

NINETEENTH AMENDMENT TO OFFERING PLAN
for
31 PONDFIELD ROAD WEST
BRONXVILLE, NEW YORK

The purpose of this Nineteenth Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located at 31 Pondfield Road West, Bronxville, New York, dated October 26, 1984 as amended by the filing of eighteen prior amendments.

The Plan is hereby amended as follows:

1. **Extension of Offering.** The term of the offering made by the Plan is hereby extended for an additional twelve (12) month period commencing on the date this Nineteenth Amendment is accepted for filing by the Department of Law.

2. **Financial Disclosure.** The following information is provided in accordance with the regulations of the Attorney General of the State of New York:
 - (a) Annexed hereto as Exhibit A is a schedule of unsold shares which sets forth the units to which unsold shares are allocated. All unsold shares are held by Pondfield Estates ("Sponsor").

 - (b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$11,589.12.

 - (c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$18,154.54.

 - (d) The Sponsor has no financial obligations to the Apartment Corporation which will become due within twelve months from the date of this amendment, other than payment of maintenance.

 - (e) None of the unsold shares has been pledged as collateral for any loan or otherwise represents security for financial arrangements.

 - (f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor. If these sources of income are insufficient, Sponsor may also derive income from the sale of vacant units.

(g) The Sponsor is current on all financial obligations under the Plan including all obligations to the Apartment Corporation and payments of any underlying mortgage. Sponsor was current on all such obligations during the year prior to the filing of this amendment.

(h) Sponsor or principals of Sponsor, as individual holders of unsold shares or as general partner or principal of Sponsor, own more than ten percent of the shares of the following buildings which have been converted to cooperative or condominium ownership:

- 445 Gramatan Avenue, Mount Vernon, New York -
File No. C87-0246
- 27-47 North Central Avenue, Hartsdale, New York -
File No. C81-0234
- 17 North Chatsworth Avenue, Larchmont, New York -
File No. C81-0158
- 324 East 35th Street, New York, New York -
File No. C85-0459
- 319 East 73rd Street, New York, New York -
File No. C85-0758

The offering plans for these buildings are on file with the Department of Law and are available for public inspection.

(i) The Sponsor, principals of sponsor and holders of unsold shares, as individual holders of unsold shares or as general partner or principal of the Sponsor, are current in their financial obligations in other cooperatives, condominiums or homeowners associations in which they own shares or units as an individual, general partner or principal.

(j) The Sponsor relinquished control of the Board of Directors on April 30, 1986. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 22.14% of the outstanding shares of the Corporation.

3. **Maintenance Charges.** By resolution of the Board of Directors of the Corporation adopted at a meeting duly held November 14, 2017 after reviewing a projected budget of building operations for the calendar year 2018, the per share monthly maintenance was fixed at \$1.65 per share per month for the calendar year 2018, which is a 3.0% increase from the prior year.

4. **Election of Officers and Directors.** At the annual meeting of the shareholders of the Corporation duly held on November 21, 2017, the following officers and directors of the Corporation were elected:

Edward Wood	President and Director
Allison Jacobs	Vice President and Director

Laura Hernandez Secretary, Treasurer and Director
*Robert Orlofsky Vice-President and Director
*Nancy R. Heller Director

*Sponsor designee

5. **Financial Statements.** The financial statement for Tudor Arms Owners Corp. for the years ended December 31, 2016 and December 31, 2017 prepared by Lawrence S. Honigman, P.C., is attached hereto as Exhibit B.

6. **Budget.** Annexed hereto is as Exhibit C is the budget for the 2018 calendar year, prepared by the Building's managing agent and adopted by the Board of Directors. This budget is contained herein for information purposes only and the Sponsor does not in any way adopt such budget as its own or make any representation as to the adequacy, accuracy or completeness of same or any item shown therein and none should be implied. The Sponsor has reviewed the budget and has no knowledge of any matter which would render the budget materially incorrect; however, the Sponsor has not prepared the budget and has not independently verified the information or estimates contained therein.

7. **Mortgage Refinancing.** On August 26, 2015, the Corporation refinanced its mortgage with the National Consumer Cooperative Bank, N.A. ("NCB"), 2011 Crystal Drive, Suite 800, Arlington, Virginia 22201 with a new first mortgage in the principal amount of \$3,150,000. The new mortgage bears interest at the fixed rate of 3.82%% per annum, with amortization based on a thirty-year schedule. Monthly payments of interest and principal over the ten-year term of the loan commencing October 1, 2015 through September 1, 2025 are \$14,713.54. In addition, the Corporation is required to pay monthly installments for real estate taxes, but there is no escrow for insurance premiums. A pre-payment penalty on the prior mortgage in the approximate amount of \$38,597.15 was paid at closing.. The balance due at maturity will be approximately \$2,487,000. During the first nine years and six months of the loan, it may be prepaid on not less than 30 nor more than 90 days' notice subject to a yield maintenance prepayment penalty. If prepayment is made thereafter, but prior to the last 90 days of the loan, the prepayment penalty is 1% of the loan amount, There is no prepayment penalty during the last 90 days of the loan term. No prepayment penalty is due if made as a result of condemnation or insurance casualty.

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 Contract of Sale 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, as amended, shall continue to govern.

9. Revised Procedure to Purchase Section of the Plan. The Procedure to Purchase Section of the Plan regarding escrow trust fund requirements is hereby replaced with the following disclosures set forth herein. Annexed hereto as Exhibit D is a revised form of the Contract of Sale for the sale of unsold shares held by the Sponsor annexed to which as Exhibit A is an Escrow Rider. The Escrow Rider hereby replaces the Escrow Agreement, as set forth as an exhibit to the Tenth Amendment to the Plan dated April 27, 1992. The Contract of Sale is conditioned upon, and is not deemed valid and binding until, execution and delivery of the Escrow Rider by Seller, Purchaser and Escrow Agent. The Escrow Rider includes the provisions set forth below (among others):

- A. The Escrow Agent. Laura B. March, Esq., with an address c/o Peck & Heller at 805 Third Avenue, New York, New York 10022, telephone number 212-758-5230, shall serve as escrow agent ("Escrow Agent") for Sponsor and Purchaser. Laura B. March, Esq. is the only designated signatory for withdrawal of monies from the "Escrow Account" (identified below) and is 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 (if any), Managing Agent, or any principal thereof, or have any beneficial interest in any of the foregoing.
- B. The Escrow Account. The Escrow Agent has established the escrow account at JP Morgan Chase Bank, N.A., located at its branch office located at 360 Park Avenue, in the City and State of New York ("Bank"), a bank authorized to do business in the State of New York. The escrow account is entitled Laura B. March Attorney Trust Account IOLA" ("Escrow Account") which is an "Interest-on-Lawyer's Account" (commonly called "IOLA" or "IOLTA") established pursuant to Judiciary Law Section 497. **SPECIAL RISK:** 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. Escrow Agent and Sponsor will not be liable for the amount collected on checks given in payment of the Deposit or any other purchase monies, or for any losses resulting from the failure of the depository.

