGE BECOMES DUE.

IT IS ANTICIPATED THAT THE RESERVE FUND STATED ON THE FRONT COVER OF THIS PLAN AND FURTHER DESCRIBED ON PAGE 45 WILL BE \$25,000 PLUS OR MINUS CLOSING ADJUSTMENTS. NO REPRESENTATION IS MADE THAT THE RESERVE FUND WILL BE ADEQUATE TO COVER CURRENT OR FUTURE EXPENSES, INCLUDING REPAIRS OR REPLACEMENTS, AND IF ADDITIONAL FUNDS ARE REQUIRED OVER AND ABOVE THE RESERVE FUND, IT MAY BE NECESSARY TO INCREASE MAINTENANCE CHARGES.

INTRODUCTION

The purchaser of a cooperative apartment buys shares of the corporation (the Apartment Corporation) which owns the building in which the apartment is located. Ownership of the shares entitles the purchaser to a special lease of his apartment commonly known as a proprietary lease. As a shareholder he will have the right to vote annually for the Board of Directors who will conduct the affairs of the Apartment Corporation and supervise the operation of the building. As a lessee, he will pay as rent (customarily called maintenance charges) a proportionate share of the Apartment Corporation's cash requirements for the operation and maintenance of the building and creation of such reserve for contingencies as the Board of Directors may deem proper.

The prices for the blocks of shares allocated to the various apartments in the building are found at pages 4 to 7 (Schedule A). THESE PRICES HAVE BEEN SET BY THE SPONSOR AND ARE NOT SUBJECT TO APPROVAL BY ANY GOVERNMENTAL AGENCY. The estimated annual maintenance charges for each apartment for the first year of cooperative operation are also set forth on pages 4 to 7 (Schedule A). (See also Schedule B, page 11.)

The reader is directed to the opinion of counsel at page 28 for a full discussion of available tax deductions and the conditions applicable thereto.

The agreement to purchase the Apartment Corporation's shares is called a Subscription Agreement and may be found at page 58.

A summary of the principal provisions of the proprietary lease may be found in Part I at page 43. A copy of the entire lease is set forth in Part II as Exhibit IV.

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

There are 46 apartments in the building which are the subject of this Offering. This does not include the dwelling space occupied by the superintendent, to which no shares have been allocated and, hence, is not subject to this Offering.

18 apartments in the building are occupied rent controlled apartments, 16 apartments are occupied rent stabilized apartments, and 12 apartments are currently vacant. The applicable New York City Rent Laws are summarized in Part I on page 32 and printed in full in Part II as Exhibits I and II. These laws grant certain rights and privileges to tenants, whether or not they wish to purchase.

Starting at page 67 in Part II there is contained a detailed description of the property which should be carefully reviewed by the prospective purchaser.

Parts I and II together constitute the entire Offering Plan. All the documents referred to in this Offering Plan are important. IT IS SUGGESTED THAT YOU CONSULT YOUR OWN ATTORNEY OR FINANCIAL ADVISOR BEFORE PURCHASING AND PROVIDE HIM WITH A COPY OF THIS OFFERING PLAN.

It should be noted that each purchaser has the right to secure financing of the cash portion of the purchase price from any source of his own choosing. Certain banks are making such loans on terms prescribed by them which are secured by the pledge of the stock and lease allocable to the apartment. Whether any individual will qualify for a bank loan will depend on the borrower's credit standing and other factors; and no representation is made by Sponsor that any purchaser will obtain any such loan or with respect to the terms thereof.

This Plan is a non-eviction plan, being presented without attempting to comply with the procedures in Section 61 of the Rent Stabilization Code and Section 55 of the Rent Control Guidelines for converting the building to cooperative ownership. Therefore, no evictions will be sought, by reason of conversion to cooperative ownership, of tenants who do not wish to purchase.

SCHEDULE A

150 BURNS STREET
FOREST HILLS, NEW YORK

SCHEDULE OF PURCHASE PRICES OF SHARES ALLOCATED TO APARTMENTS
(and related information at the date of presentation of the Plan)

PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS
Estimated Maintenance Charges and Estimated Income Tax
Deductions for the First Year of Cooperative Operation

Apt.	Rooms and Bath (1)	Share Alloca- tions	Cash		Approximate Amount of Mortgage Applicable to Shares at \$61.1854 Per Share	Estimated Maintenance Charges		Estimated Annual Amount Deductible for Income Purposes \$7.0796 Per Share
			Purchase Price to Tenant Purchasers at \$153 Per Share (2)	Purchase Price to Non-Tenant Purchasers at \$306 Per Share (2)		Annual at \$16.50 Per Share (4)	Monthly at \$1.375 Per Share (4)	
* 1-A	5-2	380	\$58,140.00	\$116,280.00	\$23,250.45	\$6,270.00	\$522.50	\$2,690.25
* 2-A	5-2	385	58,905.00	117,810.00	23,556.38	6,352.50	529.38	2,725.65
3-A	5-2	390	59,670.00	119,340.00	23,862.31	6,435.00	536.25	2,761.04
4-A	5-2	395	60,435.00	120,870.00	24,168.23	6,517.50	543.13	2,796.44
5-A	5-2	400	61,200.00	122,400.00	24,474.16	6,600.00	550.00	2,831.84
6-A	5-2-T	495	75,735.00	151,470.00	30,286.77	8,167.50	680.63	3,504.40
* 1-B	2-1	140	21,420.00	42,840.00	8,565.96	2,310.00	192.50	991.14
* 2-B	2-1	145	22,185.00	44,370.00	8,871.88	2,392.50	199.38	1,026.54
V 3-B	2-1	150	22,950.00	45,900.00	9,177.81	2,475.00	206.25	1,061.94
4-B	2-1	155	23,715.00	47,430.00	9,483.74	2,557.50	213.13	1,097.34
5-B	2-1	160	24,480.00	48,960.00	9,789.66	2,640.00	220.00	1,132.74
6-B	2-1	165	25,245.00	50,490.00	10,095.59	2,722.50	226.88	1,168.13
* 1-C	3-1/2-1	255	39,015.00	78,030.00	15,602.28	4,207.50	350.63	1,805.30
* 2-C	3-1/2-1	260	39,780.00	79,560.00	15,908.20	4,290.00	357.50	1,840.70
3-C	3-1/2-1	265	40,545.00	81,090.00	16,214.13	4,372.50	364.38	1,876.09
V 4-C	3-1/2-1	270	41,310.00	82,620.00	16,520.06	4,455.00	371.25	1,911.49
5-C	3-1/2-1	275	42,075.00	84,150.00	16,825.99	4,537.50	378.13	1,946.89
* 6-C	3-1/2-1	280	42,840.00	85,680.00	17,131.91	4,620.00	385.00	1,982.29
1-D	3-1/2-1	255	39,015.00	78,030.00	15,602.28	4,207.50	350.63	1,805.30
V 2-D	4-1/2-2	345	52,785.00	105,570.00	21,108.96	5,692.50	474.38	2,442.46
* 3-D	4-1/2-2	350	53,550.00	107,100.00	21,414.89	5,775.00	481.25	2,477.86
* 4-D	4-1/2-2	355	54,315.00	108,630.00	21,720.82	5,857.50	488.13	2,513.26
* 5-D	4-1/2-2	360	55,080.00	110,160.00	22,026.74	5,940.00	495.00	2,548.66
* 6-D	4-1/2-2	365	55,845.00	111,690.00	22,332.67	6,022.50	501.88	2,584.05

* = controlled apartments

V = vacant apartments

apartments without * or V are stabilized

SCHEDULE A

**150 BURNS STREET
FOREST HILLS, NEW YORK**

**SCHEDULE OF PURCHASE PRICES OF SHARES ALLOCATED TO APARTMENTS
(and related information at the date of presentation of the Plan)**

**PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS
Estimated Maintenance Charges and Estimated Income Tax
Deductions for the First Year of Cooperative Operation**

Apt.	Rooms and Bath (1)	Share Alloca- tions	Cash Purchase Price to Tenant Purchasers at \$153 Per Share (2)	Cash Purchase Price to Non-Tenant Purchasers at \$306 Per Share (2)	Approximate Amount of Mortgage Applicable to Shares at \$61.1854 Per Share (3)	Estimated Maintenance Charges Annual at \$16.50 Per Share (4)	Estimated Monthly at \$1.375 Per Share (4)	Estimated Annual Amount Deductible for Income Purposes at \$7.0796 Per Share (5)
* 2-E	3-1/2-1	245	\$37,485.00	\$ 74,970.00	\$14,990.42	\$4,042.50	\$336.88	\$1,734.50
* 3-E	3-1/2-1	250	38,250.00	76,500.00	15,296.35	4,125.00	343.75	1,769.90
V 4-E	3-1/2-1	255	39,015.00	78,030.00	15,602.28	4,207.50	350.63	1,805.30
V 5-E	3-1/2-1	260	39,780.00	79,560.00	15,908.20	4,290.00	357.50	1,840.70
6-E	3-1/2-1	265	40,545.00	81,090.00	16,214.13	4,372.50	364.38	1,876.09
V 2-F	3-1	225	34,425.00	68,850.00	13,766.72	3,712.50	309.38	1,592.91
V 3-F	3-1	230	35,190.00	70,380.00	14,072.64	3,795.00	316.25	1,628.31
V 4-F	3-1	235	35,955.00	71,910.00	14,378.57	3,877.50	323.13	1,663.71
* 5-F	3-1	240	36,720.00	73,440.00	14,684.50	3,960.00	330.00	1,699.10
V 6-F	3-1	245	37,485.00	74,970.00	14,990.42	4,042.50	336.88	1,734.50
* 1-G	2-1	140	21,420.00	42,840.00	8,565.96	2,310.00	192.50	991.14
V 2-G	2-1	145	22,185.00	44,370.00	8,871.88	2,392.50	199.38	1,026.54
3-G	2-1	150	22,950.00	45,900.00	9,177.81	2,475.00	206.25	1,061.94
V 4-G	2-1	155	23,715.00	47,430.00	9,483.74	2,557.50	213.13	1,097.34
5-G	2-1	160	24,480.00	48,960.00	9,789.66	2,640.00	220.00	1,132.74
V 6-G	2-1	165	25,245.00	50,490.00	10,095.59	2,722.50	226.88	1,168.13
* 1-H	5-1/2-2	440	67,320.00	134,640.00	26,921.58	7,260.00	605.00	3,115.02
2-H	5-1/2-2	445	68,085.00	136,170.00	27,227.50	7,342.50	611.88	3,150.42
3-H	5-1/2-2	450	68,850.00	137,700.00	27,533.43	7,425.00	618.75	3,185.82
* 4-H	5-1/2-2	455	69,615.00	139,230.00	27,839.36	7,507.50	625.63	3,221.22
* 5-H	5-1/2-2	460	70,380.00	140,760.00	28,145.28	7,590.00	632.50	3,256.62
6-H	5-1/2-2	465	71,145.00	142,290.00	28,451.21	7,672.50	639.38	3,292.01
13,075			\$2,000,475.00	\$4,000,950.00	\$799,999.10	\$215,737.50	\$17,978.25	\$92,565.76

* = controlled apartments

V = vacant apartments

apartments without * or V are stabilized

SCHEDULE A (contd.)

- (1) Each apartment should be inspected to determine present layout and physical condition. Some apartments may have been altered and vary from the typical floor plan.
- (2) Shares allocated to apartments are offered to tenants in occupancy who are subject to rent control or rent stabilization at the date of presentation of the Plan at \$153 per share for a period of 90 days from the date of presentation of the Plan. Notwithstanding the foregoing, however, in the event the Sponsor obtains a determination by an appropriate authority that such tenant was not using his apartment as his primary residence at the date of acceptance for filing of the Plan and the term of such tenant's lease expired prior to the said date of acceptance, such tenant shall not have the right to purchase as set forth in the preceding sentence, and the Sponsor shall have the right to reject and/or cancel any Subscription Agreement submitted by any such tenant. During the aforesaid 90-day period, the price of \$153 per share offered to the persons designated in the preceding sentence shall not be increased. After the expiration of such 90-day period, any tenant who wishes to purchase shall be entitled to do so only if the shares allocated to such tenant's apartment have not yet been purchased or subscribed for by any other person, but such right to purchase shall exist only at the prices then offered to non-tenants. Prices applicable to non-tenants and tenants who do not qualify under the first sentence of this footnote shall be not more than \$306 per share. An amendment will be filed as a prerequisite to the following: changes in prices to tenants in occupancy, general price changes, price increases and advertised price changes. Any reduction in the price to non-tenants, other than general price changes, may be disclosed by a notice affixed to the inside front cover of the Plan.
- (3) Tenant-shareholders will have no personal liability to the mortgagee for payment of the Apartment Corporation's mortgage indebtedness. Interest and amortization payments are included in the monthly maintenance charges. The amount of mortgage shown in this column will be reduced by amortization.
- (4) These amounts are estimated for the first year, based on the estimate of Alexander Wolf & Company, Inc. contained in Schedule B of this Plan. These amounts do not include charges for tenants' electricity and gas, which are the responsibility of the tenants. The only electrical expense is for common areas.

- (5) These amounts are estimated for the first year in accordance with the figures computed by Alexander Wolf & Company, Inc. (see page 11). These amounts may vary because of changes in the amount of real estate taxes and interest on mortgage debt.

CHANGES IN PRICES AND REALLOCATION OF SHARES

As indicated in Schedule A, an amendment will be filed as a prerequisite to the following: changes in prices to tenants in occupancy, general price changes, price increases and advertised price changes. Any reduction in the price to non-tenants, other than general price changes, may be disclosed by a notice affixed to the inside front cover of the Plan. The foregoing shall also be applicable to the holders of Unsold Shares. Schedule A will not be changed prior to the date of closing hereunder except upon the opinion of Alexander Wolf & Company, Inc. or other real estate expert that the price as changed is an amount not less than an amount bearing a reasonable relationship to the portion of the value of the Apartment Corporation's equity in the property attributable to the apartment to which such shares are allocated as determined on the date of the execution of the Subscription Agreement for such shares. Any such changes are of course subject to the terms of this Offering Plan and the rights of occupants. If there is any change in the price of a block of shares prior to the closing, the total purchase price of the Property as stated under the financial plan will be increased or decreased accordingly by the net difference resulting from all such changes in prices and the sum payable to the Sponsor at closing will be changed correspondingly by the amount of such net difference. In no event will such changes in prices result in changing the amount of funds available as the Reserve Fund to the Apartment Corporation.

The Sponsor and the Apartment Corporation reserve the right to vary the amount of stock allocable to any apartment, provided however (a) that no such change will be made with respect to shares of stock allocated to any apartment for which a subscription agreement has been accepted nor will any such change have the effect of increasing or decreasing the total number of shares; and any such changes will be subject to the rights of occupants under the Rent Stabilization Law and (b) no such change prior to the date of the original issuance of the shares of stock will result in upsetting the reasonable relationship existing between the prices for the blocks of shares set forth in this Plan and that portion of the Apartment Corporation's equity in the property attributable to the apartment to which such blocks of shares are allocated in accordance with the provisions of Section 216 of the United States Internal Revenue Code (an opinion of a real estate expert will be obtained in this regard). Any such reallocation of shares shall be reflected in an amendment.

In order to meet the possible varying demands for number and type of apartments or to meet particular requirements of prospective purchasers or for any other reason, the Sponsor reserves the right at any time prior to closing of title 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; and (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). No such change shall be effected after title is conveyed to the Apartment Corporation without the consent of the Board of Directors. In addition, an amendment will be filed reflecting any change in the number of apartments or to common areas and any reallocation of shares. This provision shall also apply to holders of Unsold Shares. If the size of an apartment is changed either as a result of any subdivision, or otherwise, or if the layout of the apartment is changed, the number of shares allocated to such apartment may be increased or decreased accordingly; however, no such reallocation of shares will have the effect of increasing or decreasing the total number of shares allocated to all apartments nor shall any shares be reallocated unless there has first been obtained an opinion of a licensed real estate broker familiar with cooperative offerings of this kind that the aforesaid "reasonable relationship", as determined on the date that the change is made, has been preserved. Any reallocation of shares will vary the estimated maintenance charges for the apartment or apartments affected thereby and the allocable portion of mortgage and estimated amount deductible for income tax purposes, from the amounts set forth in the foregoing Schedule "A". No such change, however, in any event will affect the proportion or amount of maintenance charges, proportion of mortgage or amounts estimated to be deductible for income tax purposes in respect of any apartment which was not the subject of such change.

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

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

No change in the cash purchase price, size or layout of an apartment or in the number of shares allocated thereto will be made with respect to any apartment for which a subscription agreement has been accepted and under which the purchaser is not then in default.

PRICE TO TENANTS IN OCCUPANCY AT DATE OF PRESENTATION OF PLAN

As mentioned in Schedule A, any tenant in occupancy at the date of presentation of the Plan of a dwelling unit subject to rent control or rent stabilization may purchase his apartment at a cash purchase price of \$153 per share instead of \$306 per share if, and only if, such apartment is purchased as herein provided not later than 90 days after the date of presentation of the Plan. For purposes hereof "date of presentation of the Plan" shall be deemed to be 3 days after the mailing thereof to such tenants in occupancy. If any such tenant-occupant purchases within such 90-day period, the cash purchase price will accordingly be \$153 per share. Such right to purchase at a reduced price within such 90-day period shall be available as aforementioned to all tenants in occupancy of controlled and stabilized apartments at the date of presentation of the Plan. The preceding sentences shall not apply in the event that Sponsor obtains a determination by an appropriate authority that any such tenant was not using his apartment as his primary residence at the date of acceptance for filing of the Plan and the term of such tenant's lease expired prior to the said date of

acceptance. After the expiration of such 90-day period, a tenant in occupancy shall no longer be entitled to such reduced price nor shall he have the exclusive right to purchase the shares allocated to his apartment and the same will be offered for sale to others, subject, however, to the rights of tenants as set forth in the rent laws contained in Exhibit I relating to controlled tenants (see in particular in this regard paragraph c.(3)(b) and (d)) and Exhibit II relating to stabilized tenants (see in particular in this regard Section 61.-4.(c)). (See page 32 of the Plan for details.)

As indicated in the section above entitled "Changes in Prices", in the event that any tenant purchases at the reduced price the total purchase price of the property as stated under the financial plan will be affected accordingly.

SCHEDULE B

SCHEDULE OF PROJECTED RECEIPTS
AND EXPENSES FOR FIRST YEAR
OF COOPERATIVE OPERATION

150 BURNS STREET
FOREST HILLS, NEW YORK

ANTICIPATED COMMENCEMENT DATE: JANUARY 1, 1983

ESTIMATED RECEIPTS:

Annual Maintenance Charges (1)	\$215,737.50
Laundry Income (2)	<u>540.00</u>

<u>TOTAL ESTIMATED RECEIPTS</u>	\$216,277.50
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OPERATING EXPENSES:

Labor (3)	\$ 7,085.00
Fuel (4)	56,040.00
Electricity and Gas (5)	7,632.00
Water and Sewer (6)	3,400.00
Insurance (7)	6,350.00
Maintenance, Repairs and Supplies (8)	7,000.00
Legal and Accounting	2,000.00
Management (9)	8,200.00
Service Contracts (10)	3,000.00
Real Estate Taxes (11)	26,850.00
Franchise Taxes (12)	2,241.00
Contingencies (13)	6,479.50

<u>ESTIMATED OPERATING EXPENSES:</u>	\$136,277.50
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Mortgage Indebtedness (14)	<u>80,000.00</u>
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Total Estimated Expenses	\$216,277.50
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FOOTNOTES TO SCHEDULE B

- (1) Based on 13,075 shares @ \$16.50.
- (2) Based on income from Staple Laundry Company which pays \$45 per month.
- (3) Projected cost of labor based on employment of one non-union superintendent, whose salary exceeds the minimum wage, and a 10% increase over current costs. Payroll includes benefits and taxes. See footnote 7 and attached letter for worker's compensation and disability insurance coverage. The breakdown of the annualized cost of labor for 1982 based on current payments is as follows:

Wages	\$6,370
FICA	427
New York State Unemployment	246
Federal Unemployment	42
	<u>\$7,085</u>

- (4) Based on estimated consumption of 37,360 gallons of #2 fuel oil at an estimated cost of \$1.50 per gallon including tax. The total consumption in 1981 was 36,007 gallons and in 1980, 38,707 gallons.
- (5) Based on the total estimated annual consumption of (a) 37,612 kilowatt hours of electricity (15% increase over 1981) at the estimated rate of \$.169 per kilowatt hour (15% increase over price for billing period ending in April, 1982); and (b) 135,355 cubic feet of gas (15% increase over 1981) at the estimated rate of \$.943 per 100 cubic feet (15% increase over price for billing period ending in April, 1982). The consumption of electricity in 1981 was approximately 32,706 kilowatt hours, and of gas in 1981 was approximately 117,700 cubic feet. The cost of electricity for the period ending April 7, 1982 was \$.147 per kilowatt hour. The cost of gas for the period ending April 13, 1982 was \$.82 per 100 cubic feet.
- (6) Based on total estimated frontage charges and sewer rent. Such charges were in the amount of \$2,762.81 for the tax year 1979-80, \$3,389.05 for 1980-81 and \$3,389.05 for 1981-82. The amounts reflected in the accountants' statement for 1981 include the portion of the amounts paid to the City in 1980 which covered the first six months of 1981, plus the total of the monthly amounts to the mortgagee as escrow for such water and sewer charges.
- (7) Based upon a schedule of insurance provided by Hamerschlag-Fink Co. Inc., broker for the Sponsor, as attached. At Closing, Sponsor will deliver either insurance policies or binders reflecting the stated coverage.

- (8) Based on past experience and includes repairs, supplies, and maintenance to common areas of the building only.
- (9) See page 50 for details of the management agreement with Steppingstone Management Corp.
- (10) Service contracts consist of an elevator contract with Flynn-Hill Elevator Corp. See page 51 for details.
- (11) Based upon tentative assessed valuation (transition assessment as described below) of \$300,000 for the tax year 1982-83 at an estimated tax rate of \$8.95 per \$100 of assessed valuation, and an anticipated transition assessment of \$300,000 for the tax year 1983-84. The assessed valuation and the tax rate for the 1981-82 and 1980-81 years are as follows:

<u>Tax Year</u>	<u>Assessment</u>	<u>Rate</u>
1981-82	\$320,000	8.95%
1980-81	288,000	8.75% (one-half)
		8.95% (one-half)

Pursuant to recently enacted legislation, the manner in which the City of New York will fix the assessed valuation ("AV") of any parcel of real property located therein for the tax years 1982-83 through 1986-87 has been modified. A targeted AV has been noted to take effect in the 1986-87 tax year. In the event this target AV exceeds the 1981-82 AV, a transition AV will be determined for the tax years 1982-83 through 1986-87 by computing the amount of such excess and adding the following percentages of same to the 1981-82 AV: for 1982-83, 20%; for 1983-84, 40%; for 1984-85, 60%; for 1985-86, 80%; and for 1986-87, 100%. All such AVs are subject to change. The targeted AV for the subject property for 1986-87 is \$300,000.

The projected real estate taxes do not reflect a possible reduction for senior citizen tax abatements which are further discussed on page 48.

- (12) Corporate franchise tax and city corporation tax each based upon current rate of \$0.0004 of the value of corporate assets.
- (13) The Reserve for Contingencies is intended to provide for unforeseen increase in cost or other proper corporate purpose and shall be applied by the Board of Directors after the Closing in its sole discretion.
- (14) See page 40 for details concerning the terms of the mortgage.

HAMERSCHLAG-FINK CO. INC.

Insurance

(212) 544-2200

120-86 QUEENS BOULEVARD
Opposite Queensboro Plaza
KEW GARDENS, NEW YORK 11411

INSURANCE PROPOSAL FOR

150 Burns Street Corp.
150 Burns Street
Forest Hills, New York

	<u>LIMITS</u>	<u>ESTIMATED ANNUAL PREMIUMS</u>
ALL RISK OF PHYSICAL DAMAGE OR LOSS		
AGREED AMOUNT BUILDING		
BUILDING 90 % CO-INSURANCE	\$ 2,107,000.	
RENTS 75 % CO-INSURANCE	\$ 175,000.	
	\$	
COMPREHENSIVE GENERAL LIABILITY		
BODILY INJURY & PROPERTY DAMAGE	\$ 1,000,000.	
WATER DAMAGE LEGAL LIABILITY	\$ 50,000.	
ELEVATOR COLLISION	\$ 50,000.	
GARAGEKEEPERS LEGAL LIABILITY	\$ N/A	
NON-OWNED AUTOMOBILE	\$ -	
BROAD FORM CGL ENDORSEMENT	\$ 1,000,000.	
MEDICAL PAYMENTS	\$ 5,000/10,000	
		\$ 4,304.
BOILER & MACHINERY		
BROAD FORM DIRECT DAMAGE	\$ 1,000,000.	
INCLUDES REPAIR & REPLACEMENT		
USE & OCCUPANCY	\$ 57,600.	
		\$ 310.
UMBRELLA LIABILITY	\$ 1,000,000.	
		\$ 300.
DIRECTORS & OFFICERS LIABILITY	\$ 1,000,000.	
		\$ 470.
WORKMENS COMPENSATION-CODE 9028 PAYROLL	\$ 6,500.	
		\$ 340.
N.Y. STATE DISABILITY BENEFITS LAW # MALE 1 FEMALE		\$ 50.
TOTAL ESTIMATED ANNUAL PREMIUMS.....		\$ 5,774.



13A

Seidman & Seidman

15 Columbus Circle, New York, New York 10023 • (212) 765-7500

CERTIFIED PUBLIC ACCOUNTANTS

February 12, 1982

Partners of Derma Holding Company
New York, New York

We have examined the statement of revenue and expenses of Derma Holding Company (a partnership) for the year ended December 31, 1981. Our examination was made in accordance with generally accepted accounting standards and accordingly, included such tests of the accounting records and such other accounting procedures as we considered necessary in the circumstances.

In our opinion, the financial statement mentioned presents fairly the results of the operations of Derma Holding Company for the year ended December 31, 1981 in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



DERMA HOLDING COMPANY
(A partnership)

STATEMENT OF REVENUE AND EXPENSES
FOR 150 BURNS STREET, FOREST HILLS, NEW YORK
YEAR ENDED DECEMBER 31, 1981

REVENUE:	
Rent	\$131 037
Interest	<u>1 215</u>
TOTAL	<u>132 252</u>
EXPENSES:	
Fuel	47 924
Management fees	5 995
Real estate taxes	25 200
Payroll	5 957
Gas and electric	6 885
Payroll taxes	617
Insurance	6 604
Repairs and maintenance, including interior apartment painting and repairs	12 232
Water and sewer charges	5 093
Professional services	358
Miscellaneous	<u>603</u>
TOTAL	<u>117 468</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE DEPRECIATION AND INTEREST	14 784
DEPRECIATION (Note 1)	(31 000)
INTEREST (Note 2)	<u>(80 433)</u>
EXCESS OF EXPENSES OVER REVENUE	<u>(\$ 96 649)</u>

See accompanying notes to statement of
revenue and expenses.

DERMA HOLDING COMPANY
(A partnership)

NOTES TO STATEMENT OF REVENUE AND EXPENSES

NOTE 1 - DEPRECIATION

Depreciation is computed on \$775,000 of building and equipment using the straight-line method over the estimated useful lives of the assets.

NOTE 2 - INTEREST

Interest expense is attributable to approximately \$950,000 of mortgages having interest rates ranging from 7% to 11%.

Seidman & Seidman

CERTIFIED PUBLIC ACCOUNTANTS

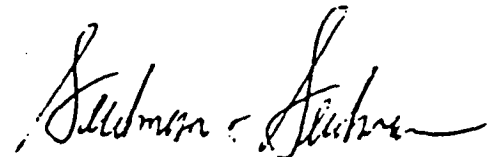
15 Columbus Circle, New York, New York 10023 • (212) 765-75

May 12, 1982

Partners of Derma Holding Company
New York, New York

We have examined the statement of revenue and expenses of Derma Holding Company (a partnership) for the period September 9, 1980 (inception) to December 31, 1980. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statement mentioned presents fairly the results of the operations of Derma Holding Company for the period September 9, 1980 (inception) to December 31, 1980 in conformity with generally accepted accounting principles.



DERMA HOLDING COMPANY
(A partnership)

STATEMENT OF REVENUE AND EXPENSES
FOR 150 BURNS STREET, FOREST HILLS, NEW YORK
SEPTEMBER 9, 1980 (INCEPTION) TO DECEMBER 31, 1980

REVENUE:	
Rent	<u>\$43 483</u>
EXPENSES:	
Fuel	15 405
Management fees	1 407
Real estate taxes	7 733
Payroll	1 768
Gas and electricity	1 546
Mortgage recording tax	11 475
Payroll taxes	235
Insurance	2 793
Repairs and maintenance, including interior apartment painting and repairs	2 496
Water and sewer charges	1 035
Professional services	2 000
Miscellaneous	<u>690</u>
TOTAL	<u>48 583</u>
EXCESS OF EXPENSES OVER REVENUE BEFORE DEPRECIATION AND INTEREST	(5 100)
DEPRECIATION (Note 1)	(9 470)
INTEREST (Note 2)	<u>(25 051)</u>
EXCESS OF EXPENSES OVER REVENUE	<u>(\$39 621)</u>

See accompanying notes to statement of
revenue and expenses.

