

THIS PLAN HAS BEEN AMENDED. SEE INSIDE COVER.

**OFFERING STATEMENT
A PLAN TO CONVERT TO COOPERATIVE OWNERSHIP**

Premises

**27 NORTH CENTRAL AVENUE
Hartsdale, New York**

Maximum Total Cash Amount of Offering (33,137 Shares) (74 Apartments).....	\$3,645,070
Mortgage Indebtedness	\$ 900,000
Total Offering	\$4,545,070
*Less Reserve Fund to be Retained by Apartment Corporation.....	\$ 15,000
Net Offering.....	\$4,530,070

Name and Address of Apartment Corporation whose Shares are Offered:

**HARTSDALE GARDENS OWNERS CORP.
7 BRYANT CRESCENT, SUITE 1C
WHITE PLAINS, NEW YORK 10605-2603**

Name and Address of Sponsor:

**DALE ESTATES
c/o PECK AND HELLER
545 MADISON AVENUE, 11TH FLOOR
NEW YORK, NEW YORK 10022**

Name and Address of Selling Agent:

**ROBERT ORLOFSKY REALTY, INC.
7 BRYANT CRESCENT, SUITE 1C
WHITE PLAINS NEW YORK 10605**

The approximate date of the first offering under this Plan is March 15, 1982.

THE PRICES AND TERMS OF SALE MAY BE CHANGED SO THAT PURCHASERS MAY PAY DIFFERENT PRICES FOR SIMILAR APARTMENTS. SEE SECTION A OF THIS PLAN.

THIS IS A NON-EVICTION PLAN IN CONNECTION WITH WHICH THE SPONSOR HAS ELECTED TO PRESENT THIS PLAN WITHOUT COMPLYING WITH THE REQUIREMENTS OF SECTION 55(3) OF THE RENT AND EVICTION REGULATIONS AND SECTIONS 35(3)(h) AND 54 OF THE TENANT PROTECTION REGULATIONS, BOTH PROMULGATED BY THE NEW YORK STATE DIVISION OF HOUSING AND COMMUNITY RENEWAL, AND SECTION 352(eee) OF THE NEW YORK GENERAL BUSINESS LAW, TO THE EXTENT THAT SUCH PROVISIONS RELATE TO CONVERSION OF RENTAL BUILDINGS TO COOPERATIVE OWNERSHIP PURSUANT TO AN EVICTION PLAN. ACCORDINGLY, UNDER EXISTING LAW, A TENANT IN OCCUPANCY OF AN APARTMENT SUBJECT TO SAID REGULATIONS OR LAW ON THE DATE OF PRESENTATION OF THIS PLAN WILL HAVE THE RIGHT TO CONTINUE TO OCCUPY HIS APARTMENT EVEN IF THE SHARES ALLOCATED TO HIS APARTMENT ARE SOLD TO A THIRD PARTY, AS LONG AS THE TENANT IN OCCUPANCY IS NOT IN DEFAULT OF HIS OBLIGATIONS UNDER HIS LEASE OR TENANCY. PRESENT TENANTS IN OCCUPANCY ARE UNDER NO OBLIGATION TO PURCHASE SHARES ALLOCATED TO THEIR APARTMENTS.

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

*** Subject to reduction by net closing adjustments, but in no event shall the Reserve Fund after adjustments be less than \$7,500. See Part I, Section S of this Plan.**

TWENTY-SEVENTH AMENDMENT TO OFFERING PLAN
for
27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Twenty-Seventh Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located 1 at 27-47 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by the filing of twenty-six 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 Twenty-Seventh 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) The following is a list of the outstanding unsold shares of the Apartment Corporation and the units to which such unsold shares are allocated. All unsold shares are held by Dale Estates ("Sponsor").

<u>Apartment</u>	<u>Shares</u>
3-A	566
2-B	463
4-C	359
6-C	365
1-D	455
5-D	467
6-D	470
4-E	469
6-E	475
1-G	350
2-G	461
3-G	464
4-H	469
5-H	472
3-I	461
3-J	356
5-J	362
2-K	463
3-K	466
4-L	569

Total		Total	
Units	20	Shares	8,982

(b) The aggregate monthly maintenance payments for all shares owned by the sponsor or holders of unsold shares is \$21,045.33.

(c) The aggregate monthly rents received from tenants of all units owned by the sponsor or holders of unsold shares is \$28,802.38.

(d) The sponsor or holders of unsold shares have 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 financing arrangements.

(f) The maintenance payments due from sponsor or holders of unsold shares are funded by the monthly rents received from tenants of units owned by sponsor or holders of unsold shares or if insufficient, from sales of units or other assets of Sponsor or holders of unsold shares or by capital calls on each of the holders of Unsold Shares to cover any shortfalls between rental income received and maintenance owed to the Corporation, or other costs associated with the units owned by the holders of Unsold Shares.

(g) The sponsor and holders of unsold shares are current on all financial obligations under the Plan. Sponsor and holders of unsold shares were 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 (10%) per cent of the shares of the following buildings which have been converted to cooperative or condominium ownership:

31 Pondfield Road, Bronxville, New York
File No. C84-0117
445 Gramatan Avenue, Mount Vernon, New York -
File No. C87-0246
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 May 18, 1988. As of October 1, 2018, the total of unsold shares held by the Sponsor aggregates 27.4% of the outstanding shares of the Corporation.

3. **Maintenance.** By resolution of the Board of Directors of the Corporation adopted at a meeting duly held November 8, 2017, after reviewing a projected budget of building operations for the calendar year 2018, the per share monthly maintenance was fixed at \$2.24 representing a 7% increase above the prior year.

4. **Election of Officers and Directors.** At the annual meeting of the shareholders of the Corporation, followed by a meeting of the Directors, both duly held on December 5, 2017, the following were elected as Directors and Officers of the Corporation:

Arnold Bell	President and Director
Girolamo Rosi	Vice-President and Director
Jeremy Ingpen,	Treasurer and Director
Judith Hoffman	Secretary and Director
*Robert Orlofsky	Vice-President
*Nancy Heller	Director

*Sponsor designee

5. **Financial Statements.** The financial statements for Hartsdale Gardens Owners Corp. Inc. for the years ended December 31, 2016 and December 31, 2017, prepared by Bloom and Streit, LLP, Certified Public Accountants, are attached hereto as Exhibit A.

6. **Budget.** Attached hereto as Exhibit B is the budget for the fiscal year ending December 31, 2018 prepared by the Apartment Corporation's accountant and adopted by the Board of Directors. This budget is contained herein for informational purposes only, and the sponsor, principals of sponsor or holders of unsold shares do not in any way adopt such budget as their own or make any representation as to the adequacy, accuracy or completeness of same or any item shown therein and none should be implied. Robert Orlofsky as agent for the sponsor, principals of sponsor and holders of unsold shares has reviewed the budget and has no knowledge of any matter which would render the budget materially incorrect; however, Robert Orlofsky as such agent has not prepared the budget and has not independently verified the information or estimates contained therein.

7. **Mortgage Refinancing.** On November 30, 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 \$3,750,000. The new mortgage bears interest at the fixed rate of 3.84% per annum, with amortization based on a thirty-year schedule. Interest for November 1, 2015 in the amount of \$400.00 was paid at closing. Monthly payments of interest and principal over the ten-year term of the loan commencing January 1, 2016 through December 1, 2025 are \$17,558.90. In addition, the Corporation is required to pay monthly installments for real estate taxes, but there is no escrow for insurance premiums. Pre-payment penalties on the prior first mortgage in the amount of \$43,562.92 and the prior third mortgage in the amount of \$4,000.00 were paid at closing. The balance due at maturity will be approximately \$2,946,450. 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. **Capital Projects.** In 2010, the Corporation completed major renovations to convert premises previously leased as a dentist office for residential occupancy. In 2013, the Corporation completed a major capital project to convert its heating system from oil to dual fuel which will now also burn natural gas. It replaced the entry courtyard in 2016.

9. **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.

10. **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. The revised Contract of Sale referenced in Paragraph 9 of the Twenty-Fifth Amendment to the Plan dated September 16, 2004 and annexed as an exhibit to said Amendment, is hereby replaced with the further revised Contract of Sale (the "Contract of Sale") attached hereto as Exhibit C to which an Escrow Rider is annexed as Exhibit A (the "Escrow Rider"). The Escrow Rider hereby replaces the Escrow Agreement, as set forth as an exhibit to the Sixteenth 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.

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

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

13. **Changes in Principals of Sponsor.** The following are the changes in interests and/or addresses of the principals of Sponsor:

The interests formerly held by Jacob Heller 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 Michael Heller are now held by Nancy R. Heller as Trustee of the Trust u/w/o Michael Heller, 805 Third Avenue, New York, New York 10022 and Harriette Heller, 126 Valley Forge Road, Weston, Connecticut 06883. The interests formerly held by Frank Heller 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 Milton Peck, 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 of Stuart Robinowitz are now held by Maggie Partners, L.P., c/o Stuart Robinowitz, 6 Hillair Circle, White Plains, New York 10605. The interests of the Estate of Seymour Orlofsky are now held by the Estate of Blanche Orlofsky, c/o Robert Orlofsky Realty, Inc., 7 Bryant Crescent, White Plains, New York 10605, Robert Orlofsky, c/o Robert Orlofsky Realty, Inc., 7 Bryant Crescent, White Plains, New York 10605, and Sharyn Orlofsky, One City Place, White Plains, New York 10601. The interests of 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 of W.S.P. Co. are now held by Lenroz Associates c/o Kramer, 80 Old Middletown Road, New City 10956. The address of Roberta S. Sommers has been changed to 1120 Park Avenue, New York, New York 10128.

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 E 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. **Price Changes.** The price for blocks of shares allocated to apartments is generally increased as follows:

<u>Apartment Line</u>	<u>Total Price Per Unit</u>
C/J/F	\$180,000.00
B/D/E/G/H/I/K	\$275,000.00
A/L	\$425,000.00

The increase in the amount of the total offering price as a result of the foregoing is \$1,130,000.00. The foregoing asking prices are negotiable and subject to change in accordance with the Plan. The asking price does not include a purchaser's closing costs.

16. **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.

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

Dated: , 2018

DALE ESTATES, LLC
Sponsor and Holder of Unsold Shares

EXHIBIT A

HARTSDALE GARDENS OWNERS CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

HARTSDALE GARDENS OWNERS CORP.

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DECEMBER 31, 2017 AND 2016

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BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITORS' REPORT

**To the Board
HARTSDALE GARDENS OWNERS CORP.**

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Emphasis of Matter

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

Bloom and Streit LLP

BLOOM AND STREIT LLP
Certified Public Accountants
July 3, 2018



HARTSDALE GARDENS OWNERS CORP.

Balance Sheets

As of December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash in Operating Account	4,911	19,086
Cash in Bank - Money Market Accounts	254,731	253,832
Cash in Bank - Investment Account	52,970	86,725
Investments - Certificates of Deposit	250,000	400,000
Tenants' Accounts Receivable	5,045	4,572
Mortgage Escrow Deposits	121,764	125,835
Prepaid Expenses	12,898	13,541
Total	702,319	903,591
Less: Allocated to Funds (see below)	(554,773)	(738,000)
Total Current Assets	<u>147,546</u>	<u>165,591</u>
FUNDS		
Contingency Reserve:		
Reserve for Replacements (see above)	<u>554,773</u>	<u>738,000</u>
PROPERTY AND EQUIPMENT -		
Net Book Value	<u>2,086,283</u>	<u>2,168,057</u>
OTHER ASSETS		
Investment in National Cooperative Bank	<u>13,527</u>	<u>18,304</u>
Total Other Assets	<u>13,527</u>	<u>18,304</u>
TOTAL ASSETS	<u>2,802,129</u>	<u>3,089,952</u>

	<u>2017</u>	<u>2016</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)		
CURRENT LIABILITIES		
Accounts Payable	32,379	30,510
Accrued Interest	11,957	12,184
Star Credit Due to Stockholders	22,479	20,839
Rents Received in Advance	8,596	1,792
Exchanges Payable	1,495	0
Security Deposits	14,721	13,071
Mortgage Payable - Amortization payments due within one year	<u>71,188</u>	<u>68,474</u>
Total Current Liabilities	<u>162,815</u>	<u>146,870</u>
LONG-TERM LIABILITIES		
First Mortgage Payable - Net of Payments due within one year	3,544,870	3,616,058
Less: Unamortized Debt Issuance Costs	<u>(57,436)</u>	<u>(64,691)</u>
Total Long-Term Liabilities	<u>3,487,434</u>	<u>3,551,367</u>
STOCKHOLDERS' EQUITY (DEFICIENCY)		
Common Stock \$1.00 par value; 33,137 shares authorized; issued and outstanding, 32,772 and 33,137 shares, respectively	33,137	33,137
Paid-in Capital	3,637,095	3,637,095
Retained Earnings (Deficit)	<u>(4,358,779)</u>	<u>(4,278,517)</u>
Total	<u>(688,547)</u>	<u>(608,285)</u>
Less: Treasury Stock, 365 shares and -0- shares, respectively	<u>(159,573)</u>	<u>0</u>
Total Stockholders' Equity (Deficiency)	<u>(848,120)</u>	<u>(608,285)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)	<u>2,802,129</u>	<u>3,089,952</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Loss

