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OFFERING STATEMENT

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JUNARD HOUSE  
280 Guy Lombardo Avenue  
Freeport, New York

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PART I

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## INTRODUCTION

The purpose of this offering plan (the "Plan") is to set forth all the material terms of the offering. The Plan may be amended from time to time when an amendment is filed with the New York State Department of Law (the "Department of Law"). Amendments will be served in accordance with the regulations promulgated pursuant to Section 352-e(6) of the General Business Law, on: (i) one residential tenant per apartment; (ii) Subscribers who have executed and delivered Subscription Agreements to Richard Sokolov d/b/a Junard House of Freeport (the "Sponsor"), 280 Guy Lombardo Avenue Owners, Inc., (the "Apartment Corporation"), or Sandra Greer Real Estate, Inc., (the "Selling Agent"), and are not in default; (iii) shareholders of the Apartment Corporation (the "Tenant-Shareholders"); and (iv) any other person entitled to service pursuant to local law or regulation (collectively "offerees"). The terms purchaser and subscriber are used synonymously herein.

The apartment building located at 280 Guy Lombardo Avenue, Freeport, New York (the "Building") and the land upon which it is erected is owned by the Sponsor who acquired title in 1978. The Building and the land are collectively referred to as the "Property." Construction of the Building was completed in 1961. In the event the Plan is declared effective and a closing is held, Sponsor will convey legal ownership of (fee simple title) the Property to the Apartment Corporation, subject to the mortgage described in Section M (the "Closing Date").

33,811 shares of stock in the Apartment Corporation, allocated to 65 apartments (the "Apartments") are being offered under the Plan. Under current zoning ordinances and the certificate of occupancy for the Building, all the Apartments being offered may be occupied for residential use. The Building also contains one (1) resident working superintendant's apartment which is located in Apartment 4k. The superintendant's apartment has no shares allocated to it and will not be offered for sale, but will be owned by the Apartment Corporation. Common areas in the building include an elevator, interior corridors, lobby, laundry room, roof, boiler room, outdoor parking for eleven (11) spaces, one (1) of which will be used by the Superintendant, and landscaped areas. In addition Sponsor presently uses approximately 500 square feet of the tenant storage area as its personal locked storage area. Sponsor will retain the use of such space so long as Sponsor or the Holders of Unsold Shares hold shares allocated to one or more apartments. The parking spaces will be allocated on a first come first served basis subject to rights of any non-purchasing tenant's right to use. See Part II, Description of Property and Building Condition, for a complete description of the common areas of the building.

The purchaser of a cooperative apartment buys shares of the corporation which will purchase fee title interest to the Building in which the Apartments is located (the "Building") and the land on which the Building is situated from the Sponsor. Ownership of the shares entitles the subscriber to a special lease of

his Apartment (commonly known as the "Proprietary Lease"). As a shareholder (the "Tenant-Shareholder"), he will have the right to vote annually for the Board of Directors which will conduct the affairs of the Apartment Corporation and supervise the operation of the Property. As a lessee, he will pay as rent (customarily called maintenance charges) a proportionate share of the maintenance expenses of the Property and of the creation of such reserves for contingencies as the Board of Directors may deem proper.

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

All 65 Apartments to which shares have been allocated are subject to Section 352-eee of the General Business Law ("Section 352-eee") and the Emergency Tenants Protection Act ("ETPA"). For an explanation of the rights of tenants under Section 352-eee and the ETPA, see Section G of the Plan.

The prices for the block of shares allocated to each Apartment are set forth on Schedule A. Tenants in occupancy on the date the Attorney General accepts the Plan for filing ("Original Tenants") will have the exclusive right to purchase the shares allocated to their Apartments for 90 days after the Plan is presented.

There will be no increase in the price of the shares to Original Tenants during the initial 90 day exclusive purchase period. Sponsor will not accept Subscription Agreements from non-tenant subscribers during the initial 90 day exclusive purchase period and any exclusive purchase period that may result from a substantial amendment.

This is a non-eviction Plan and therefore, non-purchasing tenants may not be evicted by reason of the conversion to cooperative ownership. A non-purchasing tenant is defined as a person who has not purchased under the Plan and who is a tenant entitled to possession at the time the Plan is declared effective or a person to whom a dwelling unit is rented subsequent to the effective date. A person who sublets a dwelling unit from a purchaser under the Plan shall not be deemed a non-purchasing tenant. The attention of both tenants and purchasers is directed to Section G of the Plan for a discussion of the rights of tenants.



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

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

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

The block of shares allocated to each Apartment can only be purchased by a natural person 18 years of age or older.

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

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

**SCHEDULE A**  
**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.	NUMBER OF ROOMS & BATHS	NUMBER OF SHARES	TOTAL CASH PAYMENT BY TENANT PURCHASERS \$85.0000 PER SHARE	TOTAL CASH PAYMENT BY NON-OCCUPANT PURCHASERS \$100.0000 PER SHARE	APPROXIMATE AMOUNT OF MORTGAGE APPLICABLE TO SHARES \$29.5770 PER SHARE	ESTIMATED 1ST YEAR MAINTENANCE CHARGES		ESTIMATED INCOME TAX DEDUCTION PER SHARE \$5.6300
						ANNUAL \$9.5040 PER SHARE	MONTHLY \$0.7920 PER SHARE	
2 A	3 1/2 - 1	571	\$48,535.00	\$57,100.00	\$16,888.50	\$5,426.78	\$452.23	\$3,214.73
3 A	3 1/2 - 1	573	\$48,705.00	\$57,300.00	\$16,947.60	\$5,445.79	\$453.82	\$3,225.99
4 A	3 1/2 - 1	575	\$48,875.00	\$57,500.00	\$17,006.80	\$5,464.80	\$455.40	\$3,237.25
5 A	3 1/2 - 1	577	\$49,045.00	\$57,700.00	\$17,065.90	\$5,483.81	\$456.98	\$3,248.51
2 B	2 - 1	301	\$25,585.00	\$30,100.00	\$8,902.68	\$2,860.70	\$238.39	\$1,694.63
3 B	2 - 1	303	\$25,755.00	\$30,300.00	\$8,961.83	\$2,879.71	\$239.98	\$1,705.89
4 B	2 - 1	305	\$25,925.00	\$30,500.00	\$9,020.98	\$2,898.72	\$241.56	\$1,717.15
5 B	2 - 1	307	\$26,095.00	\$30,700.00	\$9,080.14	\$2,917.73	\$243.14	\$1,728.41
2 C	3 - 1	501	\$42,585.00	\$50,100.00	\$14,818.10	\$4,761.50	\$396.79	\$2,820.63
3 C	3 - 1	503	\$42,755.00	\$50,300.00	\$14,877.20	\$4,780.51	\$398.38	\$2,831.89
4 C	3 - 1	505	\$42,925.00	\$50,500.00	\$14,936.40	\$4,799.52	\$399.96	\$2,843.15
5 C	3 - 1	507	\$43,095.00	\$50,700.00	\$14,995.50	\$4,818.53	\$401.54	\$2,854.41
2 D	3 1/2 - 1	561	\$47,685.00	\$56,100.00	\$16,592.70	\$5,331.74	\$444.31	\$3,158.43
3 D	3 1/2 - 1	563	\$47,855.00	\$56,300.00	\$16,651.90	\$5,350.75	\$445.90	\$3,169.69
4 D	3 1/2 - 1	565	\$48,025.00	\$56,500.00	\$16,711.00	\$5,369.76	\$447.48	\$3,180.95
5 D	3 1/2 - 1	567	\$48,195.00	\$56,700.00	\$16,770.20	\$5,388.77	\$449.06	\$3,192.21
2 E	3 1/2 - 1	586	\$49,810.00	\$58,600.00	\$17,332.10	\$5,569.34	\$464.11	\$3,299.18
3 E	3 1/2 - 1	588	\$49,980.00	\$58,800.00	\$17,391.30	\$5,588.35	\$465.70	\$3,310.44
4 E	3 1/2 - 1	590	\$50,150.00	\$59,000.00	\$17,450.40	\$5,607.36	\$467.28	\$3,321.70
5 E	3 1/2 - 1	592	\$50,320.00	\$59,200.00	\$17,509.60	\$5,626.37	\$468.86	\$3,332.96

REFERENCE SHOULD BE MADE TO FOOTNOTES TO SCHEDULE 'A' OF THIS PLAN.

**SCHEDULE A**  
**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.	NUMBER OF ROOMS & BATHS	NUMBER OF SHARES	TOTAL CASH PAYMENT BY TENANT PURCHASERS \$85.0000 PER SHARE	TOTAL CASH PAYMENT BY NON-OCCUPANT PURCHASERS \$100.0000 PER SHARE	APPROXIMATE AMOUNT OF MORTGAGE APPLICABLE TO SHARES \$29.5770 PER SHARE	ESTIMATED 1ST YEAR MAINTENANCE CHARGES		ESTIMATED INCOME TAX DEDUCTION \$5.6300 PER SHARE
						ANNUAL \$9.5040 PER SHARE	MONTHLY \$0.7920 PER SHARE	
2 F	4 1/2 - 2	721	\$61,285.00	\$72,100.00	\$21,325.00	\$6,852.38	\$571.03	\$4,059.23
3 F	4 1/2 - 2	723	\$61,455.00	\$72,300.00	\$21,384.20	\$6,871.39	\$572.62	\$4,070.49
4 F	4 1/2 - 2	725	\$61,625.00	\$72,500.00	\$21,443.30	\$6,890.40	\$574.20	\$4,081.75
5 F	4 1/2 - 2	727	\$61,795.00	\$72,700.00	\$21,502.50	\$6,909.41	\$575.78	\$4,093.01
2 G	3 1/2 - 1	586	\$49,810.00	\$58,600.00	\$17,332.10	\$5,569.34	\$464.11	\$3,299.18
3 G	3 1/2 - 1	588	\$49,980.00	\$58,800.00	\$17,391.30	\$5,588.35	\$465.70	\$3,310.44
4 G	3 1/2 - 1	590	\$50,150.00	\$59,000.00	\$17,450.40	\$5,607.36	\$467.28	\$3,321.70
5 G	3 1/2 - 1	592	\$50,320.00	\$59,200.00	\$17,509.60	\$5,626.37	\$468.86	\$3,332.96
2 H	2 1/2 - 1	351	\$29,835.00	\$35,100.00	\$10,381.50	\$3,335.90	\$277.99	\$1,976.13
3 H	2 1/2 - 1	353	\$30,005.00	\$35,300.00	\$10,440.70	\$3,354.91	\$279.58	\$1,987.39
4 H	2 1/2 - 1	355	\$30,175.00	\$35,500.00	\$10,499.80	\$3,373.92	\$281.16	\$1,998.65
5 H	2 1/2 - 1	357	\$30,345.00	\$35,700.00	\$10,559.00	\$3,392.93	\$282.74	\$2,009.91

REFERENCE SHOULD BE MADE TO FOOTNOTES TO SCHEDULE 'A' OF THIS PLAN.

**SCHEDULE A**

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

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			ANNUAL \$9.5040 PER SHARE	MONTHLY \$0.7920 PER SHARE				
2 J	2 1/2 - 1	351	\$29,835.00	\$35,100.00	\$10,381.50	\$3,335.90	\$277.99	\$1,976.13
3 J	2 1/2 - 1	353	\$30,005.00	\$35,300.00	\$10,440.70	\$3,354.91	\$279.58	\$1,987.39
4 J	2 1/2 - 1	355	\$30,175.00	\$35,500.00	\$10,499.80	\$3,373.92	\$281.16	\$1,998.65
5 J	2 1/2 - 1	357	\$30,345.00	\$35,700.00	\$10,559.00	\$3,392.93	\$282.74	\$2,009.91
2 K	3 1/2 - 1	586	\$49,810.00	\$58,600.00	\$17,332.10	\$5,569.34	\$464.11	\$3,299.18
3 K	3 1/2 - 1	588	\$49,980.00	\$58,800.00	\$17,391.30	\$5,588.35	\$465.70	\$3,310.44
4 K	3 1/2 - 1 SUPT	592	\$50,320.00	\$59,200.00	\$17,509.60	\$5,626.37	\$468.86	\$3,332.96
5 K	3 1/2 - 1	592	\$50,320.00	\$59,200.00	\$17,509.60	\$5,626.37	\$468.86	\$3,332.96
2 L	4 1/2 - 2	721	\$61,285.00	\$72,100.00	\$21,325.00	\$6,852.38	\$571.03	\$4,059.23
3 L	4 1/2 - 2	723	\$61,455.00	\$72,300.00	\$21,384.20	\$6,871.39	\$572.62	\$4,070.49
4 L	4 1/2 - 2	725	\$61,625.00	\$72,500.00	\$21,443.30	\$6,890.40	\$574.20	\$4,081.75
5 L	4 1/2 - 2	727	\$61,795.00	\$72,700.00	\$21,502.50	\$6,909.41	\$575.78	\$4,093.01
2 M	3 1/2 - 1	586	\$49,810.00	\$58,600.00	\$17,332.10	\$5,569.34	\$464.11	\$3,299.18
3 M	3 1/2 - 1	588	\$49,980.00	\$58,800.00	\$17,391.30	\$5,588.35	\$465.70	\$3,310.44
4 M	3 1/2 - 1	590	\$50,150.00	\$59,000.00	\$17,450.40	\$5,607.36	\$467.28	\$3,321.70
5 M	3 1/2 - 1	592	\$50,320.00	\$59,200.00	\$17,509.60	\$5,626.37	\$468.86	\$3,332.96
2 N	3 1/2 - 1	561	\$47,685.00	\$56,100.00	\$16,592.70	\$5,331.74	\$444.31	\$3,158.43
3 N	3 1/2 - 1	563	\$47,855.00	\$56,300.00	\$16,651.90	\$5,350.75	\$445.90	\$3,169.69
4 N	3 1/2 - 1	565	\$48,025.00	\$56,500.00	\$16,711.00	\$5,369.76	\$447.48	\$3,180.95
5 N	3 1/2 - 1	567	\$48,195.00	\$56,700.00	\$16,770.20	\$5,388.77	\$449.06	\$3,192.21

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# SCHEDULE A

## 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.	NUMBER OF ROOMS & BATHS	NUMBER OF SHARES	TOTAL CASH		TOTAL CASH PAYMENT BY NON-OCCUPANT PURCHASERS PER SHARE	APPROXIMATE AMOUNT OF MORTGAGE APPLICABLE TO SHARES PER SHARE	ESTIMATED 1ST YEAR MAINTENANCE CHARGES		ESTIMATED INCOME TAX DEDUCTION PER SHARE
			BY TENANT PURCHASERS PER SHARE	PAYMENT PURCHASERS PER SHARE			ANNUAL PER SHARE	MONTHLY PER SHARE	
2 O	3 - 1	501	\$42,585.00	\$50,100.00	\$14,818.10	\$4,761.50	\$396.79	\$2,820.63	
3 O	3 - 1	503	\$42,755.00	\$50,300.00	\$14,877.20	\$4,780.51	\$398.38	\$2,831.89	
4 O	3 - 1	505	\$42,925.00	\$50,500.00	\$14,936.40	\$4,799.52	\$399.96	\$2,843.15	
5 O	3 - 1	507	\$43,095.00	\$50,700.00	\$14,995.50	\$4,818.53	\$401.54	\$2,854.41	
2 P	2 - 1	301	\$25,585.00	\$30,100.00	\$8,902.68	\$2,860.70	\$238.39	\$1,694.63	
3 P	2 - 1	303	\$25,755.00	\$30,300.00	\$8,961.83	\$2,879.71	\$239.98	\$1,705.89	
4 P	2 - 1	305	\$25,925.00	\$30,500.00	\$9,020.98	\$2,898.72	\$241.56	\$1,717.15	
5P-5R	5 1/2 - 2	811	\$68,935.00	\$81,100.00	\$23,987.00	\$7,707.74	\$642.31	\$4,565.93	
2 R	3 1/2 - 1	571	\$48,535.00	\$57,100.00	\$16,888.50	\$5,426.78	\$452.23	\$3,214.73	
3 R	3 1/2 - 1	573	\$48,705.00	\$57,300.00	\$16,947.60	\$5,445.79	\$453.82	\$3,225.99	
4 R	3 1/2 - 1	575	\$48,875.00	\$57,500.00	\$17,006.80	\$5,464.80	\$455.40	\$3,237.25	
L 1	2 - 1	286	\$24,310.00	\$28,600.00	\$8,459.02	\$2,718.14	\$226.51	\$1,610.18	
L 2	2 - 1	286	\$24,310.00	\$28,600.00	\$8,459.02	\$2,718.14	\$226.51	\$1,610.18	
L 3	2 - 1	286	\$24,310.00	\$28,600.00	\$8,459.02	\$2,718.14	\$226.51	\$1,610.18	
TOTALS		33,811	\$2,873,935.00	\$3,381,100.00	\$1,000,030.00	\$321,340.00	\$26,778.30	\$190,356.00	

REFERENCE SHOULD BE MADE TO FOOTNOTES TO SCHEDULE 'A' OF THIS PLAN.

## FOOTNOTES TO SCHEDULE A

### 1. Number of rooms and baths:

Any floor plan or sketch shown to a prospective purchaser is only an approximation of the dimensions and layout of a typical Apartment. The actual layout of an Apartment may have been altered. Accordingly, each Apartment should be inspected prior to purchase to determine its actual dimensions, layout and physical condition. The number of rooms was calculated in accordance with the formula recommended by the Real Estate Board of New York, Inc.

### 2. Share allocation:

Shares are allocated in such a manner that the price of the block of shares allocated to each Apartment bears a reasonable relationship to the portion of the fair market value of the Apartment Corporation's equity in the Property attributable to the Apartment to which the block of shares is allocated.

### 3. Cash purchase price:

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

### 4. Approximate amount of mortgage allocated:

Tenant-Shareholders will not be personally liable for the payment of the mortgage loan. The Apartment Corporation will be responsible. Tenant-Shareholders' maintenance charges include amounts needed to pay debt service. In the event a certain number of Tenant-Shareholders fail to pay their maintenance charges, there may be a default in the mortgage loan, which default may result in an action to foreclose the mortgage lien. In the event of foreclosure, the Tenant-Shareholders may lose their equity in the Apartments. The amount of

mortgage indebtedness allocated to the shares is based on the assumption that the anticipated Closing Date will be June 1, 1985.

5. Projected maintenance charges:

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

6. Estimated income tax deduction:

The projected income tax deduction will vary in future years due to changes: in the allocation of constant debt service payments to interest and principal; in the interest rate if the wraparound mortgage is refinanced; in the assessed value of the Property; the tax rate; or in the method of assessing real property which results in a change in real estate taxes. Deductible items represent approximately 59.24% of the estimated expenses for the first year of cooperative operation. The projected income tax deduction is exclusive of deductions for interest paid on loans by purchasers who finance the acquisition of their shares.

SCHEDULE B

JUNARD HOUSE

BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION  
Beginning June 1, 1985

Income:

Annual Maintenance Charges (33,811 shares at \$9.504 per share)	\$321,325.77
Laundry Income (1)	2,400.00
Covered Parking (2)	<u>1,080.00</u>
<b>TOTAL INCOME</b>	<b>\$324,805.77</b>

Expenses:

Labor (3)	\$ 21,401.24
Electricity (4)	6,908.90
Gas (5)	39,186.96
Water Charges (6)	2,579.18
Repairs and Maintenance (7)	27,500.00
Service Contracts (8)	1,909.53
Management (9)	11,000.00
Legal and Accounting	2,500.00
Insurance (10)	6,930.00
Franchise and Corporate Taxes	2,368.12
Mortgage Payments (11)	109,044.00
Real Estate Taxes (12)	
School Tax	46,822.00
General Tax	15,345.00
Village Tax	22,835.00
Refuse Removal (13)	6,305.00
Contingency (14)	<u>2,170.84</u>
<b>TOTAL EXPENSES:</b>	<b><u>\$324,805.77</u></b> -----



FOOTNOTES FOR SCHEDULE B

Income:

1. Laundry - As per the terms of the contract with Coinmach Industries which expires June 30, 1987, the Cooperative Corporation will receive 60% of the gross receipts with a minimum guarantee of \$200.00 per month.
2. Covered Parking - Income is based on ten covered spaces at \$10.00 per month, per space. There is an additional space that is used by the superintendent at no cost to him. The parking spaces will be allocated on a first come first served basis subject to the rights of any non-purchasing tenants right to use.  
Expenses:
3. Labor - Labor costs are based on two employees, a full-time, live-in, non-union, superintendent and a part-time porter. The porter receives \$183.80 per month and no benefits. The superintendent occupies Apt. 4-K rent-free, his electricity is also free as is one garage space. His benefits include: three weeks vacation, Blue Cross/Blue Shield coverage, and he presently receives \$260.00 per week, salary. Labor costs were computed including: Federal and State unemployment, FICA, disability insurance, worker's compensation, additional salary to cover the superintendent's vacation time, and an additional 10% for contingencies.
4. Electricity - The Village of Freeport provides electricity and there have been no rate increases since 1975. Costs were projected based on 1983 consumption plus an additional 5% for contingencies, as follows: 1983 total consumption was 80,424 kilowatt hours and 167.9 kilowatts of demand; accounts are billed on a monthly basis and use breaks down to 6,702 KWH monthly and 14 KW demand. The first 5 KW demand are free, the next 7 KW demand cost \$24.50 and the remaining 2 units are \$6.10 for a total of \$30.60. The first 12 KWH cost \$2.23, the next 38 KWH are \$2.204, the next 450 KWH are \$24.75, the next 1000 KWH cost \$42.00, the next 3500 KWH are \$128.45 and the remaining 1702 KWH cost \$57.5276 for a total of \$257.1616. The KW demand total (\$30.60) plus the KWH total (\$257.1616) equals \$367.20, for an annual total of \$4,406.40. There is an additional cost in the form of a fuel adjustment which has been estimated at 1.7434¢ per KWH for a monthly total of \$116.84 and an annual total of \$1,402.08. As there is no way to actually calculate this fuel adjustment figure, we have used a higher figure than usual, thus the higher than actual total. The KWH and KW demand total (\$4,406.40) plus the fuel adjustment (\$1,402.08) and 5% for contingencies (\$290.42), equals the total estimate of \$6,098.90. In previous years the cost of electricity has been:

1983 (actual cost)	\$4,604.00
1982 (actual cost)	\$4,450.55
1981 (actual cost)	\$4,441.00

Electric costs cover all public areas of the building and the superintendent's apartment; individual apartments are individually metered and costs incurred are the responsibility of individual tenant shareholders.
5. Gas - Gas is supplied by the Long Island Lighting Company (LILCO) and is used for heat, hot water, and cooking. The building converted to gas heat in 1981. The budget item is computed from a usage of 52,084.24 therms per year, a figure based on the 1983 CCF total of 50,081. The therm factor used (1.4) is higher than any ever used by LILCO in order to allow for future contingencies. The average monthly use breaks down to 4,340.36 therms computed as follows: the minimum charge which includes 3 therms is \$5.10, the next 6 therms cost \$6.09, and the remaining 4,331.36 cost .679¢ per therm or \$2,940.99 for a subtotal of \$2,952.18. In addition, there is a temporary MTA business tax of .56% (\$16.53) plus 10% (\$296.87) for

contingencies. The monthly total is \$3,265.58 for an annual total of \$39,186.96. The actual cost of gas, using actual therm factors, in 1983 was \$34,221.57 and in 1982 was \$27,601.97.

6. Water Charges - Water is supplied by the Village of Freeport and there have been no rate increases since 1980. Billing is done quarterly and there are no service charges or taxes. The 1983 total water use was 3,503,000 gallons, or 875,750 per quarter and is billed as follows: the minimum charge which covers the first 7,000 gallons is \$10.00, the next 93,000 gallons cost \$68.82, and the remaining 775,750 gallons cost \$535.27. This makes the quarterly cost \$614.09, or \$2,456.36 per annum. The line item also includes 5% for contingencies.
7. Repairs and Maintenance - This budget item includes maintenance, repairs, and painting of all public areas and building supplies. The estimate does not include repairs, maintenance, or supplies to be used in individual apartments, which items are the responsibility of individual shareholders. This estimate is based on prior years' expenses.
8. Service Contracts - There is a month-to-month self renewing contract with the Staley Elevator Company; the present cost is \$151.55 per month and the line item includes an additional 5%.
9. Management - At Closing the Apartment Corporation will enter into a management agreement for an initial term of five years with the Sponsor. The first year's cost will be \$11,000 and thereafter shall be 3½% of gross receipts for maintenance charges. Reference should be made to the Section entitled Management Agreement for details of these and other important features of the Management Agreement.
10. Insurance - At or before Closing, Sponsor will cause the following insurance coverage to be placed on the Property for the first year of cooperative operation. This coverage is based on the recommendation of Frenkel & Co., an insurance brokerage firm, and includes the following:
 

Building, All Risk	\$2,050,000	
Loss of Rents, All Risk	\$ 250,000 @ 80% Co-insurance	
Deductible	\$ 1,000.	
Comprehensive General Liability		
Bodily Injury & Property Damage	\$1,000,000 CSL	
Directors and Officers Liability	\$1,000,000	
Fire Damage Legal Liability	\$ 50,000 (Real Property)	
Auto Non-Ownership/Hired Car Coverage	\$1,000,000 CSL	
Umbrella Liability Policy		
\$4,000,000 Limit per occurrence		
\$4,000,000 Aggregate		
10,000 Retention		
Surety Bond	\$100,000	
Boiler and Machinery Policy		
Property Damage	\$100,000 per occurrence	\$250/deductible

The total annual premium for the above captioned insurance is \$6,930 for the first year of cooperative operation; this premium includes an additional 10% for contingencies. This coverage does not include the coverage that can be found in a "homeowner's policy", it is strongly suggested that each individual tenant-shareholder contact his insurance broker in order to properly insure personal possessions as well as to cover any liabilities he will be liable for.

11. Mortgage Payments - Based on a \$1,000,000 wraparound mortgage payable in equal monthly installments of \$9,087.00, to be made on the first day of each and every month, applied first to interest at the annual rate of 10% and the balance in reduction of the principal indebtedness. Reference should be made to "Terms of the Mortgage" for a full discussion of the terms and provisions of mortgage indebtedness.

12. Real Estate Taxes - Projected as follows:

School Tax for the past three years was as follows:

1981-82	A.V. \$143,850.00	Tax: \$31,363.63
1982-83	A.V. \$143,850.00	Tax: \$37,518.96
1983-84	A.V. \$143,850.00	Tax: \$40,715.30

The projected figure allows for a 15% increase in the School Tax.

General Tax for the past three years was as follows:

1982	A.V. \$143,850.00	Tax: \$ 7,539.18
1983	A.V. \$143,850.00	Tax: \$ 9,396.28
1984	A.V. \$143,850.00	Tax: \$12,276.16

The projected figure allows for a 25% increase in the General Tax.

Village Tax for the past three years was as follows:

1982-83	A.V. \$161,250.00	Tax: \$19,479.00
1983-84	A.V. \$161,250.00	Tax: \$21,059.25
1984-85	A.V. \$161,250.00	Tax: \$21,543.00

The projected figure allows for a 6% increase in the Village Tax.

13. Refuse Removal - Based by a yearly payment to the Village of Freeport for refuse removal including tax.

14. Reserve for Contingencies - This item is to provide a fund for possible increases in operating expenses not now foreseen or other lawful corporate purposes. The budget may be modified from time to time prior to the commencement of, or during cooperative operation to increase one or more items of expense and decrease the contingency fund. This fund does not include a reserve for replacements, as such.

AT CLOSING, THE SPONSOR AND THE APARTMENT CORPORATION WILL APPORTION ITEMS OF INCOME AND EXPENSES IN ACCORDANCE WITH THE PERIOD THAT EACH OWNS THE PROPERTY. ASSUMING THE NET CLOSING APPORTIONMENTS ARE IN FAVOR OF THE SPONSOR, ANY AMOUNTS DUE IN EXCESS OF \$10,000 DOLLARS WILL BE PAID BY THE APARTMENT CORPORATION IN 12 EQUAL CONSECUTIVE MONTHLY INSTALLMENTS, COMMENCING ON THE FIRST DAY OF THE FIRST CALENDAR MONTH SUBSEQUENT TO THE CLOSING, PURSUANT TO NEGOTIABLE SERIES

NOTES BEARING 12% INTEREST. IN SUCH CASE, ALTHOUGH SUCH NOTES ARE NOT DIRECTLY INCLUDED IN THIS BUDGET, PAYMENT OF THE NOTES REPRESENTS, IN EFFECT, PAYMENT OF CERTAIN EXPENSES REFLECTED IN THIS BUDGET THAT HAVE BEEN PREPAID BY SPONSOR. SEE SECTION U, PARAGRAPH 10 FOR DETAILS. BECAUSE CLOSING ADJUSTMENTS WILL VARY ACCORDING TO WHEN THE CLOSING TAKES PLACE THE TOTAL ADJUSTMENTS OVER \$10,000, IF ANY, CAN NOT BE ESTIMATED.

THE SPONSOR HAS RESERVED THE RIGHT TO MODIFY, RENEW AND REPLACE EXISTING SERVICE, MAINTENANCE, EMPLOYMENT, CONCESSION-AIRE AND OTHER AGREEMENTS AND INSURANCE POLICIES AND TO ENTER INTO NEW AGREEMENTS AND POLICIES THAT WILL BE BINDING ON THE APARTMENT CORPORATION ON THE CLOSING DATE. SUCH NEW OR RENEWAL AGREEMENTS WILL NOT BE FOR A TERM EXPIRING MORE THAN 2 YEARS FROM THE CLOSING OF TITLE WITH THE APARTMENT CORPORATION.

### C. CHANGES IN PRICES AND APARTMENTS

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

Except as provided in the following paragraph, the Plan may be amended prior to the date of effectiveness, to change the price at which all of the shares are offered, and in any other respect as the Sponsor may deem fit in its sole discretion. While the Plan may also be amended from time to time after the date of effectiveness, except as provided in the following paragraph, no such amendment may increase the Total Cash Payment under or otherwise materially alter the terms of a Subscription Agreement which the Sponsor has already accepted. In the event there is a price change, change in share allocation or change in total number of shares prior to closing, a new opinion of reasonable relationship will be obtained.

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

If any such amendment is a material modification of the Plan which adversely affects Subscribers, anyone who previously executed and delivered a Subscription Agreement and is not in default thereunder, will be given not less than 30 days to rescind the Agreement

by written notice to the Sponsor and Selling Agent, after a copy of the duly filed amendment is mailed or otherwise served upon the Subscriber. In the event of rescission, Sponsor will return all funds paid under the Subscription Agreement within 10 days after receipt of notice.