DERMA HOLDING COMPANY
(A partnership)

NOTES TO STATEMENT OF REVENUE AND EXPENSES

NOTE 1 - DEPRECIATION

Depreciation is computed on \$775,000 of building and equipment using the straight-line method over the estimated useful lives of the assets.

NOTE 2 - INTEREST

Interest expense is attributable to approximately \$1,000,000 of mortgages having interest rates ranging from 7% to 11%.

Pincus Ileson & Co.
Accountants and Auditors

1328 Broadway, New York, N. Y. 10001
212 - 564-0800

Ileson C.P.A.
Ileson P.A.
rt Preis C.P.A.
ussbaum C.P.A.

December 24, 1980

Agid Realty
c/o J. Graff, Esq.
233 Broadway
New York, NY 10007

Re: 150 Burns Street, Forest Hills, NY

Gentlemen:

We have prepared the attached statement of Income and Expenses for the above premises, for the eight months and eight days ended September 8, 1980.

Our examination was made in accordance with generally accepted auditing standards, and accordingly, included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the attached statement represents fairly the results of operation for the eight months and eight days ended September 8, 1980, in conformity with generally accepted accounting principles applied on a consistent basis.

Very truly yours,


PINCUS ISESON & CO.

AGID REALTY CORPORATION
RE: 150 BURNS STREET, FOREST HILLS, NY
INCOME STATEMENT
FOR THE EIGHT MONTHS AND EIGHT DAYS ENDED SEPTEMBER 30, 1980

<u>INCOME:</u>		
RENTS		\$85,563.93
SENIOR CITIZEN TAX EXEMPTIONS		<u>5,148.48</u>
TOTAL		\$90,712.41
 <u>OPERATING EXPENSES:</u>		
PAYROLL	\$ 3,819.64	
PAYROLL TAXES	655.13	
REAL ESTATE TAXES	19,199.97	
WATER & SEWER CHARGES	2,021.57	
PERMITS	75.00	
REPAIRS-PLUMBING, BOILER, ETC.	843.48	
PAINTING	2,420.00	
ELEVATOR	1,468.07	
EQUIPMENT	16.20	
OTHER	260.00	
SUPPLIES	1,734.66	
FUEL	23,720.12	
UTILITIES	3,693.35	
INSURANCE	3,837.39	
PROFESSIONAL FEES	250.00	
MANAGEMENT FEES	7,675.00	
EXTERMINATOR	116.64	
TELEPHONE	561.33	
GARDENING	628.43	
DUES	6.32	
OFFICE	28.60	
BANK CHARGES	<u>15.00</u>	
TOTAL OPERATING EXPENSES		<u>73,045.90</u>
OPERATING INCOME		\$17,666.51
 <u>FINANCIAL AND OTHER EXPENSES:</u>		
INTEREST	\$12,073.49	
AMORTIZATION OF MORTGAGE EXPENSE	302.56	
DEPRECIATION	<u>6,258.51</u>	
TOTAL OTHER EXPENSES		<u>18,634.56</u>
BALANCE		(\$ 968.05)
 <u>OTHER INCOME:</u>		
INTEREST		<u>123.17</u>
TOTAL INCOME(LOSS) BEFORE TAXES		(\$ 844.88)
 <u>INCOME TAXES:</u>		
NYS FRANCHISE TAX	\$ 250.00	
NYC GENERAL CORPORATION TAX	<u>125.00</u>	
TOTAL INCOME TAXES		<u>375.00</u>
NET INCOME(LOSS)		<u>(\$ 1,219.88)</u>

-21-

Pincus Iseson & Co.
Accountants and Auditors

Pincus Iseson & Co.
Accountants and Auditors

1328 Broadway, New York, N. Y. 10001
212 - 564-0800

Pincus Iseson C.P.A.
Iseson P.A.
Preis C.P.A.
Nussbaum C.P.A.

September 2, 1980

Agid Realty Corp.
c/o J. Graff Esq.
233 Broadway
New York, NY 10007

Re: 150 Burns Street, Forest Hills, NY

Gentlemen:

We have prepared the attached statement of Income and Expenses for the above premises, for the calendar years: 1977, 1978, and 1979.

Our examination was made in accordance with generally accepted auditing standards, and accordingly, included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the attached statement represents fairly the results of operation for the calendar years 1977, 1978, and 1979 in conformity with generally accepted accounting principles applied on a consistent basis.

Very truly yours,


PINCUS ISESON & CO.

AGID REALTY CORPORATION
RE: 150 BURNS STREET, FOREST HILLS, NY
INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31,

	1979	1978	1977
INCOME:			
RENTS	\$135,091.29	\$119,968.11	\$109,851
SENIOR CITIZEN TAX EXEMPTIONS	4,505.04	2,088.94	1,479
TOTAL	<u>\$139,596.33</u>	<u>\$122,057.05</u>	<u>\$111,331.</u>
OPERATING EXPENSES:			
PAYROLL	\$ 4,900.00	\$ 4,349.00	\$ 4,050.
PAYROLL TAXES	931.16	830.70	765
REAL ESTATE TAXES	23,449.96	22,831.27	22,767
WATER & SEWER CHARGES	2,762.81	2,657.81	2,762.
PERMITS	50.00	235.00	75.
REPAIRS-PLUMBING, BOILER, ETC.	1,792.51	1,096.87	1,074
PAINTING	3,655.00	4,005.00	3,032.
ELEVATOR	2,181.60	2,415.96	2,583.
ELECTRIC	1,286.50	-	262
DOORS & LOCKS	157.04	118.80	143
WINDOWS	762.16	-	621.
EQUIPMENT	354.09	250.78	170
ROOF	194.40	-	-
OTHER	-	321.60	1,092.
SUPPLIES & TOOLS	4,394.88	4,923.86	3,440.
FUEL	28,141.24	18,642.46	17,588
UTILITIES	4,830.24	4,560.68	4,826.
INSURANCE	5,273.25	3,960.46	3,996.
PROFESSIONAL FEES	508.50	1,075.00	703
MANAGEMENT FEES	7,100.00	5,200.00	3,900
EXTERMINATOR	95.04	172.80	97.
TELEPHONE	551.12	465.59	340
GARDENING	671.39	585.79	568
DUES	106.25	426.25	68.
OFFICE	380.00	-	205
BANK CHARGES	9.16	7.50	-
TOTAL OPERATING EXPENSES	<u>\$94,538.30</u>	<u>\$ 79,133.18</u>	<u>\$75,135.</u>
OPERATING INCOME	<u>\$45,058.03</u>	<u>\$ 42,923.87</u>	<u>\$36,196.</u>
FINANCIAL AND OTHER EXPENSES:			
INTEREST	\$19,229.66	\$ 21,867.09	\$20,195.
AMORTIZATION OF MORTGAGE EXPENSE	443.50	443.50	443
DEPRECIATION	9,101.64	9,045.39	8,810
TOTAL OTHER EXPENSES	<u>\$28,774.80</u>	<u>\$ 31,355.98</u>	<u>\$29,449.</u>
BALANCE	<u>\$16,283.23</u>	<u>\$ 11,567.89</u>	<u>\$ 6,746</u>
OTHER INCOME:			
INTEREST	\$ 80.64	\$ 36.40	\$ 36.
TOTAL INCOME BEF. TAXES	<u>\$16,363.87</u>	<u>\$ 11,604.29</u>	<u>\$ 6,782</u>
INCOME TAXES:			
NYS FRANCHISE TAX	\$ 427.83	\$ 414.20	\$ 448.
NYC GENERAL CORP. TAX	360.53	350.90	378
TOTAL INCOME TAXES	<u>\$ 788.36</u>	<u>\$ 765.10</u>	<u>\$ 826</u>
NET PROFIT	<u>\$15,575.51</u>	<u>\$ 10,839.19</u>	<u>\$ 5,956</u>



ALEXANDER WOLF & COMPANY, INC.

(212) 895-1484

(516) 349-0540

140 EAST 40 STREET
NEW YORK, N.Y. 10016ADDRESS ALL COMMUNICATIONS TO:
LONG ISLAND OFFICE
88 SUNNYSIDE BLVD.
PLAINVIEW, N.Y. 11803LETTER OF ADEQUACY AND REASONABLE RELATIONSHIP

May 20, 1982

150 Burns Apartment Corp.
150 Burns Street
Forest Hills, New YorkRe: 150 Burns Street
Forest Hills, N.Y.

Gentlemen:

We have prepared for inclusion in the Plan of Cooperative Organization of the premises at the above address the foregoing schedule of the estimated receipts and expenses for the first year of operation of the premises as a cooperative apartment house.

In our opinion, the estimates are reasonable and adequate, under existing circumstances, and the estimated receipts shown therein will be sufficient to meet the normal anticipated operating expenses of the first year of operation. However, because of the possibility of unforeseeable changes in the economy, or increase or decrease in expenses of operation, our estimates are not intended to be taken as guaranties or warranties of any kind whatsoever, or as any assurance that the actual expenses or income of your corporation or the amounts deductible for income tax purposes for any period of operation may not vary from the amounts shown, or that your corporation may not incur additional expenses, or that your board of directors may not provide for reserves not reflected in such schedule, or that the annual maintenance charges for any period may not vary from such amounts shown therein. It may be expected, based on current trends, that such items as real estate taxes, fuel costs, maintenance, repair, labor and other related expenses will change in the future.

Our estimates are based on our analysis of the audited figures contained in the Plan which gives the prior history of this building from January 1, 1977 to December 31, 1981 and our own knowledge of existing conditions.

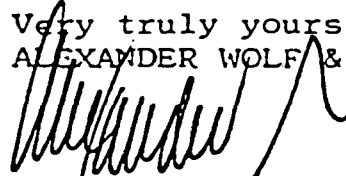
It is also our opinion that the prices for the blocks of shares allocated to the respective apartments are such that the amount thereof is not less than an amount bearing a reasonable relationship to the portion of the value of the Apartment Corporation's equity in the property attributable to the apartment to which such shares are allocated.

We are licensed real estate brokers, and we have been engaged in the operation and management of residential buildings for more than three years.

We have no beneficial interest in the Sponsor who is making this Offering and we have no beneficial interest in any profitability relating to this conversion.

We hereby authorize the use of our name and this letter in connection with the proposed plan of cooperative organization.

Very truly yours,
ALEXANDER WOLF & COMPANY, INC.


Alexander Wolf, Jr.
President

AWJ/11p

COUNSEL'S TAX OPINION

LAW OFFICES

SONNENSCHN, SHERMAN & DEUTSCH

JEROME B. SHERMAN - IRVING SONNENSCHN, P. C.

ALEX DEUTSCH

ELIOT H. ZUCKERMAN

10 COLUMBUS CIRCLE
NEW YORK, N. Y. 10019

(212) 245-6754
CABLE: SONNLAWYER

June 18, 1982

150 Burns Apartment Corp.
150 Burns Street
New York, New York

Re: 150 Burns Street
Forest Hills, New York

Gentlemen:

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

The opinion expressed herein is based upon the following: Offering Plan, Certificate of Incorporation, By-Laws and the validity of the opinion of Alexander Wolf & Company, Inc. (which opinion advised you that as of the date of such opinion the prices for the blocks of shares allocated to the respective apartments, as set forth in Schedule A of the Plan, are in an amount not less than an amount bearing a reasonable relationship to the portion of the value of the Apartment Corporation's equity in the property attributable to the apartment to which the block of shares is allocated), the validity of the figures set forth in Schedule B of the Plan and that there will be no change in prices of any block of shares prior to the date of closing under the Plan except upon the expert's opinion required in the Plan (which it is assumed will be valid) to the effect that the price as changed is not less than an amount bearing a reasonable relationship to the portion of the value of the Apartment Corporation's equity in the property attributable to the apartment to which the block of shares is allocated as determined on the date of execution of the subscription agreement for such shares.

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

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

A. The Apartment Corporation may have only one class of stock outstanding. Neither the Certificate of Incorporation nor the By-Laws authorize more than one class of stock to be issued. Hence, assuming the Apartment Corporation complies with the Certificate of Incorporation and the By-Laws, only one class of stock will be outstanding. The holders of Unsold Shares, as that term is defined in the Plan, are entitled to certain rights and privileges pursuant to the terms of paragraph 38 of the proprietary lease and elsewhere in the lease and the Plan. Although we know of no applicable judicial or administrative rulings, in view of the fact that those rights and privileges are granted by instruments other than the stock itself and do not affect the Apartment Corporation's formal ownership structure, it is our opinion that the Unsold Shares will not constitute an additional class of stock.

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

C. No stockholder may be entitled (either conditionally or unconditionally) to receive any distribution not out of earnings and profits of the Apartment Corporation except on a complete or partial liquidation of the Apartment Corporation. Both the Certificate of Incorporation and the By-Laws contain a provision to this effect. Hence, assuming the Apartment Corporation complies with the Certificate of Incorporation and the By-Laws, no stockholder will be entitled to receive any such distribution.

D. At least 80% of the gross income in each taxable year must be derived from tenant-stockholders. The Projected Schedule of Income and Expenses for the First Year of Operation of the Apartment Corporation, which appears in the Offering Plan, indicates that more than 80% of the gross income of the Apartment Corporation will be derived from tenant-stockholders. Hence, assuming the aforesaid Projected Schedule is substantially accurate, during its first year of operation, at least 80% of the Apartment Corporation's gross income will be derived from tenant-stockholders.

Based upon all of the foregoing (but without passing on the validity of the aforementioned opinion of Alexander Wolf & Company, Inc. or the accuracy of the schedules) and provided that the Plan is declared effective and there is a closing under the Plan in accordance with the terms thereof, it is our opinion that, under present law, for each tax year of the corporation in which at least 80% of its gross income is derived from tenant-stockholders (as that term is defined in Section 216(b)(2) of the Internal Revenue Code of 1954 as amended):

- a. The Apartment Corporation will qualify as a cooperative housing corporation within the present meaning of Section 216(b)(1) of the Internal Revenue Code of 1954 as amended.
- b. Tenant-stockholders who elect to itemize deductions will be entitled to income tax deductions under the aforementioned statutes in computing their taxable income.

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

Sponsor is a partnership which has advised us that on the closing of the sale, Sponsor (or an individual person or persons supplied by Sponsor) will purchase and will enter into proprietary leases for all apartments which have not been purchased on the Closing Date; and further that any shares purchased by Sponsor will be transferred to an individual person or persons within three (3) years of the Closing Date. If Sponsor acts in accordance with the preceding sentence there will have been compliance with the provisions of Section 216(b)(6) of the Internal Revenue Code.

Pursuant to Revenue Ruling 80-299 issued by the Internal Revenue Service, even though the Plan is being presented as a "non-eviction" plan, i.e., without attempting to comply with Section 61 of the Rent Stabilization Code or Section 55 of the Rent Control Regulations, all tenant-shareholders shall have any rights they otherwise would have had to take the deductions hereinabove referred to.

The actual amount of any income tax deduction may increase or decrease as the amount of real estate taxes or mortgage interest paid by the Apartment Corporation changes. The exact amount of any tax saving to each individual will depend upon his income tax bracket.

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

In the event the Apartment Corporation has income in excess of expenses (including depreciation) at any time, it may be subject to a tax based upon such income.

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

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

Very truly yours,

SONNENSCHN, SHERMAN & DEUTSCH



RIGHTS OF RENT CONTROLLED AND STABILIZED TENANTS

As of the date of presentation of this Plan, all of the apartments not indicated as "V" on Schedule A which are the subject of the Offering are subject either to the New York City Rent Control Regulations or the New York City Rent Stabilization Law of 1969 and the Code adopted pursuant thereto.

The Sponsor has elected to present this Plan as a "non-eviction plan", i.e., without attempting to comply with the 35% requirements of Section 55 of the Rent Control Regulations or Section 61 of the Rent Stabilization Code, copies of which appear in Part II of this Plan. Accordingly, under existing law, a tenant in occupancy of an apartment in the building at the date of presentation of this Plan has the right, under the Rent Control Regulations or the Rent Stabilization Code, to remain in occupancy of the apartment even if the shares of the Apartment Corporation allocated to the apartment are sold to any other person, as long as the tenant in occupancy is not in default of his obligations under his lease or tenancy, and is otherwise entitled to remain in possession. Under present law, tenants in occupancy of apartments are under no obligation to purchase shares allocated to their apartments in order to retain rights of continued occupancy.

Notwithstanding the foregoing, each tenant in occupancy of an apartment who is subject to rent control or rent stabilization on the date of presentation of this Plan, except as provided in the following sentence, will have the exclusive right to purchase the shares allocated to that apartment at the Cash Purchase Price set forth in Schedule A of this Plan for a period of ninety (90) days from the date of presentation of this Plan. The preceding sentence shall not apply in the event that Sponsor obtains a determination by an appropriate authority that any such tenant was not using his apartment as his primary residence at the date of acceptance for filing of the Plan and the term of such tenant's lease expired prior to the said date of acceptance. Such tenants may purchase thereafter only if the shares allocated to such tenant's apartment have not yet been purchased or subscribed for by any other person, but such right to purchase shall exist only at the prices then offered to non-tenants or, following closing, with the consent of the holder of the shares involved. During the aforesaid 90-day period the apartment will not be shown to third parties unless the tenant in occupancy waives his right to purchase. Subtenants have the right to purchase the shares allocated to the apartments they occupy, but subtenants in stabilized apartments must first obtain a proper written consent and waiver of right to purchase from the tenant of record.

OBTAINING POSSESSION OF APARTMENTS;
OBLIGATIONS OF PURCHASERS OF OCCUPIED APARTMENTS

Except for those apartments indicated as "V" on Schedule A, all of the apartments are covered by either the Rent Control Law and Regulations or the Rent Stabilization Law and Code (such Laws and Code are referred to in this section as the "Rent Laws"); such tenants in occupancy of residential apartments are therefore either "controlled" or "stabilized" tenants and their rights are protected by the Rent Laws. Some of the tenants in occupancy have outstanding leases for their apartments.

Consequently, a purchaser of the shares allocated to an apartment of which he is not in possession will obtain the Proprietary Lease for the apartment subject (a) to the lease for the apartment then in effect (and any renewal of the term thereof), (b) to any existing occupancy of the apartment, (c) to the right of any existing tenant (who has not purchased the shares allocated to his apartment) to remain in possession of the apartment in accordance with the Rent Laws, and (d) to all other rights of any existing tenant under the Rent Laws. See page 32 for a discussion of rights of tenants to remain in occupancy.

If the shares allocated to an apartment are purchased by someone other than the tenant thereof, the tenant or occupant will become the purchaser's tenant on the closing date and the purchaser will become his landlord.

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

Any person interested in purchasing shares of the Apartment Corporation allocated to an apartment in which he does not reside is urged to examine any lease pertaining to the apartment to which such shares are allocated, verifying not only the expiration date of the lease (or any renewal thereof) but also the rent currently payable for the apartment (which may be more or less than the maintenance charges that will be payable to the Apartment Corporation for such apartment after the closing under the Plan) and the obligations of the landlord thereunder.

It is also recommended that every such person consult an attorney in order to become fully apprised of the effect of the Rent Laws on his rights as a purchaser and his obligations to any existing tenant or occupant.

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

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

No representation or warranty is made that the Rent Laws will or will not continue to apply to any apartments or that there will or will not be any further amendments thereto. In the event of any amendment to the Rent Laws, the Plan may be amended to conform to the amendments.

No eviction of any non-purchasing tenant shall be permitted except for nonpayment of rent or other breach of the applicable lease. Generally, tenants in occupancy who are subject to the rent laws and who do not purchase shall remain subject to the applicable rent laws.

EFFECTIVE DATE OF THE PLAN AND CLOSING DATE

The following provisions will determine when, as, and if this Plan will be declared effective:

1. This Plan may be declared effective if subscription agreements with respect to at least 15% of the apartments or 15% of the shares allocated to apartments in the Building have been subscribed for pursuant to the terms of this Plan.
2. After the condition in the preceding clause 1 has been met, the Sponsor may, at its option, declare this Plan effective.
3. When Subscription Agreements have been executed and accepted for sale to purchasers of at least 50% of the shares of the Apartment Corporation offered under this Plan, the Sponsor must declare this Plan effective.

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

For purposes of determining whether the 15% requirement set forth in Section 1 above has been satisfied: (a) Subscription Agreements submitted by tenants who are relatives or business associates of Sponsor will be included if such persons are bona fide purchasers; (b) in the event one subscriber subscribes for the shares allocated to two or more apartments, only one such apartment, or the shares allocated to only one of such apartments may be included; and (c) each Subscription Agreement will be included only if it contains a statement by the subscriber that they either currently reside or intend ultimately to reside in the apartment to which the subject shares are allocated.

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

In the event the Plan is not declared effective within 18 months from the date of its presentation, the Plan will be abandoned.

At its option, Sponsor may declare the Plan abandoned for any reason whatsoever before it is declared effective or the quota referred to in the foregoing Paragraph 3 has been reached. After the Plan has been declared effective, it may not be abandoned except in the event of (i) the existence of a defect in title which cannot be cured except by litigation or which cannot be cured by the expenditure of less than \$25,000, (ii) the existence of work orders of any mortgagee or violations of record which cannot be performed, cured or complied with for less than \$25,000 in the aggregate, or (iii) a substantial damage or destruction of the Building by fire or other casualty which cannot be repaired for less than \$25,000, or (iv) the taking of any material portion of the Property by condemnation or eminent domain. There will be no obligation on the part of the Sponsor to incur expenses (except to the extent of \$25,000 in case of work orders and violations as aforesaid) or engage in litigation to cure title defects. The Sponsor will not be obligated to remedy radio and television antennae violations or violations within apartments caused by the acts or omissions of tenants of the Building or violations that are noted or issued after the date of closing and violations required under local law to be remedied by tenants. In the event the cost to cure violations exceeds \$25,000 and

the majority of parties purchasing shares of the Apartment Corporation elect in writing to accept a credit against the total purchase price in the amount of \$25,000 and agree to take title subject to all existing violations, the Sponsor shall transfer title on such terms; provided, however, that the number of parties comprising such majority is not less than the number of subscribers required to declare the Plan effective. In such event, those subscribers who are in the minority shall be afforded the right to rescind their Subscription Agreements within fifteen (15) days of such election.

In the event the Plan is abandoned for any reason, the tenants who were subject to the rent stabilization law will have the right to obtain renewal leases thereafter in accordance with law.

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

On the Closing Date, fee title to the Property will be sold and conveyed by the Sponsor to the Apartment Corporation and each Purchaser will thereupon become obligated for the payment of maintenance charges under his proprietary lease, whether or not the tenant has taken possession of the apartment and whether or not the tenant in possession, if there be one, pays the rent required to be paid by him. Certificates for the shares of the Apartment Corporation and the accompanying proprietary leases will be issued to the respective purchasers as of the Closing Date and will be delivered promptly thereafter.

PROCEDURE TO PURCHASE

A person desiring to purchase shares of the Apartment Corporation will be required to execute duplicate copies of a subscription agreement in the form contained in Part II of this Plan and return it to Derma Holding Company, the Selling Agent, together with a check for 10% of the purchase price drawn to the order of "GFO Special 150 Account". There will be no disbursements from this account except on the co-signature of a member of the firm of Goldschmidt, Fredericks &

Oshatz (other than Lawrence E. Goldschmidt), attorneys for the Sponsor.

The Sponsor will hold all monies received by him directly or through his agents, employees or escrow agent, in trust, in a special account at The Chase Manhattan Bank, N.A., Park Avenue & 60th Street, New York, New York, entitled "GFO Special 150 Account" until actually employed in connection with the consummation of the Plan as herein described. In the event that insufficient funds are raised through the Offering to effectuate the purchase of the Property and the consummation of the Plan, or if the Plan is abandoned or withdrawn for any reason, or if title to the Property is not acquired by the Apartment Corporation within the time limits mentioned in the section entitled "EFFECTIVE DATE OF THE PLAN AND CLOSING DATE" for any reason whatsoever, then such monies shall be fully returned to the purchasers without interest, unless the monies are held in an interest-bearing account in which event they shall be returned with the interest accrued. The amounts paid by the purchasers will be handled in accordance with the provisions of Section 352-e(2)(b) and Section 352(h) of the New York General Business Law.

SUBSCRIPTION AGREEMENTS AND RELATED MATTERS

The Subscription Agreement to be signed by Purchasers under this Plan is not assignable and is not conditioned upon the obtaining of any financing from a bank or other source. Purchasers who desire to obtain financing should make their own arrangements in this regard. Any Purchaser wishing to assign his Subscription Agreement must first obtain the written consent of the Sponsor. Counsel for Sponsor may charge a fee of not more than \$250.00 for processing each such application.

If the Sponsor offers financing, and same is requested by the Purchaser, counsel for the Sponsor may charge a fee to the Purchaser of \$250.00 for the preparation of the required documents. In the event Sponsor offers such financing to tenants in occupancy, such offer shall be disclosed by a duly filed amendment.

Subtenants in stabilized shall have none of the rights of tenants in occupancy unless the main tenant shall have properly waived his rights in writing.

Closing of title to the shares and the related proprietary leases will take place at the office of Sonnenschein, Sherman & Deutsch, 10 Columbus Circle, New York, New York 10019. If a Purchaser has arranged for financing, he must execute the loan documents in advance of the Closing and arrange for the lender to be present at the Closing with the proceeds of the loan. If a Purchaser defaults in the perfor-

mance of his Subscription Agreement and thereafter cures it and closes at a later date than the closing of transfer of title to the Apartment Corporation, the Purchaser will pay a fee of \$250.00 to such counsel at the closing of title to his apartment.

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

No tenant in occupancy will have any right to purchase any vacant apartment or apartment occupied by another. Any exclusive right granted to tenants hereunder shall apply only to purchases by tenants in occupancy of the apartment actually occupied by them. However, tenants in occupancy as of the date of presentation of the Plan may enter into Subscription Agreements for vacant apartments or apartments occupied by others if the written consent of Sponsor is obtained.

FINANCIAL FEATURES

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

Total cash amount of offering \$4,000,950*
(13,075 shares - 46 apartments)

Mortgage Indebtedness 800,000

Total Purchase Price 4,800,950*

Less Reserve Fund to be retained by
Apartment Corporation 25,000

Net Purchase Price of Property
to Sponsor 4,775,950*

*This is based on the cash purchase price to non-tenant purchasers (see Schedule A, pages 4 to 7).

The abovementioned net purchase price is based on the assumption that all of the shares and proprietary leases allocable to all apartments are sold as of the date of closing at a price of \$306 per share. However, as set forth in the "Changes in Prices" section below, the purchase price for shares and leases are subject to change and this would affect the total net purchase price. Further it should be noted that if not all shares are sold, part of the consideration received by Sponsor will consist of Unsold Shares.

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

INTERIM LEASES

Any prospective non-occupant purchaser who signs a Subscription Agreement which is accepted by the Sponsor prior to the Closing of Title under this Plan and is given occupancy of the apartment prior to closing must enter into an Interim Lease on the terms set forth in this section, which lease shall be signed simultaneously with the Subscription Agreement.

The lease shall be prepared on the standard form of apartment lease currently published by the Real Estate Board of New York, Inc. The rent payable thereunder shall be negotiated by Sponsor and Purchaser, but in no event shall it exceed the legal maximum rent, and in no event shall such rent be applied toward the purchase price set forth in the Subscription Agreement. The term of such lease shall be for a period which will expire on the date of Closing of Title in the event this Plan shall have been declared effective, or two years after the date of execution of said lease in the event this Plan shall not have been theretofore declared effective in accordance with its terms. In the event this Plan is abandoned, the Purchaser-Tenant under said lease may, at any time at his or her sole option, cancel said lease and remove from the premises upon 90 days' prior written notice to the Sponsor at the address set forth on the cover page of this Plan.

It shall be a default under the said Interim Lease if the Purchaser-Tenant thereunder fails to comply with all the obligations under the Subscription Agreement for said apartment. A default in the terms and conditions of the Interim Lease which is not cured promptly would also be a default under the terms of the Subscription Agreement and will permit the Apartment Corporation to cancel the same in accordance with its terms. The lease will also provide that in the event that the Subscription Agreement is cancelled or rescinded for any reason whatever, the lessor, Sponsor or Apartment Corporation will have the right to cancel such lease.