For the Year Ended December 31,

	<u>2017</u>	<u>2016</u>
INCOME		
Carrying Charges - Net Uncollectable Charges	825,455	808,032
Parking Income	60,390	59,950
Rental Income	61,325	52,825
Laundry Room Income	11,100	17,273
Storage Income	4,938	6,008
Interest/Dividend Income	8,066	5,116
Real Estate Tax Abatements	0	23,974
Miscellaneous Income	383	1,978
Total Income	<u>971,657</u>	<u>975,156</u>
EXPENSES		
Administrative Expenses	51,903	71,967
Maintenance Expenses	243,356	226,409
Utilities Expenses	127,194	115,656
Taxes and Insurance Expenses	398,431	342,362
Financial Expenses	142,006	145,022
Interest Expense - Debt Issuance Costs	7,255	7,255
Total Expenses Before Depreciation	<u>970,145</u>	<u>908,671</u>
NET INCOME BEFORE DEPRECIATION	1,512	66,485
Depreciation	<u>(81,774)</u>	<u>(78,147)</u>
NET LOSS FOR THE YEAR	<u><u>(80,262)</u></u>	<u><u>(11,662)</u></u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Retained Earnings (Deficit)

For the Year Ended December 31,

	<u>2017</u>	<u>2016</u>
RETAINED EARNINGS (DEFICIT) - Beginning of Year	(4,278,517)	(4,266,855)
 Net Loss for the Year	<u>(80,262)</u>	<u>(11,662)</u>
 RETAINED EARNINGS (DEFICIT) - End of Year	<u>(4,358,779)</u>	<u>(4,278,517)</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Cash Flows

For the Year Ended December 31,

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Net Loss	(80,262)	(11,662)
Adjustments to reconcile net loss to net cash (used) provided by operating activities:		
Depreciation	81,774	78,147
Interest - Debt Issuance Costs	7,255	7,255
Revenue allocated to financing activities	(68,474)	(65,468)
Decrease (Increase) in operating assets:		
Tenants' Accounts Receivable	(473)	(14)
Mortgage Escrow Deposits	4,071	(17,745)
Prepaid Expenses	643	52,458
Increase (Decrease) in operating liabilities:		
Accounts Payable	1,869	16,557
Accrued Interest	(227)	(216)
Star Credit Due to Stockholders	1,640	(56,750)
Rents Received in Advance	6,804	1,499
Exchanges Payable	1,495	0
Security Deposits	1,650	(825)
Net cash (used) provided by operating activities	<u>(42,235)</u>	<u>3,236</u>
Cash Flows From Investing Activities		
Redemption of NCB Stock	4,777	0
Purchase of Investments - Certificates of Deposit	(250,000)	(650,000)
Maturities of Investments - Certificates of Deposit	400,000	750,000
Purchase of Property and Equipment	0	(132,391)
Net cash provided (used) by investing activities	<u>154,777</u>	<u>(32,391)</u>
Cash Flows From Financing Activities		
Purchase of Treasury Stock	(159,573)	0
Portion of Carrying Charges applied to Amortization of Mortgage	68,474	65,468
Amortization Payments on Mortgage	(68,474)	(65,468)
Net cash used by financing activities	<u>(159,573)</u>	<u>0</u>
Decrease in Cash and Cash Equivalents (carryforward)	(47,031)	(29,155)

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Cash Flows

For the Year Ended December 31,

	<u>2017</u>	<u>2016</u>
Decrease in Cash and Cash Equivalents (brought forward)	(47,031)	(29,155)
Cash and Cash Equivalents at Beginning of Year	<u>359,643</u>	<u>388,798</u>
Cash and Cash Equivalents at End of Year (see below)	<u>312,612</u>	<u>359,643</u>
Represented by:		
Cash in Operating Account	4,911	19,086
Cash in Bank - Money Market Accounts	254,731	253,832
Cash in Bank - Investment Account	<u>52,970</u>	<u>86,725</u>
Cash and Cash Equivalents (as above)	<u>312,612</u>	<u>359,643</u>
Supplemental Disclosure:		
Interest Paid	<u>142,233</u>	<u>145,238</u>
Taxes Paid	<u>2,200</u>	<u>2,418</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2017 and 2016

Note 1

Organization

Hartsdale Gardens Owners Corp., a Cooperative Housing Corporation, was incorporated in the State of New York in February 1981. The cooperative owns and operates an apartment building located at 27 North Central Avenue, Hartsdale, New York, consisting of 73 residential units. The primary purpose of the cooperative is to manage the operations of the building and maintain the common elements.

Note 2

Summary of Significant Accounting Policies

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

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

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

Tenant-stockholders are subject to monthly charges to provide funds for the cooperative's operating expenses, future capital acquisitions, and major repairs and replacements. Tenants' Accounts Receivable at the balance sheets date represent various fees due from tenant-stockholders. The cooperative's policy is to retain legal counsel and place liens on the shares of stock of tenant-stockholders whose assessments are delinquent. Any excess charges at year end are retained by the cooperative for use in the succeeding year.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2017 and 2016

Note 2

Summary of Significant Accounting Policies - continued

Property and equipment is being carried at cost. Depreciation of the building is being computed by the straight line method over an estimated useful life of 30 years. Building improvements and equipment are depreciated on the straight line method over estimated lives that range from 15 to 27.5 years.

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

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

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

Note 3

Concentration of Credit Risk

The cooperative maintains various bank and money market accounts that at times may exceed insured credit limits. The cooperative has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to such balances. However, should any of these institutions fail, the cooperative could suffer a loss.

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

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2017 and 2016

Note 4

Property and Equipment

Property and Equipment consists of the following:

	<u>2017</u>	<u>2016</u>
Land	858,440	858,440
Building	3,433,760	3,433,760
Building improvements	<u>2,341,723</u>	<u>2,341,723</u>
	6,633,923	6,633,923
Less: accumulated depreciation	<u>4,547,640</u>	<u>4,465,866</u>
Total Property and Equipment	<u>2,086,283</u>	<u>2,168,057</u>

Depreciation expense for the years ended December 31, 2017 and 2016 is \$81,774 and \$78,147, respectively.

Note 5

Debt Service

First Mortgage Payable

On November 30, 2015, the cooperative refinanced their mortgage with NCB (National Cooperative Bank) in the amount of \$3,750,000. The mortgage is payable in monthly installments of \$17,559, including interest at the rate of 3.84% per annum, based on a 30 year amortization period. The note will mature November 1, 2025, at which time a balloon payment of approximately \$2,978,000 will be due.

In conjunction with the mortgage, the cooperative was required to purchase shares of NCB's Class B1 and B2 stock. Class B1 shares earn a patronage dividend payable in cash and in Class B2 stock, as determined by NCB. Class B1 shares are redeemable by NCB upon satisfactory repayment of all loans made to or guaranteed by eligible customers. Class B2 shares are non-redeemable, non-transferable, and pay no dividends. Additional shares were purchased during 2014 in order to draw on the line of credit and in 2015 to refinance. At December 31, 2017 and 2016, the cooperative owned 135 and 183 Class B1 shares and 322 and 233 Class B2 shares, respectively.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2017 and 2016

Note 5 **Debt Service - continued**

Principal maturities of the mortgage are as follows:

2018	71,188
2019	74,009
2020	76,563
2021	79,978
2022	83,147
Thereafter	3,231,173

As part of the newer refinancings, the cooperative paid closing costs of approximately \$72,500, which are being amortized over the life of the mortgage.

Note 6 **Sponsor Ownership**

At December 31, 2017 and 2016, the Sponsor owned twenty (20) residential units, or approximately 27% of the total residential units. Carrying charges received from the Sponsor's residential units aggregated approximately \$226,000 and \$219,000 for the years ended December 31, 2017 and 2016, respectively. As of these dates, the Sponsor was current in the payment of carrying charges.

Note 7 **Treasury Stock**

During the year ended December 31, 2017, the cooperative acquired the title to unit 37-6F. The financial statements reflect the treasury stock at cost in the amount of \$159,573 which includes all the cost incurred to acquire these shares.

Note 8 **Carrying Charges**

Pursuant to meetings of the Board of Directors, the cooperative approved an increase of 3% effective January 1, 2017 and 2% effective January 1, 2016. These increases were necessary to offset higher operating costs and to present a balanced budget. An additional maintenance surcharge in effect for calendar year 2016 was eliminated effective January 1, 2017.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2017 and 2016

Note 9

Real Estate Taxes/Tax Abatements

During the year ended December 31, 2017, the Town of Greenburgh revalued the property values. As a result of these revaluations, the cooperative's real estate taxes increased approximately 26% and 29% for the town and school taxes, respectively. The cooperative has appealed the increase in their property valuation and is currently involved in certiorari proceedings.

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

Note 10

Benefits

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

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

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2017 and 2016

Note 10

Benefits - continued

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

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

The cooperative made the following contributions to the plans:

	<u>2017</u>	<u>2016</u>
Pension Contributions	7,002	6,344
Health Contributions	32,448	30,264

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

Note 11

Income Taxes

Federal income tax is computed pursuant to Subchapter T of the Internal Revenue Code. Under Subchapter T, income from non-patronage sources in excess of expenses properly attributable thereto may be subject to tax. The cooperative believes that all of its income is patronage sourced. Accordingly, no provisions for taxes, if any, that could result from the application of Subchapter T to the cooperative's income has been reflected in the accompanying financial statements.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2017 and 2016

Note 11 **Income Taxes - continued**

New York State Franchise tax is calculated by utilizing special tax rates available to cooperative housing corporations based on the cooperative's capital base.

As of December 31, 2017, the cooperative has available federal net operating loss carryforwards to apply to future taxable income in the approximate amount of \$1,140,000. Unless used, these net operating losses are set to expire from the year 2018 to 2037. Recently, New York State enacted changes to their rules with respect to net operating loss carryforwards that substantially limit their use.

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

Note 12 **Future Major Repairs and Replacements**

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

Note 13 **Subsequent Events**

Management has evaluated subsequent events through July 3, 2018, the date at which the financial statements became available for issuance. No events have occurred that would require adjustments to, or disclosure in, the financial statements.

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

**To the Board of Directors
HARTSDALE GARDENS OWNERS CORP.**

We have audited the financial statements of Hartsdale Gardens Owners Corp. as of and for the years ended December 31, 2017 and 2016, and our report thereon dated July 3, 2018, which expressed an unqualified opinion on those financial statements, appears on Page 1. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of budget with actual operating amounts and detailed schedule of repairs and improvements, which are the responsibility of the entity's management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information, except for the portion marked "unaudited" was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Bloom and Streit LLP
BLOOM AND STREIT LLP
Certified Public Accountants
July 3, 2018

HARTSDALE GARDENS OWNERS CORP.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended <u>Dec. 31, 2017</u> (Unaudited)	Actual Year Ended <u>Dec. 31, 2017</u>	Actual Year Ended <u>Dec. 31, 2016</u>
RECEIPTS			
Carrying Charges	832,274	825,455	808,032
Parking Income	60,000	60,390	59,950
Rental Income	50,000	61,325	52,825
Laundry Room Income	11,100	11,100	10,273
Laundry Room Decorating Allowance	0	0	7,000
Storage Income	5,000	4,938	6,008
Interest and Dividend income	6,000	8,066	5,116
Miscellaneous Income	1,000	383	1,978
Total Receipts	<u>965,374</u>	<u>971,657</u>	<u>951,182</u>
EXPENDITURES			
ADMINISTRATIVE EXPENSES			
Management Fee	30,000	30,000	30,000
Legal Expense	2,000	1,814	20,479
Auditing	8,700	8,700	8,700
Telephone and Beeper	4,000	3,188	4,008
Lease Commissions	1,500	1,625	1,825
Office and Administrative Expenses	6,194	6,576	6,955
Total Administrative Expenses	<u>52,394</u>	<u>51,903</u>	<u>71,967</u>
MAINTENANCE EXPENSES			
Super and Maintenance Payroll	112,000	116,843	110,849
Supplies	12,000	11,910	18,598
Repairs (see schedule)	56,000	63,756	55,119
Elevator Maintenance	14,000	16,720	13,190
Landscaping and Tree Work	12,000	16,028	5,519
Snow Removal	10,000	12,816	5,848
Exterminating	6,000	5,283	13,879
Rent Expense	0	0	3,407
Total Maintenance Expenses	<u>222,000</u>	<u>243,356</u>	<u>226,409</u>
UTILITIES EXPENSES			
Gas Heat	68,000	67,820	61,736
Electricity and Gas	22,000	21,847	21,297
Water	36,000	37,527	32,623
Total Utilities Expenses	<u>126,000</u>	<u>127,194</u>	<u>115,656</u>

See auditors' report on supplementary information

HARTSDALE GARDENS OWNERS CORP.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended Dec. 31, 2017 (Unaudited)	Actual Year Ended Dec. 31, 2017	Actual Year Ended Dec. 31, 2016
TAXES AND INSURANCE			
Real Estate Taxes	247,000	289,377	239,882
Payroll Taxes	9,000	9,307	8,927
Licenses and Permits	500	0	0
Insurance	55,000	56,306	52,742
Union Welfare and Pension Fund	41,000	41,241	38,393
NYS Franchise Taxes	2,000	2,200	2,418
Total Taxes and Insurance	<u>354,500</u>	<u>398,431</u>	<u>342,362</u>
FINANCIAL EXPENSES			
Interest on Mortgage	<u>142,006</u>	<u>142,006</u>	<u>145,022</u>
Total Financial Expenses	<u>142,006</u>	<u>142,006</u>	<u>145,022</u>
CONTRIBUTIONS TO EQUITY			
Amortization of Mortgage	<u>68,474</u>	<u>68,474</u>	<u>65,468</u>
Total Contributions to Equity	<u>68,474</u>	<u>68,474</u>	<u>65,468</u>
Total Expenditures	<u>965,374</u>	<u>1,031,364</u>	<u>966,884</u>
NET DEFICIT FOR THE YEAR	<u>0</u>	<u>(59,707)</u>	<u>(15,702)</u>

See auditors' report on supplementary information

HARTSDALE GARDENS OWNERS CORP.