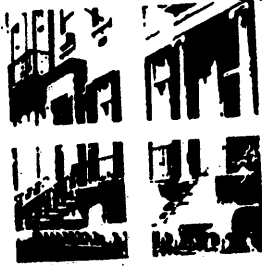
If a change in the Total Cash Payment for the block of shares allocated to any Unit is made, a Subscriber of the affected shares may pay more or less than another subscriber of shares allocated to a similar Apartment, but this shall not affect any prior or later sale of shares allocated to such similar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

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

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

The Selling Agent has advised the Sponsor that in its opinion, the price of the shares allocated to each Apartment in the Building, as set forth on Schedule A, bears a reasonable relationship to the fair market value of the portion of the Apartment Corporation's equity in the Property attributable to that Apartment, as determined on the date of acceptance for filing of the Plan. See Section D of the Plan. Prior to or at the closing a further opinion will be obtained from the Consultant or another qualified real estate broker, as to such reasonable relationship. The Selling Agent or another qualified real estate broker will not approve a change in such price prior to the Closing Date unless, in the opinion of the Selling Agent, consultant or another qualified real estate broker, the aforementioned reasonable relationship, as determined on the date the change is made, is preserved.

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



D. OPINION OF REASONABLE RELATIONSHIP

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

280 Guy Lombardo Avenue Owners, Inc.  
c/o Wofsey, Certilman, Haft,  
Lebow and Balin  
71 South Central Avenue  
Valley Stream, New York

re: 280 Guy Lombardo Avenue  
Freeport, New York

Gentlemen:

The Undersigned has prepared the allocation of shares and the total cash payments for apartments shown in the Schedule of Purchase Prices in the Offering Plan - A Plan to Convert to Cooperative Ownership the above captioned premises.

In my opinion, the total cash payment to be paid in respect to each block of shares allocated to the respective apartments set forth in said Schedule is not less than an amount which bears a reasonable relationship to the portion of the value of the equity to be acquired in the land and building known as 280 Guy Lombardo Avenue, Freeport, New York, attributable to each such apartment to which said block of shares is allocated.

I have been a licensed real estate broker for over thirteen years and have been active in the sale of cooperative apartments in New York State for over twelve years. We have based our share allocations on our prior experiences with cooperative conversions and building management, specific apartment sizes and layouts, as well as the positioning of the apartment in the building.

Our firm has no beneficial interest in the Sponsor or the profitability of the conversion except for the compensation that we will receive as Sales Agent for the Plan.

We have been advised that your Corporation will use this letter as part of the aforementioned "Offering Plan" and we hereby consent to its inclusion therein.

Very truly yours,  
Sandra Greer Real Estate, Inc.

BY: \_\_\_\_\_

Sandra Greer, President

May 16, 1984



E. ACCOUNTANT'S CERTIFIED STATEMENTS OF OPERATION

CHARLES B. WEISS AND CO.  
ACCOUNTANTS AND AUDITORS

CHARLES B. WEISS, C.P.A.  
(1928-1980)

EPHRAIM GOLDBERG, P.A.  
JOSEPH M. HARARY, C.P.A.

19 WEST 44TH STREET  
NEW YORK, N.Y. 10036  
(212) 575-0541

50 MAIN STREET  
MOUNT KISCO, N.Y. 10549  
(914) 241-0528

May 31, 1984

Junard House of Freeport  
24 Park Place  
Great Neck, NY 11021

Gentlemen:

We have examined the accompanying statement of operations of Junard House of Freeport for the years ending December 31, 1983 and 1982. 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 referred to above present fairly the results of operations of Junard House of Freeport for the years ending December 31, 1983 and 1982, in conformity with generally accepted accounting principles applied on a consistent basis.

Respectfully submitted,

*Charles B. Weiss & Co.*

CHARLES B. WEISS & CO.

JH:sw

**JUNARD HOUSE OF FREEPORT  
STATEMENT OF OPERATIONS  
FOR THE YEARS ENDED DECEMBER 31, 1983 AND 1982**

	1983	1982
Rental Income	\$ 305 531	\$ 290 066
Other Income	2 665	3 828
TOTAL INCOME	<u>308 196</u>	<u>293 894</u>
<b>EXPENSES:</b>		
Real Estate Taxes	69 309	58 213
Interest Charges (Footnote 2)	46 363	46 117
Payroll	16 257	15 078
Payroll Taxes	1 411	1 143
Heating and Electric	38 826	32 053
Water	2 456	2 203
Insurance	9 415	9 183
Repairs and Maintenance (Footnote 3)	26 685	8 535
Painting (Footnote 3)	3 108	4 925
Elevator Maintenance	1 745	1 609
Cleaning and Snow Removal	1 665	1 817
Gardening	2 211	1 870
Superintendent's Supplies (Footnote 3)	2 956	3 325
Renting Commissions	400	350
Amortized Mortgage Costs (Footnote 4)	492	492
Legal and Accounting	1 695	2 672
Telephone	4 439	4 819
Postage and Office Expenses	4 114	3 139
Permits and Fees	50	519
Auto Expenses	1 601	1 722
Depreciation Expense (Footnote 5)	29 744	33 821
Dues	-	625
Miscellaneous Expenses	675	431
TOTAL EXPENSES	<u>265 617</u>	<u>234 661</u>
NET INCOME	<u>\$ 42 579</u>	<u>\$ 59 233</u>

**JUNARD HOUSE OF FREEPORT  
FOOTNOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 1983 AND 1982**

**1. Significant Accounting Policies:**

The company maintains its books on the accrual basis of accounting, matching current revenues against current expenditures.

**2. Interest Charges:**

Interest Expense is charged on the outstanding balance of the mortgages owed. Upon Co-oping the debt of the co-op corporation would determine the amount of interest charged.

**3. Repairs and Maintenance, Painting and Supplies:**

These accounts include costs incurred for both common area and individual apartment areas. Upon co-oping only those expenses applying to common areas would be borne by the co-op corporation.

**4. Amortized Mortgage Costs:**

Expenses incurred in securing the mortgage on the property are properly being expensed over the life of the mortgage. The co-op corporation would be entitled to deduct similar costs incurred. However, the amounts may differ.

**5. Depreciation:**

Depreciation charges are based upon the historical costs of the assets acquired. The building is being depreciated on the straight line method. Most equipment purchased is being depreciated on the double declining balance method. Some assets are being depreciated using the Accelerated Cost Recovery System of the Internal Revenue Code. While this method is not considered generally accepted accounting principles, the amounts involved are considered immaterial when looking at the financial statement as a whole.

F. OPINION OF COUNSEL

WOFSEY, CERTILMAN, HAFT, LEBOW & BALIN

ATTORNEYS AND COUNSELLORS AT LAW

71 SOUTH CENTRAL AVENUE

VALLEY STREAM, N.Y. 11580

TELEPHONE:  
(516) 872-6222

CABLE: WOFCERTLAW

TELEX: WU 645169

TELECOPIER

(516) 872-6222

MANHATTAN OFFICES:  
805 THIRD AVENUE  
NEW YORK, N.Y. 10022

(212) 418-5200

TELECOPIER

(212) 418-5218

December 6, 1984

280 Guy Lombardo Avenue  
Owners, Inc.  
c/o Wofsey, Certilman, Haft,  
Lebow & Balin  
71 South Central Avenue  
Valley Stream, New York 11580

RE: Income Tax Deductions

Gentlemen:

You have requested our opinion as to whether 280 Guy Lombardo Avenue Owners, Inc., (the "Apartment Corporation") organized under the laws of the State of New York, in anticipation of the filing of an Offering Statement - A Plan to Convert to Cooperative Ownership premises 280 Guy Lombardo Avenue, Freeport, New York (the "Plan"), promulgated by Richard Sokolov, d/b/a Junard House of Freeport (the "Sponsor") will qualify as a cooperative housing corporation for Federal and New York State income tax purposes after consummation of the Plan. You have advised us of your intention to incorporate our opinion in the Plan.

We have prepared the Certificate of Incorporation and By-Laws of the Apartment Corporation and the Plan. We also prepared the contract of transfer, pursuant to which the Sponsor has agreed to transfer to the Apartment Corporation all of its right, title and interest in the Property (as that term is used in the Plan), and various ancillary agreements and documents pertinent to the Plan.

The opinion expressed herein is based solely upon the foregoing documents and on the following assumptions:

(i) The validity of the opinion of the Selling Agent, that on the date of the presentation of the Plan, the price of the block of shares allocated to each apartment in the Building bears a reasonable relationship to the portion of the fair market value of the Apartment Corporation's equity in the Property attributable to the Apartment to which the block of shares is allocated;

(ii) there will be no change in the price of any block of

shares prior to the date of closing under the Plan except upon the opinion of the Selling Agent (which is assumed to be valid) that the price, as changed, bears a reasonable relationship to the portion of the fair market value of the Apartment Corporation's equity in the Property attributable to the apartment to which such block of shares is allocated as determined on the date of execution of the Subscription Agreement for such shares;

(iii) that only one class of stock is outstanding, and all stock issued to "tenant-shareholders" (as defined in section 216(b)(2) of the Internal Revenue Code) is fully paid-up and non-assessable;

(iv) that, based upon information supplied by the Sponsor, that at least 80% of the Income of the Apartment Corporation during the first year of cooperative operation will come from qualified tenant-shareholders, as shown on the Projected Schedule of Receipts and Expenses for the first year of operation.

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

(1) not less than 80% of the gross income of the Apartment Corporation in the first taxable year of the Apartment Corporation, under present tax laws and regulations, will consist of rent received from qualified tenant-stockholders, notwithstanding that more than 20% of the outstanding shares may be "Unsold Shares" acquired pursuant to the Plan by Sponsor or one or more of the individuals produced by the Sponsor.

(2) the Apartment Corporation will qualify as a cooperative housing corporation within the present meaning of Section 216(b)(1) of the Internal Revenue Code, notwithstanding the blocks of the same number of shares allocated to similar apartments may be sold at different prices with the prior approval of the Selling Agent;

(3) in any taxable year in which not less than 80% of the Apartment Corporation's gross income consists of rent received from qualified tenant-stockholders, each tenant-stockholder will be entitled, under Section 216(a) of the Internal Revenue Code and Section 615 of the Tax Law of the State of New York to deduct from his adjusted gross income for Federal and State income tax purposes his proportionate shares of (a) real estate taxes paid or incurred by the Apartment Corporation (before the close of

the taxable year of such tenant-stockholder) on the Property, and (b) interest paid or incurred by the Apartment Corporation (before the close of the taxable year of such tenant-stockholder) on mortgages to which the Property is subject, to the extent that such tenant-stockholder has paid or accrued to the Apartment Corporation, within his taxable year, an amount equal to such proportionate share of taxes and interest paid or incurred by the Apartment Corporation.

In rendering the foregoing opinion, we have reviewed the Revenue Act of 1978 (as amended by the Technical Corrections Act of 1979) which amended IRC Section 216 to permit the "original seller" who acquires stock from a cooperative housing corporation by purchase to be treated as a tenant-stockholder for a period not to exceed three (3) years from the date of acquisition, provided the original seller shall have the right to occupy the apartment to which such stock is appurtenant. The term "original seller" is defined as the person from whom the corporation has acquired the apartments. In the Plan, the Sponsor has reserved the right to purchase the Unsold Shares and, if purchased, Sponsor has also agreed to enter into a proprietary lease for the apartment(s) to which the Unsold Shares are allocated.

It is our opinion that Sponsor will be regarded as the "original seller" under IRC Section 216, as amended, and that all maintenance charges paid by Sponsor to the Apartment Corporation under the proprietary lease will qualify as income derived from tenant-stockholders for purposes of meeting the 80% gross income test referred to above. It is our further opinion that the persons purchasing the Unsold Shares from Sponsor will also be regarded as tenant-stockholders for purposes of said 80% gross income test, provided such subscribers are natural persons only, each of whom will enter into a proprietary lease for the apartment(s) to which the Unsold Shares are allocated, all strictly in accordance with the terms of the Plan.

In rendering the foregoing opinion, we have also considered the decision, dated December 10, 1971, of the United States Court of Claims in Eckstein v. United States, 452 F.2d 1036 (Ct. Cl. 1971) which found, among other things, that a nominee of a corporation holding "unsold shares" cannot qualify as a tenant-stockholder of a cooperative housing corporation; and we have compared the Court's opinion with the Report, dated May 17, 1971, of Commissioner Gamer to the Court in the same case. The opinion of the Court clearly has modified Commissioner Gamer's Report to eliminate any implication that an individual owning "unsold shares" (either

directly or through a nominee) with respect to more than one apartment cannot qualify as a tenant-stockholder of a cooperative housing corporation. We have received at least one private letter ruling from the Service indicating that an individual owning more than one apartment who has the right to occupy all apartments he owns will qualify as a tenant-stockholder.

In connection with our opinion, we have also considered the possibility that a taxing authority may argue that the Apartment Corporation does not qualify as a cooperative housing corporation because certain of its stockholders (who either are not tenants in the Building or are tenants who do not purchase the shares of the Apartment Corporation allocated to their own apartments) will not be entitled to immediate occupancy of the apartments to which the shares have been allocated by reason of Section 352-eee of the General Business Law ("GBL") and the Emergency Tenants Protection Act ("ETPA") and the regulations promulgated thereunder.

It is our view that all individuals who acquire shares of the Apartment Corporation will meet the requirement of Section 216 of the Code that all stockholders of the cooperative housing corporation be entitled to occupy their apartments for dwelling purposes. It is clear that a voluntary sublease of an apartment by a tenant-stockholder does not disqualify a corporation as a cooperative housing corporation; nor does disqualification result when the shareholder purchases the stock (and obtains his proprietary lease) subject to occupancy by an existing tenant for a fixed term. Rev. Rul. 66-341, 66-2 C. B. 101. Accordingly, we believe that even if existing tenants remain in occupancy by reason of provisions of law, such as those contained in Section 352-eee and the ETPA and the regulations promulgated thereunder, the Apartment Corporation should qualify as a cooperative housing corporation. In these situations, the tenant-stockholders would also meet the requirement of the Treasury Department Regulations (Treas. Reg. 1.216-1[d][2]) that they have a right "as against the corporation" to occupy the apartment.

In our opinion, the Apartment Corporation will qualify as a cooperative housing corporation and tenant-stockholders will be entitled to income tax deductions. However, this opinion is not a guarantee; it is based upon existing rules of law applied to the facts and documents referred to above. No assurances can be given that the Internal Revenue Service or the Department of Taxation and Finance of the State of New York will allow income tax deductions or the tax laws upon which counsel to the Apartment Corporation base their opinion will not change. In no event will

-5-

the Sponsor, the Sponsor's counsel, the Apartment Corporation, counsel to the Apartment Corporation, the selling agent or any other person be liable if the Apartment Corporation ceases to meet the requirements of the Internal Revenue Code of 1954, as amended or the New York State Tax Law, as amended, if there are changes in the facts on which counsel relied in issuing this opinion, or if there are changes in the applicable statutes, regulations, decisional law or Internal Revenue Service rulings on which counsel relied. Moreover, none of the aforesaid makes any warranties with respect to the tax consequences or ownership of any shares offered under the Plan except as expressly set forth herein, and no one else has been authorized to make any representation other than those contained herein.

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

Very truly yours,

WOFSEY, CERTILMAN, HAFT, LEBOW & BALIN

/s/ \_\_\_\_\_



G. RIGHTS OF EXISTING TENANTS

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

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

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

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

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

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

- f) A corporation, partnership, trust, estate or other entity is required to designate an individual to purchase the shares allocated to its dwelling unit in order to exercise its right to subscribe.

The provisions of this Section are set forth in compliance with said Section 352-eee. If Section 352-eee, or any portion thereof, is repealed or revised, or judicially held illegal or invalid for any reason, then the Sponsor reserves the right to amend this Plan so as to eliminate or modify the provisions of this Section in conformity with such repeal or revision, or judicial holding (as the case may be), it being intended that the rights of tenants of the Building contained in this Section of the Plan shall be no greater than those set forth in Section 352-eee and no rights independent of said Section 352-eee are being created under this Plan. Subject to any repeal or revision of Section 352-eee or judicial holding of illegality or invalidity as aforesaid, in the event of any inconsistency between the provisions of this Section and any other provision of the Plan, the provisions hereof shall govern.

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

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

The rentals of non-purchasing tenants who reside in dwelling units not subject to government regulations as to rentals and continued occupancy and non-purchasing tenants who reside in dwelling units with respect to which government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the Plan has become effective shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy. In determining comparability, consideration shall be given to such factors as building services, level of maintenance and operating expenses.

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

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

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

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

The Sponsor reserves the right, at its election, to increase the rent payable by any tenant in occupancy of an apartment in the Building subject to ETPA who does not subscribe for the shares of the Apartment Corporation allocated to his or another apartment, in accordance with the laws, regulations and rules limiting or otherwise controlling rent. Such rent increases may be obtained upon application to the Rent Administration based upon any of the following: increased services or facilities, major capital or other improvements, increased occupancy, unique circumstances, net annual return, unavoidable increase in operating costs or other adjustments deemed necessary by the Rent Administrator. If any of the laws, regulations and rules limiting or otherwise controlling rent become inapplicable for any reason, rent increases shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments.

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

purchase under the Plan as of the date of the statement. The Sponsor will also arrange to have a copy of the statement posted in a prominent place accessible to all tenants in each Building covered by the Plan. The statement shall include the following information:

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

The rentals of any such non-purchasing tenants who reside in dwelling units not subject to government regulation as to rentals and continued occupancy and any such non-purchasing tenants who reside in dwelling units with respect to which government regulations 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. Notwithstanding the foregoing, eviction proceedings may be commenced for non-payment of rent, illegal use or occupancy of the premises, refusal of access to the owner or a similar breach by the non-purchasing tenant of his obligations to the landlord. Complaints of unconscionable rent increases may be referred to the New York State Department of Law, Real Estate Financing Bureau, Two World Trade Center, New York, New York 10047.

Tenants in occupancy on the date the Attorney General accepts the Plan for filing shall have the exclusive right to purchase their dwelling units or the shares allocated thereto for

ninety days after the Plan is accepted for filing by the Attorney General, during which time a tenant's dwelling unit shall not be shown to a third party unless he has, in writing, waived his right to purchase; subsequent to the expiration of such ninety day period, a tenant in occupancy of a dwelling unit who has not purchased shall be given the exclusive right for an additional period of six months from said expiration date to purchase said dwelling unit or the shares allocated thereto on the same terms and conditions as are contained in an executed contract to purchase said dwelling unit or shares entered into by a bona fide purchaser, such exclusive right to be exercisable within fifteen days from the date of mailing by registered mail of notice of the execution of a contract to said tenant.

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

It is unlawful for any person to engage in any course of conduct, including, but not limited to, interruption of discontinuance of essential services, which substantially interferes with or disturbs the comfort, repose, peace or quiet of any tenant in his use or occupancy of his Apartment or the facilities related thereto. A tenant may apply to the Attorney General for a determination that such conduct does exist or has taken place. The Attorney General may apply to a court of competent jurisdiction for an order restraining such conduct and, if he deems it appropriate, an order restraining the owner from selling the shares allocated to the Apartment.

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

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

The Subscription Agreement is not assignable unless the Sponsor consents. See Section K of the Plan, "Assignment of Subscription Agreements".

If prior to the effective date of the plan or the expiration of any exclusive period, whichever is later, the Sponsor amends the terms and conditions of the offering to be more favorable to tenant subscribers, a tenant who was in occupancy on the

date the Plan was accepted for filing and who executed and submitted a Subscription Agreement before the Sponsor amended the terms may elect to benefit from the more favorable terms and conditions.

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

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

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

Except as otherwise noted, all of the Apartments on the Property (as shown on Schedule A), are occupied by persons under leases. Except as expressly permitted by Section 352-eee, ETPA and the Regulations promulgated thereunder, the leases of non-purchasing tenants are not affected by the conversion of the Property to cooperative ownership.

Consequently, a subscriber of shares of the Apartment Corporation allocated to an occupied Apartment obtains a Proprietary Lease subject to: (a) the lease for the Apartment then in effect (and any renewal of the lease thereof effected after the date of presentation of the Plan, but prior to the date on which the subscriber's executed Subscription Agreement is delivered to the Selling Agent); (b) any existing statutory tenancy or occupancy of the Apartment; (c) the right of an existing tenant of an Apartment (who has not purchased the shares allocated to his Apartment) under the ETPA and the Regulations promulgated thereunder, to obtain a renewal lease for his Apartment for a term of one or two years, at his option, at a rent not to exceed the maximum rent established by the Nassau County Rent Guidelines Board, (or, if the guidelines are no longer applicable, rentals which shall not be subject to unconscionable increases beyond ordinary rentals for comparable Apartments); (d) to the provisions of GBL Section 352-eee as outlined in Section G of this Plan; and (e) any other applicable federal, state or local laws, regulations and rules limiting or controlling rent and occupancy terms and the landlord's rights to evict tenants or other occupants now existing or hereinafter enacted.

A purchaser of shares of the Apartment Corporation allocated to an occupied Apartment should read Section G of this Plan for the rights of tenants to remain in possession of their Apartment pursuant to the provisions of ETPA and 352-eee and the procedure and requirements for instituting eviction proceedings if any.

A subscriber of the shares of the Apartment Corporation allocated to an Apartment occupied by a non-purchasing tenant will not have the right to commence eviction proceedings against the non-purchasing tenant except for certain limited reasons such as for failure to pay rent.

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

A subscriber who acquires the shares allocated to an occupied Apartment will be required to pay to the Apartment Corporation the maintenance charges for such Apartment whether such charges are greater or less than the rent payable or received by the subscriber from the tenant in occupancy. By reason of the terms of the subscriber's Proprietary Lease, Section 352-eee, the ETPA and the Regulations promulgated thereunder, the subscriber will also be responsible for the due performance of all of the obligations of the landlord under the lease, statutory tenancy or other tenancy of the tenant, including obligations to maintain, repair and replace plumbing fixtures, the refrigerator, range, lighting fixtures and other equipment in the Apartment, and to paint the Apartment as provided in the lease with the tenant, or as required by any applicable law, as the case may be. In this respect it should be noted that the Apartment Corporation shall be responsible for maintenance of all services and facilities required by law. In addition, any litigation costs, fees and dues related to the tenancy, are the sole responsibility of the purchaser.

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

1. Irrevocably appoint the Managing Agent for the Apartment Corporation and its successors as his or her agent to perform for the account and at the expense of the subscriber all services required to be furnished or performed by a landlord under the non-purchasing tenant's lease and the laws and regulations specified above that are not to be provided by the Apartment Corporation under the proprietary lease, including, but not limited to, interior repairs and apartment painting; and

2. Except for the Sponsor and holders of unsold shares, subscription agreements or other agreements to purchase shares of Apartments occupied by non-purchasing tenants and the proprietary leases for said Apartments shall include an agreement to deposit with the Managing Agent at closing a sum not less than an amount equal to 2 months maintenance charges to be used as working capital to furnish services required under the non-purchasing tenant's lease and the laws and regulations specified above. Upon notice by the Managing Agent that said deposit has been diminished, said fund shall be replenished by the shareholder within a specified period of time. The failure of the shareholder to replenish the fund in a timely fashion shall result in the Apartment Corporation having a lien against the shares appurtenant to the Apartment. Interest, if any, earned on the fund shall be the property of the shareholder.

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

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

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

No warranty is made that Section 352-eee, the ETPA and the Regulations promulgated thereunder will (or will not) continue to apply to any Apartments on the property or to the Plan, or that there will or will not be any further amendments to Section 352-eee, the ETPA and the Regulations promulgated thereunder. In the event of any amendment to Section 352-eee, the ETPA and the Regulations promulgated thereunder or other applicable law, regulation or code, the Plan will be amended to reflect the amended law, regulation or Code, as the case may be.



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

#### I. INTERIM LEASES

The Sponsor reserves the right to enter into leases for apartments on the Property that are vacant on the date of the presentation of the Plan or which become vacant after such date. Such leases are referred to as Interim Leases.

The Interim Lease shall be prepared on the standard ETPA form of apartment lease currently used by the Sponsor and shall be subject to the rules and regulations of the ETPA. The rent payable for any such Apartment under an Interim Lease will not exceed the maximum permitted by law, or any other applicable laws, regulations or rules, if any.

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

THE RETURN OF THE FUNDS DUE UNDER AN EXERCISE OF A RIGHT OF RESCISSION BY AN INTERIM LESSEE SHALL BE DISBURSED SIMULTANEOUSLY WITH THE INTERIM LESSEE VACATING THE APARTMENT AND SURRENDERING THE INTERIM LEASE. If an Interim Lessee exercises a right of rescission, the lease shall automatically terminate in all events as of the date the rescission right is exercised and the funds due under said exercise shall only be disbursed simultaneously with the Interim Lessee vacating the apartment and surrendering the Interim Lease. In the event the Plan is abandoned, any tenant residing in the Building pursuant to an Interim Lease will be entitled to remain as a tenant in accordance with the terms of that lease and subject to applicable laws, rules and regulations.

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

J. PROCEDURE TO PURCHASE

1. Subscription Agreement and Down Payment. A person desiring to purchase shares of the Apartment Corporation will be required to execute a Subscription Agreement in the form set forth in Part II of this Plan and to return it to the Selling Agent together with a check in the amount of 10% of the Total Cash Payment drawn on a New York bank to the order of "280 Guy Lombardo Avenue Owners, Inc., Special Account". However, Tenants in occupancy of Apartments on the date the Plan was accepted for filing will be required to pay only \$1,000 on account of the 10% down payment when they deliver their Subscription Agreements. Tenants in occupancy on the date the Plan was accepted for filing will not have the right to purchase a vacant Apartment elsewhere in the Building except at the price to non-Tenants on a first come first served basis.

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

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

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

and sixty (60) days after the date of the notice. (b) Alternatively, the Sponsor may require payment of the balance of the Total Cash Payment as follows: (i) The subscriber will pay any balance of the 10% down payment within 15 days after notice that the Plan has been declared effective accompanied by a demand for payment. (ii) Thereafter, the subscriber will pay the balance of the Total Cash Payment upon notice of a closing date in accordance with subsection (a) above.

If a subscriber fails to pay any amount due under subsections (a) or (b) above within thirty (30) days after the Sponsor has notified the subscriber that the payment is due and demanded payment, the subscriber will be deemed in default under the Subscription Agreement.

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

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

4. Payment Where Sponsor Financing is Offered. If the Plan is amended such that the Sponsor offers purchase money stock loan financing and the subscriber takes advantage of such financing, the same procedures for payment of the unfinanced portion of the Total Cash Payment described in subsection 2 and 3 shall apply. With respect to the portion of the Total Cash Payment financed by the Sponsor, on the date that the subscriber pays the unfinanced portion of the purchase price, the subscriber shall execute the promissory note, security agreement, recognition agreement, collateral assignment of stock and lease and such other documents as

deemed necessary by the Sponsor to protect its interest as lender. The Sponsor may permit the subscriber to execute the documents at a later date in the Sponsor's sole discretion. All documents shall be held in escrow by the Sponsor until the Closing Date. They will be released to the Sponsor upon the issuance of shares and a proprietary lease to the subscriber, and returned to the subscriber if the plan is abandoned or the subscriber exercises a right of rescission or defaults under the Subscription Agreement.

In addition, counsel for the Sponsor shall be entitled to a fee of \$300 in connection with the preparation and review of documents and coordination of the closing. This payment will be due at the time the documents are executed.

Nothing in this paragraph shall be construed to create any obligation on the part of the Sponsor to provide any such financing.

5. Subscriber's Rights to Cancel if Application for Financing is Rejected. Unless a subscriber indicates an intention to subscribe for the shares allocated to an Apartment for all cash, a subscriber's Subscription Agreement will be made contingent upon the subscriber receiving a commitment from a financial institution to grant a stock loan to finance the purchase of the shares on the terms agreed by the subscriber and the Sponsor in the Subscription Agreement. The Subscription Agreement provides that the subscriber will have the greater of (i) twenty-five days after the date that the Subscription Agreement is accepted by the Sponsor, or (ii) the period agreed to in the Subscription Agreement in order to satisfy the financing contingency (the "application period.") The application period commences for a Tenant subscriber when the Tenant delivers an executed Subscription Agreement and down payment to the Sponsor, and for a non-Tenant subscriber when the Sponsor accepts the Subscription Agreement. The subscriber must apply to an institutional lender for financing promptly after the application period commences and must pursue the application diligently. If the subscriber has complied fully with the procedures and requirements of the institutional lender and the lender has not approved the stock loan application within the application period, either party will have the right to cancel the Subscription Agreement. However, if the subscriber does not exercise its right to cancel by notice to the Sponsor or Selling Agent within ten (10) days after the application period has expired, the right to cancel for lack of financing will be deemed waived and the subscriber will be obligated to pay the balance of the Total Cash Payment on the Closing Date without regard to whether the subscriber has secured financing. The Sponsor will have the right to cancel the Subscription Agreement any time after the application period expires. However, the Sponsor's right to cancel will be nullified if a valid commitment is issued and delivered before the Sponsor's right is exercised. If the Subscription Agreement is cancelled, the subscriber's down payment will be returned within ten days thereafter,

together with interest (if any) earned thereon, provided the subscriber is not otherwise in default under the Subscription Agreement.

6. Subscriber's Right to Cancel if Financing Commitment Lapses. Once a subscriber's stock loan application is approved, the Subscription Agreement will be fully binding on both the subscriber and the Sponsor according to its terms even if the commitment should expire, subject to the following: If a purchaser's stock loan commitment expires before the Closing Date, the subscriber will be obligated to make a good faith effort to (i) extend the expired commitment or (ii) obtain a new commitment from another lending institution. However, if the subscriber is unable to secure the extension of a new commitment after making a good faith effort, the Subscriber will have the right to cancel the Subscription Agreement by notice to the Sponsor. (As used in this paragraph, "good faith effort" includes acceptance of an extension or new commitment at the then prevailing stock loan rate and terms within five days after the date the commitment expires, or the subscriber's right to cancel will be deemed waived). Upon cancellation, the subscriber's down payment will be returned as described in subsection 5.

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

7. Escrow Arrangements. All moneys received by the Sponsor directly or through its agents, employees or escrow agent will be held by Sponsor in trust in a special account at European American Bank, Franklin Square, New York entitled "280 Guy Lombardo Avenue Owners, Inc., Special Account" until delivery of the shares and lease for the apartment. All moneys will be held in a noninterest bearing account. The funds will be released only upon the signature of counsel for the Sponsor, Wofsey, Certilman, Haft, Lebow & Balin. If insufficient funds are raised through the offering to effectuate the purchase of the Property and the consummation of the Plan, if this Plan is abandoned or withdrawn for any reason, or if title to the Property is not acquired by the Apartment Corporation under the terms of the Contract of Sale described in Section T, such moneys shall be fully returned to all subscribers, together with interest if any, earned thereon. The amounts paid by the subscribers will be handled in accordance with the provisions of Section 352e-2(b) and 352-h and of the New York General Business Law.