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

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

TERMS OF THE MORTGAGE WHICH WILL ENCUMBER THE PROPERTY AT THE CLOSING DATE

At the time of the Closing, the Property will be encumbered by a wraparound mortgage taken by the Sponsor, as mortgagee, and given by the Apartment Corporation, as mortgagor, in the principal amount of \$800,000. The mortgage will provide for monthly installments in the amount of \$6,666.67 to be applied first to interest at the rate of 9% per annum with the balance in reduction of principal. The mortgage will mature on October 1, 1987, at which time the unpaid balance will be approximately \$753,815.02 (assuming the closing takes place on January 1, 1983). If the Apartment Corporation does not arrange for refinancing or extension of the wraparound mortgage when it is due, it will be required to pay the principal, which may require additional maintenance charges and possible assessments on the stock. Assuming that at the time of maturity the principal balance is \$753,815.02 and the number of outstanding shares remains at 13,075, the amount necessary to pay off the mortgage will equal \$57.65 per share. NO REPRESENTATIONS ARE MADE AS TO THE AVAILABILITY OF FUNDS FOR REFINANCING AT THE TIME THE WRAPAROUND MORTGAGE BECOMES DUE. In the event any payment is not paid within fifteen (15) days of its due date, a late charge will be imposed in an amount equal to \$.06 for each \$1.00 overdue. The wraparound mortgage will require escrow payments for real estate taxes, water and sewer charges, and insurance premiums.

To assist prospective purchasers in better understanding the nature and function of a wraparound mortgage, a summary of the

salient features of same has been outlined below. It is important to note that the first and second mortgages shall continue as prior mortgage liens against the property; however, the stated principal balance of the wraparound mortgage (and the note secured thereby) restates the actual reduced unpaid balance of the first and second mortgages and, as such, the actual reduced unpaid balance of the first and second mortgages are, in fact, included in the principal balance of the wraparound mortgage. The wraparound mortgage, as stated above, is a subordinate mortgage agreement whereby the mortgagee assumes certain obligations vis-a-vis the lien of the first and second mortgages. It shall be the obligation of the holder of the wraparound mortgage to pay all payments of principal and interest due to the holder of the first and second mortgages, including all such payments due at the maturities thereof, provided mortgagor makes all requisite payments and meets all other obligations of the mortgage.

Under the wraparound mortgage mentioned above, the wrap-around mortgagee will undertake to make the required payments of principal and interest on the first mortgage in the approximate reduced amount of \$203,000 (as of July 1, 1982) held by The Long Island City Savings and Loan Association, which mortgage provides for monthly payments of \$2,058.00 (applied first to interest at the rate of 8% per annum) and matures on October 1, 1987, and on the second mortgage in the approximate reduced amount of \$467,230 (as of July 1, 1982) held by Arie Rosenbaum, Rachel Rozmaryn, Solomon Zweigenhaft, Miriam Jacobowitz and Gershon Jacobowitz, which mortgage provides for monthly payments of interest only at the rate of 7% per annum to October 9, 1983 and thereafter monthly payments of interest only at the rate of 8% per annum, and matures on October 1, 1987. The wrap-around mortgagee will either pay off or arrange for refinancing of the first and second mortgages at or before their respective maturity dates. The wraparound mortgage will remain subordinate to any refinancing of the first and/or second mortgage. In the event the wraparound mortgagee fails to make the required payments due under the first and/or the second mortgage and such failure results in a default of said first and/or second mortgage which remains uncured, the Apartment Corporation shall have the right to cure such default and to deduct any and all costs in connection therewith from the payments next becoming due under the wraparound mortgage. In the event any such default results from the failure of the wraparound mortgagee to make any payment due pursuant to the first and/or second mortgage prior to the expiration of any applicable grace period, including any payment due at the maturity thereof, notwithstanding that the payments required to be made by the Apartment Corporation have been made, the wraparound mortgage shall be deemed satisfied unless, within thirty (30) days from the date the wraparound mortgagee receives notice of default, the wraparound mortgagee becomes current on all past due payments, arranges to have discontinued any foreclosure proceedings which have commenced, and pays all expenses incurred by the Apartment Corpora-

tion as a result of such default (including any legal fees and any fees paid to arrange for refinancing of the first and/or second mortgage), or satisfies any such mortgage in default.

The first mortgage contains a "due on sale" clause; however, the mortgagee has consented to the conveyance to the Apartment Corporation. The second mortgage contains no "due on sale" clause.

The wraparound mortgagee shall have the option, at any time, to refinance the first and/or second mortgage or to place a new mortgage on the premises, provided that the aggregate annual charges for interest and amortization do not exceed that due under the wraparound mortgage and that the unpaid principal balance thereof shall never be greater than that of the wraparound mortgage. The wraparound mortgagee has the right to act as mortgagee's attorney-in-fact for the purpose of executing documents relating to any such refinancing or new mortgage. The wraparound mortgage will be prepayable, together with interest to the date of prepayment, after one (1) year has elapsed from the date of Closing upon sixty (60) days' prior written notice but only to the extent that its then principal balance exceeds the total of the then principal balances of any and all underlying mortgages. In the event of prepayment of the entire amount of such excess, the wraparound mortgagee will no longer be obligated to make any payments due or to meet any other obligations required by any underlying mortgage. In such event the payments which would be required to be met would depend upon the terms and provisions of the underlying mortgages.

If the maturity date of any underlying mortgage is subsequent to the maturity date of the wraparound mortgage, at the maturity of the wraparound mortgage the Apartment Corporation will have the option of satisfying the entire wraparound mortgage or of satisfying same only to the extent that its principal balance exceeds the sum of the principal balances of all underlying mortgages. In such event, the wraparound mortgagee will no longer be obligated to make any payments due or to meet any other obligations required by any underlying mortgage. In the event the Apartment Corporation exercises the second option, the payments which would be required to be made and the obligations which would be required to be met would depend upon the terms and provisions of the underlying mortgages. The wraparound mortgagee will have the right to prepay any underlying mortgage and will be responsible for any prepayment penalty in connection therewith.

Prior to closing, Sponsor will cure any defaults of which notice has been received and will satisfy all mortgages encumbering the property other than those described herein.

SUMMARY OF PRINCIPAL TERMS OF PROPRIETARY LEASE

The proprietary lease will be for a term ending on September 30, 2080, but may be extended by vote of the shareholders. As a lessee, every shareholder of the Apartment Corporation will be obligated to pay the maintenance charges for his apartment, as fixed by the Board of Directors. He will also have the following rights and obligations:

(1) He may cancel his lease and surrender his shares to the Apartment Corporation (without receiving any compensation), effective as of any September 30th following expiration of three years after the closing date, on at least six months' prior notice to the Apartment Corporation, and, if he elects to cancel, he will have no liability for payment of maintenance charges after the effective date of the cancellation. More restrictive provisions apply to voluntary cancellation by any holder of "Unsold Shares" (see paragraph 38(d) of the proprietary lease, which appears as Exhibit IV to this Plan).

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

(3) He will have the right to pledge his shares and lease as security for repayment of a legally permitted loan made by a bank, trust company, or other recognized institution or by any other party, including the Sponsor, when the pledge is for the purpose of purchasing the shares and lease relating to the apartment (see further paragraph 17 of the lease).

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

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

(6) Paragraph 46 provides that as long as holders of "Unsold Shares" hold at least 25% of the outstanding shares, the Lessor will not, during the first three years of operation, without the consent of such holders, except as required by law, engage additional employees beyond those set forth in Schedule B, provide equipment or services in excess of those set forth in Schedule B, modify or refinance the mortgage on the premises, increase the reserve contingencies set forth in Schedule B or levy any assessment for capital improvements.

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

APARTMENT CORPORATION

The Apartment Corporation was formed on October 6, 1980, under the Business Corporation Law of the State of New York. It has an authorized capital of 35,000 shares of the par value of \$1.00 each. The By-Laws require not less than three (3), nor more than seven (7) Directors. The present Officers and Directors have been designated by Sponsor and will resign in favor of Directors to be elected by the shareholders at a meeting to be held within thirty (30) days after closing date. Each shareholder will be entitled to one (1) vote for each share held. The holders of Unsold Shares may not elect Directors so as to control the Board of Directors after the earlier of the following two events: (a) the sale of at least 50% of the shares; or (b) two years from the date of closing. Directors will be elected by cumulative voting.

The Apartment Corporation will have a lien on each shareholder's shares to secure payment of maintenance charges.

All expenses of the Apartment Corporation accruing up to and including the closing date, including any Selling Agent's commission, will be paid by Sponsor.

UNSOLD SHARES

Sponsor has agreed that on the Closing Date Sponsor (or a financially responsible individual person or persons supplied by Sponsor) will take title to shares and will enter into proprietary leases for all apartments which have not been purchased on the Closing Date (such purchaser is hereinafter referred to, for the purposes hereof, as "Holder of Unsold Shares"). Therefore, despite the reference to "Unsold Shares", all shares of the Apartment Corporation will have been duly issued to and be beneficially owned by Sponsor or individuals. If

the Unsold Shares are owned by Sponsor, such shares will be sold or transferred to individuals within three years of the Closing Date. (No consent of the Apartment Corporation or any other party will be required in connection with such transfer.) The prices to be paid for Unsold Shares shall be subject to change as determined by Sponsor.

The Sponsor has agreed that if a Holder of Unsold Shares, other than Sponsor, fails to fulfill his obligations under his proprietary lease, including the payment of all maintenance charges thereunder, then and in that event the Sponsor will be liable for such obligations, and the Apartment Corporation will have a lien upon the shares to secure the payment of all obligations of the Holder of Unsold Shares. No bond or other security has been furnished by the Sponsor, and the Sponsor's ability to perform will depend solely upon his financial condition, if and when called upon to perform. Any unsold shares and leases acquired by a holder of Unsold Shares may be sold or assigned by him at such prices as he may determine or his apartment may be sublet by him, and the right to make such assignment or subletting shall not require the consent of the Apartment Corporation or any other party. No charge of any kind will be asserted or levied by the Apartment Corporation or its agents in connection with such subletting or assignment. In connection with the sale by Sponsor or his designee of Unsold Shares which are being financed by a lender, the Apartment Corporation will, on request, promptly execute and deliver to a bank or other lender the standard recognition agreement then being used by banks or other lenders. Such financing may be in such amount and upon such terms as the seller of the Unsold Shares shall determine. A holder of Unsold Shares may elect to become the occupant of the apartment covered by his proprietary lease, and, from the time that he becomes the occupant thereof, the Sponsor shall no longer be responsible for the performance of his obligations pursuant to his proprietary lease. The foregoing rights of Holders of Unsold Shares may not be modified by the Apartment Corporation.

RESERVE FUND

On the Closing Date, from the amount of cash raised by this offering, the Apartment Corporation will retain the sum of \$25,000 (plus or minus closing adjustments). In the event net closing adjustments are in favor of the Sponsor in an amount exceeding \$10,000, the Apartment Corporation will deliver to the Sponsor a note covering the additional amount of such net closing adjustments, which note shall bear interest at the rate of 9% per annum with principal and interest becoming due one (1) year from the Closing Date. This reserve fund may be held for working capital and for repairs and other appropriate corporate purposes as determined by the Board of Directors.

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

THE PROPERTY IS OFFERED IN ITS CURRENT CONDITION AS SET FORTH IN THIS OFFERING PLAN. NO GOVERNMENT AGENCY HAS PASSED UPON THE ADEQUACY OF THE RESERVE FUND OR ON THE PHYSICAL CONDITION OF THE BUILDING.

CONTRACT OF SALE

By agreement dated October 1, 1981, the Sponsor has contracted to sell the Property to the Apartment Corporation subject only to the following exceptions:

(a) The mortgage hereinabove referred to under heading "Terms of Mortgage" which will affect the property at the Closing Date.

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

(c) State of facts shown on survey made by Erick Plan dated August 15, 1980, and redated by inspection made May 6, 1982, and any other or changed facts which an accurate survey may show provided such other or changed facts do not render title unmarketable.

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

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

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

(g) Management and service agreements referred to on page 50.

(h) Covenants and Restrictions in Liber 4697 Cp 240 (Boundary and Encroachment Agreement), Liber 2566 Cp 297 (Easement

or Right of Way), Liber 1872 Cp 36, Liber 1934 Cp 483, Liber 2291 Cp 546 (last three--Telephone Agreement), Liber 1928 Cp 302 (Electric Agreement), Liber 2054 Cp 135 (Water Agreement), Liber 1889 Cp 322 (Declaration of Restrictions--Forest Hills Gardens), Liber 2478 Cp 311 (1923 Agreement), Liber 3213 Cp 219 (1928 Agreement), Liber 3462 Cp 369 (1931 Agreement), Liber 4901 Cp 521, Liber 4990 Cp 79, Liber 3472 Cp 5 and Liber 7373 Cp 681 (last four--various agreements by Forest Hills Gardens Corporations and assenting property owners) and any other covenants, agreements and restrictions of record which do not prevent the present use of the property. The "Forest Hills Gardens Restrictions" relate to numerous properties in the neighborhood and generally to the appearance, location and use of buildings contained therein. For instance, buildings may be used for residential purposes (and garages) only and no noxious, dangerous or offensive trade, business, or use of any such building is permitted. In addition, a relatively minor annual fee is payable to Forest Hills Gardens Corporation to cover general maintenance charges.

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

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

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

With regard to violations, the Sponsor will convey title to the premises free of all violations of record existing on the date of closing (except as provided below at page 67), or will deliver its written undertaking to remove any such violations as soon after the closing as practicable, including the depositing in escrow of a reasonable sum to secure the removal of such violations. The amount of such sum to be deposited in escrow will be determined by the Managing Agent. Further, if the cost to the Sponsor for the removal of violations exceeds \$25,000, Sponsor shall have the right, at its option, to cancel the contract and declare this Plan and offer withdrawn, unless the obligation to remove all such violations in excess of \$25,000 is waived by the Apartment Corporation, on advice of counsel. In the event that the cost to cure violations exceeds \$25,000 and the majority of parties purchasing shares of the Apartment Corporation elect in writing to accept a credit against the total purchase price in the amount of \$25,000 and agree to take title subject to all existing violations, the Sponsor shall transfer title on such terms; provided, however, that the number of parties comprising such majority is not less than the number of subscribers required to declare the Plan effective. In such event, those subscribers who are in the minority shall be afforded the right to re-

scind their Subscription Agreements within fifteen (15) days of such election.

The Apartment Corporation's title will be insured by any duly licensed title company in an amount at least equal to the net purchase price at closing and paid for either by Sponsor or by the Apartment Corporation, but if paid for by the Apartment Corporation, the Apartment Corporation will receive an adjustment which will reduce the purchase price by the amount of title insurance. The net purchase price will equal the amount attributable to the Unsold Shares plus the actual price at which all other shares are sold, less the reserve fund).

The sale includes all of Sponsor's fixtures and articles of personal property attached to or used in connection with the operation of the property. All kitchen appliances owned by the Sponsor will become the property of the Apartment Corporation on the Closing Date and may be used by tenant-shareholders without charge. If a non-purchasing tenant vacates his apartment prior to closing and removes a kitchen stove or refrigerator belonging to him, the Sponsor, at his own expense, will supply a replacement which may not be new but will be in good working order and will be similar in size and quality to the appliances contained in the building on the date of presentation of this Plan.

The agreement provides that the following items will be apportioned between the Sponsor and the Apartment Corporation: (a) real estate taxes, (b) water and sewer charges, (c) fuel, (d) prepaid insurance premiums, (e) payments under service contracts, (f) mortgage interest, (g) wages and payroll expenses including vacation accruals, (h) commercial and professional rents, (i) fees for assignable permits and licenses, (j) individual apartment rents, (k) escrow deposits, if any, with first mortgagee, (l) Realty Advisory Board fees, (m) additional rent payable by tenants for tax escalation and similar items.

The security deposit, if any, of a tenant who purchases will be refunded to him after the closing of title if he is not in default under his lease or tenancy. The security deposit of a non-purchasing tenant who is not in default under his lease or tenancy will be transferred after the closing of title to the purchaser of the shares allocated to the apartment and held in accordance with Section 7-103 of the General Obligations Law. Security held under professional leases, if there be any, will be transferred to the Apartment Corporation on the Closing Date.

In the event that any tenants in occupancy are receiving the benefit of reduced rent as Senior Citizens (thus entitling the owner to an appropriate reduction in real estate taxes) and any such tenant fails to purchase his apartment, the Apartment Corporation will enter into an agreement to cooperate with the owner or holder of the shares and pro-

prietary lease to such apartment so that such owner or holder will receive the benefit of the reduced real estate taxes so long as the Senior Citizen continues in occupancy; and in this regard the Apartment Corporation will agree to execute the necessary appropriate documents to obtain such tax savings and pass the benefit thereof to the owner of the apartment.

Any obligations under this Plan and the General Business Law to be performed subsequent to Closing will survive delivery of the deed.

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

SPONSOR'S PROFIT

The Sponsor acquired the property on September 9, 1980. Sponsor expects to make a profit from the sale of the property to the Apartment Corporation.

If all of the shares offered hereunder with respect to all apartments are sold at the prices set forth herein to tenants in occupancy, it is estimated that the Sponsor's profit may be approximately \$1,555,000 (including the difference between the principal amount of the wraparound purchase money mortgage and the principal amount of the first mortgage at the time of the closing) computed before any payments of income taxes, but after considering estimated expenses and obligations in connection with the acquisition and ownership of the property, the preparation and presentation of this Plan and the closing of title with the Apartment Corporation. These expenses include but are not limited to sales commission, attorney's fees, engineer's fees, payments due on existing mortgages, costs involved in the operation of the property and the holding of shares not sold by closing and the cost of acquiring the property, all of which are estimated to total approximately \$345,000. This latter figure does not include the sum of \$25,000 to be retained as a reserve fund by the Apartment Corporation.

The exact profit to be realized by the Sponsor on the sale of the property to the Apartment Corporation cannot be determined with certainty and may be more or less depending upon such variable factors as future market conditions, losses and disbursements arising out of Sponsor's obligations under this Plan and the length of time required to sell all the shares offered under this Plan, and other contingencies.

MANAGEMENT AGREEMENT AND OTHER CONTRACTUAL ARRANGEMENTS

On the closing date, the Apartment Corporation will enter into an agreement with Steppingstone Management Corp. to act as managing agent of the property for a period of three years after the closing, which agreement will continue thereafter until terminated at the option of either party at the end of any calendar month on at least thirty days' prior written notice. Such Managing Agent, Steppingstone Management Corp., will receive compensation of \$7,800 annually.

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

The services to be rendered by the Managing Agent will include billing and collection of carrying charges, hiring and discharging of employees, supervision of routine building maintenance and repairs, purchase of supplies for the building (which will be paid for by the Apartment Corporation), and attendance at directors' and shareholders' meetings, at no extra charge. The Managing Agent will make no repair expenditures in excess of Two Hundred Fifty (\$250) Dollars, without the authorization of the Board of Directors of the Apartment Corporation, except in the case of emergencies. The Managing Agent shall manage all apartments including those occupied by non-purchasing tenants, and there shall be provided to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. The Sponsor hereby guarantees the obligation of the Managing Agent to provide all such services and facilities until such time as the Board of Directors is no longer controlled by Directors elected by holders of Un-sold Shares, as set forth on page 44.

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

OTHER CONTRACTUAL ARRANGEMENTS

The Apartment Corporation will take title to the Property subject to the following Agreements which are presently in effect:

1. Elevator Agreement with Flynn-Hill Elevator Corp. for which the charge is \$230.00 per month plus tax. This agreement expires on October 31, 1986.
2. Laundry Agreement with Staple Laundry Company which pays \$45 per month. This agreement expires on November 30, 1982.

Except as set forth in this Plan, there are no other contractual arrangements which will be binding on the Apartment Corporation subsequent to Closing.

IDENTITY OF PARTIES

The Sponsor is Derma Holding Company, a New York partnership whose partners are Robert J. Ettinger (who is engaged in the business of real estate investment and maintains offices at 220 Madison Avenue, New York, New York), Lawrence E. Goldschmidt (who is an attorney and maintains offices at 655 Madison Avenue, New York, New York) and Warren Reiner (who is engaged in the business of real estate investment and maintains offices at 1 Station Square, Forest Hills, New York). Messrs. Ettinger and Goldschmidt have been principals of the Sponsors of several prior offerings, including those relating to 260 West End Avenue, New York, New York; 160 Columbia Heights, Brooklyn, New York; 128 Willow Street, Brooklyn, New York; 243 West 70th Street, New York, New York; 261 Central Avenue, Lawrence, New York; and 515 & 525 East 89th Street and 520 and 530 East 90th Street, New York, New York. Mr. Reiner has been a principal of the sponsors of several prior offerings, including those relating to 230 West End Avenue, New York, New York; 17 West 71st Street, New York, New York; 617 West End Avenue, New York, New York; and 1 Station Square, 10 Station Square and 82 Dartmouth Street, Forest Hills, New York. All three partners are currently holders of unsold shares in connection with numerous prior offerings.

The Selling Agent is Derma Holding Company. The Managing Agent is Steppingstone Management Corp., 220 Madison Avenue, New York, New York. Robert J. Ettinger is the President of Steppingstone Management Corp. Serge Klein, 162 West 56th Street, New York, New York, prepared the report of physical inspection.

Sonnenschein, Sherman & Deutsch, Esqs., of 10 Columbus Circle, New York, New York and Goldschmidt, Fredericks & Oshatz of 655 Madison Avenue, New York, New York, represent the Sponsor in

this matter and have prepared the Plan and related documents. Lawrence E. Goldschmidt is also a partner of Goldschmidt, Fredericks & Oshatz.

DOCUMENTS TO BE RECEIVED PERIODICALLY BY SHAREHOLDERS

Reports to Shareholders

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

A. An income tax deduction statement received within 75 days after the end of each calendar year.

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

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

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

DOCUMENTS ON FILE

In accordance with Section 352-e(9) of the General Business Law, copies of this Offering Statement - Plan of Cooperative Organization and all exhibits or documents referred to herein, shall be available for inspection by prospective purchasers and by any person who shall have purchased securities offered by this Plan, or shall have participated in the offering of such securities at the office of the attorneys for the Sponsor, Sonnenschein, Sherman & Deutsch, Esqs., 10 Columbus Circle, New York, New York 10019, and shall remain available for such inspection for a period of six (6) years.

GENERAL

The Plan does not knowingly omit any material fact, or contain any untrue statement of any material fact. Exact copies are contained in Part II hereof of the proprietary lease, subscription agreement, by-laws and house rules.

There are no lawsuits, 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 materially affect this offering.

The Sponsor agrees to pay such interest on deposits as a court may consider just and proper as part of an order which may be granted pursuant to Section 354 of the General Business Law.

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

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

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

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

Prior to declaring the Plan effective, Sponsor will file an amendment to this Plan which will include a financial statement for the premises for the period from January 1, 1982 through at least June 30, 1982.

If an amendment made prior to closing makes any adverse material changes, a person who has theretofore subscribed may elect within thirty (30) days of receipt of each such amendment to cancel his Subscription Agreement by written notice to Sponsor. In the event of such cancellation, any payments made by such a person under the Subscription Agreement shall be returned to that person without interest, unless the monies are held in an interest-bearing account in which event they shall be returned with the interest accrued, and that person shall have no further rights or obligations thereunder. If that person does not elect to cancel his Subscription Agreement as set forth above, the Subscription Agreement shall remain in full force and effect.

Dated: July 12, 1982

DERMA HOLDING COMPANY

CERTIFICATION OF SPONSOR AND SPONSOR'S
PRINCIPALS PURSUANT TO SEC. 17.1(n)(2)
OF THE REGULATIONS ISSUED PURSUANT TO
GENERAL BUSINESS LAW, ARTICLE 23-A,
AS AMENDED.

New York State Department of Law
Two World Trade Center
New York, New York 10047

Att: Real Estate Financing Bureau

Re: 150 Burns Street
Forest Hills, New York

The undersigned certify as follows:

We are the sponsor and the principals of sponsor of the offering to convert the subject property to cooperative ownership.

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Attorney General in Part 17 and such other laws and regulations as may be applicable.

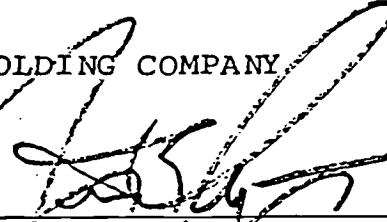
We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for making this certification. We jointly and severally certify that the offering plan does, and that all documents submitted hereafter by us which amend or supplement the offering plan will:


- (1) set forth the detailed terms of the transaction and be complete, current and accurate;
- (2) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;
- (3) not omit any material fact;
- (4) not contain any untrue statement of a material fact;
- (5) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;
- (6) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by unwarranted by existing circumstances;

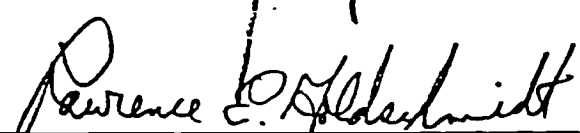
- (7) not contain any representation or statement which is false, where we: (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made no reasonable effort to ascertain the truth, or (iv) did not have knowledge concerning the representations or statement made.

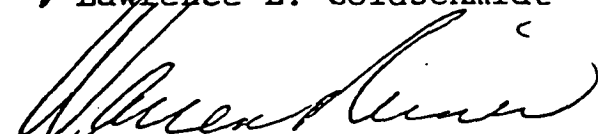
This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

DERMA HOLDING COMPANY

By 
Robert J. Ettinger, Partner


Robert J. Ettinger


Lawrence E. Goldschmidt


Warren Reiner

Sworn to by Robert J. Ettinger as
partner and individually, before me
this 17th day of MAY, 1982.



Notary Public

ELIOT H. ZUCKERMAN
Notary Public, State of New York
No. 31-4847841
Qualified in New York County
Commission Expires March 30, 1983

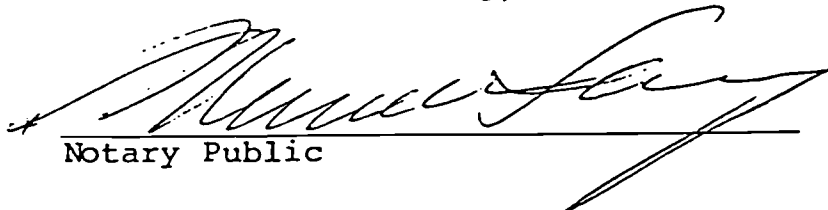
Sworn to by Lawrence E. Goldschmidt
before me this 19th day of MAY
1982.



Notary Public

JANET LUSSITER
Notary Public, State of New York
No. 24-01144654116
Qualified in Kings County
Commission Expires March 30, 1984

Sworn to by Warren Reiner before me
this 11 day of MAY, 1982



Notary Public

NOTARY PUBLIC STATE OF FLORIDA
MY COMMISSION EXPIRES FEB 9 1986
EMERGED THROUGH GENERAL INS. UNDERWRITERS

PART II

OFFERING PLAN FOR
PREMISES AT

150 BURNS STREET
FOREST HILLS, NEW YORK

SUBSCRIPTION AGREEMENT

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

Purchase Price \$.....

Down Payment \$.....(herewith)

Balance \$.....

Rent Controlled.....Rent Stabilized.....

Additional Information for Non-Tenant Purchaser:

Lease of existing tenant expires.....
or

Monthly Tenancy ()

Rent under existing lease or tenancy.....

To: 150 BURNS APARTMENT CORP.

and

DERMA HOLDING COMPANY

Execution of this Subscription Agreement is not conditional on obtaining financing and therefore if financing is not obtained the deposit may be forfeited if Purchaser is unable otherwise to raise the moneys for the balance of the purchase price.

1. As Purchaser, I have received and read the Offering Statement - Plan of Cooperative Organization with respect to premises 150 Burns Street, Forest Hills, New York, dated July 12, 1982, and a copy of the documents attached thereto at least three (3) business days before signing this Agreement, which Offering Statement and documents as amended from time to time are hereinafter called the "Plan" and are made a part hereof. Derma Holding Company is the selling agent hereunder (the "Agent").

2. I hereby agree to purchase the above-stated number of shares of 150 Burns Apartment Corp. (the Apartment Corporation) allocated to the above described apartment for the Purchase Price stated above and to become the proprietary lessee of the said apartment in said premises. Concurrently herewith I am making a down payment in the amount of 10% of the purchase price.

3. Herewith is my check to the order of GFO Special 150 Account for the abovementioned down payment. I agree that if and when the Plan becomes effective in accordance with its terms, I shall pay the balance of the purchase price by certified check of the pur-

chaser or official bank check of a New York City bank within 15 days after written request therefor but payment of such balance will not be requested more than 30 days prior to the Closing Date. In lieu of paying the entire balance as herein indicated, the Purchaser shall have the right to submit to Sponsor a commitment for a bank loan with the understanding that the amount of the loan will be paid over to Sponsor on the Closing Date simultaneously with the closing of the sale of the property to the Apartment Corporation; and in the event that the bank loan is an amount less than the entire balance of the purchase price, the difference shall be paid by Purchaser in accordance with the above provisions of this paragraph 3.

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

If this Subscription Agreement is executed after the Plan has been declared effective and the Closing Date has been fixed, the entire cash payment shall be payable in full by my personal certified or official bank check on the execution hereof.

I understand that, in the event the check being delivered herewith pursuant to this Paragraph 3 fails of collection, this Agreement will be deemed void ab initio (as if it had never been made).

