STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

LETITIA JAMES
ATTORNEY GENERAL

(212)416-6550

DIVISION OF Social JUSTICE
REAL ESTATE FINANCE BUREAU

July 18, 2019

Sef Consulting Llc, Dearborn Units Corp., Daytona Property Llc, Et Al
c/o Kagan Lubic Lepper Finkelstein & Gold, Llp
Attention: Joanna Glassman
200 Madison Avenue, 24th Fl
New York, NY 10016

RE: 1825-29-33 Palmer Avenue
File Number: C 830250 Amendment No: 17
Date Amendment Filed: 07/16/2019 Filing Fee: $225.00
Receipt Number: 151733

Dear Sponsor:

The referenced amendment to the offering plan for the subject premises is hereby accepted and filed. Since this amendment is submitted after the post closing amendment has been filed, this filing is effective for twelve months from the date of filing of this amendment. However, any material change of fact or circumstance affecting the property or offering requires an immediate amendment.

Any misstatement or concealment of material fact in the material submitted as part of this amendment renders this filing void ab initio. This office has relied on the truth of the certifications of sponsor, sponsor's principals, and sponsor's experts, as well as the transmittal letter of sponsor's attorney.

Filing this amendment shall not be construed as approval of the contents or terms thereof by the Attorney General of the State of New York, or anywaiver of or limitation on the Attorney General's authority to take enforcement action for violation of Article 23-A of the General Business Law or other applicable law. The issuance of this letter is conditioned upon the collection of all fees imposed by law. This letter is your receipt for the filing fee.

Very truly yours,

Jang Lee

Jang Lee
Assistant Attorney General

SEVENTEENTH AMENDMENT

TO

OFFERING PLAN TO CONVERT TO COOPERATIVE OWNERSHIP PREMISES KNOWN AS

1825, 1829, 1833 Palmer Avenue, Larchmont, New York

Dated: July 16, 2019

THIS AMENDMENT MODIFIES AND SUPPLEMENTS THE TERMS OF THE ORIGINAL OFFERING PLAN DATED AUGUST 1, 1984, AS AMENDED THROUGH AUGUST 28, 2015 AND SHOULD BE READ IN CONJUNCTION WITH SAID PLAN.

SEVENTEENTH AMENDMENT

Apartment Corporation:
PATRICIA GARDENS OWNERS, INC.

Holder of Unsold Shares:
DEARBORN UNITS CORP.
LEONARDSON, LLC
SEF CONSULTING LLC
DAYTONA PROPERTY LLC

The Cooperative Offering Plan, a Plan to convert to cooperative ownership premises at 1825, 1829 and 1833 Palmer Avenue, Larchmont, New York, dated August 1, 1984 as heretofore amended (the "Plan") is hereby further amended as follows:

1. **Sale of Unsold Shares**. On February 15, 2019 1825 Palmer Avenue Associates, LLC ("Palmer") sold all its unsold shares, allocated to the apartments (the "Apartments") listed on Exhibit A annexed hereto, to Dearborn Units Corp. ("Dearborn"), Leonardson, LLC ("Leonardson"), SEF Consulting LLC ("SEF") and Daytona Property LLC ("Daytona"). In connection with such transfer, Palmer has designated Dearborn, Leonardson, SEF and Daytona as holder of unsold shares with respect to the Apartments transferred to Dearborn, Leonardson, SEF and Daytona respectively. The principal of Dearborn is Howard Finkelstein, as Sole Shareholder and President. Howard Finkelstein has been active in residential real estate sales and management in the greater New York City area. The business address for Dearborn is 180 Michael Drive, Syosset, New York 11791. Neither Dearborn nor its principal have any prior felony convictions or any prior convictions, injunctions or judgments against them that would be material to the Cooperative Offering Plan or any offering of securities. Steven Finkelstein, Vice President, is an officer of Dearborn. The principals of Leonardson are Steven Finkelstein and Howard Finkelstein; Howard Finkelstein has been active in residential real estate sales and management in the greater New York City area. The business address for Leonardson is 180 Michael Drive, Syosset, New York 11791. Neither Leonardson nor its principals have any prior felony convictions or any prior convictions, injunctions or judgments against them that would be material to the Cooperative Offering Plan or any offering of securities. The principal of Daytona is Stacy Finkelstein. The business address for Daytona is 28 Roxton Road, Plainview, New York 11803. Neither Daytona nor its principal have any prior felony convictions or any prior convictions, injunctions or

judgments against them that would be material to the Cooperative Offering Plan or any offering of securities. The principal of SEF is Steven Finkelstein. The business address for SEF is 180 Michael Drive, Syosset, New York 11791. Neither SEF nor its principal have any prior felony convictions or any prior convictions, injunctions or judgments against them that would be material to the Cooperative Offering Plan or any offering of securities. Palmer is no longer the owner of any shares in the Apartment Corporation.

2. **Sponsor's Obligations and Obligations of Holder of Unsold Shares.** Palmer had, and Dearborn, Leonardson, SEF and Daytona have, no financial obligations to the Apartment Corporation other than for payment of maintenance charges and assessments. None of the Apartments owned by Dearborn, Leonardson, DEF and Daytona are subject to mortgages, loans or financing commitments. Palmer was and Dearborn, Leoanrdson, SEF and Daytona are current in all of their financial obligations to the Apartment Corporation, and during the previous twelve months none of the foregoing have been in default with respect to any such obligations beyond any applicable grace period.

3. **Unsold Shares.**

A. Dearborn, as Holder of Unsold Shares, holds the Shares (see Exhibit E – Certifications of Holder of Unsold Shares and Principal of Holder of Unsold Shares for Dearborn) allocated to those Apartments indicated on Exhibit A annexed hereto. The aggregate monthly maintenance charges due in connection with the Unsold Shares transferred to Dearborn are $4,208.51 as of March 1, 2019. The aggregate monthly rents payable from tenants of Apartments to which Dearborn's Unsold Shares are allocated are $7,338.50 as of March 1, 2019. In addition, any payments or obligations for the unsold shares will be funded by income from projected sales, positive cash flow, if any, and capital calls from principals of Holders of Unsold Shares.

B. Leonardson, as Holder of Unsold Shares, holds the Shares (see Exhibit E – Certifications of Holder of Unsold Shares and Principal of Holder of Unsold Shares for Leonardson) allocated to those Apartments indicated on Exhibit A annexed hereto. The aggregate monthly maintenance charges due in connection with the Unsold Shares transferred to Leonardson are $5,498.29 as of March 1, 2019. The aggregate monthly rents payable from tenants of

Apartments to which Leonardson's Unsold Shares are allocated are $6,944.10 as of March 1, 2019. In addition, any payments or obligations for the unsold shares will be funded by income from projected sales, positive cash flow, if any, and capital calls from principals of Holders of Unsold Shares.

C. SEF, as Holder of Unsold Shares, holds the Shares (see Exhibit E – Certifications of Holder of Unsold Shares and Principal of Holder of Unsold Shares for SEF) allocated to those Apartments indicated on Exhibit A annexed hereto. The aggregate monthly maintenance charges due in connection with the Unsold Shares transferred to SEF are $5,941.63 as of Match 1, 2019. The aggregate monthly rents payable from tenants of Apartments to which SEF's Unsold Shares are allocated are $10,790.00 as of March 1, 2019. In addition, any payments or obligations for the unsold shares will be funded by income from projected sales, positive cash flow, if any, and capital calls from principals of Holders of Unsold Shares.

D. Daytona, as Holder of Unsold Shares, holds the Shares (see Exhibit E – Certifications of Holder of Unsold Shares and Principal of Holder of Unsold Shares for Daytona) allocated to those Apartments indicated on Exhibit A annexed hereto. The aggregate monthly maintenance charges due in connection with the Unsold Shares transferred to Daytona are $1,946.86 as of March 1, 2019. The aggregate monthly rents payable from tenants of Apartments to which Daytona's Unsold Shares are allocated are $3,490.00 as of March 1, 2019. In addition, any payments or obligations for the unsold shares will be funded by income from projected sales, positive cash flow, if any, and capital calls from principals of Holders of Unsold Shares.

4. **Current Maintenance and Other Charges; Current Budget.** The current maintenance charge is $1.71 per share per month. The most recent prior maintenance increase was as of January 2019, when maintenance charges were increased by 1%. Annexed hereto as Exhibit B is the Apartment Corporation's budget for the year ending December 31, 2019, as adopted by the Board of Directors of the Apartment Corporation. In addition, as noted in note 6 of the 2017 and 2016 financials, annexed as Exhibit C, the current mortgage on the building will mature on September 1 of 2025.

5. **Holder of Unsold Shared, and their Principals' Other Cooperative Projects.**

Neither Dearborn, SEF, Leonardson, and Daytona nor their respective principals own more than 10% of the shares or units in any other cooperative or condominium conversion projects.

6. **Financial Statements.** Annexed hereto as Exhibit C are the Apartment Corporation's audited financial statements for the years ended December 31, 2013 through December 31, 2018. The financial statements are contained herein for informational purposes only, and Palmer nor Dearborn, Leoanrdson, SEF and Daytona represent, assure or guarantee their accuracy or completeness.

7. **Board of Directors.** The Sponsor relinquished control of the Board of Directors of the Apartment Corporation on April 20, 1987 when the Sponsor initially transferred title in the property to the apartment corporation. The current Board of Directors of the Apartment Corporation was elected at the annual stockholders' meeting which was held on November 29, 2018. The following were elected as officers and directors:

Robert Orlofsky – President
Francisco J. Ferrer Jr. – Vice President
Arthur Colemen – Vice President
Katie FitzGerald – Vice President & Secretary Member
Ellen Chase – Treasurer

None of the foregoing are affiliated with Palmer, Leonardson, SEF, Daytona or Dearborn.

8. **Revised Escrow Trust Fund Regulations**. The Department of Law has revised its regulations to eliminate the Attorney General's authority to adjudicate disputes regarding the disposition of deposits, down payments, or advances ("Deposits") received by Sponsor pursuant to New York General Business Law ("GBL") §§ 352-e(2-b) and 352-h. The changes only impact Purchasers who have not received a fully executed Purchase Agreement prior to the date of service of this Amendment. For all other Purchasers, the disclosures set forth in the Procedure to Purchase Section of the Plan shall continue to govern.

9. **Revised Purchase Agreement/Escrow Provisions to Purchase Section of Plan.** The Procedure to Purchase Section of the Plan regarding escrow trust fund requirements is hereby replaced with the following disclosures set forth herein. The Purchase Agreement is hereby replaced with the revised Purchase Agreement, attached hereto as Exhibit D. The Escrow Agreement, also annexed to the 17th Amendment, is hereby replaced with provisions of the revised Purchase Agreement.

The New Escrow Agent:

The law firm of Kagan Lubic Lepper Finkelstein & Gold, LLP , with an address at 200 Madison Avenue, 24th Floor, New York, NY 10016, telephone number 212-252-0300, shall serve as escrow agent ("Escrow Agent") for Sponsor and Purchaser. Escrow Agent has designated the following attorneys to serve as signatories: Jack E. Lepper, Adam D. Finkelstein and Ronald Jay Gold. All designated signatories are admitted to practice law in the State of New York. Neither the Escrow Agent nor any authorized signatories on the account are the Sponsor, Selling Agent, Managing Agent, or any principal thereof, or have any beneficial interest in any of the foregoing.

The Escrow Account:

The Escrow Agent has established the escrow account at TD Bank located at 475 Park Avenue South, New York, New York 10016, in the State of New York ("Bank"), a bank authorized to do business in the State of New York. All references to the address of the Bank set forth in the Plan shall be revised accordingly. The escrow account is entitled Kagan Lubic Lepper Finkelstein & Gold, LLP, Attorney Escrow Account ("Escrow Account"). The Escrow Account is federally insured by the FDIC at the maximum amount of $250,000 per deposit. Any deposit in excess of $250,000 will not be insured.

All Deposits received from Purchaser shall be in the form of checks, money orders, wire transfers, or other instruments, and shall be made payable to or endorsed by the Purchaser to the order of Kagan Lubic Lepper Finkelstein & Gold, LLP, Attorney Escrow Account, which is not an Interest On Lawyer Account.

The actual interest rate as established by TD Bank for the purchasers deposit shall be set forth in the notice of deposit sent to purchaser by escrow agent. Interest shall begin to accrue upon placing the Deposit into the Escrow Account. All interest earned thereon shall be paid to or credited to the Purchaser at closing. No fees of any kind may be deducted from the Escrow Account, and the Sponsor shall bear all costs associated with the maintenance of the Escrow Account. Any Deposits made for upgrades, extras, or custom work shall be initially deposited into the Escrow Account, and released in accordance to the terms of the Purchase Agreement/Escrow Agreement.

The Purchase Agreement:

The Purchase Agreement, as revised, is attached hereto as Exhibit D.

Escrow Agreement:

The Escrow Agreement, as revised to reflect the foregoing, is set forth in the Purchase Agreement attached hereto as Exhibit D and shall replace the Escrow Agreement set forth in the Plan. The Escrow Agreement must be executed by the Sponsor, Purchaser, and Escrow Agent.

Notification to Purchaser:

Within five (5) business days after the Purchase Agreement has been delivered to Escrow Agent along with the Deposit, the Escrow Agent shall sign the Escrow Agreement and place the Deposit into the Escrow Account. Within ten (10) business days of placing the deposit in the Escrow Account, Escrow Agent shall provide written notice to Purchaser and Sponsor, confirming the Deposit. The notice shall provide the account number and the initial interest rate to be earned on the Deposit.

The Escrow Agent is obligated to send notice to the Purchaser as set forth above once the Deposit is placed in the Escrow Account. If the Purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the Deposit, he or she may cancel the Purchase Agreement within ninety (90) days after tender of the Purchase Agreement and Deposit to Escrow Agent. Complaints concerning the failure to honor such cancellation requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 120 Broadway, 23rd Floor, New York, N.Y. 10271. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit was timely placed in the Escrow Account in accordance with the New York State Department of Law's regulations concerning Deposits and requisite notice was timely mailed to the Purchaser.

Release of Funds:

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

The Escrow Agent shall release the Deposit if so directed:

(a) pursuant to the terms and conditions set forth in the Escrow Agreement and/or Purchase Agreement, where applicable upon closing of title to the Unit; or

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

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

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

The Sponsor shall not object to the release of the Deposit to:

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

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

Under no circumstances shall Sponsor seek or accept release of the Deposit of a defaulting Purchaser until after consummation of the Plan, as evidenced by the acceptance of a post-closing amendment by the New York Department of Law. Consummation of the Plan does not relieve the Sponsor of its obligations pursuant to GBL §§ 352-e(2-b) and 352-h. The Department of Law may perform random reviews and audits of any records involving the Escrow Account to determine compliance with all applicable statutes and regulations.

Waiver Void:

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

10. On January 1, 2018, the Tax Cuts and Jobs Act of 2017 went into effect. This federal law significantly changed the previously existing Internal Revenue Code, including the taxes and deductions related to homeownership. Accordingly, the tax information and projections disclosed in this offering plan may be inaccurate because such are based on federal tax law as it existed prior to 2018. Purchasers are advised to consult with a tax expert regarding whether the new law will affect the purchaser's taxes. Purchasers should not rely on any representations in this offering plan addressing taxes without first consulting a tax expert.

11. This Offering Plan may be used for twelve (12) months from the date of this amendment.

12. The Offering Plan, as modified, supplemented and extended hereby, is incorporated herein by reference with the same effect as if set forth at length. All terms used in this Amendment, not otherwise defined herein, shall have the same meanings ascribed to them in the Offering Plan.

13. Except as set forth herein there have been no material changes in the terms of the Offering.

Dearborn Units Corp., Leonardson, LLC,
Daytona Property LLC and SEF Consulting LLC
Holder of Unsold Shares

Exhibit A

EXHIBIT A-1

SEF Consulting LLC

1825-1829-1833 Palmer Avenue
Larchmont, New York

	SHARES	MAINTENANCE	RENT
1825 Palmer Avenue, Apt. **3F**	640	$1,093.03	$2,050.00
1829 Palmer Avenue, Apt. **2C**	630	$1,075.95	$2,100.00
1829 Palmer Avenue, Apt. **2G**	369	$630.20	$1,130.00
1829 Palmer Avenue, Apt. **1C**	640	$1,093.03	$1,950.00
1833 Palmer Avenue, Apt. **1K**	585	$999.09	$2,000.00
1833 Palmer Avenue, Apt. **3E**	615	$1,050.33	$1,560.00
	3,479		

Total Number of apartments: 6

EXHIBIT A-2

Dearborn Units Corp.

1825-1829-1833 Palmer Avenue
Larchmont, New York

	SHARES	MAINTENANCE	RENT
1825 Palmer Avenue, Apt. **1D**	440	$751.46	$1,850.00
1829 Palmer Avenue, Apt. **1B**	515	$879.55	$1,550.00
1829 Palmer Avenue, Apt. **3D**	410	$700.22	$1,575.00
1833 Palmer Avenue, Apt. **2F**	507	$920.88	$823.50
1833 Palmer Avenue, Apt. **3J**	560	$956.40	$1,540.00
	2,432		

Total Number of apartments: 5

EXHIBIT A-3

Leonardson, LLC

1825-1829-1833 Palmer Avenue
Larchmont, New York

	SHARES	MAINTENANCE	RENT
1825 Palmer Avenue, Apt. **2B**	630	$1,130.95	$893.23
1825 Palmer Avenue, Apt. **3C**	495	$845.39	$1,575.00
1829 Palmer Avenue, Apt. **3A**	410	$700.22	$1,600.00
1833 Palmer Avenue, Apt. **3A**	420	$717.30	$1,475.00
1833 Palmer Avenue, Apt. **3C**	640	$1,148.03	$723.42
1833 Palmer Avenue, Apt. **3K**	560	$956.40	$677.45
	3,155		

Total Number of apartments: 6

EXHIBIT A-4

Daytona Property LLC

1825-1829-1833 Palmer Avenue
Larchmont, New York

	SHARES	MAINTENANCE	RENT
1829 Palmer Avenue, Apt. 1F	650	$1,110.01	$1,900.00
1833 Palmer Avenue, Apt. 3B	490	$836.85	$1,590.00
	1,140		

Total Number of apartments: 2

EXHIBIT B

PATRICIA GARDENS OWNERS, INC.
APPROVED OPERATING BUDGET
For the Year Ending December 31, 2019

RECEIPTS			
CARRYING CHARGES - APARTMENTS	(*)	682,089	
PARKING INCOME	(#)	20,700	
RENTAL INCOME		-	
LAUNDRY ROOM INCOME		4,800	
INTEREST AND MISCELLANEOUS INCOME		4,000	
TOTAL RECEIPTS			711,589
EXPENDITURES			
ADMINISTRATIVE EXPENSES			
MANAGEMENT FEE		30,000	
LEGAL FEE AND DISBURSEMENTS		500	
AUDITING		9,350	
TELEPHONE/INTERNET/BOILER ALARM		2,000	
OFFICE AND ADMINISTRATIVE EXPENSES		6,000	
TOTAL ADMINISTRATIVE EXPENSES			47,850
UTILITIES EXPENSES			
HEATING FUEL		55,000	
ELECTRICITY		12,500	
WATER		18,000	
GAS		1,000	
TOTAL UTILITIES EXPENSES			86,500
MAINTENANCE EXPENSES			
MAINTENANCE PAYROLL		54,000	
ADDITIONAL LABOR		31,000	
SUPPLIES		12,000	
LANDSCAPING AND TREE WORK		12,500	
SNOW REMOVAL		2,000	
REPAIRS AND MAINTENANCE		25,000	
EXTERMINATING		5,500	
TOTAL MAINTENANCE EXPENSES			142,000

PATRICIA GARDENS OWNERS, INC.
APPROVED OPERATING BUDGET (cont'd)
For the Year Ending December 31, 2019

TAXES AND INSURANCE		
REAL ESTATE TAXES	175,000	
PAYROLL TAXES	4,500	
INSURANCE	45,000	
UNION WELFARE AND PENSION FUND	23,000	
NEW YORK STATE FRANCHISE TAX	3,000	
TOTAL TAXES AND INSURANCE		250,500
FINANCIAL EXPENSES		
INTEREST ON FIRST MORTGAGE		117,197
CONTRIBUTIONS TO EQUITY		
AMORTIZATION OF FIRST MORTGAGE		64,971
TOTAL EXPENDITURES		709,018
NET SURPLUS		2,571

(*) Carrying Charges reflect an approved increase of 1%, effective January 1, 2019.

(#) Parking Income reflects an approved increase of $10 per space, per month, effective January 1, 2019.

EXHIBIT C

PATRICIA GARDENS OWNERS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

PATRICIA GARDENS OWNERS, INC.

TABLE OF CONTENTS

DECEMBER 31, 2018 AND 2017

BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

ROGER BERMAN, CPA
WILLIAM J. RANK, CPA, CFP
MARK COHEN, CPA

INDEPENDENT AUDITORS' REPORT

To the Board
PATRICIA GARDENS OWNERS, INC.

We have audited the accompanying financial statements of Patricia Gardens Owners, Inc., which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of (loss) income, retained earnings (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

2900 Westchester Avenue, Purchase, New York 10577-2537 914/253-8484 Fax: 914/253-8087

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Patricia Gardens Owners, Inc., as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11, the entity has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be a part of, the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Bloom and Streit LLP

BLOOM AND STREIT LLP
Certified Public Accountants
February 28, 2019

PATRICIA GARDENS OWNERS, INC.