8. Rescission Period. Non-tenant subscribers, for a period of seven (7) days following delivery to the Selling Agent of an ex-

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

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

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

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

#### K. ASSIGNMENT OF SUBSCRIPTION AGREEMENTS

The Subscription Agreement is not assignable or transferable without the consent of the Apartment Corporation. In the event the Apartment Corporation consents to an assignment or transfer then the following will apply:

1. Permission to assign or transfer prior to closing will be granted on a non-discriminatory basis.
2. In order for assigned or transferred subscriptions to be counted towards effectiveness, tenants must:
  - (i) Sign a Subscription Agreement and tender the full down payment to the Apartment Corporation, and;

- (ii) Provide to the Apartment Corporation the assignee's notarized affidavit stating that the assignee was not procured by Sponsor and that the assignee or a specified member of the assignee's immediate family intends to personally occupy the dwelling unit. See Part II of the Plan for the form of the affidavit that the assignee is required to sign.

L. EFFECTIVE DATE OF THE PLAN AND CLOSING DATE

1. Declaring the Plan Effective.

The following provisions will determine whether, and when the Plan will be declared effective:

- a. Non-Eviction Plan. The Sponsor may not declare the Plan effective unless if within twelve (12) months from the date of acceptance for filing of the Plan at least fifteen (15%) percent of those bona fide Tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the Plan is declared effective shall have consented to purchase under the Plan. As to Tenants who were in occupancy on the date a letter was issued by the Attorney General accepting the Plan for filing, the Purchase Agreement shall be executed and delivered pursuant to an offering made in good faith without fraud and with no discriminatory repurchase agreement or other discriminatory inducements.
- b. After the conditions in paragraph (a) have been met, the Sponsor may, at its option, declare the Plan effective.
- c. The Offering Plan will not be declared effective based on Subscription Agreements:
  - (i) Signed by Subscribers who have been granted a right of rescission that has not yet expired or been waived; or
  - (ii) Assigned or transferred without compliance with Section K of this Plan; or
  - (iii) Conditioned upon an amendment to the Plan in which the Subscriber has not had at least three (3) business days to review.
  - (iv) With any subscriber who is the Sponsor or the Selling Agent, or is a principal of the Sponsor

or the Selling Agent, or is related to the Sponsor or the Selling Agent or to any principal of the Sponsor or the Selling Agent by blood, marriage or adoption or as a business associate, an employee, a shareholder or a limited partner; except that such a subscriber other than the Sponsor or a principal of the Sponsor may be included only if the Sponsor has submitted proof satisfactory to the Department of Law establishing that the subscriber is a bona fide tenant in occupancy on the date the Plan is declared effective.

- d. If Subscription Agreements have been executed and accepted for the sale to subscribers of at least eighty (80%) percent of the Apartments offered under the Plan, the Sponsor must declare the Plan effective.
- e. The Sponsor will notify all subscribers and tenants when the aforementioned conditions of effectiveness have been met by delivery to them (personal delivery or by ordinary mail) of written notice to that effect.
- f. The Plan will be declared effective by delivery of written notice only upon compliance with the above provisions. An amendment (the "Amendment") will be submitted for filing within five (5) business days thereafter to disclose the fact that the Plan has been declared effective. No closing shall be held until this Amendment is accepted for filing by the Department of Law.

## 2. Right to Amend to Conform to Applicable Law.

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

## 3. Closing Date.

On or after the date that the Plan has been declared effective, the Sponsor will have the right to designate a date on which title to the Property will be transferred to the Apartment Corporation (the "Closing Date"). The Closing Date shall be not less than 30 days, nor more than 180 days, after the date of presentation of the Amendment that discloses that the Plan has been declared effective, unless the closing is adjourned or unless the Plan is abandoned in accordance with the terms of the Contract of Sale described in Section T.



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

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

#### 4. Abandonment of Plan.

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

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

M. TERMS OF THE MORTGAGES

The Property is presently encumbered by a first mortgage held by the Ridgewood Savings Bank with an address at 1002 Forest Avenue, Ridgewood, New York in the original amount of \$650,000. In addition the Property will be encumbered at the closing of title with the Apartment Corporation by an all inclusive Wraparound Mortgage granted to the Apartment Corporation by the Sponsor in the amount of \$1,000,000 (the "Wraparound Mortgage").

A summary of the terms of the mortgages is set forth below.

A. First Mortgage

1. Amount: Originally in the amount of \$650,000.
2. Payment Terms: Constant monthly installments in the amount of \$4,739.58 at an interest rate of 7-1/2% per annum. All payments are applied first to interest on the unpaid balance and the remainder to the reduction of principal.
3. Maturity Date: June 1, 1987.
4. Escrows: The loan documents require the mortgagor to pay all real estate and school taxes, assessments, fire and other hazard insurance premiums on the subject property.
5. Prepayment: No prepayment until after completion of the fifth (5th) year of the mortgage. Thereafter, prepayment is allowed with a 2% penalty of the then principal balance of the mortgage.
6. Subordinate Financing: There is no prohibition against subordinate financing.
7. Due on Sale Clause: There is no due on sale clause.
8. Terms of Default: The whole of said principal sum shall become due after default in the payment of any installment of principal or of interest for ten days, or after default in the payment of any tax, water rate, or assessment for 30 days after the same becomes due and payable, or after default after notice and demand either in assigning and delivering the policies insuring the building against loss by fire or in reimbursing the party of the first part for premiums paid on such insurance, as hereinbefore provided; or after default upon request in furnishing a statement of the amount due on the mortgage and whether any offsets or defenses exist against the mortgage debt, as provided in the mortgage.

9. Late Payments: All payments required to be made on the first mortgage are due on the first day of each month and are payable without penalty until the 10th day of that month. Thereafter, the whole of said principal sum shall become due.

The Sponsor will make all payments due on the Underlying First Mortgage until Closing. If all installments of interest and principal are paid the unpaid balance at maturity will be approximately \$425,810. UNDER THE TERMS OF THE WRAPAROUND MORTGAGE THE HOLDER OF THE WRAPAROUND MORTGAGE IS OBLIGATED TO OBTAIN A COMMITMENT TO REFINANCE THE MORTGAGE AT THE THEN PREVAILING MARKET RATES, REPLACE IT WITH A NEW MORTGAGE OR SATISFY THE MORTGAGE.

**B. The Wraparound Mortgage.**

1. Holder: Sponsor, with offices as shown on the cover of the Plan.
2. Amount: \$1,000,000.
3. Terms: The mortgage will require payments to the holder of 120 consecutive equal monthly payments of \$9,087.00 to be applied first to interest at the rate of 10% per annum and the balance to principal.
4. Maturity Date: Ten (10) years from the date of closing at which time the balance of the principal amount plus accrued interest shall be due and payable. If all installments of interest and principal have been paid this mortgage will have a principal balance of approximately \$845,613 at maturity. In the event this mortgage is not refinanced at that time by the Apartment Corporation, each shareholder may be assessed approximately \$25.01 per share in order to pay the balance due.
5. Escrows: Mortgagor will deposit monthly installments with mortgagee equal to 1/12 of estimated annual real estate taxes as well as fire and other hazard insurance premium on the subject property.
6. Prepayment: Mortgagor may prepay all or part of the unpaid principal balance with accrued interest, if any, after the second anniversary date provided the mortgagor notifies the mortgagee within ninety (90) days of its intention to prepay and the amount to be prepaid. Mortgagor shall then be obligated to make such payment on the date following the expiration of the ninety (90) day period. As a privilege of prepaying the unpaid principal the mortgagor must also pay a penalty of 2% of the mortgage.

7. Default: If mortgagor fails after ten (10) days notice and demand to make payment of any installment of principal, interest, or premium if any or in the payment of any tax or assessment, mortgagee may declare a default.
8. Late Charge: If any payment shall be overdue and not be paid within ten (10) days, the mortgagor shall pay a late charge equal to two (2%) percent of the amount so overdue.
9. Due on Sale: If the mortgagor shall transfer, mortgage or encumber all or part of the Property, without the prior written consent of the mortgagee, which consent shall not be unreasonably withheld, the mortgagee may declare the whole or the unpaid principal amount and accrued interest immediately due and payable.

Copies of the First Mortgage and the Wraparound Mortgage will be on file in the office of the Sponsor for examination by prospective purchasers during normal business hours.

To assist prospective purchasers in better understanding the nature and function of the Wraparound Mortgage, a summary of its salient features is outlined below. It is important to note that while the First Mortgage will continue as a prior mortgage lien against the Property, the actual reduced unpaid balance of the Mortgage is included in the principal balance of the Wraparound Mortgage.

(1) Obligation of the Holder of the Wraparound Mortgage:  
The holder of the Wraparound Mortgage will be obligated to (a) pay and discharge all obligations due under the First Mortgage including principal, interest, taxes, insurance, etc. The Wraparound Mortgage contains a provision prohibiting the Apartment Corporation from making any payments required under the First Mortgage directly to the holder of the First Mortgage except in the event of a default in payment under the First Mortgage by the Wraparound Mortgage holder. In such event of default, the holder of the Wraparound Mortgage shall forfeit any then remaining equitable interest in said Wraparound Mortgage. However, if the holder of the Wraparound Mortgage becomes current on all past due payments, the holder of the First Mortgage has not commenced or has discontinued foreclosure proceedings because of default and the holder of the Wraparound Mortgage pays all expenses incurred by the Apartment Corporation as a result of such default, including legal fees and fees paid to arrange for refinancing the First Mortgage, the Wraparound Mortgage may be reinstated.

(2) Refinancing Rights of Holder of the Wraparound Mortgage:

The holder of the Wraparound Mortgage shall have the right, at any time, and from time to time, to refinance the Underlying

Mortgage provided (i) that the holder of the Wraparound Mortgage is not then in default of its obligations under the terms of the Wraparound Mortgage and (ii) that the Underlying Mortgage as refinanced does not require constant monthly payments thereunder exceeding the payment then required under the Wraparound Mortgage, or, if any portion of the Wraparound Mortgage has been prepaid, the then aggregate constant monthly payment due under any new or modified underlying mortgage does not exceed the then constant monthly payments due to the holder of the Wraparound Mortgage and (iii) the maturity date of the Underlying Mortgage as refinanced shall not be later than the maturity date of the Wraparound Mortgage unless the refinanced Underlying Mortgage may be prepaid.

C. No Personal Liability

Tenant-Shareholders will not be personally liable to the holders of the mortgage to pay any monthly installments of interest or principal or the unpaid principal balance of the mortgage at maturity. However, to preserve the Tenant-Shareholders' equity in the Building, the Apartment Corporation must refinance or extend the Wraparound Mortgage at its maturity. Arranging such refinancing or extensions on properties is a common practice in the real estate industry, including properties owned by cooperative corporations. However, the availability, terms and cost of such refinancing or extension will vary from time to time depending upon then existing market conditions, the creditworthiness of the borrower, the financial and physical condition of the Property and other factors.

If all regular installments of interest have been paid, the Wraparound Mortgage will have an unpaid balance at its maturity date of \$845,613 plus accrued interest thereon. If the Apartment corporation were unable to arrange a refinancing or extension, it would be necessary to assess each Tenant-Shareholder approximately \$25.01 per share in order to pay the principal indebtedness then due.

N. FINANCING ARRANGEMENTS AVAILABLE TO PURCHASER

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

Each institution has its own lending policies and credit requirements and each institution may make loans for this purpose if the Apartment Corporation enters into an agreement pursuant to which the institution obtains special rights in respect of the shares and Proprietary Lease taken as collateral security

for the loan. The form of Proprietary Lease permits loans by institutions to subscribers. Such loans are usually secured by a security interest in the shares owned by the subscriber as well as a mortgage on the Proprietary Lease and any personal property affixed to the Apartment.

Interest payable on institutional financing is tax deductible and is in addition to the estimated income tax deduction set forth on Schedule A.

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

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

#### O. SUMMARY OF PROPRIETARY LEASE

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

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

##### Rent

The annual rent ("maintenance charges") payable by each Tenant-Shareholder will be fixed by the Board of Directors. Unless otherwise determined by the Board of Directors, the maintenance charges will be payable in equal monthly installments, in advance, on the first day of each month. Each Tenant-Shareholder will be required to pay maintenance charges equal to his proportionate share of (i) the cash requirements for the operation and maintenance of the property, and (ii) any reserves for contingencies as may be provided for by the Board of Directors. A Tenant-Shareholder's proportionate share of such amounts is based upon the ratio of the number of shares allocated to his Apartment to the total number of issued and outstanding shares of the Apartment Corporation. Any Tenant-Shareholder who fails to pay the maintenance charges and other charges payable under the Proprietary Lease for his Apartment when the same are due, will be required to pay in-

terest on the overdue installment at the maximum rate permitted by law as additional rent.

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

#### Maintenance, Repairs and Alterations by Tenant-Shareholders

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

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

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

#### Management and Maintenance of the Property

The Apartment Corporation is required to maintain and manage the Property. Accordingly, the Apartment Corporation, at its sole cost and expense, is required to keep the public portions of the Property clean and properly lighted and heated and to repair those portions of the Property which are not required to be maintained by the Tenant-Shareholders. The Apartment Corporation is required to supply hot and cold water, heat as required by law, and such other services as the Board of Directors, in its discretion, may determine. THE BOARD OF DIRECTORS MAY DETERMINE FROM TIME TO TIME THE MANNER OF MAINTAINING AND OPERATING THE PROPERTY AND WHAT SER-

VICES SHALL BE INCREASED, REDUCED, CHANGED, MODIFIED OR TERMINATED. The Apartment Corporation will not be liable, except by reason of its negligence, for any failure or insufficiency of heat, water supply, electric, elevator service or other service to be supplied by the Apartment Corporation under the Proprietary Lease.

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

#### Amendment of Proprietary Leases

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

#### Indemnity by Shareholders

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

#### Subordination

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

#### House Rules

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

#### Use

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

#### Assignments and Subleases

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



resolution of the Board of Directors or given in writing by a majority of the Directors or by written consent or vote of Tenant-Shareholders owning at least 66-2/3% of the Apartment Corporation's outstanding shares.

A Tenant-Shareholder may execute a leasehold mortgage or create a security interest in his Proprietary Lease and the shares appurtenant thereto without the Apartment Corporation's consent.

#### Termination of Proprietary Leases

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

- (i) if the Tenant-Shareholder is adjudicated a bankrupt or a receiver of his property is appointed and the order appointing such receiver is not dismissed within thirty (30) days; he makes a general assignment for the benefit of creditors; or his shares are levied upon by court process and not discharged within thirty (30) days;
- (ii) the Proprietary Lease is assigned or the apartment sublet, occupied or used in violation of the Proprietary Lease;
- (iii) if the Tenant-Shareholder defaults in the payment of rent (maintenance charges) for a period of one (1) month and fails to cure such default within ten (10) days after written notice;
- (iv) if the Tenant-Shareholder defaults in the performance of any of the other terms or conditions of his Proprietary Lease and fails to cure such default within thirty (30) days after written notice;
- (v) if holders of at least 66-2/3% of the issued and outstanding shares determine that the tenancy of the Tenant-Shareholder is undesirable because of objectionable conduct;
- (vi) if two thirds of the Board of Directors and holders of at least 66-2/3% of the issued and outstanding shares terminate all Proprietary Leases;
- (vii) if the Property is damaged or destroyed and a decision is made by the Tenant-Shareholders not to rebuild or repair it; and
- (viii) if the Property or a substantial portion thereof is taken by condemnation proceedings.

### Tenant's Right to Cancel

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

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

### Holders of Shares of Apartments Occupied by Non-Purchasing Tenants

The obligations of Holders of Shares of Apartments occupied by non-purchasing tenants as discussed in Section H of the Plan are included in the Proprietary Lease.

### Obligations to Non-Purchasing Tenants in Occupancy

If the occupant is a non-purchasing tenant such non-purchasing tenant may not be evicted by the proprietary lessee for purposes of owner occupancy and such right is intended for the benefit of non-purchasing tenants, and is not intended to abrogate any rights of the owner of the unit as against the Apartment Corporation.

The rental of any such non-purchasing tenants who reside in dwelling units not subject to government regulation as to rentals and continued occupancy, and any such non-purchasing tenants who reside in dwelling units with respect to which government regulations as to rentals and continued occupancy is eliminated or becomes inapplicable after the Plan has become effective, shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy.

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

Any subscriber and subscriber's successors or assignees of an

Apartment occupied by a non-purchasing Original Tenant shall continue to be bound by the above rights so long as the Original Tenant continues to occupy the Apartment.

Special Rights to Holder of Unsold Shares and Secured Parties

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

Similar rights are afforded to a designee of any commercial bank, savings bank or savings and loan association which is a pledgee or assignee of a Proprietary Lease and the shares appurtenant thereto, who does not occupy the Apartment affected thereby.

A holder of Unsold Shares may alter the Apartment to which the shares are allocated without the consent of the Apartment Corporation provided the alterations (i) do not affect other Apartments not owned by the holder of the Unsold Shares; (ii) do not permanently encroach on any public areas; and (iii) conform with applicable provisions of any local laws, codes and regulations. The right to cancel described in the previous subsection may not be availed of by the Sponsor or by a holder of Unsold Shares.

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

P. APARTMENT CORPORATION

The Apartment Corporation was formed on July 12, 1984 under the Business Corporation Law of the State of New York (the Business Corporation Law"). It has an authorized capital of 40,000 shares, par value \$1.00 each. The By-Laws of the Apartment Corporation provide that the Tenant-Shareholders are entitled to elect a Board of Directors consisting of not more than nine nor less than three directors. After the first meeting of Tenant-Shareholders and absent an amendment to the By-Laws or a resolution of the Tenant-Shareholders to the contrary, there shall be five Directors. The present Directors of the Corporation are Richard Sokolov, President; Jeanne Sokolov, Vice President and Valerie Sokolov, Secretary-Treasurer. All are associated with the Sponsor. The present Directors and Officers will resign in favor of the Directors and Officers to be elected by the Tenant-Shareholders and Directors at the meeting to be held within sixty (60) days after the Closing Date. All directors and officers (including those designated by the Sponsor or holders of Unsold Shares) serve without compensation.

Each Tenant-Shareholder will be entitled to one (1) vote for each share held. Notwithstanding the foregoing, however, the

Sponsor will cause the individuals described in Section Q of the Plan (the Holders of the Unsold Shares) to agree that after 51% of the shares have been sold or the first election after the Fifth Anniversary of the Closing Date (whichever occurs first) they will not elect a majority of the Directors of the Apartment Corporation even if the number of shares owned by them would otherwise enable them to do so. In addition, so long as the holders of Unsold Shares hold shares allocated to three (3) or more Apartments, they will have the right to designate one (1) Director.

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

- (i) increase the number or change the type of employees from that described in the footnotes to Schedule B;
- (ii) increase mortgage indebtedness or provide for new or additional services from those indicated in Schedule B, unless the annual cost of such new or additional services or mortgage indebtedness, when added to the annual cost of all other services being provided, is no greater than those provided in said Schedule B; or
- (iii) undertake any capital or major improvement or addition, unless required by law (except as to ordinary and necessary repairs), or increase the budgeted contingency reserve fund as indicated in Schedule B of the Plan. However, any unused portion of the budgeted contingency reserve fund for any year may be added to the contingency reserve fund for the following year.

The above provision may not be exercised over expenses required: (a) to comply with applicable laws or regulations, or (b) to remedy any notice of violation, or (c) to remedy any work order by a mortgagee or an insurer, or (d) to remedy a notice of default from a mortgagee.

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

The Apartment Corporation will have a lien on each Tenant-Shareholder's shares to secure the payment of rent (maintenance charges), assessments, and the replenishment of the fund to be maintained as described in Section H of the Plan. The Apartment Corporation may not discriminate against any person for a reason proscribed by civil rights laws. A copy of the By-Laws of the Apartment Corporation is set forth in Part II of the Plan.

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

Although this Plan has been structured as a sale transaction, if for any reason the transfer of the Property by Sponsor to the Apartment Corporation is treated by the Internal Revenue Service as a transfer to a controlled corporation under Internal Revenue Code (IRC) Section 351, then the Apartment Corporation's basis for depreciation of the Building will be the same basis as that of the Sponsor at the time of the transfer, increased as provided in IRC Section 362 by any gain recognized by the Sponsor in connection with such transfer. This basis will be substantially less than the basis the Apartment Corporation would have obtained if all the shares had been treated as issued for a cash price. Therefore, to the extent that depreciation and other deductions, if any, are not in excess of reportable gross income of the Apartment Corporation in any taxable period, the Apartment Corporation may be required to pay Federal, State and Local income and/or Franchise taxes. In addition, in the event the Apartment Corporation should decide to sell the real estate, the gain realized would be materially higher than if the Sponsor had sold the real estate to the Apartment Corporation.

#### Q. UNSOLD SHARES

If any shares of the Apartment Corporation which have been allocated to Apartments on the Property are not sold or fully paid for by the Closing Date ("Unsold Shares"), the Sponsor itself will acquire such shares or will produce, on or before the Closing Date, reputable, financially responsible natural persons (the "Individuals") who will acquire such Unsold Shares and who will enter into proprietary leases for the Apartments to which such shares are allocated. The consideration for Unsold Shares at closing will be approved by a qualified expert as meeting the reasonable relationship test of Section 216 of the Internal Revenue Code of 1954, as amended.

The unsold shares shall cease to be unsold shares when purchased by a subscriber for value, or the holder of unsold shares or a person related by blood or marriage to the holder of unsold shares takes occupancy as a bona fide resident.

The Sponsor has agreed that if anyone other than Sponsor becomes a Holder of Unsold Shares and fails to fulfill his obligations under his Proprietary Lease, including his obligation to pay all maintenance charges thereunder, the Sponsor will become

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

Holders of Unsold Shares shall comply with the trust fund provision of Section 352-h and 352-e(2-b) of the General Business Law. A holder of Unsold Shares who engages in any Selling activity must be registered with the Attorney General as a broker-dealer pursuant to General Business Law Section 359-e unless he or she is already registered as a principal of the Sponsor or is otherwise previously registered. A Holder of Unsold Shares shall amend the Plan to provide current and accurate information until the shares held by that Holder of Unsold Shares have been sold to bona fide subscribers. A Holder of Unsold Shares shall also provide prospective subscribers with a copy of the Plan and all amendments thereto.

For reference to special rights of holders of Unsold Shares, see Section Q and Paragraphs 14, 15, 20, and 37 of the Proprietary Lease set forth in Part II. These special rights, as detailed in those paragraphs of the Proprietary Lease include the right to assign or sublease the Apartment without the consent of the Apartment Corporation. Holders of Unsold Shares other than the Sponsor will also have the same rights as the Sponsor to sell the shares allocated to their Apartments. See also Section P of the Plan regarding limitations on the right of Holders of Unsold Shares to elect Directors of the Apartment Corporation.

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

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

(ii) increase mortgage indebtedness or provide for new or additional services, from those indicated in Schedule B, unless the annual cost of such new or additional services or mortgage

indebtedness when added to the annual cost of all other services being provided, is no greater than those provided in said Schedule B; or

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

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

#### R. PURCHASERS FOR INVESTMENT OR RESALE

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

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

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

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

- (i) Copy of the most recent financial statement of the Apartment Corporation, if any, and a copy of the most recent budget of projected expenses, if any.
- (ii) Copy of the most recent notice from the Apartment Corporation of the interest and taxes deductible for income tax purposes, if any.

- (iii) Copies of notices from the Apartment Corporation concerning changes in maintenance charges, potential assessments, planned major capital improvements and proposed refinancing of the building's mortgage(s), if any.
- (iv) Copies of pleadings in pending lawsuits or proceedings the outcome of which may affect the offering of the Apartment, the seller's capacity to perform all of its obligations under the Subscription Agreement or the rights of an existing tenant of the apartment, if any.
- (v) If the apartment is occupied, a copy of the tenant's lease and a representation of the tenant's status under Section 352-eee of the General Business Law, the ETPA and the Regulations promulgated thereunder, or any other rent laws.
- (vi) Copies of the By-Laws and Proprietary Lease of the Apartment Corporation as amended.
- (vii) Copies of notices, if any, of uncured violations of record in the Apartment that are the responsibility of the proprietary lessee to cure.

A purchaser of a vacant apartment who intends to rent the apartment rather than reside in said apartment should note that he will be subject to the rules, regulations and guidelines of the ETPA and will be responsible for the due performance of all of the obligations of the landlord under the lease.

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

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

- 1. The right to use Apartments which may become vacant as a sales office or model apartments. This right may continue as long as there are any holders of Unsold Shares.
- 2. The Sponsor represents that during the period in which the Holders of Unsold Shares described in Section Q of the Plan may be entitled to elect a majority of the Board of Directors (see Section P of the Plan), the Board of Directors shall assure that the Apartment Corporation provides all services and facilities required by law to non-purchasing tenants on a nondiscriminatory basis. Thereafter, the Apartment Corporation shall be responsible to so provide such services and facilities.



3. In order to meet the possible varying demands for number and type of Apartments or to meet particular requirements of prospective subscribers or for any other reason, the Sponsor reserves the right at any time prior to closing of title by amendment to the Plan to (A) change the size, layout and/or number of Apartments; (B) subdivide one or more Apartments into separate Apartments; (C) combine separate Apartments into one or more Apartments; (D) change the size or internal partitioning of any Apartment (by altering the boundary walls or internal partitioning of such Apartment or otherwise) provided only that the consent of all governmental authorities having jurisdiction is first obtained (if such approval is required by law). However, if a Subscription Agreement relating to an affected Apartment has been executed and delivered to the Sponsor and the subscriber is not in default, no material change will be made in the size, layout or share allocation of an Apartment unless the affected subscriber consents. In no event will any such change or combination result in a permanent encroachment of the public areas of the building (except as set forth in part 4 below) or adversely affect any tenant's interest except by duly filed amendment to this Plan. If the size of an Apartment is changed either as a result of any such subdivision, combination, alteration of boundary walls or internal partitioning or otherwise, or if the layout of the Apartment is changed, the number of shares allocated to such Apartment may be increased or decreased accordingly. No material change will be made in the total number of shares authorized or issued, or in the size or quality of public (common) areas unless Subscribers who executed and delivered Subscription Agreements to the Sponsor and are not in default are given the right to rescind their Subscription Agreements. See Section AA of the Plan as to the amount of time to rescind. No such reallocation of shares will have the effect of increasing or decreasing the total number of shares previously allocated to the affected Apartments nor shall any shares be reallocated unless there has first been obtained an opinion of a qualified real estate consultant familiar with cooperative offerings of this kind that the aforesaid "reasonable relationship", as determined on the date that the change is made, has been preserved. Any reallocation of shares will vary the estimated maintenance charges for the Apartment or Apartments affected thereby and the allocable portion of mortgage and estimated

amount deductible for income tax purposes, from the amounts set forth in Schedule A. No such change, however, in any event will affect the proportion or amount of maintenance charges, proportion of mortgage or amounts estimated to be deductible for income tax purposes in respect of any Apartment which was not the subject of such change.

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

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

II. Reserve Fund and Working Capital Fund. On the closing Date, from the amount of cash raised by this offering, the Apartment Corporation will retain the sum of \$15,000 as a "Reserve Fund". This Reserve Fund will be held or used for capital repairs or replacement items as may be determined to be necessary by the Board of Directors. While the Sponsor maintains control of the Board, said Reserve Fund will not be used to reduce the projected maintenance charges.

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

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

On the Closing Date, from the amount of cash raised by this offering, the Apartment Corporation will retain the sum of \$10,000 as a "Working Capital Fund." This Working Capital Fund will be used to pay the closing adjustments. If the net closing adjustments referred to below under Section T, "Contract of Sale," are in favor of the Apartment Corporation, the amount thereof will be paid to the Apartment Corporation on the Closing Date. If the net closing adjustments are in favor of the Sponsor, they will be paid to the Sponsor out of said Working Capital Fund and the payment of any balance owing shall be deferred and paid to the Sponsor in twelve (12) equal consecutive monthly installments commencing one month after the Closing Date, together with interest at the rate of 12% per annum, pursuant to negotiable serial promissory notes to be executed by the Apartment Corporation and delivered to the Sponsor at closing. Each such note will contain a provision permitting acceleration of the maturity date in the event of a default under any other note. Each promissory note shall be prepayable by the Apartment Corporation in full at any time, without penalty, but with interest accrued to the date of prepayment.

THE PROPERTY IS OFFERED IN ITS CURRENT "AS IS" CONDITION AS SET FORTH IN THIS PLAN. NO GOVERNMENT AGENCY HAS PASSED UPON THE ADEQUACY OF THE RESERVE FUND, THE COST OF MAKING REPAIRS OR IMPROVEMENTS OR THE PHYSICAL CONDITION OF THE PROPERTY.

A complete physical description of the Property and equipment may be found in Part II entitled "Description of Property and Building Condition."

T. CONTRACT OF SALE

The Sponsor has contracted in writing to sell the Property to the Apartment Corporation by agreement dated as of July 15, 1984. A summary of certain principal terms of the Contract of Sale includes:

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

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

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

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

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

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

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

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

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

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

j. The terms and provisions of this Offering Plan;

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

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

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

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

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

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

q. The Wraparound Mortgage described in Section M of the Plan securing a principal indebtedness not in excess of \$1,000,000;

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

s. State of facts shown on an accurate survey of the property provided title is not rendered unmarketable.

t. Any pending proceedings for real estate reduction;

u. Beams and beam rights and party wall agreements, if any;

v. Leases or agreements of conveyance that do not affect the use of the Property as an apartment building for purposes of the Plan;

w. Covenants and Restrictions in Liber 27 cp 159, Covenants and Restrictions in Liber 7 cp 429 and Covenants and Restrictions in Liber 7 cp 432.

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

Notwithstanding the foregoing, the Apartment Corporation is required to accept title to the Property provided that a title company authorized to do business in the State agrees to insure fee title in the Apartment Corporation subject only to the provisions of the Contract of Sale and the standard printed exceptions contained in the standard form of title insurance policy then used by the company, so long as these exceptions do not render title unmarketable. The Sponsor will cure defects in title rendering title unmarketable provided that the cost to cure, as reasonably estimated by the Sponsor, does not require litigation or exceed 1/2% of the net cash portion of the purchase price. If the estimated cost to cure requires litigation or exceeds 1/2% of the net cash portion of the purchase price, the Sponsor shall have the right to cancel the Contract of Sale and abandon the Plan, subject to the rights described in subsection 18 below.

2. Purchase Price: The price for the Property is payable as follows:

(a) by payment or an amount equal to the entire cash proceeds received by the Apartment Corporation up to and including the Closing date, from the sale of its shares, less \$15,000 which will constitute the Reserve Fund of the Apartment Corporation, and \$10,000 which will constitute the Working Capital Fund of the Apartment Corporation;

(b) by the issuance of Unsold Shares in accordance with Section Q of this Plan.

(c) by the acceptance of title subject to the Wraparound Mortgage described in Section M of the Plan, which Mortgage shall have an unpaid principal balance of not more than \$1,000,000.