All Deposits received from Purchaser shall be in the form of unendorsed good personal checks, money orders, wire transfers, and shall be made directly payable to the order of Laura B. March, Esq., as Escrow Agent.

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 Escrow Rider annexed to the Contract of Sale.

The Escrow Account is an IOLA established pursuant to Judiciary Law Section 497. Accordingly Escrow Agent will arrange for interest earned on monies deposited in the Escrow Account to be paid to the statewide IOLA fund.

- C. Deposit for Special Work. Any Deposits made for upgrades, extras of other custom or special work shall initially be deposited into the Escrow Account and thereafter may be released in accordance with the terms of the Contract of Sale (if any)
- D. Notification to Purchaser. Within five (5) business days after the Contract of Sale has been tendered to Escrow Agent along with the Deposit, the Escrow Agent shall sign the Escrow Rider 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. 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 Escrow Rider.

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 Contract of Sale within ninety (90) days after tender of the Contract of Sale 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, 28 Liberty Street, New York, N.Y. 10005-1413. 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.

- E. Release of Funds. All Deposits, except for advances made for upgrades, extras, or custom work received in connection with the Contract of Sale, 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.

Consummation of the Plan, as evidenced by the acceptance of a post-closing amendment by the New York State Department of Law, does not relieve the Sponsor of its obligations pursuant to GBL §§ 352-e(2-b) and 352-h.

The Escrow Agent shall release the Deposit if so directed:

- (a) pursuant to the terms and conditions set forth in the Escrow Rider 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

whichever is applicable.

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 (the "Requesting Party") to release the Deposit, then the Escrow Agent must give both the Purchaser and Sponsor prior written notice ("30-Day Release Notice") of not fewer than thirty (30) days before releasing the Deposit. If the Requesting Party is Sponsor and is based on a purchaser's default, Sponsor must give such purchaser written notice of the default and a thirty (30)-day period to cure such default. Such thirty (30)-day cure period shall run concurrently with the 30-Day Notice. If the Escrow Agent has not received notice from the non-Requesting Party objecting to the release of the Deposit prior to the expiration of the thirty (30)-day period, the Deposit shall be released to the Requesting Party, 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 the Deposit.

If the Escrow Agent is uncertain as to Escrow Agent's duties or doubts the genuineness of any document or signature, Escrow Agent also may refrain from taking any action and continue to hold the Deposit until the uncertainty or genuineness is resolved. Escrow Agent may represent Sponsor in any lawsuit, whether or not related to the Contract of Sale and irrespective of Escrow Agent being in possession of the 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.

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.

- F. **Waiver Void.** Any provision in the Escrow Rider 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 Contract of Sale, Plan or any Amendment thereto.

10. **Revised Contract of Sale.** As noted above, the revised form of Contract of Sale is annexed hereto as Exhibit D. Provisions set forth in the annexed form are negotiable and subject to change in accordance with the Plan.

11. **Amendments to House Rules.** The Board of Directors of the Corporation has amended the House Rules. Annexed hereto as Exhibit E is a copy of the House Rules as revised.

12. **Major Building Improvements.** In 2015, the Corporation modernized its heating system from oil to a dual fuel system (oil and gas) at a cost of approximately \$285,000. In 2017, the Corporation made structural and waterproofing repairs and landscaped the entry courtyard over the garage at a cost of approximately \$450,000.

13. **Changes in Principals of Sponsor.** Since the Changes in Principals of Sponsor set forth in the Sixteenth Amendment to the Offering plan, the following are the changes in interests of Sponsor:

The interests formerly held by the Trustees of the Trust under the will of Jacob Heller, deceased, are now held by Alan Heller, 930 Fifth Avenue, New York, New York 10021, Richard Heller, 37 Bradley Road, Weston, Connecticut 06883, Suzanne Heller as Trustee of the 2002 Suzanne Heller Revocable Trust, 28 Chestnut Street, Vinalhaven, Maine 04863, Erica Newman, 196 Pinesbridge Road, Ossining, New York 10562 and Faith Willinger, Via Della Chiesa 7, 50125, Firenze, Italy. The interests formerly held by the Trustees of the Trust under the will of Frank Heller, deceased, are now held by Carol H. Corbin, 31 Hathaway Lane, White Plains, New York 10605 and Nancy R. Heller, c/o Peck & Heller, 805 Third Avenue, New York, New York 10022. The interests formerly held by Norman L. Peck are now held by Liliane Peck, Preliminary Executor, Estate of

Norman L. Peck, 805 Third Avenue, New York, New York 10022. The interests formerly held by the Trustees of the Trust under the will of Milton Peck, deceased, are now held by Robert P. Peck, c/o Peck Realty Co., 1526A Union Turnpike, New Hyde Park, New York 11040, Mary Ellen Rogers, 241 East 76th Street, #12E, New York, New York 10021 and Nancy R. Heller and Mary Ellen Rogers as Trustees of the Art. VII Trust u/w/o Milton Peck, 805 Third Avenue, New York, New York 10022. The interests formerly held by Stuart Robinowitz are now held by Maggie Partners, L.P., c/o Stuart Robinowitz, 6 Hillair Circle, White Plains, New York 10605. The interests formerly held by the Estate of Myron Orlofsky are now held by Patsy Orlofsky, Louis R. Taffera and Sam Orlofsky as Trustees of the Trust u/w/o Myron Orlofsky, P.O. Box 420, 96 Spring Street, South Salem, New York 10590. The interests formerly held by Blanche Orlofsky are now held by the Estate of Blanche Orlofsky, c/o Robert Orlofsky Realty, Inc. 7 Bryant Crescent, White Plains, New York 10605. The interests formerly held by the Estate of Blanche Orlofsky are now held by Sharyn Orlofsky, One City Place, White Plains, New York 10601.

Since the filing of the Sixteenth Amendment of the Offering Plan, the following are changes of addresses of Sponsor principals:

The address of Stuart Robinowitz has been changed to 6 Hillair Circle, White Plains, New York 10605, and the address of Lenroz Associates, L.P., has been changed to c/o Kramer, 80 Old Middletown Road, New City 10956.

All other information as to names and addresses of the principals of Sponsor remain the same as previously set forth in the Offering Plan and prior amendments thereto. Business and experience background of the principals of Sponsor are set forth on Exhibit F annexed. Neither the Sponsor nor any principal of Sponsor has been convicted of any felony, nor are there any prior convictions, injunctions or judgments against the sponsor and/or any principals of Sponsor that may be material to the Offering Plan, or an offering of securities generally, that have occurred within fifteen (15) years prior to the submission of this amendment for filing.