Balance Sheets

As of December 31,

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash in Banks	36,025	97,641
Cash in Operating Account	25,917	6,747
Tenants' Accounts Receivable	13,190	14,180
Mortgagee Escrow Deposits	77,374	83,696
Prepaid Expenses	37,147	22,053
Total Current Assets	189,653	224,317
RESERVE FOR CONTINGENCIES		
Cash and Money Funds	572,793	575,039
PROPERTY AND EQUIPMENT - Net Book Value	1,941,865	1,984,665
OTHER ASSETS		
Investment in NCB Stock	8,990	8,990
Total Other Assets	8,990	8,990
TOTAL ASSETS	2,713,301	2,793,011

	2018	2017
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	34,388	24,720
Accrued Interest on Mortgage	10,051	10,257
Rents Received in Advance	6,479	1,727
Exchanges Payable	9,243	10,077
First Mortgage Payable - Amortization payments due within one year	64,971	62,506
Total Current Liabilities	125,132	109,287
LONG-TERM LIABILITIES		
Security Deposits	17,326	14,379
First Mortgage Payable (Due after one year)	2,990,667	3,055,638
Less: Unamortized Debt Issuance Costs	(40,986)	(46,841)
Total Long-Term Liabilities	2,967,007	3,023,176
STOCKHOLDERS' EQUITY (DEFICIT)		
Common Stock $1.00 par value; Authorized, 35,000 shares, Issued and Outstanding 33,282	33,282	33,282
Paid-in Capital	1,444,908	1,444,908
Retained Earnings (Deficit)	(1,904,528)	(1,865,142)
Appropriated Retained Earnings:		
Reserve for Contingencies	47,500	47,500
Total Stockholders' Equity (Deficit)	(378,838)	(339,452)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	2,713,301	2,793,011

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of (Loss) Income

For the years ended December 31,

	2018	2017
INCOME		
Carrying Charge	674,296	662,856
Parking Income	16,560	16,740
Rental Income	0	16,200
Sublet Income	660	660
Laundry Room Income	4,800	4,800
NCB Dividend	1,956	5,079
Interest Income	6,138	2,384
Miscellaneous Income	2,639	2,566
Total Income	707,049	711,285
EXPENSES		
Administrative Expenses	55,159	50,269
Utilities Expenses	99,312	80,356
Maintenance Expenses	164,718	134,019
Taxes and Insurance Expenses	234,656	239,763
Financial Expenses	119,455	121,834
Interest Expense - Debt Issuance Costs	5,855	5,855
Total Expenses Before Depreciation	679,155	632,096
NET INCOME BEFORE DEPRECIATION	27,894	79,189
Depreciation Expense	(67,280)	(67,367)
NET (LOSS) INCOME FOR THE YEAR	(39,386)	11,822

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Retained Earnings (Deficit)

For the years ended December 31,

	2018	2017
RETAINED EARNINGS (DEFICIT) - Beginning of Year	(1,865,142)	(1,876,964)
Net (Loss) Income for the Year	(39,386)	11,822
RETAINED EARNINGS (DEFICIT) - End of Year	(1,904,528)	(1,865,142)

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Cash Flows

For the years ended December 31,

	2018	2017
Cash Flows From Operating Activities		
Net (Loss) Income	(39,386)	11,822
Adjustments to reconcile net (loss) income to net cash (used) provided by operating activities:		
Depreciation	67,280	67,367
Interest Expense - Debt Issuance Costs	5,855	5,855
Revenue allocated to financing activities	(62,506)	(60,136)
Decrease (Increase) in operating assets		
Tenants' Accounts Receivable	990	(4,268)
Mortgagee Escrow Deposits	6,322	27,722
Prepaid Expenses	(15,094)	(396)
Increase (Decrease) in operating liabilities:		
Accounts Payable	9,668	(11,869)
Accrued Interest Payable	(206)	(198)
Rents Received in Advance	4,752	1,125
Deposits and Exchanges	2,113	(2,411)
Net cash (used) provided by operating activities	(20,212)	34,613
Cash Flows From Investing Activities		
Purchase of Property and Equipment	(24,480)	0
Cash Flows From Financing Activities		
Sale of NCB Stock	0	3,365
Increase (Decrease) in Reserve Funds	2,246	(1,954)
Portion of Carrying Charges applied to Monthly Amortization of Mortgage	62,506	60,136
Monthly Amortization of Mortgage	(62,506)	(60,136)
Net cash provided by financing activities	2,246	1,411
(Decrease) Increase in Cash and Cash Equivalents (carryforward)	(42,446)	36,024

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Cash Flows

For the years ended December 31,

	2018	2017
(Decrease) Increase in Cash and Cash Equivalents (brought forward)	(42,446)	36,024
Cash and Cash Equivalents at Beginning of Year	104,388	68,365
Cash and Cash Equivalents at End of Year (see below)	61,942	104,389
Represented by:		
Cash in Banks and On Hand	36,025	97,641
Cash in Operating Account	25,917	6,747
Cash and Cash Equivalents (as above)	61,942	104,388
Supplemental Disclosure:		
Interest Paid	119,661	122,032
Taxes Paid	3,050	2,889

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2018 and 2017

Note 1 **Organization**

Pursuant to a Plan to Convert to Cooperative Ownership dated June 29, 1984, and as amended, title to the land and building known as Patricia Gardens, Larchmont, New York, was conveyed by the sponsor to Patricia Gardens Owners, Inc. on February 12, 1985. Patricia Gardens Owners, Inc. is a cooperative housing corporation whose primary purpose is to manage the operations of its buildings, consisting of 65 residential apartments, and maintain common elements.

The sponsor elected to treat the transfer of the real property to the cooperative as an exchange in accordance with Section 351 of the Internal Revenue Code. As a result, the cooperative's tax basis of the land and the building is the same as in the hands of the sponsor on the date of transfer. The lower basis of the property will result in lower depreciation deductions for tax purposes, as compared with that shown in the financial statements.

Note 2 **Summary of Significant Accounting Policies**

The financial statements have been presented in accordance with the accounting principles prescribed by the audit and accounting guide for common interest realty associations issued by the American Institute of Certified Public Accountants. The guide describes conditions and procedures unique to the industry (including cooperative housing corporations and condominium associations) and illustrates the form and content of the financial statements of common interest realty associations as well as informative disclosures relating to such statements. In addition, the guide requires that all revenues from tenant-stockholders, including maintenance charges and special assessments, be recognized as revenue in the statements of (loss) income.

For purposes of the statements of cash flows, the cooperative considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The cooperative classifies its marketable debt securities as "held to maturity" since it has the positive intent and ability to hold the securities to maturity. Securities classified as "held to maturity" are carried at amortized cost.

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2018 and 2017

Note 2 **Summary of Significant Accounting Policies - continued**

Tenant-stockholders are subject to monthly charges to provide funds for the cooperative's operating expenses, future capital acquisitions, and major repairs and replacements. Tenants' Accounts Receivable at the balance sheets date represent various fees due from tenant-stockholders. Any excess charges at year end are retained by the cooperative for use in the succeeding year.

Property and equipment is being carried at cost. Depreciation of the buildings is being computed by the straight-line method using a life of thirty-five years. Depreciation of building improvements is being computed by the straight-line method over periods from twenty-seven and one-half years to thirty-five years.

Costs incurred in obtaining long-term financing, included under mortgage payable on the balance sheets, are amortized on a straight-line basis, which approximates the effective interest method, over the terms of the related debt agreement. The amortization of these costs are being recognized as interest expense-debt issuance costs on the statements of (loss) income.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The cooperative accounts for certain revenue items differently for financial reporting and income tax purposes. The principal differences are permanent in nature and relate to any portion of maintenance charges and special assessments allocated for mortgage amortization and capital improvements which are being accounted for as contributions to additional paid-in capital for income tax purposes whereas such items are recognized as revenue for financial reporting.

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2018 and 2017

Note 3 **Concentration of Credit Risk**

The cooperative has investments in money funds which are not bank deposits or F.D.I.C. insured and are not guaranteed by the brokerage house. These funds are subject to investment risks including possible loss of the principal amount invested.

Note 4 **Property and Equipment**

Property and Equipment consists of the following:

	2018	2017
Land	689,960	689,960
Building	1,713,000	1,713,000
Building Improvements	1,951,646	1,927,166
Furniture and Fixtures	20,087	20,087
	4,374,693	4,350,213
Less: accumulated depreciation	2,432,828	2,365,548
Total Property and Equipment	1,941,865	1,984,665

Depreciation expense for the years ending December 31, 2018 and 2017 was $67,280 and $67,367, respectively.

Note 5 **Mortgages Payable**

On November 30, 2006, the cooperative refinanced its previous mortgage with a new first mortgage held by National Consumer Cooperative Bank in the principal sum of $2,100,000 and also obtained a secured Revolving Line of Credit in the available amount of $350,000. Monthly payments in the amount of $12,984.74 were required, which included principal and interest calculated at a rate of 6.29% per annum, pursuant to a thirty year amortization schedule. The mortgage would have matured on December 1, 2016, at which time the entire unpaid principal and accrued interest would have been due and payable.

On or about November 16, 2010, the cooperative borrowed $175,000 from the secured Revolving Line of Credit. The proceeds were used to partially fund the exterior renovation project of the cooperative.

During 2014, the cooperative paid down $1,200 on the Line of Credit for a balance of $171,400 at December 31, 2014, during 2015 this line of credit was fully repaid during the refinance discussed below.

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2018 and 2017

Note 5 **Mortgages Payable - continued**

On June 26, 2013, the cooperative secured a third mortgage with National Consumer Cooperative Bank in the principal amount of $350,000. Monthly payments of interest only were due with a fixed rate of 4.25% per annum. The mortgage was to mature co-terminus with the then existing first mortgage on December 1, 2016 at which time the unpaid principal plus all accrued interest was to become due and payable. The proceeds of this third mortgage funded the electrical upgrade project in 2013 and the cooperative's Reserve for Contingencies.

On August 26, 2015, the cooperative refinanced its previous mortgages and line of credit with a new mortgage held by National Cooperative Bank (NCB) in the principal sum of $3,250,000. The new mortgage which consolidated the prior two mortgages and line of credit previously held by NCB, requires monthly payments in the amount of $15,180.64, which includes principal and interest calculated at a rate of 3.82% per annum pursuant to a thirty year amortization schedule. The mortgage matures on September 1, 2025 at which time the entire unpaid principal and accrued interest will be due and payable.

Principal maturities of the mortgage are as follows:

2019	64,971
2020	67,207
2021	70,182
2022	72,949
2023	75,825
Thereafter	2,698,221

Pursuant to the loan agreement with NCB, the cooperative was required to purchase shares of NCB Class B1 Capital Stock. This stock is reflected on the cooperative's balance sheet with a cost basis of $8,990. For the year December 31, 2018 and 2017, the cooperative received $1,956 and $5,079, respectively in patronage dividends.

Note 6 **Reserve Fund**

The cooperative maintains a contingency reserve fund to be used for capital repairs, replacements and improvements, or for such other cooperative purposes as are determined by the Board. As of December 31, 2018 and 2017, specific funds held in the Reserve for Contingencies totaled $572,793 and $575,039, respectively.

The amount accumulated in the contingency fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the cooperative can increase regular carrying charges, pass special assessments, borrow needed funds, or delay major repairs and replacements until funds are available.

Note 7 **Sponsor/Holder of Unsold Shares Ownership**

As of December 31, 2018 and 2017, the sponsor/holder of unsold shares owned approximately 31% of the outstanding shares of the cooperative's stock, representing nineteen apartments. As of that date, the sponsor/holder of unsold shares was current in the payment of carrying charges.

The most recent Disclosure Statement filed with the Attorney General's Office (sixteenth amendment to the Cooperative Offering Plan) dated November 9, 1995, indicates that the aggregate monthly maintenance for all unsold shares is $9,200. The aggregate monthly rents received from tenants residing in the apartments owned by the sponsor/holder of unsold shares is $11,096. No subsequent amendments have been filed.

Note 8 **Benefits**

The cooperative participated in the 32BJ North Pension Fund, Employer Identification Number 13-1819138, Plan 001, for the years ended December 31, 2018 and 2017. The cooperative participated in this multi-employer plan, for the years ended December 31, 2018 and 2017 under the terms of collective-bargaining agreements that cover its union represented employees. This collective bargaining agreement expires September 30, 2022 and the cooperative has no intention of withdrawing from the plan.

Note 8 **Benefits - continued**

The risks of participating in multi-employer plans are different from single-employer plans for the following reasons: 1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, 2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers and 3) if the cooperative chooses to stop participating in its multi-employer pension plan, the cooperative may be required to pay the plan an amount based on the underfunded status of the plan, which is referred to as a withdrawal liability.

The zone status is based on information that the cooperative received from the plan and is certified by the plan's actuary. Plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded and plans in the green zone are at least 80 percent funded. The most recent Pension Protect Act (PPA) zone status available is for the plan's year-end at December 31, 2018 and 2017. The certified zone status for the plan for each of these years was red and a rehabilitation plan has been implemented. This rehabilitation plan currently involves a surcharge to the cooperative.

In addition to the Pension Fund, the cooperative also participated in a Health Fund for the years ended December 31, 2018 and 2017. The fund provides health benefits (medical, surgical, hospital, prescription drugs, behavioral health, optical, dental) and life insurance coverage for eligible participants and their covered dependents. Retired employees are eligible for health benefits if they retire before age 65, but after age 62; accumulated 15 combined years of pension service credit; worked both 90 days immediately before retirement and at least 36 months of the 60 months before retiring; and are receiving an early or regular retirement pension from the 32BJ North Pension Fund. These benefits continue for the retired employee and eligible dependents until they become eligible for Medicare, until age 65, or until the retiree's pension is suspended, whichever occurs first.
The cooperative made the following contributions to the plans:

	2018	2017
Pension Contributions	3,746	3,501
Health Contributions	17,196	16,224

The cooperative's contributions to the plan were not greater than 5% of the plan's total contributions.

Note 9 **Real Estate Taxes - Tax Abatements**

The cooperative is entitled to and has received tax abatements on behalf of its stockholders during December 31, 2018 and 2017. The abatements, which include Star and Veterans abatements (where applicable) have been passed on to the stockholders by direct payment or as a credit against carrying charges. Any undistributed abatements as of the fiscal year end have been included on the Balance Sheets in Current Liabilities as Exchanges Payable. As the abatements benefit the stockholders, the real estate tax expense reflected in these financial statements is gross of all the aforementioned tax abatements.

Note 10 **Income Taxes**

Federal income tax is computed pursuant to Subchapter T of the Internal Revenue Code. Under Subchapter T, income from non-patronage sources in excess of expenses properly attributable thereto may be subject to tax. The cooperative believes that all of its income is patronage sourced. Accordingly, no provisions for taxes, if any, that could result from the application of Subchapter T to the cooperative's income has been reflected in the accompanying financial statements. New York State Franchise taxes are calculated by utilizing special tax rates available to cooperative housing corporations based on the cooperative's capital base.

As of December 31, 2017, the cooperative had available federal net operating loss carryforwards to apply to future taxable income of approximately $1,852,000. If not used, these carryfowards expire beginning in 2019 and continuing through 2037. New York State substantially limits the use of these net operating loss carryforwards.

Beginning in 2018, the rules for federal net operating loss carryforwards have changed. These losses may be carried forward indefinitely, but may only be used to offset 80% of taxable income in each year. The net operating loss incurred in 2018 is approximately $102,000.

In accordance with accounting rules for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns, the cooperative's tax filings are subject to audit by various taxing authorities. The cooperative's federal and state income tax returns for the last three years remain open to examination. In evaluating its tax provisions and accruals, the cooperative believes that its estimates are appropriate based on current facts and circumstances.

Note 11 <u>Future Major Repairs and Replacements</u>

The cooperative has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. When replacement funds are needed to meet future needs for major repairs and replacements, the cooperative may borrow, utilize available cash, increase carrying charges, pass special assessments or delay repairs and replacements until the funds are available. The effect on future assessments has not been determined at this time.

Note 12 <u>Subsequent Events</u>

Management has evaluated subsequent events through February 28, 2019, the date at which the financial statements became available for issuance. No events have occurred that would require adjustments to, or disclosure in, the financial statements.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
PATRICIA GARDENS OWNERS, INC.

We have audited the financial statements of Patricia Gardens Owners, Inc. as of and for the years ended December 31, 2018 and 2017, and our report thereon dated February 28, 2019, which expressed an unqualified opinion on those financial statements, appears on Page 1. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of budget with actual operating amounts, which is the responsibility of the entity's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for the portion marked "unaudited" was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Bloom and Streit LLP

BLOOM AND STREIT LLP
Certified Public Accountants
February 28, 2019

PATRICIA GARDENS OWNERS, INC.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended Dec. 31, 2018 (Unaudited)	Actual Year Ended Dec. 31, 2018	Actual Year Ended Dec. 31, 2017
RECEIPTS			
Carrying Charges	662,858	674,296	662,856
Parking Income	16,740	16,560	16,740
Rental Income	16,200	0	16,200
Sublet Income	0	660	660
Laundry Room Income	4,800	4,800	4,800
NCB Dividend	0	1,956	5,079
Interest and Miscellaneous Income	4,000	8,777	4,950
Total Receipts	704,598	707,049	711,285
EXPENDITURES			
ADMINISTRATIVE EXPENSES			
Management Fee	30,000	30,000	30,000
Legal Expense	500	3,965	1,480
Auditing	9,350	9,350	8,900
Telephone	2,000	2,080	2,199
Office and Administrative Expenses	6,000	9,764	7,690
Total Administrative Expenses	47,850	55,159	50,268
UTILITIES EXPENSES			
Heat	45,000	60,993	47,088
Electricity and Gas	15,500	13,083	12,838
Water	18,000	25,236	20,430
Total Utilities Expenses	78,500	99,312	80,356
MAINTENANCE EXPENSES			
Payroll and Additional Labor	86,000	79,996	83,496
Supplies	12,000	10,531	6,419
Repairs and Maintenance	22,000	24,520	25,872
Temporary Generator and Rental Installation	0	23,352	0
Landscaping and Trees	14,500	21,050	13,108
Exterminating	5,500	5,269	5,124
Total Maintenance Expenses	140,000	164,718	134,019

See auditors' report on supplementary information

PATRICIA GARDENS OWNERS, INC.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended Dec. 31, 2018 (Unaudited)	Actual Year Ended Dec. 31, 2018	Actual Year Ended Dec. 31, 2017
TAXES AND INSURANCE			
Real Estate Taxes	175,000	165,533	169,642
Payroll Taxes	4,500	4,220	4,249
Insurance	50,000	39,801	42,139
Union Welfare and Pension Fund	21,500	22,052	20,844
Franchise Taxes	2,700	3,050	2,889
Total Taxes and Insurance	253,700	234,656	239,763
FINANCIAL EXPENSES			
Interest on Mortgage	119,662	119,455	121,834
Total Financial Expenses	119,662	119,455	121,834
CONTRIBUTIONS TO EQUITY			
Amortization of Mortgage	62,506	62,506	60,136
Total Contributions to Equity	62,506	62,506	60,136
Total Expenditures	702,218	735,806	686,376
NET SURPLUS (DEFICIT) FOR THE YEAR	2,380	(28,757)	24,909

See auditors' report on supplementary information

PATRICIA GARDENS OWNERS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

PATRICIA GARDENS OWNERS, INC.

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DECEMBER 31, 2017 AND 2016

BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

ROGER BERMAN, CPA
WILLIAM J. RANK, CPA, CFP
MARK COHEN, CPA

INDEPENDENT AUDITORS' REPORT

To the Board
PATRICIA GARDENS OWNERS, INC.

We have audited the accompanying financial statements of Patricia Gardens Owners, Inc., which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of income, retained earnings (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

2900 Westchester Avenue, Purchase, New York 10577-2537 914/253-8484 Fax: 914/253-8087

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Patricia Gardens Owners, Inc., as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12, the entity has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be a part of, the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Bloom and Streit LLP

BLOOM AND STREIT LLP
Certified Public Accountants
April 9, 2018

PATRICIA GARDENS OWNERS, INC.