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

4. Risk of Loss: The Sponsor has agreed that the Property will be maintained, repaired, cared for and operated in substantially the same condition and manner as it was on the date of the presentation of the Plan, subject to strikes, lockouts, labor difficulties, acts of God, fire or other casualty, storm, riots, insurrection, inability to obtain materials, equipment or labor, governmental restrictions or any other acts or events over which the Sponsor is reasonably unable to exercise control. If the Sponsor is prevented from so maintaining the Property for any of these reasons other than fire or other casualty, the

Sponsor will make any repairs subsequent to the Closing Date that it was obligated to make prior to such Date. In the event that all or any substantial portion of the Property is damaged or destroyed by fire or other casualty prior to the Closing Date, the Sponsor may elect to terminate the Contract of Sale. If the Sponsor does not so elect, or if less than a substantial portion of the Property is damaged or destroyed, the Contract of Sale will automatically terminate within ninety (90) days of such damage or destruction, unless the Sponsor causes the Property to be repaired or restored to the reasonable satisfaction of a professional engineer pursuant to a written opinion, or agrees to provide the Apartment Corporation with funds sufficient, in the opinion of an engineer or architect or other qualified expert to repair or restore such damage and provides such funds on the Closing Date.

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

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

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

Notwithstanding the above, if the aggregate cost to cure the aforementioned violations of record and work orders of insurance carriers exceeds 1/2% of the net cash portion of the purchase price the Sponsor has the option not to cure the violations and work orders and to abandon the Plan, subject to the rights described in subsection 18 below. However, the amount of money relied upon as a basis for abandonment after the date of effectiveness will not include any title defects, violations, work orders, or determinations of any authority or regulatory association which existed on the date of acceptance for filing of the Plan and are known to the Sponsor or are a matter of

public record. Sponsor cannot waive and will be obligated to eliminate all dangerous or hazardous conditions that are known to Sponsor or are a matter of public record.

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

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

10. Adjustments and Apportionments:

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

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

(ii) The Contract of Sale also provides that at closing the Apartment Corporation will reimburse the Sponsor for:



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

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

11. Obligations of Tenants: The Sponsor reserves the right to remove tenants who fail to honor their obligations under Section 352-eee, the ETPA and the Regulations promulgated thereunder, other applicable laws, or their leases or tenancies, as the case may be, and to rent or hold vacant any Apartments and other space vacant on the date of presentation of the Plan or that becomes vacant thereafter (with or without Sponsor's consent). Any new lease will provide for the payments of no more than the maximum rent permissible by law.

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

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

14. Closing Costs: On the Closing Date, the Apartment Corporation will purchase title insurance in an amount not less than (a) the total cash payments received under all Subscription Agreements less the reserve and/or working capital funds, (b) the

product of the number of unsold shares multiplied by the lowest cash payment per share offered to tenants in occupancy, and (c) the amount of the Apartment Corporation's mortgage indebtedness. The cost of the title insurance will be paid by the Sponsor. All other closing charges, such as deed and mortgage recording taxes, contract fees and gratuities, will be paid by Sponsor.

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

16. Abandonment of Plan: Subject to the rights described in subsection 18 below, if (a) the Plan is abandoned or if for any reason is not declared effective within the time prescribed in Section L, or (b) title does not close in accordance with the terms of the Contract of Sale because the Sponsor is unable to convey good and marketable title to the Property in accordance with the terms of the Contract of Sale, the following shall apply: (i) the Apartment Corporation will comply with its obligations under the Plan relating to the refund of payments made by persons who have executed Subscription Agreements, together with the interest, if any, earned thereon, and (ii) the Contract of Sale will be deemed cancelled and of no further force and effect and neither party will have any rights, claims or demands against the other except that Sponsor will be obligated to pay any and all expenses incurred by the Apartment Corporation up to the date of such cancellation for which the Sponsor is responsible under the provisions of the Contract of Sale or which the Apartment Corporation would have had the right to deduct from the cash portion of the consideration payable under the Contract of Sale had a sale been consummated.

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

18. Nullifying Sponsor's Cancellation: Notwithstanding anything else in the Contract of Sale, if the Sponsor notifies subscribers that it is abandoning the Plan because the estimated

cost of curing violations, work orders, title defects or the repairing of damage or destruction to the building exceeds 1/2% of the net cash portion of the purchase price or because the curing of any title defect requires the commencement of litigation, the Sponsor's notice shall not be effective if a majority in interest (by shares) of subscribers notify the Sponsor within fourteen days after the date of the Sponsor's notice that they agree to waive any claims against the Sponsor relating to the defects, violations and work orders and accept the premises subject to the defects, violations or work orders. In that case, on the Closing Date the Sponsor will credit the Apartment Corporation in the amount of 1/2% of the net cash portion of the purchase price and shall have no further liability with respect to curing the defects, violations or work orders. Any subscriber who does not elect to waive the claims against the Sponsor shall be offered rescission of his Subscription Agreement on the terms for rescission as disclosed in Section Z of the Plan. In the event the number of subscribers who rescind brings the total number of subscribers below the number necessary to declare the Plan effective the Sponsor will not be able to avail himself of this provision and Sponsor will not be able to close. The amount of money relied upon as a basis for the notice of abandonment after the date of effectiveness shall not include any title defects, violations, work orders, or determinations of any authority or regulatory association which existed on the date of acceptance of the Plan and are known to the Sponsor or are a matter of public record. Sponsor cannot waive and will be obligated to eliminate all dangerous or hazardous conditions that are known to Sponsor or are a matter of public record.

19. Tax Proceedings: If, at the time of closing of title, there are any pending applications or proceedings for reduction of the assessed valuation of the Property and the real estate taxes predicated thereon for the tax year in which the closing occurs, the apartment Corporation shall continue such proceedings with the attorney previously employed by Sponsor, who shall have the sole right to negotiate and settle all claims in connection with such applications or proceedings. If any refunds are recovered or the taxes are reduced as a result thereof, whether by settlement or otherwise, the cost of such proceedings (including attorney's fees) and any refunds and/or reduction shall be apportioned between Sponsor and the apartment Corporation as of the Closing Date according to the respective portions of the tax year that each holds title to the Property. Each party hereto shall, at the request of the other, execute and deliver to such other party any documents, that may be required prior or subsequent to the closing of title, to effect a refund or reduction of such taxes. Any refund covering a period prior to the closing of title and all expenses incurred in connection therewith, shall belong to and be incurred by Sponsor alone. The provisions of this Paragraph shall survive the closing.

20. Pending Lawsuit: If, at the time of closing of title, there is pending a lawsuit against the Village of Freeport for reduction of the cost of Refuse Removal, the Apartment Corporation shall continue such proceedings with the attorney previously employed by Sponsor, who shall have the sole right to negotiate and settle all claims in connection with such applications or proceedings. If any refunds are recovered or the cost of refuse removal is reduced as a result thereof, whether by settlement or otherwise, the cost of such proceedings (including attorney's fees) and any refunds and/or reduction shall be apportioned between Sponsor and the Apartment Corporation as of the Closing Date according to the period of time each holds title to the Property. Each party hereto shall, at the request of the other, execute and deliver to such other party any documents, that may be required prior or subsequent to the closing of title, to effect a refund or reduction of such refuse removal. Any refund covering a period prior to the closing of title and all expenses incurred in connection therewith, shall belong to and be incurred by Sponsor alone. The provisions of this Paragraph shall survive the closing.

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

#### U. MANAGEMENT AGREEMENT AND OTHER CONTRACTUAL ARRANGEMENTS

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

##### Management Agreement

At Closing, the Apartment Corporation will enter into a written Management Agreement for a term of five years with Richard Sokolov, doing business as, Junard House of Freeport, 24 Park Place, Great Neck, New York (the "Managing Agent"). Mr. Sokolov is the Sponsor herein. The agreement may be cancelled by Sponsor at any time upon sixty (60) days prior written notice. The Agreement is not assignable by either party. The Managing Agent will receive an annual fee of \$11,000 payable in monthly installments for the first year and the cost thereafter will be 3-1/2% of the

gross receipts of the Cooperative. See the Schedule B Projected Schedule of Expenses. Fees in connection with the transfer of shares and Proprietary Lease by Tenant-Shareholders upon a resale or assignment of their shares and Proprietary Lease will be in the amount of \$250.00 for each such transaction. This fee will be payable by the transferring Tenant-Shareholder.

The Managing Agent will perform the following services among others:

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

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

At the expense of the Apartment Corporation, the Managing Agent will at all times maintain a \$100,000 surety bond in favor of the Apartment Corporation.

pursuant to the requirements of Section 352-eee(3) of the General Business Law, the Managing Agent will manage all Apartments occupied by non-purchasing tenants and shall provide to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. The Sponsor will guarantee the obligation of the Managing Agent to provide such services and facilities until such time as the Sponsor no longer has control of the Board of Managers.

See Footnotes to Schedule B for the terms of additional contracts which will bind the Apartment Corporation.

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

#### V. IDENTITY OF THE PARTIES

##### Sponsor and Managing Agent

The Sponsor is Richard Sokolov, doing business as, Junard House of Freeport, with offices at 24 Park Place, Great Neck, New York, a sole proprietorship. Mr. Sokolov has been in the real estate business for over 20 years and has built and managed the premises that are the subject of this Offering as well as numerous single family homes in Nassau and Suffolk Counties. The principal of the Sponsor was also a principal of the Sponsor of 22 Park Place, Great Neck, New York which became a cooperative in 1974. The Sponsor will also be the Managing Agent of this building.

##### Selling Agent

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

##### Counsel

The law firm of Wofsey, Certilman, Haft, Lebow & Balin, 71 South Central Avenue, Valley Stream, New York 11580 has been engaged by the Sponsor regarding all aspects of this Offering Plan.

#### Engineer

The engineer, Richard L. Heimer, P.E. P.C., 1923 New York Avenue, Huntington, New York, has examined the physical condition of the Building and has rendered his report thereof as set forth in Part II. The engineer has no financial interest in the Property, the Sponsor, the Apartment Corporation, the Selling Agent or any other party interested in this transaction, except for its fee for services rendered in connection with such report. The firm and its principals are thoroughly experienced in reporting on the condition of existing buildings.

#### W. SPONSOR'S PROFIT

The Sponsor or an affiliated entity has owned and operated the property since 1961. The Sponsor anticipates that when all of the shares of the Apartment Corporation are finally sold, the Sponsor will make a profit from the sale. However, the exact amount of profit to be realized cannot now be determined because of such variable factors as future market conditions, increases or decreases in the estimated expenses of the Sponsor and the length of time required to finally sell all of the shares of the Apartment Corporation.

#### X. REPORTS TO SHAREHOLDERS

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

A. An income tax deduction statement prepared and delivered by an independent certified public accountant within three months after the end of each fiscal year.

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

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

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

#### Y. DOCUMENTS ON FILE

In accordance with Section 352-e(9) of the General Business Law, copies of the Plan and all exhibits and documents referred

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

## **Z.    GENERAL**

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

There are no lawsuits or other proceedings now pending, or any judgments outstanding, either against the Sponsor or the Apartment Corporation or any person or persons, which might become a lien against the Property or which might materially affect this offering, the Property, the capacity of the Sponsor to perform all of its obligations under the Plan, the Apartment Corporation or the operation of the cooperative, or affect the rights of existing tenants except for an action commenced by the Sponsor herein along with 19 other apartment houses in Freeport entitled Richard Sokolov d/b/a Junard House of Freeport v. Incorporated Village of Freeport. Sponsor seeks to declare the Village of Freeport's regulations pertaining to refuse removal to be unconstitutional. The Village's regulations create a system whereby apartment home owners are compelled to expend considerable amounts of money to the Village or a private contractor for garbage collection while owners of one or two family homes receive free collection service. A decision invalidating these regulations could result in as much as \$5,824 or more a year in refunds and savings for the cooperative. Although the Sponsor is hopeful that he will be successful in said action, Sponsor can make no representation as to the eventual outcome of this action. As a result, Sponsor has included the current cost of refuse removal in the budget. Sponsor will undertake to amend the Plan at such time as a final decision is reached. See Section T clause 20 as to the responsibility of the Apartment Corporation to continue the lawsuit and the rights of the Sponsor and Apartment Corporation to any refunds depending on the period of time each has had title to the property.

This Plan is offered only to persons over 18 years of age. In accordance with the provisions of the law of the State of New York, the Sponsor represents that the Sponsor, the Selling Agent and the Managing Agent will not discriminate against any person because of his or her race, creed, color, sex, age, national origin or ancestry in the sale of the shares offered by this Plan, or in the leasing of any Apartment on the Property.

As of the date of the first presentation of this Plan, neither the Sponsor nor the Selling Agent, or any representative, or agent



thereof, has raised funds or made any preliminary offering to or binding agreement with tenants, subtenants, or nonresident prospective subscribers with respect to apartments on the Property except in accordance with the laws of the State of New York or the regulations of the Department of Law.

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

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

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

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

AA. SPONSOR'S STATEMENT OF PRESENT BUILDING CONDITION

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

The Property is offered in its current "As Is" condition. Neither the Sponsor nor the Apartment Corporation will have any obligation to make repairs or improvements except as set forth in this Plan. However, the Sponsor will maintain and operate the Property until the Closing Date in substantially the same condition in which the Property has been maintained as on the date of presentation subject to reasonable wear and tear and will cure or cause to be cured all violations of record against the Property on the Closing Date (except violations caused by damage, force majeure or the acts or omissions of tenants) provided that the aggregate cost of the work necessary to cure the violations is less than 1/2% of the net cash portion of the purchase price. Sponsor cannot waive and is obligated to eliminate all dangerous or hazardous conditions that are known to Sponsor or a matter of public record. If the aggregate cost of such work exceeds 1/2% of the net cash portion of the purchase price, the Sponsor will have no obligation to perform the work and may abandon the Plan even after it has been declared effective. However, the amount of money relied upon as a basis for abandonment after the date of effectiveness will not include any title defects, violations, work orders, or determinations of any authority or regulatory association which existed on the date of acceptance of the Plan and are known to the Sponsor or are a matter of public record.

Dated: December 27, 1984  
Valley Stream, New York

280 GUY LOMBARDO AVENUE OWNERS, INC.  
Apartment Corporation

RICHARD SOKOLOV d/b/a  
JUNARD HOUSE OF FREEPORT  
Sponsor

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O F F E R I N G   S T A T E M E N T

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JUNARD HOUSE  
280 GUY LOMBARD AVENUE  
FREEPORT, NEW YORK

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PART II

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## SUBSCRIPTION AGREEMENT

JUNARD HOUSE  
280 GUY LOMBARDO AVENUE  
FREEPORT, NEW YORK

Subscriber(s) \_\_\_\_\_

Existing lease expires \_\_\_\_\_

Monthly tenancy ( ) \_\_\_\_\_

Rent under existing lease  
or tenancy:

Apartment \_\_\_\_\_

Number of Shares \_\_\_\_\_

\$ \_\_\_\_\_ per month

Total Cash Payment

ETPA ( )

\$ \_\_\_\_\_

(A) Down payment (enclosed)

\$ \_\_\_\_\_

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

\$ \_\_\_\_\_

(C) Balance \$ \_\_\_\_\_

1. As Subscriber, I acknowledge having received a copy of the Offering Plan (the "Plan") with respect to the premises 280 Guy Lombardo Avenue, Freeport, New York, including any amendment(s) thereto, (all of which is made a part hereof) consisting of Part I and Part II thereof under the terms of Paragraph 17 hereof. The Plan, as amended, is hereby made a part of this Subscription Agreement. I have read and approved the Plan and have been advised that no one has been authorized to make, and warrant that no one has made, any representations or warranties not specifically set forth therein.

2. I hereby agree to purchase the above-stated number of shares of 280 Guy Lombardo Avenue Owners, Inc. (the "Apartment Corporation") allocated to the apartment designated above (the "apartment") for the Total Cash Payment stated above, and to become the proprietary lessee of the apartment in the premises.

3.A. Enclosed is my check to the order of "280 Guy Lombardo Avenue Owners Special Account", for the amount of the above stated Down Payment (A). I agree that the sponsor will have the right to require payment of the Additional Down Payment (B) and the Balance (C) in either of the following ways: (1) The Sponsor may require the entire unpaid amounts (the Additional Down Payment and the Balance) of the Total Cash Payment to be paid within fifteen (15) days after the notice from the Sponsor that the Plan has been declared effective accompanied by a demand for payment. The notice will specify a Closing Date to occur between thirty and sixty days after the date of the notice. (2) Alternatively, the Sponsor may require payment of the balance of the Total Cash Payment as follows: I will pay any Additional Down Payment (B) within 15 days after notice declaring the Plan effective accompanied by a demand for payment. Thereafter, I will pay the Balance (C) within fifteen (15) days after notice from the Apartment Corporation or Selling Agent of a closing date accompanied by a demand for payment. The notice will specify a closing date to occur between thirty (30) and sixty (60) days after the date of notice. The payment of the Balance (C) shall be by personal certified check or official bank check drawn on a New York bank to the order of "280 Guy Lombardo Avenue Owners Special Account" delivered to the Apartment Corporation. I agree to sign the proprietary lease for the apartment promptly upon its presentation to me in the form contained in Part II of the Plan. My failure to do so shall constitute a default under this Subscription Agreement.

(ii) Payment of the Balance (C) shall be subject to my obtaining, at my sole cost and expense, a stock or leasehold mortgage loan in the amount of \$ , repayable over a period of years with interest at prevailing rates. I warrant and represent that I will apply for a loan commitment and will promptly furnish all reports, documents, verifications and fees required in connection therewith. I will pursue the application diligently and in good faith. If I do not obtain such a loan or mortgage by the later of twenty-five (25) days after this Subscription Agreement is accepted or , 198 (the "Application Period") after the exercise of good faith, either party hereto shall have the right to cancel this Subscription Agreement by written notice mailed to the other or to their attorney. However, if I do not exercise my right to cancel within five days after the application period expires, my right to cancel for lack of financing will be deemed waived and I shall be obligated to pay the Balance (C) on the Closing date without regard to whether I have secured financing. The Sponsor will

have the right to cancel this Agreement at any time after the application period expires. However, the Sponsor's right will be nullified if I deliver a valid commitment before the right is exercised. Upon cancellation, this Subscription Agreement shall be deemed null and void, and the Apartment Corporation's sole liability hereunder shall be the return of all money paid pursuant to this Subscription Agreement. Upon payment, both parties shall be released from all further liability hereunder.

(iii) I acknowledge that if my stock loan application is approved, this Subscription Agreement will be fully binding on both myself and the Sponsor according to its terms even if the commitment should expire. If my stock loan or mortgage commitment expires before the Closing Date, I shall make a good faith effort to (1) extend the expired commitment or (2) secure a new commitment from another lending institution. However, if I am unable to obtain the extension or new commitment after making a good faith effort, I will have the right to cancel the Subscription Agreement by notice by mail to the Selling Agent. I must exercise my right within five days after the commitment expires, or my right to cancel shall be waived. Upon cancellation, the sole liability of the Apartment Corporation will be the return of all money paid under this Subscription Agreement. Upon payment, both parties shall be released from all further liability. As used in this Article, a "good faith effort" includes acceptance of an extension or new commitment at the then prevailing stock loan rate and terms of the applicable lender.

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

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

(vi) If I finance the purchase of the Shares with funds loaned by or arranged by the Sponsor, on the Closing Date I will

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

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

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

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

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

4.B. My signing of this Subscription Agreement shall constitute my acceptance of said apartment and the Building in the condition in which they were on the date the Contract of Sale between the Sponsor and the Apartment Corporation relating to the buildings ("Contract of Sale") was signed except for any work required to be performed by the Sponsor under the Plan, subject to reasonable wear and tear, force majeure (as defined in the aforesaid contract), and damage caused by acts or omissions of myself, my agents, employees or invitees.

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

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

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

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

5.E. Title shall be transferred to the Apartment Corpo-



ration not earlier than thirty (30) days nor later than 180 days after the Plan has been declared effective, unless the closing of title is adjourned.

6. I agree that if I shall fail to pay any installment of the Balance of the Total Cash Payment when due, as herein provided, the Apartment Corporation may elect to cancel this Subscription Agreement by thirty (30) days written notice to me by registered or certified mail. Unless I shall have paid the Balance in full within thirty (30) days after the mailing date of the notice, this Subscription Agreement shall be deemed cancelled and all rights of the parties hereunder shall terminate, except that any amounts previously paid hereunder shall be paid over to the Apartment Corporation as liquidated damages up to ten (10%) percent of the Total Cash Payment, plus the cost of any extras. Except for payment of these liquidated damages, neither party will have any other claim against the other. My liability hereunder shall be limited to the loss of the down payment and additional down payment. Upon such termination, the Apartment Corporation shall have the right to sell the shares and proprietary lease to another subscriber as though this Subscription Agreement had never been made.

7.A. The Plan and this Subscription Agreement set forth the entire agreement between the parties. The only representations made to me are those contained herein and in the Plan. I have not relied upon any representations, statements or warranties, written or oral, as to any matter or estimate, that are not set forth herein and in the Plan. I acknowledge that I have had full opportunity to examine all documents and investigate all facts referred to and stated herein. This Subscription Agreement is not assignable by me 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. Any attempted assignment without such consent shall be null and void. This Subscription Agreement may not be changed orally. In the event the Seller consents to an assignment or transfer then the following will apply:

- a. Permission to assign or transfer prior to closing will be granted on a non-discriminatory basis.
- b. In order to obtain permission from Seller to assign or transfer, a tenant in occupancy must:
  - (i) Sign a Subscription Agreement and tender down payment, and
  - (ii) Provide to Seller a notarized affidavit from the assignee stating that the assignee was not procured by Seller, and that the assignee or members of the assignee's immediate family

intends to personally occupy the dwelling unit. Attached to this Subscription Agreement, as Exhibit A, is the type of affidavit to be signed.

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

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

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

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

Apartment that are not to be provided by the Apartment Corporation under the proprietary lease, including, but not limited to, interior repairs and apartment painting.

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

9. If I was not a tenant when the Plan was accepted for filing this Subscription Agreement shall not be binding on me or the Apartment Corporation until I, as Subscriber, shall be accepted, by endorsement hereon by the Sponsor or the Selling Agent, and a fully signed copy thereof shall have been delivered or mailed to me. If this Agreement shall not be accepted within twenty (20) days of the date hereof by the delivery or mailing to me of such endorsed and fully signed copy, this Subscription Agreement shall be deemed to be rejected and cancelled and my deposit shall be promptly refunded to me within ten (10) days thereafter.

10. If I have executed an Interim Lease (as defined in the Plan) in conjunction with the execution of this Subscription Agreement, the following shall apply: (a) I acknowledge that a breach of my obligations under the Subscription Agreement shall be considered a default under this Subscription Agreement. In either case, the Sponsor shall be entitled to all of its remedies under the Interim Lease or this Subscription Agreement; (b) I recognize and acknowledge that the Plan may be amended further. If any such amendment offers a right of rescission and I exercise my right or rescission pursuant to the amendment, the rescission shall not be effective unless I shall have previously vacated the Apartment and surrendered the Interim Lease. If I have not complied with these requirements, the rescission shall be deemed ineffective and this Subscription Agreement shall remain in full force and effect. The Interim Lease shall terminate in any event as of the date that I exercised my rescission right and I shall vacate the apartment within fifteen (15) days thereafter; and (c) I acknowledge that if I am not a tenant in occupancy as of the date of acceptance of the Plan for filing, my status will not be the same as a tenant in occupancy on the date of acceptance of the Plan for filing.

11. I represent that I am over eighteen (18) years of age, and am purchasing the shares for my own account and not for the account of any other individual, corporation, partnership, trust or other entity.

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

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

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

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

16. Simultaneously with the execution of this Agreement, Purchaser agrees to complete and deliver to the Selling Agent, two (2) copies each of (i) the New York State Real Property Transfer Gains Tax Questionnaire-Transferee, Form No. TP-581 and (ii) the Form TP-587 promulgated by the New York State Department of Taxation and Finance. Purchaser further agrees to fully cooperate with the Sponsor by completing any and all documents or providing any information required by the New York State Department of Taxation and Finance in connection with the New York State Real Property Transfer Gains Tax. This paragraph shall survive the closing.

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

Agreement. If I elect to so rescind this Agreement, I must inform you in writing, delivered in person or by mail within the seven (7) day period. If I do rescind, you will promptly refund all monies I have paid hereunder to me and this Agreement will be deemed cancelled. Thereafter, we shall have no further liability to one another.

Dated: \_\_\_\_\_, 19 \_\_\_\_\_ Subscriber(s): \_\_\_\_\_

Approved and Accepted  
280 GUY LOMBARDO AVENUE  
OWNERS, INC.  
APARTMENT CORPORATION:

(Print signature underneath if  
not legible)

Address: \_\_\_\_\_

By: \_\_\_\_\_  
(As Agent for 280 Guy  
Lombardo Avenue Owners, Inc.)

Apt. No. \_\_\_\_\_

## EXHIBIT "A"

Affidavit of Assignee of Subscription Agreement

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

Re: Junard House  
 280 Guy Lombardo Avenue  
 Freeport, New York

, being duly sworn,

deposes and says:

1. I am the assignee of the interest of the tenant of Apartment               at 280 Guy Lombardo Avenue, Freeport, New York (the "Premises") in the Subscription Agreement for the shares allocated to his or her Apartment.

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

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

Sworn to before me this  
 day of               , 198 .

\_\_\_\_\_  
 Notary Public

# RICHARD L. HEIMER P.E., P.C.

LICENSED BY THE STATES OF NEW YORK & NEW JERSEY

## CONSULTING ENGINEERS

EXECUTIVE OFFICES  
THE HEIMER BUILDING  
1923 NEW YORK AVENUE  
HUNTINGTON, NEW YORK 11746  
516-549-2500

### GENERAL REPORT

280 Guy Lombardo Avenue  
Freeport, New York

Prepared by: Richard L. Heimer, P.E., P.C. and Staff  
1923 New York Avenue  
Huntington Station, New York 11746

Address of  
Premises: 280 Guy Lombardo Avenue  
Freeport, New York

Section Number: 62

Block Number: 112 Lot Number: 3

Zoning: Apartment zoning

Year Built: 1960

Certificate  
of Occupancy: No. 4228, dated December 8, 1961

Class  
of Construction: Non-fireproof, 3-A

Date(s)  
of Inspection: May 23, 1984 and May 29, 1984

Date of Report  
Preparation: June 5, 1984

Date of Release  
of Report: June 25, 1984

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## PREFACE

This report has been prepared at the request of the sponsors for the purpose of complying with the requirements of the Department of Law of the State of New York. The use of this report for any other purpose is not authorized by the preparer.

The report was prepared under the supervision of Richard L. Heimer, P.E. Observations were made of those areas open and accessible at the time of our visits. Defects hidden behind construction or inaccessible and unobservable areas or for other reasons cannot be and are not the responsibility of the preparer.

All statements relative to the legal use and code compliance of the building express the preparer's professional opinion only and are subject to final determination by those government agencies having jurisdiction.

The Report is based on:

- a) a visual inspection of a sufficiently large representative sampling of the spaces and mechanical equipment as deemed necessary in our professional opinion, but not, unless otherwise stated herein, any tests or penetration into walls, ceilings, floors, etc. or removal of any structural or mechanical elements,
- b) an inspection of copies of available records relating to the Property in the files of the Building Department having jurisdiction over the Property,
- c) information on open violations of record provided by the municipality having jurisdiction over the Property,
- d) information provided by the Sponsor and/or his representatives.

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This Report fairly describes the condition of the building and improvements on the Property as of the date of inspection with respect to those facts which could be ascertained from a visual inspection at that time, except as noted herein. This Report provides a general description of the Property, interior spaces and mechanical equipment and a fair summary of their general condition, but is not intended to be a comprehensive detailed list of every space and piece of equipment or of their condition. Emphasis is on the condition of the Property at the time of the inspection including deficiencies probably unknown to occupants, rather than description of material make-up ususally obvious to residents.

The scope of this Report does not include estimates of costs of repairs which would be required to correct the defects brought to light by this Report. In order to obtain such estimates it would be necessary to engage an engineer and/or architect for preparation of detailed plans and specification for each trade and to secure competitive bids from contractors in that trade.

The contents of this Report are correct to the best of our knowledge and belief. This Report and the conclusions stated herein are, however, limited to actual knowledge based upon visual inspection, undertaken with due diligence, of visible portions of the Property, the records voluntarily supplied by the Sponsor and records supplied by the Building Department. No representation is made, however, as to the truth, completeness or accuracy of those records.

This Report is not to be construed as a guarantee or warranty. It is not intended or prepared for the purpose of fixing a value to the Property or as an opinion as to the advisability or inadvisability to purchase the Property or acquire shares in the cooperative corporation being offered pursuant to the Sponsor's offering plan.

This report is based upon a visual inspection of some, but not all areas of the premises. These include the site and the public areas of the building

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in the cellars and the public halls, as well as typical apartments of each type.

Although many areas were inspected, no warranties or representations are made by the undersigned or the sponsor or anyone on their behalf that a complete inspection of the property has been made, nor that all deficiencies in the construction, maintenance or operation of the complex have been noted. Information about maintenance, repairs and data concerning permits and inspections are provided by the sponsor. The intent of this report is to state and describe the condition of the materials, finishes and equipment which comprises this complex, in accordance with the guidelines issued by the Office of the Attorney General of the State of New York.

#### GENERAL INFORMATION

The property is located at 280 Guy Lombardo Avenue, in the Village of Freeport, Nassau County, New York. The property is situated at Section 62, Block 112, Lot 3. The building is located in an apartment zoning area. The permissible use of the building is as a five-story apartment building containing 66 apartment dwelling units. There are no stores for commercial occupancy located on the property.

#### STATUS OF CONSTRUCTION

The building was constructed in 1960. The building is of non-fireproof-3A construction. Certificate of Occupancy No. 4228 was issued December 8, 1961 for the building and is for a five-story, multiple dwelling containing a lobby, and four additional floors above, with 66 apartment dwelling units.

#### ALTERATIONS

There is one alteration on file with the Freeport Building Department for replacing the incinerator with a compactor.

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### SITE

The property is located on the west side of Guy Lombardo Avenue between Archer Street and Southside Avenue in the Village of Freeport, Nassau County, New York. The site contains one, five-story apartment building. There are two streets in contact with the property, Guy Lombardo Avenue and Southside Avenue. The streets are owned and maintained by the Village of Freeport. The streets are paved with asphalt macadam paving material and have concrete curbing. The streets and curbing were found to be in satisfactory condition.

There are four street drains located at the corners of Guy Lombardo Avenue and Archer Street that provide drainage for the property. The drains are of cast iron construction and were found to be in satisfactory condition. Street drainage was found to be satisfactory.

Street lighting is provided by vapor lamps mounted on aluminum stanchions and supported on wooden poles. There are three street lamps located on the sidewalk across the street from the property on Guy Lombardo Avenue. Street lighting was found to be satisfactory.

There are two drives on the property one is located at the north side of the property on Guy Lombardo Avenue the second is located on Southside Avenue near the west property line and provides access to the outdoor parking area. The drive is asphalt macadam paved with concrete curbing. Drainage is provided by several ground installed drains located in the drive area. Drive lighting is provided by flood lamp lighting fixtures mounted on the exterior building walls.

Sidewalks are located on the property at Southside Avenue and Guy Lombardo Avenue. The sidewalks are of poured concrete construction and were found to be in satisfactory condition. No hazardous conditions were noted.