4. I will sign the proprietary lease for said apartment promptly upon presentation to me in the form contained in Part II of the Offering Plan.. The date of the commencement of the term of said proprietary lease, and the date of issuance of the certificate for the aforesaid shares, which may be inserted by either Agent or the Apartment Corporation, shall be the date when it acquires title to said premises. Provided that I shall have paid the full Purchase Price for said shares, as provided for herein, and not be in default hereunder or under the terms of my lease (if any) or monthly tenancy of said apartment, I am to receive the certificate and the aforesaid lease, promptly after the Apartment Corporation acquires such title. I agree that my present lease (if any) or monthly tenancy of said apartment shall be deemed terminated and cancelled as of such date. If I shall not be the tenant of said apartment when said proprietary lease is issued, I will accept same subject to the then tenant's lease and tenancy of said apartment.

5. I understand that the tenant in occupancy may not be evicted except for nonpayment of rent or other breach of his tenancy and I further understand that if the tenant in occupancy is in such breach and does not voluntarily remove from his apartment when his lease is terminated, I shall be required to obtain possession at my own

expense. I understand that if the apartment I am purchasing is subject to the New York City Rent and Rehabilitation Law or Rent Stabilization Law, I shall be obliged to comply with said laws and the applicable regulations or code in evicting the tenant. I further understand that if the apartment I am purchasing is subject to an existing tenancy I will after the Closing Date be assuming the seller's rights and obligations under the existing lease or tenancy which will include the obligation to repair and maintain the apartment for the benefit of the existing tenant and the right to collect rent payable under the existing lease and tenancy whether the same be greater or less than the proprietary rent established by the proprietary lease.

6. The Sponsor will hold all moneys received by Sponsor through agents or employees in trust until actually employed in connection with the consummation of the transaction pursuant to Sections 352-e2b and 352-h of the General Business Law. All such moneys will be deposited with The Chase Manhattan Bank, N.A., Park Avenue & 60th Street, New York, New York, and will be held in trust in a special account under the name of GFO Special 150 Account. The funds so deposited will be disbursed only at the closing and for the purposes of the consummation of the Plan if it is declared effective or returned to me as herein provided, without interest (unless the monies are held in an interest-bearing account, in which event they shall be returned with the interest accrued), if the Plan is abandoned or is withdrawn or title does not close as provided in the Plan. I understand that there will be no disbursements from this account except upon the co-signature of a member of the firm of Goldschmidt, Fredericks & Oshatz (other than Lawrence E. Goldschmidt), attorneys for the Sponsor.

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

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

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

10. If the Plan is abandoned or does not become effective, or after being declared effective, the Plan shall not be consummated for any reason within the time limits set forth in the Plan, this agreement shall be deemed cancelled and the Plan terminated and I am to receive

back, not later than ten (10) days thereafter, in full, all moneys paid by me hereunder, without interest, unless the monies are held in an interest-bearing account, in which event they shall be returned with the interest accrued (subject, however, to the provisions set forth in paragraph 12 hereof) and, upon such repayment no party shall have any claim against any other party or person, the Sponsor, the Apartment Corporation, or the Agent, and all parties shall be released from all obligations hereunder.

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

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

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

14. This agreement is not assignable by me directly or indirectly without the prior written consent of the Apartment Corporation and shall bind and apply to the parties hereto and their personal and

legal representatives, successors and assigns and may not be changed orally.

15. Conflicts between this agreement and the Plan shall be resolved in favor of the Plan.

16. If the purchaser is not a tenant in occupancy of the apartment, and if the apartment was at time of presentation of the Plan occupied by a tenant, and if the tenant in occupancy purchases within the exclusive period granted to the tenant thereof under the Plan or any amendment thereto or any extension thereof or by a later date when such tenant is entitled to purchase, then this agreement shall be deemed cancelled and, within ten (10) days after the occurrence of such event, the Agent shall refund to Purchaser all moneys paid by Purchaser hereunder; and upon the Selling Agent's making such repayment to Purchaser, neither Purchaser, the Sponsor, the Apartment Corporation, the Agent nor any other party hereto, shall have any liability or obligation to the other hereunder.

17. This agreement shall not be binding on me or the Apartment Corporation until I, as Purchaser, shall be accepted, by endorsement hereon by the Apartment Corporation and the Sponsor, and a fully signed copy thereof shall have been delivered promptly to me. If this agreement shall not be accepted within twenty (20) days of the date hereof by the delivery to me of such endorsed and fully signed copy, this Subscription Agreement shall be deemed to be rejected and cancelled and my deposit shall be promptly refunded to me. The provisions of this paragraph shall not apply in the event Purchaser is a tenant of record in occupancy of the Apartment who is subject to the rent control and rent stabilization laws and guidelines at the time of presentation of the Plan, who purchases within the exclusive period or any extension thereof and who is not in default under the terms of his lease (if any) or monthly tenancy of his apartment.

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

19. I represent that I have been in possession of the Offering Plan for at least three days prior to the execution hereof, that I am a person resident in the State of New York and that I am over 18

years of age. The term "I" shall read as "we" and "Purchaser" shall be read as "Purchasers" if more than one person are subscribers, in which case our obligations shall be deemed joint and several.

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

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

22. If at any time prior to the Closing (as defined in the Plan) I am a tenant in occupancy and I default in the payment of rent or breach any other condition of occupancy of my apartment which would permit the Sponsor to terminate such occupancy and recover possession of such apartment, then the Sponsor may elect to cancel this Subscription Agreement by mailing a notice in writing to me and at the expiration of thirty (30) days after the date of mailing thereof (unless I shall have theretofore cured my default) said notice shall be effective and this agreement shall be deemed cancelled and all rights of the parties hereunder shall terminate; and Sponsor shall return to me all payments made by me, less the amount of rent then due, without interest, unless the monies are held in an interest-bearing account in which event they shall be returned with the interest accrued, and I shall have no further rights or obligations hereunder. The preceding sentence notwithstanding, if, within fifteen (15) days after the date of mailing of Sponsor's notice to me (as described in the preceding sentence), I notify Sponsor in writing of the reasons for my breach and such reasons constitute a valid legal defense, then this Subscription Agreement will not be deemed cancelled, unless Sponsor within thirty (30) days after my notice stating my defense initiates dispossession proceedings against me which result in the Sponsor having the right to require me to vacate the apartment (in which event this Agreement shall be deemed terminated effective the 30th day following the date of mailing notice as set forth in the first sentence of this Paragraph 22). Furthermore, the first sentence of this Paragraph 22 notwithstanding, if my default arises solely from my failure to pay rent timely and the 30-day period within which I am given the opportunity to cure that default expires prior to the date upon which the balance of my purchase price is due and payable, I will in any event have the option of paying all outstanding rent due together with said balance of my purchase price provided that all such amounts are paid by my certified check or official bank check of a New York City bank.

23. Tenants in occupancy of apartments must execute in duplicate before a Notary Public, the Statement of Good Faith Purchase set forth on the next succeeding page.

24. I understand that the Sponsor reserves the right to amend the Plan and any of the exhibits thereto at any time and from time to time and that I will receive a copy of each such amendment, and in that event this Subscription Agreement shall be deemed to refer to the Plan as amended, provided, however, that if an amendment made prior to Closing Date makes any adverse material changes I may elect within thirty (30) days after receipt of each such amendment to cancel this agreement by written notice to Sponsor. In the event of such cancellation, any payments made by me hereunder shall be returned to me without interest, unless the monies are held in an interest-bearing account in which event they shall be returned with the interest accrued, and I shall have no further rights or obligations hereunder. If I do not elect to cancel this agreement as set forth above, this agreement shall remain in full force and effect.

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

- (a) If I desire to assign this Subscription Agreement, I must first obtain the written consent of the Sponsor. I understand that counsel for Sponsor may charge me a fee of not more than \$250.00 for processing each such application.
- (b) If the Sponsor offers financing and I request such financing, I understand that counsel for the Sponsor may charge me a fee of \$250.00 for the preparation of the required documents.
- (c) I understand that if I default in the performance of this Subscription Agreement and thereafter cure such default and close at a date later than the closing of transfer of title to the Apartment Corporation, I may be charged a fee of \$250.00 to counsel for the Sponsor at the closing of title of shares allocated to the apartment for which this Subscription Agreement is made.

26. I either currently reside in or intend ultimately to reside in the apartment to which the shares subscribed for hereunder are allocated. This paragraph should be stricken by the undersigned Purchaser at the time of execution if the Purchaser does not currently reside in or intend ultimately to reside in the apartment to which the shares subscribed for hereunder are allocated.

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

Dated:

Purchaser ***

Second Purchaser, if more than one

Address

Accepted:
150 BURNS APARTMENT CORP.

By _____

Approved:
DERMA HOLDING COMPANY

By _____

*** To be executed in duplicate.

Statement of Good Faith Purchase*

The undersigned verifies that his purchase of _____ shares of 150
BURNS APARTMENT CORP. allocated to apartment _____ has been made in
good faith, pursuant to the terms of the Offering Plan of Cooperative
Organization, without fraud or duress, and with no discriminatory
repurchase agreement, or other discriminatory inducement. The use of
the apartment will** _____ be for the personal use of the undersigned.

Purchaser

Second Purchaser, if more than one

State of New York)
County of New York) ss.:

_____, being duly sworn, de-
poses and says that he is the Purchaser of the shares described above;
that he has read the foregoing Statement of Good Faith Purchase and
knows the contents thereof and that the same is true to his own know-
ledge.

Purchaser

Second Purchaser, if more than one

Sworn to before me this _____
day of _____, 19 ____.

*Not required for Purchasers not in occupancy
**If not for personal occupancy, so indicate

SPONSOR'S STATEMENT OF PRESENT BUILDING CONDITION
INCLUDING AGE AND DESCRIPTION OF BUILDING,
APARTMENTS AND EQUIPMENT

Set forth below is a report of present building condition prepared by Serge Klein, a registered architect. Sponsor adopts such report as a statement of the building condition and its equipment.

The Sponsor further represents that Sponsor does not know of any defect or need for major repairs in the building except as hereinafter set forth in the said engineer's report or included in the Apartment Corporation's budget for its first year of cooperative operation or items customarily corrected by routine maintenance.

The Building is offered in its current condition. Neither the Sponsor nor the Apartment Corporation will have any obligation to make repairs or improvements except as expressly set forth in this Plan. The Sponsor will, however, maintain and operate the property until the Closing Date in substantially the same manner and condition it is on the date of presentation of the Plan and will cure or cause to be cured all violations of record against the Building on the date of closing (except for violations caused by the acts or omissions of tenants, the maintenance of television antennae, air conditioning units or window anchors) subject to the right to cancel as set forth on page 35 above.

Although the building contains 48 apartments as reflected by Schedule "A" of this Plan, the architect's report following indicates that there are only 44 apartments because there are 4 pairs of apartments, each of which is currently occupied as one, as follows: 1-E and 1-F (superintendent); 1-G and 1-H; 1-A and 1-B; and 2-A and 2-B. The current Certificate of Occupancy for the building does not indicate the number of apartments which the building may contain. In the event it is determined that the current occupancy of the abovementioned pairs of apartments requires the obtaining of a new or amended Certificate of Occupancy for the building, Sponsor will arrange to have such Certificate procured. In the event it is not procured prior to the Closing, Sponsor's obligation shall survive the Closing and Sponsor will deposit the sum of \$5,000 in escrow to secure such obligation.

The Sponsor will arrange to have the following completed prior to Closing:

- (1) repair cellar door and entrance to cellar;
- (2) unclog drain in northeastern vault;
- (3) repave drive and lane, and fasten shingles and add light fixtures or conceal exposed wiring in adjacent area; and
- (4) requisite certificates and permits to be obtained and properly posted.

. CERTIFICATION OF SPONSOR-SELLER'S ENGINEER
PURSUANT TO SEC. 17.1(n)(3)
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, NY 10047

Attention: Real Estate Financing Bureau

Re: 150 Burns Street, Queens.

The undersigned, an architect licensed to practice as a Registered Architect in New York State, certify as follows:

The Sponsor-Seller of the offering to convert the captioned property to a cooperative retained me to prepare a report disclosing the condition of the Property (the "Report"). I visually inspected the Property on February 27, 1982 and prepared the Report dated March 19, 1982, a copy of which is intended to be incorporated into the Offering Plan so that tenants and prospective purchasers may rely on the Report.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 17 insofar as they are applicable to this Report.


I have read the entire Report and investigated the facts set forth in the Report and the facts underlying it and conducted the visual inspection referred to above with due diligence in order to form a basis for this certification. I certify that the Report and all documents prepared by me disclose all the material facts which were then discernible from a visual inspection of the Property. This certification is made for the benefit of all parties to whom this offer is made. I certify that the Report and all documents prepared by me based on my visual inspection:

- (i) set forth in narrative form the physical condition of the entire Property and are current and accurate as of the date of inspection;
- (ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgement concerning the physical condition of the Property;

- (iii) do not omit any material fact;
- (iv) do not contain any untrue statement of a material fact;
- (v) do not contain any fraud, deception, concealment, or suppression;
- (vi) do not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) do not contain any representation or statement which is false, where I (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representations or statement made.

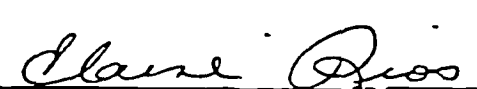
I further certify that I am not owned or controlled by and have no beneficial interest in the Sponsor-Seller and that my compensation for preparing this Report is not contingent on the conversion of the Property to a cooperative or on the profitability or price of the offering.

This certification is not intended as a guarantee or warranty of the physical condition of the Property.


SERGE KLEIN, ARCHITECT

Sworn to before me this

1 day of April, 1982


Notary Public

ELAINE RIOS
Notary Public, State of New York
No. 41-4850316
Qualified in QNS County
Term Expires March 30, 1983

ERGE KLEIN • ARCHITECT A.I.A.

162 WEST 56th STREET • NEW YORK, N.Y. 10019 • TELEPHONE: 582-0035

Report on the Physical Inspection of the Premises at

150 BURNS STREET, FOREST HILLS, QUEENS,

NEW YORK CITY, N. Y.

150 Burns Street, Queens.

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DESCRIPTION.

The property, known as the "Grosvenor Square", is a class A Multiple Dwelling of non-fireproof construction. It is located at 150 Burns Street, on the north-east corner of the intersection of Burns Street and Ascan Avenue, in Forest Hills Gardens, Queens, New York City. The lot - not including the service drive - is irregular and generally trapezoidal, with frontages of about 102.66, 26.942 and 59.25 feet on Burns Street, on the intersection, and on Ascan Avenue, respectively. The easterly property line is about 74.015 feet long and reaches from Burns Street to the service lane at the rear of the property along the Long Island Railroad right-of-way. The northern property line extends from Ascan Avenue to the northern end of the easterly property line. The lot area is somewhat over a fifth of an acre. The property is in Block 3291, Lots Nos. 80-89. It is zoned Residential R3-2.

The building was erected under New Building Application No. 944, dated 3/14/1931 and was issued a Certificate of Occupancy No. 47,749 dated 10/9/1931. This Certificate of Occupancy is still in effect. It designates the building as a 6-story Multiple Dwelling, class A, of brick construction; and lists the occupancies of the 1st through 6th floors as "Multiple Dwelling, 40 pounds live load, each". The Building Department Registration Number is 408,875. The last inspection by the Department of Housing Preservation and Development is January 29 of 1981.

The building has six stories plus a full cellar, and is approximately 60 feet high, from curb to top of sixth floor. Finished floor heights are approximately 8½ feet each. The frontage is about 102 feet and 8 inches, and the depth about 74 feet.

The structure has two wings, each having four apartments per floor, except that there are only three in the west wing on the first and second floors, and only two in the east wing on the first floor, for a total of 44 apartments, 22 in each wing. There is an elevator, a compactor chute and an interior stairway in each wing. There is a total of five fire escapes, providing a second means of egress - in case of emergency - for all apartments from the second to the sixth floors. There are no drives or garages (except a service drive at the rear on the railroad right-of-way).

The building contains 44 apartments, ranging in size from studio to six rooms, with one to three baths. The apartment count includes the four-room apartment 1F occupied by the superintendent. There are no offices, stores or single room occupancies. It should be noted that the original New Building Application lists a total of forty-eight apartments, eight on each of the upper floors, seven on the first floor and a superintendent's apartment in the cellar.

CONSTRUCTION.

The building is of non-fireproof construction, with brick exterior walls.

(continued)

CONSTRUCTION (continued).

Foundations - according to Building Department records - are on coarse sand and earth. Footings are concrete. Foundation walls are also concrete, 20 inches thick and going down a minimum of four feet below grade. Upper walls are brick, 16 inches on the first floor and 12 inches above. Interior partitions are wood studs 16 inches on center, with plaster on wire lath. Stairhalls and public halls are enclosed with masonry. Elevator and dumb-waiter shafts are also masonry, 8-inch brick and 3-inch masonry block, respectively. First tier construction over the cellar is steel; upper floors are framed with 3 by 9 inch and 3 by 10 inch fir joists, 16 inches on center, resting on masonry walls. Ceilings are wirelath and plaster, floors are wood.

STREETS, SIDEWALKS & GROUNDS.

The streets are public streets paved with asphalt and the curbs are concrete. Burns Street is a one-way street going west, Ascan Avenue is a two-way street. There is a steel edge on the curb at the corner only. There is a curb cut on Ascan Avenue at the north property line, to allow vehicular access to the service lane behind the building. The curb cut and drive across the sidewalk are in poor condition and should be repaired. There are catch basins for storm drainage at the intersection of Burns Street and Ascan Avenue. They lead to the New York City combined storm and sanitary sewer system.

Street lighting is by lanterns on cast iron posts, and also by mercury vapor lamps on wood utility poles. It is provided by New York City. There is a street lamp on a wood utility pole on the east side of Ascan Avenue somewhat north of the property. There are lanterns on the west side of Ascan Avenue across from the property, also on the south side of Burns Street across from the property, and on the north side of Burns Street slightly to the east of the property. There are traffic control signals at the intersections of Burns Street and Ascan Avenue.

Parking at the curbs is restricted to residents of the area.

The sidewalks are 4 feet wide concrete footpaths, which are separated from the curbs by a strip paved with red bricks in a herringbone pattern on Burns Street, and by a grassed strip at the curb on Ascan Avenue. The concrete is generally in acceptable condition, except for some differential settlement in spots, which may pose tripping hazards. The bricks are also in generally acceptable condition except for some areas of loose, missing or heaved bricks on Burns Street, which should be repaired. At the main entrance, on Burns Street, there are flagstones of slate extending from the curb to the concrete path. Some of the flags are spalled, others loose. They should be repaired or replaced.

STREETS, SIDEWALKS, GROUND (continued).

There are two fine old trees in the brick-paved area on the sidewalk along Burns Street and a younger tree in the grassed strip at the curb on Ascan Avenue. There are landscaped front strips along the building walls, with hedges, shrubs, bushes, ivy ground cover and a few trees. There are scalloped red brick curbs along the front strips on Burns Street. Some of the bricks are missing or overturned. Some of the strips are covered with gravel.

There is an entrance court near the center of the frontage on Burns Street. It is enclosed with a brick fence with brick copings. The fence is set back a few feet from the building line. Access to the court is through a wrought-iron arch supporting a lantern. Some of the glass on the lantern is missing. The metal is rusting and should be scraped and painted. There are wrought iron gates mounted on two brick pillars with concrete copings. The metalwork of the gates also needs scraping and paint. The brickwork needs pointing.

The walks in the entrance court are paved with concrete, which is in fair condition. There has been some uneven settlement of the concrete panels, so that the paving does not completely pitch to the drains and retains standing puddles after rains.

The entrance court has landscaping along the building, edged by scalloped red brick curbs. The landscaping includes bushes, small trees, ivy ground cover and flowers. The court is illuminated by the lantern at the entrance arch and by two wall-mounted incandescent fixtures.

There is a concrete stairway leading down from the entrance court to the cellar. It has concrete retaining walls topped by wrought iron guard rails. The bottom landing is concrete. It is covered with leaves and refuse. The door to the cellar has collapsed and the entrance is presently boarded up.

There are three areaways in the court. They have concrete retaining walls and are covered by wrought iron grilles which need scraping and paint. The areaways provide light and ventilation for the boiler room and some store-rooms in the cellar. The drain in the north-eastern vault is clogged, and there are standing puddles after rains, which overflow into the boiler room. The drain should be cleaned out. There are two areaways with wrought iron covers along Ascan Avenue. The metalwork here too is rusting, and needs scraping and paint. The areaways provide light and air for the tenants' laundry.

The entrance from Ascan Avenue to the service lane at the rear of the property is flanked by brick pillars topped by pitched shingled roofs. Some of the shingles are loose or missing. The pillars have stuccoed ornamental panels with uncovered outlet boxes for lighting fixtures. There are no fixtures, and the wiring is exposed.

The driveway across the sidewalk on Ascan Avenue is paved with asphalt and concrete, as is the service lane. There is a drain at the northeast corner of the building adjoining the service lane.

STREETS, SIDEWALKS & GROUNDS (continued).

The paving of the service lane is in very poor condition. There are deep potholes, rutting, cracks and crumbling concrete. There are standing puddles after rain. The service lane should be entirely repaved.

Curbs along the slope of the Long Island Railroad right-of-way are partly concrete, partly old wood ties, and partly missing. They are in poor condition. Dirt from the slope is washing down from the earth-covered slope, and spilling on the service lane. The curbs should be rebuilt, and made high enough to retain the slope properly. The slope is covered with natural vegetation. It may be advisable to plant ground cover to better retain the soil. The service lane is illuminated by one wall-mounted incandescent fixture on the north elevation of the building. Additional lighting is desirable.

There is a court at the north-east corner of the property. It is paved with concrete. The paving is cracked and not properly pitched to the area drain. It thus retains puddles after rain. The court should be repaved, and the drain cleaned out.

There is an open riser stairway in the court. It is of painted steel construction and is in acceptable condition. It leads down from an exit at the lowest landing of the easterly interior stairway. The exit door is flush hollow metal and was recently installed.

The service entrance to the cellar is in this court. There is a concrete ramp leading down to the cellar. It has concrete retaining walls, one of which is topped by a pipe guard rail. The entrance door is flush panel hollow metal. It is kept locked from the inside, for security. Illumination for the entrance and for the court in general is by a wall-mounted incandescent fixture over the door. The stucco over the door is cracked, and the side window next to it covered with plywood. These conditions should be repaired.

EXTERIORS.

The elevations are of good grade red face brick over a stuccoed concrete base, which reaches to the top of the cellar. Over the base is a decorative course of bricks set vertically. At the second floor window-sills, there is a projecting precast concrete band between courses of bricks set end out. The tops of the elevations starting from the fifth floor window sills to the sloping clay tile roofs are stuccoed common red brick decorated with wood planks simulating columns and beams as in Tudor architecture. The wood planks have been removed at the rear (north) leaving the bricks underneath exposed. Portions of the sixth floor elevations are also covered with clay tiles. Many sixth floor windows are dormer windows with sloping tile roofs. The only parapets occur at a terrace on the sixth floor at the south-west corner of the building. The parapets are stuccoed brick with concrete copings, into which are set wrought iron railings.

EXTERIORS (continued).

There is an ornamental cantilevered balcony of painted wrought iron construction. It is on the sixth floor at the easterly end of the Burns Street front. It requires scraping and paint like most of the exterior metalwork.

The elevations are generally in acceptable condition. There are a few isolated areas of weathered or eroded mortar, particularly where brick became exposed at the rear, when decorative wood planks on the top floor were removed. There is also eroded mortar at the ends of some upper floor window lintels. These areas should be pointed.

The vertical portions of roofing on both sides of the flat roof at the center of the building are tarred sheet metal. They are in acceptable condition except for one metal sheet, which is loose on one side and has to be properly fastened.

There is a chimney along the easterly elevation. It is of red brick construction and has a copper pipe flue. It serves the adjoining building at 152 Burns Street. It has some loose bricks at its top and should be repaired.

There are three chimneys serving the building. They are extending above the sloping portions of the roof. One serves the boiler, and the other two were for the incinerators, before these were replaced by compactors. All three are of red brick construction. There is a one inch wide crack at the top of the boiler chimney, and several smaller cracks. They should be repaired.

Apartment and cellar windows are primarily wood double hung sashes on metal chains with counterweights. There are also crank-operated steel casement windows in the stairhalls and in many apartments. These windows have also fixed lights. Those in the stairhalls have wire glass. Vestibule and lobby windows are steel casements with leaded ornamental stained glass lights. Lot line windows on the easterly lot line are double-hung kalamein sashes in metal frames, with wire glass lights. Most apartment windows have screens. All windows are single-glazed. Many have storm sash.

Exterior window sills are precast concrete on the lower floors, and slate on the top two floors. Interior sills are wood, except in stairhalls and in the lobby, where they are marble. Lintels are steel.

The windows are in fair to poor condition, depending on location and exposure. There is efflorescence around a few windows, requiring caulking. There is rotted wood in some frames, wood sills and sashes, which should be replaced. There are a few cracked panes in apartments, and a number in the stairhalls. These panes should be replaced. Some windows are hard to operate or stuck shut, some are loose and drafty. Many casement windows require new hardware, and need scraping and paint, to stop rust. Many windows need putty. Many cellar windows, particularly on the north elevation, are boarded up with plywood.

Doors to the flat roof are kalamein with wire glass lights. The door from the east wing is in poor condition, with rotted wood & corroded metal. It should be replaced. The westerly door needs some repair. Doors to the roof attics are kalamein, in acceptable condition. Terrace & balcony doors are wood with glass lights.

ROOFS & TERRACE.

The roofing is primarily a sloped hip roof covered with interlocking English type red clay shingles.

At the center of the roof, there is a flat section covered with tar and felt built-up roofing. It has some air bubbles and should be repaired. The flat roof forms a connection between the two stair halls, which open on the roof by kalamein doors (see Exteriors above).

The sides of the flat roof are vertical, about 8 feet high, and covered with tarred galvanized steel sheets, with overlapping roof shingles at the top. A number of tenants' antennas are attached to the roofing.

There are two small access doors from the flat roof area to the attic spaces under the sloped roofs. The attics are framed with wood joists and wood sheathing. There is no insulation on the attic floor.

The terrace is paved with concrete, covered with an out-door wall-to-wall carpet.

Roof flashings are copper, with some aluminum replacements. They are mostly tarred over. The tar is old, discolored, cracked and peeling and can no longer serve the function for which it was applied. Waterproofing at all flashings will require upgrading.

The shingle roofing is generally in acceptable condition. There are, however, isolated leaks in top floor apartments. Some of the shingles are cracked, broken, loose or missing. The shingle roofing should be repaired where required.

Exterior leaders and gutters are copper; some are aluminum replacements. They are generally in acceptable condition. Some of the gutters are deformed and not properly pitching to the leaders. They need adjustments to provide proper drainage.

There are no stairways on the roof. There is a portable aluminum ladder, but its lower rungs are missing.

There are four sloping skylights set into the pitched roofs. Two are over the stairs, and two over the elevator machine rooms. The skylights are copper with ribbed glass lights, and a ridge vent. They are protected by heavy gauge wire mesh grilles on the outside and inside. Some of the wood framing around the skylights is rotted due to old leaks, and one over an elevator machinery room is not entirely watertight. These conditions should be corrected.

ENTRANCE, VESTIBULE & LOBBY.

The main entrance is off the entrance court near the center of the frontage on Burns Street.

(continued)

ENTRANCE, VESTIBULE & LOBBY (continued).

The vestibule projects into the entrance court. It is of red face brick framed with stone and concrete giving a Gothic style effect. The words "The Grosvenor Square" are incised in the stone over the entrance doors, and there is a bas-relief sheaf of wheat on a shield in the parapet over the entrance.

There is a concrete step at the entrance doors. The doors are glass in painted steel frames. Some of the glass is broken and should be replaced. There are fixed glass sidelights & a fixed glass transom bearing the legend "150 Burns Street".

The vestibule has a slate floor. Walls are painted brick, and the ceiling is painted plaster. The vestibule is illuminated by a lantern suspended from the ceiling.

The intercom is in the vestibule. It incorporates a buzzer actuator for the remote unlocking of the lobby doors.

There is a concrete step at the lobby doors. The doors are glass in wood frames with brass kick plates. There is a fixed leaded glass transom over the doors.

The lobby has a slate floor. Walls are stipple-painted plaster, with marble bases and imitation wood trim. The ceiling is smooth painted plaster with an ornamental plaster cornice. Illumination is by wrought iron chandeliers, wall sconces and table lamps. There are only a few light bulbs in the chandeliers and none in the wall sconces. Heating is by two radiators under the lobby windows. Radiators are covered by perforated brass covers. There is an ornamental (non-operating) fireplace in the lobby.

There is evidence of a leak in one area of the lobby ceiling. The leak should be repaired, and the ceiling repainted.

There are two slate steps with marble risers leading from the lobby to the public halls in each wing on the first floor, and to some of the first floor apartments as well. The steps have wall-mounted brass pipe handrails. One of them has been replaced with wood. Windows in the vestibule and lobby are steel casements with leaded stained glass lights. There is some furniture.