Balance Sheets

As of December 31,

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash in Banks	97,641	45,211
Cash in Operating Account	6,747	23,154
Tenants' Accounts Receivable	14,180	9,912
Mortgagee Escrow Deposits	83,696	111,418
Prepaid Expenses	22,053	21,657
Total Current Assets	224,317	211,352
RESERVE FOR CONTINGENCIES		
Cash and Money Funds	575,039	573,085
PROPERTY AND EQUIPMENT -		
Net Book Value	1,984,665	2,052,032
OTHER ASSETS		
Investment in NCB Stock	8,990	12,355
Total Other Assets	8,990	12,355
TOTAL ASSETS	2,793,011	2,848,824

	2017	2016
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	24,720	36,590
Accrued Interest on Mortgage	10,257	10,455
Rents Received in Advance	1,727	602
Exchanges Payable	10,077	10,988
First Mortgage Payable - Amortization payments due within one year	62,506	60,135
Total Current Liabilities	109,287	118,770
LONG-TERM LIABILITIES		
Security Deposits	14,379	15,879
First Mortgage Payable (Due after one year)	3,055,638	3,118,145
Less: Unamortized Debt Issuance Costs	(46,841)	(52,696)
Total Long-Term Liabilities	3,023,176	3,081,328
STOCKHOLDERS' EQUITY (DEFICIENCY)		
Common Stock $1.00 par value; Authorized, 35,000 shares, Issued and Outstanding 33,282	33,282	33,282
Paid-in Capital	1,444,908	1,444,908
Retained Earnings (Deficit)	(1,865,142)	(1,876,964)
Appropriated Retained Earnings:		
Reserve for Contingencies	47,500	47,500
Total Stockholders' Equity (Deficiency)	(339,452)	(351,274)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)	2,793,011	2,848,824

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Income

For the years ended December 31,

	2017	2016
INCOME		
Carrying Charge	662,856	662,858
Parking Income	16,740	16,740
Rental Income	16,200	16,140
Sublet Income	660	0
Laundry Room Income	4,800	4,800
NCB Dividend	5,079	2,466
Interest Income	2,384	2,278
Miscellaneous Income	2,566	1,234
Total Income	711,285	706,516
EXPENSES		
Administrative Expenses	50,269	46,590
Utilities Expenses	80,356	86,383
Maintenance Expenses	134,019	121,639
Taxes and Insurance Expenses	239,763	242,875
Financial Expenses	121,834	124,464
Interest Expense - Debt Issuance Costs	5,855	5,855
Total Expenses Before Depreciation	632,096	627,806
NET INCOME BEFORE DEPRECIATION	79,189	78,710
Depreciation Expense	(67,367)	(66,481)
NET INCOME FOR THE YEAR	11,822	12,229

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Retained Earnings (Deficit)

For the years ended December 31,

	2017	2016
RETAINED EARNINGS (DEFICIT) - Beginning of Year	(1,876,964)	(1,889,193)
Net Income for the Year	11,822	12,229
RETAINED EARNINGS (DEFICIT) - End of Year	(1,865,142)	(1,876,964)

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Cash Flows

For the years ended December 31,

	2017	2016
Cash Flows From Operating Activities		
Net Income	11,822	12,229
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	67,367	66,481
Interest Expense - Debt Issuance Costs	5,855	5,855
Revenue allocated to financing activities	(60,136)	(57,515)
Decrease (Increase) in operating assets		
Tenants' Accounts Receivable	(4,268)	2,325
Mortgagee Escrow Deposits	27,722	(204)
Prepaid Expenses	(396)	47,152
Increase (Decrease) in operating liabilities:		
Accounts Payable	(11,870)	5,267
Accrued Interest Payable	(198)	(189)
Rents Received in Advance	1,125	(824)
Deposits and Exchanges	(2,411)	(23,661)
Net cash provided by operating activities	34,612	56,916
Cash Flows From Investing Activities		
Purchase of Property and Equipment	0	(114,822)
Cash Flows From Financing Activities		
Purchase of NCB Stock	3,365	0
(Decrease) Increase in Reserve Funds	(1,954)	119,173
Portion of Carrying Charges applied to Monthly Amortization of Mortgage	60,136	57,515
Monthly Amortization of Mortgage	(60,136)	(57,515)
Net cash provided by financing activities	1,411	119,173
Increase in Cash and Cash Equivalents (carryforward)	36,023	61,267

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Cash Flows

For the years ended December 31,

	2017	2016
Increase in Cash and Cash Equivalents (brought forward)	36,023	61,267
Cash and Cash Equivalents at Beginning of Year	68,365	7,098
Cash and Cash Equivalents at End of Year (see below)	104,388	68,365
Represented by:		
Cash in Banks and On Hand	97,641	45,211
Cash in Operating Account	6,747	23,154
Cash and Cash Equivalents (as above)	104,388	68,365
Supplemental Disclosure:		
Interest Paid	122,032	124,653
Taxes Paid	2,889	2,612

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2017 and 2016

Note 1 Organization

Pursuant to a Plan to Convert to Cooperative Ownership dated June 29, 1984, and as amended, title to the land and building known as Patricia Gardens, Larchmont, New York, was conveyed by the sponsor to Patricia Gardens Owners, Inc. on February 12, 1985. Patricia Gardens Owners, Inc. is a cooperative housing corporation whose primary purpose is to manage the operations of its buildings, consisting of 65 residential apartments, and maintain common elements.

The sponsor elected to treat the transfer of the real property to the cooperative as an exchange in accordance with Section 351 of the Internal Revenue Code. As a result, the cooperative's tax basis of the land and the building is the same as in the hands of the sponsor on the date of transfer. The lower basis of the property will result in lower depreciation deductions for tax purposes, as compared with that shown in the financial statements.

Note 2 Summary of Significant Accounting Policies

The financial statements have been presented in accordance with the accounting principles prescribed by the audit and accounting guide for common interest realty associations issued by the American Institute of Certified Public Accountants. The guide describes conditions and procedures unique to the industry (including cooperative housing corporations and condominium associations) and illustrates the form and content of the financial statements of common interest realty associations as well as informative disclosures relating to such statements. In addition, the guide requires that all revenues from tenant-stockholders, including maintenance charges and special assessments, be recognized as revenue in the statements of income.

For purposes of the statements of cash flows, the cooperative considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The cooperative classifies its marketable debt securities as "held to maturity" since it has the positive intent and ability to hold the securities to maturity. Securities classified as "held to maturity" are carried at amortized cost.

Note 2 **Summary of Significant Accounting Policies - continued**

Tenant-stockholders are subject to monthly charges to provide funds for the cooperative's operating expenses, future capital acquisitions, and major repairs and replacements. Tenants' Accounts Receivable at the balance sheets date represent various fees due from tenant-stockholders. Any excess charges at year end are retained by the cooperative for use in the succeeding year.

Property and equipment is being carried at cost. Depreciation of the buildings is being computed by the straight-line method using a life of thirty-five years. Depreciation of building improvements is being computed by the straight-line method over periods from twenty-seven and one-half years to thirty-five years.

Costs incurred in obtaining long-term financing, included under mortgage payable on the balance sheets, are amortized on a straight-line basis, which approximates the effective interest method, over the terms of the related debt agreement. The amortization of these costs are being recognized as interest expense-debt issuance costs on the statements of income.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The cooperative accounts for certain revenue items differently for financial reporting and income tax purposes. The principal differences are permanent in nature and relate to any portion of maintenance charges and special assessments allocated for mortgage amortization and capital improvements which are being accounted for as contributions to additional paid-in capital for income tax purposes whereas such items are recognized as revenue for financial reporting.

Note 3 **Change in Accounting Principle**

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2015-03 (ASU 2015-03) which requires that debt issuance costs related to a recognized debt liability be presented on the balance sheet as a deduction from the carrying amount of that debt liability.

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2017 and 2016

Note 4 **Concentration of Credit Risk**

The cooperative has investments in money funds which are not bank deposits or F.D.I.C. insured and are not guaranteed by the brokerage house. These funds are subject to investment risks including possible loss of the principal amount invested.

Note 5 **Property and Equipment**

Property and Equipment consists of the following:

	2017	2016
Land	689,960	689,960
Building	1,713,000	1,713,000
Building Improvements	1,927,166	1,927,166
Furniture and Fixtures	20,087	20,087
	4,350,213	4,350,213
Less: accumulated depreciation	2,365,548	2,298,181
Total Property and Equipment	1,984,665	2,052,032

Depreciation expense for the years ending December 31, 2017 and 2016 was $67,367 and $66,481, respectively.

Note 6 **Mortgages Payable**

On November 30, 2006, the cooperative refinanced its previous mortgage with a new first mortgage held by National Consumer Cooperative Bank in the principal sum of $2,100,000 and also obtained a secured Revolving Line of Credit in the available amount of $350,000. Monthly payments in the amount of $12,984.74 were required, which included principal and interest calculated at a rate of 6.29% per annum, pursuant to a thirty year amortization schedule. The mortgage would have matured on December 1, 2016, at which time the entire unpaid principal and accrued interest would have been due and payable.

On or about November 16, 2010, the cooperative borrowed $175,000 from the secured Revolving Line of Credit. The proceeds were used to partially fund the exterior renovation project of the cooperative.

During 2014, the cooperative paid down $1,200 on the Line of Credit for a balance of $171,400 at December 31, 2014, during 2015 this line of credit was fully repaid during the refinance discussed below.

Note 6 Mortgages Payable - **continued**

On June 26, 2013, the cooperative secured a third mortgage with National Consumer Cooperative Bank in the principal amount of $350,000. Monthly payments of interest only were due with a fixed rate of 4.25% per annum. The mortgage was to mature co-terminus with the then existing first mortgage on December 1, 2016 at which time the unpaid principal plus all accrued interest was to become due and payable. The proceeds of this third mortgage funded the electrical upgrade project in 2013 and the cooperative's Reserve for Contingencies.

On August 26, 2015, the cooperative refinanced its previous mortgages and line of credit with a new mortgage held by National Cooperative Bank (NCB) in the principal sum of $3,250,000. The new mortgage which consolidated the prior two mortgages and line of credit previously held by NCB, requires monthly payments in the amount of $15,180.64, which includes principal and interest calculated at a rate of 3.82% per annum pursuant to a thirty year amortization schedule. The mortgage matures on September 1, 2025 at which time the entire unpaid principal and accrued interest will be due and payable.

Principal maturities of the mortgage are as follows:

2018	62,506
2019	64,971
2020	67,207
2021	70,182
2022	72,949
Thereafter	2,774,296

Pursuant to the original loan agreement with NCB, the cooperative was required to purchase shares of NCB Class B1 Capital Stock. As part of the refinancing on June 26, 2013, the cooperative was required to purchase additional Class B1 Capital Stock in the amount of $998. As part of the refinance on August 26, 2015, the cooperative was required to purchase additional Class B1 Capital Stock in the amount of $7,992.51. For the year December 31, 2017 and 2016, the cooperative received $5,079 and $2,466, respectively in patronage dividends.

Note 7 **Reserve Fund**

The cooperative maintains a contingency reserve fund to be used for capital repairs, replacements and improvements, or for such other cooperative purposes as are determined by the Board. As of December 31, 2017 and 2016, specific funds held in the Reserve for Contingencies totaled $575,039 and $573,085, respectively.

The amount accumulated in the contingency fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the cooperative can increase regular carrying charges, pass special assessments, borrow needed funds, or delay major repairs and replacements until funds are available.

Note 8 **Sponsor/Holder of Unsold Shares Ownership**

As of December 31, 2017 and 2016, the sponsor/holder of unsold shares owned approximately 32% of the outstanding shares of the cooperative's stock, representing nineteen apartments. As of that date, the sponsor/holder of unsold shares was current in the payment of carrying charges.

The most recent Disclosure Statement filed with the Attorney General's Office (sixteenth amendment to the Cooperative Offering Plan) dated November 9, 1995, indicates that the aggregate monthly maintenance for all unsold shares is $9,200. The aggregate monthly rents received from tenants residing in the apartments owned by the sponsor/holder of unsold shares is $11,096. No subsequent amendments have been filed.

Note 9 **Benefits**

The cooperative participated in the 32BJ North Pension Fund, Employer Identification Number 13-1819138, Plan 001, for the years ended December 31, 2017 and 2016. The cooperative participated in this multi-employer plan, for the years ended December 31, 2017 and 2016 under the terms of collective-bargaining agreements that cover its union represented employees. This collective bargaining agreement expires September 30, 2018 and the cooperative has no intention of withdrawing from the plan.

Note 9 **Benefits - continued**

The risks of participating in multi-employer plans are different from single-employer plans for the following reasons: 1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, 2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers and 3) if the cooperative chooses to stop participating in its multi-employer pension plan, the cooperative may be required to pay the plan an amount based on the underfunded status of the plan, which is referred to as a withdrawal liability.

The zone status is based on information that the cooperative received from the plan and is certified by the plan's actuary. Plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded and plans in the green zone are at least 80 percent funded. The most recent Pension Protect Act (PPA) zone status available is for the plan's year-end at December 31, 2016 and 2015. The certified zone status for the plan for each of these years was red and a rehabilitation plan has been implemented. This rehabilitation plan currently involves a surcharge to the cooperative.

In addition to the Pension Fund, the cooperative also participated in a Health Fund for the years ended December 31, 2017 and 2016. The fund provides health benefits (medical, surgical, hospital, prescription drugs, behavioral health, optical, dental) and life insurance coverage for eligible participants and their covered dependents. Retired employees are eligible for health benefits if they retire before age 65, but after age 62; accumulated 15 combined years of pension service credit; worked both 90 days immediately before retirement and at least 36 months of the 60 months before retiring; and are receiving an early or regular retirement pension from the 32BJ North Pension Fund. These benefits continue for the retired employee and eligible dependents until they become eligible for Medicare, until age 65, or until the retiree's pension is suspended, whichever occurs first.
The cooperative made the following contributions to the plans:

	2017	2016
Pension Contributions	3,501	3,272
Health Contributions	16,224	15,132

The cooperative's contributions to the plan were not greater than 5% of the plan's total contributions.

Note 10 **Real Estate Taxes - Tax Abatements**

The cooperative is entitled to and has received tax abatements on behalf of its stockholders during December 31, 2017 and 2016. The abatements, which include Star and Veterans abatements (where applicable) have been passed on to the stockholders by direct payment or as a credit against carrying charges. Any undistributed abatements as of the fiscal year end have been included on the Balance Sheets in Current Liabilities as Exchanges Payable. As the abatements benefit the stockholders, the real estate tax expense reflected in these financial statements is gross of all the aforementioned tax abatements.

Note 11 **Income Taxes**

Federal income tax is computed pursuant to Subchapter T of the Internal Revenue Code. Under Subchapter T, income from non-patronage sources in excess of expenses properly attributable thereto may be subject to tax. The cooperative believes that all of its income is patronage sourced. Accordingly, no provisions for taxes, if any, that could result from the application of Subchapter T to the cooperative's income has been reflected in the accompanying financial statements. New York State Franchise taxes are calculated by utilizing special tax rates available to cooperative housing corporations based on the cooperative's capital base.

As of December 31, 2017, the cooperative has available federal net operating loss carryforwards to apply to future taxable income in the approximate amount of $1,852,000 which expires from 2018 to 2037. Recently, New York State enacted changes to their rules with respect to net operating loss carryforwards that substantially limit their use.

In accordance with accounting rules for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns, the cooperative's tax filings are subject to audit by various taxing authorities. The cooperative's federal and state income tax returns for the last three years remain open to examination. In evaluating its tax provisions and accruals, the cooperative believes that its estimates are appropriate based on current facts and circumstances.

Note 12 **Future Major Repairs and Replacements**

The cooperative has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. When replacement funds are needed to meet future needs for major repairs and replacements, the cooperative may borrow, utilize available cash, increase carrying charges, pass special assessments or delay repairs and replacements until the funds are available. The effect on future assessments has not been determined at this time.

Note 13 **Subsequent Events**

Management has evaluated subsequent events through April 9, 2018, the date at which the financial statements became available for issuance. No events have occurred that would require adjustments to, or disclosure in, the financial statements.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
PATRICIA GARDENS OWNERS, INC.

We have audited the financial statements of Patricia Gardens Owners, Inc. as of and for the years ended December 31, 2017 and 2016, and our report thereon dated April 9, 2018, which expressed an unqualified opinion on those financial statements, appears on Page 1. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of budget with actual operating amounts, which is the responsibility of the entity's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for the portion marked "unaudited" was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Bloom and Streit LLP

BLOOM AND STREIT LLP
Certified Public Accountants
April 9, 2018

PATRICIA GARDENS OWNERS, INC.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended Dec. 31, 2017 (Unaudited)	Actual Year Ended Dec. 31, 2017	Actual Year Ended Dec. 31, 2016
RECEIPTS			
Carrying Charges	662,858	662,856	662,858
Parking Income	16,740	16,740	16,740
Rental Income	15,960	16,200	16,140
Sublet Income	0	660	0
Laundry Room Income	4,800	4,800	4,800
NCB Dividend	0	5,079	2,466
Interest and Miscellaneous Income	4,000	4,950	3,512
Total Receipts	704,358	711,285	706,516
EXPENDITURES			
ADMINISTRATIVE EXPENSES			
Management Fee	30,000	30,000	30,000
Legal Expense	500	1,480	650
Auditing	8,900	8,900	8,900
Telephone	2,300	2,199	1,830
Office and Administrative Expenses	6,000	7,690	5,210
Total Administrative Expenses	47,700	50,269	46,589
UTILITIES EXPENSES			
Heat	45,000	47,088	44,310
Electricity and Gas	14,700	12,838	13,771
Water	13,000	20,430	28,302
Total Utilities Expenses	72,700	80,356	86,383
MAINTENANCE EXPENSES			
Payroll and Additional Labor	83,000	83,496	84,144
Supplies	12,000	6,419	10,195
Repairs and Maintenance	22,000	25,872	11,694
Landscaping and Trees	14,500	13,108	10,655
Exterminating	5,500	5,124	4,951
Total Maintenance Expenses	137,000	134,019	121,639

PATRICIA GARDENS OWNERS, INC.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended Dec. 31, 2017 (Unaudited)	Actual Year Ended Dec. 31, 2017	Actual Year Ended Dec. 31, 2016
TAXES AND INSURANCE			
Real Estate Taxes	184,000	169,642	172,426
Payroll Taxes	4,500	4,249	4,094
Insurance	53,000	42,139	44,277
Union Welfare and Pension Fund	20,500	20,844	19,466
Franchise Taxes	2,700	2,889	2,612
Total Taxes and Insurance	264,700	239,763	242,875
FINANCIAL EXPENSES			
Interest on Mortgage	122,033	121,834	124,464
Total Financial Expenses	122,033	121,834	124,464
CONTRIBUTIONS TO EQUITY			
Amortization of Mortgage	60,135	60,136	57,515
Total Contributions to Equity	60,135	60,136	57,515
Total Expenditures	704,268	686,377	679,465
NET SURPLUS FOR THE YEAR	90	24,908	27,051

See auditors' report on supplementary information

PATRICIA GARDENS OWNERS, INC.

FINANCIAL STATEMENTS

December 31, 2016 AND 2015

PATRICIA GARDENS OWNERS, INC.

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December 31, 2016 AND 2015

BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

ROGER BERMAN, CPA
WILLIAM J. RANK, CPA, CFP
MARK COHEN, CPA

INDEPENDENT AUDITORS' REPORT

To the Board
PATRICIA GARDENS OWNERS, INC.

We have audited the accompanying financial statements of Patricia Gardens Owners, Inc., which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of income (loss), retained earnings (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

2900 Westchester Avenue, Purchase, New York 10577-2537 914/253-8484 Fax: 914/253-8087

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Patricia Gardens Owners, Inc., as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11, the entity has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be a part of, the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Bloom and Streit LLP

BLOOM AND STREIT LLP
Certified Public Accountants
March 29, 2017

PATRICIA GARDENS OWNERS, INC.

Balance Sheets

As of December 31,

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash in Banks	45,211	1,600
Cash in Operating Account	23,154	5,498
Tenants' Accounts Receivable	9,912	12,237
Mortgagee Escrow Deposits	111,418	111,214
Prepaid Expenses	21,657	68,809
Total Current Assets	211,352	199,358
RESERVE FOR CONTINGENCIES		
Cash and Money Funds	573,085	692,258
PROPERTY AND EQUIPMENT - Net Book Value	2,052,032	2,080,023
OTHER ASSETS		
Investment in NCB Stock	12,355	12,355
Deferred Financing Expenses	52,696	58,551
Total Other Assets	65,051	70,906
TOTAL ASSETS	2,901,520	3,042,545

	2016	2015
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	36,590	107,654
Accrued Interest on Mortgage	10,455	10,644
Rents Received in Advance	602	1,426
Exchanges Payable	10,988	36,920
First Mortgage Payable - Amortization payments due within one year	60,135	57,515
Second Mortgage -Line of Credit Payable - Amortization payments		
Total Current Liabilities	118,770	214,159
LONG-TERM LIABILITIES		
Security Deposits	15,879	13,609
First Mortgage Payable (Due after one year)	3,118,145	3,178,280
Total Long-Term Liabilities	3,134,024	3,191,889
STOCKHOLDERS' EQUITY (DEFICIENCY)		
Common Stock $1.00 par value; Authorized, 35,000 shares, Issued and Outstanding 33,282	33,282	33,282
Paid-in Capital	1,444,908	1,444,908
Retained Earnings (Deficit)	(1,876,964)	(1,889,193)
Appropriated Retained Earnings:		
Reserve for Contingencies	47,500	47,500
Total Stockholders' Equity (Deficiency)	(351,274)	(363,503)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)	2,901,520	3,042,545

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Income (Loss)

For the years ended December 31,

	2016	2015
INCOME		
Carrying Charge	662,858	619,493
Fuel Surcharge	0	70,561
Parking Income	16,740	16,740
Rental Income	16,140	15,960
Laundry Room Income	4,800	9,800
NCB Dividend	2,466	1,326
Interest Income	2,278	352
Miscellaneous Income	1,234	974
Total Income	706,516	735,206
EXPENSES		
Administrative Expenses	46,590	53,329
Utilities Expenses	86,383	87,419
Maintenance Expenses	121,639	158,785
Taxes and Insurance Expenses	242,875	245,035
Financial Expenses	124,464	137,810
Mortgage Prepayment Fee	0	40,468
Total Expenses Before Depreciation and Amortization	621,951	722,846
NET INCOME BEFORE DEPRECIATION AND AMORTIZATION	84,565	12,360
Depreciation and Amortization of Mortgage Financing Expenses	(72,336)	(82,860)
NET INCOME (LOSS) FOR THE YEAR	12,229	(70,500)

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Retained Earnings (Deficit)

For the years ended December 31,

	2016	2015
RETAINED EARNINGS (DEFICIT) - Beginning of Year	(1,889,193)	(1,818,693)
Net Income (Loss) for the Year	12,229	(70,500)
RETAINED EARNINGS (DEFICIT) - End of Year	(1,876,964)	(1,889,193)

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Cash Flows

For the years ended December 31,

	2016	2015
Cash Flows From Operating Activities		
Net Income (Loss)	12,229	(70,500)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and Amortization	72,336	82,860
Revenue allocated to financing activities	(57,515)	(39,013)
Decrease (Increase) in operating assets		
Tenants' Accounts Receivable	2,325	136
Mortgagee Escrow Deposits	(204)	(19,490)
Prepaid Expenses	47,152	(47,841)
Increase (Decrease) in operating liabilities:		
Accounts Payable	5,267	(5,092)
Accrued Interest Payable	(189)	(1,410)
Rents Received in Advance	(824)	355
Deposits and Exchanges	(23,661)	26,207
Net cash provided (used) by operating activities	56,916	(73,788)
Cash Flows From Investing Activities		
Purchase of Property and Equipment	(114,822)	(261,052)
Cash Flows From Financing Activities		
Proceeds from New Mortgage	0	3,250,000
Payoff of Old Mortgages and Line of Credit	0	(2,368,979)
Deferred Financing Expenses Paid	0	(60,570)
Purchase of NCB Stock	0	(7,993)
(Increase) Decrease in Reserve Funds	119,173	(490,546)
Repayment of Second Mortgage - Line of Credit	0	(800)
Portion of Carrying Charges applied to Monthly Amortization of Mortgage	57,515	39,013
Monthly Amortization of Mortgage	(57,515)	(39,013)
Net cash provided by financing activities	119,173	321,112
Increase (Decrease) in Cash and Cash Equivalents (carryforward)	61,267	(13,728)

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Cash Flows

For the years ended December 31,

	2016	2015
Increase (Decrease) in Cash and Cash Equivalents (brought forward)	61,267	(13,728)
Cash and Cash Equivalents at Beginning of Year	7,098	20,826
Cash and Cash Equivalents at End of Year (see below)	68,365	7,098
Represented by:		
Cash in Banks and On Hand	45,211	1,600
Cash in Operating Account	23,154	5,498
Cash and Cash Equivalents (as above)	68,365	7,098
Supplemental Disclosure:		
Interest Paid	124,653	179,688
Taxes Paid	2,612	2,562

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2016 and 2015

Note 1 Organization

Pursuant to a Plan to Convert to Cooperative Ownership dated June 29, 1984, and as amended, title to the land and building known as Patricia Gardens, Larchmont, New York, was conveyed by the sponsor to Patricia Gardens Owners, Inc. on February 12, 1985. Patricia Gardens Owners, Inc. is a cooperative housing corporation whose primary purpose is to manage the operations of its buildings, consisting of 65 residential apartments, and maintain common elements.