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## UTILITIES

### Water

Water service to the building is provided by the Village of Freeport. Water is metered to the premises and billed as a tax according to amount of usage.

### Electric and Gas

Gas service is supplied to the building by the Long Island Lighting Company. Rental charges paid by the tenants include free gas usage.

Electric service to the building is provided by the Freeport Electric Company. Each tenant is individually metered and billed for their electric usage.

### Telephone

Telephone service is available to the tenants of the building on a subscription basis from the NYNEX Telephone Company. Tenants are individually billed for this service.

### Cablevision

Cablevision service is provided to the subscribing tenants of the building.

### Storm and Sanitary Waste Disposal

Sanitary sewage drainage and storm drainage is provided by the Village of Freeport Public Sewage System. Charges for this service are based on building frontage and billed as a tax.

## SUB-SOIL CONDITIONS

No evidence of abnormal settlement or large scale deterioration or movement of the foundation walls or mortar joints was noted. No evidence of water penetration or evidence of water from sub-soil conditions

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was detected in the cellar, boiler room, or lobby areas of the building. There is no danger due to flooding from a high water table or overflow from other bodies of water. There is no potential for mud slides or erosion. There is a sump pump in the boiler room for runoff from the boiler and compactor. The pump was operational.

#### LANDSCAPING AND ENCLOSURES

Landscaping consists mostly of grass cover and ever-green bushes, shrubs, and trees of various sizes located adjacent to the front and side exterior walls of the building. Located at the curb area at the front and south sides of the building are deciduous trees varying in height from 40 to 50 feet and in diameter from 12 to 24 inches. The landscaping was found to be in satisfactory and well maintained condition.

#### BUILDING SIZE

The building is approximately 50 feet in height and consists of a lobby, and four additional floors. Extending above the roof line is the elevator machinery room and two interior stairway bulkhead structures. A brick parapet approximately 42 inches in height is located at the roof.

#### STRUCTURAL SYSTEM

The building is of non-fireproof Class 3-A construction consisting of poured concrete foundation walls, steel supporting beams, reinforced concrete slabs at the lobby and first floor level, and wood frame above with wooden floor and ceilings joists. The public halls are constructed of concrete block walls with poured concrete ceilings and floors. The exterior building walls are constructed of brick backed up by concrete block. The walls were plumb and the floors were level within normal tolerances for a building of

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this size, age, and construction type. We rate this building as being in structurally sound condition.

### EXTERIORS

The exterior building walls are constructed of poured concrete foundation walls with red face brick above backed up by concrete block. The exterior walls were found to be in an exceptional condition. At the present time the building is undergoing a brickwork pointing and reconditioning.

### Windows

The majority of the building windows consist of single-glazed, one over one, metal sash and metal framed, double hung windows. The windows operate on friction tracks and are mounted with steel lintels and cast concrete sills. Some of the windows of the building are equipped with storm windows. Screens are installed on all of the building windows. In general, the windows were found to be in satisfactory condition.

### Parapets and Copings

The building contains a parapet which is constructed of red brick mortared in place and covered with cast concrete coping. The parapet drops to a height of 12 inches at the front and south sides of the building. There is an aluminum railing above the parapet at these areas. The parapets are approximately 42 inches in height. Some small mortar joint cracking was noted at the interior parapet wall area which is being reconditioned at the present time. In general, the parapets, copings, and aluminum railing were found to be in satisfactory condition.

### Chimneys and Caps

Extending above the roof line is the heating boiler chimney located at the center of the rear building wall and the incinerator chimney located with the interior stairway bulkhead in a combined structure.

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The incinerator chimney is no longer in use because refuse burning has been discontinued. The chimneys are of red brick construction with cast concrete coping. The chimneys were found to be in satisfactory condition.

#### Balconies and Terraces

There are no balconies or terraces located on the building.

#### EXTERIOR ENTRANCES

The building contains one main exterior entrance which is located at the front of the building on Guy Lombardo Avenue. A flagstone walk provides access from the sidewalk. The exterior entrance consists of metal frame, plate glass doors containing a fixed transom lite which provides access to the vestibule area. The doors do not contain a lock. Exterior lighting consists of several recessed flood lamp fixtures located above the entrance doors. The vestibule doors consist of metal framed, plate glass doors containing a fixed transom lite and provides access to the lobby area. The vestibule doors contain a key and an apartment buzzer operated lock. The vestibule area is lighted by several recessed, ceiling mounted tungsten filament light fixtures. Tenant mailboxes are located in a wall panel at the lobby hall. The exterior entrance doors and lighting was found to be satisfactory.

#### Service Entrances

The building contains one service entrance which is located at the north end of the building off the covered parking area. The service entrance consists of a metal, fireproof, self-closing door set in a metal frame which provides access to the first floor hallway. The door is equipped with a key operated lock. The service entrance was found to be in satisfactory condition.



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### ROOF AND ROOF STRUCTURES

The roof is a flat roof covered with stone felt roll roofing material and stone pebbles. Roof drainage is provided by four metal roof installed drains. Roof flashing consists of copper flashing material with a waterproofing adhesive compound applied on top. The roof coverings, flashings, and drainage were found to be in satisfactory condition. No standing water or water leakage at the top floor apartments was noted at the time of the inspection. The roof is original.

Extending above the roof line are the two interior stairway bulkhead structures located at the north and south end of the roof and one elevator machinery room bulkhead structure located at the center area of the roof. An iron open riser staircase provides access to the elevator motor room door. The bulkhead structures are of red brick construction with copper flashings, gutters, and leaders. The bulkhead structures and stairs were found to be in satisfactory condition.

Also located on the roof are the power ventilator fans.

### FIRE ESCAPES

There are no fire escapes located on the building.

### YARD AND COURTS

There are no yards or courts located on the property.

### INTERIOR STAIRS

The building contains two fully enclosed interior stairways which extend from the first floor lobby to the roof bulkhead structures. The stair enclosures are of masonry construction. The stair enclosures

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are finished with painted plaster walls and ceilings. The stairs are constructed of metal stringers, risers, ballustrades, concrete covered metal treads, and a metal pipe handrail. The interior stairs were found to be in satisfactory condition. They are marked with exit lights.

#### INTERIOR DOORS AND FRAMES

Each apartment is provided with a metal, fireproof, self-closing entrance door set in a metal frame. The doors are equipped with peepholes and doorbells. The stair hall doors consist of metal, fireproof, self-closing doors containing a fixed wire glass lite set in a metal frame. Roof bulkhead doors and doors to all the various rooms located at the first floor level consist of metal, fireproof, self-closing doors set in metal frames. The interior apartment doors consist of wooden, hollow core doors set in metal frames. The doors and frames were found to be in satisfactory condition.

#### ELEVATORS

The building contains one, semi-automatic, passenger elevator which serves the lobby and all floors. The elevator was manufactured by the Staley Elevator Company, is original, and has a rated capacity of 13 persons or 2000 pounds. The elevator is cable operated with the drive motor controller panel and related equipment located at a machinery room on the roof of the building. The elevator is powered by an Imperial Electric, 10 horsepower, 3-phase, 208 volt electric motor. The elevator is equipped with a metal sliding exterior door and interior door. The elevator cab is finished with formica walls, a metal ceiling, and vinyl tile flooring. The cab is equipped with a ceiling mounted, power vent fan which was not in working condition at the time of the inspection. The cab is equipped with a corner mirror, a wall mounted metal handrail, and fluorescent ceiling fixtures. The elevator motor cable controller equipment and cab were found to be in acceptable condition.

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tion. The elevator cab is equipped with an alarm system.

### PUBLIC HALLS

The public halls are finished with painted plaster walls and ceilings and carpeted floors. The public halls were found to be in satisfactory condition. There is a fusible link, self-closing door located on each floor to separate the halls in the event of a fire.

### AUXILIARY FACILITIES

#### Laundry Rooms

A laundry room is located on the second, third, fourth, and fifth floors of the building. Each laundry room contains one General Electric, coin operated, heavy-duty washing machine and one General Electric, coin operated, heavy-duty gas clothes dryer. Dryer ventilation is provided by a 6 inch metal and flexible vent duct leading to duct work extending to a power exhaust fan located at the roof. Room ventilation is provided by a wall vent which also extends to a power exhaust fan located at the roof. Some wall vents observed were partially blocked up with lint and require cleaning. Room and dryer ventilation was found to be adequate. The laundry rooms are operated as a concession by Coinmach Industries.

#### Refuse Disposal

Refuse is placed by the tenants in chutes located in hall closets which extend to the compactor room located on the first floor. Refuse is then compacted by a Roll-N-Pak, Model E compactor. Bagged and compacted refuse is then placed into two dumpster bins located in the parking area at the rear of the building. Refuse is picked up on Mondays and Thursdays by a Village contracted private sanitation service.

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## PLUMBING AND DRAINAGE

### Piping

Water service piping consists of 3-inch iron pipe which enters at a storage room on the first floor at the southeast corner. Water is metered by a Neptune water meter. The internal house distribution piping consists mostly of 1/2 inch and 3/4 inch copper pipes. House water pressure is maintained by street main pressure. The sampled sinks, bathtubs, and toilets showed satisfactory pressure. The water pressure was found to be adequate for normal needs. The condition of the water piping and plumbing was found to be satisfactory.

### Sanitary Sewage System

The sanitary sewage lines consist mostly of 4-inch cast iron piping. The internal sewage piping is connected to the main street sewer line on Guy Lombardo Avenue at the front of the building. Sewage disposal is by means of the Village of Freeport's public sewage system. The sanitary sewage piping was found to be in acceptable condition. There is a grease trap on the kitchen drain line (required by the Village). The main trap and grease trap are located in the floor of the meter room. The sampled sinks, toilets, and bathtubs showed normal drainage. No evidence of any backup conditions was noted at the time of the inspection.

### Storm Drainage System

The roof drains and parking area drains are connected to the building's internal drainage system. Storm drainage was found to be satisfactory. No backup conditions were noted. A sump pump is located at the boiler room to control boiler run off. The pump was in operating condition at the time of the inspection.

### Fire Protection

Sprinklers are provided in the boiler room and in compactor.

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### HEATING

The boiler room is located on the lobby floor eight iron steps down from the lobby hall along the rear wall. Heat for the building is provided by a Federal, Model FLW1215, gas or oil-fired, steam boiler which should be adequate for the production of heat and hot water under required temperatures. The boiler is equipped with a Ray, Model TAECPL44 burner rated at 25 gallons per hour. It is approximately 3½ years old with several years of remaining useful life. The burner is fired by either gas or No. 4 fuel oil obtained from a 7500 gallon steel fuel oil tank which is buried in the rear yard of the building beneath the outdoor parking area. Two of the tubes showed signs of minor leakage. Sponsor advises that repairs will be made in the immediate future.

The heating system is equipped with two ITT gas valve controls, two Honeywell pressure controls, a McDonald and Miller automatic feed valve, a McDonald and Miller No. 67 low water cut off valve, a fuel Watchman Model JF115S primer control, an Alstrom fuel oil pre-heater system, and a Hydroservice chemical water treatment center. Steam is fed from the boiler to iron risers from where it travels to wall recessed convectors located throughout the building. The boiler shell, tubes, insulation, and pressure relief safety valve were found to be in satisfactory condition.

Domestic hot water is produced by an immersion coil system located in the boiler. This system is equipped with a Holby mixing valve and a circulator pump for hot water distribution pressure. Hot water production and pressure was found to be adequate for normal needs. Hot water piping was found to be in satisfactory condition.

### GAS SUPPLY

Gas service piping consists of 4-inch iron pipe which enters at the meter room at the first floor. A

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Rootsmeter, Model 7M125 gas meter and associated piping is located at the front of the building adjacent to the front entrance. Internal gas distribution piping consists mostly of 1/2 and 3/4 inch black iron piping. The gas meter and associated valves and piping were found to be in satisfactory condition.

#### PEST CONTROL

No unusual pest infestation condition was noted at the time of the inspection.

#### AIR CONDITIONING

Each apartment is provided with sleeve installed air conditioners, one in the living room and one in each bedroom. The living room units are 220 volts rated at approximately 10,000 BTUs. The bedroom units are 110 volts and approximately 6,000 BTUs. All were manufactured by Emerson and should be adequate for the areas of coverage.

#### VENTILATION

Ventilation for the windowless kitchen and bath areas in the building and the hall areas is provided by ventilation duckwork extending to power exhaust fans located on the roof. Eleven of the nineteen fans checked were not in working condition at the time of the inspection but were going to be repaired in the immediate future according to the Sponsor. Once the fans are repaired the ventilation will be satisfactory.

#### ELECTRICAL SYSTEM

Electric service wiring enters at the meter room on the first floor of the building. The service wiring enters at a Pushmatic switchbox rated at 4-wire, 1200

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amps, 208 volts. Also located at the meter room are the individual tenant electric meters and house meter. Individual apartment risers consist of either 40 or 60 amp, 220 volt service depending upon the size of the apartment. The meter room also contains the switchboxes and fuses for the elevator, house lighting, and oil burner.

The various apartments are provided with three to four duplex type wall outlets per room and tungsten filament ceiling light fixtures in the kitchen and dining areas. The bathrooms are equipped with a wall mounted, tungsten filament light fixture containing a convenience outlet. There are separate circuits for the air conditioning units which are rated at either 115 or 230 volts, and for the refrigerators.

The apartments are provided with a circuit breaker panel typically containing six or eight, 20 amp circuit breakers. The amount of the circuit breakers varies depending upon the size of the apartment. The condition of the fuse boxes, meters, service wiring, and associated wiring was found to be satisfactory. The electrical service and wiring is adequate for modern appliance requirements.

#### PUBLIC AREA LIGHTING

The exterior entrances are lighted by tungsten filament recessed light fixtures located above the entrance doors. The vestibule contains tungsten filament recessed ceiling light fixtures. The public halls and laundry rooms are lighted by ceiling mounted fluorescent fixtures. The interior stairways are lighted by tungsten filament wall fixtures located at the stair landings. The exterior areas adjacent to the building are lighted by wall mounted flood lamp fixtures. The public area lighting was found to be adequate and in acceptable condition.

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### INTERCOM

The building contains an intercom system. Extensions are located at the vestibule walls and at the individual tenant apartments. The intercom system was found to be in satisfactory working condition at the time of our inspection.

### TELEVISIONS

The building is equipped with a master television antennae system. Cablevision service is also provided to the subscribing tenants of the building.

### GARAGES AND PARKING AREAS

The property contains an unattended tenant parking area located at the rear and north side of the building with 68 individual parking spaces, 11 of which are covered. The parking area is asphalt macadam paved. Drainage is provided by three large ground installed drains. Lighting is provided by exterior flood lamp fixtures located on the rear wall of the building. A 5 foot high cyclone fence is located at the rear of the parking area. The parking area lighting and drainage was found to be satisfactory.

### RECREATIONAL FACILITIES

There is a party room available to the tenants located on the lobby floor at the southwest corner. The room contains a wet bar and two lavatories.

### UNIT INFORMATION

There are a total of 66 apartments located in the building. The apartments vary in size and consist of: studio apartments consisting of one large room, a kitchen, and a bathroom; three room apartments con



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sisting of a kitchen, a dining area, a living room, one bedroom, and a bathroom; and four room apartments consisting of a kitchen, dining area, living room, two bedrooms, and two bathrooms.

The apartments are similiarly finished with oak strip flooring in the dining areas living rooms, and bedrooms, of the 3rd, 4th, and 5th floors, (the floors of the 2nd floor are carpeted concrete) and painted plaster ceilings and walls. The bathrooms feature an enameled steel, vanity-installed sink, an enameled steel bathtub with wall shower, a vitreous china toilet bowl and tank, and ceramic tile flooring.

The bathrooms contain a four foot high ceramic tile wain-scot rising to a height of 6 feet around the bathtub. The apartments provided with two baths contain an additional bathroom off the main bedroom which features an enameled steel wall mounted sink, a vitreous china toilet bowl and tank, a 4 foot high ceramic tile wainscot, a tiled stall shower, and ceramic tile flooring. The bathrooms were found to be in satisfactory condition.

The kitchens feature wood wall cabinets, an enameled steel sink with wood cabinets below, a Preway four burner gas range with oven and broiler below, a refrigerator, and a Preway dishwasher in the two bedroom and some of the one bedroom apartments. The kitchens are finished with vinyl tile floor covering. The kitchens and appliances were found to be in satisfactory condition.

Observations were based on Apartments 4K, 3H, 2L, 3R, and 3L which were checked.

#### GENERAL INFORMATION

Sanitation Service - Five Counties Carting,  
Freeport, New York Waste Removal

Elevator Service - Staley Service Company, 47-24 27th  
Street, Long Island City, New York

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Laundry Room Service - Coinmach Industries, 200  
Community Drive, Great Neck, New York 347-3600

VIOLATIONS

There are no outstanding violations on file with the  
Freeport Building Department.

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ROOM AND FINISH SCHEDULE

<u>ROOM</u>	<u>FLOOR</u>	<u>WALLS</u>	<u>CEILINGS</u>
Vestibule	Terrazzo	Papered Plaster	Painted Plaster
Lobby	Terrazzo	Papered Plaster	Painted Plaster
Public Halls	Carpet & Concrete	Painted/ Plaster	Painted Plaster
Compactor Room	Concrete	Concrete/ Concrete Block	Concrete
Carriage Room	Concrete	Concrete	Concrete
Storeroom Workshop	Concrete	Concrete, Concrete Block	Concrete
Boiler Room	Concrete	Concrete, Concrete Block	Concrete
Tenant Storage Room	Concrete	Concrete	Concrete
Meter Room	Concrete	Concrete, Concrete Block	Concrete
Storage Room	Concrete	Concrete	Concrete
Elevator Machinery Room	Concrete	Brick	Concrete
Party Room	Vinyl Tile	Concrete/ Painted Plywood	Concrete
Laundry Room	Vinyl Tile	Painted Stucco	Painted Stucco

Junard House  
5/29/84  
56202-1F

### GENERAL

This property is being offered "as is" in its current condition. The sponsor-seller will have no obligation to make the repairs or improvements referred to in the foregoing description and statement or any other repairs or improvements (except as set forth in this plan). Each purchaser has the opportunity to inspect his apartment and the building prior to signing a subscription agreement. Prospective purchasers are invited to have an architect or an engineer or their own choice accompany them when they inspect the building.

Our description of this building is based solely on visual evidence in accessible and observable areas, and information supplied by management personnel. This report represents an accurate narrative of the building and property based on visual inspections, professional analysis and judgement, and is current only as of the date of the inspection.

This building was constructed in 1960 and the property shows normal wear and deterioration common to buildings of this age. The building is maintained by the building management who make repairs as required.

Prospective purchasers must be aware that the present energy requirements of the New York State Energy Code are more stringent than the requirements when this building was constructed and that this building does not comply with these codes in the areas of insulation of walls, roof, and windows (glazing).

As noted above five apartments were examined in addition to public areas of the building. This examination was visual and, as such, this report is intended to provide an accurate and realistic description of the premises and site, and specifically does not describe in detail each crack, open joint, loose brick, crack, or loose insulation etc. However, where visually determinable, any serious defects have been noted thereby providing a basis for evaluating the condition of the building.

Junard House  
5/29/84  
56202-1F

In the course of inspecting the apartments we made no evaluative judgment as to the condition of the kitchen sink, stove or refrigerator or the bathroom fixtures or condition of the tile, since these items will be readily discernible to prospective purchasers. The condition of cabinets, countertops and kitchen floors also fall into this category and the purchaser should check their condition in the specific apartment of interest before purchase of the co-op shares.

No attempt has been made in this report to evaluate the prospective life of the elevator, boiler, water heating pumps, condensate pumps, sump pumps, valves, pipes, radiators, etc. It is normal, in the life of a building, to replace worn out or broken equipment or parts, or broken pipes as part of the general maintenance of the building. In connection with these items, we have not attempted to project the life expectancy of the building; normal maintenance and repairs can extend the life of most equipment indefinitely. No mechanical tests or removal of walls ceilings, floors, roofs (or any portion thereof), or other structural or mechanical elements, were made in connection with this report.

This report represents an accurate narrative of the building and property based on visual inspections, professional analysis and judgement, and is current only as of the date of the inspection.

No mechanical tests or removal of walls ceilings, floors, roofs (or any portion thereof), or other structural or mechanical elements, were made in connection with this report.

FINAL NOTES:

This report represents the opinion of the reporting engineer at the time of the inspection and is furnished as an aid in determining the physical condition of the inspected premises and reported aspects thereof.

Junard House  
5/29/84  
56202-1F

Unless otherwise specifically stated, the report is not to be construed as a guarantee or warranty or implication that the building meets local building, plumbing, structural, electrical and zoning ordinances. If you want reports on any of the above areas, please contact our office. We may be able to advise you as to where such reports are obtainable.

Although such premises or equipment may be in good condition at the time of the inspection, that condition may change thereafter. This report is not to be construed as a guarantee or warranty or policy of insurance regarding the premises, or of its fitness for use; fitness for alteration, rehabilitation or refurbishment, restoration, remodeling or revision; or adequacy of lighting, soundproofing or insulation; or fitness during flood, windstorm, fire, high tide, earthquakes, hurricane, ice and rainstorm; or level and degree of obsolescence (functional or otherwise).

The liability of Richard L. Heimer, P.E., P.C., their agents, employees, subcontractors, and Richard L. Heimer, is strictly limited to the fee charged for this report regardless of errors, omissions, negligence, oral representations, breach of contract (implied, oral or otherwise), malpractice, and delay by either Richard L. Heimer, P.E., P.C., their agents, subcontractors, employees or Richard L. Heimer, if, and only if, these result in personal, financial or medical injury or damage to any person or persons who are and may become parties interested in or affected by the contents of this report and/or the subject premises. Do not rely on the contents of this report unless this and all other statements in this report are fully understood.

Note that the underlying soil is inaccessible. Any problem with the underlying soil, the underground drainage, pipes, oil tanks, drywells, cesspools, wells, wires, footings, window wells, and lines, etc., cannot be checked during the course of an inspection such as this. Similarly the interiors of the walls, ceilings, and floors are inaccessible. Thus, the condition of the pipes, wires, insulation,

Junard House  
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56202-1F

etc., therein is undiscoverable and you take risks in regards to these areas as well.

In a building of this age, it can generally be presumed the conditions are stable, since there is no outward indication of structural failure in the accessible and observable areas other than that which may have already been mentioned in this report. However, sometimes pipes under the ground open causing structural underlying soil weakness to occur even after buildings have a long history of structural soundness.

The inspection is specifically of the building and the immediate site. The inspection does not include examination of existing, past, or potential problems relating to community drainage characteristics, community sewer and water supply problems (chemical or otherwise), flood plane area characteristics, acid rain problems, community environmental problems, property history, proposed roads, impending legislation, or past legislation regarding the site and area.

It is our understanding that this report is to be incorporated into an offering plan by the sponsor for conversion of the subject property to a cooperative. We hereby authorize reproduction of this report for that purpose exclusively. Reproduction for any other purpose is not authorized.

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Junard House  
5/29/84  
56202-1F

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*RL Heimer*

Richard L. Heimer, P.E.  
Consulting Engineer  
President,  
Richard L. Heimer, P.E., P.C.

Address all correspondence relating to this report to:

Richard L. Heimer, P.E., P.C.  
1923 New York Avenue  
Huntington, New York 11746

Include the report file number (in upper right corner of this page) for reference.

RLH/pk

cc: attorney  
(under separate cover)



# **RICHARD L. HEIMER P.E., P.C.**

LICENSED BY THE STATES OF NEW YORK & NEW JERSEY

## **CONSULTING ENGINEERS**

EXECUTIVE OFFICES  
THE HEIMER BUILDING  
1923 NEW YORK AVENUE  
HUNTINGTON, NEW YORK 11746  
516-549-2500

November 23, 1984

### **RESPONSE TO ATTORNEY GENERAL'S COMMENTS**

at

Junard House of Freeport  
280 Guy Lombardo Avenue  
Freeport, New York

On November 20, 1984, the site at the above address was reinspected to answer issues specified in the Attorney General's review/report dated November 5, 1984. (See our previous report #56202.) The inspection was conducted in all accessible and observable areas relating to the issues raised and specific findings were as follows:

1. Regarding the elevator cables: The elevator cables were in satisfactory condition consistent with their age. However, they were relatively dry. We recommend that additional lubrication be added to the cables the next time that the elevator is serviced.

A further examination was made regarding the ventilator fans which were not operating at the time of the previous inspection. All broken fans have been repaired and all fans were operational at the time of the inspection.

Page 1 of 2

Junard  
11/20/84  
60802-1F

2. Regarding the boiler leakage mentioned in the report. The boiler water has been treated and there is no active leakage present.

Note this report should be affixed to our previous report and serve as an amendment thereto.

Very truly yours,



*Richard L. Heimer*  
Richard L. Heimer, P.E.  
Consulting Engineer  
President,  
Richard L. Heimer, P.E., P.C.

Sworn to before me  
this 29th day of November, 1984.

*Virginia L. Teska*  
Notary Public

VIRGINIA L. TESKA  
NOTARY PUBLIC, State of New York  
No. 01TE4634183 - Suffolk County  
Commission Expires March 30, 1986

Address all correspondence relating to this report  
to:

Richard L. Heimer, P. E., P.C.  
1923 New York Avenue  
Huntington, New York 11746

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of this page) for reference.

RLH/pk  
cc: attorney  
(under separate cover)

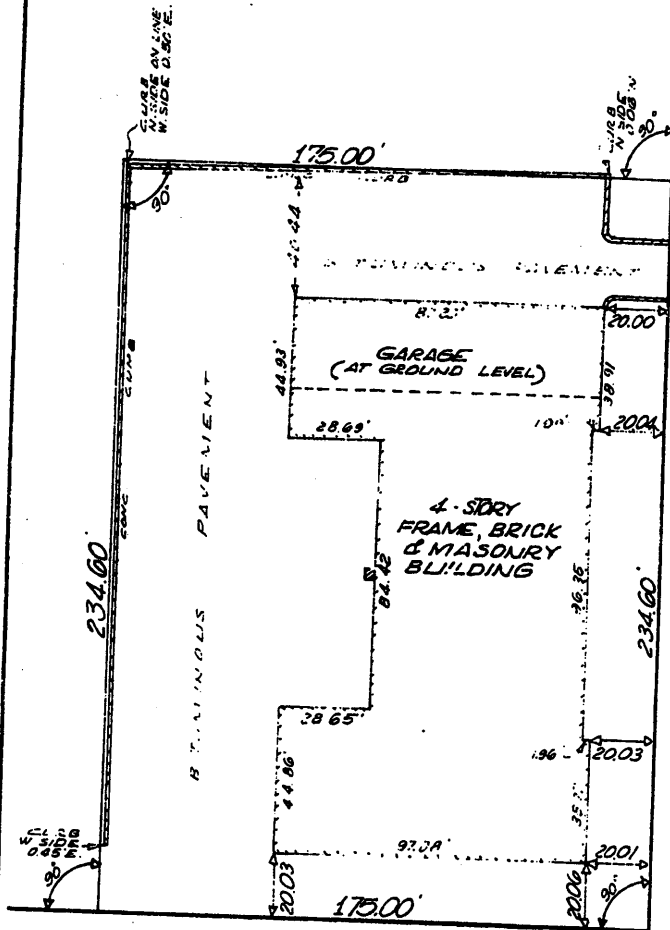
RICHARD L. HEIMER, P.E., P.C.

Page 2 of 2

TITLE NO. \_\_\_\_\_

116

DRAWN	CHECKED	DATE	SEC.	62
C.W.R.	H.V.D.	4-28-72	BLK.	112
			FILE NO.	
			JOB NO.	14582-17



SOUTH GROVE STREET

SOUTH SIDE AVENUE

GUARANTEED TO:  
THE TITLE GUARANTEE CO.  
RIDGEWOOD SAVINGS BANK

*Baldwin & Cornelius Co.*  
BALDWIN AND CORNELIUS CO.  
P.L.L.C.

MAP FILED \_\_\_\_\_

CASE NO. \_\_\_\_\_

BLDR'S JOB NO. \_\_\_\_\_

MAP OF  
PROPERTY  
SITUATED AT  
**FREEPORT**  
NASSAU COUNTY, N.Y.  
SURVEYED APRIL 28, 1972  
**BALDWIN & CORNELIUS CO.**  
CIVIL ENGINEERS & SURVEYORS  
L.C. NOS. 22300PE-15 32330PE-15  
**FREEPORT, L.I., N.Y.**  
SCALE 1"=30'

N.Y. STATE STANDARD

Apt. No.:

Shares :

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280 GUY LOMBARDO AVENUE OWNERS, INC.

Lessor,

TO

Lessee

PROPRIETARY LEASE

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PROPRIETARY LEASE, made as of 19 , by and between 280 GUY LOMBARDO AVENUE OWNERS, INC., a New York corporation having an office at 280 Guy Lombardo Avenue, Freeport, New York, hereinafter called the Lessor, and residing at hereinafter called the Lessee.

Whereas, the Lessor is the owner of the land and building erected thereon known as "280 Guy Lombardo Avenue, Freeport, New York, (the "Building");

Whereas, the Lessee is the owner of shares of the Lessor to which this lease is appurtenant and which have been allocated to Apartment No. in the Building;

Now, Therefore, in consideration of the premises, the Lessor hereby leases to the Lessee, and the Lessee hires from the Lessor, subject to the terms and conditions hereof, Apartment No. in the Building (hereinafter referred to as the "apartment") for a term from , 19 , until July 1, 2060 (unless sooner terminated as hereinafter provided). As used herein "the apartment" means the rooms in the Building as partitioned on the date of the execution of this lease, designated by the above-stated apartment number, together with their appurtenances and fixtures, closets, roof, or portion thereof outside of said partitioned rooms, which are allocated exclusively to the occupant of the apartment.

Demised  
Premises

Term

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

Rent  
(Maintenance)  
How Fixed

called "Directors") at the time of its determination of the cash requirements shall otherwise direct. The Lessee shall also pay such additional rent as may be provided for herein where due.

Accompanying  
Shares to Be  
Specified in  
Proprietary  
Leases

(b) In every proprietary lease heretofore executed by the Lessor there has been specified, and in every proprietary lease hereafter executed by it there will be specified, the number of shares of the Lessor issued to a lessee simultaneously therewith, [which number, in relation to the total number of shares of the Lessor issued and outstanding shall constitute the basis for fixing, as hereinbefore provided, the proportionate share of the Lessor's cash requirements which shall be payable as rent by the Lessee.]

Cash Require-  
ments Defined

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

Authority  
Limited to  
Board of  
Directors

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

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

Issuance  
of  
Additional  
Shares

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

Paid-  
In Surplus

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

Failure  
to Fix  
Cash  
Require-  
ments

2. The Lessor shall at its expense keep in good repair the Building including all of the apartments, the sidewalks and courts surrounding the same, and their equipment and apparatus except those portions the maintenance and repair of which are expressly stated to be the responsibility of the Lessee pursuant to Paragraph 17 hereof.