14. Change of Addresses for Sponsor and Sponsor's Attorney. The offices of Sponsor and of Sponsor's attorney, Peck & Heller, are now located at 805 Third Avenue, 9th floor, New York, New York 10022. Sponsor also maintains an office with the Selling Agent, Robert Orlofsky Realty, Inc., 7 Bryant Crescent, #1-C, White Plains, New York 10605

15. Tax Information and Projections. 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.

16. **No Other Material Changes in Plan.** There have been no material changes in the Plan, except as set forth in this Nineteenth Amendment. The Plan, as amended hereby, does not knowingly omit any material fact or knowingly contain any untrue statement of any material fact.

Dated: October 15, 2018

PONDFIELD ESTATES, LLC Sponsor

PondfieldPlanAm #19 final.docx



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

BARBARA D. UNDERWOOD
ATTORNEY GENERAL

(212) 416-8102

DIVISION OF ECONOMIC JUSTICE
REAL ESTATE FINANCE BUREAU

October 23, 2018

Pondfield Estates, LLC
c/o Peck & Heller Attorneys At Law
Attention: Nancy Heller, Esq.
805 Third Avenue
New York, NY 10022

RE: Tudor Arms

File Number: C 840117

Amendment No: 19

Date Amendment Filed: 10/15/2018

Filing Fee: \$225.00

Receipt Number: 147946

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 any waiver 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,

Michael Jerry

MICHAEL JERRY
Assistant Attorney General

EXHIBIT A

31 Pondfield Road West
Bronxville, New York
File No.: C84-0117

PONDFIELD ESTATES, LLC
Schedule of Unsold Shares

	<u>Apartment</u>		<u>Shares</u>
	41		515
	61		520
	42		370
	3		505
	23		510
	33		510
	63		520
	4		655
	25		665
	65		675
	46		520
	57		515
	68		670
	9		<u>505</u>
Total Units	13	Total Shares	6,980

Unsold Shares.wpd

EXHIBIT B

TUDOR ARMS OWNERS CORPORATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

TUDOR ARMS OWNERS CORPORATION

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TUDOR ARMS OWNERS CORPORATION
BALANCE SHEET
AS AT DECEMBER 31, 2017 AND 2016

	<u>ASSETS</u>	
	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 3,704	\$ 3,706
Reserve Funds:		
Money market funds	346,831	578,485
Corporate notes and CD's	<u>200,000</u>	<u>500,000</u>
Total Reserve Funds	546,831	1,078,485
Tenant/stockholder receivables	1,081	-0-
Prepaid expenses and other assets	30,977	28,901
Escrow - real estate taxes	12,549	25,370
Property and improvements, net of accumulated depreciation	3,380,547	2,965,202
Investment in NCB	7,182	7,182
Deferred mortgage costs, net	<u>89,132</u>	<u>100,274</u>
TOTAL ASSETS	<u>\$ 4,072,003</u>	<u>\$ 4,209,120</u>
<u>LIABILITIES AND TENANT SHAREHOLDERS' EQUITY</u>		
	<u>2017</u>	<u>2016</u>
LIABILITIES		
Mortgage payable	\$ 3,022,201	\$ 3,080,486
Accounts payable and accrued expenses	61,092	29,454
Security deposits payable	<u>13,254</u>	<u>13,762</u>
TOTAL LIABILITIES	<u>3,096,547</u>	<u>3,123,702</u>
STOCKHOLDERS' EQUITY		
Capital stock, par value \$1; 32,125 shares authorized, issued and outstanding	32,125	32,125
Additional paid-in capital	3,435,808	3,435,808
Accumulated deficit	(2,417,477)	(2,307,515)
Less treasury stock - 600 shares, at cost	<u>(75,000)</u>	<u>(75,000)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>975,456</u>	<u>1,085,418</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 4,072,003</u>	<u>\$ 4,209,120</u>

See Accompanying Notes to Financial Statements

TUDOR ARMS OWNERS CORPORATION

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>OPERATIONS</u>		
REVENUE:		
Maintenance assessments	\$ 605,865	\$ 605,865
Star credits	(37,316)	(36,399)
Parking	11,755	13,650
Interest and dividend income	1,846	6,185
Transfer fees	1,530	5,970
Laundry	7,800	7,800
Exercise room	2,200	1,700
Storage	1,502	1,814
Sundry	506	2,498
TOTAL INCOME	<u>595,688</u>	<u>609,083</u>
EXPENSES:		
Operating	117,315	125,805
Salaries, payroll taxes and benefits	87,205	85,888
Administrative	55,806	51,992
Repairs and maintenance	130,108	113,506
Real estate taxes	70,927	68,797
Interest	118,277	120,816
TOTAL EXPENSES	<u>579,638</u>	<u>566,804</u>
Excess of revenue over expenses before depreciation and amortization	16,050	42,279
Depreciation and amortization	<u>(126,012)</u>	<u>(116,386)</u>
Deficiency of revenue over expenses	\$ (109,962)	\$ (74,107)
<u>ACCUMULATED DEFICIT</u>		
Balance, beginning of year	<u>(2,307,515)</u>	<u>(2,233,408)</u>
Balance, end of year	<u>\$ (2,417,477)</u>	<u>\$ (2,307,515)</u>

See Accompanying Notes to Financial Statements

TUDOR ARMS OWNERS CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES:		
Deficiency of revenue over expenses	\$ (109,962)	\$ (74,107)
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities:		
Depreciation	114,871	105,245
Amortization	11,141	11,141
Changes in operating assets and liabilities:		
Tenant/stockholder receivables	(1,081)	916
Prepaid expenses and other assets	(2,076)	(2,421)
Escrow - real estate taxes	12,821	6,230
Accounts payable and accrued expenses	31,638	13,001
Tenant security payable	<u>(508)</u>	<u>2,154</u>
Net cash provided by operating activities	<u>56,844</u>	<u>62,159</u>
Investing activities:		
Reserve funds, net	531,654	8,127
Capital improvements	<u>(530,215)</u>	<u>(25,434)</u>
Net cash provided by (used in) investing activities	<u>1,439</u>	<u>(17,307)</u>
Financing activities:		
Mortgage principal payments	<u>(58,285)</u>	<u>(55,746)</u>
Net cash provided by financing activities	<u>\$ (58,285)</u>	<u>\$ (55,746)</u>
Net change in cash and cash equivalents	<u>(2)</u>	<u>(10,894)</u>
Cash and cash equivalents, beginning of year	<u>3,706</u>	<u>14,600</u>
Cash and cash equivalents, end of year	<u>\$ 3,704</u>	<u>\$ 3,706</u>
Supplemental disclosure of cash flow data:		
Interest paid	<u>\$ 118,277</u>	<u>\$ 120,816</u>
Income taxes paid	<u>\$ 812</u>	<u>\$ 1,055</u>

See Accompanying Notes to Financial Statements

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF THE ORGANIZATION

Tudor Arms Owners Corporation (the "Corporation") was incorporated on January 26, 1983 for the purpose of owning and operating the property located at 31 West Pondfield Road, Bronxville, New York. The Corporation qualifies as a co-op corporation under Section 216 of the Internal Revenue Code, and consists of fifty six (56) residential apartments).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosure. Accordingly, actual results could differ from those estimated.