The sponsor elected to treat the transfer of the real property to the cooperative as an exchange in accordance with Section 351 of the Internal Revenue Code. As a result, the cooperative's tax basis of the land and the building is the same as in the hands of the sponsor on the date of transfer. The lower basis of the property will result in lower depreciation deductions for tax purposes, as compared with that shown in the financial statements.

Note 2 Summary of Significant Accounting Policies

The financial statements have been presented in accordance with the accounting principles prescribed by the audit and accounting guide for common interest realty associations issued by the American Institute of Certified Public Accountants. The guide describes conditions and procedures unique to the industry (including cooperative housing corporations and condominium associations) and illustrates the form and content of the financial statements of common interest realty associations as well as informative disclosures relating to such statements. In addition, the guide requires that all revenues from tenant-stockholders, including maintenance charges and special assessments, be recognized as revenue in the statements of income (loss).

For purposes of the statements of cash flows, the cooperative considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The cooperative classifies its marketable debt securities as "held to maturity" since it has the positive intent and ability to hold the securities to maturity. Securities classified as "held to maturity" are carried at amortized cost.

Note 2 <u>Summary of Significant Accounting Policies</u> **- continued**

Tenant-stockholders are subject to monthly charges to provide funds for the cooperative's operating expenses, future capital acquisitions, and major repairs and replacements. Tenants' Accounts Receivable at the balance sheets date represent various fees due from tenant-stockholders. Any excess charges at year end are retained by the cooperative for use in the succeeding year.

Property and equipment is being carried at cost. Depreciation of the buildings is being computed by the straight-line method using a life of thirty-five years. Depreciation of building improvements is being computed by the straight-line method over periods from twenty-seven and one-half years to thirty-five years.

Deferred mortgage financing costs are being amortized over the term of the mortgage.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The cooperative accounts for certain revenue items differently for financial reporting and income tax purposes. The principal differences are permanent in nature and relate to any portion of maintenance charges and special assessments allocated for mortgage amortization and capital improvements which are being accounted for as contributions to additional paid-in capital for income tax purposes whereas such items are recognized as revenue for financial reporting.

Note 3 <u>Concentration of Credit Risk</u>

The cooperative has investments in money funds which are not bank deposits or F.D.I.C. insured and are not guaranteed by the brokerage house. These funds are subject to investment risks including possible loss of the principal amount invested.

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2016 and 2015

Note 4 **Property and Equipment**

Property and Equipment consists of the following:

	2016	2015
Land	689,960	689,960
Building	1,713,000	1,713,000
Building Improvements	1,927,166	1,888,676
Furniture and Fixtures	20,087	20,087
	4,350,213	4,311,723
Less: accumulated depreciation	2,298,181	2,231,700
Total Property and Equipment	2,052,032	2,080,023

Depreciation expense for the years ending December 31, 2016 and 2015 was $66,481 and $57,008, respectively.

Note 5 **Mortgages Payable**

On November 30, 2006, the cooperative refinanced its previous mortgage with a new first mortgage held by National Consumer Cooperative Bank in the principal sum of $2,100,000 and also obtained a secured Revolving Line of Credit in the available amount of $350,000. Monthly payments in the amount of $12,984.74 were required, which included principal and interest calculated at a rate of 6.29% per annum, pursuant to a thirty year amortization schedule. The mortgage would have matured on December 1, 2016, at which time the entire unpaid principal and accrued interest would have been due and payable.

On or about November 16, 2010, the cooperative borrowed $175,000 from the secured Revolving Line of Credit. The proceeds were used to partially fund the exterior renovation project of the cooperative.

During 2014, the cooperative paid down $1,200 on the Line of Credit for a balance of $171,400 at December 31, 2014, during 2015 this line of credit was fully repaid during the refinance discussed below.

Note 5 **Mortgages Payable - continued**

On June 26, 2013, the cooperative secured a third mortgage with National Consumer Cooperative Bank in the principal amount of $350,000. Monthly payments of interest only were due with a fixed rate of 4.25% per annum. The mortgage was to mature co-terminus with the then existing first mortgage on December 1, 2016 at which time the unpaid principal plus all accrued interest was to become due and payable. The proceeds of this third mortgage funded the electrical upgrade project in 2013 and the cooperative's Reserve for Contingencies.

On August 26, 2015, the cooperative refinanced its previous mortgages and line of credit with a new mortgage held by National Cooperative Bank (NCB) in the principal sum of $3,250,000. The new mortgage which consolidated the prior two mortgages and line of credit previously held by NCB, requires monthly payments in the amount of $15,180.64, which includes principal and interest calculated at a rate of 3.82% per annum pursuant to a thirty year amortization schedule. The mortgage matures on September 1, 2025 at which time the entire unpaid principal and accrued interest will be due and payable.

Principal maturities of the mortgage are as follows:

2017	60,135
2018	62,506
2019	64,971
2020	67,207
2021	70,182
Thereafter	2,847,484

Pursuant to the original loan agreement with NCB, the cooperative was required to purchase shares of NCB Class B1 Capital Stock. As part of the refinancing on June 26, 2013, the cooperative was required to purchase additional Class B1 Capital Stock in the amount of $998. As part of the refinance on August 26, 2015, the cooperative was required to purchase additional Class B1 Capital Stock in the amount of $7,992.51. For the year December 31, 2016 and 2015, the cooperative received $2,266 and $1,326, respectively in patronage dividends.

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2016 and 2015

Note 6 **Reserve Fund**

The cooperative maintains a contingency reserve fund to be used for capital repairs, replacements and improvements, or for such other cooperative purposes as are determined by the Board. As of December 31, 2016 and 2015, specific funds held in the Reserve for Contingencies totaled $573,085 and $692,258, respectively.

The amount accumulated in the contingency fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the cooperative can increase regular carrying charges, pass special assessments, borrow needed funds, or delay major repairs and replacements until funds are available.

Note 7 **Sponsor/Holder of Unsold Shares Ownership**

As of December 31, 2016 and 2015 , the sponsor/holder of unsold shares owned approximately 32% of the outstanding shares of the cooperative's stock, representing nineteen apartments. As of that date, the sponsor/holder of unsold shares was current in the payment of carrying charges.

The most recent Disclosure Statement filed with the Attorney General's Office (sixteenth amendment to the Cooperative Offering Plan) dated November 9, 1995, indicates that the aggregate monthly maintenance for all unsold shares is $9,200. The aggregate monthly rents received from tenants residing in the apartments owned by the sponsor/holder of unsold shares is $11,096. No subsequent amendments have been filed.

Note 8 **Benefits**

The cooperative participated in the 32BJ North Pension Fund, Employer Identification Number 13-1819138, Plan 001, for the years ended December 31, 2016 and 2015. The cooperative participated in this multi-employer plan, for the years ended December 31, 2016 and 2015 under the terms of collective-bargaining agreements that cover its union represented employees. This collective bargaining agreement expires September 30, 2018 and the cooperative has no intention of withdrawing from the plan.

Note 8 **Benefits - continued**

The risks of participating in multi-employer plans are different from single-employer plans for the following reasons: 1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, 2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers and 3) if the cooperative chooses to stop participating in its multi-employer pension plan, the cooperative may be required to pay the plan an amount based on the underfunded status of the plan, which is referred to as a withdrawal liability.

The zone status is based on information that the cooperative received from the plan and is certified by the plan's actuary. Plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded and plans in the green zone are at least 80 percent funded. The most recent Pension Protect Act (PPA) zone status available is for the plan's year-end at December 31, 2015 and 2014. The certified zone status for the plan for each of these years was red and a rehabilitation plan has been implemented. It is possible that this rehabilitation plan may involve a surcharge to the cooperative.

In addition to the Pension Fund, the cooperative also participated in a Health Fund for the years ended December 31, 2016 and 2015. The fund provides health benefits (medical, surgical, hospital, prescription drugs, behavioral health, optical, dental) and life insurance coverage for eligible participants and their covered dependents. Retired employees are eligible for health benefits if they retire before age 65, but after age 62; accumulated 15 combined years of pension service credit; worked both 90 days immediately before retirement and at least 36 months of the 60 months before retiring; and are receiving an early or regular retirement pension from the 32BJ North Pension Fund. These benefits continue for the retired employee and eligible dependents until they become eligible for Medicare, until age 65, or until the retiree's pension is suspended, whichever occurs first.

The cooperative made the following contributions to the plans:

	2016	2015
Pension Contributions	3,272	3,058
Health Contributions	15,132	14,328

Note 8 **Benefits - continued**

The cooperative's contributions to the plan were not greater than 5% of the plan's total contributions.

Note 9 **Real Estate Taxes - Tax Abatements**

The cooperative is entitled to and has received tax abatements on behalf of its stockholders during December 31, 2016 and 2015. The abatements, which include Star and Veterans abatements (where applicable) have been passed on to the stockholders by direct payment or as a credit against carrying charges. Any undistributed abatements as of the fiscal year end have been included on the Balance Sheets in Current Liabilities as Exchanges Payable. As the abatements benefit the stockholders, the real estate tax expense reflected in these financial statements is gross of all the aforementioned tax abatements.

Note 10 **Income Taxes**

Federal income tax is computed pursuant to Subchapter T of the Internal Revenue Code. Under Subchapter T, income from non-patronage sources in excess of expenses properly attributable thereto may be subject to tax. The cooperative believes that all of its income is patronage sourced. Accordingly, no provisions for taxes, if any, that could result from the application of Subchapter T to the cooperative's income has been reflected in the accompanying financial statements. New York State Franchise taxes are calculated by utilizing special tax rates available to cooperative housing corporations based on the cooperative's capital base.

As of December 31, 2016, the cooperative has available federal net operating loss carryforwards to apply to future taxable income in the approximate amount of $1,781,000 which expires from 2017 to 2036. Recently, New York State enacted changes to their rules with respect to net operating loss carryforwards that substantially limit their use.

In accordance with accounting rules for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns, the cooperative's tax filings are subject to audit by various taxing authorities. The cooperative's federal and state income tax returns for the last three years remain open to examination. In evaluating its tax provisions and accruals, the cooperative believes that its estimates are appropriate based on current facts and circumstances.

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2016 and 2015

Note 11 <u>Future Major Repairs and Replacements</u>

The cooperative has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. When replacement funds are needed to meet future needs for major repairs and replacements, the cooperative may borrow, utilize available cash, increase carrying charges, pass special assessments or delay repairs and replacements until the funds are available. The effect on future assessments has not been determined at this time.

Note 12 <u>Subsequent Events</u>

Management has evaluated subsequent events through March 29, 2017, the date at which the financial statements became available for issuance. No events have occurred that would require adjustments to, or disclosure in, the financial statements.

PATRICIA GARDENS OWNERS, INC.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended Dec. 31, 2016 (Unaudited)	Actual Year Ended Dec. 31, 2016	Actual Year Ended Dec. 31, 2015
RECEIPTS			
Carrying Charges	662,858	662,858	619,493
Fuel Surcharge	0	0	70,561
Parking Income	16,740	16,740	16,740
Rental Income	15,960	16,140	15,960
Laundry Room Income	4,800	4,800	9,800
NCB Dividend	0	2,466	1,326
Interest and Miscellaneous Income	4,000	3,512	1,326
Total Receipts	704,358	706,516	735,206
EXPENDITURES			
ADMINISTRATIVE EXPENSES			
Management Fee	30,000	30,000	30,000
Legal Expense	500	650	3,100
Auditing	8,900	8,900	9,900
Telephone	2,300	1,830	2,389
Office and Administrative Expenses	6,000	5,210	7,941
Total Administrative Expenses	47,700	46,590	53,329
UTILITIES EXPENSES			
Heat	57,000	44,310	56,775
Electricity and Gas	16,200	13,771	14,913
Water	12,000	28,302	15,731
Total Utilities Expenses	85,200	86,383	87,419
MAINTENANCE EXPENSES			
Payroll and Additional Labor	77,000	84,144	79,437
Supplies	12,000	10,195	17,167
Repairs and Maintenance	22,000	11,694	35,985
Landscaping and Trees	14,500	10,655	21,199
Exterminating	5,500	4,951	4,996
Total Maintenance Expenses	131,000	121,639	158,784

See auditors' report on supplementary information

PATRICIA GARDENS OWNERS, INC.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended Dec. 31, 2016 (Unaudited)	Actual Year Ended Dec. 31, 2016	Actual Year Ended Dec. 31, 2015
TAXES AND INSURANCE			
Real Estate Taxes	184,000	172,426	174,837
Payroll Taxes	4,500	4,094	4,551
Insurance	48,000	44,277	44,532
Union Welfare and Pension Fund	19,000	19,466	18,553
Franchise Taxes	2,400	2,612	2,562
Total Taxes and Insurance	257,900	242,875	245,035
FINANCIAL EXPENSES			
Interest on Mortgage	124,653	124,464	122,986
Interest on Second Mortgage - Line of Credit	0	0	4,784
Interest on Third Mortgage	0	0	10,041
Total Financial Expenses	124,653	124,464	137,811
CONTRIBUTIONS TO EQUITY AND RESERVES			
Amortization of Mortgages	57,515	57,515	39,013
Amortization of Second Mortgage - Line of Credit	0	0	800
Total Contributions to Equity and Reserves	57,515	57,515	39,813
Total Expenditures	703,968	679,466	722,191
NET SURPLUS FOR THE YEAR	390	27,050	13,015

See auditors' report on supplementary information

PATRICIA GARDENS OWNERS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

PATRICIA GARDENS OWNERS, INC.

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DECEMBER 31, 2015 AND 2014

BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

ROGER BERMAN, CPA
WILLIAM J. RANK, CPA, CFP
MARK COHEN, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
PATRICIA GARDENS OWNERS, INC.

We have audited the accompanying financial statements of Patricia Gardens Owners, Inc., which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of loss, retained earnings (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

2900 Westchester Avenue, Purchase, New York 10577-2537 914/253-8484 Fax: 914/253-8087

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Patricia Gardens Owners, Inc., as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11, the entity has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be a part of, the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Bloom and Streit LLP

BLOOM AND STREIT LLP
Certified Public Accountants
April 11, 2016

PATRICIA GARDENS OWNERS, INC.

Balance Sheets

As of December 31,

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash in Banks	1,600	11,587
Cash in Operating Account	5,498	9,239
Tenants' Accounts Receivable	12,237	12,373
Mortgagee Escrow Deposits	111,214	91,724
Prepaid Expenses	68,809	20,968
Total Current Assets	199,358	145,892
RESERVE FOR CONTINGENCIES		
Cash and Money Funds	692,258	201,713
PROPERTY AND EQUIPMENT - Net Book Value	2,080,023	1,799,648
OTHER ASSETS		
Investment in NCB Stock	12,355	4,363
Deferred Financing Expenses	58,551	23,833
Total Other Assets	70,906	28,196
TOTAL ASSETS	3,042,545	2,175,448

	2015	2014
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	107,655	36,418
Accrued Interest on Mortgage	10,644	12,054
Rents Received in Advance	1,426	1,071
Exchanges Payable	36,920	12,232
First Mortgage Payable - Amortization payments due within one year	57,515	37,445
Second Mortgage -Line of Credit Payable - Amortization due within one year	0	1,200
Total Current Liabilities	214,160	100,420
LONG-TERM LIABILITIES		
Security Deposits	13,609	12,089
First Mortgage Payable (Due after one year)	3,178,280	1,835,742
Second Mortgage - Line of Credit (Due after one year)	0	170,200
Third Mortgage (Due after one year)	0	350,000
Total Long-Term Liabilities	3,191,888	2,368,030
STOCKHOLDERS' EQUITY (DEFICIENCY)		
Common Stock $1.00 par value; Authorized, 35,000 shares, Issued and Outstanding 33,282	33,282	33,282
Paid-in Capital	1,444,908	1,444,908
Retained Earnings (Deficit)	(1,889,193)	(1,818,693)
Appropriated Retained Earnings:		
Reserve for Contingencies	47,500	47,500
Total Stockholders' Equity (Deficiency)	(363,503)	(293,003)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)	3,042,545	2,175,448

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Loss

For the years ended December 31,

	2015	2014
INCOME		
Carrying Charges	619,493	619,493
Fuel Surcharge	70,561	70,561
Parking Income	16,740	16,740
Rental Income	15,960	15,675
Sublet Income	0	648
Laundry Room Income	9,800	4,800
Interest Income	352	157
Miscellaneous Income	2,300	964
Total Income	735,206	729,037
EXPENSES		
Administrative Expenses	53,329	45,664
Utilities Expenses	87,419	145,355
Maintenance Expenses	158,785	131,116
Taxes and Insurance Expenses	245,035	245,363
Financial Expenses	137,810	142,981
Mortgage Prepayment Fee	40,468	0
Total Expenses Before Depreciation and Amortization	722,846	710,480
NET INCOME BEFORE DEPRECIATION AND AMORTIZATION	12,360	18,558
Depreciation and Amortization of Mortgage Financing Expenses	(82,860)	(63,976)
NET LOSS FOR THE YEAR	(70,500)	(45,418)

PATRICIA GARDENS OWNERS, INC.

Statements of Retained Earnings (Deficit)

For the years ended December 31,

	2015	2014
RETAINED EARNINGS (DEFICIT) - Beginning of Year	(1,818,693)	(1,773,275)
Net Loss for the Year	(70,500)	(45,418)
RETAINED EARNINGS (DEFICIT) - End of Year	(1,889,193)	(1,818,693)

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Cash Flows

For the years ended December 31,

	2015	2014
Cash Flows From Operating Activities		
Net Loss for the Year	(70,500)	(45,418)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and Amortization	82,860	63,976
Revenue allocated to financing activities	(39,013)	(35,137)
Decrease (Increase) in operating assets:		
Tenants' Accounts Receivable	136	(3,389)
Mortgagee Escrow Deposits	(19,490)	(8,628)
Prepaid Expenses	(47,841)	(411)
Increase (Decrease) in operating liabilities:		
Accounts Payable	(5,095)	1,993
Accrued Interest Payable	(1,410)	(195)
Rents Received in Advance	355	662
Deposits and Exchanges	26,207	1,301
Net cash used by operating activities	(73,790)	(25,246)
Cash Flows From Investing Activities		
Purchase of Property and Equipment	(261,052)	(32,792)
Cash Flows From Financing Activities		
Proceeds from New Mortgage	3,250,000	0
Payoff of Old Mortgages and Line of Credit	(2,368,979)	0
Deferred Financing Expenses Paid	(60,570)	0
Purchase of NCB Stock	(7,993)	0
(Increase) Decrease in Reserve Funds	(490,546)	14,876
Repayment of Second Mortgage - Line of Credit	(800)	(1,200)
Portion of Carrying Charges applied to Monthly Amortization of Mortgage	39,013	35,137
Monthly Amortization of Mortgage	(39,013)	(35,137)
Net cash provided by financing activities	321,114	13,676
Decrease in Cash and Cash Equivalents (carryforward)	(13,728)	(44,362)

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Cash Flows

For the years ended December 31,

	2015	2014
Decrease in Cash and Cash Equivalents (brought forward)	(13,728)	(44,362)
Cash and Cash Equivalents at Beginning of Year	20,826	65,189
Cash and Cash Equivalents at End of Year (see below)	7,098	20,826
Represented by:		
Cash in Banks and On Hand	1,600	11,587
Cash in Operating Account	5,498	9,239
Cash and Cash Equivalents (as above)	7,098	20,826
Supplemental Disclosure:		
Interest Paid	179,688	142,981
Taxes Paid	2,562	765

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2015 and 2014

Note 1 **Organization**

Pursuant to a Plan to Convert to Cooperative Ownership dated June 29, 1984, and as amended, title to the land and building known as Patricia Gardens, Larchmont, New York, was conveyed by the sponsor to Patricia Gardens Owners, Inc. on February 12, 1985. Patricia Gardens Owners, Inc. is a cooperative housing corporation whose primary purpose is to manage the operations of its buildings, consisting of 65 residential apartments, and maintain common elements.