Detailed Schedule of Repairs and Improvements

For the Year Ended December 31,

	<u>2017</u>	<u>2016</u>
REPAIRS AND MAINTENANCE		
Boiler and Burners	17,848	13,137
Plumbing and Pipes	11,465	9,539
Electrical and Intercoms	7,478	6,641
Painting, Plastering and Carpentry Work	9,681	15,934
Roofing and Waterproofing	7,517	1,500
Fencing, Gates and Locks	2,567	2,674
Compactors and Refuse Removal	4,476	3,366
Engineers and Architects	900	0
General	1,824	2,328
Total Repairs and Maintenance	<u>63,756</u>	<u>55,119</u>
 MAJOR REPAIRS AND IMPROVEMENTS		
Garage Doors	0	6,830
Irrigation System	0	17,786
Courtyard	0	45,975
Sdewalks/Pavers	0	54,500
Driveway	0	7,300
Total Major Repairs and Improvements	<u>0</u>	<u>132,391</u>

See auditors' report on supplementary information

EXHIBIT B

**HARTSDALE GARDENS OWNERS CORP.
APPROVED OPERATING BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2018**

RECEIPTS

CARRYING CHARGES	881,365	
PARKING	60,500	
RENTAL INCOME	71,000	
LAUNDRY ROOM INCOME	11,100	
STORAGE UNITS	6,000	
MISCELLANEOUS INCOME	1,000	
TOTAL RECEIPTS		1,030,965

EXPENDITURES**ADMINISTRATIVE EXPENSES**

MANAGEMENT FEE	30,000	
LEGAL EXPENSES	3,000	
AUDITING	9,000	
TELEPHONE AND ANSWERING SERVICE	3,000	
OFFICE AND ADMIN EXPENSES	4,593	
TOTAL ADMINISTRATIVE EXPENSES		49,593

MAINTENANCE EXPENSES

PAYROLL	110,000	
SUPPLIES	12,000	
REPAIRS AND MAINTENANCE	52,000	
ELEVATOR MAINTENANCE	15,000	
LANDSCAPING AND TREE SERVICE	11,200	
SNOW REMOVAL AND SUPPLIES	10,000	
EXTERMINATING SERVICES	5,000	
TOTAL MAINTENANCE EXPENSES		215,200

UTILITIES EXPENSES

GAS HEAT	72,000	
ELECTRICITY AND GAS	22,000	
WATER	38,000	
TOTAL UTILITIES EXPENSES		132,000

HARTSDALE GARDENS OWNERS CORP.

TAXES AND INSURANCE

REAL ESTATE TAXES	310,000	
PAYROLL TAXES	8,800	
LICENSES AND PERMITS	500	
INSURANCE	59,000	
UNION WELFARE AND PENSION FUND	43,000	
FRANCHISE TAXES	2,400	
TOTAL TAXES AND INSURANCE		423,700

FINANCIAL EXPENSES

INTEREST ON MORTGAGE	139,284
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CONTRIBUTIONS TO EQUITY/RESERVES

AMORTIZATION OF MORTGAGE	71,188
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TOTAL EXPENDITURES	<u>1,030,965</u>
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NET SURPLUS	<u><u>0</u></u>
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NOTES

1. CARRYING CHARGES - 7% INCREASE JAN 2018

EXHIBIT C

CONSULT YOUR LAWYER BEFORE SIGNING THIS AGREEMENT

Contract of Sale - Cooperative Apartment

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

1 CERTAIN DEFINITIONS AND INFORMATION

1.1 The "Parties" are:

1.1.1 "Seller": **DALE 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.: **13-1361623**

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, #1C
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:

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

1.7 The "Unit" number is:

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

**North Central Avenue
Hartsdale, New York 10530**

, 20 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**
Managing Agent (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:
\$ (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 \$ ~~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: _____
- (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: DALE ESTATES, LLC

PURCHASER:

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

By: _____

ESCROWEE

Continued on addendum or rider attached hereto.

RIDER ANNEXED TO CONTRACT

Dated: _____, 20____

Seller: DALE ESTATES, LLC

Purchaser:

Premises: North Central Avenue, White Plains, New York

Unit No.:

Apartment Corporation: Hartsdale Gardens Owners Corp.

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 Twenty-Seventh Amendment to the Plan to be 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 other than any interest held by Purchaser's institutional lender, if any, has or will have any equity interest, direct or indirect, in the Shares and Lease on the date of transfer to Purchaser. 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. 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 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 and may be relied upon and enforced by it.

44. Purchaser represents and warrants that s/he has read and understand the House Rules of Hartsdale Gardens Owners Corp., including without limitation the express prohibitions against dogs and the requirement with respect to carpeting of Units and agree 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. The balance of the Purchase Price payable pursuant to Paragraphs 1.12.2 and 2.2.2 shall be by check as specified made payable to the order of Estates Supervision.

48. Purchaser represents that, as of the date hereof 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 surcharge (if any) and parking charges (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.

DALE ESTATES, LLC, Seller

By: _____, Member

_____, Purchaser

EXHIBIT A

**ESCROW RIDER TO
CONTRACT OF SALE**

AGREEMENT made this _____ day of _____, 20____, by and among _____ ("PURCHASER"), DALE ESTATES, LLC, ("SELLER"), as the sponsor of the Hartsdale Gardens Owners Corp. offering plan ("Plan") and LAURA B. MARCH ("ESCROW AGENT") with an address c/o Peck & Heller, 805 Third Avenue, New York, New York 10022.

WHEREAS, SELLER has, as sponsor, filed the Plan with the Attorney General to offer for sale of cooperative ownership interests at the premises located at 27-47 North Central Avenue, Hartsdale, New York, subject to the terms and conditions set forth in the Plan; and

WHEREAS, ESCROW AGENT is authorized to act as an escrow agent hereunder in accordance with New York General Business Law ("GBL") Sections 352-e(2-b), 352-h and the New York Department of Law's regulations promulgated thereunder; and

WHEREAS, SELLER and PURCHASER desire that ESCROW AGENT act as escrow agent for deposits, down payments, and advances (referred to herein as "Deposit") pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby agree as follows:

1. ESTABLISHMENT OF THE ESCROW ACCOUNT.

1.1. ESCROW AGENT has established or will establish an escrow account for the purpose of holding the Deposit made by PURCHASER pursuant to that certain Contract of Sale to which this Rider is annexed for the purchase and sale of shares in Hartsdale Gardens Owners Corp. (the "Contract of Sale") at JPMorgan Chase Bank located at its branch office located at 360 Park Avenue, in the City and State of New York, 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"). The account number is 5310003072.

1.2 ESCROW AGENT has designated the following attorney to serve as signatories: Laura B. March, Esq. All designated signatories are admitted to practice law in the State of New York. All of the signatories on the Escrow Account have an address c/o Peck & Heller, 805 Third Avenue, 9th floor, New York, New York 10022, and a telephone number of 212-758-5230.

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:

DALE 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). _____

☒ 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)

☒ 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: Dale Estates, LLC by Robert Orlofsky, Member

Purchaser:

Agent: Robert Orlofsky Realty, Inc. by Robert Orlofsky

EXHIBIT D

AS REVISED THROUGH NOVEMBER 29, 2000

HARTSDALE GARDENS 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 July 15, 1987. No pigeons or other birds or animals shall be fed from the window sills, terraces, balconies or in the yard, court spaces or other public portions of a building, or on the sidewalk or street adjacent to a building.

(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.

(c) No person shall be permitted to rent a second garage parking space if there are residents on the waiting list who do not have a first garage parking space.

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

(e) 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 (Hartsdale Gardens 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 Hartsdale Gardens 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.

EXHIBIT E

Member	Title	Background/Experience
CAROL H. CORBIN		No recent employment or business affiliations (Retired Educator)
ALAN HELLER		Businessman (Housewares and Home Furnishings)
HARRIETTE HELLER		No recent employment or business affiliations (Retired Social Worker)
TRUST U/W/O MICHAEL HELLER	Nancy R. Heller, Trustee	Attorney & Real Estate Management
NANCY R. HELLER		Attorney & Real Estate Management
RICHARD HELLER		Businessman (Food Industry)
SUZANNE HELLER REVOCABLE TRUST	Suzanne Heller, Trustee	Artist
LENROZ ASSOCIATES, L.P.	Wendy Newman, Partner	No recent employment or business affiliation
	Scott Newman, Partner	Architect
	Peter Newman, Partner	Professor of Film
MAGGIE PARTNERS, L.P.	Stuart Robinowitz, Partner	No recent employment or business affiliations (Retired Attorney)
RESIDUARY TRUST U/W/O MYRON ORLOFSKY	Patsy Orlofsky, Trustee	Textile Conservationist
	Louis R. Taffera, Trustee	Attorney
	Sam Orlofsky, Trustee	Gallerist
ERICA NEWMAN		Real Estate Management
ESTATE OF BLANCHE ORLOFSKY	Robert Orlofsky, Executor	Real Estate Management
	Nancy R. Heller, Executor	Attorney & Real Estate Management
ROBERT ORLOFSKY		Real Estate Management
SHARYN ORLOFSKY		No recent employment or business affiliation
ESTATE OF NORMAN L. PECK	Liliane Peck, Executor	No recent employment or business affiliation
ROBERT P. PECK		Real Estate Management
ART. VIII TRUST U/W/O MILTON PECK FBO TAIN LEONARD PECK	Nancy R. Heller, Trustee	Attorney & Real Estate Management
	Mary Ellen Rogers, Trustee	Real Estate Management (Retired Educator)
MARY ELLEN ROGERS		Real Estate Management (Retired Educator)
ROBERTA SOMMERS		No recent employment or business affiliation
FAITH WILLINGER		Culinary Writer

TWENTY-SIXTH AMENDMENT TO OFFERING PLAN
for
27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Twenty-Sixth Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located at 27-47 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by the filing of twenty-five 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 Twenty-Sixth 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) The following is a list of the outstanding unsold shares of the Apartment Corporation and the units to which such unsold shares are allocated. All unsold shares are held by Dale Estates ("Sponsor").

<u>Apartment</u>	<u>Shares</u>
3-A	566
2-B	463
4-C	359
6-C	365
1-D	455
5-D	467
6-D	470
4-E	469
6-E	475
1-G	350
2-G	461
3-G	464
5-G	470
2-H	463
4-H	469
5-H	472
3-I	461

<u>Apartment</u>	<u>Shares</u>
3-J	356
5-J	362
2-K	463
3-K	466
4-L	569
Total Units 22	Total Shares 9,915

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$20,304.01.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$28,384.00.

(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 financing arrangements.

(f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor. Sponsor may also derive income from the sale of vacant units but does not rely on such sales to meet its obligations to the Apartment Corporation.

(g) The Sponsor is current on all financial obligations under the Plan. 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 (10%) 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
31 Pondfield Road, Bronxville, New York
File No. C83-0117
17 North Chatsworth Avenue, Larchmont, New York
File No. C81-0234
1-15 Bryant Crescent, White Plains, New York

File No. C79-0438
324 East 35th Street, New York, New York
File No. C85-0459
60 West 70th Street, New York, New York
File No. C80-0493
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 May 18, 1988. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 29.9% of the outstanding shares of the Corporation.

3. **Maintenance, Parking Charges and Special Assessment.** By resolution of the Board of Directors of the Corporation adopted at a meeting duly held December 4, 2012, after reviewing a projected budget of building operations for the calendar year 2013, the per share monthly maintenance was fixed at \$1.85978 for the calendar year 2013, representing a 3% increase over the prior year. The Board also approved the continuation of monthly parking charges for 2013 of \$45.00 for an outdoor space and \$60.00 for an indoor space. At that meeting a special annual assessment of \$1.69 per share for fuel oil, to be billed monthly throughout the year, was approved.

4. **Budget.** Attached hereto is the budget for the 2013 calendar year, prepared by the Building's managing agent and adopted by the Board of Directors. This budget is contained herein for informational 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.

5. **Election of Officers and Directors.** At the annual meeting of shareholders held on November 5, 2012, the following officers and directors of the Corporation were elected:

Arnold Bell, President and Director
Jimmy Rosi, Vice-President and Director
Robert Orlofsky, Secretary and Director
Jeremy Ingpen, Treasurer and Director
*Nancy Heller, Director
Sponsor designee

6. **Financial Statements.** The financial statement for Hartsdale Gardens Owners Corp. for the years ended December 31, 2010 and December 31, 2011 prepared by Bloom and Streit LLP, Certified Public Accountants, is attached hereto. These financial statements are contained herein for informational purposes only. Sponsor does not adopt the financial statements and does not represent, assure or guarantee their accuracy, adequacy or completeness.

7. **Mortgage Refinancing and Line of Credit.** In 2007, the Apartment Corporation refinanced its mortgage with National Cooperative Bank ("NCB"). The principal amount of the NCB first mortgage is \$2,500,000.00. From each monthly installment in the amount of \$14,652.91 there will be applied interest at the fixed rate of 5.79% per annum and the balance in reduction of principal based on a 30-year amortization schedule. The mortgage requires the corporation to make monthly payments in escrow for real estate taxes. No such escrow payments are required for insurance premiums. The mortgage matures on April 1, 2017, at which time the principal balance due will be approximately \$2,107,000.00. There is no assurance that refinancing will be available on the same or better terms at the time of maturity. The mortgage may not be prepaid prior to November 1, 2015. Thereafter it may be prepaid in whole only, on not more than 30 or less than 90 days notice, subject to a prepayment penalty of 2% of the outstanding principal balance of the loan; however the loan may be prepaid in full without penalty on or after January 1, 2017. Loan payments are due on the first of the month. A late charge of 5% of the overdue amount is payable for any payment not received by the tenth day of the month.