Concentration of credit risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of temporary cash investments. Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three (3) months or less when acquired. The Corporation maintains its temporary cash investment with high credit quality financial institutions. At times, such investments did exceed Federally insured limits.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is provided on straight-line and accelerated methods at rates calculated to absorb the costs of assets by the end of their estimated useful lives.

Member Assessments

Tenant/stockholders are subject to monthly assessments to provide funds for the Corporation's mortgage servicing, operating expenses, future capital acquisitions and major repairs and replacements. Tenant/stockholder receivables represent maintenance fees due from the tenant/stockholder receivables represent maintenance fees due from the tenant/stockholders. The Corporation's policy is to retain legal counsel regarding delinquent stockholders. Any excess assessments at year end are retained by the Corporation for use in the succeeding year.

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Major repairs and replacements

The Corporation's governing documents do not require the accumulation of funds in advance of actual need to finance estimated future major repairs and replacements. Consistent with general practice in New York State, the Corporation has not promulgated a study to determine the remaining useful lives of the components of the building and estimates of the costs of major repairs and replacements that may be required. When funds are required for major repairs and replacements, the Corporation has the right to utilize available cash reserves, increase common charges, implement special assessments, or delay repairs and replacements until funds are available

Deferred mortgage costs

Deferred mortgage costs are amortized on the straight-line method by annual charges to operations over the term of the mortgage.

Reclassification

Certain reclassification have been made to the prior year information to conform to the current years presentation.

Income taxes

The Corporation generally is taxed only on nonmembership income, such as interest income and earnings from commercial operations. Earnings from tenant/stockholders, if any, may be excluded from taxation if certain elections are made. In addition, New York State also assesses a tax based on capital.

NOTE 3 - PROPERTY AND IMPROVEMENT

Property and improvements consist of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 1,284,000	\$ 1,284,000
Building	3,331,375	3,331,375
Building improvements	<u>1,743,956</u>	<u>1,213,740</u>
	6,359,331	5,829,115
Less accumulated depreciation	<u>(2,978,784)</u>	<u>(2,863,913)</u>
TOTALS	<u>\$ 3,380,547</u>	<u>\$ 2,965,202</u>

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - MORTGAGE PAYABLE

On August 26, 2015, the Corporation refinanced it's existing mortgage with the National Cooperative Bank ("NCB"). The new loan is in the amount of \$3,150,000, contains interest at the rate of 3.82%, for a ten (10) year term, amortizing on a thirty (30) year schedule. Costs incurred to obtain the loan will be amortized over the life of the loan.

Future minimum principal repayments approximate as follows:

2018	\$ 60,022
2019	62,355
2020	64,779
2021	67,298
2022	69,914

NOTE 5 - MANAGEMENT AGREEMENT

The Corporation is obligated under an annual agreement for the management of the property. Management fees amounted to \$ 36,000 for the years ended December 31, 2017 and 2016.

NOTE 6 - PENSION PLAN

The Corporation's union employees receive benefits, including health insurance and a pension plan, in accordance with their 32BJ contractual union agreement. The Corporation paid \$24,638 in 2017 and \$24,386 in 2016 for employee benefits. The purpose of this note is to describe the risks of the 32BJ union's contractually mandated multi-employer pension plan.

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits of employment to other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Corporation stops participating in its multi-employer pension plan, it may be required to pay the plan an amount based on the underfunded status of the entire plan.

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CONT'D

The Plan Protection Act ("PPA") ranks the funded status of multi-employer pension plans depending upon a plan's current and projected funding. The zone status is based on information that the Corporation received from the plan. Among other factors, the plan is in the Red Zone (Critical) if it has a current funded percentage less than 65%. A plan is in the Yellow Zone (Endangered) or Orange Zone (Seriously Endangered) if it has a current funded percentage of less than 80%, or projects a credit balance deficit within seven years. A plan is in the Green Zone (Healthy) if it has a current funded percentage greater than 80% and does not have a projected credit balance deficit within seven years.

The multi-employer plan that the Corporation participates in has a zone status of Red, for both 2017 and 2016. The multi-employer pension plan has a Rehabilitation Plan in place, which was updated by the plan's trustees on September 28, 2016.

NOTE 7 - LITIGATION

The Corporation has commenced a certiorari (real estate tax reduction) proceeding against the County of Westchester and City of Yonkers. No provision for legal fees has been made as they are to be paid on a contingency basis.

NOTE 8 - SUBSEQUENT EVENTS

In preparing the financial statements, of the Corporation has evaluated events and transactions for potential recognition or disclosure through the date of the accountants report, the date that the financial statements were available to be issued.

LAWRENCE S. HONIGMAN, P.C.

CERTIFIED PUBLIC ACCOUNTANT

500 EXECUTIVE BOULEVARD

SUITE 302

OSSINING, NEW YORK 10562

TEL. (914) 762-0230

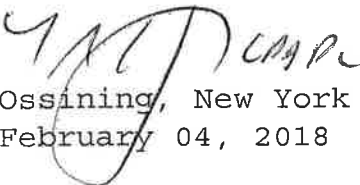
FAX (914) 762-3260

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
ON SUPPLEMENTARY INFORMATION

To the Board of Directors and Stockholders
Tudor Arms Owners Corporation

I have audited the financial statements of, Tudor Arms Owners Corporation as of and for the year ended December 31, 2017, and have issued my report thereon February 04, 2018 which contained an unmodified opinion on those financial statements. My audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenses is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

I have previously audited the Tudor Arms Owners Corporation, 2017 financial statements, and my report dated February 04, 2018, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.


Ossining, New York
February 04, 2018

TUDOR ARMS OWNERS CORPORATION

EXPENSES

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Operating expenses:		
Fuel oil and heating gas	\$ 40,349	\$ 43,773
Electricity and gas	16,986	16,869
Water and sewer	11,430	4,972
Water - prior years	-0-	13,417
Insurance	45,370	43,642
Telephone	3,180	3,132
Totals	<u>117,315</u>	<u>125,805</u>
Salaries, payroll taxes and benefits:		
Wages	59,025	58,290
Union, welfare and pension	24,638	24,386
Payroll taxes	3,542	3,212
Totals	<u>87,205</u>	<u>85,888</u>
Administrative expenses:		
Management fees	36,000	36,000
Accounting	5,500	4,900
Legal	3,450	-0-
Other	10,044	10,037
Taxes	812	1,055
Totals	<u>55,806</u>	<u>51,992</u>
Repairs and maintenance:		
Boiler	1,620	7,647
Building supplies	38,258	16,930
Elevator	9,397	12,847
Outside services	24,525	25,873
Plumbing, pumps and motors	5,740	12,869
Exterminating	2,784	7,706
Grounds	21,017	7,102
Floors	-0-	2,340
Doors, locks and glass	10,712	5,241
Electrical	-0-	2,900
Paint and plaster	9,876	5,950
Roof	1,032	-0-
Other	5,147	6,101
Totals	<u>130,108</u>	<u>113,506</u>
Real estate taxes	<u>70,927</u>	<u>68,797</u>
Interest expense	<u>118,277</u>	<u>120,816</u>
Totals	<u>\$ 579,638</u>	<u>\$ 566,804</u>