Lessor's  
Repairs

3. The Lessor shall maintain and manage the Buildings as a first-class apartment building, and shall keep the public halls, cellars and stairways clean and properly lighted and heated, and shall provide the number of attendants requisite, in the judgment of the Directors, for the proper care and

Services  
by  
Lessor

service of the Building, and shall provide the apartment with a proper and sufficient supply of hot and cold water and of heat. The covenants by the Lessor herein contained are subject, however, to the discretionary power of the Directors to determine from time to time what services and what attendants shall be proper and the manner of maintaining and operating the Building, and also what existing services shall be increased, reduced, changed, modified or terminated.

Damage to  
Apartment or  
Building

4. (a) If the apartment or the means of access thereto or the Building shall be damaged by fire or other cause covered by multiperil policies commonly carried by corporations owning "cooperative apartment buildings" in New York State (any other damage to be repaired by the Lessor or the Lessee pursuant to Paragraphs 2 and 18, as the case may be), the Lessor shall at its own cost and expense, with reasonable dispatch after receipt of notice of said damage, repair or replace or cause to be repaired or replaced, with materials of a kind and quality then customary in building of the type of the Building, the apartment, and the means of access thereto, including the walls, floors, ceilings, pipes, wiring and conduits in the apartment.

Anything in this paragraph or paragraph 2 to the contrary notwithstanding, the Lessor shall not be required to repair or replace, or cause to be repaired or replaced, equipment, fixtures, furniture, furnishings or decorations installed by the Lessee or any of his predecessors in title nor shall the Lessor be obligated to repaint or replace wallpaper or other decorations in the apartment or to refinish floors located therein.

Rent  
Abatement

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

(c) If the Directors shall determine that (i) the Building are totally destroyed by fire or other cause, or (ii) the Building are so damaged that they cannot be repaired within a reasonable time after the loss shall have been adjusted with the insurance carriers, or (iii) the destruction or damage was caused by hazards which are not covered under the Lessor's insurance policies then in effect, and if in any such case the record holders of at least two-thirds (2/3) of the issued and outstanding shares of the capital stock of the Lessor, at a shareholders' meeting duly called for that purpose held within 120 days after the determination by the Directors, shall vote not to repair, restore or rebuild, then upon the giving of notice pursuant to Paragraph 31 hereof, this Lease and all other proprietary leases and all right, title and interest of the parties thereunder and the tenancies thereby created, shall thereupon wholly cease and expire and rent shall be paid to the date of such destruction or damage. The Lessee hereby waives any and all rights under Section 227 of the Real Property Law and in no event shall the Lessee have any option or right to terminate this Lease except as provided herein.

Expira-  
tion of  
Lease  
Due to  
Damage

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

Waiver  
of Sub-  
rogation

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

Inspection  
of Books  
of Account

sheet and a statement of income and expenses, certified by an independent certified public accountant.

**Changes  
in Terms  
and Condi-  
tions of  
Proprietary  
Leases**

6. Each proprietary lease made by the Lessor shall be in the form of this lease, except with respect to the statement as to the number of shares owned by the Lessee, unless a variation of any lease is authorized by lessees owning at least 66-2/3% of the Lessor's shares then issued and outstanding, and executed by the Lessor and the affected lessee. The form and provisions of all the proprietary leases then in effect and thereafter to be executed may be changed by the approval of lessees owning at least 66-2/3% of the Lessor's shares then issued and outstanding, and such changes shall be binding on all lessees even if they did not vote for such changes except that (i) the proportionate share of rent or cash requirements payable by any lessee may not be increased, (ii) the right of any lessee to cancel his lease under the conditions set forth in Paragraph 35 may not be eliminated or impaired, without, in each of the foregoing instances, the express consent of the lessee affected, and (iii) the provisions hereof are subject to the provisions of Paragraphs 38(c) and 39(d) of this lease. Approval by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose.

**Assignment  
of Lessor's  
Rights  
Against  
Occupant**

7. If at the date of the commencement of this lease, any third party shall be in possession or have the right to possession of the apartment, then the Lessor hereby assigns to the Lessee all of the Lessor's rights against said third party from and after the date of the commencement of the term hereof, and the Lessee by the execution hereof assumes all the Lessor's obligations to said third party from said date. The Lessor agrees to cooperate with the Lessee, but at the Lessee's expense, in the enforcement of the Lessee's rights, against said third party.

**Cancellation  
of Prior  
Agreements**

8a. 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.

8b. If the occupant is a Non-Purchasing Tenant as said term is defined in Section 352-eee of the General Business Law and in the Plan, Lessor and Lessee hereby agree that their rights under this lease are subject to the rights of said occupants and that the Lessee's successors and assignees under the Lease shall continue to be bound by such rights so long as such occupancy continues. Said occupants may not be evicted by the Lessee for purposes of owner occupancy, such right being intended for the benefit of the occupant, and not being intended to abrogate any rights of the Lessee as against the Lessor.

Assignment  
of Lessor's  
Obligations  
to Non-Pur-  
chasing Ten-  
ants

Lessor and Lessee hereby agree that any occupant subject to government regulation or to rentals and continued occupancy shall continue to be subject thereto. Lessor and Lessee further agree that the rentals of any such occupants who reside in Apartments not subject to government regulation as to rentals and continued occupancy, and any such occupants who reside in Apartments with respect to which government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the Offering Plan has become effective, shall not be subject to unconscionable increases beyond ordinary rentals for comparable Apartments during the period of their occupancy. Lessor and Lessee further agree that any occupant's renewal lease or renewal sublease may provide that eviction proceedings may be commenced for non-payment of rent, illegal use or occupancy of the premises, refusal of access to the Lessor or Lessee or a similar breach by the occupant of his obligations to the Lessor and Lessee. The Lessor and Lessee further agree that this Section of the Proprietary Lease concerning said Non-Purchasing tenant may not be subsequently amended or deleted.

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

Quiet  
Enjoyment

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

Indemnity

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

Payment  
of Rent

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

House  
Rules

13. The Lessee shall not, without the written consent of the Lessor on such conditions as Lessor may prescribe, occupy or use the apartment or permit the same or any part thereof to be occupied or used for any purpose other than as a private dwelling for the Lessee and members of the Lessee's family, but no apartment may be occupied

Use of  
Premises



by more than one family at a time without the written consent of Lessor. As used herein, members of the family shall include spouse, parents, children, parents in law, brothers, sisters, grandchildren or no more than three persons unrelated by blood or marriage. The term "spouse" as used herein shall also include a member of the same or opposite sex with whom the Lessee actually resides. In addition to the foregoing, the apartment may be occupied from time to time by guests of the Lessee for a period of time not exceeding one month, unless a longer period is approved in writing by the Lessor, but no guests may occupy the apartment unless one or more of the permitted adult residents are then in occupancy or unless consented to in writing by the Lessor.

#### Subletting

14. Except as provided in Paragraphs 37 and 38 of this lease, the Lessee shall not sublet the whole or any part of the apartment or renew or extend any previously authorized sublease, unless consent thereto shall have been duly authorized by a resolution of the Directors, (which consent shall not be unreasonably withheld) or given in writing by a majority of the Directors or, if the Directors shall have failed or refused to give such consent, then by lessees owning at least 66-2/3% of the then issued and outstanding shares of the Lessor. Consent by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose. Any consent to subletting may be subject to such conditions as the Directors or lessees, as the case may be, may impose, except that the Directors (acting as a Board) may not impose unreasonable conditions.

#### Assignment

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

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

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

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

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

(v) A "Tax Status Determination" (as defined in Paragraph 49) is obtained.

(vi) A search or certification is obtained from a title insurance or abstract company as the Directors may require; and

(vii) Except in the case of an assignment, transfer or bequest to the Lessee's spouse (as that term is defined in Paragraph 13), of the shares and this lease, and except as provided in Paragraphs 16, 37 or 38 of this lease, consent to such assignment shall have been authorized by resolution of the Directors, or given in writing by a majority of the Directors; or, if the Directors shall have failed or refused to give such consent within thirty (30) days after submission of references to them or the Lessor's managing agent, then by lessees owning of record at least  $66\frac{2}{3}\%$  of the then issued and outstanding shares of the Lessor. Consent by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose in the manner as provided in the By-Laws.

Consents:  
On Death of  
Lessee

(b) If the Lessee shall die, consent shall not be unreasonably withheld or delayed to an assignment of the lease and shares to a financially responsible member of the Lessee's family (other than the Lessee's spouse, as that term is defined in Paragraph 13 as to whom no consent is required).

Consents  
Generally:  
Lessees' and  
Directors  
Obligations  
to Consent

(c) There shall be no limitation, except as above specifically provided, on the right of the Directors or lessees to grant or withhold consent, for any reason or for no reason, to an assignment, where such consent is required, except that the Directors (acting as Board) shall not unreasonably withhold their consent to an assignment.

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 Sub-  
letting

(e) Regardless of any prior consent theretofore given, neither the Lessee nor his executor, nor administrator, nor any trustee or receiver of the property of the Lessee, nor anyone to whom the interests of the Lessee shall pass by law, shall be entitled further to assign this lease, or to sublet the apartment, or any part thereof, except upon compliance with the requirements of this lease. The restrictions on the assignment of this lease, as hereinbefore set forth, are a special consideration and inducement for the granting of this lease by the Lessor to the Lessee. No demand or acceptance of rent from any assignee hereof shall constitute or be deemed to constitute a consent to or approval of any assignment.

Statement  
by Lessor

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

Pledge of  
Shares and  
Lease

16. (a) The execution and delivery of a leasehold mortgage and/or the creation of a security interest in the lease by pledge or otherwise and the shares to which this lease is appurtenant shall not be a violation of this lease; but, [except as provided in Paragraph 38 of this lease] neither the secured party nor the leasehold mortgagee, nor any transferee of the security shall be entitled to

have the shares transferred of record on the books of the Lessor, nor to vote such shares, nor to occupy or permit the occupancy by others of the apartment, nor to sell such shares or this lease, without first complying with all of the provisions of Paragraphs 13, 14 and 15 of this lease. The acceptance by the Lessor of payments by the secured party or leasehold mortgagee or any transferee of the security on account of rent or additional rent shall not constitute a waiver of the aforesaid provision.

(b) In the event that the Lessee shall have pledged this lease and the shares to which it is appurtenant, and provided that the pledgee (hereinafter called "the Lender") shall have given the Lessor's managing agent by ordinary mail notice of the existence of such pledge, which notice shall be accompanied by (i) a copy of the note, security agreement and any other relevant documents, (ii) an undertaking by the Lender, in form and substance satisfactory to the Lessor, to notify the Lessor by registered mail (with a copy to the Lessor's managing agent by ordinary mail) as soon as the loan has been repaid, and (iii) an undertaking by the Lender, in form and substance satisfactory to the Lessor, to indemnify the Lessor, its directors, officers, agents and employees for loss, liability or expense (including reasonable counsel fees) arising out of any claims by the Lessee or others because of any action or failure to take action pursuant to the terms of this paragraph (but such undertaking may be conditioned upon the Lender having been given prompt notice by registered mail of such claim and the opportunity to contest such claim at the Lender's sole cost and expense with the cooperation of the person or persons against whom the claim is asserted), then, during the existence of such pledge, the Lessor shall (notwithstanding any other provision of this lease):

(i) Not take any action to terminate this lease in the event of a default unless:

(A) requested by the Lender to do so; or

(B) the Lender shall have failed for 20 days after notice to it of the existence of any default on the part of the Lessee to pay to the Lessor all sums owing to the Lessor and to cure all other defaults specified in said notice; or

(C) the Lender shall after such 20 day period fail to make any payment coming due after the date of such notice or promptly cure any violation of which it shall thereafter receive notice.

(ii) reject a surrender or cancellation of this lease by the Lessee unless consented to by the Lender.

(iii) withhold its consent to any assignment by the Lessee of such stock and this lease unless consented to by the Lender (if such consent is required under the terms of the pledge).

(iv) accept from the Lender payment of the rent and other amounts due under the terms of this lease.

(v) upon the termination of this lease and the sale of the apartment by the Lessor, pay to the Lender any sums realized in excess of the amounts owing to the Lessor (including reasonable expenses incurred in connection with the sale).

(vi) not unreasonably withhold its consent to any assignment of such stock and this lease or a subletting of the apartment at the request of the Lender.

(c) Anything to the contrary notwithstanding, the Lessor shall not be liable to the Lender if through oversight or negligence on its part or the part of its agents or employees it fails to comply with its obligations to the Lender under subparagraph (a) or (b) of this paragraph, provided that (i) the Lessor shall promptly notify the Lender upon discovery of such failure and (ii) the Lessor shall thereafter insofar as possible comply with such obligations.

Repairs  
by the  
Lessee

17. (a) The Lessee shall take possession of the apartment and its appurtenances and fixtures "as is" as of the commencement of the term hereof. Subject to the provisions of Paragraph 4 hereof, the Lessee shall keep the interior of the apartment (including interior walls, floors and ceilings, but excluding windows, window panes, window frames, sashes, sills, entrance doors and frames and saddles) in good repair, shall do all

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

(b) The Lessee shall not permit unreasonable cooking or other odors to escape into the building. The Lessee shall not permit or suffer any unreasonable noises or anything which will interfere with the rights of other lessees or unreasonably annoy them or obstruct the public halls or stairways.

Odors and  
Noises

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

Equipment  
and  
Appliances

Rules and  
Regulations  
and Require-  
ments of  
Mortgage

(d) The Lessee will comply with all the requirements of the Board of Fire Underwriters, insurance authorities and all governmental authorities and with all laws, ordinances, rules and regulations with respect to the occupancy or use of the apartment. If any mortgage affecting the Building or the land on which it stands shall contain any provisions pertaining to the right of the Lessee to make changes or alterations in the apartment, or to remove any of the fixtures, appliances, equipment or installations, the Lessee herein shall comply with the requirements of such mortgage or mortgages relating thereto. Upon the Lessee's written request, the Lessor will furnish the Lessee with copies of applicable provisions of each and every such mortgage.

Lessee's  
Right to  
Remedy  
Lessee's  
Defaults

18. If the Lessee shall fail for thirty (30) days after notice to make repairs to any part of the apartment, its fixtures or equipment as herein required, or shall fail to remedy a condition which has become objectionable to the Lessor for reasons above set forth, or if the Lessee or any person dwelling in the apartment shall request the Lessor, its agents or servants to perform any act not hereby required to be performed by the Lessor, the Lessor may make such repairs, or arrange for others to do the same, or remove such objectionable condition or equipment, or perform such act, without liability on the Lessor; provided that, if the condition requires prompt action, notice of less than thirty (30) days may be given or, in case of emergency, no notice need be given. In all such cases the Lessor, its agents, servants and contractors shall, as between the Lessor and the Lessee, be conclusively deemed to be acting as agents of the Lessee and all contracts therefor made by the Lessor shall be so construed whether or not made in the name of the Lessee. If Lessee shall fail to perform or comply with any of the other covenants or provisions of this lease within the time required by a notice from the Lessor (not less than five (5) days), then the Lessor may, but shall not be obligated, to comply therewith, and for such purpose may enter upon the apartment of the Lessee. The Lessor shall be entitled to recover from the Lessee all expenses incurred or for which it has contracted hereunder, such expenses to be payable by the Lessee on demand as additional rent.

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

Increase  
in Rate  
of Fire  
Insurance

20. (a) The Lessee shall not, without first obtaining the written consent of the Lessor, which consent shall not be unreasonably withheld or delayed, make, in the apartment or the Building, any alteration, enclosure or addition or any alteration of or addition to the water, gas, or steam risers or pipes, heating or air-conditioning units, electrical conduits, wiring or outlets, plumbing fixtures, intercommunication or alarm system, or any other installation or facility, as may be owned by the Lessor in the apartment or Buildings, or, except as hereinafter authorized, remove any additions, improvements or fixtures from the apartment. The performance by Lessee of any work in the apartment shall be in accordance with any applicable rules and regulations of the Lessor and governmental agencies having jurisdiction thereof. The Lessee shall not in any case install any appliances which will overload the existing wires or equipment in the buildings. Anything contained herein or in subparagraph (b) hereinbelow to the contrary notwithstanding, the written consent of the Lessor shall not be required for any of the foregoing alterations, enclosures, additions made by, or the removal of any additions, improvements of fixtures from the apartment by a holder of "Unsold Shares" provided the holder does not permanently encroach upon any public area and complies with any applicable provisions of local law.

Alterations

(b) Without Lessor's written consent, the Lessee shall not remove any fixtures, appliances, additions or improvements from the apartment

Removal of  
Fixtures



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

Surrender  
on  
Expiration  
of Terms

(c) On the expiration or termination of this lease, the Lessee shall surrender to the Lessor possession of the apartment with all additions, improvements, appliances and fixtures then included therein, except as hereinabove provided. Any additions, improvements, fixtures or appliances not removed by the Lessee on or before such expiration or termination of this lease shall, at the option of the Lessor, be deemed abandoned and shall become the property of the Lessor and may be disposed of by the Lessor without liability or accountability

to the Lessee. Any other personal property not removed by the Lessee at or prior to the termination of this lease may be removed by the Lessor to any place of storage and stored for the account of the Lessee without the Lessor in any way being liable for trespass, conversion or negligence by reason of any acts of the Lessor or of the Lessor's agents, or of any carrier employed in transporting such property to the place of storage, or by reason of the negligence of any person in caring for such property while in storage.

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

Lease  
Subordinate  
to Mortgages  
and Ground  
Leases

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

22. In case a notice of mechanic's lien against a Building shall be filed purporting to be for labor or material furnished or delivered at the Building or the apartment to or for the Lessee, or anyone claiming under the Lessee, the Lessee shall forthwith cause such lien to be discharged by payment, bonding or otherwise; and if the Lessee shall

Mechanic's  
Lien

fail to do so within ten (10) days after notice from the Lessor, then the Lessor may cause such lien to be discharged by payment, bonding or otherwise, without investigation as to the validity thereof or of any offsets or defenses thereto, and shall have the right to collect, as additional rent, all amounts so paid and all costs and expenses paid or incurred in connection therewith, including reasonable attorneys' fees and disbursements, together with interest thereon from the time or times of payment.

#### Cooperation

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

#### Right of Entry

24. The Lessor and its agents and their authorized workmen shall be permitted to visit, examine, or enter the apartment, areas appurtenant thereto, and any storage space assigned to the Lessee at any reasonable hour of the day upon notice, or at any time and without notice in case of emergency, to make or facilitate repairs in any part of the Buildings or to cure any default by the Lessee and to remove such portions of the walls, floors and ceilings of the apartment and storage space as may be required for any such purpose, but the Lessor shall thereafter restore the apartment and storage space to its proper and usual condition at the Lessor's expense if such repairs are the obligation of the Lessor, or at the Lessee's expense if such repairs are the obligation of the Lessee or are caused by the act or omission of the Lessee or any of the Lessee's family, guests, licensees, agents, employees or subtenants. In order that the Lessor shall at all times have access to the apartment, appurtenant area and storage rooms for the purposes provided for in this lease, the Lessee shall provide the Lessor with a key to each lock providing access to the apartment, appurtenant area or the storage rooms, and if any lock shall be altered or new lock installed, the Lessee shall provide the Lessor with a key thereto immediately upon installation. If the Lessee shall not be personally present to open and permit an entry at any time when an entry therein shall be necessary or permissible hereunder and shall not have furnished a key to the Lessor, the Lessor or the Lessor's agents (but, except in an emergency, only when specifically authorized by an officer of the Lessor or an officer of the managing agent) may forcibly enter the apartment or storage space without

liability for damages by reason thereof (if during such entry the Lessor shall accord reasonable care to the Lessee's property), and without in any manner affecting the obligation and covenants of this lease. The right and authority hereby reserved do not impose, nor does the Lessor assume by reason thereof, any responsibility or liability for the care or supervision of the apartment, or any of the pipes, fixtures, appliances or appurtenances therein contained, except as herein specifically provided.

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

Waivers

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

Notices

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

Reimbursement of Lessor's Expenses

Lessor's  
Immunities

28. (a) The Lessor shall not be liable, except by reason of the Lessor's negligence, for any failure or insufficiency of heat, water supply, electric current, gas, telephone, or other service to be supplied by the Lessor hereunder, or for interference with light, air, view or other interests of the Lessee. No abatement of rent or other compensation or claim of eviction shall be made or allowed because of the making or failure to make or delay in making any repairs, alterations or decorations to the buildings, or any fixtures or appurtenances therein, or for space taken to comply with any law, ordinance or governmental regulation, or for interruption or curtailment of any service agreed to be furnished by the Lessor, due to accidents, alterations or repairs, or to difficulty or delay in securing supplies or labor or other cause beyond Lessor's control, unless due to the Lessor's negligence.

Storage  
Space and  
Laundry

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

Automobiles  
and Other  
Property

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

29. The Lessee will not require, permit, suffer or allow the cleaning of any window in the premises from the outside (within the meaning of Section 202 of the New York Labor Law) unless the equipment and safety devices required by law, ordinance, rules and regulations, including, without limitation, Section 202 of the New York Labor Law, are provided and used, and unless the industrial code of the State of New York is fully complied with; and the Lessee hereby agrees to indemnify the Lessor and its employees, other lessees, and the managing agent, for all losses, damages or fines suffered by them as a result of the Lessee's requiring, permitting, suffering or allowing any window in the premises to be cleaned from the outside in violation of the requirements of the aforesaid law, ordinances, regulations and rules.

Window  
Cleaning

30. If upon, or at any time after the happening of any of the events mentioned in subdivisions (a) to (j) inclusive of this Paragraph 30, the Lessor shall give to the Lessee a notice stating that the term hereof will expire on a date at least five days thereafter, the term of this lease shall expire on the date so fixed in such notice as fully and completely as if it were the date herein definitely fixed for the expiration of the term, and all right, title and interest of the Lessee hereunder shall thereupon wholly cease and expire, and the Lessee shall thereupon quit and surrender the apartment to the Lessor, it being the intention of the parties hereto to create hereby a conditional limitation, and thereupon the Lessor shall have the right to re-enter the apartment and to remove all persons and personal property therefrom, either by summary dispossession proceedings, or by any suitable action or proceeding at law or in equity, or by force or otherwise, and to repossess the apartment in its former estate as if this lease had not been made, and no liability whatsoever shall attach to the Lessor by reason of the exercise of the right of re-entry, re-possession and removal herein granted and reserved:

Termination  
of Lease by  
Lessor

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

Lessee Ceas-  
ing to Own  
Accompany-  
ing Shares

Lessee  
Becoming a  
Bankrupt;  
Appointment  
of Receiver;  
Assignment  
for Credi-  
tors; Levy  
on Shares;  
Transfer by  
Operation  
of Law;  
Transfer  
Pursuant to  
Pledge,  
Mortgage or  
Security  
Agreement

(b) If at any time during the term of this lease (i) the then holder hereof shall be adjudicated a bankrupt under the laws of the United States; or (ii) a receiver of all of the property of such holder or of this lease shall be appointed under any provision of the laws of the State of New York, or under any statute of the United States, or any statute of any state of the United States and the order appointing such receiver shall not be vacated within thirty days; or (iii) such holder shall make a general assignment for the benefit of creditors; or (iv) any of the shares owned by such holder to which this lease is appurtenant shall be duly levied upon under the process of any court whatever unless such levy shall be discharged within thirty days; or (v) this lease or any of the shares to which it is appurtenant shall pass by operation of law or otherwise to anyone other than the Lessee herein named or a person to whom such Lessee has assigned this lease in the manner herein permitted, but this subsection (v) shall not be applicable if this lease shall devolve upon the executors or administrators of the Lessee and provided that within eight (8) months (which period may be extended by the Directors) after the death said lease and shares shall have been transferred to any assignee in accordance with Paragraph 15 hereof; or (vi) this lease or any of the shares to which it is appurtenant shall pass to anyone other than the Lessee under a pledge or security agreement or a leasehold mortgage made by the Lessee;

Assignment,  
Subletting  
or Un-  
authorized  
Occupancy

(c) Subject to the provisions of Paragraphs 37 and 38 hereof, if there be an assignment of this lease, or any subletting hereunder, without full compliance with the requirements of Paragraphs 14 or 15 hereof; or if any person not authorized by Paragraph 13 shall be permitted to use or occupy the apartment, and the Lessee shall fail to cause such unauthorized person to vacate the apartment within ten days after written notice from the Lessor;

Default  
in Rent

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

Default  
in other  
Covenants

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

after written notice from the Lessor; provided, however, that if said default consists of the failure to perform any action the performance of which requires any substantial period of time, then if within said period of thirty days such performance is commenced and thereafter diligently prosecuted to conclusion without delay and interruption, the Lessee shall be deemed to have cured said default;

(f) If at any time the Lessor shall determine, upon the affirmative vote of the record holders of at least 80% in amount of its then issued and outstanding shares, at a shareholder's meeting duly called for that purpose, that because of objectionable conduct on the part of the Lessee, or of a person dwelling or visiting in the apartment, repeated after written notice from Lessor, the tenancy of the Lessee is undesirable [it being understood, without limiting the generality of the foregoing, that repeatedly to violate or disregard the House Rules hereto attached or hereafter established in accordance with the provisions of this lease, or to permit or tolerate a person of loose or immoral character to enter or remain in the buildings or the apartment, shall be deemed to be objectionable conduct];

Objection-  
able Conduct

(g) If at any time the Lessor shall determine, upon the affirmative vote of two-thirds of its then Board of Directors at a meeting of such directors duly called for that purpose, and the affirmative vote of the record holders of at least 66-2/3% in amount of its then issued and outstanding shares, at a shareholders' meeting duly called for that purpose, to terminate all proprietary leases;

Termination  
of all  
Proprietary  
Leases

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

Destruction  
of Building

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

Condemnation

(j) If the Lessee shall be in default in the payment of any note or the terms, covenants and conditions of any loan security agreement secured by a pledge of this lease and the shares allocated to the apartment.

Default  
Under Loan  
Agreement



Lessor's  
Rights  
After  
Lessee's  
Default

31. (a) In the event the Lessor resumes possession of the apartment, either by summary proceedings, action of ejectment or otherwise, because of default by the Lessee in the payment of any rent or additional rent due hereunder, or on the expiration of the term pursuant to a notice given as provided in Paragraph 30 hereof upon the happening of any event specified in subsections (a) to (f) inclusive of Paragraph 30, the Lessee shall continue to remain liable for payment of a sum equal to the rent which would have become due hereunder and shall pay the same in installments at the time such rent would be due hereunder. No suit brought to recover any instalment of such rent or additional rent shall prejudice the right of the Lessor to recover any subsequent installment. After resuming possession, the Lessor may, at its option, from time to time (i) relet the apartment for its own account or (ii) relet the apartment as the agent of the Lessee, in the name of the Lessee or in its own name, for a term or terms which may be less than or greater than the period which would otherwise have constituted the balance of the term of this lease, and may grant concessions or free rent, in its discretion. Any reletting of the apartment shall be deemed for the account of the Lessee, unless within ten days after such reletting the Lessor shall notify the Lessee that the premises have been relet for the Lessor's own account. The fact that the Lessor may have relet the apartment as agent for the Lessee shall not prevent the Lessor from thereafter notifying the Lessee that it proposes to relet the apartment for its own account. If the Lessor relets the apartment as agent for the Lessee, it shall, after reimbursing itself for its expenses in connection therewith, including leasing commissions and a reasonable amount for attorneys' fees and expenses, and decorations, alterations and repairs in and to the apartment, apply the remaining avails of such reletting against the Lessee's continuing obligations hereunder. There shall be a final accounting between the Lessor and the Lessee upon the earliest of the four following dates: (A) the date of expiration of the term of this lease as stated on page 1 hereof; (B) the date as of which a new proprietary lease covering the apartment shall have become effective; (C) the date the Lessor gives written notice to the Lessee that it has relet the apartment for its own account; (D) the date upon which all proprietary leases of the Lessor terminate. From and after the date upon which the Lessor becomes obligated to account to the Lessee, as above provided, the Lessor shall have no further duty to

account to the Lessee for any avails of reletting and the Lessee shall have no further liability for sums thereafter accruing hereunder, but such termination of the Lessee's liability shall not affect any liabilities theretofore accrued.

(b) If the Lessee shall at any time sublet the apartment and shall default in the payment of any rent or additional rent, the Lessor may, at its option, as long as such default shall continue, demand and receive from the subtenant the rent due or becoming due from such subtenant to the Lessee, and apply the amount to pay sums due and to become due from the Lessee to the Lessor. Any payment by a subtenant to the Lessor shall constitute a discharge of the obligation of such subtenant to the Lessee to the extent of the amount so paid. The acceptance of rent from any subtenant shall not be deemed a consent to or approval of any subletting or assignment by the Lessee, or a release or discharge of any of the obligations of the Lessee hereunder.

Collection  
of Rent  
from  
Subtenants

(c) Upon the termination of this lease under the provisions of subdivisions (a) to (j) inclusive of Paragraph 30, the Lessee shall surrender to the corporation the certificate for the shares of the corporation owned by the Lessee to which this lease is appurtenant. Whether or not said certificate is surrendered, the Lessor may issue a new proprietary lease for the apartment and issue a new certificate for the shares of the Lessor owned by the Lessee and allocated to the apartment when a purchaser therefor is obtained, provided that the issuance of such shares and such lease to such purchaser is authorized by a resolution of the Directors, or by writing signed by a majority of the Directors or by lessees owning, of record, at least a majority of the shares of the Lessor accompanying proprietary leases then in force. Upon such issuance the certificate owned or held by the Lessee shall be automatically cancelled and rendered null and void. The Lessor shall apply the proceeds received for the issuance of such shares towards the payment of the Lessee's indebtedness hereunder, including interest, attorneys' fees and other expenses incurred by the Lessor, and, if the proceeds are sufficient to pay the same, the Lessor shall pay over any surplus to the Lessee, but, if insufficient, the Lessee shall remain liable for the balance of the indebtedness. Upon the issuance of any such new proprietary lease and certificate, the Lessee's liability hereunder shall cease and the Lessee shall only be liable for rent and expenses

Sale of  
Shares

accrued to that time. The Lessor shall not, however, be obligated to sell such shares and appurtenant lease or otherwise make any attempt to mitigate damages.

Waiver of  
Right of  
Redemption

32. The Lessee hereby expressly waives any and all right of redemption in case the Lessee shall be dispossessed by judgment or warrant of any court or judge. The words "enter", "re-enter" and "re-entry" as used in this lease are not restricted to their technical legal meaning.

Surrender  
of  
Possession

33. Upon the termination of this lease under the provisions of subdivisions (a) to (f), inclusive, of Paragraph 30, the Lessee shall remain liable as provided in Paragraph 31 of this lease. Upon the termination of this lease under any other of its provisions, the Lessee shall be and remain liable to pay all rent, additional rent and other charges due or accrued and to perform all covenants and agreements of the Lessee up to the date of such termination. On or before any such termination the Lessee shall vacate the apartment and surrender possession thereof to the Lessor or its assigns, and upon demand of the Lessor or its assigns, shall execute, acknowledge and deliver to the Lessor or its assigns any instrument which may reasonably be required to evidence the surrendering of all estate and interest of the Lessee in the apartment, or in the building of which it is a part.