At the same time as the first mortgage refinancing, the Corporation also entered into an agreement with NCB for a secured line of credit in the amount of \$350,000, which loan is secured by a second mortgage. The Apartment Corporation pays interest on the line of credit from the date that it is used. The rate of interest is 100 basis points above NCB's Base Rate, adjusted monthly. Advances, which are available to the Apartment Corporation throughout the term of the loan, are made in minimal increments of \$10,000. In November 2011, the Corporation drew down \$50,000, and NCB has made no other advances to date. Payments of interest only were due from the date of the loan through April 30, 2012. Effective May 1, 2012, the Corporation was required to make minimum monthly payments of \$100.000 in reduction of principal. As of November 1, 2012, the outstanding balance on the credit line loan was \$49,400.00 at which time monthly interest at the annual rate of 4.25% in the amount of \$180.88 was payable, together with principal in the amount of \$100.00. Any loans under the line of credit

mature on April 1, 2017, or the refinancing of the first mortgage if sooner. The purpose of the loan is to fund extraordinary non-recurring expenses and to fund reserves.

8. **Change of Address.** The address of Sponsor, is c/o Estates Supervision, 845 Third Avenue, 16th floor, New York, New York 10022.

9. **Litigation.** As of December 13, 2012, there is no litigation pending against either the Sponsor or the Corporation.

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

Dated: **DECEMBER 17** , 2012

DALE ESTATES, LLC, Sponsor

PlanAm26v2.wpd

**HARTSDALE GARDENS OWNERS CORP.
APPROVED OPERATING BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2013**

RECEIPTS

CARRYING CHARGES	739,531	
SPECIAL ASSESSMENT/SURCHARGE	56,000	
PARKING	59,500	
PROFESSIONAL APARTMENTS	11,400	
RENTAL INCOME	49,000	
LAUNDRY ROOM INCOME	6,000	
STORAGE UNITS	6,000	
INTEREST INCOME	500	
MISCELLANEOUS INCOME	500	
TOTAL RECEIPTS		928,431

EXPENDITURES

ADMINISTRATIVE EXPENSES

MANAGEMENT FEE	30,000	
LEGAL EXPENSES	5,000	
AUDITING	8,400	
TELEPHONE AND ANSWERING SERVICE	1,500	
OFFICE AND ADMIN EXPENSES	5,503	
TOTAL ADMINISTRATIVE EXPENSES		50,403

MAINTENANCE EXPENSES

PAYROLL	96,500	
SUPPLIES	13,500	
REPAIRS AND MAINTENANCE	52,000	
ELEVATOR MAINTENANCE	10,500	
LANDSCAPING AND TREE SERVICE	18,000	
SNOW REMOVAL AND SUPPLIES	6,000	
EXTERMINATING SERVICES	6,000	
RENT EXPENSE	10,500	
TOTAL MAINTENANCE EXPENSES		213,000

UTILITIES EXPENSES

FUEL	132,000	
ELECTRICITY AND GAS	24,000	
WATER	17,000	
TOTAL UTILITIES EXPENSES		173,000

**HARTSDALE GARDENS OWNERS CORP.
APPROVED OPERATING BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2013**

TAXES AND INSURANCE

REAL ESTATE TAXES	221,000	
PAYROLL TAXES	8,100	
LICENSES AND PERMITS	500	
INSURANCE	48,500	
UNION WELFARE AND PENSION FUND	32,800	
FRANCHISE TAXES	<u>1,900</u>	
TOTAL TAXES AND INSURANCE		312,800

FINANCIAL EXPENSES

INTEREST ON MORTGAGE	134,072	
INTEREST ON CREDIT LINE	<u>2,400</u>	
TOTAL FINANCIAL EXPENSES		136,472

CONTRIBUTIONS TO EQUITY/RESERVES

AMORTIZATION OF MORTGAGE	41,556	
AMORTIZATION OF CREDIT LINE	<u>1,200</u>	
TOTAL CONTRIBUTIONS TO EQUITY		42,756

TOTAL EXPENDITURES	<u>928,431</u>
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NET SURPLUS

0

NOTES

1. CARRYING CHARGES - 3% INCREASE JAN 2013
2. SURCHARGE - 1.69/SHARE/YEAR - BILLED MONTHLY
4. FUEL - 41,000 GALLONS AT 3.10/GALLON PLUS TAX

HARTSDALE GARDENS OWNERS CORP.
FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

HARTSDALE GARDENS OWNERS CORP.

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DECEMBER 31, 2011 AND 2010

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BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITORS' REPORT

**To the Board of Directors and Stockholders
HARTSDALE GARDENS OWNERS CORP.**

We have audited the accompanying balance sheets of HARTSDALE GARDENS OWNERS CORP., as of December 31, 2011 and 2010, and the related statements of income (loss), retained earnings (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HARTSDALE GARDENS OWNERS CORP., as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 8, the cooperative has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be a part of, the basic financial statements.

BLOOM AND STREIT LLP
Certified Public Accountants
March 26, 2012

HARTSDALE GARDENS OWNERS CORP.

Balance Sheets

As of December 31,

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash in Operating Account	28,377	1,877
Cash in Bank - Money Market Account	1,026	1,023
Cash in Bank - Investment Account	61,544	145,059
Tenants' Accounts Receivable	7,885	4,643
Miscellaneous Receivables	0	144
Mortgagee Escrow Deposits	106,087	102,058
Prepaid Expenses	<u>4,248</u>	<u>7,988</u>
Total	209,167	262,792
Less: Allocated to Funds (see below)	<u>(61,500)</u>	<u>(145,000)</u>
Total Current Assets	<u>147,667</u>	<u>117,792</u>
FUNDS		
Contingency Reserve:		
Allocated from Current Assets (see above)	<u>61,500</u>	<u>145,000</u>
PROPERTY AND EQUIPMENT -		
Net Book Value	<u>2,029,302</u>	<u>2,123,500</u>
OTHER ASSETS		
Investment in National Cooperative Bank	10,234	10,234
Deferred Mortgage Financing Expenses	<u>23,574</u>	<u>27,995</u>
Total Other Assets	<u>33,809</u>	<u>38,229</u>
TOTAL ASSETS	<u>2,272,277</u>	<u>2,424,521</u>

	<u>2011</u>	<u>2010</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITES		
Accounts Payable	34,432	71,902
Accrued Interest	11,911	11,877
Star Credit Due to Stockholders	46,255	44,983
Rents Received in Advance	9	11
Security Deposits	8,055	7,080
Mortgage Amortization Payments due within one year	<u>38,821</u>	<u>36,984</u>
Total Current Liabilities	<u>139,483</u>	<u>172,836</u>
LONG-TERM LIABILITIES		
First Mortgage Payable - Net of Payments due within one year	2,306,339	2,345,161
Line of Credit Payable	<u>50,000</u>	<u>0</u>
Total Long Term Liabilities	<u>2,356,339</u>	<u>2,345,161</u>
STOCKHOLDERS' EQUITY		
Common Stock \$1.00 par value; 33,137 shares authorized, issued and outstanding	33,137	33,137
Paid-in Capital	3,637,095	3,637,095
Retained Earnings (Deficit)	<u>(3,893,777)</u>	<u>(3,763,708)</u>
Total Stockholders' Equity	<u>(223,545)</u>	<u>(93,476)</u>
TOTAL LIABILITES AND STOCKHOLDERS' EQUITY	<u>2,272,277</u>	<u>2,424,521</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Income (Loss)

For the Year Ended December 31,

	<u>2011</u>	<u>2010</u>
INCOME		
Carrying Charges	717,992	690,376
Surcharge Income	87,706	56,000
Rental Income	30,975	25,425
Parking Income	59,160	48,940
Professional Apartments	10,825	10,165
Laundry Room Income	6,000	6,000
Storage Units	5,841	6,551
Interest Income	1,641	1,582
Miscellaneous Income	1,498	688
Total Income	<u>921,637</u>	<u>845,726</u>
EXPENSES		
Administrative Expenses	54,347	55,178
Maintenance Expenses	220,764	231,036
Utilities Expenses	169,328	150,909
Taxes and Insurance	290,980	283,191
Financial Expenses	138,885	140,781
Total Expenses Before Depreciation and Amortization	<u>874,303</u>	<u>861,096</u>
NET INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	47,334	(15,370)
Depreciation and Amortization of Mortgage Financing Expenses and Lease Commissions	<u>(177,404)</u>	<u>(175,027)</u>
NET INCOME (LOSS) FOR THE YEAR	<u>(130,069)</u>	<u>(190,397)</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Retained Earnings (Deficit)

For the Year Ended December 31,

	<u>2011</u>	<u>2010</u>
RETAINED EARNINGS (DEFICIT) - Beginning of Year	(3,763,708)	(3,573,311)
 Net Income (Loss) for the Year	 <u>(130,069)</u>	 <u>(190,397)</u>
 RETAINED EARNINGS (DEFICIT) - End of Year	 <u><u>(3,893,777)</u></u>	 <u><u>(3,763,708)</u></u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Cash Flows

For the Year Ended December 31,

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities		
Net Income (loss)	(130,069)	(190,397)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and Amortization	177,404	175,027
Revenue allocated to financing activities	(36,984)	(34,880)
Decrease (Increase) in operating assets:		
Tenants' Accounts Receivable	(3,242)	3,776
Mortgagee Escrow Deposits	(4,029)	(4,490)
Prepaid Expenses	3,740	3,208
Miscellaneous Receivables	144	(144)
Increase (Decrease) in operating liabilities:		
Accounts Payable	(37,469)	28,447
Accrued Interest	34	(174)
Star Credit Due to Stockholders	1,272	434
Rents Received in Advance	(2)	10
Security Deposits	<u>975</u>	<u>815</u>
Net cash provided (used) by operating activities	<u>(28,226)</u>	<u>(18,370)</u>
Cash Flows From Investing Activities		
Redemption of NCB Stock	0	1,108
Purchase of Property and Equipment	<u>(78,785)</u>	<u>(26,446)</u>
Net cash provided (used) by investing activities	<u>(78,785)</u>	<u>(25,338)</u>
Cash Flows From Financing Activities		
Line of Credit - Net Proceeds	50,000	0
Portion of Carrying Charges applied to Amortization of Mortgage	36,984	34,880
Amortization Payments on Mortgage	<u>(36,984)</u>	<u>(34,880)</u>
Net cash provided (used) by financing activities	<u>50,000</u>	<u>0</u>
Increase (Decrease) in Cash and Cash Equivalents (carryforward)	(57,011)	(43,707)

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Statements of Cash Flows

For the Year Ended December 31,

	<u>2011</u>	<u>2010</u>
Increase (Decrease) in Cash and Cash Equivalents (brought forward)	(57,011)	(43,707)
Cash and Cash Equivalents at Beginning of Year	<u>147,959</u>	<u>191,666</u>
Cash and Cash Equivalents at End of Year (see below)	<u>90,947</u>	<u>147,959</u>
Represented by:		
Cash in Operating Account	28,377	1,877
Cash in Bank - Money Market Account	1,026	1,023
Cash in Bank - Investment Account	<u>61,544</u>	<u>145,059</u>
Cash and Cash Equivalents (as above)	<u>90,947</u>	<u>147,959</u>
Supplemental Disclosure:		
Interest Paid	<u>138,919</u>	<u>140,607</u>

See accompanying notes and auditors' report

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2011 and 2010

Note 1

Organization

Hartsdale Gardens Owners Corp., a Cooperative Housing Corporation (the Corporation), was incorporated in the State of New York in February 1981. The corporation owns and operates an apartment building located at 27 North Central Avenue, Hartsdale, New York, consisting of 73 residential units. The primary purpose of the cooperative is to manage the operations of the building and maintain the common elements.

Note 2

Summary of Significant Accounting Policies

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

Property and equipment is being carried at cost. Depreciation of the building is being computed by the straight line method over an estimated useful life of 30 years. Building improvements and equipment are depreciated on the straight line method over estimated lives that range from 15 to 27.5 years.

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

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

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2011 and 2010

Note 2

Summary of Significant Accounting Policies - continued

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

Tenant-stockholders are subject to monthly charges to provide funds for the cooperative's operating expenses, future capital acquisitions, and major repairs and replacements. Tenants' Accounts Receivable at the balance sheets date represent various fees due from tenant-stockholders. The cooperative's policy is to retain legal counsel and place liens on the shares of stock of tenant-stockholders whose assessments are delinquent. Any excess charges at year end are retained by the cooperative for use in the succeeding year.

Mortgage acquisition costs are being amortized over the life of the related mortgage using the straight line method.

Note 3

Concentration of Credit Risk

The cooperative maintains various bank and money market accounts that at times may exceed insured credit limits. The cooperative has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to such balances. However, should any of these institutions fail, the cooperative could suffer a loss.

The cooperative has investments in money funds which are not bank deposits or F.D.I.C. insured and are not guaranteed by the brokerage house. These funds are subject to investment risks including possible loss of the principal amount invested. In accordance with recent government programs, some of these funds may be insured for a limited time.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2011 and 2010

Note 4

Property and Equipment

Property and Equipment consists of the following:

	<u>2011</u>	<u>2010</u>
Land	858,440	858,440
Building	3,433,760	3,433,760
Building improvements	<u>1,726,817</u>	<u>1,648,032</u>
	6,019,017	5,940,232
Less: accumulated depreciation	<u>3,989,715</u>	<u>3,816,732</u>
Total Property and Equipment	<u>2,029,302</u>	<u>2,123,500</u>

Depreciation expense for the year ended December 31, 2011 and 2010 is \$172,984 and \$170,607 respectively.

Note 5

Mortgage Payable

During 2007, the cooperative obtained a mortgage with NCB (National Cooperative Bank) in the amount of \$2,500,000. The mortgage, which is secured by the property, is payable in monthly installments of \$14,653, including interest at the rate of 5.79% per annum, based on a 30 year amortization period. The note matures on April 1, 2017, at which time a balloon payment of approximately \$2,107,000 is due. The mortgage requires the corporation to make monthly payments into an escrow account held by the mortgagee for real estate taxes. At December 31, 2011 and 2010, the balance in the escrow account was \$106,087 and \$102,058, respectively.