See Report of Independent Public Accountants on supplementary Information

**TUDOR ARMS OWNERS CORP.
2018 OPERATING BUDGET**

EXHIBIT C

PROJECTED INCOME

Maintenance Charges.....	\$ 624,040*
Exercise Room & Misc.....	3,800
Storage.....	1,750
Interest Income.....	1,000
Laundry.....	7,800
Parking.....	<u>13,200</u>
TOTAL INCOME	\$ 651,590

PROJECTED EXPENSES

Payroll, Benefits, Utility, Extra Help.....	79,483
Heating.....	60,000
Utilities (Electricity and Gas).....	25,000
Water Charges.....	15,000
General Repairs and Misc. Maintenance.....	37,000
Elevator Maintenance.....	7,500
Plumbing.....	11,000
Landscaping and Trees.....	10,000
Paint and Plaster.....	1,500
Supplies.....	16,000
Insurance.....	45,000
Management Fees.....	36,000
Legal Fees and Accounting.....	10,500
Administrative and Community Events.....	5,500
Franchise and Corporate Taxes.....	1,500
Real Estate Taxes.....	75,000
STAR Exemption.....	36,500
Mortgage Interest and Amortization.....	176,532
Contingency.....	<u>2,575</u>
TOTAL EXPENSES	\$ 651,590

*3% Increase in Maintenance charges effective January 1, 2018

CONSULT YOUR LAWYER BEFORE SIGNING THIS AGREEMENT
Contract of Sale - Cooperative Apartment

This Contract is made as of _____, 20____ between the "Seller" and the "Purchaser" identified below.

1 CERTAIN DEFINITIONS AND INFORMATION

1.1 The "Parties" are:

1.1.1 "Seller": **Pondfield Estates, LLC**

Prior names used by Seller:

Address: **c/o Robert Orlofsky Realty, Inc.
 7 Bryant Crescent, #1C
 White Plains, New York 10605**

S.S. No.:

1.1.2 "Purchaser":

Address:

S.S. No.:

1.2 The "Attorneys" are:

1.2.1 "Seller's Attorney"

Nancy R. Heller

Peck & Heller

Address: **805 Third Avenue**

New York, New York 10022

Telephone: **(212) 758-5230**

Fax: **(212) 758-5945**

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: **Robert Orlofsky Realty, Inc.**

Address: **7 Bryant Crescent, #1-C**

White Plains, New York 10605

Telephone: **(914) 328-6962**

Fax: **(914) 328-6993**

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

Company Name: **Robert Orlofsky Realty, Inc.**

1.6 The name of the cooperative housing corporation ("Corporation") is: **Tudor Arms Owners Corp.**

1.7 The "Unit" number is:

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

**31 Pondfield Road West
 Bronxville, New York 10708**

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.

1.15 The date scheduled for Closing is ("Scheduled Closing Date") at _____ **a.m., at** (See ¶¶ 9 and 10)

1.16 The "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)

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

1.18 The "Assessment", if any, payable to the Corporation, at the date of this Contract is \$ **None**, 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. **None**

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: **JPMorgan Chase**
Address: **360 Park Avenue, New York, NY 10010**

(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 unlicensed, 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: PONDFIELD ESTATES, LLC

PURCHASER:

By:

ESCROW TERMS AGREED TO: Laura B. March, Esq.

By: _____

ESCROWEE

RIDER ANNEXED TO CONTRACT

Dated:

Seller: PONDFIELD ESTATES, LLC

Purchaser:

Premises: 31 Pondfield Road West, Bronxville, New York
Unit No.:

Corporation: TUDOR ARMS OWNERS CORP., INC.

31. In the event of any inconsistency between the provisions of this Rider and those contained in the Contract to which this Rider is annexed, the provisions of this Rider shall govern and be binding.

32. In the event of any inconsistency between the provisions of this Contract and the terms of the Plan, the terms of the Plan shall govern and control.

33. Supplementing Paragraph 10.4.2, a letter from the Corporation or the Managing Agent as to the status of the maintenance, utility charges and assessments shall be sufficient for determining the apportionments.

34. The Contract Deposit shall be held by Laura B. March, Esq. ("Escrow Agent"), in accordance with the provisions set forth in the Nineteenth Amendment submitted to the Attorney General of the State of New York and is subject to the Escrow Rider annexed hereto as Exhibit A and made a part hereof. This Contract is conditioned upon, and shall not be deemed valid and binding until, execution and delivery of the annexed Escrow Rider by Seller, Purchaser and Escrow Agent.

35. Purchaser acknowledges having received and read the Plan to convert the Building to cooperative ownership, together with the Amendments thereto, at least three (3) full business days prior to signing this Contract. The Plan, including all documents set forth in Part II thereof and any amendments, is incorporated herein by reference and made a part hereof with the same force and effect as if set forth fully herein. Purchaser agrees that the sale of shares hereunder are subject to any additional amendments to the Plan filed after the date of this Contract.

36. Purchaser acknowledges having entered into this Contract without relying upon any promises, statements, estimates, representations, warranties, conditions or other inducements, expressed or implied, and/or written not set forth herein or in the Offering Plan, as amended.

37. The amount of the loan set forth in Paragraph 1.21.1 shall be the lesser of (i) the amount set forth in the printed form of this Contract, (ii) 80.0% per cent of the value of the Unit as appraised by Purchaser's Institutional Lender or (iii) the maximum financing permitted by the Corporation.

38. The use of the masculine gender shall be deemed to refer to the feminine

or neuter gender and the use of the singular shall be deemed to refer to the plural and vice versa, whenever the context so requires.

39. Purchaser represents to Seller and to the Corporation that Purchaser is not less than 18 years of age and is purchasing the Unit for his or her own account (beneficial and of record) and no corporation, partnership, association, estate or trust has or will have any equity interest, direct or indirect, in the Shares and Lease on the date of transfer to Purchaser other than any interest held by Purchaser's Institutional Lender, if any. Purchaser agrees to indemnify and hold harmless the Seller and the Corporation from all claims, judgments, liabilities, losses, damages, costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) that Seller and/or the Corporation may suffer or incur as a result of the breach, inaccuracy or untruthfulness of any of the foregoing representations. The provisions of this Paragraph shall inure to the benefit of both Seller and the Corporation and shall survive the closing.

40. Purchaser understands that the Corporation is not a party to this Contract or the sale contemplated hereby and that no representations, warranties or promises of any kind have been made to Purchaser by the Corporation. Purchaser agrees that no claim will be made against the Corporation by Purchaser in respect of, or arising out of, the purchase of the Shares and appurtenant Lease.