Lessee's  
Option to  
Cancel

34. (a) This lease may be cancelled by the Lessee on any September 30th after the second anniversary after the date on which the share of the Lessor were first issued, upon complying with all the provisions hereinafter set forth. Irrevocable written notice of intention to cancel must be given by the Lessee to the Lessor on or before April 1, in the calendar year in which such cancellation is to occur. At the time of the giving of such notice of intention to cancel there must be deposited with the Lessor by the Lessee:

Deposits  
Required

(i) the Lessee's counterpart of this lease with a written assignment in form required by the Lessor, in blank, effective as of August 31 of the year of cancellation, free from all subleases, tenancies, liens, encumbrances and other charges whatsoever (except rights of occupancy of third parties existing on the date the Lessor acquired title to the Building);

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

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

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

(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.

(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.

Removal of  
Fixtures

Possession

Permission  
to Show  
and Occupy  
Premises

Effective  
Date of  
Cancellation

Rights on  
Lessee's  
Default

(e) If the Lessee shall give the notice but fail to comply with any of the other provisions of this paragraph, the Lessor shall have the option at any time prior to September 30th (i) of returning to the Lessee this lease, the certificate for shares and other documents deposited, and thereupon the Lessee shall be deemed to have withdrawn the notice of intention to cancel this lease, or (ii) of treating this lease as cancelled as of the September 30th named in the notice of intention to cancel as the date for the cancellation of such lease, and bringing such proceedings and actions as it may deem best to enforce the covenants of the Lessee hereinabove contained and to collect from the Lessee the payments which the Lessee is required to make hereunder, together with reasonable attorneys' fees and expenses.

Extension  
of Option  
to Cancel

35. (a) If on April 1st in any year the total number of shares owned by lessees holding proprietary leases for apartments in the building, who have given notice pursuant to Paragraph 34 of intention to cancel such proprietary leases on September 30th of said year, shall aggregate ten percent (10%) or more of the Lessor's outstanding shares, exclusive of treasury shares, then the Lessor shall, prior to April 30th in such year, give a written notice to the holders of all issued and outstanding shares of the Lessor, stating the total number of shares then outstanding and in its treasury and the total number of shares owned by lessees holding proprietary leases who have given notice of intention to cancel. In such case the proprietary lessees to whom such notice shall have been given shall have the right to cancel their leases in compliance with the provisions of Paragraph 35 hereof, provided only that written notice of the intention to cancel such leases shall be given on or before July 1st instead of April 1st.

Right of  
Lessees  
to Cancel

(b) If Lessees owning at least 66-2/3% of the then issued and outstanding shares of the Lessor shall exercise the option to cancel their leases in one year, then this and all other proprietary leases shall thereupon terminate on the September 30th of the year in which such options shall have been exercised, as though every Lessee had exercised such option. In such event none of the Lessees shall be required to surrender his shares to the Lessor and all certificates for shares delivered to the Lessor by those who had, during that year, served notice of intention to cancel their leases under the provisions hereof, shall be returned to such lessees.

36. No later than thirty (30) days after the termination of all proprietary leases for space in the buildings, whether by expiration of their terms or otherwise, a special meeting of shareholders of the Lessor shall take place to determine whether (a) to continue to operate the Buildings as residential apartment Buildings (b) to alter, demolish or rebuild the Buildings or any portions thereof, or (c) to sell the Buildings and liquidate the assets of the Lessor, and the Directors shall carry out the determination made by the holders of a majority of the shares of the Lessor then issued and outstanding at said meeting of shareholders of the Lessor, and all of the holders of the then issued and outstanding shares of the Lessor shall have such rights as enure to shareholders of corporations having title to real estate.

Continuance  
of Coopera-  
tive Manage-  
ment of  
Building  
After all  
Leases  
Terminated

37. (a) The Term "Unsold Shares" means and refers to shares of the Lessor which have been issued or transferred to the Sponsor or to an Individual or Individuals produced by the Sponsor as provided in Section Q of the Offering Plan - A Plan to Convert to Cooperative Ownership - Premises: 280 Guy Lombardo Avenue, Freeport, New York, dated , 198 (the "Plan"), to acquire Unsold Shares or to a nominee or designee of such Sponsor or Individual(s); and all shares which are Unsold Shares retain their character as such (regardless of transfer) until an Individual purchases same for use and occupancy by himself or a member of his family. In the event the Sponsor is not an individual, it shall be required to transfer its shares to an Individual(s) not later than three years from the date it acquired the shares.

Unsold  
Shares

(b) Neither the subletting of the apartment from time to time nor the assignment of this lease by the holder of Unsold Shares allocated to the apartment nor the posting of signs in connection with such subletting, assignment or sale shall require the consent of the Directors or shareholders to which reference is made in Paragraphs 14 and 15(a) (vi) of this lease; and a holder of Unsold Shares shall not be required to pay any sums for expenses of the Lessor or of its Managing Agent set forth in subparagraph (a) (iv) of said Paragraph 15.

Subletting  
Apartment  
and Sale  
of Shares

Change in  
Form of  
Lessee

(c) Without the consent of a holder of Unsold Shares, no change in the form, terms or conditions of this proprietary lease, as permitted by Paragraph 6, shall (i) affect the rights of the holder of Unsold Shares allocated to the apartment to sublet the apartment or to assign this lease, as hereinbefore provided in this Paragraph 37, or (ii) eliminate or modify any other rights, privileges or obligations of such holder of Unsold Shares.

(d) The provisions of Paragraph 34 of this Lease shall not be applicable to a holder of Unsold Shares.

Rights of  
a Secured  
Party

38. Where the provisions of Paragraph 16(b) are deemed inapplicable, the following provisions shall apply with respect to rights of secured parties:

(a) The Lessor agrees that it shall give to any holder of a security interest in the shares of the Lessor specified in the recitals of this lease or mortgagee of this lease who so requests (any such holder being hereinafter referred to as a "Secured Party"), a copy of any notice of default which the Lessor gives to the Lessee pursuant to the terms of this lease, and if the Lessee shall fail to cure the default specified in such notice within the time and in the manner provided for in this lease, then the Secured Party shall have an additional period of time, equal to the time originally given to the Lessee, to cure said default for the account of the Lessee or to cause same to be cured, and the Lessor will not act upon said default unless and until the time in which the Secured Party may cure said default or cause same to be cured as aforesaid, shall have elapsed, and the default shall not have been cured.

(b) If this lease is terminated by the Lessor as provided in Paragraphs 30 or 34 of this lease, or by agreement with the Lessee, (1) the Lessor promptly shall give notice of such termination to the Secured Party and (2) upon request of the Secured Party made within thirty (30) days of the giving of such notice the Lessor (i) shall commence and prosecute a summary dispossession proceeding at the Secured Party's sole expense to obtain possession of the apartment, and (ii) shall, within sixty (60) days of its receipt of the aforesaid request by the Secured Party, reissue the aforementioned shares to, and shall enter into a new proprietary lease for the apartment with, any individual designated by the Secured Party, or the

individual nominee of the individual so designated by the Secured Party, all without the consent of the Directors or the shareholders to which reference is made in Paragraphs 15(a) (vi) and 31(c) but the consent only of the Lessor's then Managing Agent which shall not be unreasonably withheld or delayed provided, however, that the Lessor shall have received payment, on behalf of the Lessee, of all rent, additional rent and other sums owed by the Lessee to the Lessor under this lease for the period ending on the date of reissuance of the aforementioned shares of the Lessor including, without limitation, sums owed under Paragraphs 32(a) and (c) of this lease; the individual designated by the Secured Party (if and as long as such individual by himself or a member of his family does not actually occupy the apartment) shall have all of the rights provided for in Paragraphs 14, 15, 20 and 37 of this lease as if he were a holder of Unsold Shares; and, accordingly, no surplus shall be payable by the Lessor to the Lessee as otherwise provided in Paragraph 31(c).

(c) If the purchase by the Lessee of the shares allocated to the apartment was financed by a loan made by a bank, savings bank or savings and loan association and a default or an event of default shall have occurred under the terms of the security agreement-leasehold mortgage or either of them entered into between the Lessee and the Secured Party, and if (1) notice of said default or event of default shall have been given to the Lessor, (2) an individual designated by the Secured Party, or the individual nominee of the individual so designated by the Secured Party, shall be entitled to become the owner of the shares and the lessee under this lease pursuant to the terms of said security agreement-leasehold mortgage, or either of them, (3) not less than five days' written notice of an intended transfer of the shares and this lease shall have been given to the Lessor and the Lessee, (4) there has been paid, on behalf of the Lessee, all rent, additional rent and other sums owed by the Lessee to the Lessor under this lease for the period ending on the date of transfer of the aforementioned shares as hereinafter provided, and (5) the Lessor shall be furnished with such affidavits, certificates, and opinions of counsel, in form and substance reasonably satisfactory to the Lessor, indicating that the foregoing conditions (1) - (4) have been met, then (a) a transfer of the shares and the proprietary lease shall be made to such individual, upon request and without the consent of the Direc-



tors or the shareholders to which reference is made in Paragraph 15(a) (vi) but the consent only of the Lessor's then Managing Agent which shall not be unreasonably withheld or delayed, and (b) the individual to whom such transfer is made (if and as long as such individual, by himself or a member of his family, does not actually occupy the apartment) shall have all of the rights provided for in Paragraphs 14, 15, 20 and 37 of this lease as if he were a holder of Unsold Shares.

(d) Without the prior written consent of any Secured Party who has requested a copy of any notice of default as hereinbefore provided in subparagraph (a) of this Paragraph 38, (a) the Lessor and the Lessee will not enter into any agreement modifying or cancelling this lease, (b) no change in the form, terms or conditions of this lease, as permitted by Paragraph 6, shall eliminate or modify any rights, privileges or obligations of a Secured Party as set forth in this Paragraph 38, (c) the Lessor will not terminate or accept a surrender of this lease, except as provided in Paragraphs 30 or 34 of this lease and in subparagraph (a) of this Paragraph 38, (d) the Lessee will not assign this lease or sublet the apartment, (e) any modification, cancellation, surrender, termination or assignment of this lease or any sublease of the apartment not made in accordance with the provisions hereof shall be void and of no effect, (f) the Lessor will not consent to any further mortgage on this lease or security interest created in the shares, (g) the Lessee will not make any further mortgage or create any further security interest in the shares or this lease, and (h) any such further mortgage or security interest shall be void and of no effect.

(e) Any designee of a Secured Party to whom a transfer of a lease shall have been made pursuant to the terms of subparagraphs (b) and (c) hereof may cancel this lease under the terms of Paragraph 34 hereof; except that such designee (a) may cancel this lease at any time after the designee acquires this lease and the shares appurtenant hereto due to foreclosure of the security agreement-leasehold mortgage; (b) need give only thirty (30) days' notice of its intention to cancel; and (c) may give such notice at any time during the calendar year.

Foreclosure  
Receiver  
of Rents

39. Notwithstanding anything to the contrary contained in this lease, if any action shall be instituted to foreclose any mortgage on the land or

the 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 Buildings or the leasehold of the land or Buildings and may not be modified or annulled without the prior written consent of any such mortgage holder.

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

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

42. In the event of a breach or threatened breach by Lessee of any provision hereof, the Lessor shall have the right of injunction and the right to invoke any remedy at law or in equity, as if re-

To Whom  
Covenants  
Apply

Waiver of  
Trial by  
Jury

Lessor's  
Additional  
Remedies

entry, summary proceedings and other remedies were not herein provided for, and the election of one or more remedies shall not preclude the Lessor from any other remedy.

Lessee  
More  
Than  
One  
Person

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

Actions

44. The Lessee may not institute an action or proceeding against the Lessor or defend, or make a counterclaim in any action by the Lessor related to the Lessee's failure to pay rent, if such action, defense or counterclaim is based upon the Lessor's failure to comply with its obligations under this lease or any law, ordinance or governmental regulation unless such failure shall have continued for thirty days after the giving of written notice thereof by the Lessee to the Lessor.

Holding  
of  
Shares

45. The shares of the Lessor held by the Lessee and allocated to the apartment have been acquired and are owned subject to the following conditions agreed upon with the Lessor and with each of the other proprietary lessees for their mutual benefit.

(a) the shares represented by each certificate are transferable only as an entirety; and

(b) the shares shall not be sold except to the Lessor or to an assignee of this lease after compliance with all of the provisions of Paragraph 16 of this lease relating to assignments.

(c) the shares represented by each certificate and the accompanying proprietary lease are subject to a first lien of the corporation, as described in the By-Laws.

Charges  
for Gas  
and  
Electricity

46. If at any time or times during the term of this lease the consumption of gas or electricity, or both, in the apartment is measured by a meter which also measures consumption outside the apartment, the Lessor may determine from time to time by resolution

of the Board of Directors thereof, the charges, if any, to be paid by the Lessee on account of such consumption of gas or electricity, or both, and any such charges shall be payable monthly in advance or in such payments or installments as shall be required by the Directors, and at such times as shall be provided in such resolution.

47. The Lessor will not discriminate against any person because of his or her or her race, creed, color, national origin or ancestry when exercising any right reserved to it in this lease.

No  
Discrimi-  
nation

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

Effect of  
Partial  
Invalidity

49. The term "Tax Status Determination," when used in this lease with respect to an assignment of shares or the sale of such shares to a purchaser pursuant to the terms of the Proprietary Lease, means a written determination, made in accordance with the following sentences of this paragraph, that either (a) the assignee or purchaser is an "individual" (as that term is used in Section 216 of the Internal Revenue Code of 1954) or (b) the ownership of the shares by the assignee or purchaser will not jeopardize Lessor's qualification as a cooperative housing corporation under said Section 216 or any similar qualification under any future law of similar import. A Tax Status Determination may be made by Lessor and shall not be unreasonably withheld by it. If the shares are Unsold Shares and a Tax Status Determination is required, such determination may, at the election of the Holder of the Unsold Shares, be made by the Holder of the Unsold Shares instead of Lessor.

Tax Status  
Determina-  
tion

50. The marginal heading of the several paragraphs of this lease shall not be deemed a part of this lease, nor used as evidence of the intent of the parties.

Marginal  
Headings

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

Changes to  
be in writ-  
ting

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

Certain  
References

Limitation  
of Lessor's  
Rights

53. Anything herein contained to the contrary notwithstanding, so long as the Unsold Shares constitute 25% or more of the outstanding shares of the Lessor, the Lessor shall not take any of the following actions without the written consent of the Sponsor until the fifth anniversary of the Closing Date unless the lessees owning at least 75% of all issued and outstanding shares of the Lessor approve same in writing or by vote, in person or by proxy, at a duly constituted meeting called for such purpose:

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

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

(c) undertake any capital or major improvement or addition, unless required by law (this restriction shall expressly not be applicable to ordinary and necessary repairs), use the Reserve Fund described in Section S of the Plan, or increase the budgeted contingency reserve fund as indicated in Schedule B of the Plan. However, any unused portion of the budgeted contingency reserve fund for any year may be added to the contingency reserve fund for the following years.

This provision may not be exercised over expenses required: (a) to comply with applicable laws or regulations, or (b) to remedy any notice of violation, or (c) to remedy any work order by a mortgagee or an insurer, or (d) to remedy a notice of default from a mortgagee.

Purchaser  
for Investment or  
Resale

54. (a) The term "Purchaser for Investment or Resale" means a purchaser, other than a Holder of Unsold Shares (as described in Section Q of the Plan) who purchases shares allocated to three (3) or more apartments, which apartments are not for occupancy by such purchaser or persons related by blood, marriage or adoption to such Purchaser, as described in Section R of the Plan.

(b) When a Purchaser for Investment or Resale wishes to sell the shares allocated to an apartment, the Purchaser for Investment or Resale must provide the following documents to a prospective purchaser at least three (3) business days before entering into a Purchase Agreement:

(i) Copy of the most recent financial statement of the Apartment Corporation, if any.

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

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

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

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

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

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

(c) A Purchaser for Investment or Resale shall be subject to all the other provisions of this lease as if said purchaser was the owner of shares allocated to an apartment which he, or a person related by blood marriage or adoption to him, is occupying.

55. If Lessee is the Tenant-Shareholder of an Apartment subject to the lease of a non-purchasing tenant in occupancy on the date that title to the Building was transferred to Lessor, the following shall apply:

Obligations  
of Non-  
occupant  
Lessee

(a) Lessee will be required to pay to the Apartment Corporation the maintenance charges for that Apartment whether those charges are greater or less than the rent payable or received by the Lessee from the tenant in occupancy. By reason of the terms of the Lease, New York State General Business Law Section 352-eee ("Section 352-eee"), ETPA and the Regulations, Lessee also will be responsible for the due performance of all of the obligations of the landlord under the lease, statutory tenancy or other tenancy of the tenant which are not the obligations of the Lessor, including obligations to maintain, repair and replace plumbing fixtures, the refrigerator, range, lighting fixtures, and other equipment in the Apartment, and to paint the Apartment as provided in the lease with the tenant, or required by ETPA, the Regulations, any applicable law, or Section 352-eee, as the case may be. Unless Lessee designates to Lessor in writing another person as Lessee's agent, Lessee hereby designates the Managing Agent of the Property as Lessee's agent to perform such services at Lessee's expense. Lessor shall have the right to bill Lessee for the cost of performing the services (including parts at Lessor's cost; labor at the basic hourly wage rate of the person performing the service, if appropriate, or the charge of an independent contractor performing the service; plus a reasonable administrative fee for the Managing Agent).

(b) Lessor shall have the right to bill Lessee for its allocable share any dues associated with any local laws, if required.

(c) Deposit with the Managing Agent at closing a sum not less than an amount equal to two months maintenance charges to be used as working capital to furnish services required under the non-purchasing tenant's lease and the laws and regulations specified above. Upon notice by the Managing Agent that said deposit has been diminished, said fund shall be replenished by the shareholder within a specified period of time.

56. Anything contained in this lease and the House Rules annexed hereto the contrary notwithstanding, Lessor shall not prevent nor unreasonably impede or interfere with the sale of any block of Unsold Shares or the subletting of an apartment to which a block of Unsold Shares is allocated and agrees that a holder of Unsold Shares shall have the right to display "For Sale" and "For Rent" signs and similar promotional signs and material on or about the exterior

of the Building, the lobby and apartments leased by a holder of Unsold Shares. In addition, prospective purchasers of Unsold Shares shall be given access to the public areas of the Property, including (without limitation) the lobbies and hallways, for purposes of ingress and egress, without being subject to any charge or fee therefor.

IN WITNESS WHEREOF, the parties have executed this lease.

280 GUY LOMBARDO AVENUE OWNERS, INC.

Lessor

By \_\_\_\_\_  
(Vice) President  
Secretary

\_\_\_\_\_  
(L.S.)

\_\_\_\_\_  
(L.S.)  
Lessee



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

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 President/  
 Secretary of 280 GUY LOMBARDO AVENUE OWNERS, INC., 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            , in the year 19    , before me  
 personally appeared            to me personally known and known to me to  
 be the individual described in and who executed the foregoing in-  
 strument, and duly acknowledged to me that he executed the same.

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## HOUSE RULES

(1) The public halls and stairways of the Building shall not be obstructed or used for any purposes other than ingress to and egress from the apartments in the Building.

(2) Children shall not play in the public halls, courts and stairways.

(3) No public hall shall be decorated or furnished by any Lessee in any manner without the prior consent of all of the Lessees to whose apartments such hall serves a means of ingress and egress; in the event of disagreement among such lessees, the Board of Directors shall decide.

(4) No Lessee shall make or permit any disturbing noises in the Building or do or permit anything to be done therein which will interfere with the rights, comfort or convenience of other Lessees. No Lessee shall play upon or suffer to be played upon any musical instrument or permit to be operated a phonograph or a radio or television loud speaker in such Lessee's apartment between the hours of 11:00 o'clock p.m. and the following 8:00 o'clock a.m. if the same shall disturb or annoy other occupants of the Building. No construction or repair work or other installation involving noise shall be conducted in any apartment except on weekdays (not including legal holidays) and only between the hours of 8:00 a.m. and 5:00 p.m.

(5) No article shall be placed in the halls or on the staircase landings nor shall anything be hung or shaken from the doors, windows or roofs or placed upon the window sills or ledges of the building.

(6) No awnings, window air-conditioning units or ventilators shall be used in or about the Buildings except such as shall have been expressly approved by the Lessor or the Managing Agent, nor shall anything be projected out of any window of the Buildings without similar approval.

(7) No sign, notice, advertisement or illumination shall be inscribed or exposed on or at any window or other part of the Building, except such as shall have been approved in writing by the Lessor or the Managing Agent.

(8) No velocipedes, mopeds, motorcycles, bicycles, scooters, strollers, baby carriages or other wheeled items shall be allowed to stand in public halls, passageways, parking lots or the courtyard of the Building.

(9) Messengers and tradespeople shall use such means of ingress and egress as shall be designated by the Lessor.

(10) Kitchen supplies, market goods and packages of every kind are to be delivered directly to Apartment Units by such means as shall be designated by the Lessor.

(11) Trunks and heavy baggage shall be taken in or out of the Building by such means of ingress and egress as shall be designated by the Lessor.

(12) Garbage shall be placed in the dumpster provided by the Apartment Corporation. Refuse from the apartments shall be disposed of only at such times and in such manner as the superintendent or the Managing Agent of the Building may direct.

(13) Water closets and other water apparatus in the Buildings shall not be used for any purposes other than those for which they were constructed, nor shall any sweepings, rubbish, rags or any other article be thrown into the water closets. The cost of repairing any damage resulting from misuse of any water closets or other apparatus shall be paid for by the Lessee in whose apartment it shall have been caused.

(14) No Lessee shall send any employee of the Lessor out of the Building on any private business of a Lessee.

(15) No dog, cat, bird, reptile or any other animal shall be kept or harbored in the Building unless the same in each instance be expressly permitted in writing by the Lessor; such permission shall be revocable by the Lessor. In no event shall dogs be permitted in any of the public portions of the Building unless carried or on leash. No pigeons or other birds or animals shall be fed from the window sills or in the yard, court spaces or other public portions of the Building, or on the sidewalks or streets adjacent to the Building.

(16) No radio or television aerial shall be attached to or hung from the exterior of the Building without the prior written approval of the Lessor or the Managing Agent.

(17) No vehicle belonging to a Lessee or to a member of the family or guest, subtenant, licensee or employee of a Lessee shall be parked in such manner as to impede or prevent ready access to any entrance of the Building by another vehicle.

(18) No group tour or exhibition of any apartment or its contents shall be conducted, nor shall any auction sale be held in any apartment without the consent of the Lessor or its Managing Agent.

(19) The Lessee shall keep the windows of the apartment clean. In case of refusal or neglect of the Lessee during 10 days after notice in writing from the Lessor or the Managing Agent to clean the windows, such cleaning may be done by the Lessor, which

shall have the rights, by its officers or authorized agents, to enter the apartment for the purpose and to charge the cost of such cleaning to the Lessee.

(20) Complaints regarding the service of the Building shall be made in writing to the Managing Agent of the Lessor.

(21) Any consent or approval given under these House Rules by the Lessor shall be revocable at any time.

(22) The agents of the Lessor, and any contractor or workman authorized by the Lessor, may enter any apartment at any reasonable hour of the day for the purpose of inspecting such apartment to ascertain whether measures are necessary or desirable to control or exterminate any vermin, insects or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pest. If the Lessor takes measures to control or exterminate, the cost thereof shall be payable by the Lessee, as additional rent.

(23) No Lessee shall be permitted on the roof for any reason whatsoever.

(24) These House Rules may be added to, amended or repealed at any time by resolution of the Board of Directors of the Lessor.

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BY-LAWS

OF

280 GUY LOMBARDO AVENUE OWNERS, INC.

\_\_\_\_\_

## BY-LAWS

ARTICLE IPurpose of Business

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

ARTICLE II

Section 1. Annual Meeting: The first annual meeting of shareholders shall be held within 30 business days after closing under the Offering Plan, A Plan to Convert to Cooperative Ownership Premises 280 Guy Lombardo Avenue, Freeport, New York, (the "Offering Plan") and subsequent annual meetings shall be held in the State of New York, at such time and place before the 31st day of May each year as may be designated by the Board. The notice of the meeting shall be in writing and signed by the president or vice president or the secretary or an assistant secretary. Such notice shall state the time when and the place within the state where it is to be held, and the secretary shall cause a copy thereof to be delivered personally or mailed to each shareholder of record of the Corporation entitled to vote at such meeting not less than ten nor more than forty days before the meeting. If mailed, it shall be directly to each such shareholder at his or her address as it appears on the sharebook, unless he or she shall have filed with the secretary of the Corporation a written request that notices intended for him or her be mailed to some other address, in which case it shall be mailed to the address designated in such request.

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

**Section 3. Waiver of Mailing of Notice:** The notice provided for in the two foregoing sections is not indispensable, and any shareholders' meeting whatever shall be valid for all purposes if the shareholders of record of all outstanding shares of the corporation are present thereat in person or by proxy, or if a quorum is present as provided in the next succeeding section and notice of the time, place and purpose of such meeting has been duly waived in writing by all shareholders not so present. The attendance of any shareholder at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by him. Any notice to be served upon a shareholder by mail shall be directed to the shareholder at his address as it appears on the stock book unless the shareholder shall have filed with the secretary of the corporation, prior to the giving of a notice, a written request that notices intended for him be mailed to such other address, in which case it shall be mailed to the address designated in such request.

**Section 4. Quorum:** At each meeting of shareholders, except where otherwise provided by law, shareholders representing, in person or by proxy, a majority of the shares then issued and outstanding shall constitute a quorum; in case a quorum shall not be present at any meeting, the holders of a majority of the shares represented may adjourn the meeting to some future time and place. No notice of the time and place of the adjourned meeting need be given other than by announcement at the meeting. Only those shareholders who, if present at the original meeting, would have been entitled to vote thereat shall be entitled to vote at any such adjourned meeting.

**Section 5. Voting:** At each meeting of shareholders each shareholder present in person or by proxy shall be entitled to one vote for each share registered in his name at the time of service of notice of such meeting or at such prior date, not more than forty days before such meeting, as may be prescribed by the Board of Directors for the closing of the corporate share transfer books or fixed by the Board of Directors as the date for determining which shareholders of record are entitled to notice of and to vote at such meeting. The proxies shall be in writing duly signed by the shareholder but need not be acknowledged or witnessed, and the person named as proxy by any shareholder need not himself be a shareholder of the Corporation. Voting by shareholders shall be by voice vote unless any shareholder present at the meeting, in person or by proxy, demands a vote by written ballot, in which case the voting shall be by ballot, and each ballot shall state the name of the shareholder voting and the number of shares owned by him, and in addition, the name of the proxy of such ballot if cast by a proxy.

In all elections of directors of the Corporation, each shareholder shall be entitled to as many votes as shall equal the

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

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

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

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

### ARTICLE III

#### Directors

Section 1. Number: (a) The number of directors of the corporation shall be no more than nine nor less than three, as may be fixed from time to time by resolution of the shareholders. In the absence of any resolution such provision the number of directors shall be five. The number of directors may be changed by resolution of the shareholders from time to time at any annual or special meeting, provided that the notice of such meeting shall state that a resolution will be considered to change the number of directors and shall set forth the number to be proposed in such resolution. Any such resolution shall specify the manner



in which the selection of directors necessitated by an increase in the number of directors shall be accomplished, or shall state that a decrease in the number of directors shall not shorten the term of any incumbent director, as the case may be. The number of directors so determined shall be the number of directors of the corporation until changed by further action of the shareholders in accordance with the foregoing.

(b) Notwithstanding anything to the contrary contained herein, the Sponsor of the Offering Plan to Convert the Premises to Cooperative Ownership will cause the Individuals who own "Unsold Shares", as same is defined in Paragraph 37 of the Proprietary Lease to agree that after 51% of the Shares of the Corporation held by them have been sold or the fifth anniversary of the Closing Date, whichever occurs first, the Sponsor and such Individuals will not elect a majority of the Board of Directors even though the number of shares owned by them would enable them to do so. In addition, notwithstanding anything to the contrary in the By-Laws, so long as the Holders of Unsold Shares hold Shares allocated to three (3) or more Apartments, they shall have the right to designate at least one (1) of the Directors of the Corporation.

Section 2. Election: The Directors shall be elected at the annual meeting of shareholders or at a special meeting called for that purpose as provided by Section 5 of Article II of these By-Laws. Their term of office shall be until the date herein fixed for the next annual meeting and thereafter until their respective successors are elected and qualify. It shall not be necessary for a director of this Corporation to be a shareholder.

Section 3. Quorum: A majority of the Directors then authorized by these By-Laws shall constitute a quorum.

Section 4. Vacancies: Vacancies in the Board of Directors resulting from death, resignation or otherwise may be filled without notice to any of the shareholders by a vote of a majority of the remaining directors present at the meeting at which such election is held even though no quorum is present, which may be at any regular meeting of the Board of Directors or any special meeting thereof called for such purpose. In the event of the failure to hold any election of directors at the time designated for the annual election of directors or in the event that the Board of Directors shall not have filled any such vacancy, a special meeting of shareholders to elect a new Board of Directors or to fill such vacancy or vacancies may be called in the manner generally provided for the calling of special meetings of shareholders. Vacancies in the Board of Directors resulting from an increase of the Board of Directors by amendment of these By-Laws

shall be filled in the manner provided in the resolution adopting such amendment. In case of a reduction of the authorized number of directors by amendment to these By-Laws, the directors, if any, whose term of office shall cease, shall be determined in the manner provided in the resolution adopting such amendment.

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

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

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

Section 7. Annual Cash Requirements: The Board of Directors shall, except as may be otherwise restricted by the proprietary leases of the Corporation, from time to time, determine the cash requirements as defined in the Corporation's proprietary leases, and fix the terms and manner of payment of rent under the Corporation's proprietary leases. The Board of Directors shall have discretionary power to prescribe the manner of maintaining and operating the Property of the Corporation and to determine the cash requirements of the Corporation to be paid as aforesaid by the shareholder-tenants under their respective proprietary leases. Every such determination by the Board of Directors shall be final and conclusive as to all shareholder-tenants and any expenditures made by the Corporation's officers or its agent

under the direction or with the approval of the Board of Directors of the Corporation shall, as against the shareholder-tenants, be deemed necessarily and properly made for such purpose.

So long as the Unsold Shares constitute twenty-five (25%) percent or more of the outstanding shares of the corporation, the Board of Directors of the corporation shall not take any of the following actions without the written consent of the holder of Unsold Shares until the fifth anniversary of the Closing Date unless shareholders owning at least seventy-five percent (75%) of the shares of the corporation approve same in writing or by vote, in person or by proxy, at a duly constituted meeting.

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

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

(iii) undertake any capital or major improvement or addition, unless required by law (this restriction shall expressly not be applicable to ordinary and necessary repairs), use the Reserve Fund described in Section S of the Plan, or increase the budgeted contingency reserve fund as indicated in Schedule B of the Plan. However, any unused portion of the budgeted contingency reserve fund for any year may be added to the contingency reserve fund for the following years.