In conjunction with refinancing, the cooperative was required to purchase shares of NCCB's Class B1 and B2 stock. Class B1 shares earn a patronage dividend payable in cash and in Class B2 stock, as determined by NCCB. Class B1 shares are redeemable by NCCB upon satisfactory repayment of all loans made to or guaranteed by eligible customers. Class B2 shares are non-redeemable, non-transferable, and pay no dividends.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2011 and 2010

Note 5

Mortgage Payable - continued

No patronage dividends were paid during the year ended December 31, 2011 and December 31, 2010. At December 31, 2011 and 2010, the cooperative owned 102 Class B1 shares. At December 31, 2011 and December 31, 2010, the corporation owns 171 class B2 shares.

Principal maturities of the mortgage are as follows:

2012	38,821
2013	41,556
2014	44,062
2015	46,719
2016	49,173
Thereafter	2,124,829

The loan agreements also provide for a \$350,000 available line of credit. The interest rate is 1% over the lender's base rate. The line of credit expires on April 1, 2017. As of December 31, 2010, the line of credit had not been accessed. In November 2011 the cooperative borrowed \$50,000 from the Line of Credit. As of December 31, 2011 \$50,000 is owed on the line of credit.

As part of the aforementioned refinancings, the cooperative has paid closing costs of approximately \$44,000, which are being amortized over the life of the new mortgage.

Note 6

Sponsor Ownership

At both December 31, 2011 and December 31, 2010, the Sponsor owned twenty two (22) residential units, or approximately 28% of the total residential units. Carrying charges received from the Sponsor's residential units aggregated approximately \$215,000 and \$207,000 for the year ended December 31, 2011 and 2010 respectively. As of that date, the Sponsor was current in the payment of carrying charges.

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2011 and 2010

Note 7

Income Taxes

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

As of December 31, 2011, the cooperative has available net operating loss carryforwards to apply to future taxable income in the approximate amount of \$598,000. Unless used, these net operating losses are set to expire from the year 2012 to 2031.

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

Note 8

Future Major Repairs and Replacements

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

HARTSDALE GARDENS OWNERS CORP.

Notes to Financial Statements

December 31, 2011 and 2010

Note 9

Real Estate Taxes - Tax Abatements

The cooperative is entitled to and has received tax abatements on behalf of its stockholders from the State of New York during 2011 and 2010. The abatements, which include Star, Veterans, SCRIE and cooperative abatements (where applicable) are passed on to the stockholders by direct payment or as a credit against carrying charges. Any undistributed abatements as of the fiscal year end have been included on the Balance Sheets in Current Liabilities as Star Credit Due to Stockholders. As the abatements benefit the stockholders, the real estate tax expense reflected in these financial statements is gross of all the aforementioned tax abatements.

Note 10

Labor Agreement

Service employees of the cooperative are members of Local 32-E of the Service Employees International Union, A.F.L., C.I.O. Health and pension benefits provided to certain employees are governed and regulated by the terms of a collective bargaining agreement. Information as to the cooperative's portion of accumulated plan benefits and plan assets is not determinable. Under the Employee Retirement Income Security Act of 1974, as amended, the employer, upon withdrawal from a multi-employer plan, is required to continue to pay its proportionate share of the plan's unfunded vested benefits. The cooperative has no intention of withdrawing from the plan. Such expenses were as follows:

	<u>2011</u>	<u>2010</u>
Payroll	95,174	90,770
Union Welfare and Pension Fund	31,389	29,867

Note 11

Carrying Charges

Pursuant to a meeting of the Board of Directors, the cooperative has approved an increase of 2% effective January 1, 2010 and 4% effective January 1, 2011. Each of these increases, in addition to the existing surcharge, were necessary to offset higher operating costs and present a balanced budget.

Note 12

Subsequent Events

Management has evaluated subsequent events through March 26, 2012, the date at which the financial statements became available for issuance. No events have occurred that would require adjustments to, or disclosure in, the financial statements.

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

**To the Board of Directors and Stockholders
HARTSDALE GARDENS OWNERS CORP.**

We have audited the financial statements of Hartsdale Gardens Owners Corp., as of and for the years ended December 31, 2011 and December 31, 2010, and our report thereon dated March 26, 2012, which expressed an unqualified opinion on those financial statements, appears on Page 1. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of budget with actual operating amounts and detailed schedule of repairs, which are the responsibility of the cooperative's management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information, except for the portion marked "unaudited" was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Bloom and Streit LLP

**BLOOM AND STREIT LLP
Certified Public Accountants
March 26, 2012**

HARTSDALE GARDENS OWNERS CORP.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended <u>Dec. 31, 2011</u> (Unaudited)	Actual Year Ended <u>Dec. 31, 2011</u>	Actual Year Ended <u>Dec. 31, 2010</u>
RECEIPTS			
Carrying Charges	717,991	717,992	690,376
Surcharge Income	88,700	87,706	56,000
Rental Income	26,000	30,975	25,425
Parking Income	56,000	59,160	48,940
Professional Apartments	10,500	10,825	10,165
Laundry Room Income	6,000	6,000	6,000
Storage Units	5,800	5,841	6,551
Interest Income	1,000	1,641	1,582
Miscellaneous Income	2,000	1,498	688
Total Receipts	<u>913,991</u>	<u>921,637</u>	<u>845,726</u>
EXPENDITURES			
ADMINISTRATIVE EXPENSES			
Management Fee	30,000	30,000	30,000
Legal Expense	5,000	6,295	9,177
Auditing	8,400	8,400	8,400
Telephone and Beeper	1,500	2,252	1,798
Office and Administrative Expenses	5,440	7,399	5,804
Total Administrative Expenses	<u>50,340</u>	<u>54,347</u>	<u>55,178</u>
MAINTENANCE EXPENSES			
Super and Maintenance Payroll	89,000	95,174	90,770
Supplies	11,000	12,332	13,898
Repairs and Maintenance(see schedule)	60,000	53,281	59,348
Elevator Maintenance	12,000	10,902	9,994
Landscaping and Tree Work	26,000	26,407	31,566
Snow Removal	7,700	7,290	9,495
Exterminating	6,500	5,929	6,656
Rent Expense	9,500	9,450	9,310
Total Maintenance Expenses	<u>221,700</u>	<u>220,764</u>	<u>231,036</u>
UTILITIES EXPENSES			
Fuel	140,000	139,649	120,220
Electricity and Gas	24,000	22,040	23,762
Water	8,000	7,639	6,926
Total Utilities Expenses	<u>172,000</u>	<u>169,328</u>	<u>150,909</u>

See auditors' report on supplementary information

HARTSDALE GARDENS OWNERS CORP.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended <u>Dec. 31, 2011</u> (Unaudited)	Actual Year Ended <u>Dec. 31, 2011</u>	Actual Year Ended <u>Dec. 31, 2010</u>
TAXES AND INSURANCE			
Real Estate Taxes	203,000	203,819	196,279
Payroll Taxes	7,500	8,014	7,620
Licenses and Permits	500	923	0
Insurance	49,000	45,087	48,851
Union Welfare and Pension Fund	31,500	31,389	29,867
NYS Franchise Taxes	<u>2,800</u>	<u>1,747</u>	<u>575</u>
Total Taxes and Insurance	<u>294,300</u>	<u>290,980</u>	<u>283,191</u>
FINANCIAL EXPENSES			
Interest on Mortgage	138,667	138,667	140,781
Interest on Line of Credit	<u>0</u>	<u>218</u>	<u>0</u>
Total Financial Expenses	<u>138,667</u>	<u>138,885</u>	<u>140,781</u>
CONTRIBUTIONS TO EQUITY AND RESERVES			
Amortization of Mortgage	<u>36,984</u>	<u>36,984</u>	<u>34,880</u>
Total Expenditures	<u>913,991</u>	<u>911,287</u>	<u>895,976</u>
NET SURPLUS (DEFICIT) FOR THE YEAR	<u>0</u>	<u>10,350</u>	<u>(50,250)</u>

See auditors' report on supplementary information

HARTSDALE GARDENS OWNERS CORP.

Detailed Schedule of Repairs

For the Year Ended December 31,

	<u>2011</u>	<u>2010</u>
REPAIRS		
Boiler and Burners	7,262	8,556
Plumbing and Pipes	18,748	4,484
Electrical	734	2,345
Painting, Plastering and Carpentry Work	9,099	3,005
Roofing and Waterproofing	3,981	10,347
Paving and Excavation	1,820	0
Masonry and Tile Work	0	13,453
Fencing and Gates	880	2,819
Window Repairs	1,059	649
Compactors	2,142	0
Locks	746	2,108
Intercom	994	0
Engineers and Architects	1,279	7,891
Uniforms	455	771
Rubbish Removal	1,944	0
Garage Door	537	0
General	<u>1,600</u>	<u>2,920</u>
Total Repairs	<u>53,281</u>	<u>59,348</u>

See auditors' report on supplementary information



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

ERIC T. SCHNEIDERMAN
Attorney General

DIVISION OF ECONOMIC JUSTICE
REAL ESTATE FINANCE BUREAU

(212) 416-8959

Dale Estates, LLC
c/o Peck & Heller, Esq.
Attention: Nancy Heller
845 3rd Avenue, 16floor
New York, NY 10022

RE: 27 North Central Ave.
File Number: C 810234
Date Amendment Filed: 12/17/2012
Receipt Number: 119347
Amendment No: 26
Filing Fee: \$225.00

Dear Sponsor:

The referenced amendment to the offering plan for the subject premises is hereby accepted and filed. This filing is effective for the greater of six months from the date of filing this amendment or twelve months from the acceptance of the original offering literature. However, any material change of fact or circumstance affecting the property or offering requires an immediate amendment, including amending the plan to disclose the most recent certified financial statement and budget, which should be done as soon as either of these documents is available.

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,

Judith Kaufman
Assistant Attorney General

TWENTY-FIFTH AMENDMENT TO OFFERING PLAN
for
27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Twenty-Fifth Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located at 27-47 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by the filing of twenty-four 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 Twenty-Fifth 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) The following is a list of the outstanding unsold shares of the Apartment Corporation and the units to which such unsold shares are allocated. All unsold shares are held by Dale Estates ("Sponsor").

<u>Apartment</u>	<u>Shares</u>
3-A	566
2-B	463
6-B	475
4-C	359
6-C	365
1-D	455
5-D	467
6-D	470
4-E	469
6-E	475
1-G	350
2-G	461
3-G	464
5-G	470
2-H	463
4-H	469
5-H	472
3-I	461

<u>Apartment</u>	<u>Shares</u>
5-I	467
3-J	356
5-J	362
2-K	463
3-K	466
4-L	569

Total Units	24	Total Shares	10,857
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(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$16,144.00.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$21,686.00.

(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 financing arrangements.

(f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor. Sponsor may also derive income from the sale of vacant units but does not rely on such sales to meet its obligations to the Apartment Corporation.

(g) The Sponsor is current on all financial obligations under the Plan. 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 (10%) 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
31 Pondfield Road, Bronxville, New York
File No. C83-0117
17 North Chatsworth Avenue, Larchmont, New York
File No. C81-0234
10 Franklin Avenue, White Plains, New York
File No. C82-0477

1-15 Bryant Crescent, White Plains, New York
File No. C79-0438
324 East 35th Street, New York, New York
File No. C85-0459
60 West 70th Street, New York, New York
File No. C80-0493
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 May 18, 1988. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 32.8% of the outstanding shares of the Corporation.

3. **Maintenance and Parking Charges.** By resolution of the Board of Directors of the Corporation adopted at a meeting duly held December 1, 2003, after reviewing a projected budget of building operations for the calendar year 2004, the per share annual maintenance was fixed at \$1.445076 for the calendar year 2004, representing a six (6.0%) percent increase over the prior year. In addition, the monthly parking charges were increased by \$5.00 to \$35.00 for an outdoor space and \$45.00 for an indoor space.

4. **Budget.** Attached hereto is the budget for the 2004 calendar year, prepared by the Building's managing agent and adopted by the Board of Directors. This budget is contained herein for informational 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.

5. **Election of Officers and Directors.** At the annual meeting of shareholders held on July 29, 2004 the following officers and directors of the Corporation were elected:

Ethel Privin, President and Director
Arnold Bell, Vice President and Director

*Nancy Heller, Director
*Robert Orlofsky, Vice President, Secretary and Director
Frank Hagan, Treasurer and Director

*Sponsor designees

6. **Financial Statements.** The financial statement for Hartsdale Gardens Owners Corp. for the years ended December 31, 2003 and December 31, 2002 prepared by Citrin Cooperman & Company, LLP, Certified Public Accountants, is attached hereto. These financial statements are contained herein for informational purposes only. Sponsor does not adopt the financial statements and does not represent, assure or guarantee their accuracy, adequacy or completeness.

7. **Credit Line Financing.** On December 3, 2003, the Corporation obtained a secured line of credit from National Consumer Cooperative Bank ("NCB"), which holds a first mortgage on the Building, in the amount of \$350,000, which loan is secured by a second mortgage. The Apartment Corporation will pay only interest on the line of credit from the date that it is used. The rate of interest is 100 basis points above NCB's Base Rate, adjusted monthly. Advances, which are available to the Apartment Corporation throughout the term of the loan, will be made in minimal increments of \$10,000. At the closing of the loan, the Corporation drew down \$85,000 of the loan and has made no other advances to date. Interest payable on the outstanding loan amount as of July 1, 2004 was at the annual rate of five (5%) percent. Monthly interest due on that date was \$354.17. Any loans under the line of credit mature on the earlier of September 1, 2008 or the refinancing of the first mortgage. The purpose of the loan is to fund capital improvements and provide a capital reserve for the Corporation.