41. The acceptance of the Shares and the assumption of the Lease by the Purchaser shall be deemed to be a full performance and discharge of every agreement and obligation on the part of the Seller to be performed pursuant to the provisions of this Contract, except those expressly provided to survive the closing. Notwithstanding the foregoing, however, Sponsor and holders of Unsold Shares shall not be relieved from liability for representations made under the Offering Plan, and nothing contained herein shall be in derogation of the rights of Purchasers under Article 23-A of the General Business Law, the Plan, or 13 NYCRR Part 18.

42. [INTENTIONALLY DELETED]

43. The parties agree that the Unit is being sold in its present "as is" condition and that any work to be performed by Purchaser in the Unit is subject to the following terms and conditions in conformity with the rules and regulations of the Apartment Corporation:

(a) Purchaser must submit to the Corporation or its designated representative a copy of the plans for all work intended to be performed by Purchaser.

(b) Submission of plans must be accompanied by a completed Co-op Apartment Renovation and Remodeling Request, together with such security deposit as may be required by the Corporation.

(c) The work to be performed by Purchaser is subject to the approval of the Managing Agent and the Corporation.

(d) Purchaser shall have the right prior to closing, at reasonable times and upon reasonable notice, to enter the Unit to obtain estimates and prepare plans for the work to be performed by Purchaser, but not to do any work therein.

(e) Purchaser may not commence work in the Unit unless and until it has delivered to the Managing Agent a Certificate of Insurance from its general contractor which

names the Corporation and the Managing Agent and their employees as additional insured parties.

(f) Upon completion of any electrical work performed by Purchaser, Purchaser will deliver to the Managing Agent a New York Board of Fire Underwriters Certificate confirming that such electrical work has been completed in accordance with the National Electric Code.

(g) The provisions of this Paragraph shall survive the closing and shall also be for the benefit of the Corporation.

44. Purchaser represents and warrants that he/she has received, read and understands the House Rules of the Tudor Arms Owners Corp., including without limitation the express prohibitions against dogs and the requirement with respect to carpeting of Units and agrees to be bound by them. Purchaser further agrees to sign any documents requested by the Corporation to confirm Purchaser's agreement to comply with the foregoing rules. The representations set forth in this Paragraph 44 shall survive the closing and shall also be for the benefit of the Corporation and may be relied upon and enforced by it.

45. This contract is contingent upon a risk assessment or inspection of the property for the presence of lead-based paint and/or lead-based paint hazards at the Purchaser's expense until 9 p.m. on the tenth calendar-day after the date of this Contract. This contingency will terminate at the above predetermined deadline unless the Purchaser (or the Purchaser's agent) delivers to the Seller (or Seller's agent) a written contract addendum listing the specific existing deficiencies and corrections needed, together with a copy of the inspection and/or risk assessment report. The Seller may, at the Seller's option, within seven (7) days after Delivery of the addendum, elect in writing whether to correct the condition(s) prior to settlement. If the Seller will correct the condition, the Seller shall furnish the Purchaser with certification from a risk assessor or inspector demonstrating that the condition has been remedied before the date of settlement. If the Seller does not elect to make the repairs, or if the Seller makes a counter-offer, the Purchaser shall have seven (7) days to respond to the counter-offer or remove this contingency and take the property in "as is" condition or this contract shall become void. The Purchaser may remove this contingency at any time without cause.

46. On or before Closing, Seller and Purchaser agree to sign the Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards annexed as Exhibit B.

47. All payments due to Seller hereunder shall be made payable to Estates Supervision as agent for Seller.

48. Purchaser represents that, as of the date hereof s/he has, and as of the closing date will have, available cash and cash equivalents (including publicly traded securities) in a sum at least equal to (and having a then current value of) the Balance, together with any and all closing costs; and shall have, following the Closing, a positive net worth. Purchaser further represents that the Maintenance, and the monthly amount of the Assessment or fuel oil or other operating surcharge (if any) do not aggregate more than 25% of the current total gross monthly income of Purchaser. Purchaser further represents that the monthly debt service (interest and amortization of principal, if any) together with the Maintenance and the monthly Assessment amount (if any), do not aggregate more than 35% of said current total gross monthly income.

[Signatures on Following Page]

PONDFIELD ESTATES, LLC , Seller

By: _____
A Member

, Purchaser

1.3 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 this Agreement or otherwise concerning the maintenance of or release of the Deposit from escrow.

1.4 Neither ESCROW AGENT nor any authorized signatories on the Escrow Account are the Sponsor, Selling Agent (if any), Managing Agent (as those terms are defined in the Plan), or any principal thereof, or have any beneficial interest in any of the foregoing .

1.5 The Escrow Account is an IOLA account established pursuant to Judiciary Law Section 497.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All Deposits received from PURCHASER prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be placed into the Escrow Account. All instruments to be placed into the Escrow Account shall be made payable directly to the order of Laura B. March, as ESCROW AGENT, pursuant to the terms set forth in the Plan. Any instrument payable to, or endorsed other than as required hereby, and which cannot be deposited into such Escrow Account, shall be returned to PURCHASER promptly, but in no event more than five (5) business days following receipt of such instrument by ESCROW AGENT. In the event of such return of the Deposit, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

2.2 Within five (5) business days after the Purchase Agreement has been tendered to ESCROW AGENT along with the DEPOSIT, ESCROW AGENT shall 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. Such notice shall set forth the Bank and the account number. If the PURCHASER does not receive notice within fifteen (15) business days after tender of the Deposit, the PURCHASER may cancel the Purchase Agreement within ninety (90) days after tender of the Deposit. Complaints concerning the failure to honor such cancellation requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 28 Liberty Street, New York, New York 10005-1413. 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 the Deposit and requisite notice was timely mailed to the Purchaser.

2.3 Any Deposits made for upgrades, extras of other custom or special work shall initially be deposited into the Escrow Account and thereafter may be released in accordance with the terms of the Contract of Sale (if any)

3. RELEASE OF FUNDS

3.1 Under no circumstances shall SELLER seek or accept release of the Deposit of PURCHASER to SELLER until after consummation of the Plan, as evidenced by the acceptance of a post-closing amendment by the New York State Department of Law. The parties hereto acknowledge that the Plan was declared effective on March 15, 1982 and a post-closing amendment dated was accepted for filing by the New York State Department of Law. Consummation of the Plan shall not, however, relieve SELLER or ESCROW AGENT of any obligation to PURCHASER as set forth in GBL §§ 352-e(2-b) and 352-h.

3.2 ESCROW AGENT shall release the Deposit to PURCHASER or SELLER as directed:

3.2.1 pursuant to terms and conditions set forth in the Contract of Sale to which this Rider is annexed, upon closing of title to the shares;

3.2.2 in a subsequent writing signed by both SELLER and PURCHASER; or

3.2.3 by a final, non-appealable order or judgment of a court

whichever is applicable.