The vestibule and lobby are in satisfactory condition.

PUBLIC HALLS, STAIRWAYS & FIRE ESCAPES.

The public halls have wall-to-wall carpeting on the floors. Walls are papered and ceilings are painted plaster. Bases are marble. The halls at the first-floor also have slate floors in the corridors leading from the lobby, and vinyl tiles in front of the elevators. The halls are illuminated by circular fluorescent ceiling fixtures in the east wing, and by both fluorescent and
(continued)

PUBLIC HALLS, STAIRWAYS & FIRE ESCAPES (continued).

incandescent ceiling lights in the west wing. The halls are ventilated through the windows in the stairways. There are electric base outlets on each floor, for connection of vacuum cleaners.

The carpeting is worn and spotted in many areas, particularly on stair platforms. The wall paper is spotted, patched and worn in several areas.

The compactor closets are accessible from the public halls through fire-proof kalamein doors. They have hoppers on every floor. Some hoppers are loose and need adjustment. The closets in the westerly wing are illuminated by wall-mounted incandescent lighting fixtures, which are on all the time. The closets in the easterly wing are very small, and have no lights. Floors in the closets are painted concrete; walls and ceilings are painted plaster.

The public stairs are open to the public halls and serve all floors from lobby to roof. They have marble treads and painted steel risers. Landing platforms are covered with cement and wall-to-wall carpeting. Handrails are oak, newels and balusters are metal. Stair soffits are painted metal, ceilings are painted plaster. The stairways are illuminated by the ceiling fixtures located in the public halls. They are ventilated by crank-operated steel casement windows with wire glass lights. Some of the window lights are fixed. Sills are marble. Windows are as described above under "Exteriors". There is a skylight over each stairway. It is a sloping vented copper skylight with textured glass, protected by wire mesh screens on the inside and on the outside. Heating is by radiators located under the first floor stairs.

The tenants' mail boxes - one set for each wing - are located at the first floor stair platforms. They are recessed brass mail boxes, illuminated by incandescent wall brackets.

There is a landing several risers below lobby level in the easterly stairway. An exit door is located off this landing, leading to an open riser stairway to the north-easterly court in the rear. The door is flush-panel hollow metal, with a wire glass light.

Access doors to the roof are self-closing kalamein doors with wire glass. As described above, the easterly door should be replaced; the westerly door needs repairs.

Apartment entrance doors opening on the public halls are self-closing fire-proof kalamein doors in steel bucks, with marble saddles. They have cylinder locks, peepholes and electric or mechanical door bells.

Except for the foregoing, the halls and stairs are in generally acceptable condition.

There are five regulation type steel fire escapes, of painted metal slat cantilevered balcony construction, with 60 degrees open riser stairs. There are two in the entrance court, two on the rear (north)elevation and one in the north-east court. The last serves all floors, first to sixth.
(continued).

PUBLIC HALLS, STAIRWAYS & FIRE ESCAPES (continued).

The others serve all floors from the second to the sixth. All have counter-weighted drop ladders to the ground. The fire escapes are in acceptable condition, but most of them have rusty areas and need scraping, chipping and paint.

APARTMENTS.

Apartments have oak strip floors with borders, and painted wood bases. Walls and ceilings are painted plaster. Several apartments have problems with peeling paint. A few have water-damaged paint, a few have also water-damaged plaster on walls and ceilings. Many apartments have ornamental (non-operative) fireplaces with electric outlets in the hearths. Most rooms on the sixth floor have very high ceilings and many have cathedral overheads under the hip roofs. Apartments have ample closets, most with 5-shelf linen closets. Other closets have wood shelves and wood hanging rods.

Kitchen floors are vinyl tile or linoleum over wood, bases are wood. Kitchen cabinets are painted wood. Sinks are mostly double-basin type in closed-front metal cabinets, but some original cast iron sink and tub combinations remain. A few sinks are single basin in metal or wood cabinets. Kitchen appliances are of various makes including Admiral, General Electric, Westinghouse, Hotpoint and Whirlpool refrigerators; and Royal Rose, Welbilt, Slatery and Imperial four-burner and oven gas ranges. Dish-washers, washers and driers are tenant-owned. All kitchens are ventilated and lighted by windows. Kitchenettes in some of the smaller apartments are interior. There are dumbwaiter shafts with metal doors in the kitchens. The dumbwaiters have been discontinued, and the doors are sealed. The shafts are used for electric risers and other wiring. Building Codes require that the doors be removed, when dumbwaiters are discontinued, and that the openings be closed with masonry to match the dumbwaiter walls.

Bathrooms have ceramic tile floors and ceramic tile wainscoting on walls 4 feet high, except around tubs with shower heads, where the tile is about seven feet high; and except in stall showers, which are tiled to the ceiling, and also on the ceiling. Floor and wall tiles are white, with black borders and black accessories including soap and tooth brush and tumbler holders, grab bars and towel bars, and paper holders. Some tiled walls have a few loose or missing tiles. Some need grouting, particularly at tubs. Some shower receptors leak and should be repaired.

Bathroom fixtures include flushometer type water closets, and wall-hung or chrome leg supported lavatories. There are also some tenant-installed vanities. Tubs are cast iron built-in, with standing wastes. Medicine cabinets are recessed metal cabinets with hinged mirrored doors and glass shelves. Most bathrooms have incandescent lights over medicine cabinets. Bathrooms are lighted and ventilated through windows.

Interior apartment doors are wood, in steel bucks. Saddles are oak. Apartment entrances are kalamein with steel bucks and marble saddles.

(continued).

APARTMENTS (continued).

All doors have peepholes, cylinder locks, self-closing spring hinges and electric or mechanical door bells. Terrace and balcony doors are wood with glass lights.

Apartment lighting is by standard ceiling fixtures on switches, except bathrooms, which have wall brackets; and living rooms, which have no switch-operated fixtures, but have switch-operated base outlets.

Apartment heating is by radiators under windows; bathrooms have steam pipes for heating.

CELLAR & BOILER ROOM.

Most cellar spaces have concrete floors. The floor in the abandoned party room is a raised wood floor. The ramp at the service entrance is concrete. Walls are painted concrete, plaster, terra cotta or brick. The ceiling is painted concrete. However, many surfaces are not painted. Doors are mostly wood, except the doors to the boiler room and to the compactor room, which are kalamein in metal frames; and the door at the north-east service entrance, which is hollow metal, in a steel frame. Several doors need repair or replacement. Some door have transoms over them, which should be closed up with fireproof material. Windows are wood double-hung on chains with counterweights. Many windows - particularly on the north side - are boarded up with plywood. Illumination is by incandescent and fluorescent ceiling fixtures. Many have neither switches nor pull chains, and a few are out-of-order.

The cellar contains storerooms, meter rooms, compactor rooms, a tank and pump room, a workshop, a former party room now used for storage, the boiler room, and the tenants' laundry. The cellar is cluttered, dirty, infested with roaches and poorly lit. Steel plates over some drains or sewer openings are ill-fitting, improperly set or missing altogether. There are plumbing leaks through the ceiling and in the cellar pipes at several locations. There is a continuous leak in the wood floor of the former party room, that has damaged the wood floor. There is an exterior leak into the westerly storeroom through the foundation wall. There are back-ups from the sewer into cellar drains and open sewer connections in the abandoned toilets off the former party room. The leaks should be repaired, the drains and sewer pits properly covered, and the open sewer connections from old toilet fixtures properly closed. The abandoned toilets should be dismantled, walls, windows and floors repaired. Lighting in the cellar should be repaired, and additional lights installed where required.

The tenants' laundry has two wash tubs, two coin-operated Maytag washers and one coin-operated Routemaster gas drier. Charges are 75 cents per wash and 75 cents for about a half hour of drying. The laundry is maintained by the Coin-Meter Eastern Company Inc.. It is ventilated through windows. The gas drier is vented by a metal pipe through one of the windows.

CELLAR & BOILER ROOM (continued).

The laundry has a painted concrete floor, painted gypsum block and brick walls, a painted concrete ceiling and incandescent ceiling fixtures.

The boiler room is at a lower level than the cellar and is reached down a flight of concrete stairs with a wall-mounted pipe handrail. The boiler room has a concrete floor, ceiling and walls. It contains the boiler and related heating equipment. It is ventilated through louvered windows to areaways in the entrance court. It is illuminated by both incandescent and fluorescent ceiling fixtures, some of which do not work. The general condition of the boiler room is poor. Most surfaces are not painted, and some areas are cluttered with miscellaneous equipment which does not belong in this room.

There is a sump pump in the boiler room, which is operational. It is in an open pit, and should have a cover. It empties into the areaway with the clogged drain and is ineffective in controlling flooding from overflows in that areaway. These conditions should be corrected.

There is an abandoned and disconnected 1,500 gallons hot water tank in the boiler room. There is an abandoned and disconnected small Boynton coal-burning boiler which was used at one time for generating domestic hot water.

HEATING & AIR CONDITIONING.

The heating system is a one pipe gravity return steam system using cast iron radiators with air valves. Many of the radiators have no covers. Many of the valves have been painted over and are not operational. They should be replaced.

The building is heated by a Heggie Simplex boiler. It has a Carlin Flame Funnel, Model 1150 FFD, burner rated at 24-29.5 gallons per hour of No. 2 oil. The oil is circulated by an oil pump from the 3,000 gal. tank installed under the cellar floor under Fuel Oil application No. 2879 of 1931. The oil pump is by Westinghouse. Access to the tank is by metal cover from hall. The boiler is handfed twice daily. It operates at about 5 pounds pressure. It is protected by a McDonnell & Miller and a Watts automatic low water cutoff, a blow-off valve and a Heat Timer Corporation Vis-U-Larm smoke alarm. The boiler is controlled by one Heat Timer Corporation heat timer and has a weighted draft regulator. The fire box is sealed. There are no plugged tubes. The plaster insulation is cracked, and sections are completely missing. Some of the pipe insulation is defective or missing. The boiler is old, and appears to be the original boiler installed when the building was erected, over 50 years ago. It is reaching the end of its useful life. There have been problems with leaks through the casing, which have been repaired. The boiler is serviced by the Rockway Fuel Oil Company.

HEATING & AIR CONDITIONING (continued).

The last boiler inspection by the Commercial Union Insurance Company was on 9/17/1981. The New York City Fire Department Fuel Oil Permit was renewed and expires in May of 1982. The last inspection of the New York City Department of Buildings is dated 1/7/1977. There are no Certificates from the New York City Department of Air Resources on display.

There is no central air-conditioning. Individual window units are tenant-owned.

PLUMBING & DRAINAGE.

The building is supplied with water by New York City. Charges are on a frontage basis. Water enters through the laundry room from Burns Street through a 3-inch main.

At one time water pressure was enhanced by means of a 1,500 gallons pressure vessel, to which water was pumped by a pump driven by a Crocker 3 HP 208 volt 3 phase motor. Pressure in the pressure vessel was maintained by a compressor. The tank, pump and compressor are now disconnected.

Water piping appears to have been originally brass for both hot and cold water; many replacements have been made with galvanized piping. All apartments are provided with hot water and with cold water through a series of up-feed risers; cold water is under main pressure, hot water by gravity.

Hot water is generated in submerged coils in the heating boiler, and reduced to consumption temperature in a mixing valve. There is no circulating pump. There are some leaks at the mixing valve and at fittings on the hot water output line leaving the valve.

Water is untreated. Pressure is generally acceptable and water is clean. There are some plumbing leaks in the cellar which should be repaired.

Drainage feeds into an 8-inch house sewer and a 6-inch house drain of extra heavy cast iron, which empty into the New York City combined storm and sanitary sewer system. There are ten 4-inch soil stacks, four 3-inch waste stacks and fourteen 2 and 3 inch vent stacks; also several 3-inch area drains and interior leaders. Larger stacks are cast iron, smaller ones galvanized steel.

There are sewer back-ups into the cellar and into the rear yard during heavy rains. These conditions should be corrected.

GAS.

The building is provided with metered gas by the Brooklyn Union Gas Co. Gas is included in the tenants' rent. It enters the storeroom from Ascan Avenue through a 3-inch main. Gas piping is black iron and is in acceptable condition.

ELECTRICITY, TELEVISION & INTERCOM.

The building is provided with metered electricity by the Consolidated Edison Company. Electric service equipment is located in a small room in the cellar. It includes three AC 240 volt 4 pole switches. One is a General 400 amp switch, one is a General 200 amp switch and one is a Cole 400 amp switch.

Apartment risers are protected by dual 40 amp fuses. Apartment circuits are protected by fuses in the apartments. Most fuse panels have 6 circuits of 15 amp each, wired to kitchen appliance outlets and - in some apartments - to air-conditioning outlets. Lighting circuits have not been rewired. Service is sufficient for loads of normal appliances.

All apartments are on individual meters, located in two groups - one for each wing - in the cellar halls.

Public area lighting and machinery circuits are protected by fuses in the cellar. Public area lights are controlled by key switches in a fuse box in the cellar.

The building has neither a master antenna nor cable TV. There are over a dozen tenant-owned antennas on the flat roof, and more on the peaked roofs. There are no security TV cameras and monitors.

The intercom is located in the vestibule. It is a Lee Dan cross talk system for communication between the apartments and the front entrance. It incorporates the buzzer actuator for remote unlocking of the lobby doors. It was installed in 1979 and is in generally acceptable condition.

ELEVATORS.

The building is served by two Otis elevators, one in each wing, providing collective-selective push button automatic service to all floors. Each has a capacity of 12 persons or 1,800 pounds. The cabs have vinyl tiled floors and painted metal bulkheads and overheads. They have single-slide doors. Shaftway doors swing out. Illumination is by incandescent ceiling lights. The elevators are driven by Otis 8.5 HP 208 volt 3 phase motors, protected by 60 Amp 230 volt Federal switches. Machinery is located in the roof bulkheads, reached by metal ladders from the top public hall platforms in each wing of the building.

The machinery breaks down often and is in barely acceptable condition. The controllers and door closers need overhaul. Floor stops and contacts need adjustment. There is significant electro-erosion on contacts. There is vibration in the east elevator.

The elevators are maintained by the Apex Elevator Company. They were last inspected by the New York City Department of Buildings on 8/27/1981.

REFUSE DISPOSAL.

Originally, refuse was burned in two incinerators, one in each wing. About 10 years ago, the incinerators were discontinued, and a compactor system installed. The chutes are being used to bring the garbage to two cellar rooms. The easterly room contains an Econetics Imp-Pactor compactor with a wheeled trash bin. Refuse is emptied from the base of the former incinerator chutes into this bin by the building staff every other day. It is compacted and put out three times a week for collection, free of charge, by the New York City Department of Sanitation. The schedule of removing refuse only three times weekly from the incinerator chutes has lead to a severe roach infestation.

PEST CONTROL.

Pest control and exterminator service is provided monthly by Abco Exterminators.

GENERAL COMMENTS.

The building was originally inspected in October of 1980, and reinspected on February 27, 1982. Conditions are as of the date of the last inspection.

Repairs or replacements suggested are believed to be consistent with standards applying to cooperatively owned apartment houses. Additional repairs and replacements may nevertheless be required in the future. Some of the original equipment cannot be expected to last for the full life of the structure itself, but its useful life can be extended by good maintenance and proper care.

March 19, 1982.



Serge Klein

Reg. Architect.

150 Burns Street, Queens

Violations

A violation search dated March 4, 1982, shows the following open violations:

Department of Buildings

Elevator violation dated 7/22/81, as follows:

"Conduct a 5-year safety test, clean entire installation .

Office of Rent & Housing Maintenance, New York City.

ITEM:	ORDER:	DATE:	DESCRIPTION:
357	539	12/14/81	Remove the encumbrance obstructing egress from fire escape-5 sty. balcony rear west stack 2&5 sty. rear east stack.
358	514	12/14/81	Fire escape defective-Secure triangular splice plate of guard rails-rear west stack- 2 & 5 sty. balconies.
359	514	12/14/81	Fire escape defective secure fascia plate and lug to channel bracket-rear west stack 2 balcony.
360	561	12/14/81	Scrape and remove rust scales and paint with 2 coats of paint-rear east fire escape-all stories.
361	649	12/14/81	Remove all obstructions and repair all defects in yard drain east court.
362	658	12/14/81	Repair-paving-yard at rear.
363	502	12/14/81	Repair-marble window sill-public hall-1st sty. east window.
364	540	12/14/81	Replace refuse chute warning sign-public hall door to service closet or on wall over hopper door at 2 sty west incinerator compartment.
365	506	12/14/81	Replace-missing operator device of casement window public hall-3 sty. west section.

A violation search of the Fire Dept. N.Y.C., dated March 10, 1982 shows no open violations

April 6, 1982


Serge Klein, Architect.

EXHIBIT III

BY-LAWS

of

150 BURNS APARTMENT CORP.

ARTICLE I

Purpose of Business

Section 1. The primary purpose of the Corporation is to provide residences for shareholders who shall be entitled, solely by reason of their ownership of shares, to proprietary leases for apartments in the building owned by the Corporation.

ARTICLE II

Meetings of Shareholders

Section 1. Annual Meeting: The annual meeting of the shareholders of the Corporation, for the election of directors and for such other business as may properly come before such meeting, shall be held in the Borough of Queens, City of New York, at such time and place during the month of June of each year as may be designated by the Board. The notice of the meeting shall be in writing and signed by the president or a vice president or the secretary or an assistant secretary. Such notice shall state the time when and the place within the state where it is to be held, and the secretary shall cause a copy thereof to be de-

livered personally or mailed to each shareholder of record of the Corporation entitled to vote at such meeting not less than ten nor more than forty days before the meeting. If mailed, it shall be directed to each such shareholder at his or her address as it appears on the share book, unless he or she shall have filed with the secretary of the Corporation a written request that notices intended for him or her be mailed to some other address, in which case it shall be mailed to the address designated in such request.

Section 2. Special Meetings: Special meetings of shareholders, other than those the calling of which is regulated by statute, may be called at any time by the president or secretary or by a majority of the Board of Directors. It shall also be the duty of the secretary to call such meetings whenever requested in writing so to do by shareholders owning at least twenty-five per cent of the outstanding shares of the Corporation. The secretary shall cause a notice of such special meeting stating the time, place and object thereof and the officer or other person or persons by whom the meeting is called, to be delivered personally or mailed as provided in Section 1 of this Article to each shareholder of record of the Corporation entitled to vote at such meeting not less than ten nor more than forty days before such meeting. No business other than that stated in such notice shall be transacted at such special meeting unless the holders of all the outstanding shares of the Corporation be present thereat in person or by proxy.

Section 3. Waiver of Notices: The notice provided for in the two foregoing sections is not indispensable but any shareholders' meeting whatever shall be valid for all purposes if all the outstanding shares of the Corporation are represented thereat in person or by proxy, or if a quorum is present, as provided in the next succeeding section, and waiver of notice of the time, place and objects of such meeting shall be duly executed in writing either before or after said meeting by such shareholders as are not so represented and were not given such notice.

Section 4. Quorum: At each meeting of shareholders, except where otherwise provided by law, shareholders representing, in person or by proxy, a majority of the shares then issued and outstanding shall constitute a quorum; in case a quorum shall not be present at any meeting, the holders of a majority of the shares represented may 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 a shareholder but need not be acknowledged or witnessed, and the person named as proxy by any shareholder need not himself be a shareholder of the Corporation. Voting by shareholders shall be viva voce unless any shareholder present at the meeting, in person or by proxy, demands a vote by written ballot, in which case the voting shall be by ballot, and each ballot shall state the name of the shareholder voting and the number of shares owned by him, and in addition, the name of the proxy of such ballot if cast by a proxy.

In all elections of directors of the Corporation, each shareholder shall be entitled to as many votes as shall equal the number of votes which (except for these provisions) he would be entitled to cast for the election of directors with respect to his shares, multiplied by the number of directors to be elected, and he may cast all of such votes for a single director or may distribute them among the number to be voted for, or any two or more of them, as he may see fit.

In the event the Unsold Shares (as hereinafter defined) comprise the majority of outstanding shares, the holders of Unsold Shares may elect Directors so as to control the Board during the first two years of operation as a cooperative; provided, however, that at the third annual meeting and subsequently the holders of Unsold Shares (or the Sponsor) will not control the Board.

Section 6. Inspectors of Election: Inspectors of election shall not be required to be appointed to any meeting of shareholders unless requested by a shareholder present (in person or by proxy) and entitled to vote at such meeting and upon the making of such request inspectors shall be appointed or elected as provided in Section 610 of the Business Corporation Law.

Section 7. Order of Business: So far as consistent with the purpose of the meeting, the order of business of each meeting of shareholders shall be as follows:

1. Call to order.
2. Presentation of proofs of due calling of the meeting.
3. Roll call and presentation and examination of proxies.
4. Reading of minutes of previous meeting or meetings, unless waived.
5. Reports of officers and committees.
6. Appointment or election of inspectors of election, if requested.
7. If the annual meeting or a special meeting called for that purpose, the election of directors.
8. Unfinished business.
9. New business.
10. Adjournment.

ARTICLE III

Directors

Section 1. Number: The number of the Directors of the Corporation shall be not less than three nor more than seven, as may from time to time be herein provided and, in the absence of such provisions shall be three (3). Commencing with the first election of Directors by tenant-shareholders of the Corporation, and until changed by amendment of this

By-Law provision, as hereinafter provided, the number of Directors shall be seven (7). The number of Directors shall not be decreased to a number less than the number of Directors then in office except at an annual meeting of shareholders.

Section 2. Election: The Directors shall be elected at the annual meeting of shareholders or at a special meeting called for that purpose as provided by law, by a plurality of votes cast at such meeting. 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 of these By-Laws, the directors, if any, whose term of office shall cease, shall be determined in the manner provided in the resolution adopting such amendment. No vacancy shall be filled so as to allow the Holders of Unsold Shares (as hereinafter defined) to control the Board of Directors where they are not otherwise entitled to do so.

Section 5. Meetings: The Board of Directors shall meet immediately after the annual meeting of shareholders without notice and also whenever called together by any officer of the Corporation or upon the written request of any two directors then holding office, upon notice given to each director, by delivering personally, mailing or telegraphing the same to him at least two days prior to such meeting at the last address furnished by him to the Corporation. Regular meetings may be held without notice at such time and places as the Board of Directors may determine. Any meeting of the Board at which all the members shall be present, or of which notice shall be duly waived by all absentees, either before or after the holding of such meeting, shall be valid for all purposes provided a quorum be present. Meetings of directors may be held either at the principal office of the Corporation or elsewhere within the State of New York as provided in the notice calling the meet-

ing, unless the Board of Directors by resolution adopt some further limitation in regard thereto. At all meetings of the Board of Directors, each director shall be entitled to one vote. The vote of a majority of the Board of Directors present at the time of a vote of a duly constituted meeting shall be the act of the Board of Directors.

Section 6. Resignation and Removal: Any director may resign at any time by written notice delivered in person or sent by certified registered mail to the President or Secretary of the Corporation. Such resignation shall take effect at the time specified therein, and unless specifically requested acceptance of such resignation shall not be necessary to make it effective.

Any director may be removed from office without cause by the shareholders of the Corporation at a meeting duly called for that purpose.

Section 7. Annual Cash Requirements: The Board of Directors shall, except as may be otherwise restricted by the Proprietary Lease of the Corporation, from time to time, determine the cash requirements as defined in the Corporation's proprietary leases, and fix the terms and manner of payment of rent under the Corporation's proprietary leases. The Board of Directors shall have discretionary power to prescribe the manner of maintaining and operating the apartment house of the Corporation and to determine the cash requirements of the Corporation to be paid as aforesaid by the shareholder-tenants under their respective proprietary leases. Every such determination by the Board of Directors

shall be final and conclusive as to all shareholder-tenants and any expenditures made by the Corporation's officers or its agent under the direction or with the approval of the Board of Directors of the Corporation shall, as against the shareholder-tenants, be deemed necessarily and properly made for such purpose.

Section 8. House Rules: The Board of Directors may from time to time, adopt and amend such house rules as it may deem necessary in respect to the apartment building of the corporation for the health, safety and convenience of the shareholder-tenants. Copies thereof and of changes therein shall be furnished to each shareholder-tenant.

Section 9. Executive Committee and other Committees: The Board of Directors may by resolution appoint an Executive Committee, and such other committees as it may deem appropriate, each to consist of three or more directors of the Corporation. Such committees shall have and may exercise such of the powers of the Board in the management of the business and affairs of the Corporation during the intervals between the meetings of the Board as may be determined by the authorizing resolution of the Board of Directors and so far as may be permitted by law, except that no committee shall have power to determine the cash requirements defined in the proprietary leases, or to fix the rent to be paid under the proprietary leases, or to vary the terms of payment thereof as fixed by the Board.

Section 10. Distributions: The shareholder-tenants shall not be entitled, either conditionally or unconditionally, except upon a com-

plete or partial liquidation of the Corporation, to receive any distribution not out of earnings and profits of the Corporation.

ARTICLE IV

Officers

Section 1. Election and Removal: The officers of the Corporation shall be a president, one or more vice presidents, a secretary and a treasurer. Such officers shall be elected at the first meeting of the Board of Directors after these By-Laws become effective, and thereafter at the regular meeting in each year following the annual meeting of shareholders, and shall serve until removed or until their successors shall have been elected. The Board of Directors may at any time or from time to time appoint one or more assistant secretaries and one or more assistant treasurers to hold office at the pleasure of the Board and may accord to such officers such power as the Board deems proper. Any officer may be removed at any time, with or without cause, by the affirmative vote of a majority of the then authorized total number of directors. The president shall be a member of the Board of Directors, and shall be a shareholder or the spouse of a shareholder, but none of the other officers need be a member of the Board of Directors or a shareholder or the spouse of a shareholder. One person may hold not more than two offices at the same time, except that the president and the secretary may not be the same person. Vacancies occurring in the

office of any officer may be filled by the Board of Directors at any time.

Section 2. Duties of President and Vice Presidents: The president shall preside at all meetings of the stockholders and of the Board of Directors. The president or any vice president shall sign in the name of the Corporation all contracts, leases and other instruments which are authorized from time to time by the Board of Directors. The president, subject to the control of the Board of Directors, shall have general management of the affairs of the Corporation and perform all the duties incidental to the office. In the absence from the City of New York or inability of the president to act, any vice president shall have the powers and perform the duties of the president.

Section 3. Duties of Treasurer: The treasurer shall have the care and custody of all funds and securities of the Corporation, and shall deposit such funds in the name of the Corporation in such bank or trust companies as the directors may determine, and he shall perform all other duties incidental to his office. If so required by the Board of Directors, he shall, before receiving any such funds, furnish to the Corporation a bond with a surety company as surety, in such form and amount as said Board from time to time shall determine. The premium upon such bond shall be paid by the Corporation. Within 75 days 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 Corpora-

tion of any deductions available for income tax purposes on a per share basis and indicating thereon on a per share basis any such other information as may be necessary or useful to permit him to compute his income tax returns in respect thereof.

Within three months after the end of each fiscal year, the treasurer shall cause to be transmitted to each shareholder-tenant whose proprietary lease is then in effect, an annual report of operations and balance sheet of the Corporation which shall be certified by an independent Certified Public Accountant. A copy of said annual report shall be submitted to the Department of Law of the State of New York.

In the absence or inability of the treasurer, the assistant treasurer, if any, shall have all the powers and perform all the duties of the treasurer.

Section 4. Duties of Secretary: The secretary shall keep the minutes of the meetings of the Board of Directors and of the meetings of shareholders; he shall attend to the giving and serving of all notices of the Corporation and shall be empowered to affix the corporate seal to all written instruments authorized by the Board of Directors of these By-Laws. He shall also perform all other duties incidental to his office. He shall cause to be kept a book containing the names, alphabetically arranged, of all persons who are shareholders of the Corporation, showing their places of residence, the number of shares held by them, respectively, the time when they respectively became the owners thereof, and the amount paid thereon, and the denomination and

the amount of all share issuance or transfer stamps affixed thereto, and such book shall be open for inspection as provided by law. In the absence or inability of the secretary, the assistant secretary, if any, shall have all the powers and perform all the duties of the secretary.

ARTICLE V

Proprietary Leases

Section 1. Form of Lease: The Board of Directors shall adopt a form of proprietary lease to be used by the Corporation for the leasing of all apartments and other space in the apartment building of the Corporation to be leased to shareholder-tenants under proprietary leases. Such proprietary leases shall be for such terms, with or without provisions for renewals, and shall contain such restrictions, limitations and provisions in respect to the assignment thereof, the subletting of the premises demised thereby and the sale and/or transfer of the shares of the Corporation appurtenant thereto, and such other terms, provisions, conditions and covenants as the Board of Directors may determine.

After a proprietary lease in the form so adopted by the Board of Directors shall have been executed and delivered by the Corporation, all proprietary leases (as distinct from the house rules) subsequently executed and delivered shall be in the same form, except with respect to the statement as to the number of shares owned by the lessee, the use of the premises and the date of the commencement of the term, unless any

change or alteration is approved by lessees in accordance with the voting set forth in Section 5 of Meetings of Shareholders above.