8. **Change of Address.** The address of Sponsor, is c/o Peck & Heller, 545 Madison Avenue, 11th floor, New York, New York 10022.

9. **Change of Form of Contract.** Annexed hereto is a revised form of the contract for the sale of unsold shares held by the Sponsor. Provisions set forth in the attached form are negotiable and subject to change in accordance with the Plan.

10. **Price Changes.** Effective upon the filing of this Twenty-Fifth Amendment, the asking price of the Unsold Shares to which the proprietary leases for the apartment units listed below are appurtenant is generally increased as follows:

<u>Apartment Line</u>	<u>Total Price Per Unit</u>
C/J/F	\$155,000.00
B/D/E/G/H/I/K	\$225,000.00
A/L	\$260,000.00

The increase in the amount of the total offering price as a result of the foregoing is \$1,450,000.00. The foregoing asking prices are negotiable and subject to change in accordance with the Plan.

The asking price does not include a purchaser's closing costs.

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

Dated: **SEPTEMBER 16,** , 2004

DALE ESTATES, LLC, Sponsor

PlanAm25.wpd

HARTSDALE GARDENS OWNERS CORP.

APPROVED OPERATING BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2004

PROJECTED INCOME

Maintenance Charges	\$574,622*
Laundry	4,800
Parking	42,240
Interest Income	1,300
Apartment #1A	20,700
Professional Apartment	<u>6,600</u>
	<u>\$ 650,262</u>

PROJECTED EXPENSES

Fuel – Oil	\$ 45,000
Electric and Gas	18,500
Payroll and Benefits	93,500
Insurance	53,000
Telephone	2,400
Elevator	9,500
Exterminating	5,500
Gardening, Trees and Snow Removal	17,500
Plumbing	8,500
General Repairs	25,000
Supplies	8,500
Interest - Mortgage	140,097
Interest – Line of Credit	4,500
Real Estate Taxes	180,315
Water and Sewer	5,500
Professional Fees	6,500
Management Fees	21,850
Franchise Taxes	1,400
Miscellaneous	<u>3,200</u>
	<u>\$ 650,262</u>

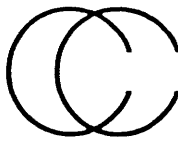
* Provides for a 6% increase in maintenance and \$5.00 per month for parking as approved by Board of Directors December 1, 2003

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Housing Corporation)
FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
YEARS ENDED DECEMBER 31, 2003 AND 2002

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Housing Corporation)
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

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Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
Hartsdale Gardens Owners Corp.

We have audited the accompanying balance sheet of Hartsdale Gardens Owners Corp. (a New York corporation) as of December 31, 2003, and the related statements of operations and accumulated deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of Hartsdale Gardens Owners Corp. as of December 31, 2002, were audited by other auditors, whose reported dated February 1, 2003, expressed an unqualified opinion on those statements. As discussed in Note 6, the company has restated its 2002 financial statements during the current year to correct the recording of mortgage amortization in conformity with accounting principles generally accepted in the United States of America. The other auditors reported on the December 31, 2002, financial statements before the restatement.

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

In our opinion, the 2003 financial statements referred to above present fairly, in all material respects, the financial position of Hartsdale Gardens Owners Corp. as of December 31, 2003, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We also audited the adjustments described in Note 6 that were applied to restate the 2002 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

As discussed in Note 2, the Company has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 4, 2004

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Housing Corporation)
BALANCE SHEETS
DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u> (Restated)
<u>ASSETS</u>		
Cash	\$ 48,578	\$ 78,638
Real estate tax escrow	71,650	26,775
Tenant – stockholder receivables	3,641	8,150
Other receivables	–	237
Prepaid expenses	11,939	31,574
Unamortized deferred charges	33,266	21,706
Investment in stock – National Cooperative Bank	3,500	–
Property and equipment, at cost, net of accumulated depreciation	<u>2,632,321</u>	<u>2,726,813</u>
	<u>\$ 2,804,895</u>	<u>\$ 2,893,893</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 23,187	\$ 22,192
Star credits	18,447	16,577
Security deposits	900	450
Maintenance received in advance	629	254
Mortgage payable	1,683,216	1,708,753
Line of credit	<u>85,000</u>	<u>–</u>
Total liabilities	<u>1,811,379</u>	<u>1,748,226</u>
Stockholders' equity		
Common stock – par value \$1.00 per share;		
33,137 shares authorized, issued and outstanding	33,137	33,137
Additional paid-in capital	3,359,063	3,359,063
Special assessment for building improvements	190,532	190,532
Reserve fund contributed by Sponsor	87,500	87,500
Accumulated deficit	<u>(2,676,716)</u>	<u>(2,524,565)</u>
Total stockholders' equity	<u>993,516</u>	<u>1,145,667</u>
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	<u>\$ 2,804,895</u>	<u>\$ 2,893,893</u>

See accompanying notes to financial statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Housing Corporation)
STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u> (Restated)
Revenues:		
Maintenance charges to tenant – shareholders	\$ 542,095	\$ 531,717
Special assessment	33,137	–
Parking	35,760	30,240
Professional and commercial rents	6,600	3,300
Laundry	4,800	4,800
Interest and other income	2,390	1,963
Rental income – Apt 1A	<u>19,800</u>	<u>20,100</u>
Total revenues	<u>644,582</u>	<u>592,120</u>
Expenses (exclusive of depreciation):		
Operating expenses	235,318	182,008
Maintenance expenses	83,551	78,015
Administrative expenses	36,467	28,862
Financial expenses	114,618	116,088
Taxes	<u>180,533</u>	<u>167,580</u>
Total expenses	<u>650,487</u>	<u>572,553</u>
(Deficiency) excess of revenues over expenses before depreciation and amortization	(5,905)	19,567
Depreciation	142,207	140,253
Amortization of deferred charges	<u>4,039</u>	<u>3,831</u>
Excess of expenses over revenues	<u>(152,151)</u>	<u>(124,517)</u>
Accumulated deficit – beginning, as originally reported	–	(2,467,420)
Prior period adjustment to correct recording of mortgage amortization	<u>–</u>	<u>67,372</u>
Accumulated deficit – beginning, as restated	<u>(2,524,565)</u>	<u>(2,400,048)</u>
ACCUMULATED DEFICIT – ENDING	<u>\$ (2,676,716)</u>	<u>\$ (2,524,565)</u>

See accompanying notes to financial statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Housing Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u> (Restated)
Cash flows from operating activities		
Excess of expenses over revenues	\$ (152,151)	\$ (124,517)
Adjustments to reconcile excess of expenses over revenues to net cash provided by operating activities		
Depreciation	142,207	140,253
Amortization of deferred charges	4,039	3,831
Changes in assets and liabilities:		
Real estate tax escrow	(44,875)	45,794
Tenant – stockholder receivables	4,509	333
Other receivables	237	(237)
Prepaid expenses	19,635	(3,831)
Accounts payable	994	(5,906)
Maintenance received in advance	375	38
Security deposits	450	(900)
Star credits	<u>1,870</u>	<u>1,637</u>
Net cash provided by (used in) operating activities	<u>(22,710)</u>	<u>56,495</u>
Cash flows from investing activities:		
Investment in stock – National Cooperative Bank	(3,500)	–
Payments for building improvements	<u>(47,715)</u>	<u>(10,000)</u>
Net cash used in investing activities	<u>(51,215)</u>	<u>(10,000)</u>
Cash flows from financing activities:		
Line of credit	85,000	–
Special assessments for building improvements	–	33,137
Increase in unamortized mortgage financing costs	(15,598)	–
Repayment of mortgage payable	<u>(25,537)</u>	<u>(23,874)</u>
Net cash provided by financing activities	<u>43,865</u>	<u>9,263</u>
Net increase (decrease) in cash and cash equivalent	(30,060)	55,758
Cash – beginning	<u>78,638</u>	<u>22,880</u>
CASH – ENDING	<u>\$ 48,578</u>	<u>\$ 78,638</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 114,560</u>	<u>\$ 116,223</u>
Income taxes paid	<u>\$ 2,635</u>	<u>\$ 1,869</u>

See accompanying notes to financial statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 1. NATURE OF ORGANIZATION

Hartsdale Gardens Owners Corp. (the "Corporation"), was organized on February 26, 1981, under the applicable provisions of the laws of the State of New York. Active operations of the cooperative apartment corporation commenced on January 25, 1983, when the property located at 27 North Central Avenue, Hartsdale, New York was acquired.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles on the accrual basis of accounting.

Property and improvements

Property and improvements are stated at cost. The building is depreciated on the straight-line method over an estimated life of 30 years. Building improvements and equipment are depreciated on the straight-line method over estimated lives that range from 10 to 40 years. Maintenance and repairs that do not increase the useful life of an asset are expensed as incurred.

Revenue recognition

Stockholder maintenance is based on an annual budget determined by the board of directors. Stockholders are billed monthly based on their respective share ownership. This income is recognized when due and payable. The Corporation retains excess operating funds, if any, at the end of the operating year for use in future operating periods.

Mortgage acquisition costs

Mortgage acquisition costs are being amortized over the related life of the mortgage using the straight-line method.

Use of estimates

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

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement of cash flows

The Corporation considers all highly liquid investments (not used to meet reserve fund requirements) with a maturity of three months or less at date of purchase to be cash equivalents.

Future major repairs and replacements

The Corporation governing documents do not require the accumulation of funds to finance estimated future major repairs and replacements. The Corporation has not conducted a study to determine the remaining useful lives of the components of the common property and estimates of the costs of major repairs and replacements that may be required in the future, nor has the board of directors developed a plan to fund those needs. When funds are required for major repairs and replacements, the Corporation plans to borrow, increase maintenance assessments, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined.

NOTE 3. PROPERTY AND IMPROVEMENTS

Property and improvements consist of the following at December 31, 2003 and 2002, respectively:

Land	\$ 858,440	\$ 858,440
Building	3,433,760	3,433,760
Boiler	48,700	48,700
Equipment	2,466	2,466
Improvements	458,171	455,821
Roofing	376,276	376,276
Elevator Improvements	112,860	112,860
Oil Tank Replacement	55,365	10,000
	<u>5,346,038</u>	<u>5,298,323</u>
Less: Accumulated depreciation	<u>2,713,717</u>	<u>2,571,510</u>
	<u>\$ 2,632,321</u>	<u>\$ 2,726,813</u>

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 4. MORTGAGE NOTE PAYABLE

On August 5, 1998 the corporation obtained a mortgage note payable from National Cooperative Bank in the amount of \$1,800,000. Terms of the mortgage require monthly payments of \$11,675 applicable first to interest at the rate of 6.75% per annum and the balance to be applied to the reduction of principal based on the thirty year period. The mortgage note matures on September 1, 2008. Amortization payments required over the next five years in the connection with the long term debt are as follows:

2004	\$ 27,315
2005	29,216
2006	31,251
2007	33,427
2008	<u>1,562,007</u>
	<u>\$ 1,683,216</u>

The mortgage requires the Corporation to make monthly payments into an escrow account held by the mortgagee for real estate taxes. At December 31, 2003 and 2002 the balance in the escrow account was \$71,650 and \$26,775, respectively.

On December 15, 2003 the Corporation obtained from National Cooperative Bank a secured non-revolving line of credit in the amount of \$350,000. At closing the Corporation drew \$85,000. The line of credit calls for monthly payments of interest only calculated at National Cooperative Bank's base rate plus one percent (5% at December 31, 2003) as adjusted. The line of credit can be prepaid at any time without penalty.

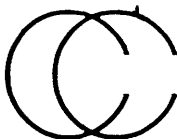
NOTE 5. SPECIAL ASSESSMENT

The Corporation assessed the stockholders for a fuel surcharge in 2003.

NOTE 6. PRIOR PERIOD ADJUSTMENT

The Corporation corrected the way it accounted for mortgage amortization payments made in prior years. The Corporation increased the beginning balance of retained earnings by \$67,372 for mortgage amortization payments made by shareholders that were originally recorded as a reduction of revenues.

ADDITIONAL INFORMATION



Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors and Stockholders
Hartsdale Gardens Owners Corp.

Our report on our audit of the basic financial statements of Hartsdale Gardens Owners Corp. for the year ended December 31, 2003, appears on page one. The additional information presented in the accompanying schedules of expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 2003 financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic 2003 financial statements taken as a whole. The additional information for the year ended December 31, 2002 was subjected to the auditing procedures applied in the 2002 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects to the basic 2002 financial statements taken as a whole.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 4, 2004

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Housing Corporation)
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Schedule I – Operating expenses		
Payroll	\$ 66,682	\$ 60,138
Employee benefits	17,219	16,116
Payroll taxes	5,456	4,846
Insurance – workers' compensation	3,182	2,651
Insurance – general	47,941	35,745
Fuel	71,103	42,738
Electricity and gas	18,182	14,532
Water charges	<u>5,553</u>	<u>5,242</u>
TOTAL OPERATING EXPENSES	<u>\$ 235,318</u>	<u>\$ 182,008</u>
Schedule II – Maintenance expenses		
Gardening, landscaping and snow removal	\$ 23,935	\$ 20,962
Boiler maintenance	6,551	9,981
Plumbing	4,020	5,344
Elevator maintenance	8,745	9,109
General building repairs	28,255	20,099
Hardware and supplies	7,043	7,924
Exterminating and cleaning	<u>5,002</u>	<u>4,596</u>
TOTAL MAINTENANCE EXPENSES	<u>\$ 83,551</u>	<u>\$ 78,015</u>
Schedule III – Administrative expenses		
Management fees	\$ 20,850	\$ 19,850
Professional fees	5,535	5,686
Telephone and miscellaneous	7,805	3,326
Bad debts	<u>2,277</u>	<u>—</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 36,467</u>	<u>\$ 28,862</u>

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Housing Corporation)
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Schedule IV – Financial expenses		
Interest expense – mortgage	\$ 114,417	\$ 116,088
Interest expense – line of credit	<u>201</u>	<u>–</u>
TOTAL FINANCIAL EXPENSES	<u>\$ 114,618</u>	<u>\$ 116,088</u>
Schedule V – Taxes		
Real estate taxes	\$ 177,898	\$ 165,711
New York State franchise tax	<u>2,635</u>	<u>1,869</u>
TOTAL TAXES	<u>\$ 180,533</u>	<u>\$ 167,580</u>

CONSULT YOUR LAWYER BEFORE SIGNING THIS AGREEMENT

Contract of Sale - Cooperative Apartment

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

1 CERTAIN DEFINITIONS AND INFORMATION

1.1 The "Parties" are:

1.1.1 "Seller": Dale Estates, LLC

Prior names used by Seller:

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

S.S. No.: **13-1361623**

1.1.2 "Purchaser":

Address: **New York**

S.S. No.:

1.2 The "Attorneys" are:

1.2.1 "Seller's Attorney"

Nancy R. Heller, Esq.