The sponsor elected to treat the transfer of the real property to the cooperative as an exchange in accordance with Section 351 of the Internal Revenue Code. As a result, the cooperative's tax basis of the land and the building is the same as in the hands of the sponsor on the date of transfer. The lower basis of the property will result in lower depreciation deductions for tax purposes, as compared with that shown in the financial statements.

Note 2 **Summary of Significant Accounting Policies**

The financial statements have been presented in accordance with the accounting principles prescribed by the audit and accounting guide for common interest realty associations issued by the American Institute of Certified Public Accountants. The guide describes conditions and procedures unique to the industry (including cooperative housing corporations and condominium associations) and illustrates the form and content of the financial statements of common interest realty associations as well as informative disclosures relating to such statements. In addition, the guide requires that all revenues from tenant-stockholders, including maintenance charges and special assessments, be recognized as revenue in the statements of loss.

For purposes of the statements of cash flows, the cooperative considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The cooperative classifies its marketable debt securities as "held to maturity" since it has the positive intent and ability to hold the securities to maturity. Securities classified as "held to maturity" are carried at amortized cost.

Note 2 **Summary of Significant Accounting Policies - continued**

Tenant-stockholders are subject to monthly charges to provide funds for the cooperative's operating expenses, future capital acquisitions, and major repairs and replacements. Tenants' Accounts Receivable at the balance sheets date represent various fees due from tenant-stockholders. Any excess charges at year end are retained by the cooperative for use in the succeeding year.

Property and equipment is being carried at cost. Depreciation of the buildings is being computed by the straight-line method using a life of thirty-five years. Depreciation of building improvements is being computed by the straight-line method over periods from twenty-seven and one-half years to thirty-five years.

Deferred mortgage financing costs are being amortized over the term of the mortgage.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The cooperative accounts for certain revenue items differently for financial reporting and income tax purposes. The principal differences are permanent in nature and relate to any portion of maintenance charges and special assessments allocated for mortgage amortization and capital improvements which are being accounted for as contributions to additional paid-in capital for income tax purposes whereas such items are recognized as revenue for financial reporting.

Note 3 **Concentration of Credit Risk**

The cooperative has investments in money funds which are not bank deposits or F.D.I.C. insured and are not guaranteed by the brokerage house. These funds are subject to investment risks including possible loss of the principal amount invested.

Note 4 **Property and Equipment**

Property and Equipment consists of the following:

	2015	2014
Land	689,960	689,960
Building	1,713,000	1,713,000
Building Improvements	1,888,676	1,551,293
Furniture and Fixtures	20,087	20,087
	4,311,723	3,974,340
Less: accumulated depreciation	2,231,700	2,174,692
Total Property and Equipment	2,080,023	1,799,648

Depreciation expense for the years ending December 31, 2015 and 2014 was $57,008 and $56,239, respectively.

Note 5 **Mortgages Payable**

On November 30, 2006, the cooperative refinanced its previous mortgage with a new first mortgage held by National Consumer Cooperative Bank in the principal sum of $2,100,000 and also obtained a secured Revolving Line of Credit in the available amount of $350,000. Monthly payments in the amount of $12,984.74 were required, which included principal and interest calculated at a rate of 6.29% per annum, pursuant to a thirty year amortization schedule. The mortgage would have matured on December 1, 2016, at which time the entire unpaid principal and accrued interest would have been due and payable.

On August 26, 2015, the cooperative refinanced its previous mortgages and line of credit with a new mortgage held by National Cooperative Bank (NCB) in the principal sum of $3,250,000. The new mortgage which consolidates the prior two mortgages and line of credit previously held by NCB, requires monthly payments in the amount of $15,180.64, which includes principal and interest calculated at a rate of 3.82% per annum pursuant to a thirty year amortization schedule. The mortgage matures on September 1, 2025 at which time the entire unpaid principal and accrued interest will be due and payable.

Note 5 **Mortgages Payable - continued**

Principal maturities of the mortgage are as follows:

2016	57,515
2017	60,135
2018	62,506
2019	64,971
2020	67,207
Thereafter	2,917,897

On or about November 16, 2010, the cooperative borrowed $175,000 from the secured Revolving Line of Credit. The proceeds were used to partially fund the exterior renovation project of the cooperative.

During 2014, the cooperative paid down $1,200 on the Line of Credit for a balance of $171,400 at December 31, 2014, during 2015 this line of credit was fully repaid during the refinance discussed above.

On June 26, 2013, the cooperative secured a third mortgage with National Consumer Cooperative Bank in the principal amount of $350,000. Monthly payments of interest only were due with a fixed rate of 4.25% per annum. The mortgage was to mature co-terminus with the then existing first mortgage on December 1, 2016 at which time the unpaid principal plus all accrued interest was to become due and payable. The proceeds of this third mortgage funded the electrical upgrade project in 2013 and the cooperative's Reserve for Contingencies.

Note 5 **Mortgages Payable - continued**

Pursuant to the original loan agreement with NCB, the cooperative was required to purchase shares of NCB Class B1 Capital Stock. As part of the refinancing on June 26, 2013, the cooperative was required to purchase additional Class B1 Capital Stock in the amount of $998. As part of the refinance on August 26, 2015, the cooperative was required to purchase additional Class B1 Capital Stock in the amount of $7,992.51. For the year ended December 31, 2015, the cooperative received $1,326.36 in patronage dividends and in 2014 the cooperative did not receive any patronage dividends.

Note 6 **Reserve Fund**

The cooperative maintains a contingency reserve fund to be used for capital repairs, replacements and improvements, or for such other cooperative purposes as are determined by the Board. As of December 31, 2015 and December 31, 2014, specific funds held in the Reserve for Contingencies totaled $692,258 and $201,713, respectively.

The amount accumulated in the contingency fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the cooperative can increase regular carrying charges, pass special assessments, borrow needed funds, or delay major repairs and replacements until funds are available.

Note 7 **Sponsor/Holder of Unsold Shares Ownership**

As of December 31, 2015 and 2014, the sponsor/holder of unsold shares owned approximately 32% of the outstanding shares of the cooperative's stock, representing nineteen apartments. As of that date, the sponsor/holder of unsold shares was current in the payment of carrying charges.

The most recent Disclosure Statement filed with the Attorney General's Office (sixteenth amendment to the Cooperative Offering Plan) dated November 9, 1995, indicates that the aggregate monthly maintenance for all unsold shares is $9,200. The aggregate monthly rents received from tenants residing in the apartments owned by the sponsor/holder of unsold shares is $11,096. No subsequent amendments have been filed.

Note 8 **Benefits**

The cooperative participated in the 32BJ North Pension Fund, Employer Identification Number 13-1819138, Plan 001, for the years ended December 31, 2015 and 2014. The cooperative participated in this multi-employer plan, for the years ended December 31, 2015 and 2014 under the terms of collective-bargaining agreements that cover its union represented employees. This collective bargaining agreement expires September 30, 2018 and the cooperative has no intention of withdrawing from the plan.

The risks of participating in multi-employer plans are different from single-employer plans for the following reasons: 1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, 2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers and 3) if the cooperative chooses to stop participating in its multi-employer pension plan, the cooperative may be required to pay the plan an amount based on the underfunded status of the plan, which is referred to as a withdrawal liability.

The zone status is based on information that the cooperative received from the plan and is certified by the plan's actuary. Plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded and plans in the green zone are at least 80 percent funded. The most recent Pension Protect Act (PPA) zone status available is for the plan's year-end at December 31, 2014 and 2013. The certified zone status for the plan for each of these years was red and a rehabilitation plan has been implemented. It is possible that this rehabilitation plan may involve a surcharge to the cooperative.

Note 8 **Benefits - continued**

In addition to the Pension Fund, the cooperative also participated in a Health Fund for the years ended December 31, 2015 and 2014. The fund provides health benefits (medical, surgical, hospital, prescription drugs, behavioral health, optical, dental) and life insurance coverage for eligible participants and their covered dependents. Retired employees are eligible for health benefits if they retire before age 65, but after age 62; accumulated 15 combined years of pension service credit; worked both 90 days immediately before retirement and at least 36 months of the 60 months before retiring; and are receiving an early or regular retirement pension from the 32BJ North Pension Fund. These benefits continue for the retired employee and eligible dependents until they become eligible for Medicare, until age 65, or until the retiree's pension is suspended, whichever occurs first.

The cooperative made the following contributions to the plans:

	2015	2014
Pension Contributions	3,058	2,858
Health Contributions	14,328	13,608

The cooperative's contributions to the plan were not greater than 5% of the plan's total contributions.

Note 9 **Real Estate Taxes - Tax Abatements**

The cooperative is entitled to and has received tax abatements on behalf of its stockholders during 2015 and 2014. The abatements, which include Star and Veterans abatements (where applicable) have been passed on to the stockholders by direct payment or as a credit against carrying charges. Any undistributed abatements as of the fiscal year end have been included on the Balance Sheets in Current Liabilities as Exchanges Payable. As the abatements benefit the stockholders, the real estate tax expense reflected in these financial statements is gross of all the aforementioned tax abatements.

Note 10 **Income Taxes**

Federal income tax is computed pursuant to Subchapter T of the Internal Revenue Code. Under Subchapter T, income from non-patronage sources in excess of expenses properly attributable thereto may be subject to tax. The cooperative believes that all of its income is patronage sourced. Accordingly, no provisions for taxes, if any, that could result from the application of Subchapter T to the cooperative's income has been reflected in the accompanying financial statements. New York State Franchise taxes are calculated by utilizing special tax rates available to cooperative housing corporations based on the cooperative's capital base.

As of December 31, 2015, the cooperative has available federal net operating loss carryforwards to apply to future taxable income in the approximate amount of $1,775,000 which expires from 2016 to 2035. Recently, New York State enacted changes to their rules with respect to net operating loss carryforwards that substantially limit their use.

In accordance with accounting rules for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns, the cooperative's tax filings are subject to audit by various taxing authorities. The cooperative's federal and state income tax returns for the last three years remain open to examination. In evaluating its tax provisions and accruals, the cooperative believes that its estimates are appropriate based on current facts and circumstances.

Note 11 **Future Major Repairs and Replacements**

The cooperative has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. When replacement funds are needed to meet future needs for major repairs and replacements, the cooperative may borrow, utilize available cash, increase carrying charges, pass special assessments or delay repairs and replacements until the funds are available. The effect on future assessments has not been determined at this time.

Note 12 **Subsequent Events**

Management has evaluated subsequent events through April 11, 2016, the date at which the financial statements became available for issuance. No events have occurred that would require adjustments to, or disclosure in, the financial statements.

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Directors
PATRICIA GARDENS OWNERS, INC.

We have audited the financial statements of Patricia Gardens Owners, Inc. as of and for the years ended December 31, 2015 and 2014, and our report thereon dated April 11, 2016 which expressed an unqualified opinion on those financial statements, appears on Page 1. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of budget with actual operating amounts, which is the responsibility of the entity's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for the portion marked "unaudited" was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Bloom and Streit LLP

BLOOM AND STREIT LLP
Certified Public Accountants
April 11, 2016

BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

PATRICIA GARDENS OWNERS, INC.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended Dec. 31, 2015 (Unaudited)	Actual Year Ended Dec. 31, 2015	Actual Year Ended Dec. 31, 2014
RECEIPTS			
Carrying Charges	619,493	619,493	619,493
Fuel Surcharge	70,560	70,561	70,561
Parking Income	16,740	16,740	16,740
Rental Income	15,540	15,960	15,675
Sublet Income	0	0	648
Laundry Room Income	4,800	9,800	4,800
Interest and Miscellaneous Income	2,500	2,652	1,120
Total Receipts	729,633	735,206	729,037
EXPENDITURES			
ADMINISTRATIVE EXPENSES			
Management Fee	30,000	30,000	30,000
Legal Expense	500	3,100	0
Auditing	8,900	9,900	8,500
Telephone	2,000	2,389	1,927
Office and Administrative Expenses	6,000	7,941	5,238
Total Administrative Expenses	47,400	53,329	45,664
UTILITIES EXPENSES			
Fuel	96,250	56,775	114,309
Electricity and Gas	16,500	14,913	16,232
Water	15,000	15,731	14,814
Total Utilities Expenses	127,750	87,419	145,355
MAINTENANCE EXPENSES			
Payroll and Additional Labor	69,000	79,437	69,412
Supplies	10,000	17,167	15,734
Repairs and Maintenance	22,000	35,985	21,379
Snow Removal	0	0	3,709
Landscaping and Trees	12,000	21,199	15,932
Exterminating	6,000	4,996	4,950
Total Maintenance Expenses	119,000	158,785	131,116

See auditors' report on supplementary information

PATRICIA GARDENS OWNERS, INC.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended Dec. 31, 2015 (Unaudited)	Actual Year Ended Dec. 31, 2015	Actual Year Ended Dec. 31, 2014
TAXES AND INSURANCE			
Real Estate Taxes	178,000	174,837	177,272
Payroll Taxes	5,500	4,551	4,539
Insurance	48,000	44,532	45,695
Union Welfare and Pension Fund	18,500	18,553	17,092
Franchise Taxes	1,500	2,562	765
Total Taxes and Insurance	251,500	245,035	245,363
FINANCIAL EXPENSES			
Interest on Mortgage	118,472	122,986	120,489
Interest on Second Mortgage - Line of Credit	7,500	4,784	7,410
Interest on Third Mortgage	15,082	10,041	15,082
Total Financial Expenses	141,054	137,810	142,981
CONTRIBUTIONS TO EQUITY AND RESERVES			
Amortization of Mortgages	37,445	39,013	35,137
Amortization of Second Mortgage - Line of Credit	1,200	800	1,200
Total Contributions to Equity and Reserves	38,645	39,813	36,337
Total Expenditures	725,349	722,191	746,817
NET SURPLUS (DEFICIT) FOR THE YEAR	4,284	13,015	(17,780)

See auditors' report on supplementary information

PATRICIA GARDENS OWNERS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

PATRICIA GARDENS OWNERS, INC.

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DECEMBER 31, 2014 AND 2013

BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

ROGER BERMAN, CPA
WILLIAM J. RANK, CPA, CFP
MARK COHEN, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
PATRICIA GARDENS OWNERS, INC.

We have audited the accompanying financial statements of Patricia Gardens Owners, Inc., which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of loss, retained earnings (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

2900 Westchester Avenue, Purchase, New York 10577-2537 914/253-8484 Fax: 914/253-8087

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Patricia Gardens Owners, Inc., as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11, the entity has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be a part of, the basic financial statements.

Bloom and Streit LLP

BLOOM AND STREIT LLP
Certified Public Accountants
March 31, 2015

PATRICIA GARDENS OWNERS, INC.

Balance Sheets

As of December 31,

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash in Banks	11,587	53,555
Cash in Operating Account	9,239	11,633
Tenants' Accounts Receivable	12,373	8,985
Mortgagee Escrow Deposits	91,724	83,096
Prepaid Expenses	20,968	20,556
Total Current Assets	145,892	177,825
RESERVE FOR CONTINGENCIES		
Cash and Money Funds at Charles Schwab	201,713	216,588
PROPERTY AND EQUIPMENT - Net Book Value	1,799,648	1,832,220
OTHER ASSETS		
Investment in NCB Stock	4,363	4,363
Deferred Financing Expenses	23,833	31,570
Total Other Assets	28,196	35,933
TOTAL ASSETS	2,175,448	2,262,566

	2014	2013
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	36,418	43,550
Accrued Interest on Mortgage	12,054	12,249
Rents Received in Advance	1,071	408
Exchanges Payable	12,232	11,696
First Mortgage Payable - Amortization payments due within one year	37,445	35,137
Second Mortgage -Line of Credit Payable - Amortization due within one year	1,200	1,200
Total Current Liabilities	100,420	104,241
LONG-TERM LIABILITIES		
Security Deposits	12,089	11,324
First Mortgage Payable (Due after one year)	1,835,742	1,873,187
Second Mortgage - Line of Credit (Due after one year)	170,200	171,400
Third Mortgage (Due after one year)	350,000	350,000
Total Long-Term Liabilities	2,368,030	2,405,910
STOCKHOLDERS' EQUITY (DEFICIENCY)		
Common Stock $1.00 par value; Authorized, 35,000 shares, Issued and Outstanding 33,282	33,282	33,282
Paid-in Capital	1,444,908	1,444,908
Retained Earnings (Deficit)	(1,818,693)	(1,773,275)
Appropriated Retained Earnings:		
Reserve for Contingencies	47,500	47,500
Total Stockholders' Equity (Deficiency)	(293,003)	(247,584)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)	2,175,448	2,262,566

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Loss

For the years ended December 31,

	2014	2013
INCOME		
Carrying Charges	619,493	610,680
Fuel Surcharge	70,561	70,561
Parking Income	16,740	16,740
Rental Income	15,675	15,540
Sublet Income	648	2,616
Laundry Room Income	4,800	4,800
Interest Income	157	145
Miscellaneous Income	964	1,502
Total Income	729,037	722,584
EXPENSES		
Administrative Expenses	45,664	49,795
Utilities Expenses	145,355	117,771
Maintenance Expenses	131,116	114,842
Taxes and Insurance Expenses	245,363	251,805
Financial Expenses	142,981	137,979
Total Expenses Before Depreciation and Amortization	710,480	672,192
NET INCOME BEFORE DEPRECIATION AND AMORTIZATION	18,558	50,392
Depreciation and Amortization of Mortgage Financing Expenses	(63,976)	(53,721)
NET LOSS FOR THE YEAR	(45,418)	(3,329)

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Retained Earnings (Deficit)

For the years ended December 31,

	2014	2013
RETAINED EARNINGS (DEFICIT) - Beginning of Year	(1,773,275)	(1,769,946)
Net Loss for the Year	(45,418)	(3,329)
RETAINED EARNINGS (DEFICIT) - End of Year	(1,818,693)	(1,773,275)

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Cash Flows

For the years ended December 31,

	2014	2013
Cash Flows From Operating Activities		
Net Loss for the Year	(45,418)	(3,329)
Adjustments to reconcile net loss to net cash (used) provided by operating activities:		
Depreciation and Amortization	63,976	53,721
Revenue allocated to financing activities	(35,137)	(32,972)
Decrease (Increase) in operating assets:		
Tenants' Accounts Receivable	(3,389)	8,986
Miscellaneous Accounts Receivable	0	6,357
Mortgagee Escrow Deposits	(8,628)	34,474
Prepaid Expenses	(411)	(940)
Increase (Decrease) in operating liabilities:		
Accounts Payable	1,993	(5,876)
Accrued Interest Payable	(195)	1,098
Rents Received in Advance	662	(1,215)
Deposits and Exchanges	1,301	(24)
Net cash (used) provided by operating activities	(25,246)	60,280
Cash Flows From Investing Activities		
Purchase of Property and Equipment	(32,792)	(313,373)
Cash Flows From Financing Activities		
Proceeds from Third Mortgage	0	350,000
Deferred Financing Expenses Paid	0	(21,096)
Purchase of NCB Stock	0	(998)
(Increase) Decrease in Reserve Funds	14,876	(51,700)
Repayment of Second Mortgage - Line of Credit	(1,200)	(1,200)
Portion of Carrying Charges applied to Monthly Amortization of Mortgage	35,137	32,972
Monthly Amortization of Mortgage	(35,137)	(32,972)
Net cash provided by financing activities	13,676	275,006
(Decrease) Increase in Cash and Cash Equivalents (carryforward)	(44,362)	21,914

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Statements of Cash Flows

For the years ended December 31,

	2014	2013
(Decrease) Increase in Cash and Cash Equivalents (brought forward)	(44,362)	21,914
Cash and Cash Equivalents at Beginning of Year	65,189	43,275
Cash and Cash Equivalents at End of Year (see below)	20,826	65,189
Represented by:		
Cash in Banks and On Hand	11,587	53,555
Cash in Operating Account	9,239	11,633
Cash and Cash Equivalents (as above)	20,826	65,189
Supplemental Disclosure:		
Interest Paid	143,176	136,881

See accompanying notes and auditors' report

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2014 and 2013

Note 1 **Organization**

Pursuant to a Plan to Convert to Cooperative Ownership dated June 29, 1984, and as amended, title to the land and building known as Patricia Gardens, Larchmont, New York, was conveyed by the sponsor to Patricia Gardens Owners, Inc. on February 12, 1985. Patricia Gardens Owners, Inc. is a cooperative housing corporation whose primary purpose is to manage the operations of its buildings, consisting of 65 residential apartments, and maintain common elements.