Section 2. Assignment: Proprietary leases shall be assigned or transferred only in compliance with, and shall never be assigned or transferred in violation of, the terms, conditions or provisions of such proprietary leases. A duplicate original of each proprietary lease shall always be kept on file in the principal office of the Corporation or with the managing agent of the apartment building.

Section 3. Allocation of Shares: The Board of Directors shall allocate to each apartment or other space in the apartment building of the corporation to be leased to shareholder-tenants under proprietary leases the number of shares of the Corporation which must be owned by the proprietary lessee of such apartment or other space.

Section 4. Assignment of Lease and Transfer of Shares: No assignment of any lease or transfer of the shares of the Corporation shall take effect as against the Corporation for any purpose until a proper assignment has been delivered to the Corporation; the assignee has assumed and agreed to perform and comply with all the covenants and conditions of the assigned lease or has entered into a new lease for the remainder of the term; all shares of the Corporation appurtenant to the lease have been transferred to the assignee; all sums due have been paid to the Corporation; and all necessary consents have been properly obtained. The action of the Board of Directors with respect to the

written application for consent of a proposed assignment or subletting must be made within 30 days after receipt of said written application.

Where the Sponsor named in the Plan of Cooperative Organization or a designee of the Sponsor is a lessee (holder of "Unsold Shares") consent to an assignment or transfer of his lease and the shares appurtenant thereto or a subletting or occupancy of the demised premises will not be required. Further, no charge of any kind shall be asserted or levied by the Corporation or its agents in connection with such assignment or subletting. The provisions of the two preceding sentences may not be modified or eliminated without the written consent of the holders of Unsold Shares.

No person to whom the interest of a lessee or shareholder shall pass by law, shall be entitled to assign any lease, transfer any share, or to sublet or occupy any apartment, except upon compliance with the requirements of the lease and these By-Laws.

Section 5. Fees on Assignment: The Board of Directors shall have authority before an assignment or sublet of a proprietary lease or re-allocation of shares takes effect as against the Corporation as lessor, to fix a reasonable fee to cover actual expenses and attorneys' fees of the Corporation and such other non-monetary conditions as it may determine, in connection with each such proposed assignment.

Section 6. Lost Proprietary Leases: In the event that any proprietary lease in full force and effect is lost, stolen, destroyed or 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 apartment building and of the shares issued to accompany the same, may in its discretion, at any time, permit such owner or owners, at his or her own expense--A: (1) to subdivide any apartment into any desired number of apartments, (2) to combine all or any portions of any such apartments into one or any desired number of apartments; and (3) to reallocate the shares issued to accompany the proprietary lease or leases, but the total number of the shares so reallocated shall not be less than the number of shares previously allocated to the apartment or apartments involved, and, in connection with any such regrouping, the Board of Directors may require that the number of shares allocated to the resulting apartment or apartments be greater than the number of shares allocated to the original apartment or apartments, and may authorize the issuance of shares from its treasury for such purpose; or B: to incorporate one or more

servant's rooms, or other space in the 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 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 the Sponsor's Nominee or the Sponsor's Assignee (who while entitled to occupy any such apartments for his personal use does not do so), such Sponsor, Nominee, or Assignee may, upon the consent of the Board of Directors, change the number of such apartments by increasing or decreasing their size, or change the size, layout or location of any such apartment; but such Sponsor, Nominee, or Assignee 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. If any such change is made at a time when the directors elected by the holders of Unsold Shares control the Board, as set forth in Article 2, Section 5, then an amendment to the Plan of Cooperative Organization will be submitted by the holders of Unsold Shares reflecting such change.

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 building owned by the Corporation. The ownership of shares shall entitle the holder thereof to occupy the apartment for the purposes specified in the proprietary lease to which the shares are appurtenant, subject to the provisions, covenants and agreement contained in such proprietary lease.

Section 2. Form and Share Register: Certificates of the shares of the Corporation shall be in the form adopted by the Board of Directors, and shall be signed by the president or a vice president and the secretary or an assistant secretary or the treasurer or an assistant treasurer, and sealed with the seal of the Corporation, and shall be numbered in the order in which issued. Such signatures and seal may be facsimiles when and to the extent permitted by applicable statutory pro-

visions. Certificates shall be issued in consecutive order and there shall be recorded the name of the person holding the shares, the number of shares and the date of issue. Each certificate exchanged or returned to the Corporation shall be cancelled, and the date of cancellation shall be indicated thereon and such certificate shall be retained in the Corporation records.

Section 3. Issuance of Certificates: Shares appurtenant to each proprietary lease shall be issued in the amount allocated by the Board of Directors to the apartment or other space described in such proprietary lease and shall be represented by a single certificate.

Section 4. Transfers: Transfers of shares shall be made upon the books of the Corporation only by the holder in person or by power of attorney, duly executed and filed with the secretary of the Corporation and on the surrender of the certificate of such shares, except that shares sold by the Corporation to satisfy any lien which it holds thereon may be transferred without the surrender of the certificate representing such shares. As provided in Article V, Section 4, no charge of any kind shall be asserted or levied by the Corporation or its agents in connection with any transfer of shares by a holder of Unsold Shares.

Section 5. Units of Issuance: Except as otherwise provided in Article V, Section 7, unless and until all proprietary leases which shall have been executed by the Corporation, shall have been terminated, the shares appurtenant to each proprietary lease shall not be sold or

assigned except as an entirety to the Corporation or an assignee of such proprietary lease, after complying with and satisfying the requirements of such proprietary lease in respect to the assignment thereof.

Section 6. Corporation's Lien: The Corporation shall at all times have a first lien upon the shares owned by each shareholder for all indebtedness and obligations owing and to be owing by such shareholder to the Corporation, arising under the provisions of any proprietary lease issued by the Corporation and at any time held by such shareholder or otherwise arising. Unless and until such shareholder as lessee shall make default in the payment of any of the rental or in the performance of any of the covenants or conditions of such proprietary lease, and/or unless and until such shareholder shall make default in the payment of any indebtedness or obligation owing by such shareholder to the Corporation otherwise arising, such shares shall continue to stand in the name of the shareholder upon the books of the Corporation, and the shareholder shall be entitled to exercise the right to vote thereon as though said lien did not exist. The Corporation shall have the right to issue to any purchaser of such shares upon the enforcement by the Corporation of such lien, or to the nominee of such purchaser, a certificate of the shares so purchased substantially of the tenor of the certificate 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 certifi-

cate shall not affect the validity of the certificate issued in replacement thereof. The Corporation may refuse to consent to the transfer of shares of any shareholder indebted to the Corporation unless and until such indebtedness is paid.

Section 7. Lost Certificates: In the event that any share certificate is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new certificate of the same tenor and for the same number of shares in lieu thereof. The Board may, in its discretion, before the issuance of such new certificate, require the owner of the lost, stolen, destroyed or mutilated certificate, or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutilation as it deems necessary, and to give the Corporation a bond in such reasonable sum as it directs, to indemnify the Corporation.

Section 8. Legend on Share Certificates: Certificates representing shares of the Corporation shall bear a legend reading as follows:

"The rights of any holder hereof are subject to the provisions of the By-Laws of 150 Burns Apartment 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 150 Burns Apartment Corp., as Lessor, for an apartment in the premises known as 150 Burns Street, Forest Hills, 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.

"The directors of this Corporation may refuse to consent to the transfer of the shares represented by this certificate until any

indebtedness of the shareholder to the Corporation is paid. The Corporation, by the terms of said By-Laws and proprietary lease, has a first lien on the shares represented by this certificate for all sums due and to become due under said proprietary lease."

ARTICLE VII

Indemnification

Section 1. To the extent allowed by law, the Corporation shall indemnify any person, made a party to an action by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he, his testator or intestate, is or was a director or officer of the Corporation, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of such action, or in connection with an appeal therein, except in relation to matters as to which such director or officer is adjudged to have breached his duty to the Corporation, as such duty is defined in Section 717 of the Business Corporation Law. To the extent allowed by law, the Corporation shall also indemnify any person, made, or threatened to be made, a party to an action or proceeding other than one by or in the right of the Corporation to procure a judgment in its favor, whether civil or criminal, including an action by or in the right of any other corporation, domestic or foreign, which he served in any capacity at the request of the Corporation by reason of the fact, that he, his testator or intestate was a director or officer of the Corporation or served it in any capacity against judgments, fines, amounts paid in settlement, and reasonable expenses, including attorneys' fees

actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such director or officer acted, in good faith, for a purpose which he reasonably believed to be in the best interests of the Corporation and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful.

Nothing contained in this provision shall limit any right to indemnification to which any director or any officer may be entitled by contract or under any law now or hereinafter enacted.

ARTICLE VIII

Seal

Section 1. The seal of the Corporation shall be circular in form and have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal" and "New York".

ARTICLE IX

Negotiable Instruments

Section 1. All checks, drafts, orders for payment of money and negotiable instruments shall be signed by such officer or officers or employee or employees as the Board of Directors may from time to time, by standing resolution or special order, prescribe.

Section 2. Endorsements or transfers of shares, bonds, or other securities shall be signed by the president or any vice president and by

the treasurer or an assistant treasurer or the secretary or an assistant secretary unless the Board of Directors, by special resolution in one or more instances, prescribe otherwise.

Section 3. Safe Deposit Boxes: Such officer or officers as from time to time shall be designated by the Board of Directors, shall have access to any safe of the Corporation in the vault of any safe deposit company.

Section 4. Securities: Such officer or officers as from time to time shall be designated by the Board of Directors shall have power to control and direct the disposition of any bonds or other securities or property of the Corporation deposited in the custody of any trust company, bank or other custodian.

ARTICLE X

Fiscal Year

Section 1. The fiscal year of the Corporation shall be the calendar year unless otherwise determined by resolution of the Board of Directors.

ARTICLE XI

Miscellaneous

Section 1. Salaries: No salary or other compensation for services shall be paid to any director or officer of the Corporation for services rendered as such officer unless and until the same shall have been

authorized in writing or by affirmative vote, taken at a duly held meeting of shareholders, by shareholders owning at least a majority of the then outstanding shares of the Corporation.

ARTICLE XII

Amendments

Section 1. These By-Laws may be amended, enlarged or diminished either (a) at any shareholders' meeting by vote of shareholders owning two-thirds of the amount of the outstanding shares, represented in person or by proxy, provided that the proposed amendment or the substance thereof shall have been inserted in the notice of meeting or that all of the shareholders be present in person or by proxy, or (b) at any meeting of the Board of Directors by a majority vote, provided that the proposed amendment or the substance thereof shall have been inserted in the notice of meeting or that all of the Directors are present in person, except that the Directors may not repeal a By-Law amendment adopted by the shareholders as provided above.

EXHIBIT IV

Apartment No.:

Shares:

150 BURNS APARTMENT CORP.

Lessor,

TO

Lessee.

PROPRIETARY LEASE

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PROPRIETARY LEASE

PROPRIETARY LEASE made as of _____, 19____, by and between 150 BURNS APARTMENT CORP., a New York corporation, having an office at 150 Burns Street, Forest Hills, New York, hereinafter called the Lessor, and

hereinafter called the Lessee.

WHEREAS, the Lessor is the (owner) of the land and the building erected thereon in the City of New York, County of Queens and State of New York known as and by the street number 150 Burns Street, Forest Hills, New York, hereinafter called the building; and

WHEREAS, the Lessee is the owner of _____ shares of the Lessor, to which this lease is appurtenant and which have been allocated to Apartment _____ in the building;

Demised
Premises

NOW, THEREFORE, in consideration of the premises, the Lessor hereby leases to the Lessee, and Lessee hires from the Lessor, subject to the terms and conditions hereof, Apartment _____ in the building (hereinafter referred to as the apartment) for a Term from _____, 19____, until September 30, 2080 (unless sooner terminated as hereinafter provided). As used herein "the apartment" means the rooms in the building as partitioned on the date of the execution of this lease designated by the above-stated apartment number, together with their appurtenances and fixtures and any closets, terraces, balconies, roof, or portion thereof outside of said partitioned rooms, which are allocated exclusively to the occupant of the apartment.

Term

Rent (Main-
tenance)
How Fixed

1. (a) The rent (sometimes called maintenance) payable by the Lessee for each year, or portion of a year, during the term shall equal that proportion of the Lessor's cash requirements for such year, or portion of a year, which the number of shares of Lessor allocated to the apartment bears to the total number of shares of the Lessor issued and outstanding on the date of the determination of such cash requirements. Such maintenance shall be payable in equal monthly installments in advance on the first day of each month, unless the Board of Directors of the Lessor (hereinafter called Directors) at the time of its determination of the cash requirements shall otherwise direct.

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

Accompanying
Shares to Be
Specified in
Proprietary
Lease

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

Cash Re-
quirements
Defined

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

Authority
Limited to
Board of
Directors

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

Issuance of
Additional
Shares

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

shares, be deemed increased by an amount equal to such rent.

Paid-in
Surplus

(f) The Directors may from time to time as may be proper determine how much of the maintenance and other receipts, when received (but not more than such amount as represents payments on account of principal of mortgages on the property and other capital expenditures), shall be credited on the corporate accounts to "Paid-in Surplus". Unless the Directors shall determine otherwise, the amount of payments on account of principal of any mortgages shall be credited to Paid-in Surplus.

Failure to
Fix Cash
Require-
ments

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

Lessor's
Repairs

2. The Lessor shall at its expense keep in good repair all of the building including all of the apartments, the sidewalks and courts surrounding the same, and its equipment and apparatus except those portions the maintenance and repair of which are expressly stated to be the responsibility of the Lessee pursuant to Paragraph 18 hereof.

Services
by Lessor

3. The Lessor shall maintain and manage the building as a first-class apartment building, and shall keep the elevators and the public halls, cellars and stairways clean and properly lighted and heated, and shall provide the number of attendants requisite, in the judgment of the Directors, for the proper care and service of the building, and shall provide the apartment with a proper and sufficient supply of hot and cold water and of heat, and if there be central air conditioning equipment supplied by the Lessor, air conditioning when deemed appropriate by the Directors. The covenants by the Lessor herein contained are subject, however, to the discretionary power of the Directors to determine from time to time what services and what attendants shall be proper and the manner of maintaining and operating the

building, and also what existing services shall be increased, reduced, changed, modified or terminated.

Damage to
Apartment
or Building

4. (a) If the apartment or the means of access thereto or the building shall be damaged by fire or other cause covered by multiperil policies commonly carried by cooperative corporations in New York City (any other damage is to be repaired by Lessor or Lessee pursuant to Paragraphs 2 and 18, as the case may be), the Lessor shall at its own cost and expense, with reasonable dispatch after receipt of notice of said damage, repair or replace or cause to be repaired or replaced, with materials of a kind and quality then customary in buildings of the type of the building, the building, the apartment, and the means of access thereto, including the walls, floors, ceilings, pipes, wiring and conduits in the apartment. Anything in this Paragraph or Paragraph 2 to the contrary, Lessor shall not be required to repair or replace, or cause to be repaired or replaced, equipment, fixtures, furniture, furnishings or decorations installed by the Lessee or any of his predecessors in title nor shall the Lessor be obligated to repaint or replace wallpaper or other decorations in apartments.

Rent
Abatement

(b) In case the damage resulting from fire or other cause shall be so extensive as to render the apartment partly or wholly 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 tenable or the means of access restored; but if said damage shall be caused by the act or negligence of the Lessee or of the agents, employees, guests or members of the family of the Lessee or any occupant of the apartment, such rental shall abate only to the extent of the rental value insurance, if any, collected by Lessor with respect to the apartment.

Expiration
of Lease
Due to
Damage

(c) If the Directors shall determine that (i) the building is totally destroyed by fire or other cause, or (ii) the building is so damaged that it cannot be repaired within a reasonable time after the loss shall have been adjusted with the insurance carriers, or (iii) the destruction or damage was caused by hazards which are not covered under the Lessor's insurance policies then in effect, and if in any such case the record holders of at least two-thirds of the issued shares, at a shareholders' meeting duly called for that purpose held within 120 days after the determination by the Directors, shall vote not

to repair, restore or rebuild, then upon the giving of notice pursuant to Paragraph 31 hereof, this Lease and all other proprietary leases and all right, title and interest of the parties thereunder and the tenancies thereby created, shall thereupon wholly cease and expire and rent shall be paid to the date of such destruction or damage. The Lessee hereby waives any and all rights under Section 227 of the Real Property Law and in no event shall the Lessee have any option or right to terminate this Lease.

Waiver of
Subrogation

(d) Lessor agrees to use its best efforts to obtain a provision in all insurance policies carried by it waiving the right of subrogation against the Lessee; and, to the extent that any loss or damage is covered by the Lessor by any insurance policies which contain such waiver of subrogation, the Lessor releases the Lessee from any liability with respect to such loss or damage. In the event that the Lessee suffers loss or damage for which Lessor would be liable, and Lessee carries insurance which covers such loss or damage and such insurance policy or policies contain a waiver of subrogation against the Landlord, then in such event Lessee releases Lessor from any liability with respect to such loss or damage.

Inspection
of Books
of Account

5. The Lessor shall keep full and correct books of account at its principal office or at such other place as the Directors may from time to time determine, and the same shall be open during all reasonable hours to inspection by the Lessee or a representative of the Lessee. The Lessor shall deliver to the Lessee within a reasonable time after the end of each fiscal year an annual report of corporate financial affairs, including a balance sheet and a statement of income and expenses, certified by an independent certified public accountant.

Changes in
Terms and
Conditions
of Proprietary
Leases

6. Each proprietary lease shall be in the form of this lease, unless a variation of any lease is authorized by lessees owning at least two-thirds of the Lessor's shares then issued and executed by the Lessor and lessee affected. The form and provisions of all the proprietary leases then in effect and thereafter to be executed may be changed by the approval of lessees owning at least sixty-six and two-thirds (66-2/3%) percent of the Lessor's shares then issued, and such changes shall be binding on all lessees even if they did not vote for such changes except that the proportionate share of rent or

cash requirements payable by any lessee may not be increased nor may his right to cancel the lease under the conditions set forth in Paragraph 35 be eliminated or impaired without his express consent. Approval by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose. No change in the form of any proprietary lease shall be enforceable to the extent that the effect of same would diminish the rights of certain non-shareholder tenants in occupancy as set forth in Paragraph 47.

Penthouses,
Terraces
and Bal-
conies

7. If the apartment includes a terrace, balcony, or a portion of the roof adjoining a penthouse, the Lessee shall have and enjoy the exclusive use of the terrace or balcony or that portion of the roof appurtenant to the penthouse, subject to the applicable provisions of this lease and to the use of the terrace, balcony or roof by the Lessor to the extent herein permitted. The Lessee's use thereof shall be subject to such regulations as may, from time to time, be prescribed by the Directors. The Lessor shall have the right to erect equipment on the roof, including radio and television aerials and antennas, for its use and the use of the lessees in the building and shall have the right of access thereto for such installations and for the repair thereof. The Lessee shall keep the terrace, balcony, or portion of the roof appurtenant to his apartment clean and free from snow, ice, leaves and other debris and shall maintain all screens and drain boxes in good condition. No planting, fences, structure or lattices shall be erected or installed on the terraces, balconies, or roof of the building without the prior written approval of the Lessor. No cooking shall be permitted on any terraces, balconies or the roof of the building, nor shall the walls thereof be painted by the Lessee without the prior written approval of the Lessor. Any planting or other structures erected by the Lessee or his predecessor in interest may be removed and restored by the Lessor at the expense of the Lessee for the purpose of repairs, upkeep or maintenance of the building.

Assignment
of Lessor's
Rights
Against
Occupant

8. If at the date of the commencement of this lease, any third party shall be in possession or have the right to possession of the apartment, then the Lessor hereby assigns to the Lessee all of the Lessor's rights against said third party from and after the date of the commencement of the term hereof, and the Lessee by the execution

hereof assumes all of the Lessor's obligations to said third party from said date. The Lessor agrees to cooperate with the Lessee, but at the Lessee's expense, in the enforcement of the Lessee's rights against said third party.

Cancel-
lation of
Prior Agree-
ments

9. If at the date of the commencement of this lease, the Lessee has the right to possession of the apartment under any agreement or statutory tenancy, this lease shall supersede such agreement or statutory tenancy which shall be of no further effect after the date of commencement of this lease, except for claims theretofore arising thereunder.

Quiet En-
joyment

10. The Lessee, upon paying the rent and performing the covenants and complying with the conditions on the part of the Lessee to be performed as herein set forth, shall, at all times during the term hereby granted, quietly have, hold and enjoy the apartment without any let, suit, trouble or hindrance from the Lessor, subject, however, to the rights of present tenants or occupants of the apartment, and subject to any and all mortgages and underlying leases of the land and building.

Indemnity

11. The Lessee agrees to save the Lessor harmless from all liability, loss, damage and expense arising from injury to person or property occasioned by the failure of the Lessee to comply with any provision hereof, or due wholly or in part to any act, default or omission of the Lessee or of any person dwelling or visiting in the apartment, or by the Lessor, its agents, servants or contractors when acting as agent for the Lessee as in this lease provided. This paragraph shall not apply to any loss or damage when Lessor is covered by insurance which provides for waiver of subrogation against the Lessee.

Payment
of Rent

12. The Lessee will pay the rent to the Lessor upon the terms and at the times herein provided, without any deduction on account of any set-off or claim which the Lessee may have against the Lessor, and if the Lessee shall fail to pay any installment of rent promptly, the Lessee shall pay interest thereon at the maximum legal rate from the date when such installment shall have become due to the date of the payment thereof, and such interest shall be deemed additional rent hereunder.

House Rules

13. The Lessor has adopted House Rules which are appended hereto, and the Directors may alter, amend or repeal such House Rules and adopt new House Rules. This lease shall be in all respects subject to such House Rules which, when a copy thereof has been furnished to the Lessee, shall be taken to be part hereof, and the Lessee hereby covenants to comply with all such House Rules and see that they are faithfully observed by the family, guests, employees and subtenants of the Lessee. Breach of a House Rule shall be a default under this lease. The Lessor shall not be responsible to the Lessee for the nonobservance or violation of House Rules by any other lessee or person.

Use of
Premises

14. The Lessee may occupy or use the apartment or permit the same or any part thereof to be occupied or used as a private dwelling for the Lessee and Lessee's spouse, their children, grandchildren, parents, grandparents, brothers and sisters and domestic employees, and for such other purposes as may be permitted under applicable zoning laws and are otherwise legal. In no event shall more than one unrelated married couple occupy the apartment without the written consent of the Lessor. In addition to the foregoing, the apartment may be occupied from time to time by guests of the Lessee for a period of time not exceeding one month, unless a longer period is approved in writing by the Lessor, but no guests may occupy the apartment unless one or more of the permitted adult residents are then in occupancy or unless consented to in writing by the Lessor.

Subletting

15. Except as provided in Paragraph 38 of this lease, the Lessee shall not sublet the whole or any part of the apartment or renew or extend any previously authorized sublease, unless consent thereto shall have been duly authorized by a resolution of the Directors, or given in writing by a majority of the Directors or, if the Directors shall have failed or refused to give such consent, then by Lessees owning at least sixty-five (65%) percent of the then issued shares of the Lessor. Consent by Lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose. Any consent to subletting may be subject to such conditions as the Directors or Lessees, as the case may be, may impose. There shall be no limitation on the right of Directors or Lessees to grant or withhold consent, for any reason or for no reason to a subletting.

Assignment 16. Except as provided in Paragraph 38 of this lease,

(a) The Lessee shall not assign this lease or transfer the shares to which it is appurtenant or any interest therein, and no such assignment or transfer shall take effect as against the Lessor for any purpose, until:

(i) An instrument of assignment in a form approved by Lessor executed and acknowledged by the assignor shall be delivered to the Lessor; and

(ii) An agreement executed and acknowledged by the assignee in a form approved by the Lessor assuming and agreeing to be bound by all the covenants and conditions of this lease to be performed or complied with by the Lessee on and after the effective date of said assignment shall have been delivered to the Lessor, or, at the request of the Lessor, the assignee shall have surrendered the assigned lease and entered into a new lease in the same form for the remainder of the term, in which case the Lessee's lease shall be deemed cancelled as of the effective date of said assignment; and

(iii) All shares of the Lessor to which this lease is appurtenant shall have been transferred to the assignee, with proper transfer taxes paid and stamps affixed; and

(iv) All sums due from the Lessee shall have been paid to the Lessor, together with a sum to be fixed by the Directors to cover reasonable legal and other actual expenses of the Lessor and its managing agent in connection with such assignment and transfer of shares; and

(v) Except in the case of an assignment, transfer or bequest to the Lessee's spouse, of the shares and this lease, and except as provided in Paragraph 38 of this lease, consent to such assignment shall have been authorized by resolution of the Directors, or given in writing by a majority of the Directors; or, if the Directors shall have failed or refused to give such consent within thirty (30) days after submission of references to them or Lessor's agent, then by lessees owning of record at least sixty-five (65%) percent of the then issued shares

of the Lessor. Consent by lessees as provided for herein shall be evidenced by written consent or by

affirmative vote taken at a meeting called for such purpose in the manner as provided in the By-Laws.

Consents:
On Death of
Lessee

(b) If the Lessee shall die, consent shall not be unreasonably withheld to an assignment of the lease and shares to a financially responsible member of the Lessee's family (other than the Lessee's spouse as to whom no consent is required).

Consents
Generally:
Stockholders'
and Directors'
Obligations
to Consent

(c) There shall be no limitation, except as above specifically provided, on the right of Directors or lessees to grant or withhold consent, for any reason or for no reason, to an assignment.

Release of
Lessee Upon
Assignment

(d) If the lease shall be assigned in compliance herewith, the Lessee-assignor shall have no further liability on any of the covenants of this lease to be thereafter performed.

Further
Assignment
or Sublet-
ting

(e) Regardless of any prior consent theretofore given, neither the Lessee nor his executor, nor administrator, nor any trustee or receiver of the property of the Lessee, nor anyone to whom the interests of the Lessee shall pass by law, shall be entitled further to assign this lease, or to sublet the apartment, or any part thereof, except upon compliance with the requirements of this lease.

Statement
by Lessor

(f) If this lease is then in force and effect, Lessor will, upon request of Lessee, deliver to the assignee a written statement that this lease remains on the date thereof in force and effect; but no such statement shall be deemed an admission that there is no default under the lease.

Consent
by Lender

(g) If the purchase by the Lessee of the shares accompanying this Proprietary Lease was financed, the Lessor agrees to withhold consent to any assignment by the Lessee or a subletting of the Apartment unless such assignment or subletting is accompanied by the written consent of the Lender.

Pledge of
Shares and
Lease

17. The Lessee may pledge and assign this Lease and the shares of the Lessor allocated to the Apartment as security for a loan made to the Lessee by a bank, trust company, insurance company, or other recognized lending institution or any other party as defined in the following sentence (the "Lender"), for any purpose whatsoever, provided, however, that the certificate representing the shares allocated to the Apartment and this Lease may be assigned to the Lender only as security for repayment of the loan. The "Lender" may include the seller or any third party when the pledge and assignment is for the purpose of purchasing the shares allocated to the apartment and this Lease and said shares are assigned to the Lender only as security for the repayment of the Loan.

In the event of a default by the Lessee in any of the terms, covenants, provisions or conditions of this Lease, the Lessor will give written notice thereof to the Lender if written notice of the name and address of the Lender has been given by registered or certified mail to the Lessor prior to the date of any such default. If the Lessee shall fail to cure said default within the time and in the manner provided for in this lease, then the Lender shall have an additional period of time equal to the time originally given to the Lessee to cure said default, and the Lessor will not act upon said default until the time of the Lender to cure said default has elapsed and the Lender has not cured said default.

In the event of a default by the Lessee in any of the terms, covenants, provisions or conditions of this lease, or in the payment to the Lender of any installment of principal or interest or in the performance of any other obligation of the Lessee to the Lender, the Lessor after written notice thereof from the Lender will exercise the right of termination of this Lease granted to the Lessor pursuant to Paragraph 31 hereof, and if the Lessee shall fail to vacate the apartment, will institute summary dispossession proceedings against the Lessee and take all steps and do all acts thereafter required in order to obtain possession of the apartment, all at the expense of the Lender, provided, however, that the Lender shall meanwhile pay all maintenance charges and other charges becoming due hereunder for the account of the Lessee until this lease and the shares allocated to the apartment are acquired for personal occupancy.

If the Lessor shall fail to exercise its right to terminate and/or to commence summary proceedings or to take all steps or do all acts required to be done pursuant hereto, then and in that event, Lessor shall execute and deliver to the Lender a power of attorney coupled with an interest to act in the name of the Lessor in any of the ways provided for herein at the Lender's sole expense, and if the Lessor shall fail to execute and deliver such power of attorney within five days after demand, such power of attorney may be executed by the Lender on behalf of and as the agent for the Lessor. The Lessee agrees that until any such loan is repaid to the Lender in full with interest, the Lessee shall not have any right to cancel this lease as provided in Paragraph 35 hereof, and the Lessor agrees that until it receives written notice from the Lender that the entire amount of the loan with interest has been paid in full or discharged, the Lessor will not accept any surrender of this lease by the Lessee under Paragraph 35 hereof.