3.3 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 (the "Requesting Party") to release the Deposit, then the Escrow Agent must give both the Purchaser and Sponsor prior written notice ("30-Day Release Notice") of not fewer than thirty (30) days before releasing the Deposit. If the Requesting Party is SELLER and is based on a purchaser's default, SELLER must give such purchaser written notice of the default and a thirty (30)-day period to cure such default. Such thirty (30)-day cure period shall run concurrently with the 30-Day Notice. If the Escrow Agent has not received notice from the non-Requesting Party objecting to the release of the Deposit prior to the expiration of the thirty (30)-day period, the Deposit shall be released to the Requesting Party, 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 the Deposit.

If the Escrow Agent is uncertain as to Escrow Agent's duties or doubts the genuineness of any document or signature, Escrow Agent also may refrain from taking any action and continue to hold the Deposit until the uncertainty or

genuineness is resolved. Escrow Agent may represent SELLER in any lawsuit, whether or not related to the Contract of Sale and irrespective of Escrow Agent being in possession of the Deposit.

3.4 SELLER 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.

3.5 Any provision in this Escrow Rider 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 Contract of Sale, Plan or any Amendment thereto.

4. RECORDKEEPING.

4.1 ESCROW AGENT shall maintain all records concerning the Escrow Account for seven years after release of the Deposit.

4.2 Upon the dissolution of the law firm which was ESCROW AGENT, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm or by the successor firm and shall notify the New York State Department of Law of such transfer.

4.3 ESCROW AGENT shall make available to the Attorney General, upon request, all books and records of ESCROW AGENT relating to the funds deposited and disbursed hereunder.

5. GENERAL OBLIGATIONS OF ESCROW AGENT.

5.1 ESCROW AGENT shall maintain the Escrow Account under its direct supervision and control.

5.2 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.

5.3 ESCROW AGENT may rely upon any paper or document which may be submitted to it in connection with its duties under this 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.

6. RESPONSIBILITIES OF SELLER.

6.1 SELLER 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.

6.2 [Intentionally deleted.]

7. TERMINATION OF AGREEMENT.

7.1 This Agreement shall remain in effect unless and until it is canceled by either:

7.1.1 Written notice given by SELLER to ESCROW AGENT of cancellation of designation of ESCROW AGENT to act in said capacity, which cancellation shall take effect only upon the filing of an amendment to the Plan with the Department of Law providing for a successor escrow agent that meets the requirements set forth in applicable regulations of the New York State Department of Law. PURCHASER shall be deemed to have consented to such cancellation;

7.1.2 The resignation of ESCROW AGENT, which shall not take effect until ESCROW AGENT is replaced by a successor escrow agent that meets the requirements set forth in applicable regulations of the New York State Department of Law, and notice is given to PURCHASER of the identity of the successor escrow agent, the Bank in the State of New York where the Deposit is being held, and the account number therefor.

7.2 Upon termination of the duties of ESCROW AGENT as described in paragraph 7.1.1 or 7.1.2 above, ESCROW AGENT shall deliver the Deposit held by ESCROW AGENT and the Purchase Agreement and any other documents maintained by ESCROW AGENT relating to the Deposit to the successor escrow agent.

8. SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon SELLER, PURCHASER, and ESCROW AGENT and their respective successors and assigns.

9. GOVERNING LAW.

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

10. ESCROW AGENT'S COMPENSATION.

Prior to release of the Deposit, ESCROW AGENT'S fees and disbursements shall neither be paid by SELLER from the Deposit nor deducted from the Deposit by any financial institution under any circumstance.

11. SEVERABILITY.

If any provision of this Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

12. INDEMNIFICATION.

SELLER 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 this Agreement or the performance or non-performance of ESCROW AGENT'S duties under this Agreement, except with respect to actions or omissions taken or suffered by ESCROW AGENT in bad faith or in willful disregard of this 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.

13. ENTIRE AGREEMENT.

This Agreement, read together with GBL §§ 352-e(2-b) and 352-hand the New York State Department of Law's regulations, constitutes the entire agreement between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first written above.

ESCROW AGENT:

Laura B. March

SELLER:

PONDFIELD ESTATES, LLC

By: _____

Name:

Title: Member

, Purchaser

DISCLOSURE OF INFORMATION ON LEAD-BASED PAINT AND LEAD-BASED PAINT HAZARDS

Lead Warning Statement

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller's Disclosure (initial)

(a) Presence of lead-based paint and/or lead-based paint hazards (check one below):
[] Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

[x] Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the seller (check one below):
[] Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below)

[x] Given the age of the housing, it is possible that lead-based paint was used over the years; however Seller has not tested the unit to determine whether lead paint exists and Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing;

Purchaser's Acknowledgment (initial)

(c) Purchaser has received copies of all information listed above.
(d) Purchaser has received the pamphlet Protect Your Family from Lead in Your Home.
(e) Purchaser has (check one below):
[] Received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or
[] Waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

Agent's Acknowledgment (initial)

(f) Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852(d) and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy The following parties have reviewed the information above and certify, to the best of their knowledge, that the information provided by the signatory is true and accurate.

Seller: Pondfield Estates, LLC
By:

Purchaser
Purchaser

Agent:

AS REVISED THROUGH JUNE 25, 2013

TUDOR ARMS OWNERS CORP.

HOUSE RULES

**A VIOLATION OF HOUSE RULES NO. 13, 17, 22, 25, 26, 27, 28
AND 29 SHALL BE DEEMED TO BE A VIOLATION OF A SUBSTANTIAL
OBLIGATION OF THE TENANCY OF THE LESSEE.**

- (1) The public halls and stairways of the buildings shall not be obstructed or used for any purpose other than ingress to and egress from the apartments in the buildings.
- (2) Children shall not play in public areas unless accompanied by a responsible adult.
- (3) No public hall of a building shall be decorated or furnished by any Lessee.
- (4) No Lessee shall make or permit any disturbing noises in a building or do or permit anything to be done therein which will interfere with the rights, comfort or convenience of other Lessees. No Lessee shall play any musical instrument or permit to be operated a phonograph or a radio or television loud speaker in such Lessee's apartment between the hours of eleven o'clock p.m. and the following eight o'clock a.m. if the same shall disturb or annoy other occupants of the building. No construction or repair work or other installation involving noise shall be conducted in any apartment except on weekdays (not including legal holidays) and only between the hours of 8:30 a.m. and 5:00 p.m.
- (5) No article shall be placed in the halls or on the staircase landings, nor shall anything be hung or shaken from the doors, or windows, or placed upon the window sills of the buildings.
- (6) No awnings, window shades, window blinds, window air-conditioning units or ventilators shall be used in or about a building except such as shall have been expressly approved by the Lessor or the managing agent, nor shall anything be projected out of any window of the building without similar approval.
- (7) No sign, notice, advertisement or illumination shall be inscribed or exposed on or at any window or other part of a building, except such as shall have been approved in writing by the Lessor or the managing agent.
- (8) No baby carriages, shopping carts, bicycles or other like paraphernalia shall be allowed in or be permitted to remain in the halls passageways, areas or courts of

the buildings. No garbage can, kitchen supplies, or other articles shall be placed or left in the halls or landings.