Peck & Heller

Address: **545 Madison Avenue, 11th floor
New York, New York 10022**

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

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

1.2.2 "Purchaser's Attorney"

Address: **, New York**

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, Suite 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: Hartsdale Gardens Owners Corp.**

1.7 The "Unit" number is:

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

**North Central Avenue
Hartsdale, New York**

**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 **offices of the Managing
Agent** (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 \$ _____, payable
as follows:—**

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

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

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

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

- 1.20.3 ~~Purchaser shall not apply for financing in connection with this sale.~~
- 1.21 If ¶1.20.1 or 1.20.2 applies, the "Financing Terms" for ¶18 are: a loan of \$ _____ for a term of _____ years or such lesser amount or shorter term as applied for or acceptable to Purchaser; and the "Loan Commitment Date" for ¶18 is _____ calendar days after the Delivery Date.
- 1.22 The "Delivery Date" of this Contract is the date on which a fully executed counterpart of this Contract is deemed given to and received by Purchaser or Purchaser's Attorney as provided in ¶17.3.
- 1.23 All "Proposed Occupants" of the Unit are:
- 1.23.1 persons and relationship to Purchaser:
- 1.23.2 pets: **NO PETS ALLOWED**
- 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: **JP Morgan Chase Bank**
Address: **60 East 42nd Street, New York, New York 10165**
(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, Personality 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 Personality and the Included Interests.
- 3.2 No consideration is being paid for the Personality 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, Personality 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, Personality 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:

Robert Orlofsky, Member

PURCHASER:

ESCROW TERMS AGREED TO: **Nancy R. Heller, Esq.**

By: _____

ESCROWEE

Continued on addendum or rider attached hereto.

RIDER TO, AND PART OF, CONTRACT OF SALE
BETWEEN
Dale Estates, LLC
AS SELLER, AND

AS PURCHASER

FOR UNIT _____ AT _____ **North Central Avenue, Hartsdale, New York**

The Parties have duly executed this Rider as of the same
date as the Contract.

SELLER:

Robert Orlofsky, Member

PURCHASER:

RIDER ANNEXED TO CONTRACT

Dated: , 2004

Seller: DALE ESTATES, LLC

Purchaser:

Premises: North Central Avenue, Hartsdale, New York

Unit No.:

Apartment Corporation: Hartsdale Gardens Owners Corp.

30. 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.

31. 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.

32. 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.

33. The Contract Deposit shall be held by Nancy R. Heller, Esq. ("Escrow Agent"), in accordance with the provisions set forth in the Sixteenth Amendment to the Plan which was accepted for filing by the Attorney General of the State of New York on April 27, 1992.

34. 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.

35. 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.

36. 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) eighty (80%) per cent of the value of the Unit as appraised by Purchaser's Institutional Lender or (iii) the maximum financing permitted by the Corporation.

37. 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.

38. 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. 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.

39. 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.

40. 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.

41. 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 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.

42. Purchaser represents and warrants that s/he has read and understands the House Rules of the Hartsdale Gardens Owners Corp., including without limitation the express prohibitions against pets and the requirement with respect to carpeting of Units and agrees to be bound by them. The representations set forth in this Paragraph 42 shall survive the closing and shall also be for the benefit of the Corporation.

43. 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.

44. 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 A.

45. The balance of the Purchase Price payable pursuant to Paragraphs 1.16.2 and 2.2.2 shall be by check as specified made payable to the order of Estates Supervision.

DALE ESTATES, LLC, Seller

By: _____
Robert Orlofsky, Member

, Purchaser



Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards SALES

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

(a) Presence of lead-based paint and/or lead-based paint hazards (*Check (i) or (ii) below*):

(i) ☐ Known lead-based paint and/or lead-based paint hazards are present in the housing (*explain*).

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 has no actual

(ii) ☒ 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 (i) or (ii) below*):

(i) ☐ 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*).

(ii) ☒ 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 (i) or (ii) below*):

(i) ☐ 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

(ii) ☐ 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. 4852d 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 they have provided is true and accurate.

SELLER

DATE

SELLER

DATE

PURCHASER

DATE

PURCHASER

DATE

AGENT

DATE

AGENT

DATE



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

TERRYL BROWN CLEMONS
Acting Deputy Attorney General
Division of Public Advocacy

ELIOT SPITZER
Attorney General

DAVID D. BROWN, IV
Bureau Chief
Investment Protection Bureau

(212) 416-8111

Dale Estates, LLC
c/o Peck & Heller, Esq.
Attention: Nancy Heller
545 Madison Avenue
New York, NY 10022

RE: 27 North Central Ave.

File Number: C 810234

Date Amendment Filed: 09/16/2004

Receipt Number: 68838

Amendment No: 25

Filing Fee: \$225.00

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,

A handwritten signature in cursive script that reads "Susan Scharbach".

Susan Scharbach
Assistant Attorney General

y.h.

TWENTY-FOURTH AMENDMENT TO OFFERING PLAN
for
27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Twenty-Fourth Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located at 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by the filing of twenty-three 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 Twenty-Fourth 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) The following is a list of the outstanding unsold shares of the Apartment Corporation and the units to which such unsold shares are allocated. All unsold shares are held by Dale Estates ("Sponsor").

<u>Apartment</u>	<u>Shares</u>
3-A	566
2-B	463
6-B	475
4-C	359
6-C	365
1-D	455
5-D	467
6-D	470
4-E	469
6-E	475
1-G	350
2-G	461
3-G	464
5-G	470
2-H	463
4-H	469
5-H	472

<u>Apartment</u>	<u>Shares</u>
3-I	461
5-I	467
3-J	356
5-J	362
2-K	463
3-K	466
6-K	475
4-L	569

Total	Total
Units 25	Shares 11,332

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$15,868.54.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$21,767.89.

(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 financing arrangements.

(f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor. Sponsor may also derive income from the sale of vacant units but does not rely on such sales to meet its obligations to the Apartment Corporation.

(g) The Sponsor is current on all financial obligations under the Plan. 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 (10%) 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
31 Pondfield Road, Bronxville, New York
File No. C83-0117
17 North Chatsworth Avenue, Larchmont, New York
File No. C81-0234
10 Franklin Avenue, White Plains, New York
File No. C82-0477
1-15 Bryant Crescent, White Plains, New York

File No. C79-0438
324 East 35th Street, New York, New York
File No. C85-0459
60 West 70th Street, New York, New York
File No. C80-0493
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 May 18, 1988. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 34.2% of the outstanding shares of the Corporation.

3. **Maintenance and Parking Charges.** By resolution of the Board of Directors of the Corporation adopted at a meeting duly held November 14, 2002, after reviewing a projected budget of building operations for the calendar year 2003, the per share annual maintenance was fixed at \$1.3632712 for the calendar year 2003, representing a two (2.0%) percent increase over the prior year. In addition, the monthly parking charges were increased by \$5.00 to \$30.00 for an outdoor space and \$40.00 for an indoor space.

4. **Budget.** Attached hereto is the budget for the 2003 calendar year, prepared by the Building's managing agent and adopted by the Board of Directors. This budget is contained herein for informational 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.

5. **Election of Officers and Directors.** At the annual meeting of shareholders held on June 17, 2002 the following officers and directors of the Corporation were elected:

Ethel Privin, President and Director
Arnold Bell, Vice President and Director
*Nancy Heller, Director
*Robert Orlofsky, Vice President, Secretary and Director
Frank Hagan, Treasurer and Director
Barbara Silverman, Assistant Secretary and Director

***Sponsor designees**

6. **Financial Statements.** The financial statement for Hartsdale Gardens Owners Corp. for the years ended December 31, 2001 and December 31, 2000 prepared by Margold, Erskan & Wang, Certified Public Accountants, is attached hereto. These financial statements are contained herein for informational purposes only. Sponsor does not adopt the financial statements and does not represent, assure or guarantee their accuracy, adequacy or completeness.

7. **Decommissioning of Oil Tank.** The Westchester County Health Department accepted the Closure Report of National Environmental Specialists, Inc. dated July 29, 2002 without requiring any further action. The Corporation's underground 5,000 gallon fuel oil tank has been permanently decommissioned, and the Corporation is in the process of installing a new 6,500 oil tank which will be located above-ground within the boiler room.

8. **Price Changes.** Effective upon the filing of this Twenty-Fourth Amendment, the asking price of the Unsold Shares to which the proprietary leases for the apartment units listed below are appurtenant is generally increased as follows:

<u>Apartment Line</u>	<u>Total Price Per Unit</u>
C/J/F	\$125,000.00
B/D/E/G/H/I/K	\$160,000.00
A/L	\$180,000.00

The increase in the amount of the total offering price as a result of the foregoing is \$355,000.00. The foregoing asking prices are negotiable and subject to change in accordance with the Plan. The asking price does not include a purchaser's closing costs.

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

Dated: **MARCH 13**, 2003

DALE ESTATES, LLC, Sponsor

HARTSDALE GARDENS OWNERS CORP.

APPROVED OPERATING BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2003

PROJECTED INCOME

Maintenance Charges	\$542,096*
Laundry	4,800
Parking	35,880
Interest Income	1,300
Apartment #1A	20,100
Professional Apartment	<u>6,600</u>
	<u>\$ 610,776</u>

PROJECTED EXPENSES

Fuel - Oil	\$ 38,000
Electric and Gas	16,000
Payroll and Benefits	90,000
Insurance	43,000
Telephone	2,400
Elevator	9,500
Exterminating	4,500
Gardening, Trees and Snow Removal	17,000
Plumbing	8,500
General Repairs	25,000
Supplies	8,500
Interest - Mortgage	140,097
Real Estate Taxes	169,000
Water and Sewer	6,500
Professional Fees	7,500
Management Fees	20,850
Franchise Taxes	1,400
Miscellaneous	<u>3,029</u>
	<u>\$ 610,776</u>

* Provides for a 2% increase in maintenance
approved by Board of Directors November 14, 2002

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2001 AND 2000

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

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MARGOLD, ERSKEN & WANG, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**880 THIRD AVENUE
NEW YORK, N. Y. 10022-4730**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation):

We have audited the accompanying balance sheets of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 2001 and 2000, and the related statements of operations and accumulated deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. As discussed in Note 6, the Corporation has not presented the supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Margold Erskens Wang LLP

New York, New York
February 1, 2002

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

BALANCE SHEETS

	<u>December 31,</u>	
	<u>2001</u>	<u>2000</u>
<u>Assets:</u>		
Current Assets (Schedule A - I)	\$ 131,675	\$ 133,073
Fixed Assets (Schedule A - II) (Note 2)	2,857,067	2,960,739
Deferred Charges (Note 4)	<u>25,537</u>	<u>29,368</u>
	<u>\$3,014,279</u>	<u>\$3,123,180</u>
<u>Liabilities and Shareholders' Equity:</u>		
<u>Liabilities:</u>		
Current Liabilities (Schedule A - III)	\$ 43,254	\$ 41,901
Security Deposits Payable	1,350	-0-
First Mortgage Note Payable (Note 3)	<u>1,732,628</u>	<u>1,754,948</u>
	<u>\$1,777,232</u>	<u>\$1,796,849</u>
<u>Shareholders' Equity:</u>		
Capital Stock - Issued and Outstanding		
33,137 Shares With a Par Value of		
\$1.00 Per Share	\$ 33,137	\$ 33,137
Excess of Book Value Over Par Value of		
Shares Issued	3,359,063	3,359,063
Special Assessments for Building Improvements	157,395	124,258
Reserve Fund Contribution by Sponsor	87,500	87,500
Mortgage Amortization	<u>67,372</u>	<u>45,052</u>
	\$3,704,467	\$3,649,010
Less - Accumulated Deficit	<u>(2,467,420)</u>	<u>(2,322,679)</u>
	<u>\$1,237,047</u>	<u>\$1,326,331</u>
	<u>\$3,014,279</u>	<u>\$3,123,180</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

December 31,	
2001	2000

Schedule A - I

Current Assets:

Cash and Equivalents:

Cash - Reserve Fund	\$ 21,228	\$ 43,085
Cash - Operating Account	1,652	4,394

Total Cash and Equivalents	22,880	47,479
----------------------------	--------	--------

Miscellaneous Receivable	-0-	1,177
Escrow Deposits	72,569	44,467
Prepaid Expenses	27,743	30,571
Maintenance Charges Receivable	8,483	9,379

	\$ 131,675	\$ 133,073
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Schedule A - II

Fixed Assets, at book value:

Premises: 27 No. Central Ave.,
Hartsdale, N. Y.