If this lease is terminated at the Lender's request by reason of a default by the Lessee in any of the terms, covenants, provisions or in the payment to the Lender of any installment of principal or interest or in the performance of any other obligation of the Lessee to the Lender, the Lender may sell and assign the shares of the Lessor allocated to the apartment and this lease, or sublet the apartment, for the account of the Lender to a reputable person and no approval of Lessor or any other party will be required for the same. If written notice of any such loan has been given to the Lessor by the Lender as aforesaid, the Lender may assign all its rights thereto and to the shares of Lessor allocated to the apartment and this lease by giving written notice to the Lessor by certified or registered mail setting forth the name and address of the assignee, and such assignee and any subsequent assignee or assignees shall thereupon have all the rights of the Lender under this Paragraph 17.

In the event the lease is terminated at the Lender's request by reason of default by Lessee under any of the Lessee's agreements with Lender, as provided in this Paragraph 17, the Lessor shall enter into a new proprietary lease with the lender or with any individual designated by the Lender.

So long as the loan remains unpaid, Lessor agrees to withhold consent to any assignment of this lease by the

Pledgor-Lessee or the subletting of the apartment by the Pledgor-Lessee unless such assignment or subletting is consented to in writing by the Lender. Further, the Lessor agrees to reject any surrender or modification of this lease without the written consent of the Lender.

In the event of such financing or in the event of the resale of the shares and lease after a default under the security agreement, the Lessor will, on request, promptly execute and deliver to the Lender the standard recognition agreement then being used by banks and other lenders.

Notwithstanding anything to the contrary contained in the within lease, the Lessor will not make or consent to any change or alteration in the terms or conditions of any paragraph of the lease pertaining to the rights of a lender without the consent of the Lender.

Repairs by
the Lessee

18. (a) The Lessee shall keep the interior of apartment (including interior walls, floors and ceilings, but excluding windows, window panes, window frames, sashes, sills, entrance and terrace doors, frames and saddles) in good repair, shall do all of the painting and decorating required for his apartment, including the interior of window frames, sashes and sills, and shall be solely responsible for the maintenance, repair, and replacement of plumbing, gas and heating fixtures and equipment and such refrigerators, dishwashers, removable and through-the-wall air conditioners, washing machines, ranges and other appliances, as may be in the apartment. Plumbing, gas and heating fixtures as used herein shall include exposed gas, steam and water pipes attached to fixtures, appliances and equipment and the fixtures, appliances and equipment to which they are attached, and any special pipes or equipment which the Lessee may install within the wall or ceiling, or under the floor, but shall not include gas, steam, water or other pipes or conduits within the walls, ceilings or floors or air conditioning or heating equipment which is part of the standard building equipment. The Lessee shall be solely responsible for the maintenance, repair and replacement of all lighting and electrical fixtures, appliances, and equipment, and all meters, fuse boxes or circuit breakers and electrical wiring and conduits from the junction box at the riser into and through the Lessee's apartment. Any ventilator or air conditioning device which shall be visible from the outside of the building shall at all times be

painted by the Lessee in a standard color which the Lessor may select for the building.

Odors and
Noises

(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.

Equipment and
Appliances

(c) If, in the Lessor's sole judgment, any of the Lessee's equipment or appliances shall result in damage to the building or poor quality or interruption of service to other portions of the building, or overloading of, or damage to facilities maintained by the Lessor for the supplying of water, gas, electricity or air conditioning to the building, or if any such appliances visible from the outside of the building shall become rusty or discolored, the Lessee shall promptly, on notice from the Lessor, remedy the condition and, pending such remedy, shall cease using any appliances or equipment which may be creating the objectionable condition.

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 land or the building shall contain any provisions pertaining to the right of the Lessee to make changes or alterations in the apartment, or to remove any of the fixtures, appliances, equipment or installations, the Lessee herein shall comply with the requirements of such mortgage or mortgages relating thereto. Upon the Lessee's written request, Lessor will furnish Lessee with copies of applicable provisions of each and every such mortgage.

Lessor's
Right to
Remedy
Lessee's
Default

19. If the Lessee shall fail for thirty (30) days after notice to make repairs to any part of the apartment, its fixtures or equipment as herein required, or shall fail to remedy a condition which has become objectionable to the Lessor for reasons above set forth, or if the Lessee or any person dwelling in the apartment shall request the Lessor, its agents or servants to perform any act not hereby required to be performed by the Lessor, the Lessor may make such repairs or arrange for others to do the same, or remove such objectionable condition or equip-

ment, or perform such act, without liability on the Lessor; provided that, if the condition requires prompt action, notice of less than thirty (30) days or, in case of emergency, no notice need be given. In all such cases the Lessor, its agents, servants and contractors shall, as between the Lessor and Lessee, be conclusively deemed to be acting as agents of the Lessee and all contracts therefor made by the Lessor shall be so construed whether or not made in the name of the Lessee. If Lessee shall fail to perform or comply with any of the other covenants or provisions of this lease within the time required by a notice from Lessor (not less than five (5) days), then Lessor may, but shall not be obligated, to comply therewith, and for such purpose may enter upon the apartment of Lessee. The Lessor shall be entitled to recover from the Lessee all expenses incurred or for which it has contracted hereunder, such expenses to be payable by the Lessee on demand as additional rent.

Increase in
Rate of Fire
Insurance

20. The Lessee shall not permit or suffer anything to be done or kept in the apartment which will increase the rate of fire insurance on the building or the contents thereof. If, by reason of the occupancy or use of the apartment by the Lessee, the rate of fire insurance on the building or an apartment or the contents of either shall be increased, the Lessee shall (if such occupancy or use continues for more than thirty (30) days after written notice from the Lessor specifying the objectionable occupancy or use) become liable for the additional insurance premiums incurred by Lessor or any lessee or lessees of apartments in the building on all policies so affected, and the Lessor shall have the right to collect the same for its benefit or the benefit of any such lessees as additional rent for the apartment due on the first day of the calendar month following written demand therefor by the Lessor.

Alterations

21. (a) The Lessee shall not, without first obtaining the written consent of the Lessor, which consent shall not be unreasonably withheld, make in the apartment or building, or on any roof, penthouse, terrace or balcony appurtenant thereto, any alteration, enclosure or addition or any alteration of or addition to the water, gas, or steam risers or pipes, heating or air conditioning system or units, electrical conduits, wiring or outlets, plumbing fixtures, intercommunication or alarm system, or any other installation or facility in the apartment or building. The performance by Lessee of any work in the

apartment shall be in accordance with any applicable rules and regulations of the Lessor and governmental agencies having jurisdiction thereof. The Lessee shall not in any case install any appliances which will overload the existing wires or equipment in the building.

Removal of
Fixtures

(b) Without Lessor's written consent, the Lessee shall not remove any fixtures, appliances, additions or improvements from the apartment except as hereinafter provided. If the Lessee, or a prior lessee, shall have heretofore placed, or the Lessee shall hereafter place in the apartment, at the Lessee's own expense, any additions, improvements, appliances or fixtures, including but not limited to fireplace mantels, lighting fixtures, refrigerators, air conditioners, dishwashers, washing machines, ranges, woodwork, wall paneling, ceilings, special doors or decorations, special cabinet work, special stair railings or other built-in ornamental items, which can be removed without structural alterations or permanent damage to the apartment, then title thereto shall remain in the Lessee and the Lessee shall have the right, prior to the termination of this lease, to remove the same at the Lessee's own expense, provided: (i) that the Lessee at the time of such removal shall not be in default in the payment of rent or in the performance or observance of any other covenants or conditions of this lease; and (ii) that the Lessee shall, at the Lessee's own expense, prior to the termination of this lease, repair all damage to the apartment which shall have been caused by either the installation or removal of any of such additions, improvements, appliances or fixtures; (iii) that if the Lessee shall have removed from the apartment any articles or materials owned by the Lessor or its predecessor in title, or any fixtures or equipment necessary for the use of the apartment, the Lessee shall either restore such articles and materials and fixtures and equipment and repair any damage resulting from their removal and restoration, or replace them with others of a kind and quality customary in comparable buildings and satisfactory to the Lessor; and (iv) that if any mortgagee had acquired a lien on any such property prior to the execution of this lease, Lessor shall first procure from such mortgagee its written consent to such removal.

Surrender on
Expiration
Term

(c) On the expiration or termination of this lease, the Lessee shall surrender to the Lessor possession of the apartment with all additions, improvements, appliances and fixtures then included therein, except as

hereinabove provided. Any additions, improvements, fixtures or appliances not removed by the Lessee on or before such expiration or termination of this lease shall, at the option of the Lessor, be deemed abandoned and shall become the property of the Lessor and may be disposed of by the Lessor without liability or accountability to the Lessee.

Lease Sub-
ordinate to
Mortgages
and Ground
Leases

22. This lease is and shall be subject and subordinate to all present and future ground or underlying leases and to any mortgages now or hereafter liens upon such leases or on the land and building, or buildings, and to any and all extensions, modifications, consolidations, renewals and replacements thereof. This clause shall be self-operative and no further instrument of subordination shall be required by any such mortgagee or ground or underlying lessee. In confirmation of such subordination the Lessee shall at any time, and from time to time, on demand, execute any instruments that may be required by any mortgagee, or by the Lessor, for the purpose of more formally subjecting this lease to the lien of any such mortgage or mortgages or ground or underlying leases, and the duly elected officers, for the time being, of the Lessor are and each of them is hereby irrevocably appointed the attorney-in-fact and agent of the Lessee to execute the same upon such demand, and the Lessee hereby ratifies any such instrument hereafter executed by virtue of the power of attorney hereby given.

In the event that a ground or underlying lease is executed and delivered to the holder of a mortgage or mortgages on such ground or underlying lease or to a nominee or designee of or a corporation formed by or for the benefit of such holder, the Lessee hereunder will attorn to such mortgagee or the nominee or designee of such mortgagee or to any corporation formed by or for the benefit of such mortgagee.

Mechanic's
Lien

23. In case a notice of mechanic's lien against the building shall be filed purporting to be for labor or material furnished or delivered at the building or the apartment to or for the Lessee, or anyone claiming under the Lessee, the Lessee shall forthwith cause such lien to be discharged by payment, bonding or otherwise; and if the Lessee shall fail to do so within ten days after notice from the Lessor, then the Lessor may cause such lien to be discharged by payment, bonding or otherwise, without investigation as to the validity thereof or of

any offsets or defenses thereto, and shall have the right to collect, as additional rent, all amounts so paid and all costs and expenses paid or incurred in connection therewith, including reasonable attorneys' fees and disbursements, together with interest thereon from the time or times of payment.

Cooperation

24. The Lessee shall always in good faith endeavor to observe and promote the cooperative purposes for the accomplishment of which the Lessor is incorporated.

Right of Entry

25. The Lessor and its agents and their authorized workmen shall be permitted to visit, examine, or enter the apartment and any storage space assigned to Lessee at any reasonable hour of the day upon notice, or at any time and without notice in case of emergency, to make or facilitate repairs in any part of the building or to cure any default by the Lessee and to remove such portions of the walls, floors and ceilings of the apartment and storage space as may be required for any such purpose, but the Lessor shall thereafter restore the apartment and storage space to its proper and usual condition at Lessor's expense if such repairs are the obligation of Lessor, or at Lessee's expense if such repairs are the obligation of Lessee or are caused by the act or omission of the Lessee or any of the Lessee's family, guests, agents, employees or subtenants. In order that the Lessor shall at all times have access to the apartment or storage rooms for the purposes provided for in this lease, the Lessee shall provide the Lessor with a key to each lock providing access to the apartment or the storage rooms, and if any lock shall be altered or new lock installed, the Lessee shall provide the Lessor with a key thereto immediately upon installation. If the Lessee shall not be personally present to open and permit an entry at any time when an entry therein shall be necessary or permissible hereunder and shall not have furnished a key to Lessor, the Lessor or the Lessor's agents (but, except in an emergency, only when specifically authorized by an officer of the Lessor or an officer of the Managing Agent) may forcibly enter the apartment or storage space without liability for damages by reason thereof (if during such entry the Lessor shall accord reasonable care to the Lessee's property), and without in any manner affecting the obligations and covenants of this lease. The right and authority hereby reserved do not impose, nor does the Lessor assume by reason thereof, any responsibility or liability for the

care or supervision of the apartment, or any of the pipes, fixtures, appliances or appurtenances therein contained, except as herein specifically provided.

Waivers

26. The failure of the Lessor to insist, in any one or more instances, upon a strict performance of any of the provisions of this lease, or to exercise any right or option herein contained, or to serve any notice, or to institute any action or proceeding, shall not be construed as a waiver, or a relinquishment for the future, of any such provisions, options or rights, but such provision, option or right shall continue and remain in full force and effect. The receipt by the Lessor of rent, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach, and no waiver by the Lessor of any provision hereof shall be deemed to have been made unless in a writing expressly approved by the Directors.

Notices

27. Any notice by or demand from either party to the other shall be duly given only if in writing and sent by registered mail or certified mail return receipt requested if by the Lessee, addressed to the Lessor at the building with a copy sent by regular mail to the Lessor's Managing Agent; if to the Lessee, addressed to the building. Either party may by notice served in accordance herewith designate a different address for service of such notice or demand. Notices or demands shall be deemed given on the date when mailed.

Reimbursement of
Lessor's
Expenses

28. If the Lessee shall at any time be in default hereunder and the Lessor shall incur any expense (whether paid or not) in performing acts which the Lessee is required to perform, or in instituting any action or proceeding based on such default, or defending, or asserting a counterclaim in, any action or proceeding brought by the Lessee, the expense thereof to the Lessor, including reasonable attorneys' fees and disbursements, shall be paid by the Lessee to the Lessor, on demand, as additional rent.

Lessor's
Immunities

29. (a) The Lessor shall not be liable, except by reason of Lessor's negligence, for any failure or insufficiency of heat, or of air conditioning (where air conditioning is supplied or air conditioning equipment is maintained by the Lessor), water supply, electric current, gas, telephone, or elevator service or other service to be supplied by the Lessor hereunder, or for

interference with light, air, view or other interests of the Lessee. No abatement of rent or other compensation or claim of eviction shall be made or allowed because of the making or failure to make or delay in making any repairs, alterations or decorations to the building, or any fixtures or appurtenances therein, or for space taken to comply with any law, ordinance or governmental regulation, or for interruption or curtailment of any service agreed to be furnished by the Lessor, due to accidents, alterations or repairs, or to difficulty or delay in securing supplies or labor or other cause beyond Lessor's control, unless due to Lessor's negligence.

Storage
Space and
Laundry

(b) If the Lessor shall furnish to the Lessee any storage bins or space, the use of the laundry, or any facility outside the apartment, including but not limited to a television antenna, the same shall be deemed to have been furnished gratuitously by the Lessor under a revocable license. The Lessee shall not use such storage space for the storage of valuable or perishable property and any such storage space assigned to Lessee shall be kept by Lessee clean and free of combustibles. If washing machines or other equipment are made available to the Lessee, the Lessee shall use the same on the understanding that such machines or equipment may or may not be in good order and repair and that the Lessor is not responsible for such equipment, nor for any damage caused to the property of the Lessee resulting from the Lessee's use thereof, and that any use that Lessee may make of such equipment shall be at his own cost, risk and expense.

Automobiles
and Other
Property

(c) The Lessor shall not be responsible for any damage to any automobile or other vehicle left in the care of any employee of the Lessor by the Lessee, and the Lessee hereby agrees to hold the Lessor harmless from any liability arising from any injury to person or property caused by or with such automobile or other vehicle while in the care of such employee. The Lessee shall not be responsible for any property left with or entrusted to any employee of the Lessor, or for the loss of or damage to any property within or without the apartment by theft or otherwise.

Window
Cleaning

30. The Lessee will not require, permit, suffer or allow the cleaning of any window in the premises from the outside (within the meaning of Section 202 of the New York Labor Law) unless the equipment and safety devices

required by law, ordinance, rules and regulations, including, without limitation, Section 202 of the New York Labor Law, are provided and used, and unless the industrial code of the State of New York is fully complied with; and the Lessee hereby agrees to indemnify the Lessor and its employees other lessees, and the managing agent, for all losses, damages or fines suffered by them as a result of the Lessee's requiring, permitting, suffering or allowing any window in the premises to be cleaned from the outside in violation of the requirements of the aforesaid laws, ordinances, regulations and rules.

Termination
of Lease by
Lessor

31. If upon, or at any time after, the happening of any of the events mentioned in subdivisions (a) to (j) inclusive of this Paragraph 31, the Lessor shall give to the Lessee a notice stating that the term hereof will expire on a date at least five (5) days thereafter, the term of this lease shall expire on the date so fixed in such notice as fully and completely as if it were the date herein definitely fixed for the expiration of the term, and all right, title and interest of the Lessee hereunder shall thereupon wholly cease and expire, and the Lessee shall thereupon quit and surrender the apartment to the Lessor, it being the intention of the parties hereto to create hereby a conditional limitation, and thereupon the Lessor shall have the right to re-enter the apartment and to remove all persons and personal property therefrom, either by summary 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:

Lessee
Ceasing to
Own Accompany-
ing Shares

(a) If the Lessee shall cease to be the owner of the shares to which this lease is appurtenant, or if this lease shall pass or be assigned to anyone who is not then the owner of all of said shares;

Lessee
Becoming
Bankrupt

(b) If at any time during the term of this lease (i) the then holder hereof shall be adjudicated a bankrupt under the laws of the United States; or (ii) a receiver of all of the property of such holder or of this lease shall be appointed under any provision of the laws of the State of New York, or under any statute of the United States, or any statute of any state of the United States and

the order appointing such receiver shall not be vacated within thirty days; or (iii) such holder shall make a general assignment for the benefit of creditors; or (iv) any of the shares owned by such holder to which this lease is appurtenant shall be duly levied upon under the process of any court whatever unless such levy shall be discharged within thirty (30) days; or (v) this lease or any of the shares to which it is appurtenant shall pass by operation of law or otherwise to anyone other than the Lessee herein named or a person to whom such Lessee has assigned this lease in the manner herein permitted, but this subsection (v) shall not be applicable if this lease shall devolve upon the executors or administrators of the Lessee provided that within eight (8) months (which period may be extended by the Directors) after the death said lease and shares shall have been transferred to any assignee in accordance with Paragraph 16 hereof;

Assignment,
Subletting or
Unauthorized
Occupancy

(c) If there be an assignment of this lease, or any subletting hereunder, without full compliance with the requirements of Paragraphs 15 or 16 hereof; or if any person not authorized by Paragraph 14 shall be permitted to use or occupy the apartment, and the Lessees shall fail to cause such unauthorized person to vacate the apartment within ten (10) days after written notice from the Lessor;

Default in
Rent

(d) If the Lessee shall be in default for a period of one month in the payment of any rent, additional rent or of any installment thereof and shall fail to cure such default within ten (10) days after written notice from the Lessor;

Default in
Other
Covenants

(e) If the Lessee shall be in default in the performance of any covenant or provision hereof, other than the covenant to pay rent, and such default shall continue for thirty (30) days after written notice from the Lessor;

Lessee's
Objectionable
Conduct

(f) If at any time the Lessor shall determine, upon the affirmative vote of two-thirds of its then Board of Directors, at a meeting duly called for that purpose, that because of objectionable conduct on the part of the Lessee, or of a person dwelling or visiting in the apartment, repeated after written

notice from Lessor, the tenancy of the Lessee is undesirable;

(g) If the purchase by the Lessee of the shares accompanying this proprietary lease was financed, and an Event of Default shall occur pursuant to the terms of the Agreement entered into between the Lessee and the Lender and notice of said Event of Default shall be given to the Lessor.

Termination
of All
Proprietary
Leases

(h) If at any time the Lessor shall determine, upon the affirmative vote of two-thirds of its then Board of Directors at a meeting of such directors duly called for that purpose, and the affirmative vote of the record holders of at least seventy-five (75%) percent in amount of its then issued shares, at a shareholders' meeting duly called for that purpose, to terminate all proprietary leases;

Destruction
of Building

(i) If the building shall be destroyed or damaged and the shareholders shall decide not to repair or rebuild as provided in Paragraph 4;

Condemnation

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

Lessor's
Right After
Lessee's
Default

32. (a) In the event the Lessor resumes possession of the apartment, either by summary proceedings, action of ejectment or otherwise, because of default by the Lessee in the payment of any rent or additional rent due hereunder, or on the expiration of the term pursuant to a notice given as provided in Paragraph 31 hereof upon the happening of any event specified in subsections (a) to (g) inclusive of Paragraph 31, Lessee shall continue to remain liable for payment of a sum equal to the rent which would have become due hereunder and shall pay the same in installments at the time such rent would be due hereunder. No suit brought to recover any installment of such rent or additional rent shall prejudice the right of the Lessor to recover any subsequent installment. After resuming possession, the Lessor may, at its option, from time to time (i) relet the apartment for its own account, or (ii) relet the apartment as the agent of the Lessee, in the name of the Lessee or in its own name, for a term or terms which may be less than or greater than the period which would otherwise have constituted the balance of the term of this lease, and may grant concessions or

thereof to the Lessor or its assigns, and upon demand of the Lessor or its assigns, shall execute, acknowledge and deliver to the Lessor or its assigns any instrument which may reasonably be required to evidence the surrendering of all estate and interest of the Lessee in the apartment, or in the building of which it is a part.

Lessee's
Option to
Cancel

35. (a) This lease may be cancelled by the Lessee on any September 30th after the third anniversary of the consummation of the Offering Statement-Plan of Cooperative Organization pursuant to which proprietary leases were originally issued, upon complying with all the provisions hereinafter set forth. Irrevocable written notice of intention to cancel must be given by the Lessee to the Lessor on or before April 1 in the calendar year in which such cancellation is to occur. At the time of the giving of such notice of intention to cancel there must be deposited with the Lessor by the Lessee:

Deposits
Required

(i) The Lessee's counterpart of this lease with a written assignment in form required by Lessor, in blank, effective as of August 31 of the year of cancellation, free from all subleases, tenancies, liens, encumbrances and other charges whatsoever;

(ii) The Lessee's certificate for his shares of the Lessor, endorsed in blank for transfer and with all necessary transfer tax stamps affixed and with payment of any transfer taxes due thereon;

(iii) A written statement setting forth in detail those additions, improvements, fixtures or equipment which the Lessee has, under the terms of this lease, the right to and intends to remove.

If the purchase of the shares accompanying this proprietary lease was financed, and the Lessee elects to avail himself of the right to terminate and cancel the proprietary lease, as more particularly provided for herein, then the Lessor shall give notice thereof to the Lender and, if requested by the Lender, shall issue a new certificate of stock and proprietary lease in the name of a reputable financially responsible individual or individuals resident in the State of New York designated by the Lender and approved by the Lessor, and such individual or individuals shall have all of the rights provided for in this lease. Further, Lessor agrees to

reject a surrender of this Proprietary Lease unless it is accompanied by the written consent of the Lender.

Removal of
Fixtures

(b) All additions, improvements, appliances and fixtures which are removable under the terms of this lease and which are enumerated in the statement made as provided in subdivision (iii) above shall be removed by the Lessee prior to August 31st of the year of cancellation, and on or before said August 31st the Lessee shall deliver possession of the apartment to the Lessor in good condition with all required equipment, fixtures and appliances installed and in proper operating condition and free from all subleases and tenancies, liens, encumbrances and other charges and pay to the Lessor all rent, additional rent and other charges which shall be payable under this lease up to and including the following September 30th.

Possession

Permission
to Show and
Occupy
Premises

(c) The Lessor and its agents may show the apartment to prospective lessees, contractors and architects at reasonable times after notice of the Lessee's intention to cancel. After August 31st or the earlier vacating of the apartment, the Lessor and its agents, employees and lessees may enter the apartment, occupy the same and make such alterations and additions therein as the Lessor may deem necessary or desirable without diminution or abatement of the rent due hereunder.

Effective
Date of
Cancel-
lation

(d) If the Lessee is not otherwise in default hereunder and if the Lessee shall have timely complied with all of the provisions of subdivisions (a) and (b) hereof, then this lease shall be cancelled and all rights, duties and obligations of the parties hereunder shall cease as of the September 30th fixed in said notice, and the shares of Lessor shall become the absolute property of the Lessor, provided, however, that the Lessee shall not be released from any indebtedness owing to the Lessor on said last mentioned date.

Rights on
Lessee's
Default

(e) If the Lessee shall give the notice but fail to comply with any of the other provisions of this paragraph, the Lessor shall have the option at any time prior to September 30th (i) of returning to the Lessee this lease, the certificate for shares and other documents deposited, and thereupon the Lessee shall be deemed to have withdrawn the notice of intention to cancel this lease, or (ii) of treating this lease as cancelled as of the September 30th named in the notice of intention to

cancel as the date for the cancellation of such lease, and bringing such proceedings and actions as it may deem best to enforce the covenants of the Lessee hereinabove contained and to collect from the Lessee the payments which the Lessee is required to make hereunder, together with reasonable attorneys' fees and expenses.

Extension
of Option
to Cancel

36. (a) If on April 1st in any year the total number of shares owned by lessees holding proprietary leases, who have given notice pursuant to Paragraph 35 of intention to cancel such proprietary leases on September 30th of said year, shall aggregate ten (10%) percent or more of the Lessor's outstanding shares, exclusive of treasury shares, then the Lessor shall, prior to April 30th in such year, give a written notice to the holders of all issued shares of the Lessor, stating the total number of shares then outstanding and in its treasury and the total number of shares owned by lessees holding proprietary leases who have given notice of intention to cancel. In such case the proprietary lessees to whom such notice shall have been given shall have the right to cancel their leases in compliance with the provisions of Paragraph 35 hereof, provided only that written notice of the intention to cancel such leases shall be given on or before July 1st instead of April 1st.

Rights of
Lessees
to Cancel

(b) If lessees owning at least eighty (80%) percent of the then issued and outstanding shares of the Lessor shall exercise the option to cancel their leases in one year, then this and all other proprietary leases shall thereupon terminate on the September 30th of the year in which such options shall have been exercised, as though every lessee had exercised such option. In such event none of the lessees shall be required to surrender his shares to the Lessor and all certificates for shares delivered to the Lessor by those who had, during that year, served notice of intention to cancel their leases under the provisions hereof, shall be returned to such lessees.

Continuance
of Cooper-
ative Manage-
ment of
Building
After All
Leases
Terminated

37. No later than thirty (30) days after the termination of all proprietary leases, whether by expiration of their terms or otherwise, a special meeting of shareholders of the Lessor shall take place to determine whether (a) to continue to operate the building as a residential apartment building, (b) to alter, demolish or rebuild the building or any part thereof, or (c) to sell the building and liquidate the assets of the Lessor, and the Directors shall carry out the determination made at said meeting of

shareholders of the Lessor, and all of the holders of the then issued and outstanding shares of the Lessor shall have such rights as enure to shareholders of corporations having title to real estate.

Unsold
Shares

38. (a) The term "Unsold Shares" means and has exclusive reference to the shares of the Lessor which were issued to the Lessor's grantor(s) or individuals produced by the Lessor's grantor(s) pursuant to the Offering Statement-Plan of Cooperative Organization or Contract of Sale under which the Lessor acquired title to the building; and, all shares which are Unsold Shares retain their character as such (regardless of transfer) until (1) such shares become the property of a purchaser for bona fide occupancy (by himself or a member of his family) of the apartment to which such shares are allocated, or (2) the holder of such shares (or a member of his family) becomes a bona fide occupant of the apartment. This Paragraph 38 shall become inoperative as to this lease upon the occurrence of either of said events with respect to the Unsold Shares held by the Lessee named herein or his assignee. In connection with the sale of Unsold Shares, Lessor will, on request, deliver to the Lender the standard recognition agreement then being used by banks or other lenders.

Subletting
Apartment
and Sale
of Shares

(b) Neither the subletting of the apartment from time to time nor the assignment of this lease by the holder of Unsold Shares allocated to the apartment shall require any consent whatever or the payments of any fees, expenses, charges or contributions of any sort whatsoever by the holder of Unsold Shares. Without limiting the extent of the foregoing, no such subletting or assignment shall require the consent to which reference is made in Paragraphs 15 and 16(a)(v) of this lease or the payment of the fees or expenses to which reference is made in Paragraph 16(a)(iv). No charge of any kind shall be asserted or levied by Lessor or its agents in connection with such subletting or assignment of lease and shares.

Change
in Form
of Lease

(c) Without the Lessee's consent, no change in the form, terms or conditions of this proprietary lease, as permitted by Paragraph 6, shall (1) affect the rights of the Lessee who is the holder of the Unsold Shares accompanying this lease to sublet the apartment or to assign this lease, as provided in this paragraph, or (2) eliminate or modify any rights, privileges or obligations of such Lessee.