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

(10) Garbage and refuse from the apartments shall be disposed of only at such times and in such manner as the superintendent or the managing agent may direct.

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

(12) No Lessee shall send any employee of the Lessor out of the building on any private business of a Lessee. No employee, as such, shall accept, receive, hold or become bailee for any property belonging to, delivered to, or for any Lessee. If, however, such person shall nevertheless do so, he shall do so, as the agent, servant or employee of the Lessee and no responsibility shall be assumed by the Lessor.

(13) No dog, cat, bird or animal shall be kept or harbored at the premises, excepting only those particular animals which were harbored at the premises prior to August 1, 1985. No pigeons or other birds or animals shall be fed from the window sills, terraces, and balconies or in the yard, court spaces or other public portions of a building, or on the sidewalk or street adjacent to a building. One indoor cat is permitted with Board of Directors written consent.

(14) No radio or television aerial shall be attached to or hung from the roof or exterior walls of a building.

(15) The lessee shall use the available laundry facilities only upon such days and during such hours as may be designated by the Lessor or the managing agent.

(16) The Lessee shall have the right from time to time to curtail or relocate any space devoted to storage or laundry purposes.

(17) The Lessee shall keep 80% of all floors covered with carpeting and appropriate padding, or other equally effective noise reducing material, except in kitchen, closets and bathroom.

(18) The Lessee shall keep the windows of the apartment clean. In case of refusal or neglect of the Lessee during 10 days after notice in writing from the Lessor or the managing agent to clean the windows, such cleaning may be done by the Lessor, which shall have the right, by its officers or authorized agents, to enter the apartment for such purpose and to charge the cost of such cleaning to the Lessee.

(19) Complaints regarding the services of the building shall be made in writing to the managing agent of the Lessor.

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

(21) The agent of the Lessor, and any contractor or workman authorized by the Lessor, may enter any apartment at any reasonable hour of the day for the purpose of inspecting such apartment to ascertain whether measures are necessary or desirable to control or exterminate any vermin, insects or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pests.

(22) No washing machines or other heavy appliances shall be installed in the demised premises, nor shall the Lessee use any appliances or machine therein, which in the sole opinion of the Lessor, shall overburden the electric, gas or plumbing lines of the apartment or building.

(23) The playgrounds, if any, are provided for the exclusive use of the lessees, and playpens, bicycles or any outdoor activities will not be permitted upon the landscaped portions of the Lessor's premises.

(24) Alteration or replacement of the main entrance door lock or the installation of knockers or other attachment upon any door is forbidden. The Lessor has retained a pass key to the premises. In the event the written consent of the Lessor is obtained to install a supplemental entrance door lock, the Lessee shall provide the Lessor with an additional key for the use of the Lessor pursuant to the Lessor's right of access to the demised premises.

(25) (a) Shareholders shall not be permitted to either sublease or assign their garage parking spaces.

(b) Upon the sale of any apartment (sale of shares and assignment of Proprietary Lease), the garage parking space which had been utilized by the selling shareholder shall revert back to the Lessor for reassignment. Any garage parking space which otherwise becomes available and vacant will similarly revert to the Lessor for reassignment. Notwithstanding, if a shareholder is given approval to sublet they shall remain on the parking waiting list but will not be able to be assigned a parking space that becomes available during the time their apartment is being sublet.

(c) If the shareholder of record passes away, the individual that inherits the apartment may retain the parking space for their use or the position on the parking waiting list. If the beneficiary has not been living in the apartment, then they shall not be entitled to retain the space.

(d) No person shall be permitted to rent a second garage parking space if there are Shareholders on the waiting list that does not have a first garage parking space.

(e) The Lessor's managing agent will maintain a Shareholder parking waiting list for all garage parking space assignments.

(f) In the event that (a) a shareholder has failed to pay maintenance (rent) to Lessor for two (2) consecutive months or, (b) a shareholder has demonstrated a consistent failure to pay maintenance in a timely manner within the previous twelve (12) month period, then, in either such event, the Board of Directors may terminate the shareholder's use of his/her garage parking space. Upon such termination, the garage parking space shall be reassigned by Lessor in accordance with the parking waiting list.

(26) Maintenance is due on the first day of the month. In the event Lessee shall fail to pay rent (maintenance) by the tenth day of the month due, the Lessor, in addition to all other remedies provided by the Proprietary Lease, shall impose a late charge of \$25.00.

(27) Move in-Move out security program: The lessor has established a move in-move out security program designed to ensure that the public hallways are not damaged by residents moving into or out of the premises and that residents moving into the premises install carpeting as required by House Rule 17. Any shareholder who intends to sell his/her apartment must file a completed Purchase Application Form with the office of the managing agent. Along with the Purchase Application Form, the shareholder must submit a check from the shareholder (seller) in the sum of \$750.00, together with a check from the prospective purchaser, also in the sum of \$750.00, both of which checks are to be payable to the order of Lessor (Tudor Arms Owners Corp.). The checks will be deposited into the Lessor's account. After the shareholder moves from the premises, the superintendent will make an inspection and complete a Security Inspection Report. If there is no damage to the public areas, the security deposit will be refunded to the seller. The same procedure will be followed when the purchaser moves into the premises. If (a) there is no damage to the public areas, (b) the purchaser installs carpeting in compliance with House Rule 17 within three months of purchasing and/or taking occupancy of the apartment, whichever is later, and (c) the purchaser provides Lessor with duplicate keys to the apartment as required by Proprietary Lease paragraph 25 and House Rule 24 within three (3) months of purchasing and/or taking occupancy of the apartment, whichever is later, the security deposit will be refunded to the purchaser. The security deposit will be forfeited and shall become the property of Tudor Arms Owners Corp. if carpeting in compliance with House Rule 17 is not installed within three months of purchasing and/or taking occupancy of the apartment, whichever is later, or if the purchaser fails to provide Lessor with duplicate keys to the apartment within three (3) months of purchasing and/or taking occupancy of the apartment, whichever is later.

(28) Apartment alteration, renovation and remodeling: Any Lessee who desires to alter, renovate, or remodel his/her apartment, must complete a Remodeling Request Form, and submit it to the managing agent along with a security deposit in the sum of \$750.00. (The Remodeling Request Form is available from the office of the managing agent.) The Lessee may proceed with the requested work obtaining the written consent of the Lessor (see Proprietary Lease, paragraph 21(a). The security deposit will be utilized by the Lessor to repair any damage caused to the public areas or to the building's standard equipment or to other property of the Lessor. In addition, the Lessee shall forfeit the security deposit if there is any violation of the provisions of this House Rule, the requirements, terms and conditions set forth in the Remodeling Request Form, or other requirements or conditions specified by Lessor. Upon the completion of the work, and provided there was no such damage or violation, the security deposit will be refunded to the Lessee.

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