This Section may not be exercised by the holder of Unsold Shares for expenses required: (a) to comply with applicable laws or regulations, or (b) to remedy any notice of violation, or (c) to remedy any work order by a mortgagee or an insurer, or (d) to remedy a default from a mortgagee.

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

**9. Executive Committee and Other Committees:** The Board of Directors may by resolution appoint an Executive Committee and such

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

Section 10. Distributions: No shareholder-tenant shall be entitled, either conditionally or unconditionally, except upon a complete or partial liquidation of the Corporation, to receive any distribution not out of earnings and profits of the Corporation.

#### ARTICLE IV

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

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

**Section 3. Duties of Treasurer:** The treasurer shall have the care and custody of all funds and securities of the Corporation, and shall deposit such funds in the name of the Corporation in such bank or trust companies as the directors may determine, and he shall perform all other duties incidental to his office. If so required by the Board of Directors, he shall, before receiving any such funds, furnish to the Corporation a bond with a surety company as surety, in such form and amount as said Board from time to time shall determine. The premium upon such bond shall be paid by the Corporation. Within three months after the close of each calendar year, the treasurer shall cause to be furnished to each shareholder-tenant whose proprietary lease is then in effect, a statement of the Certified Public Accountant of the Corporation of any deductions available for income tax purposes on a per share basis and indicating thereon on a per share basis any such other information as may be necessary or useful to permit him to compute his income tax returns in respect thereof. Such statement shall not relate to independent business operations, but only cooperative ownership.

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

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

**Section 4. Duties of the Secretary:** The secretary shall keep the minutes of the meetings of the Board of Directors and of the meetings of shareholders; he shall attend to the giving and serving of all notices of the Corporation and shall be empowered to affix the corporation seal to all written instruments authorized by the Board of Directors or these By-Laws. He shall also perform all other duties incidental to his office. He shall cause to be kept a book containing the names, alphabetically arranged, of all persons who are shareholders of the Corporation, showing their places of residence, the number of shares held by them, respectively, the time when they respectively became the owners thereof, and the amount paid thereon, and the denomination and the amount of all shares issuance or transfer stamps affixed thereto, and such book shall be open for inspection as provided by law. In the absence or inability of the secretary, the assistant secretary, if any, shall have all the powers and perform all the duties of the secretary.

## ARTICLE 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 Property of the Corporation. Such proprietary leases shall be for such terms, with or without provisions for renewals, and shall contain such restrictions, limitations and provisions in respect to the assignment thereof, the subletting of the premises demised thereby and the sale and/or transfer of the shares of the Corporation appurtenant thereto, and such other terms, provisions, conditions and covenants as the Board of Directors may determine.

After a proprietary lease in the form so adopted by the Board of Directors shall have been executed and delivered by the Corporation, all proprietary leases (as distinct from the house rules) subsequently executed and delivered shall be in the same form, except with respect to the statement as to the number of shares owned by the lessee, the use of the premises and the date of the commencement of the term, unless any change or alteration is approved by lessees in accordance with the voting set forth in Section 5 of Meetings of Shareholders above.

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

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

Section 4. Assignment of Lease and Transfer of Shares: No assignment of any lease or transfer of the shares of the Corporation shall take effect as against the Corporation for any purpose until a proper assignment has been delivered to the Corporation; the assignee has assumed and agreed to perform and comply with all the covenants and conditions of the assigned lease or has entered into a new lease for the remainder of the term; all shares of the Corporation appurtenant to the lease have been transferred to the assignee; all sums due have been paid to the Corporation; and all necessary consents have been properly obtained. The action of the Board of Directors with respect to the written application for the consent to a proposed assignment or subletting must be made within thirty (30) days after receipt of said written application.

Section 4.(a) Where the Sponsor named in the Plan of Cooperative Organization or a person supplied by the Sponsor is a lessee or holder of Unsold Shares (as that term is defined in the

proprietary lease) of the Corporation then consent to an assignment or transfer of his lease and the shares appurtenant thereto will not be required from the Managing Agent and/or the Apartment Corporation.

Section 4.(b) No person to whom the interest of a lessee or shareholder shall pass by law, shall be entitled to assign any lease, transfer any shares, or to sublet or occupy any apartment, other than upon compliance with the requirements of the lease and these By-Laws.

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

Section 6. Lost Proprietary Leases: In the event that any proprietary lease in full force and effect is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new proprietary lease in lieu thereof, in the same form and with the same terms, provisions, conditions and limitations. The Board may, in its discretion, before the issuance of any such new proprietary lease, require the owner thereof, or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutilation as it deems necessary, and to give the Corporation a bond in such reasonable sum as it directs, to indemnify the Corporation.

Section 7. Regrouping of Space: The Board of Directors, upon the written request of the owner or owners of one or more proprietary leases covering one or more apartments in the Property and of the shares issued to accompany the same, may in its discretion, at any time, permit such owner or owners, at his or their own expense: (a): (i) to subdivide any apartment into any desired number of apartments; (ii) to combine all or any portions of any such apartments into one or any desired number of apartments; and (iii) to reallocate the shares issued to accompany the proprietary lease or leases, but the total number of the shares so reallocated shall not be less, or more, than the number of shares previously allocated to the apartment or apartments involved, and, in connection with any such regrouping, the Board of Directors may require that the number of shares allocated to the resulting apartment or apartments be greater than the number of shares allocated to the original apartment or apartments, and may authorize the issuance of shares from its treasury for such purpose; or (b): to incorporate one or more servant's rooms, or other space in the building not covered by a proprietary lease, into one or more apartments covered by a proprietary lease, whether in con-

nection with any regrouping of space pursuant to subparagraph (a) of this Section 7 or otherwise, and in allocating shares to any such resulting apartment or apartments, shall determine the number of shares from its treasury to be issued and allocated in connection with the appropriation of such additional space.

In respect of unsold apartments or apartments for which the proprietary lease and shares issued to accompany the same are owned by the Sponsor named in the Plan of Cooperative Organization or a person supplied by the Sponsor as a holder of Unsold Shares (as that term is defined in the proprietary lease), who while entitled to occupy any such apartments for his personal use does not do so, such Sponsor, or person holding the Unsold Shares may change the number of such apartments by increasing or decreasing their size, or change the size, layout or location of any such apartment or subdivide same, but such Sponsor, or person holding Unsold Shares shall not have the right to reallocate the shares allocated to any of the apartments offered for sale under said Plan, unless such reallocation is designed to reflect a change in the value of the equity in the property attributable to the apartment or apartments to which the block of shares is being reallocated provided such changes comply with law and do not permanently encroach on any pre-existing public or common area of the Apartment Corporation.

Upon any regrouping of space in the building, the proprietary leases so affected, and the accompanying share certificates shall be surrendered, and there shall be executed and delivered in place thereof, respectively, a new proprietary lease for each separate apartment involved, and a new certificate for the number of shares so reallocated to each new proprietary lease.

## ARTICLE VI

### Capital Shares

Section 1. No shares hereafter issued or acquired by the Corporation shall be issued or reissued except in connection with the execution by the purchaser and delivery by the Corporation of a proprietary lease of an apartment in the Property owned by the Corporation. The ownership of shares shall entitle the holder thereof to occupy the apartment for the purposes specified in the proprietary lease to which the shares are appurtenant, subject to the provisions, covenants and agreements contained in such proprietary lease.

Section 2. Form and Share Register: Certificates of the shares of the Corporation shall be in the form adopted by the Board of Directors, and shall be signed by the president or a vice president and the secretary or an assistant secretary or the treasurer or an assistant treasurer, and sealed with the seal of the Corporation, and shall be numbered in the order in which issued. Such



signatures and seal may be facsimilies when and to the extent permitted by applicable statutory provisions. Certificates shall be issued in consecutive order and there shall be recorded the name of the person holding the shares, the number of shares and the date of issue. Each certificate exchanged or returned to the Corporation shall be cancelled, and the date of cancellation shall be indicated thereon and such certificate shall be retained in the Corporate records.

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

Section 4. Transfers: Transfers of shares shall be made upon the books of the Corporation only by the holder in person or by power of attorney, duly executed and filed with the secretary of the Corporation and on the surrender of the certificate for such shares, except that shares sold by the Corporation to satisfy any lien which it holds thereon may be transferred without the surrender of the certificate representing such shares. No transfer of shares shall be valid as against the Corporation, its shareholders and creditors for any purpose except to render the transferee liable for the debts of the Corporation to the extent provided for in the Business Corporation Law of the State of New York or any other applicable provision of law, until it shall have been entered in the shares ledger, or as required by any then existing applicable provision of law, by an entry stating from whom and to whom transferred. No transfer of shares shall be valid or binding upon the Corporation and no such transfer shall be entered in the shares transfer ledger or stock books of the Corporation unless said shares shall have been sold in accordance with applicable law. Subject to the provisions of the form of proprietary lease adopted by the Board of Directors, the Board of Directors shall have authority before an assignment of shares takes effect as against the corporation, to fix a reasonable fee to cover actual expenses and attorneys' fees of the Corporation in connection with each such proposed assignment, and may direct that such attorneys' fees be paid directly to the attorneys.

All non-purchasing tenants will be notified of any transfer of shares allocated to the apartments they occupy by registered or certified mail, within fifteen (15) days of any change in ownership.

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

plying with and satisfying the requirements of such proprietary lease, in respect to the assignment thereof.

Section 6. Corporation's Lien: The Corporation shall at all times have a first lien upon the shares owned by each shareholder for all indebtedness and obligations owing and to be owing by such shareholder to the Corporation, arising under the provisions of any proprietary lease issued by the Corporation and at any time held by such shareholder or otherwise arising. Unless and until such shareholder as lessee shall default in the payment of any of the rental or in the performance of any of the covenants or conditions of such proprietary lease, and/or unless and until such shareholder shall default in the payment of any indebtedness or obligation owing by such shareholder to the Corporation otherwise arising, such shares shall continue to stand in the name of the shareholder upon the books of the Corporation, and the shareholder shall be entitled to exercise the right to vote thereon as though said lien did not exist. The Corporation shall have the right to issue to any purchaser of such shares upon the enforcement by the Corporation of such lien, or to the nominee of such purchaser, a certificate of the shares so purchased substantially of the tenor of the certificate issued to such defaulting shareholder, and thereupon the certificate for such shares theretofore issued to such defaulting shareholder shall become void and such defaulting shareholder agrees to surrender such last mentioned certificate to the Corporation upon the latter's demand, but the failure of such defaulting shareholder so to surrender such certificate shall not affect the validity of the certificate issued in replacement thereof. The Corporation may refuse to consent to the transfer of shares of any shareholder indebted to the Corporation unless and until such indebtedness is paid.

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

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

"The rights of any holder hereof are subject to the provisions of the By-Laws of 280 Guy Lombardo Avenue Owners, Inc. 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 280 Guy Lombardo Avenue Owners, Inc., as Lessor, for an apartment in the premises located at 280 Guy Lombardo Avenue, Freeport, New York, which lease limits and restricts the title and rights of any transferee hereof. The shares represented by this certificate are transferable only as an entirety and only to an approved assignee of such proprietary lease. Copies of the proprietary lease and the By-Laws are on file and available for inspection at the office of the Managing Agent of this Corporation.

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

Notice is hereby given pursuant to Sections 616 and 709 of the Business Corporation Law that the Certificate of Incorporation contains provisions authorized by Sections 616 and 709 of said Law prescribing special provisions for quorum, vote or consent of shareholders and directors and the holder of this Certificate is charged with knowledge thereof and holds the same subject to said provisions."

## ARTICLE VII

### Indemnification

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

foreign, which he served in any capacity at the request of the Corporation by reason of the fact that he, his testator or intestate was a director or officer of the Corporation or served it in any capacity against judgment, fines, amounts paid in settlement, and reasonable expenses, including attorneys' fees actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such director or officer acted, in good faith, for a purpose which he reasonably believed to be in the best interests of the Corporation and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful.

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

#### ARTICLE VIII

##### Seal

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

#### ARTICLE IX

##### Negotiable Instruments

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

Section 2. Endorsements or transfers of shares, bonds, or other securities shall be signed by the president or any vice president and by the treasurer or any assistant treasurer or the secretary or an assistant secretary unless the Board of Directors, by special resolution in one or more instances, prescribe otherwise.

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

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

ARTICLE XFiscal Year

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

ARTICLE XIMiscellaneous

Section 1. Salaries: No salary or other compensation for services shall be paid to any director or officer of the Corporation for services rendered as such officer unless and until the same shall have been authorized in writing or by affirmative vote, taken at a duly held meeting of shareholders, by shareholders owning at least a majority of the then outstanding shares of the Corporation.

Section 2. References: A reference in these By-Laws to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, and vice versa, unless the context otherwise requires. The term spouse shall mean spouse as the same is defined in the proprietary lease.

ARTICLE XIIAmendments

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 vote of two-thirds of the number of Directors fixed in Article III, Section I of the By-Laws, provided that the proposed amendment or the substance thereof shall have been inserted in the notice of meeting or that all of the Directors are present in person, except that the Directors may not repeal a By-Law amendment adopted by the shareholders as provided above.

Section 2. General: Anything herein contained to the contrary notwithstanding, these By-Laws and any provision hereof may not be altered, amended or repealed in such a manner as would adversely affect the rights or interests of the Sponsor under said Offering Plan (or its successors and assigns) in any shares and accompanying proprietary leases that may have been pledged with the Sponsor in connection with financing the purchase of apartments in the building.

**§ 352-eee. Conversions to cooperative or condominium ownership in certain cities, towns and villages located in the counties of Nassau, Westchester and Rockland**

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

(a) "Plan". Every offering statement or prospectus submitted to the department of law pursuant to section three hundred fifty-two-e of this article for the conversion of a building or group of buildings or development from residential rental status to cooperative or condominium ownership or other form of cooperative interest in realty, other than an offering statement or prospectus for such conversion pursuant to article two, eight or eleven of the private housing finance law.

(b) "Non-eviction plan". A plan which may not be declared effective until at least fifteen percent of those bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the plan is declared effective shall have executed and delivered written agreements to purchase under the plan. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made in good faith without fraud and discriminatory repurchase agreements or other discriminatory inducements.

(c) "Eviction plan". A plan which, pursuant to the provisions of this section, can result in the eviction of a non-purchasing tenant by reason of the tenant failing to purchase pursuant thereto, and which may not be declared effective until written agreements to purchase under the plan pursuant to an offering made in good faith without fraud and with no discriminatory repurchase agreements or other discriminatory inducements shall have been executed and delivered by: (i) at least fifty-one percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general excluding, for the purposes of determining the number of bona fide tenants in occupancy on such date, eligible senior citizens and eligible disabled persons; and (ii) at least thirty-five percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general including, for the purposes of determining the number of bona fide tenants in occupancy on such date eligible senior citizens and eligible disabled persons.

(d) "Purchaser under the plan". A person who owns the shares allocated to a dwelling unit or who owns such dwelling unit itself.

(e) "Non-purchasing tenant". A person who has not purchased under the plan and who is a tenant entitled to possession at the time the plan is declared effective or a person to whom a dwelling unit is rented subsequent to the effective date. A person who sublets a

dwelling unit from a purchaser under the plan shall not be deemed a non-purchasing tenant.

(f) "Eligible senior citizens". Non-purchasing tenants who are sixty-two years of age or older on the date the plan is declared effective and the spouses of any such tenants on such date; provided that such tenant shall not be precluded from subsequently purchasing the dwelling unit on the terms then offered to tenants in occupancy.

(g) "Eligible disabled persons". Non-purchasing tenants who have an impairment which results from anatomical, physiological or psychological conditions, other than addiction to alcohol, gambling, or any controlled substance, which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques, and which are expected to be permanent and which prevent the tenant from engaging in any substantial gainful employment on the date the attorney general has accepted the plan for filing, and the spouses of any such tenants on such date, and who have elected, within sixty days of the date the attorney general has accepted the plan for filing, on forms promulgated by the attorney general and presented to such tenants by the offeror, to become non-purchasing tenants under the provisions of this section; provided, however, that if the disability first occurs after acceptance of the plan for filing, then such election may be made within sixty days following the onset of such disability unless during the period subsequent to sixty days following the acceptance of the plan for filing but prior to such election, the offeror accepts a written agreement to purchase the apartment from a bona fide purchaser; and provided further that such election shall not preclude any such tenant from subsequently purchasing the dwelling unit or the shares allocated thereto on the terms then offered to tenants in occupancy.

2. The attorney general shall refuse to issue a letter stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this chapter has been filed whenever it appears that the offering statement or prospectus offers for sale residential cooperative apartments or condominium units pursuant to a plan unless:

(a) The plan provides that it will be deemed abandoned, void and of no effect if it does not become effective within twelve months from the date of issue of the letter of the attorney general stating that the offering statement or prospectus has been accepted for filing and, in the event of such abandonment, no new plan for the conversion of such building or group of buildings or development shall be submitted to the attorney general for at least fifteen months after such abandonment.

(b) The plan provides either that it is an eviction plan or that it is a non-eviction plan.

(c) The plan provides, if it is a non-eviction plan, as follows:

(i) The plan may not be declared effective until at least fifteen percent of those bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the plan is declared effective shall have executed and delivered written agreements to purchase under the plan. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made in good faith without fraud and discriminatory repurchase agreements or other discriminatory inducements.

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

(iii) Non-purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy prior to the conversion of the building or group of buildings or development to cooperative or condominium ownership shall continue to be subject thereto.

(iv) The rentals of non-purchasing tenants who reside in dwelling units not subject to government regulation as to rentals and continued occupancy and non-purchasing tenants who reside in dwelling units with respect to which government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the plan has been accepted for filing by the attorney general shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy. In determining comparability, consideration shall be given to such factors as building services, level of maintenance and operating expenses.

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



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

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

(d) The plan provides, if it is an eviction plan, as follows:

(i) The plan may not be declared effective unless: (1) at least fifty-one percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general excluding, for the purposes of determining the number of bona fide tenants in occupancy on such date, eligible senior citizens and eligible disabled persons; and (2) at least thirty-five percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general including, for the purposes of determining the number of bona fide tenants in occupancy on such date eligible senior citizens and eligible disabled persons; shall have executed and delivered written agreements to purchase under the plan pursuant to an offering made in good faith without fraud and with no discriminatory repurchase agreements or other discriminatory inducements.

(ii) No eviction proceedings will be commenced against a non-purchasing tenant for failure to purchase or any other reason applicable to expiration of tenancy until the later to occur of (1) the date which is the expiration date provided in such non-purchasing tenant's lease or rental agreement, and (2) the date which is three years after the date on which the plan is declared effective. Non-

purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy prior to conversion shall continue to be subject thereto during the period of occupancy provided in this paragraph. Thereafter, if a tenant has not purchased, he may be removed by the owner of the dwelling unit or the shares allocated to such dwelling unit.

(iii) No eviction proceedings will be commenced, except as herein-after provided, at any time against either eligible senior citizens or eligible disabled persons. The rentals of eligible senior citizens and eligible disabled persons who reside in dwelling units not subject to government regulation as to rentals and continued occupancy and eligible senior citizens and eligible disabled persons who reside in dwelling units with respect to which government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the plan has been accepted for filing shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy considering, in determining comparability, such factors as building services, level of maintenance and operating expenses; provided that such proceedings may be commenced against such tenants for non-payment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the owner or a similar breach by the tenant of his obligations to the owner of the dwelling unit or the shares allocated thereto; and provided further than an owner of a unit or of the shares allocated thereto may not commence an action to recover possession of a dwelling unit from a non-purchasing tenant on the grounds that he seeks the dwelling unit for the use and occupancy of himself or his family.

(iv) Eligible senior citizens and eligible disabled persons who reside in dwelling units subject to government regulation as to rentals and continued occupancy shall continue to be subject thereto.

(v) The rights granted under the plan to eligible senior citizens and eligible disabled persons may not be abrogated or reduced notwithstanding any expiration of, or amendment to, this section.

(vi) Any offeror who disputes the election by a person to be an eligible senior citizen or an eligible disabled person must apply to the attorney general within thirty days of the receipt of the election forms for a determination by the attorney general of such person's eligibility. The attorney general shall, within thirty days thereafter, issue his determination of eligibility. The foregoing shall, in the absence of fraud, be the sole method for determining a dispute as to whether a person is an eligible senior citizen or an eligible disabled person. The determination of the attorney general shall be

reviewable only through a proceeding under article seventy-eight of the civil practice law and rules, which proceeding must be commenced within thirty days after such determination by the attorney general becomes final.

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

(viii) If the plan is amended before it is declared effective to provide that it shall be a non-eviction plan, any person who has agreed to purchase under the plan prior to such amendment shall have a period of thirty days after receiving written notice of such amendment to revoke his agreement to purchase under the plan.

(ix) The tenants in occupancy on the date the attorney general accepts the plan for filing shall have the exclusive right to purchase their dwelling units or the shares allocated thereto for ninety days after the plan is accepted for filing by the attorney general, during which time a tenant's dwelling unit shall not be shown to a third party unless he has, in writing, waived his right to purchase; subsequent to the expiration of such ninety day period, a tenant in occupancy of a dwelling unit who has not purchased shall be given the exclusive right for an additional period of six months from said expiration date to purchase said dwelling unit or the shares allocated thereto on the same terms and conditions as are contained in an executed contract to purchase said dwelling unit or shares entered into by a bona fide purchaser, such exclusive right to be exercisable within fifteen days from the date of mailing by registered mail of notice of the execution of a contract of sale together with a copy of said executed contract to said tenant.

(e) The attorney general finds that an excessive number of long-term vacancies did not exist on the date that the offering statement

or prospectus was first submitted to the department of law. "Long-term vacancies" shall mean dwelling units not leased or occupied by bona fide tenants for more than five months prior to the date of such submission to the department of law. "Excessive" shall mean a vacancy rate in excess of the greater of (i) ten percent and (ii) a percentage that is double the normal average vacancy rate for the building or group of buildings or development for two years prior to the January preceding the date the offering statement or prospectus was first submitted to the department of law.

(f) The attorney general finds that, following the submission of the offering statement or prospectus to the department of law, each tenant in the building or group of buildings or development was provided with a written notice stating that such offering statement or prospectus has been submitted to the department of law for filing. Such notice shall be accompanied by a copy of the offering statement or prospectus and a statement that the statements submitted pursuant to subparagraph (vii) of paragraph (c) or subparagraph (vii) of paragraph (d) of this subdivision, whichever is applicable, will be available for inspection and copying at the office of the department of law where the submission was made and at the office of the offeror or a selling agent of the offeror. Such notice shall also be accompanied by a statement that tenants or their representatives may physically inspect the premises at any time subsequent to the submission of the plan to the department of law, during normal business hours, upon written request made by them to the offeror, provided such representatives are registered architects or professional engineers licensed to practice in the state of New York. Such notice shall be sent to each tenant in occupancy on the date the plan is first submitted to the department of law and to the clerk of the municipality wherein such building or group of buildings or development is located.

3. All dwelling units occupied by non-purchasing tenants shall be managed by the same managing agent who manages all other dwelling units in the building or group of buildings or development. Such managing agent shall provide to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. The offeror shall guarantee the obligation of the managing agent to provide all such services and facilities until such time as the offeror surrenders control to the board of directors or board of managers.

4. It shall be unlawful for any person to engage in any course of conduct, including, but not limited to, interruption or discontinuance of essential services, which substantially interferes with or disturbs the comfort, repose, peace or quiet of any tenant in his use or occupancy of his dwelling unit or the facilities related thereto. The

attorney general may apply to a court of competent jurisdiction for an order restraining such conduct and, if he deems it appropriate, an order restraining the owner from selling the shares allocated to the dwelling unit or the dwelling unit itself or from proceeding with the plan of conversion; provided that nothing contained herein shall be deemed to preclude the tenant from applying on his own behalf for similar relief.

5. Any local legislative body may adopt local laws and any agency, officer or public body may prescribe rules and regulations with respect to the continued occupancy by tenants of dwelling units which are subject to regulation as to rentals and continued occupancy pursuant to law, provided that in the event that any such local law, rule or regulation shall be inconsistent with the provisions of this section, the provisions of this section shall control.

6. Any provision of a lease or other rental agreement which purports to waive a tenant's rights under this section or rules and regulations promulgated pursuant hereto shall be void as contrary to public policy.

7. The provisions of this section shall only be applicable in the cities, towns and villages located in the counties of Nassau, Westchester and Rockland which by resolution adopted by the respective local legislative body of such city, town or village, elect that the provisions hereof shall be applicable therein. A certified copy of such resolution shall be filed in the office of the attorney general at Albany and shall become effective on the date of such filing.

CERTIFICATION OF SPONSOR AND SPONSOR'S  
PRINCIPALS PURSUANT TO 13NYCRR 18.4(b)

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

Att: Real Estate Financing Bureau

Re: Junard House  
280 Guy Lombardo Avenue  
Freeport, New York

The undersigned, does hereby certify as follows:

I am the sponsor and the sole principal of the sponsor of the offering plan for the captioned property.

I understand that I have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Attorney General in Part 18 and such other laws and regulations as may be applicable.

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

- (i) set forth the detailed terms of the transaction and be complete, current and accurate;
- (ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;
- (iii) not omit any material fact;
- (iv) not contain any untrue statement of a material fact;
- (v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

- (vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) not contain any representation or statement which is false, where we: (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 representation or statement made.

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

Richard Sokolov  
d/b/a Junard House of Freeport  
NAME OF SPONSOR

By: Richard Sokolov

TITLE OR POSITION

SPONSOR'S PRINCIPAL:

Richard Sokolov  
Richard Sokolov

Sworn to before me this  
28<sup>th</sup> day of June, 1987.

Ira J. Adler  
Notary Public

IRA J. ADLER  
NOTARY PUBLIC, State of New York  
No. 0021062  
Qualified in Nassau County  
Commission Expires March 30, 1995

# **RICHARD L. HEIMER P.E., P.C.**

LICENSED BY THE STATES OF NEW YORK & NEW JERSEY

## **CONSULTING ENGINEERS**

EXECUTIVE OFFICES  
THE HEIMER BUILDING  
1923 NEW YORK AVENUE  
HUNTINGTON, NEW YORK 11746

516-549-2500  
June 25, 1984

### **ENGINEER'S CERTIFICATION**

**CERTIFICATION OF SPONSOR-SELLER'S ENGINEER  
OR ARCHITECT PURSUANT TO 13 NYCRR 18.4 (c)  
OF THE REGULATIONS ISSUED PURSUANT TO  
GENERAL BUSINESS LAW, ARTICLE 23-A,  
AS AMENDED.**

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

Att: Real Estate Financing Bureau

Re: 280 Guy Lombardo Avenue  
Freeport, New York

The undersigned, an engineer licensed to practice as a professional engineer in New York State, certifies as follows:

The Sponsor of the offering to convert the captioned Property to cooperative ownership retained our firm to prepare a report (our file number 56202) disclosing the condition of the Property (the "Report"). We visually inspected the Property on May 29, 1984 and prepared the Report dated June 25, 1984, a copy of which is intended to be incorporated into the Offering Plan so that tenants and prospective purchasers may rely on the Report.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 18, insofar as they are applicable to this Report.

We have read the entire Report and investigated the facts set forth in the Report and the facts underlying it and conducted the visual inspection referred to above with due diligence in order to form a basis for this certification.

Page 1 of 3



280 Guy Lombardo Ave.  
Freeport  
New York

We certify that the Report and all documents prepared by us disclose all the material facts which were then discernable from a visual inspection of the Property. This certification is made for the benefit of all persons to whom this offer is made. We certify that, the Report based on our 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) In our professional opinion, affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the physical condition of the Property;
- (iii) does not omit any material fact;
- (iv) does not contain any untrue statement of a material fact;
- (v) does not contain any fraud, deception, concealment, or suppression;
- (vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) does not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representations or statement made;
- (viii) It is to be understood that all aspects of the physical condition of the Property cannot be determined by a visual inspection and that all statements contained in this certification are premised on and limited to such visual inspection.

280 Guy Lombardo Ave.  
Freeport  
New York

We further certify that we are not owned or controlled by and have no beneficial interest in the Sponsor and that our compensation for preparing this Report is not contingent on the conversion of the Property to a cooperative on the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the Property.



Very truly yours,

*RL Heimer*

Richard L. Heimer, P.E.  
Consulting Engineer  
President,  
Richard L. Heimer, P.E., P.C.

Sworn to before me  
this 26th day of June, 1984.

*Virginia L. Teska*  
Notary Public

VIRGINIA L. TESKA  
NOTARY PUBLIC, State of New York  
No. 01TE4634163 - Suffolk County  
Commission Expires March 30, 1986

Address all correspondence relating to this report to:

Richard L. Heimer, P. E., P.C.  
1913 Deer Park Avenue  
Deer Park, New York 11729

Include the report file number (in upper right corner of this page) for reference.

RLH/pk  
cc: attorney  
(enclosed)

RICHARD L. HEIMER, P.E., P.C.

Page 3 of 3



201 East 77th Street  
New York, N.Y. 10021  
212 472 1876

**CERTIFICATION OF ADEQUACY OF BUDGET  
PURSUANT TO 13 NYCRR 18.4 (d)**

**RE: 280 Guy Lombardo Avenue  
Freeport, New York**

The Sponsor of the cooperative offering plan (the "Plan") for the captioned property retained our firm to review Schedule B of the Plan, containing projections of income and expenses for the first year of cooperative operation. Our firm is a licensed Real Estate brokerage firm and has been in business for approximately thirteen years. At the present time, our firm is involved in the preparation of price schedules and budgets incident to the conversion of at least twenty properties, and is under contract to manage nine rental apartment buildings, and one cooperative apartment building.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in part 18 insofar as they are applicable to Schedule B.

We have reviewed the Schedule and investigated the facts set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for this certification. We have also relied on our experience in managing residential buildings.

We certify that the projections in Schedule B appear reasonable and adequate under existing circumstances, and the projected income appears sufficient to meet the anticipated operating expenses for the projected first year of cooperative operation.

We certify that the Schedule:

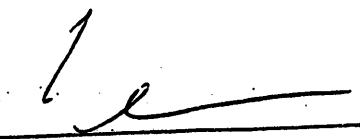
- (i) sets forth in detail the projected income and expenses for the first year of cooperative operation;
- (ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgement concerning the first year of cooperative operation;
- (iii) does not omit any material fact;
- (iv) does not contain any untrue statement of a material fact;
- (v) does not contain any fraud, deception, concealment, or suppression;
- (vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and

CERTIFICATION OF ADEQUACY, CONT'D.


(vii) does not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representation or statement made.

We further certify that we are not owned or controlled by the Sponsor. We understand that a copy of this certification is intended to be incorporated into the Plan. This statement is not intended as a guarantee or warranty of the income and expenses for the first year of cooperative operation.

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

  
Sandra Greer, President

Sworn to before me this  
16<sup>th</sup> day of May, 1984



NORMA E. COLON  
Notary Public Notary Public, State of New York  
No. 24-01C04749828  
Qualified in Kings County  
Commission Expires March 30, 1985