The sponsor elected to treat the transfer of the real property to the cooperative as an exchange in accordance with Section 351 of the Internal Revenue Code. As a result, the cooperative's tax basis of the land and the building is the same as in the hands of the sponsor on the date of transfer. The lower basis of the property will result in lower depreciation deductions for tax purposes, as compared with that shown in the financial statements.

Note 2 **Summary of Significant Accounting Policies**

The financial statements have been presented in accordance with the accounting principles prescribed by the audit and accounting guide for common interest realty associations issued by the American Institute of Certified Public Accountants. The guide describes conditions and procedures unique to the industry (including cooperative housing corporations and condominium associations) and illustrates the form and content of the financial statements of common interest realty associations as well as informative disclosures relating to such statements. In addition, the guide requires that all revenues from tenant-stockholders, including maintenance charges and special assessments, be recognized as revenue in the statements of loss.

For purposes of the statements of cash flows, the cooperative considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The cooperative classifies its marketable debt securities as "held to maturity" since it has the positive intent and ability to hold the securities to maturity. Securities classified as "held to maturity" are carried at amortized cost.

Note 2 **Summary of Significant Accounting Policies - continued**

Tenant-stockholders are subject to monthly charges to provide funds for the cooperative's operating expenses, future capital acquisitions, and major repairs and replacements. Tenants' Accounts Receivable at the balance sheets date represent various fees due from tenant-stockholders. Any excess charges at year end are retained by the cooperative for use in the succeeding year.

Property and equipment is being carried at cost. Depreciation of the buildings is being computed by the straight-line method using a life of thirty-five years. Depreciation of building improvements is being computed by the straight-line method over periods from twenty-seven and one-half years to thirty-five years.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The cooperative accounts for certain revenue items differently for financial reporting and income tax purposes. The principal differences are permanent in nature and relate to any portion of maintenance charges and special assessments allocated for mortgage amortization and capital improvements which are being accounted for as contributions to additional paid-in capital for income tax purposes whereas such items are recognized as revenue for financial reporting.

Note 3 **Concentration of Credit Risk**

The cooperative has investments in money funds which are not bank deposits or F.D.I.C. insured and are not guaranteed by the brokerage house. These funds are subject to investment risks including possible loss of the principal amount invested.

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2014 and 2013

Note 4 **Property and Equipment**

Property and Equipment consists of the following:

	2014	2013
Land	689,960	689,960
Building	1,713,000	1,713,000
Building Improvements	1,551,293	1,527,626
Furniture and Fixtures	20,087	20,087
	3,974,340	3,950,673
Less: accumulated depreciation	2,174,692	2,118,453
Total Property and Equipment	1,799,648	1,832,220

Depreciation expense for the years ending December 31, 2014 and 2013 was $56,239 and $45,984, respectively.

Note 5 **Mortgages Payable**

On November 30, 2006, the cooperative refinanced its previous mortgage with a new first mortgage held by National Consumer Cooperative Bank in the principal sum of $2,100,000 and also obtained a secured Revolving Line of Credit in the available amount of $350,000. Monthly payments in the amount of $12,984.74 are required, which include principal and interest calculated at a rate of 6.29% per annum, pursuant to a thirty year amortization schedule. The mortgage matures on December 1, 2016, at which time the entire unpaid principal and accrued interest will be due and payable. On or about November 16, 2010, the cooperative borrowed $175,000 from the secured Revolving Line of Credit. The proceeds were used to partially fund the exterior renovation project of the cooperative.

During 2014, the cooperative paid down $1,200 on the Line of Credit for a balance of $171,400 at December 31, 2014.

Note 5 **Mortgages Payable - continued**

On June 26, 2013, the cooperative secured a third mortgage with National Consumer Cooperative Bank in the principal amount of $350,000. Monthly payments of interest only are due with a fixed rate of 4.25% per annum. The mortgage shall mature co-terminus with the existing first mortgage on December 1, 2016 at which time the unpaid principal plus all accrued interest shall become due and payable. The proceeds of this third mortgage funded the electrical upgrade project in 2013 and the cooperative's Reserve for Contingencies.

Principal maturities of the mortgage are as follows:

2015	37,445
2016	1,835,742

Pursuant to the original loan agreement with NCB, the cooperative was required to purchase shares of NCB Class B1 Capital Stock. As part of the refinancing on June 26, 2013, the cooperative was required to purchase additional Class B1 Capital Stock in the amount of $998. For the years ended December 31, 2014 and 2013 the cooperative did not receive any patronage dividends.

Note 6 **Reserve Fund**

The cooperative maintains a contingency reserve fund to be used for capital repairs, replacements and improvements, or for such other cooperative purposes as are determined by the Board. As of December 31, 2014 and December 31, 2013, specific funds held in the Reserve for Contingencies totaled $201,713 and $216,588, respectively.

The amount accumulated in the contingency fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the cooperative can increase regular carrying charges, pass special assessments, borrow needed funds, or delay major repairs and replacements until funds are available.

Note 7 **Sponsor/Holder of Unsold Shares Ownership**

As of December 31, 2014 and 2013, the sponsor/holder of unsold shares owned approximately 32% of the outstanding shares of the cooperative's stock, representing nineteen apartments. As of that date, the sponsor/holder of unsold shares was current in the payment of carrying charges.

The most recent Disclosure Statement filed with the Attorney General's Office (sixteenth amendment to the Cooperative Offering Plan) dated November 9, 1995, indicates that the aggregate monthly maintenance for all unsold shares is $9,200. The aggregate monthly rents received from tenants residing in the apartments owned by the sponsor/holder of unsold shares is $11,096. No subsequent amendments have been filed.

Note 8 **Benefits**

The cooperative participated in the 32BJ North Pension Fund, Employer Identification Number 13-1819138, Plan 001, for the years ended December 31, 2014 and 2013. The cooperative participated in this multi-employer plan, for the years ended December 31, 2014 and 2013 under the terms of collective-bargaining agreements that cover its union represented employees. This collective bargaining agreement expires September 30, 2018 and the cooperative has no intention of withdrawing from the plan.

The risks of participating in multi-employer plans are different from single-employer plans for the following reasons: 1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, 2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers and 3) if the cooperative chooses to stop participating in its multi-employer pension plan, the cooperative may be required to pay the plan an amount based on the underfunded status of the plan, which is referred to as a withdrawal liability.

Note 8 **Benefits - continued**

The zone status is based on information that the cooperative received from the plan and is certified by the plan's actuary. Plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded and plans in the green zone are at least 80 percent funded. The most recent Pension Protect Act (PPA) zone status available is for the plan's year-end at December 31, 2013 and 2012. The certified zone status for the plan for each of these years was red and a rehabilitation plan has been implemented. It is possible that this rehabilitation plan may involve a surcharge to the cooperative.

In addition to the Pension Fund, the cooperative also participated in a Health Fund for the years ended December 31, 2014 and 2013. The fund provides health benefits (medical, surgical, hospital, prescription drugs, behavioral health, optical, dental) and life insurance coverage for eligible participants and their covered dependents. Retired employees are eligible for health benefits if they retire before age 65, but after age 62; accumulated 15 combined years of pension service credit; worked both 90 days immediately before retirement and at least 36 months of the 60 months before retiring; and are receiving an early or regular retirement pension from the 32BJ North Pension Fund. These benefits continue for the retired employee and eligible dependents until they become eligible for Medicare, until age 65, or until the retiree's pension is suspended, whichever occurs first.

The cooperative made the following contributions to the plans:

	2014	2013
Pension Contributions	2,858	2,722
Health Contributions	13,608	12,924

The cooperative's contributions to the plan were not greater than 5% of the plan's total contributions.

PATRICIA GARDENS OWNERS, INC.

Notes to Financial Statements

December 31, 2014 and 2013

Note 9 **Real Estate Taxes - Tax Abatements**

The cooperative is entitled to and has received tax abatements on behalf of its stockholders during 2014 and 2013. The abatements, which include Star and Veterans abatements (where applicable) have been passed on to the stockholders by direct payment or as a credit against carrying charges. Any undistributed abatements as of the fiscal year end have been included on the Balance Sheets in Current Liabilities as Exchanges Payable. As the abatements benefit the stockholders, the real estate tax expense reflected in these financial statements is gross of all the aforementioned tax abatements.

The cooperative has been challenging its assessed value for the real estate tax years 2003 to 2010. Such tax certiorari case was on-going. During 2011, this matter was resolved resulting in refunds, net of legal fees, in the amount of $153,484 for such tax years.

Note 10 **Income Taxes**

Federal income tax is computed pursuant to Subchapter T of the Internal Revenue Code. Under Subchapter T, income from non-patronage sources in excess of expenses properly attributable thereto may be subject to tax. The cooperative believes that all of its income is patronage sourced. Accordingly, no provisions for taxes, if any, that could result from the application of Subchapter T to the cooperative's income has been reflected in the accompanying financial statements. New York State Franchise taxes are calculated by utilizing special tax rates available to cooperative housing corporations based on the cooperative's capital base.

As of December 31, 2014, the cooperative has available net operating loss carryforwards to apply to future taxable income in the approximate amount of $1,637,000 which expires from 2015 to 2034.

Note 10 **Income Taxes - continued**

In accordance with accounting rules for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns, the cooperative's tax filings are subject to audit by various taxing authorities. The cooperative's federal and state income tax returns for the last three years remain open to examination. In evaluating its tax provisions and accruals, the cooperative believes that its estimates are appropriate based on current facts and circumstances.

Note 11 **Future Major Repairs and Replacements**

The cooperative has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. When replacement funds are needed to meet future needs for major repairs and replacements, the cooperative may borrow, utilize available cash, increase carrying charges, pass special assessments or delay repairs and replacements until the funds are available. The effect on future assessments has not been determined at this time.

Note 12 **Subsequent Events**

Management has evaluated subsequent events through March 31, 2015, the date at which the financial statements became available for issuance. No events have occurred that would require adjustments to, or disclosure in, the financial statements.

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Directors
PATRICIA GARDENS OWNERS, INC.

We have audited the financial statements of Patricia Gardens Owners, Inc. as of and for the years ended December 31, 2014 and 2013, and our report thereon dated March 31, 2015, which expressed an unqualified opinion on those financial statements, appears on Page 1. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of budget with actual operating amounts, which is the responsibility of the entity's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for the portion marked "unaudited" was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Bloom and Streit LLP

BLOOM AND STREIT LLP
Certified Public Accountants
March 31, 2015

BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

PATRICIA GARDENS OWNERS, INC.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended Dec. 31, 2014 (Unaudited)	Actual Year Ended Dec. 31, 2014	Actual Year Ended Dec. 31, 2013
RECEIPTS			
Carrying Charges	619,493	619,493	610,680
Fuel Surcharge	70,560	70,561	70,561
Parking Income	16,740	16,740	16,740
Rental Income	15,540	15,675	15,540
Sublet Income	0	648	2,616
Laundry Room Income	4,800	4,800	4,800
Interest and Miscellaneous Income	5,000	1,120	1,648
Total Receipts	732,133	729,037	722,584
EXPENDITURES			
ADMINISTRATIVE EXPENSES			
Management Fee	30,000	30,000	30,000
Legal Expense	500	0	2,315
Auditing	8,500	8,500	8,500
Telephone	2,400	1,927	2,385
Office and Administrative Expenses	6,000	5,238	6,595
Total Administrative Expenses	47,400	45,664	49,795
UTILITIES EXPENSES			
Fuel	109,200	114,309	91,375
Electricity and Gas	14,500	16,232	14,470
Water	15,000	14,814	11,925
Total Utilities Expenses	138,700	145,355	117,771
MAINTENANCE EXPENSES			
Payroll and Additional Labor	62,000	69,412	65,068
Supplies	7,500	15,734	13,678
Repairs and Maintenance	22,000	21,379	18,595
Snow Removal	0	3,709	0
Landscaping and Trees	12,000	15,932	9,826
Exterminating	6,000	4,950	7,676
Total Maintenance Expenses	109,500	131,116	114,842

See auditors' report on supplementary information

PATRICIA GARDENS OWNERS, INC.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended Dec. 31, 2014 (Unaudited)	Actual Year Ended Dec. 31, 2014	Actual Year Ended Dec. 31, 2013
TAXES AND INSURANCE			
Real Estate Taxes	178,000	177,272	177,692
Payroll Taxes	5,300	4,539	5,468
Insurance	46,500	45,695	44,385
Union Welfare and Pension Fund	24,500	17,092	23,134
Franchise Taxes	2,000	765	1,126
Total Taxes and Insurance	256,300	245,363	251,805
FINANCIAL EXPENSES			
Interest on Mortgage	120,780	120,489	122,666
Interest on Second Mortgage - Line of Credit	7,500	7,410	7,462
Interest on Third Mortgage	15,082	15,082	7,851
Total Financial Expenses	143,362	142,981	137,979
CONTRIBUTIONS TO EQUITY AND RESERVES			
Amortization of Mortgage	35,137	35,137	32,972
Amortization of Second Mortgage - Line of Credit	1,200	1,200	1,200
Total Contributions to Equity and Reserves	36,337	36,337	34,172
Total Expenditures	731,599	746,817	706,364
NET SURPLUS (DEFICIT) FOR THE YEAR	534	(17,780)	16,220

See auditors' report on supplementary information

EXHIBIT D

Prepared by the Committee on Condominiums and Cooperatives of the Real Property Section of the New York State Bar Association
and approved by the Committee on Cooperatives and Condominiums of the Association of the Bar of the City of New York and the New York County Lawyers Association (7/01).

CONSULT YOUR LAWYER BEFORE SIGNING THIS AGREEMENT

Contract of Sale - Cooperative Apartment

This Contract is made as of
between the "Seller" and the "Purchaser" identified below.

1 CERTAIN DEFINITIONS AND INFORMATION

1.1 The "Parties" are:

1.1.1 "Seller":

Prior names used by Seller:
Address:

S.S. No.:

1.1.2 "Purchaser":

Address:

S.S. No.:

1.2 The "Attorneys" are:

1.2.1 "Seller's Attorney"

Address:

Telephone:
Fax:

1.2.2 "Purchaser's Attorney"

Address:

Telephone:
Fax:

1.3 The "Escrowee" is the [Seller's] [Purchaser's] Attorney.

1.4 The Managing Agent is:

Address:

Telephone:
Fax:

1.5 The real estate "Broker(s)" (see ¶12) is/are:
Company Name:

1.6 The name of the cooperative housing corporation ("Corporation") is:

1.7 The "Unit" number is:

1.8 The Unit is located in "Premises" known as:

1.9 The "Shares" are the shares of the Corporation allocated to the Unit.

1.10 The "Lease" is the Corporation's proprietary lease or occupancy agreement for the Unit, given by the Corporation which expires on .

1.11 "Personalty" is the following personal property, to the extent existing in the Unit on the date hereof: the refrigerators, freezers, ranges, ovens, built-in microwave ovens, dishwashers, garbage disposal units, cabinets and counters, lighting fixtures, chandeliers, wall-to-wall carpeting, plumbing and heating fixtures, central air-conditioning and/or window or sleeve units, washing machines, dryers, screens and storm windows, window treatments, switch plates, door hardware, mirrors, built-ins not excluded in ¶1.12 and

1.12 Specifically excluded from this sale is all personal property not included in ¶1.11 and:

1.13 The sale [does] [does not] include Seller's interest in [Storage]/[Servant's Rm]/[Parking Space] ("Included Interests")

1.14 The "Closing" is the transfer of ownership of the Shares and Lease.

1.15The date scheduled for Closing is
("Scheduled Closing Date") at
(See ¶¶ 9 and 10)

1.16The "Purchase Price" is: $

1.16.1 The "Contract Deposit" is: $

1.16.2 The "Balance" of the Purchase Price due at Closing is:
$ 0.00 (See ¶2.2.2)

1.17The monthly "Maintenance" charge is $
(See ¶4)

1.18The "Assessment", if any, payable to the Corporation, at the date of this Contract is $, payable as follows:

1.19 [Seller] [Purchaser] shall pay the Corporation's flip tax, transfer fee (apart from the transfer agent fee) and/or waiver of option fee ("Flip Tax"), if any.

1.20 Financing Options *(Delete* ***two*** *of the following ¶¶1.20.1, 1.20.2 or 1.20.3*

1.20.1 Purchaser may apply for financing in connection with this sale and Purchaser's obligation to purchase under this Contract is contingent upon issuance of a Loan Commitment Letter by the Loan Commitment Date (¶18.1.2).

1.20.2 Purchaser may apply for financing in connection with this sale but Purchaser's obligation to purchase under this Contract is not contingent upon issuance of a Loan Commitment Letter.

1.20.3 Purchaser shall not apply for financing in connection with this sale.

1.21 If ¶1.20.1 or 1.20.2 applies, the "Financing Terms" for ¶18 are: a loan of $ for a term of years or such lesser amount or shorter term as applied for or acceptable to Purchaser; and the "Loan Commitment Date" for ¶18 is calendar days after the Delivery Date.

1.22 The "Delivery Date" of this Contract is the date on which a fully executed counterpart of this Contract is deemed given to and received by Purchaser or Purchaser's Attorney as provided in ¶17.3.

1.23 All "Proposed Occupants" of the Unit are:

1.23.1 persons and relationship to Purchaser:

1.23.2 pets:

1.24 The Contract Deposit shall be held in [a non-] [an] IOLA escrow account. If the account is a non-IOLA account then interest shall be paid to the Party entitled to the Contract Deposit. The Party receiving the interest shall pay any income taxes thereon. The escrow account shall be a segregated bank account at Depository:
Address:

(See ¶27)

1.25 This Contract is [not] continued on attached rider(s).

2 AGREEMENT TO SELL AND PURCHASE; PURCHASE PRICE; ESCROW

2.1 Seller agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller, the Seller's Shares, Lease, Personalty and any Included Interests and all other items included in this sale, for the Purchase Price and upon the terms and conditions set forth in this Contract.

2.2 The Purchase Price is payable to Seller by Purchaser as follows:

2.2.1 the Contract Deposit at the time of signing this Contract, by Purchaser's good check to the order of Escrowee; and

2.2.2 the Balance at Closing, only by cashier's or official bank check or certified check of Purchaser payable to the direct order of Seller. The check(s) shall be drawn on and payable by a branch of a commercial or savings bank, savings and loan association or trust company located in the same City or County as the Unit. Seller may direct, on reasonable Notice (defined in ¶17) prior to Closing, that all or a portion of the Balance shall be made payable to persons other than Seller (see ¶17.7).

3 PERSONALTY

3.1 Subject to any rights of the Corporation or any holder of a mortgage to which the Lease is subordinate, this sale includes all of the Seller's interest, if any, in the Personalty and the Included Interests.

3.2 No consideration is being paid for the Personalty or for the Included Interests; nothing shall be sold to Purchaser if the Closing does not occur.

3.3 Prior to Closing, Seller shall remove from the Unit all the furniture, furnishings and other property not included in this sale, and repair any damage caused by such removal.

4 REPRESENTATIONS AND COVENANTS

4.1 Subject to any matter affecting title to the Premises (as to which Seller makes no representations or covenants), Seller represents and covenants that:

4.1.1 Seller is, and shall at Closing be, the sole owner of the Shares, Lease, Personalty and Included Interests, with the full right, power and authority to sell and assign them. Seller shall make timely provision to satisfy existing security interest(s) in the Shares and Lease and have the same delivered at Closing (See ¶10.1);

4.1.2 the Shares were duly issued, fully paid for and are non-assessable;

4.1.3 the Lease is, and will at Closing be, in full force and effect and no notice of default under the Lease is now or will at Closing be in effect;

4.1.4 the Maintenance and Assessments payable as of the date hereof are as specified in ¶1.17 and 1.18;

4.1.5 as of this date, Seller neither has actual knowledge nor has received any written notice of any increase in Maintenance or any Assessment which has been adopted by the Board of Directors of the Corporation and is not reflected in the amounts set forth in ¶1.17 and 1.18;

4.1.6 Seller has not made any material alterations or additions to the Unit without any required consent of the Corporation or, to Seller's actual knowledge, without compliance with all applicable law. This provision shall not survive Closing.

4.1.7 Seller has not entered into, shall not enter into, and has no actual knowledge of any agreement (other than the Lease) affecting title to the Unit or its use and/or occupancy after Closing, or which would be binding on or adversely affect Purchaser after Closing (e.g. a sublease or alteration agreement);

4.1.8 Seller has been known by no other name for the past 10 years except as set forth in ¶1.1.1.

4.1.9 at Closing in accordance with ¶15.2:

4.1.9.1 there shall be no judgments outstanding against Seller which have not been bonded against collection out of the Unit ("Judgments");

4.1.9.2 the Shares, Lease, Personalty and any Included Interests shall be free and clear of liens (other than the Corporation's general lien on the Shares for which no monies shall be owed), encumbrances and adverse interests ("Liens");

4.1.9.3 all sums due to the Corporation shall be fully paid by Seller to the end of the payment period immediately preceding the date of Closing;

4.1.9.4 Seller shall not be indebted for labor or material which might give rise to the filing of a notice of mechanic's lien against the Unit or the Premises; and

4.1.9.5 no violations shall be of record which the owner of the Shares and Lease would be obligated to remedy under the Lease.