No Voluntary
Cancellation

(d) The provisions of Paragraph 35 are not applicable to a Lessee who is the holder of a block of the Unsold Shares accompanying this lease to the following extent: The holders of Unsold Shares shall only have the right to surrender the shares of stock in accordance with the provisions of Paragraph 35 if (1) five (5) years have expired from the date of the initial offering, (2) eighty-five (85%) percent of all apartments have been sold to parties other than holders of Unsold Shares, and (3) the holder of Unsold Shares desiring to surrender the shares shall pay to Lessor two (2) years' maintenance charges based upon the maintenance charges then in effect.

(e) Notwithstanding anything to the contrary contained in this lease, the provisions of this Paragraph 38 may not be changed without the written consent of the holders of Unsold Shares.

Foreclosure -
Receiver
Rents

39. Notwithstanding anything contained in this lease, if any action shall be instituted to foreclose any mortgage on the land or the building or the leasehold of the land or building, the Lessee shall, on demand, pay to the receiver of the rents appointed in such action rent, if any, owing hereunder on the date of such appointment and shall pay thereafter to such receiver in advance, on the first day of each month during the pendency of such action, as rent hereunder, the rent for the apartment as last determined and established by the Directors prior to the commencement of said action, and such rent shall be paid during the period of such receivership, whether or not the Directors shall have determined and established the rent payable hereunder for any part of the period during which such receivership may continue. The provisions of this paragraph are intended for the benefit of present and future mortgagees of the land or the building or the leasehold of the land or building and may not be modified or annulled without the prior written consent of any such mortgage holder.

To Whom
Covenants
Apply

40. The references herein to the Lessor shall be deemed to include its successors and assigns, and references herein to the Lessee or to a shareholder of the Lessor shall be deemed to include the executors, administrators, legal representatives, legatees, distributees and assigns of the Lessee or of such shareholder; and the covenants herein contained shall apply to, bind and enure to the benefit of the Lessor and its successors and assigns, and

the Lessee and the executors and administrators, legal representatives, legatees, distributees and assigns of the Lessee, except as hereinabove stated.

Waiver of
Trial by
Jury

41. To the extent permitted by law, the respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this lease, the Lessee's use or occupancy of the apartment, or any claim of damage resulting from any act or omission of the parties in any way connected with this lease or the apartment.

Lessor's
Additional
Remedies

42. In the event of a breach or threatened breach by Lessee of any provision hereof, the Lessor shall have the right of injunction and the right to invoke any remedy at at law or in equity, as if re-entry, summary proceedings and other remedies were not herein provided for, and the election of one or more remedies shall not preclude the Lessor from any other remedy.

Lessee More
Than One
Person

43. If more than one person is named as Lessee hereunder, the Lessor may require the signature of all such persons in connection with any notice to be given or action to be taken by the Lessee hereunder, including, without limiting the generality of the foregoing, the surrender or assignment of this lease, or any request for consent to assignment or subletting. Each person named as Lessee shall be jointly and severally liable for all of the Lessee's obligations hereunder. Any notice by the Lessor to any person named as Lessee shall be sufficient, and shall have the same force and effect, as though given to all persons named as Lessee.

Effect of
Partial
Invalidity

44. If any clause or provision herein contained shall be adjudged invalid, the same shall not affect the validity of any other clause or provision of this lease, or constitute any cause of action in favor of either party as against the other.

Marginal
Headings

45. The marginal headings of the several paragraphs of this lease shall not be deemed a part of this lease.

46. As long as holders of "Unsold Shares" (as defined in Paragraph 38 of this lease) hold at least twenty-five (25%) percent of the outstanding shares of Lessor, the Lessor, acting by its directors or otherwise, will not

prior to the third anniversary of the Closing Date (as defined in the Plan) without the consent of such holders do any of the following except as required by law: (a) engage employees in addition to the employees referred to in Schedule B of the Plan or provide services or equipment with respect to the premises in excess of those contemplated in Schedule B, except if, and to the extent that, additional services or equipment may be required by law; (b) increase the amount of the mortgage indebtedness of Lessor, extend, refinance or in any other way modify the terms of the mortgage on the premises or enter into any new mortgage or contract of sale or lease of the premises; (c) increase in any year the amount of the reserve for contingencies (or other reserves) over the amount allowed therefor set forth in Schedule B of the Plan provided that any increased portion of such reserve for any year may be added to the reserve for the following years; or (d) levy any assessments for capital improvements and repairs except as may be required by law.

Tenants
Remaining
Subject to
Rent Laws

47. (a) In the event that the apartment is occupied by an eligible senior citizen or an eligible handicapped person as those terms are defined in Section 352eeee of the General Business Law of the State of New York, no eviction proceedings may be commenced at any time against such occupant except for non-payment of rent, illegal use or occupancy of the premises, refusal of access to the Lessor or to the Lessee hereunder or a similar breach of such occupant's obligations to the Lessor or Lessee hereunder. Persons who own shares allocated to apartments which are occupied by tenants who did not purchase shares under the Offering Plan will not avail themselves of any rights they may possess under Sections 54(a) and (b) of the Rent Stabilization Code.

(b) In the event the Lessor hereunder acquired title to the premises pursuant to an Offering Plan which did not attempt to comply with the 35% requirements of Section 55 of the Rent Control Regulations or Section 61 of the Rent Stabilization Code, and the apartment is occupied by a tenant who, pursuant to said Offering Plan, has the right to remain in occupancy of the apartment, no eviction proceedings may be commenced at any time against such occupant except for non-payment of rent, illegal use or occupancy of the premises, refusal of access to the Lessor or to the Lessee hereunder or a similar breach of such occupant's obligations to the Lessor or Lessee hereunder. In such event, except as set forth in the

preceding sentence, persons who own shares allocated to apartments which are occupied by tenants who did not purchase shares under the Offering Plan will not avail themselves of any rights they may possess under Sections 54(a) and (b) of the Rent Stabilization Code.

(c) The rentals payable by the tenants and occupants described in subparagraphs (a) and (b) of this Paragraph 47 shall continue to be regulated by the applicable rent laws, regulations and guidelines.

Changes
to Be in
Writing

48. The provisions of this lease cannot be changed orally.

IN WITNESS WHEREOF, the parties have executed this lease.

150 BURNS APARTMENT CORP.,
Lessor

By: _____
President

(L.S.)

Lessee (L.S.)

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

On the day of , in the year 19 , before me personally appeared , to me known, who being by me duly sworn, did depose and say that he resides at ; that he is the of 150 BURNS APARTMENT CORP., the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

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

On the day of , 19 , before me personally appeared , to me personally known and known to me to be the individual described in and who executed the foregoing instrument, and duly acknowledged to me that he executed the same.

EXHIBIT V

Section 352-eeee of General Business Law

Section 352-eeee. Conversions to cooperative or condominium ownership in the City of New York.

1. As used in this Section, the following words and terms shall have the following meanings:

(a) "Plan". Every plan submitted to the department of law for the conversion of a building or group of buildings or development from rental status to cooperative or condominium ownership, other than a plan for such conversion pursuant to article two, eight or eleven of the private housing finance law.

(b) "Eviction plan". A plan which, pursuant to the provisions of any law or regulation governing rentals and continuing occupancy, can result in the eviction of a non-purchasing tenant by reason of the tenant failing to purchase pursuant thereto.

(c) "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.

(d) "Annual income". The combined income from all sources of all tenants of the dwelling unit for the income tax year immediately preceding the year in which the plan is accepted for filing by the attorney general. Income tax year shall mean the twelve (12) month period for which the tenant or tenants filed a federal personal income tax return or, if no such return is filed, the calendar year.

(e) "Eligible senior citizens". Non-purchasing tenants who are sixty-two (62) years of age or older on the date the attorney general has accepted the plan for filing and the spouses of any such tenants, on such date, who have resided in the building or group of buildings or development as their primary residence for at least two (2) years prior to the date the attorney general has accepted the plan for filing, who have an annual income of less than fifty thousand (\$50,000) dollars and who have elected, within sixty (60) days of the date the attorney general has accepted the plan for filing, on forms promulgated by the attorney general and presented to such tenants by the offeror, to

become non-purchasing tenants under the provisions of this section; provided that such election shall not preclude any such tenant from subsequently becoming a purchaser.

(f) "Eligible handicapped persons". Non-purchasing tenants who have an impairment which results from anatomical, physiological or psychological abnormalities, 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 employment or other gainful activity on the date the attorney general has accepted the plan for filing, and the spouses of any such tenants, on such date, who have resided in the building or group of buildings or development as their primary residence for at least two years prior to the date the attorney general has accepted the plan for filing and who have elected, within sixty days of the date the attorney general has accepted the plan for filing, on forms promulgated by the attorney general and presented to such tenants by the offeror, to become non-purchasing tenants under the provisions of this section; provided that such election shall not preclude any such tenant from subsequently becoming a purchaser.

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 article has been filed whenever it appears that the offering statement or prospectus offers for sale residential cooperative apartments or condominium units pursuant to an eviction plan, unless:

(a) The plan provides that no eviction proceedings will be commenced at any time against either eligible senior citizens or eligible handicapped persons and that the rentals of eligible senior citizens and eligible handicapped persons who reside in dwelling units not subject to governmental regulation as to rentals and continued occupancy and eligible senior citizens and eligible handicapped persons who reside in dwelling units with respect to which governmental 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; 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 eligible senior citizen or the eligible handicapped person of his obligations to the landlord.

(b) The plan provides that eligible senior citizens and eligible handicapped persons who reside in dwelling units subject to

government regulation as to rentals and continued occupancy shall continue to be subject thereto.

(c) The plan provides that the rights granted under the plan to eligible senior citizens and eligible handicapped persons may be not abrogated or reduced regardless of any expiration of or amendment to this section.

(d) The plan provides that, 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, at least every thirty days until the plan is declared effective or is abandoned, as the case may be, (i) file with the attorney general a written statement, under oath, setting forth the percentage of tenants in occupancy on the date such letter was issued who have agreed in writing to purchase under the plan as of the date of such statement and (ii) before noon on the day such statement is filed post a copy of such statement in a prominent place accessible to all tenants in each building covered by the plan.

3. 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 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 (5) months prior to the date of such submission. "Excessive" shall mean a vacancy rate in excess of ten (10%) percent provided that such vacancy rate is double the normal average vacancy rate for the building or group of buildings or development for two (2) years prior to the January preceding the date of such submission.

(b) The attorney general finds that each tenant in the building or group of buildings or development was provided following the submission of the proposed offering statement or prospectus to the department of law with a written notice stating that such proposed offering statement or prospectus has been submitted to the department of law. Such notice shall be accompanied by a copy of the proposed offering statement or prospectus or shall include a detailed summary thereof and a statement that the proposed offering statement or prospectus is available, and the statements submitted pursuant to paragraph (d) of subdivision two of this section 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 be sent on the date the plan is first submitted to the department of law to each tenant then in occupancy. The attorney general shall not issue a letter stating that the offering has been filed for at least fifteen (15) days thereafter.

4. Any offeror who disputes the election by a person to be an eligible senior citizen or an eligible handicapped 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 and upon reasonable notice to the offeror and the person making the election and an opportunity to be heard, issue his determination of eligibility. The foregoing shall be the sole method for determining a dispute as to whether a person is an eligible senior citizen or an eligible handicapped 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 must be commenced within thirty days after such determination becomes final.

5. 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 of the board of directors or board of managers.

6. Any tenant who has vacated his dwelling unit or is about to vacate his dwelling unit because any person is engaged 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 such tenant in his use or occupancy of his dwelling unit or the facilities related thereto may apply to the attorney general for a determination that such conduct does exist or has taken place and in such case 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.

7. Nothing herein shall be construed to limit the jurisdiction of any local governing body to adopt local laws or of any agency, officer or public body to 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; pro-

vided that (i) any such local laws, rules or regulations shall provide that the minimum number of purchasers who must agree to purchase before an eviction plan may be declared effective shall be computed on the basis of tenants in occupancy, on the date the plan is accepted for filing by the attorney general, (ii) eligible senior citizens and eligible handicapped persons residing in dwelling units subject to the rent stabilization law of nineteen hundred sixty-nine shall not be included in the base for computing the minimum number of purchasers required before the plan may be declared effective and (iii) one-half of the eligible senior citizens and one-half of the eligible handicapped persons residing in housing accommodations subject to the city rent and rehabilitation law shall not be included in the base for computing the minimum number of purchasers required before the plan may be declared effective.

8. 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.

9. The provision of this section shall only be applicable in the City of New York.

Section 3. If any provision of this act or the application of such provision to any person or circumstance shall be held invalid, the validity of the remainder of this act and the applicability of such provision to other persons or circumstances shall not be affected thereby.

Section 4. This act shall take effect immediately and shall be applicable to every conversion plan on file with the state department of law pending on such date but not yet declared effective and every conversion plan filed thereafter; provided that the provisions of sections one, two and three of this act shall remain in full force and effect until July first, nineteen hundred eighty-three.

EXHIBIT I

APPLICABLE RENT LAWS - RENT CONTROLLED TENANTS

Section 55 of the Rent, Eviction and Rehabilitation Regulations of
the City Department of Housing Preservation and Development

a. A certificate shall be issued where the landlord seeks in good faith to recover possession of a housing accommodation because of immediate, and compelling necessity for his own personal use and occupancy, or for the use and occupancy of his immediate family; provided, however, that (1) where the housing accommodation is located in a building containing twelve or less housing accommodations and the landlord does not reside in the building, or (2) is a housing accommodation located in a structure or premises owned by a cooperative corporation or association which is allocated to an individual proprietary lessee and the landlord does not reside in the building, or (3) is a housing accommodation or unit in a property submitted to the provisions of the Condominium Act and the landlord does not reside in the building and the landlord seeks in good faith to recover possession for his own personal use and occupancy, an immediate and compelling necessity need not be established. As used in this paragraph, the term "immediate family" includes only a son, daughter, stepson, stepdaughter, father, mother, father-in-law, or mother-in-law.

b. (Omitted - not applicable.)

c. (1) In the case of a housing accommodation in a structure or premises owned by a cooperative corporation or association, a certificate shall be issued by the Administrator to a purchaser of stock where (a) the tenant originally obtained possession of the housing accommodation by virtue of a rental agreement with the tenant-owner; or (b) the stock was acquired by the purchaser prior to July 1, 1955 and more than two years prior to the date of filing of the application; or (c) the stock was acquired by the purchaser on or after July 1, 1955 and more than two years have expired since the date of filing of the notice of sale with the Local Rent Office or the District Rent and Rehabilitation Office, as hereafter provided in paragraph c (3) (e) of this section; or (d) the stock was acquired less than two years prior to the date of filing of the application and on that date stock in the cooperative has been purchased by persons who are tenant-owners of at least 80 percent of the housing accommodations in the structure or premises and are entitled by reason of stock ownership to proprietary leases of housing accommodations in the structure or premises; or (e) the cooperative was organized and acquired its title or leasehold interest in the structure or premises before February 17, 1945 and on that date stock in the coop-

erative allocated to 50 percent or more of the housing accommodations in the structure or premises was held by individual tenant-owners, who are or whose assignees or subtenants are in occupancy of such housing accommodations in the structure or premises at the date of the filing of the application.

(2) No certificate of eviction shall be issued under paragraph c (1) of this Section, unless the applicant shall establish he has complied with the requirements of paragraphs a and d of this section; provided, however, that where the applicant seeks to recover possession for his own personal use, he need not establish an immediate and compelling necessity.

(3) No certificate of eviction shall be issued under paragraph c (1) of this section, except as provided in paragraph c (4) thereof, unless the applicant shall also establish that the cooperative corporation or association has complied with the following requirements:

(a) On the date the cooperative plan was first presented to the tenants, each tenant in occupancy of a controlled housing accommodation in the premises was furnished with a copy of the plan and notified in writing that he had the exclusive right for a period of 60 days to purchase the stock allocated to his housing accommodation at the specified price, and that the plan would not be declared effective, unless on or before December 31, 1955 or within 6 months from the time the cooperative plan was presented to such tenants, whichever date is later, stock in the cooperative had been sold in good faith without fraud or duress, and with no discriminatory re-purchase agreement or other discriminatory inducement, to at least 35 percent of the tenants in occupancy of controlled housing accommodations at the time of the presentation of the plan. Housing accommodations vacant on the date the plan is presented or subsequently vacated, shall not be included in the computation of the 35 percent requirement, except when the vacant housing accommodation is purchased for personal occupancy by a tenant of a controlled housing accommodation.

(b) Subsequent to the date the cooperative plan has been declared effective, the tenants of controlled housing accommodations had been served with a written notice that the plan had been declared effective, setting forth the terms of sale and the names of the tenants of the controlled housing accommodations who had purchased the stock allocated to their own housing accommodations or to vacant housing accommodations and the names and addresses of other purchasers of vacant housing accommodations; and that the tenants of controlled housing accommodations who had not as yet purchased still had the exclusive right, for a period of 30 days from the date of service of the notice, to purchase the stock allo-

cated to their housing accommodations on the terms previously offered to the tenants; except where (1) the cooperative plan had been declared effective prior to July 1, 1955, and (2) prior to that date the tenant of a controlled housing accommodation in the premises had received written notice or notices that for a period of not less than 30 days he had the right to purchase the stock allocated to his housing accommodation at the price and terms specified in said plan, and (3) on July 1, 1955 such stock was held or was thereafter reacquired by the cooperative or by a sponsor, nominee of the cooperative or by any other person associated with the formulation of the plan, and (4) such stock was offered after July 1, 1955 for sale for personal occupancy at the same or different terms than previously offered to the tenant of such controlled housing accommodation, the latter was given a written notice of the offer to sell and the right for a period of 30 days to purchase the stock on the terms specified in such offer.

(c) Within 10 days from the date of service of the notice provided by paragraph c(3) (b) of this section, the cooperative had filed with the Local Rent Office or District Rent and Rehabilitation Office having jurisdiction at that time, either under the State Rent Act or under these Regulations as the case may be, a copy of the cooperative plan; a copy of the first notice served upon all tenants of controlled housing accommodations; a copy of the notice required by paragraph c(3) (b) of this section, and a statement duly verified by an officer of the cooperative and where the sale was made on or after July 1, 1955, a statement duly verified by each purchaser, that the sales had been made in good faith pursuant to the terms set forth in the cooperative plan without fraud or duress and with no discriminatory repurchase agreement or other discriminatory inducement and whether for personal occupancy by the purchaser. A duplicate set of the above specified papers shall also be kept available in the building for inspection by any tenant of controlled housing accommodations or his authorized representative.

(d) In the event that the stock allocated to a controlled housing accommodation shall be offered for sale by the cooperative, its sponsor, nominees or other persons associated with the formulation of the plan, to a purchaser in good faith for his personal occupancy at terms more favorable than those previously offered to the tenant of such controlled housing accommodation, the latter must first be given a written notice of the new terms and 15 days within which to elect to purchase stock at such new terms.

(e) Within 10 days after any sale or resale of stock subsequent to the effective date of the plan, all tenants who had not yet purchased had been served with written notices by the coopera-

tive setting forth the names and addresses of each of the purchasers, the designation of the housing accommodations, and in those cases where the stock had been sold for personal occupancy of the purchaser, the terms of the sales. Copies of these notices, together with proof of service upon each such tenant, must be filed with such Local Rent Office or District Rent and Rehabilitation Office, as the case may be, within 5 days of the date of service. Copies of these notices shall also be kept available in the building for inspection.

(4) Where the cooperative plan was declared effective prior to July 1, 1955, the Administrator shall issue a certificate of eviction to a purchaser who acquired the stock prior to July 1, 1955, if he finds that the requirements of the former Section 55(3) of the State Rent and Eviction Regulations, as in effect immediately prior to July 1, 1955, have been met and that the purchaser had served the tenant of the controlled housing accommodations before December 31, 1955, with a written notice setting forth the name and address of the purchaser, designation of the housing accommodation and the terms of the sale. A copy of this notice, together with proof of service upon such tenant, must be filed with such Local Rent Office within 5 days of the date of service. Where, however, stock allocated to a controlled housing accommodation occupied by a tenant has not in fact been sold prior to July 1, 1955, to a purchaser in good faith for personal occupancy, no certificate of eviction shall be issued unless such tenant had been afforded the rights conferred by paragraph c(3) (b), (c), (d) and (e) of this section. The cooperative must file all documents required by such paragraph c(3) (b), (c), (d) and (e) no later than December 31, 1955 or such later date as is applicable.

(5) As used herein, the term "tenant-owner" includes only (a) a person who purchased the stock allocated to a vacant housing accommodation excluding, however, any housing accommodations which had been vacated after the filing of an application for a certificate of eviction or an order of sub-division pursuant to these Regulations within the one-year period preceding the presentation of the cooperative plan to the tenants; or (b) a person who while he was a tenant in occupancy in the building purchased the stock allocated to his housing accommodation; or (c) a person who purchased the stock allocated to a housing accommodation which was occupied by a tenant who obtained his possession from said purchaser of the stock; or (d) a person who purchased the stock allocated to a housing accommodation from an owner of such stock who was in occupancy of such housing accommodation; or (e) a person who purchased the stock allocated to a housing accommodation while it was occupied by a tenant and which thereafter became vacant after voluntary removal by the tenant.

(6) As used herein, the term "housing accommodation" shall not include servants' rooms which are non-housekeeping and located in the service portion of the building or apartments not subject to these Regulations; and the term "tenant" shall not include the persons occupying such servants' rooms or apartments not subject to these Regulations.

(7) As used herein, the term "stock" shall also include other evidence of interest in the cooperative corporation or association with the right to possession of a housing accommodation by virtue of a proprietary lease or otherwise.

(8) As used herein, the term "cooperative corporation or association" shall also include the sponsor of a cooperative plan.

(9) Where a cooperative plan and any amendments thereof presented to the tenants of controlled housing accommodations is not declared effective and filed with the Local Rent Office or District Rent and Rehabilitation Office, as the case may be, pursuant to paragraph c(3) (b) and (c) of this section, a period of 18 months from the date of the presentation of the first plan must elapse before another cooperative plan may be presented to the tenants of the structure.

d. Where the landlord purchased and thereby acquired title to the premises on or after September 17, 1947, no certificate shall be issued under this section unless the landlord on or before the date of the filing of the application has been made a payment or payments totaling at least 20 percent of the purchase price or the assessed valuation of the premises, whichever is the greater; provided, however, that where the Administrator finds (1) that equivalent accommodations are available for rent into which the tenant can move without substantial hardship or loss, or (2) that undue hardship would result to the landlord, a certificate may be issued although less than 20 percent has been paid. The requirements of this paragraph d shall not apply where the landlord is a former member of the armed forces of the United States of America who obtained a loan for use in purchasing housing accommodations guaranteed in whole or part by the Administrator of Veterans' Affairs.

e. (Omitted - not applicable.)

f. (Omitted - not applicable.)

EXHIBIT II

APPLICABLE RENT LAWS - RENT STABILIZED TENANTS

Section 61 as amended of the Code of the Real Estate Industry Stabilization Association, Inc. adopted pursuant to the Rent Stabilization Law of 1969 as amended.

Section 61. Converting to a Cooperative or Condominium Form of Ownership -

An owner of a structure containing dwelling units subject to this Code may refuse to renew leases for such dwelling units when

1. The Attorney General of the State of New York has accepted for filing an offering Plan to convert the building to cooperative or condominium ownership, and

2. The owner has presented the offering Plan to the tenants in occupancy, and

3. The owner has filed a copy of the accepted offering Plan with the Department of Housing Preservation and Development, and

4. The Plan provides

(a) The Plan will not be declared effective by the Owner (Sponsor) unless and until thirty-five (35%) percent of the tenants then in occupancy* have agreed to purchase their dwelling units or the stock entitling them to proprietary leases for their dwelling units with no discriminatory re-purchase agreement or other discriminatory inducement.

In establishing a base for computing the required thirty-five (35%) percent, all residential apartments in the building shall be included, except those that were vacant and not under lease at the time of the presentation of the Plan, and, in computing the thirty-five (35%) percent requirement the following shall apply:

(i) All purchases by occupants who were in possession at the time of the presentation of the Plan shall be included;

* Pursuant to recent amendment to the Statute (subdivision c of Section YY51-6.0 of the Administrative Code of the City of New York) there should be added here: "on the date the Plan is accepted for filing by the Attorney General"

(ii) All purchases of apartments that became vacant after the Plan was presented will be included;

(iii) A purchasing tenant residing in the Building who agrees to purchase the shares allocated to another apartment in the Building, vacant at the time the Plan is declared effective, will be included;

(iv) A purchase by a tenant residing in the Building who agrees to purchase the shares allocated to an apartment occupied by another tenant will be included if that other tenant has agreed to purchase the first tenant's apartment or a vacant apartment;

(v) Purchases by the tenant of record of a subleased apartment will be included; sub-tenants will have no right to purchase unless approved by the tenant of record and only then would purchases by sub-tenants be included; purchases of apartments leased to a Corporation or Partnership will be included if purchased by an individual approved by said Corporation or Partnership.

(b) A tenant in occupancy at the time of the offering shall have the exclusive right to purchase his apartment or the shares allocated thereto for ninety (90) days after the offering, during which time his apartment shall not be shown to a third party unless he has, in writing, waived his right to purchase.

(c) Subsequent to the expiration of the ninety (90) day exclusive right to purchase set forth in (b) above, a tenant in occupancy of a dwelling unit who has not purchased will be given the exclusive right for an additional period of six months from said expiration date to purchase said dwelling unit or shares allocated thereto on the same terms and conditions as contained in an executed contract to purchase made between the sponsor and a bona fide purchaser. The tenant must be given fifteen (15) days in which to exercise such right to purchase from the date of mailing by registered mail, of notification of the execution of a contract of sale, which notification shall contain a copy of said executed contract.

(d) For a period of one (1) year after presentation of the Plan or until such time as the Plan is declared effective or until such time as tenant's lease has expired whichever date is the latest, a tenant in occupancy shall be entitled to remain in possession without any increase in his rent, except as specified in his existing lease. Thereafter, if he has not purchased he may be removed by the owner of the building, or the owner of the stock and lease allocated to his apartment.

(e) If the tenant's lease expires after the period during which he otherwise has the right to remain in possession, as hereinabove provided, he shall not be required to vacate his apartment until the expiration of his lease, unless such lease is terminated in accordance with this Code.

(f) If the Plan has not been declared effective within eighteen (18) months from the date of presentation of the Plan to the tenants, it will be declared abandoned, and, if the Plan is abandoned or is not declared effective within such eighteen (18) month period, the tenants then in possession shall have the right to demand leases on the terms and conditions heretofore set forth in the law and regulations.

5. This Section 61 shall only apply to tenants in occupancy and lessees of record of vacant or subleased apartments at the time of the offering; it shall not be applicable or available to subtenants, or tenants leasing an apartment that was vacant at the time of presentation of the Plan.

6. Any dwelling unit which becomes vacant after the offering and prior to the transfer of the property to the cooperative corporation or the condominium owner, or a declaration of abandonment of the offering Plan, shall not be rented except at a rental which would have been authorized had the vacating tenant remained in possession.

7. Notwithstanding anything contained herein to the contrary, any renewal or vacancy lease executed after notice to the HPD that a proposed cooperative or condominium Plan has been submitted to the Attorney General may contain a provision that the lease may be cancelled after ninety (90) days' notice to the tenant that the Plan has been declared effective. In any lease containing such a provision, upon submission of the Plan of cooperative or condominium ownership to the tenant after acceptance for filing by the Attorney General, no increase in rent may be collected thereafter pursuant to said lease. If the Plan is abandoned then rent will be at the rate set forth in said lease from the date of abandonment.

8. When the thirty-five (35%) percent requirement, provided in 4(a) above, has been met the owner will promptly notify all occupants and shall file a copy of the notice with HPD along with an affidavit indicating the total number of apartments involved in computing the thirty-five (35%) percent and the names and apartments of the purchasing tenants.

9. (a) If after an offering Plan is presented to the tenants it is substantially amended prior to the transfer of title to the Cooperative Corporation, the time periods set forth in this Section 61 shall be

extended, if applicable, from the date which such amended offering plan is presented to the tenants, as follows:

(i) If such date of presentation occurs during the ninety-day period provided under subsection 4(b), such period shall terminate not less than thirty (30) days thereafter;

(ii) If such date of presentation occurs at any time after such ninety-day period under subsection 4(b) has expired, then for thirty (30) days after such date a tenant in occupancy shall have the exclusive right to purchase on such amended terms, during which time his apartment shall not be shown to a third party unless he has, in writing, waived his right to purchase; followed by a period of thirty (30) days or, if such date occurs during the six-month period, whichever is later, during which time the tenant shall have the rights provided under subsection 4(c);

(iii) The one-year period provided under subsection 4(d) shall in no event terminate less than six (6) months after such date of presentation.

(b) "Substantial amendment" shall include but not be limited to: an increase or decrease in the mortgage amount or cash purchase price, an increase 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.

(c) Nothing contained in this subsection 9 shall shorten any of the time periods in subsections 4(b), 4(c) or 4(d) but shall only extend the same, if applicable; nor shall anything contained in this subsection 9 extend the eighteen (18) month period provided in 4(f).

(d) This subsection 9 shall be effective only as to amendments accepted for filing by the Attorney General after January 31, 1972.