4.2 Purchaser represents and covenants that:

4.2.1 Purchaser is acquiring the Shares and Lease for residential occupancy of the Unit solely by the Proposed Occupants identified in ¶1.23

4.2.2 Purchaser is not, and within the past 7 years has not been, the subject of a bankruptcy proceeding;

4.2.3 if ¶1.20.3 applies, Purchaser shall not apply for financing in connection with this purchase.

4.2.4 Each individual comprising Purchaser is over the age of 18 and is purchasing for Purchaser's own account (beneficial and of record);

4.2.5 Purchaser shall not make any representations to the

Corporation contrary to the foregoing and shall provide all documents in support thereof required by the Corporation in connection with Purchaser's application for approval of this transaction; and

4.2.6 there are not now and shall not be at Closing any unpaid tax liens or monetary judgments against Purchaser.

4.3 Each Party covenants that its representations and covenants contained in ¶4 shall be true and complete at Closing and, except for ¶4.1.6, shall survive Closing but any action based thereon must be instituted within one year after Closing.

5 CORPORATE DOCUMENTS

Purchaser has examined and is satisfied with, or (except as to any matter represented in this Contract by Seller) accepts and assumes the risk of not having examined, the Lease, the Corporation's Certificate of Incorporation, By-laws, House Rules, minutes of shareholders' and directors' meetings, most recent audited financial statement and most recent statement of tax deductions available to the Corporation's shareholders under Internal Revenue Code ("IRC") §216 (or any successor statute).

6 REQUIRED CONSENT AND REFERENCES

6.1 This sale is subject to the unconditional consent of the Corporation.

6.2 Purchaser shall in good faith:

6.2.1 submit to the Corporation or the Managing Agent an application with respect to this sale on the form required by the Corporation, containing such data and together with such documents as the Corporation requires, and pay the applicable fees and charges that the Corporation imposes upon Purchaser. All of the foregoing shall be submitted within 10 business days after the Delivery Date, or, if ¶¶ 1.20.1 or 1.20.2 applies and the Loan Commitment Letter is required by the Corporation, within 3 business days after the earlier of (i) the Loan Commitment Date (defined in ¶1.21) or (ii) the date of receipt of the Loan Commitment Letter (defined in ¶18.1.2);

6.2.2 attend (and cause any Proposed Occupant to attend) one or more personal interviews, as requested by the Corporation; and

6.2.3 promptly submit to the Corporation such further references, data and documents reasonably requested by the Corporation.

6.3 Either Party, after learning of the Corporation's decision, shall promptly advise the other Party thereof. If the Corporation has not made a decision on or before the Scheduled Closing Date, the Closing shall be adjourned for 30 business days for the purpose of obtaining such consent. If such consent is not given by such adjourned date, either Party may cancel this Contract by Notice, provided that the Corporation's consent is not issued before such Notice of cancellation is given. If such consent is refused at any time, either Party may cancel this Contract by Notice. In the event of cancellation pursuant to this ¶6.3, the Escrowee shall refund the Contract Deposit to Purchaser.

6.4 If such consent is refused, or not given, due to Purchaser's bad faith conduct, Purchaser shall be in default and ¶13.1 shall govern.

7 CONDITION OF UNIT AND PERSONALTY; POSSESSION

7.1 Seller makes no representation as to the physical condition or state of repair of the Unit, the Personalty, the Included Interests or the Premises. Purchaser has inspected or waived inspection of the Unit, the Personalty and the Included Interests and shall take the same "as is", as of the date of this Contract, except for reasonable wear and tear. However, at the time of Closing, the appliances shall be in working order and required smoke detector(s) shall be installed and operable.

7.2 At Closing, Seller shall deliver possession of the Unit, Personalty and Included Interests in the condition required by ¶7.1, broom-clean, vacant and free of all occupants and rights of possession.

8 RISK OF LOSS

8.1 The provisions of General Obligations Law Section 5-1311, as modified herein, shall apply to this transaction as if it were a sale of realty. For purposes of this paragraph, the term "Unit" includes built-in Personalty.

8.2 Destruction shall be deemed "material" under GOL 5-1311, if the reasonably estimated cost to restore the Unit shall exceed 5% of the Purchase Price.

8.3 In the event of any destruction of the Unit or the Premises, when neither legal title nor the possession of the Unit has been transferred to Purchaser, Seller shall give Notice of the loss to Purchaser ("Loss Notice") by the earlier of the date of Closing or 7 business days after the date of the loss.

8.4 If there is material destruction of the Unit without fault of Purchaser, this Contract shall be deemed canceled in accordance with ¶16.3, unless Purchaser elects by Notice to Seller to complete the purchase with an abatement of the Purchase Price; or

8.5 Whether or not there is any destruction of the Unit, if, without fault of Purchaser, more than 10% of the units in the Premises are rendered uninhabitable, or reasonable access to the Unit is not available, then Purchaser shall have the right to cancel this Contract in accordance with ¶16.3 by Notice to Seller.

8.6 Purchaser's Notice pursuant to ¶8.4 or ¶8.5 shall be given within 7 business days following the giving of the Loss Notice except that if Seller does not give a Loss Notice, Purchaser's Notice may be given at any time at or prior to Closing

8.7 In the event of any destruction of the Unit, Purchaser shall not be entitled to an abatement of the Purchase Price (i) that exceeds the reasonably estimated cost of repair and restoration or (ii) for any loss that the Corporation is obliged to repair or restore; but Seller shall assign to Purchaser, without recourse, Seller's claim, if any, against the Corporation with respect to such loss.

9 CLOSING LOCATION

The Closing shall be held at the location designated by the Corporation or, if no such designation is made, at the office of Seller's Attorney.

10 CLOSING

10.1 At Closing, Seller shall deliver or cause to be delivered:

10.1.1 Seller's certificate for the Shares duly endorsed for transfer to Purchaser or accompanied by a separate duly executed stock power to Purchaser, and in either case, with any guarantee of Seller's signature required by the Corporation;

10.1.2 Seller's counterpart original of the Lease, all assignments and assumptions in the chain of title and a duly executed assignment thereof to Purchaser in the form required by the Corporation;

10.1.3 FIRPTA documents required by ¶25;

10.1.4 keys to the Unit, building entrance(s), and, if applicable, garage, mailbox, storage unit and any locks in the Unit;

10.1.5 if requested, an assignment to Purchaser of Seller's interest in the Personalty and Included Interests;

10.1.6 any documents and payments to comply with ¶15.2

10.1.7 If Seller is unable to deliver the documents required in ¶¶10.1.1 or 10.1.2 then Seller shall deliver or cause to be delivered all documents and payments required by the Corporation for the issuance of a new certificate for the Shares or a new Lease.

10.2 At Closing, Purchaser shall:

10.2.1 pay the Balance in accordance with ¶2.2.2;

10.2.2 execute and deliver to Seller and the Corporation an agreement assuming the Lease, in the form required by the Corporation; and

10.2.3 if requested by the Corporation, execute and deliver counterparts of a new lease substantially the same as the Lease, for the balance of the Lease term, in which case the Lease shall be canceled and surrendered to the Corporation together with Seller's assignment thereof to Purchaser.

10.3 At Closing, the Parties shall complete and execute all documents necessary:

10.3.1 for Internal Revenue Service ("IRS") form 1099-S or other similar requirements;

10.3.2 to comply with smoke detector requirements and any applicable transfer tax filings; and

10.3.3 to transfer Seller's interest, if any, in and to the Personalty and Included Interests.

10.4 Purchaser shall not be obligated to close unless, at Closing, the Corporation delivers:

10.4.1 to Purchaser a new certificate for the Shares in the name of Purchaser; and

10.4.2 a written statement by an officer or authorized agent of the Corporation consenting to the transfer of the Shares and Lease to Purchaser and setting forth the amounts of and payment status of all sums owed by Seller to the Corporation, including Maintenance and any Assessments, and the dates to which each has been paid.

11 CLOSING FEES, TAXES AND APPORTIONMENTS

11.1 At or prior to Closing,

11.1.1 Seller shall pay, if applicable:

11.1.1.1 the cost of stock transfer stamps; and

11.1.1.2 transfer taxes, except as set forth in ¶11.1.2.2

11.1.2 Purchaser shall pay, if applicable:

11.1.2.1 any fee imposed by the Corporation relating to Purchaser's financing; and

11.1.2.2 transfer taxes imposed by statute primarily on Purchaser (e.g., the "mansion tax").

11.2 The Flip Tax, if any, shall be paid by the Party specified in ¶ 1.19.

11.3 Any fee imposed by the Corporation and not specified in this Contract shall be paid by the Party upon whom such fee is expressly imposed by the Corporation, and if no Party is specified by the Corporation, then such fee shall be paid by Seller.

11.4 The Parties shall apportion as of 11:59 P.M. of the day preceding the Closing, the Maintenance, any other periodic charges due the Corporation (other than Assessments) and STAR Tax Exemption (if the Unit is the beneficiary of same), based on the number of the days in the month of Closing.

11.5 Assessments, whether payable in a lump sum or installments, shall not be apportioned, but shall be paid by the Party who is the owner of the Shares on the date specified by the Corporation for payment. Purchaser shall pay any installments payable after Closing provided Seller had the right and elected to pay the Assessment in installments.

11.6 Each Party shall timely pay any transfer taxes for which it is primarily liable pursuant to law by cashier's, official bank, certified, or attorney's escrow check. This ¶11.6 shall survive Closing.

11.7 Any computational errors or omissions shall be corrected within 6 months after Closing. This ¶11.7 shall survive Closing.

12 BROKER

12.1 Each Party represents that such Party has not dealt with any person acting as a broker, whether licensed or unlicenced, in connection with this transaction other than the Broker(s) named in ¶1.5.

12.2 Seller shall pay the Broker's commission pursuant to a separate agreement. The Broker(s) shall not be deemed to be a third-party beneficiary of this Contract.

12.3 This ¶12 shall survive Closing, cancellation or termination of this Contract.

13 DEFAULTS, REMEDIES AND INDEMNITIES

13.1 In the event of a default or misrepresentation by Purchaser, Seller's sole and exclusive remedies shall be to cancel this Contract, retain the Contract Deposit as liquidated damages and, if applicable, Seller may enforce the indemnity in ¶13.3 as to brokerage commission or sue under ¶13.4. Purchaser prefers to limit Purchaser's exposure for actual damages to the amount of the Contract Deposit, which Purchaser agrees constitutes a fair and reasonable amount of compensation for Seller's damages under the circumstances and is not a penalty. The principles of real property law shall apply to this liquidated damages provision.

13.2 In the event of a default or misrepresentation by Seller, Purchaser shall have such remedies as Purchaser is entitled to at law or in equity, including specific performance, because the Unit and possession thereof cannot be duplicated.

13.3 Subject to the provisions of ¶4.3, each Party indemnifies and holds harmless the other against and from any claim, judgment, loss, liability, cost or expense resulting from the indemnitor's breach of any of its representations or covenants stated to survive Closing, cancellation or termination of this Contract. Purchaser indemnifies and holds harmless Seller against and from any claim, judgment, loss, liability, cost or expense resulting from the Lease obligations accruing from and after the Closing. Each indemnity includes, without limitation, reasonable attorneys' fees and disbursements, court costs and litigation expenses arising from the defense of any claim and enforcement or collection of a judgment under this indemnity, provided the indemnitee is given Notice and opportunity to defend the claim. This ¶13.3 shall survive Closing, cancellation or termination of this Contract.

13.4 In the event any instrument for the payment of the

Contract Deposit fails of collection, Seller shall have the right to sue on the uncollected instrument. In addition, such failure of collection shall be a default under this Contract, provided Seller gives Purchaser Notice of such failure of collection and, within 3 business days after Notice is given, Escrowee does not receive from Purchaser an unendorsed good certified check, bank check or immediately available funds in the amount of the uncollected funds. Failure to cure such default shall entitle Seller to the remedies set forth in ¶13.1 and to retain all sums as may be collected and/or recovered.

14 **ENTIRE AGREEMENT; MODIFICATION**

14.1 All prior oral or written representations, understandings and agreements had between the Parties with respect to the subject matter of this Contract, and with the Escrowee as to ¶27, are merged in this Contract, which alone fully and completely expresses the Parties' and Escrowee's agreement.

14.2 The Attorneys may extend in writing any of the time limitations stated in this Contract. Any other provision of this Contract may be changed or waived only in writing signed by the Party or Escrowee to be charged.

15 **REMOVAL OF LIENS AND JUDGMENTS**

15.1 Purchaser shall deliver or cause to be delivered to Seller or Seller's Attorney, not less than 10 calendar days prior to the Scheduled Closing Date a Lien and Judgment search, except that Liens or Judgments first disclosed in a continuation search shall be reported to Seller within 2 business days after receipt thereof, but not later than the Closing. Seller shall have the right to adjourn the Closing pursuant to ¶16 to remove any such Liens and Judgments. Failure by Purchaser to timely deliver such search or continuation search shall not constitute a waiver of Seller's covenants in ¶ 4 as to Liens and Judgments. However, if the Closing is adjourned solely by reason of untimely delivery of the Lien and Judgment search, the apportionments under ¶11.3 shall be made as of 11:59 P.M. of the day preceding the Scheduled Closing Date in ¶1.15

15.2 Seller, at Seller's expense, shall obtain and deliver to the Purchaser the documents and payments necessary to secure the release, satisfaction, termination and discharge or removal of record of any Liens and Judgments. Seller may use any portion of the Purchase Price for such purposes.

15.3 This ¶15 shall survive Closing.

16 **SELLER'S INABILITY**

16.1 If Seller shall be unable to transfer the items set forth in ¶2.1 in accordance with this Contract for any reason other than Seller's failure to make a required payment or other willful act or omission, then Seller shall have the right to adjourn the Closing for periods not exceeding 60 calendar days in the aggregate, but not extending beyond the expiration of Purchaser's Loan Commitment Letter, if ¶¶1.20.1 or 1.20.2 applies.

16.2 If Seller does not elect to adjourn the Closing or (if adjourned) on the adjourned date of Closing Seller is still unable to perform, then unless Purchaser elects to proceed with the Closing without abatement of the Purchase Price, either Party may cancel this Contract on Notice to the other Party given at any time thereafter.

16.3 In the event of such cancellation, the sole liability of Seller shall be to cause the Contract Deposit to be refunded to Purchaser and to reimburse Purchaser for the actual costs incurred for Purchase's lien and title search, if any.

17 **NOTICES AND CONTRACT DELIVERY**

17.1 Any notice or demand ("Notice") shall be in writing and delivered either by hand, overnight delivery or certified or registered mail, return receipt requested, to the Party and simultaneously, in like manner, to such Party's Attorney, if any, and to Escrowee at their respective addresses or to such other address as shall hereafter be designated by Notice given pursuant to this ¶17.

17.2 The Contract may be delivered as provided in ¶17.1 or by ordinary mail.

17.3 The Contract or each Notice shall be deemed given and received:

17.3.1 on the day delivered by hand;

17.3.2 on the business day following the date sent by overnight delivery;

17.3.3 on the 5th business day following the date sent by certified or registered mail; or

17.3.4 as to the Contract only, 3 business days following the date of ordinary mailing.

17.4 A Notice to Escrowee shall be deemed given only upon actual receipt by Escrowee.

17.5 The Attorneys are authorized to give and receive any Notice on behalf of their respective clients.

17.6 Failure or refusal to accept a Notice shall not invalidate the Notice.

17.7 Notice pursuant to ¶¶2.2.2 and 13.4 may be delivered by confirmed facsimile to the Party's Attorney and shall be deemed given when transmission is confirmed by sender's facsimile machine.

18 **FINANCING PROVISIONS**

18.1 The provisions of ¶¶18.1 and 18.2 are applicable only if ¶¶1.20.1 or 1.20.2 applies.

18.1.1 An "Institutional Lender" is any of the following that is authorized under Federal or New York State law to issue a loan secured by the Shares and Lease and is currently extending similarly secured loan commitments in the county in which the Unit is located: a bank, savings bank, savings and loan association, trust company, credit union of which Purchaser is a member, mortgage banker, insurance company or governmental entity.

18.1.2 A "Loan Commitment Letter" is a written offer from an Institutional Lender to make a loan on the Financing Terms (see ¶1.21) at prevailing fixed or adjustable interest rates and on other customary terms generally being offered by Institutional Lenders making cooperative share loans. An offer to make a loan conditional upon obtaining an appraisal satisfactory to the Institutional Lender shall not become a Loan Commitment Letter unless and until such condition is met. An offer conditional upon any factor concerning Purchaser (e.g. sale of current home, payment of outstanding debt, no material adverse change in Purchaser's financial condition, etc.) is a Loan Commitment Letter whether or not such condition is met. Purchaser accepts the risk that, and cannot cancel this Contract if, any condition concerning Purchaser is not met.

18.2 Purchaser, directly or through a mortgage broker registered pursuant to Article 12-D of the Banking Law, shall diligently and in good faith:

18.2.1 apply only to an Institutional Lender for a loan on the Financing Terms (see ¶1.21) on the form required by the Institutional Lender containing truthful and complete information, and submit such application together with such documents as the Institutional Lender requires, and pay the applicable fees and charges of the Institutional Lender, all of which shall be performed within 5 business days after the Delivery Date;

18.2.2 promptly submit to the Institutional Lender such further references, data and documents requested by the Institutional Lender; and

18.2.3 accept a Loan Commitment Letter meeting the Financing Terms and comply with all requirements of such Loan Commitment Letter (or any other loan commitment letter accepted by Purchaser) and of the Institutional Lender in order to close the loan; and

18.2.4 furnish Seller with a copy of the Loan Commitment Letter promptly after Purchaser's receipt thereof.

18.2.5 Purchaser is not required to apply to more than one Institutional Lender.

18.3 If ¶1.20.1 applies, then

18.3.1 provided Purchaser has complied with all applicable provisions of ¶18.2 and this ¶18.3, Purchaser may cancel this Contract as set forth below, if:

18.3.1.1 any Institutional Lender denies Purchaser's application in writing prior to the Loan Commitment Date (see ¶1.21); or

18.3.1.2 a Loan Commitment Letter is not issued by the Institutional Lender on or before the Loan Commitment Date; or

18.3.1.3 any requirement of the Loan Commitment Letter other than one concerning Purchaser is not met (e.g. failure of the Corporation to execute and deliver the Institutional Lender's recognition agreement or other document, financial condition of the Corporation, owner occupancy quota, etc.); or

18.3.1.4 (i) the Closing is adjourned by Seller or the Corporation for more than 30 business days from the Scheduled Closing Date and (ii) the Loan Commitment Letter expires on a date more than 30 business days after the Scheduled Closing Date and before the new date set for Closing pursuant to this paragraph and (iii) Purchaser is unable in good faith to obtain from the Institutional Lender an extension of the Loan Commitment Letter or a new Loan Commitment Letter on the Financing Terms without paying additional fees to the Institutional Lender, unless Seller agrees, by Notice to Purchaser within 5 business days after receipt of Purchaser's Notice of cancellation on such ground, that Seller will pay such additional fees and Seller pays such fees when due. Purchaser may not object to an adjournment by Seller for up to 30 business days solely because the Loan Commitment Letter would expire before such adjourned Closing date.

18.3.2 Purchaser shall deliver Notice of cancellation to Seller within 5 business days after the Loan Commitment Date if cancellation is pursuant to ¶18.3.1.1 or 18.3.1.2 and on or prior to the Scheduled Closing Date if cancellation is pursuant to ¶18.3.1.3 or 18.3.1.4.

18.3.3 If cancellation is pursuant to ¶18.3.1.1, then Purchaser shall deliver to Seller, together with Purchaser's Notice, a copy of the Institutional Lender's written denial of Purchaser's loan application. If cancellation is pursuant to ¶18.3.1.3, then Purchaser shall deliver to Seller together with Purchaser's Notice evidence that a requirement of the Institutional Lender was not met.

18.3.4 Seller may cancel this Contract by Notice to Purchaser, sent within 5 days after the Loan Commitment Date, if Purchaser shall not have sent by then either (i) Purchaser's Notice of cancellation or (ii) a copy of the Loan Commitment Letter to Seller, which cancellation shall become effective if Purchaser does not deliver a copy of such Loan Commitment Letter to Seller within 10 business days after the Loan Commitment Date.

18.3.5 Failure by either Purchaser or Seller to deliver Notice of cancellation as required by this ¶18.3 shall constitute a waiver of the right to cancel under this ¶18.3.

18.3.6 If this Contract is canceled by Purchaser pursuant to this ¶18.3, then thereafter neither Party shall have any further rights against, or obligations or liabilities to, the other by reason of this Contract, except that the Contract Deposit shall be promptly refunded to Purchaser and except as set forth in ¶12. If this Contract is canceled by Purchaser pursuant to ¶18.3.1.4, then Seller shall reimburse Purchaser for any non-refundable financing and inspection expenses and other sums reimbursable pursuant to ¶16

18.3.7 Purchaser cannot cancel this Contract pursuant to ¶ 18.3.1.4 and cannot obtain a refund of the Contract Deposit if the Institutional Lender fails to fund the loan:

18.3.7.1 because a requirement of the Loan Commitment Letter concerning Purchaser is not met (e.g., Purchaser's financial condition or employment status suffers an adverse change; Purchaser fails to satisfy a condition relating to the sale of an existing residence, etc.) or

18.3.7.2 due to the expiration of a Loan Commitment Letter issued with an expiration date that is not more than 30 business days after the Scheduled Closing Date.

19 SINGULAR/PLURAL AND JOINT/SEVERAL

The use of the singular shall be deemed to include the plural and vice versa, whenever the context so requires. If more than one person constitutes Seller or Purchaser, their obligations as such Party shall be joint and several.

20 NO SURVIVAL

No representation and/or covenant contained herein shall survive Closing except as expressly provided. Payment of the Balance shall constitute a discharge and release by Purchaser of all of Seller's obligations hereunder except those expressly stated to survive Closing.

21 INSPECTIONS

Purchaser and Purchaser's representatives shall have the right to inspect the Unit within 48 hours prior to Closing, and at other reasonable times upon reasonable request to Seller.

22 GOVERNING LAW AND VENUE

This Contract shall be governed by the laws of the State of New York without regard to principles of conflict of laws. Any action or proceeding arising out of this Contract shall be brought in the county or Federal district where the Unit is located and the Parties hereby consent to said venue.

23 **NO ASSIGNMENT BY PURCHASER; DEATH OF PURCHASER**

23.1 Purchaser may not assign this Contract or any of Purchaser's rights hereunder. Any such purported assignment shall be null and void.

23.2 This Contract shall terminate upon the death of all persons comprising Purchaser and the Contract Deposit shall be refunded to the Purchaser. Upon making such refund and reimbursement, neither Party shall have any further liability or claim against the other hereunder, except as set forth in Par. 12.

24 **COOPERATION OF PARTIES**

24.1 The Parties shall each cooperate with the other, the Corporation and Purchaser's Institutional Lender and title company, if any, and obtain, execute and deliver such documents as are reasonably necessary to consummate this sale.

24.2 The Parties shall timely file all required documents in connection with all governmental filings that are required by law. Each Party represents to the other that its statements in such filings shall be true and complete. This ¶24.2 shall survive Closing.

25 **FIRPTA**

The parties shall comply with IRC §§ 897, 1445 and the regulations thereunder as same may be amended ("FIRPTA"). If applicable, Seller shall execute and deliver to Purchaser at Closing a Certification of Non-Foreign Status ("CNS") or deliver a Withholding Certificate from the IRS. If Seller fails to deliver a CNS or a Withholding Certificate, Purchaser shall withhold from the Balance, and remit to the IRS, such sum as may be required by law. Seller hereby waives any right of action against Purchaser on account of such withholding and remittance. This ¶25 shall survive Closing.

26 **ADDITIONAL REQUIREMENTS**

26.1 Purchaser shall not be obligated to close unless all of the following requirements are satisfied at the time of the Closing:

26.1.1 the Corporation is in good standing;

26.1.2 the Corporation has fee or leasehold title to the Premises, whether or not marketable or insurable; and

26.1.3 there is no pending *in rem* action, tax certificate/lien sale or foreclosure action of any underlying mortgage affecting the Premises.

26.2 If any requirement in ¶26.1 is not satisfied at the time of the Closing, Purchaser shall give Seller Notice and if the same is not satisfied within a reasonable period of time thereafter, then either Party may cancel this Contract (pursuant to ¶16.3) by Notice.

27 **ESCROW TERMS**

27.1 The Contract Deposit shall be deposited by Escrowee in an escrow account as set forth [in ¶] 1.24 and the proceeds held and disbursed in accordance with the terms of this Contract. At Closing, the Contract Deposit shall be paid by Escrowee to Seller. If the Closing does not occur and either Party gives Notice to Escrowee demanding payment of the Contract Deposit, Escrowee shall give prompt Notice to the other Party of such demand. If Escrowee does not receive a Notice of objection to the proposed payment from such other Party within 10 business days after the giving of Escrowee's Notice, Escrowee is hereby authorized and directed to make such payment to the demanding party. If Escrowee does receive such a Notice of objection within said period, or if for any reason Escrowee in good faith elects not to make such payment, Escrowee may continue to hold the Contract Deposit until otherwise directed by a joint Notice by the Parties or a final, non-appealable judgment, order or decree of a court of competent jurisdiction. However, Escrowee shall have the right at any time to deposit the Contract Deposit and the interest thereon, if any, with the clerk of a court in the county as set forth in ¶22 and shall give Notice of such deposit to each Party. Upon disposition of the Contract Deposit and interest thereon, if any, in accordance with this ¶27, Escrowee shall be released and discharged of all escrow obligations and liabilities.

27.2 The Party whose Attorney is Escrowee shall be liable for loss of the Contract Deposit. If the Escrowee is Seller's attorney, then Purchaser shall be credited with the amount of the contract Deposit at Closing.

27.3 Escrowee will serve without compensation. Escrowee is acting solely as a stakeholder at the Parties' request and for their convenience. Escrowee shall not be liable to either Party for any act or omission unless it involves bad faith, willful disregard of this Contract or gross negligence. In the event of any dispute, Seller and Purchaser shall jointly and severally (with right of contribution) defend (by attorneys selected by Escrowee), indemnify and hold harmless Escrowee from and against any claim, judgment, loss, liability, cost and expenses incurred in connection with the performance of Escrowee's acts or omissions not involving bad faith, willful disregard of this Contract or gross negligence. This indemnity includes, without limitation, reasonable attorneys' fees either paid to retain attorneys or representing the fair value of legal services rendered by Escrowee to itself and disbursements, court costs and litigation expenses.

27.4 Escrowee acknowledges receipt of the Contract Deposit, by check subject to collection.

27.5 Escrowee agrees to the provisions of this ¶27.

27.6 If Escrowee is the Attorney for a Party, Escrowee shall be permitted to represent such Party in any dispute or lawsuit.

27.7 This ¶27 shall survive Closing, cancellation or termination of this Contract.

28 **MARGIN HEADINGS**

The margin headings do not constitute part of the text of this Contract.

29 **MISCELLANEOUS**

This Contract shall not be binding unless and until Seller delivers a fully executed counterpart of this Contract to Purchaser (or Purchaser's Attorney) pursuant to ¶17.2 and 17.3. This Contract shall bind and inure to the benefit of the Parties hereto and their respective heirs, personal and legal representatives and successors in interest.

30 **LEAD PAINT**

If applicable, the complete and fully executed Disclosure of Information on Lead Based Paint and or Lead-Based Paint Hazards is attached hereto and made a part hereof.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Contract as of the date first above written.

SELLER:

____

____

____

____

PURCHASER:

____

____

____

____

ESCROW TERMS AGREED TO:

By: ______________________________

ESCROWEE

RIDER TO CONTRACT OF SALE DATED NOVEMBER ____, 20__
BETWEEN
________________________, AS SELLER,
AND
____________________, AS PURCHASER
FOR APARTMENT ____________
AT 1015 OLD POST ROAD/ 953 WEST BOSTON POST ROAD
MAMARONECK, NEW YORK 10543

31. In the event of any inconsistency between the provisions of this Rider and the provisions of the printed form ("Printed Form") (collectively referred to herein as the "Contract") to which it is annexed, the provisions of this Rider shall govern and be binding.

32. Add the following to Paragraph 11 of the Printed Form at the end thereof:

> "11.8 If the Corporation or its managing agent charges separately for a credit check on Purchaser and/or members of Purchaser' family, such fee shall be paid by Purchaser, regardless of whether the transaction is approved or whether the transaction is approved in accordance with Paragraph 6 herein."

33. Add the following to Paragraph 12.1 of the Printed Form at the end thereof:

> "The parties agree to indemnify and hold each other harmless from and against any and all claims, judgments, liabilities, costs or expenses, including without limitation, reasonable attorneys' fees, arising out of any breach of the other parties' representation contained in Paragraph 12 or in connection with any claim for a brokerage commission, finders' fee or similar fee. The provisions and representation contained in this Paragraph shall survive the closing."

34. Add the following to Paragraph 4.1.9.2 of the Printed Form herein at the end thereof:

> "The notation of judgment liens, tax liens or mechanics liens which do not affect the Unit and are not against the Seller shall not be deemed a lien against the Unit provided Seller deliver at Closing an affidavit stating that such liens are not liens against the Unit or the Seller and did not arise from Seller's acts or the acts of Seller's agents, provided that Purchaser's lender will fund with any such liens or judgments."

36. Notwithstanding the provisions of Paragraph 4.1.5, which remains in

effect, Seller makes no representation that the Maintenance set forth in Paragraph 1.17 of this Contract and/or the Assessment as set forth in Paragraph 1.18 of this Contract, if any, or the nonexistence thereof, shall be the same at the Closing. Purchaser shall independently confirm the actual Maintenance and/or Assessment with Management for the Corporation.

37. Supplementing paragraphs 3.1 and 7.1 of the Printed Form, and notwithstanding anything to the contrary contained in this Contract except as stated herein below, Seller is not obligated to install any equipment or appliances in the Unit or to make any repairs, improvements or decorations to the Unit or its equipment, appliances and fixtures, except to deliver the appliances to the extent same is the Seller's responsibility to maintain, in working order at the Closing, and to the best of Sellers' actual knowledge, and solely to the extent that Sellers are responsible for such maintenance, Sellers represent that the plumbing, electrical, heating and air conditioning systems shall be in working order and the Unit is free of leaks and/or any water damage at closing.

38. Purchaser warrant and represent that with financing permitted hereunder, Purchaser has assets sufficient to complete this transaction.

39. (a) Seller cannot state to a maximum certainty that a lead-based substance has been used on the Premises. Purchaser may, at Purchaser's own cost and expense, within ten (10) days from the date of this Contract, have the premises inspected or have a risk assessment of the Premises conducted by a certified company for the purpose of determining if there is a lead-based substance on the Premises. In the event a lead-based substance is found on the Premises, a copy of the results of the inspection and/or risk assessment shall be provided on the Seller's attorney within twenty (20) days from the date hereof. Upon receipt and review of said report by the Seller's attorney, Seller may do one of the following: (a) eliminate or remove the lead-based substance using a certified or licensed remover, in which even Purchaser agrees to continue with the Contract, (b) terminate this Contract by refunding the down payment to the Purchaser, and upon receipt by the Purchaser of the down payment this Contract shall be null and void and shall have no further force or effect or (c) Seller and Purchaser shall mutually determine the terms and conditions upon which this transaction shall proceed.

(b) The parties hereto agree to execute the attached "Disclosure of information on Lead Based Paint and Lead Based Paint Hazards", attached hereto as Exhibit "A". Purchaser acknowledges that they have received the pamphlet Protect Your Family From Lead in Your Home.

40. Acceptance by Purchaser of the Shares and Proprietary Lease of the Corporation shall constitute full performance and discharge of every agreement and obligation on the part of Seller to be performed pursuant to the provisions hereof except those obligations that survive closing.

41. The submission of this contract by Seller or Seller's attorneys to Purchaser does not constitute an offer or an acceptance of an offer. This contract shall not be binding upon the Seller unless (i) the same has been fully executed by Purchaser and Seller and a fully-

executed copy has been delivered to each party or their respective attorneys named above; and (ii) Purchaser has paid the Contract Deposit pursuant to Paragraph 1.16.1 of the contract.

42. This contract shall not be recorded by Purchaser. Any recordation or attempted recordation by Purchaser hereof shall be void and shall constitute a default.

43. Seller reserves the right to include in this transaction an IRC, Section 1031 tax deferred exchange for the benefit of Seller, at no cost, expense or liability to Purchaser. Purchaser further agrees to execute any and all documents (subject to the reasonable approval of Purchaser's counsel) as are reasonably necessary in connection therewith, provided that the closing of this transaction for the conveyance of Seller's property shall not be contingent upon or subject to the completion of such exchange.

44. Purchaser acknowledges that Seller or Seller's affiliate corporations are licensed real estate brokers. Seller shall be obligated to pay any commission due to Seller or Seller's affiliate.

Seller: **Purchaser:**

By: ____________________________ ________________________________

ESCROW AGENT:

KAGAN LUBIC LEPPER FINKELSTEIN & GOLD, LLP

By: ____________________________

ESCROW RIDER

1. The law firm of Kagan, Lubic, Lepper, Finkelstein & Gold, LLP , with an address at 200 Madison Avenue, 24^{th} Floor, New York, NY 10016, telephone number 212-252-0300, shall serve as escrow agent ("Escrow Agent") for Sponsor and Purchaser. Escrow Agent has designated the following attorneys to serve as signatories: Jack E. Lepper and Ronald Jay Gold. All designated signatories are admitted to practice law in the State of New York. Neither the Escrow Agent nor any authorized signatories on the account are the Sponsor, Selling Agent, Managing Agent, or any principal thereof, or have any beneficial interest in any of the foregoing.

2. Escrow Agent and all authorized signatories hereby submit to the jurisdiction of the State of New York and its Courts for any cause of action arising out of the Purchase Agreement or otherwise concerning the maintenance of release of the Deposit from escrow.

3. The Escrow Agent has established the escrow account at TD Bank located at 475 Park Avenue South, New York, New York 10016, in the State of New York ("Bank"), a bank authorized to do business in the State of New York. All references to the address of the Bank set forth in the Plan shall be revised accordingly. The escrow account is entitled Kagan Lubic Lepper Finkelstein & Gold, LLP, Attorney Escrow Account ("Escrow Account"). The Escrow Account is federally insured by the FDIC at the maximum amount of $250,000 per deposit. Any deposit in excess of $250,000 will not be insured. In addition, the Escrow Account is not an Interest On Lawyer (IOLA) Account.

4. All Deposits received from Purchaser shall be in the form of checks, money orders, wire transfers, or other instruments, and shall be made payable to or endorsed by the Purchaser to the order of Kagan, Lubic Lepper, Finkelstein & Gold, as Escrow Agent.

5. The interest rate for all Deposits made into the Escrow Account shall be the prevailing rate for such accounts. Interest shall begin to accrue upon placing the Deposit into the Escrow Account. All interest earned thereon shall be paid to or credited to the Purchaser at closing. No fees of any kind may be deducted from the Escrow Account, and the Sponsor shall bear all costs associated with the maintenance of the Escrow Account.

6. Within five (5) business days after the Purchase Agreement has been tendered to Escrow Agent along with the Deposit, the Escrow Agent shall sign the Purchase Agreement/Escrow Agreement and place the Deposit into the Escrow Account. Within ten (10) business days of the placing the deposit in the Escrow Account, Escrow Agent shall provide written notice to Purchaser and Sponsor, confirming the Deposit. The notice shall provide the account number and the initial interest rate to be earned on the Deposit. Any Deposits made for upgrades, extras, or custom work shall be initially deposited into the Escrow Account, and released in accordance to the terms of the Purchase Agreement/Escrow Agreement.

7. The Escrow Agent is obligated to send notice to the Purchaser once the Deposit is placed in the Escrow Account. If the Purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the Deposit, he or she may cancel the Purchase Agreement

within ninety (90) days after tender of the Purchase Agreement and Deposit to Escrow Agent. Complaints concerning the failure to honor such cancellation requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 120 Broadway, 23rd Floor, New York, N.Y. 10271. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit was timely placed in the Escrow Account in accordance with the New York State Department of Law's regulations concerning Deposits and requisite notice was timely mailed to the Purchaser.

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

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

10. The Escrow Agent shall release the Deposit if so directed:

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

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

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

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

The Sponsor shall not object to the release of the Deposit to:

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

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

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

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

12. Escrow Agent shall maintain the Escrow Account under its direct supervision and control.

13. A fiduciary relationship shall exist between Escrow Agent and Purchaser, and Escrow Agent acknowledges its fiduciary and statutory obligations pursuant to GBL §§ 352-e(2-b) and 352(h).

14. Escrow Agent may rely upon any paper or document which may be submitted to it in connection with its duties under this Purchase Agreement and which is believed by Escrow Agent to be genuine and to have been signed or presented by the proper party or parties and shall have no liability or responsibility with respect to the form, execution, or validity thereof.

15. Sponsor agrees that it shall not interfere with Escrow Agent's performance of its fiduciary duties and statutory obligations as set forth in GBL §§ 352-e(2-b) and 352-(h) and the New York State Department of Law's regulations.

16. Sponsor shall obtain or cause the selling agent under the Plan to obtain a completed and signed Form W-9 or W-8, as applicable, from Purchaser and deliver such form to Escrow Agent together with the Deposit and this Purchase Agreement.

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

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

either paid to retain attorneys or representing the hourly billing rates with respect to legal services rendered by Escrow Agent to itself.

Seller:

By: ______________________________

Purchaser:

____

ESCROW AGENT:

KAGAN LUBIC LEPPER FINKELSTEIN & GOLD, LLP

By: ______________________________

CERTIFICATION OF HOLDER OF UNSOLD SHARES AND PRINCIPALS
CONCERNING DIGITAL COPIES

We are the holders of unsold shares and principals of the holders of unsold shares of the Offering Plan for Patricia Gardens Owners, Inc., 1825, 1829 and 1833 Palmer Avenue, Larchmont, New York, 10538, File No. C 830250 ("Offering Plan").

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Department of Law in Part 18 of Title 13 of the New York Code of Rules and Regulations and such other laws and regulations as may be applicable.

We have read the Plan as amended to date. We jointly and severally certify that the Digital Copy of the Offering Plan and/or Amendments submitted by us is identical in content to the Paper Copy of the Offering Plan and/or Amendments submitted to the Department of Law. We also jointly and severally certify that any documents submitted hereinafter by us to the Department of Law that revise or supplement the Offering Plan and/or Amendment(s) will be identical in content to the Paper Copy of the Offering Plan and/or Amendment(s) submitted by us to the Department of Law.

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

HOLDERS OF UNSOLD SHARES:

DEARBORN UNITS CORP.

By: ____________________
Howard Finkelstein
Shareholder and President

By: ____________________
Steven Finkelstein
Vice President

PRINCIPALS:

____
Howard Finkelstein

____
Steven Finkelstein

LEONARDSON, LLC

By: ______________________
Steven Finkelstein
Manager

____
Steven Finkelstein

By: ______________________
Howard Finkelstein
Member and Manager

____
Howard Finkelstein

SEF CONSULTING LLC

By: ______________________
Steven Finkelstein
Sole Member

____
Steven Finkelstein

DAYTONA PROPERTY LLC

By: ______________________
Stacy Finkelstein
Sole Member

____
Stacy Finkelstein

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

On the 29th day of March in the year 2019 before me, the undersigned, personally appeared Howard Finkelstein, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Signature and Office of individual
taking acknowledgment

ADAM FINKELSTEIN
Notary Public, State of New York
No. 02FI6257167
Qualified in New York County
Commission Expires March 5, 2020

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

On the 22nd day of March in the year 2019 before me, the undersigned, personally appeared Steven Finkelstein, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Signature and Office of individual
taking acknowledgment

Linda Hickey
Notary Public, State of New York
No. 01HI5043372
Qualified in Queens County
Commission Expires May 8, 2019

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

On the 22nd day of March in the year 2019 before me, the undersigned, personally appeared Stacy Finkelstein, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Signature and Office of individual
taking acknowledgment

Linda Hickey
Notary Public, State of New York
No. 01HI5043372
Qualified in Queens County
Commission Expires May 8, 2019

EXHIBIT E

CERTIFICATION OF HOLDER OF UNSOLD SHARES AND PRINCIPAL OF HOLDER OF UNSOLD SHARES

New York State Department of Law
Real Estate Finance Bureau
120 Broadway
23rd Floor
New York, New York 10271

Re: Patricia Gardens Owners, Inc.
1825, 1829, 1833 Palmer Avenue
Larchmont, New York
File No. C830250

Dear sirs:

The undersigned is *the holder of unsold shares* and the principal of *the holder of unsold shares* of the afore-captioned cooperative offering plan.

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 Department of Law in 13 NYCRR Part 18 and such other laws and regulations as may be applicable.

I have read the entire offering plan, *as amended*. 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 this certification. I certify that the offering plan and the documents to be submitted hereafter by us which further 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 judgments;
iii. Not omit any material facts;
iv. Not contain any untrue statement of material fact;
v. Not contain any fraud, deception, concealment, suppressions, false pretense or fictitious or pretended purchase or sale;
vi. Not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and
vii. Not contain any representation or statement which is false, where I:
   a. Knew the truth;
   b. With reasonable effort could have known the truth;
   c. Made no reasonable effort to ascertain the truth; or
   d. Did not have any knowledge concerning the representations or statement made.

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

Yours faithfully,

LEONARDSON, LLC

By: ______________________
Steven Finkelstein, Manager

By: ______________________
Howard Finkelstein, Manager

DAYTONA PROPERTY LLC

By: ______________________
Stacy Finkelstein, Sole Member

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Howard Finkelstein

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Steven Finkelstein

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Stacy Finkelstein

DEARBORN UNITS CORP.

By: ______________________
Steven Finkelstein, Vice President

By: ______________________
Howard Finkelstein, Sole Shareholder, President

SEF CONSULTING LLC

By: ______________________
Steven Finkelstein, Sole Member

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

On the 28th day of June in the year 2019 before me, the undersigned, personally appeared Steven Finkelstein, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Signature and Office of individual
taking acknowledgment

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

Linda Hickey
Notary Public, State of New York
No. 01HI5043372
Qualified in Queens County
Commission Expires May 8, 2023

On the 28 day of June in the year 2019 before me, the undersigned, personally appeared Howard Finkelstein, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Signature and Office of individual
taking acknowledgment

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

ADAM FINKELSTEIN
Notary Public, State of New York
No. 02FI6257167
Qualified in New York County
Commission Expires March 5, 2020

On the 28th day of June in the year 2019 before me, the undersigned, personally appeared Stacy Finkelstein, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Signature and Office of individual
taking acknowledgment

Linda Hickey
Notary Public, State of New York
No. 01HI5043372
Qualified in Queens County
Commission Expires May 8, 2023