Land	\$ 858,440	\$ 858,440
Building	3,433,760	3,433,760
Boiler	48,700	48,700
Equipment	2,466	2,466
Improvements	455,821	417,878
Roofing	376,276	376,276
Elevator Improvements	112,860	112,860

	\$5,288,323	\$5,250,380
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Less: Accumulated Depreciation	2,431,256	2,289,641
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	\$2,857,067	\$2,960,739
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Schedule A - III

Current Liabilities:

Star Credits	\$ 14,940	\$ 12,466
Accounts Payable (Current Operations)	28,098	28,827
Prepaid Maintenance Charges	216	608

	\$ 43,254	\$ 41,901
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See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

	Year Ended December 31,	
	<u>2001</u>	<u>2000</u>
<u>Income:</u>		
Maintenance Charges to Tenant - Shareholders	\$ 511,026	\$ 496,142
Fuel Surcharge	8,521	14,202
Professional and Commercial Rents	5,175	12,900
Parking	29,745	28,115
Laundry Room Commission	5,700	4,800
Interest and Other Income	3,692	3,751
Rental Income - Apt. 1A	<u>11,550</u>	<u>-0-</u>
	<u>\$ 575,409</u>	<u>\$ 559,910</u>
<u>Expenses:</u>		
Operating Expenses (Schedule B - I)	\$ 170,098	\$ 175,891
Maintenance Expenses (Schedule B - II)	71,825	65,914
Administrative Expenses (Schedule B - III)	33,574	26,988
Financial Expenses (Schedule B - IV)	117,651	119,112
Taxes (Schedule B - V)	<u>159,236</u>	<u>160,765</u>
	<u>\$ 552,384</u>	<u>\$ 548,670</u>
<u>Excess of Income Over Expenses</u>		
<u>Before Depreciation and Amortization</u>	\$ 23,025	\$ 11,240
Income Allocated to Mortgage Principal Payments	22,320	20,867
Depreciation	141,615	141,959
Amortization of Mortgage Expenses	<u>3,831</u>	<u>3,831</u>
<u>Deficit of Income Over Expenses</u>	\$ (144,741)	\$ (155,417)
<u>Accumulated Deficit - Beginning of Year</u>	<u>(2,322,679)</u>	<u>(2,167,262)</u>
<u>Accumulated Deficit - End of Year</u>	<u>\$ (2,467,420)</u>	<u>\$ (2,322,679)</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

Year Ended December 31.	
<u>2001</u>	<u>2000</u>

Schedule B - I

Operating Expenses:

Payroll	\$ 59,807	\$ 56,513
Employee Benefits	14,526	12,952
Payroll Taxes	4,806	4,554
Insurance - Compensation	2,725	2,430
Insurance - General	27,525	24,151
Fuel	38,360	51,878
Electricity and Gas	16,778	15,426
Water Charges	<u>5,571</u>	<u>7,987</u>
	<u>\$ 170,098</u>	<u>\$ 175,891</u>

Schedule B - II

Maintenance Expenses:

Plumbing	\$ 4,620	\$ 5,364
Boiler Maintenance	8,214	6,571
Oil Tank Maintenance	3,943	-0-
General Building Repairs	16,233	15,338
Hardware and Supplies	7,114	9,940
Elevator Maintenance	8,351	10,124
Gardening, Landscaping and Snow Removal	18,754	13,981
Exterminating and Cleaning	<u>4,596</u>	<u>4,596</u>
	<u>\$ 71,825</u>	<u>\$ 65,914</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

	Year Ended December 31.	
	<u>2001</u>	<u>2000</u>
<u>Schedule B - III</u>		
<u>Administrative Expenses:</u>		
Management Fees	\$ 18,850	\$ 17,850
Professional Fees	7,829	6,202
Telephone and Miscellaneous	<u>6,895</u>	<u>2,936</u>
	<u>\$ 33,574</u>	<u>\$ 26,988</u>
 <u>Schedule B - IV</u>		
<u>Financial Expenses:</u>		
Interest on Mortgages	<u>\$ 117,651</u>	<u>\$ 119,112</u>
 <u>Schedule B - V</u>		
<u>Taxes:</u>		
Real Estate Taxes	\$ 157,504	\$ 159,110
New York State Franchise Tax	<u>1,732</u>	<u>1,655</u>
	<u>\$ 159,236</u>	<u>\$ 160,765</u>

See Notes to Financial Statements.

EXHIBIT C

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

STATEMENTS OF CASH FLOWS

	<u>Year Ended</u> <u>December 31,</u>	
	<u>2001</u>	<u>2000</u>
<u>Cash Flows From Operating Activities:</u>		
Deficit of Income over Expenses (Exhibit B)	\$ (144,741)	\$ (155,417)
Adjustments to Reconcile Deficit of Income over Expenses to Net Cash Used by Operating Activities:		
Depreciation	141,615	141,959
Amortization of Deferred Charges	3,831	3,831
(Increase) Decrease in Assets:		
Maintenance Charges Receivable	896	(2,604)
Prepaid Expenses	2,828	(24,750)
Escrow Deposits	(28,102)	45,461
Miscellaneous Receivable	1,177	(1,177)
Increase (Decrease) in Liabilities:		
Accounts Payable (Current Operations)	(729)	(6,930)
Prepaid Maintenance Charges	(392)	(88)
Security Deposits	1,350	(1,084)
Star Credits	<u>2,474</u>	<u>6,952</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>(19,793)</u>	\$ <u>6,153</u>
<u>Cash Flows From Investing Activities:</u>		
Increase in Building Improvements	\$ <u>(37,943)</u>	\$ <u>(55,560)</u>
Net Cash Used by Investing Activities	\$ <u>(37,943)</u>	\$ <u>(55,560)</u>
<u>Cash Flows From Financing Activities:</u>		
Income Allocated to Mortgage Principal Payments	\$ 22,320	\$ 20,867
Amortization of Mortgage Note Payable	(22,320)	(20,867)
Special Assessments for Building Improvements	<u>33,137</u>	<u>-0-</u>
Net Cash Provided By Financing Activities	\$ <u>33,137</u>	\$ <u>-0-</u>
<u>Net Decrease In Cash and Equivalents</u>	\$ (24,599)	\$ (49,407)
<u>Cash and Equivalents At Beginning of Year</u>	<u>47,479</u>	<u>96,886</u>
<u>Cash and Equivalents At End of Year</u>	\$ <u>22,880</u>	\$ <u>47,479</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001 AND 2000

1. SIGNIFICANT ACCOUNTING POLICIES:

(A) The Organization

The Corporation was organized on February 26, 1981, under the applicable provisions of the laws of the State of New York. Active operations of the cooperative apartment corporation commenced on January 25, 1983, when the property located at 27 North Central Avenue, Hartsdale, New York was acquired.

(B) Use of Estimates:

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

2. FIXED ASSETS:

The land and building are stated at cost. Depreciation of the building and improvements for financial statement purposes are recorded on the straight-line-method over an estimated life of thirty years.

3. MORTGAGE NOTE PAYABLE:

On August 5, 1998 the corporation obtained a mortgage note payable from NCB Capital corporation in the amount of \$1,800,000. Terms of the mortgage require monthly payments of \$11,675 applicable first to interest at the rate of 6.75% per annum and the balance to be applied to the reduction of principal based on a thirty year period. Amortization payments required over the next five years in the connection with the long term debt are as follows:

2002	\$ 23,874
2003	25,537
2004	27,315
2005	29,216
2006	<u>31,251</u>
	<u>\$137,193</u>

The mortgage requires the Company to make monthly payments into an escrow account held by the mortgagee for real estate taxes. At December 31, 2001 and 2000 the balance in the escrow account was \$72,569 and \$44,467, respectively.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001 AND 2000

4. DEFERRED CHARGES:

Deferred mortgage costs are being amortized over the terms of the mortgage.

5. MANAGEMENT:

The Corporation has renewed its management agreement with Robert Orlofsky Realty Inc. through December 31, 2001.

6. FUTURE MAJOR REPAIRS AND REPLACEMENTS:

The Corporation has not provided the supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be part of, the basic financial statements. The Corporation has not conducted a study to determine the remaining useful lives of the components of common property and the estimates of costs of future major repairs and replacements on the common property. The Corporation has not developed a comprehensive plan to fund any future major repairs and replacements. When funds are required to finance future major repairs and replacements, the Corporation will either utilize cash balances, borrow funds, increase maintenance assessments, or delay major repairs and replacements until funds are available. The effect of future funding of major repairs and replacements on future assessments has not been determined.



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

ELIOT SPITZER
Attorney General

DIETRICH L. SNELL
Deputy Attorney General
Division of Public Advocacy

ERIC R. DINALLO
Bureau Chief
Investment Protection Bureau

(212)416-8111

Dale Estates
c/o Peck & Heller, Esq.
Attention: Nancy Heller
2301 Lincoln Building, 60 East 42nd Street
New York, NY 10165

RE: 27 North Central Ave.
File Number: C 810234 Amendment No: 24
Date Amendment Filed: 03/13/2003 Filing Fee: \$3,700.00
Receipt Number: 61850

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,

Susan Scharbach
Assistant Attorney General

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TWENTY-THIRD AMENDMENT TO OFFERING PLAN
for
27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Twenty-Third Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located at 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by the filing of twenty-one 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 Twenty-Third 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) The following is a list of the outstanding unsold shares of the Apartment Corporation and the units to which such unsold shares are allocated. All unsold shares are held by Dale Estates ("Sponsor").

<u>Apartment</u>	<u>Shares</u>
3-A	566
2-B	463
6-B	475
4-C	359
6-C	365
1-D	455
5-D	467
6-D	470
4-E	469
6-E	475
1-G	350
2-G	461
3-G	464
5-G	470
2-H	463
4-H	469
5-H	472

<u>Apartment</u>	<u>Shares</u>
3-I	461
5-I	467
3-J	356
5-J	362
2-K	463
3-K	466
4-K	469
6-K	475
4-L	569
 Total Units 26	 Total Shares 11,801

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$16,046.65.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$20,925.40.

(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 financing arrangements.

(f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor. Sponsor may also derive income from the sale of vacant units but does not rely on such sales to meet its obligations to the Apartment Corporation.

(g) The Sponsor is current on all financial obligations under the Plan. 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 (10%) 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

31 Pondfield Road, Bronxville, New York

File No. C83-0117

17 North Chatsworth Avenue, Larchmont, New York

File No. C81-0234

10 Franklin Avenue, White Plains, New York

File No. C82-0477
1-15 Bryant Crescent, White Plains, New York
File No. C79-0438
324 East 35th Street, New York, New York
File No. C85-0459
60 West 70th Street, New York, New York
File No. C80-0493
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 May 18, 1988. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 35.7% of the outstanding shares of the Corporation.

3. Maintenance Charges; Assessment. By resolution of the Board of Directors of the Corporation adopted at a meeting duly held November 29, 2000, after reviewing a projected budget of building operations for the calendar year 2001, the per share annual maintenance was fixed at \$15.42154 for the calendar year 2001, representing a three (3.0%) percent increase over the prior year. There is presently in effect an assessment of \$1.00 per share payable in four equal installments due July 1, August 1, September 1 and October 1, 2001.

4. Budget. Attached hereto is the budget for the 2001 calendar year, prepared by the Building's managing agent and adopted by the Board of Directors. This budget is contained herein for informational 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.

5. Election of Officers and Directors. At the annual meeting of shareholders held on June 11, 2001 the following officers and directors of the Corporation were elected:

Ethel Privin, President and Director
Arnold Bell, Vice President and Director
*Nancy Heller, Director
*Robert Orlofsky, Vice President, Secretary and Director

Frank Hagan, Treasurer and Director
Barbara Silverman, Assistant Secretary and Director
*Sponsor designees

6. Financial Statements. The financial statement for Hartsdale Gardens Owners Corp. for the year ended December 31, 2000 prepared by Margold, Ersken, Wang & Lieb, Certified Public Accountants, is attached hereto.

7. Change of Sponsor Entity. Effective as of February 22, 1999 with the filing of a Certificate of Conversion with the Department of the State of New York, the Sponsor, Dale Estates, a New York general partnership, in accordance with Section 1006 of the Limited Liability Company Law of the State of New York, was duly converted to a limited liability company. In accordance with the Agreement of Conversion among the partners of the partnership, effective upon said filing, all of the property, real, personal, tangible, and intangible became vested in Dale Estates Limited Liability Company.

8. Price Changes. There have not been any changes in the prices for the blocks of shares allocated to apartments since the filing of the Eleventh Amendment to the Offering Plan dated June 3, 1987.

9. No Other Material Changes in Plan. There have been no material changes in the Plan, except as set forth in this Twenty-Third 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 24, 2001

DALE ESTATES, LLC, Sponsor

PLANAM23.WPD

HARTSDALE GARDENS OWNERS CORP.

APPROVED OPERATING BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2001

PROJECTED INCOME

Maintenance Charges	\$ 511,026 *
Fuel Surcharge	19,882
Laundry	4,800
Parking	28,200
Interest Income	4,139
Professional	<u>12,900</u>
	<u>\$ 580,947</u>

PROJECTED EXPENSES

Fuel-oil	\$ 55,000
Electric and gas	16,000
Payroll and benefits	81,000
Insurance	26,000
Telephone	1,900
Elevator	7,500
Exterminating	4,500
Gardening, trees and snow removal	13,000
Plumbing	8,500
General repairs	22,500
Supplies	9,500
Interest - mortgage	140,097
Real estate taxes	161,000
Water and sewer	8,200
Professional fees	6,000
Management fees	18,850
Franchise taxes	<u>1,400</u>
	<u>\$ 580,947</u>

* Provides for a 3% increase in maintenance
approved by Board of Directors November 29, 2000

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2000 AND 1999

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

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MARGOLD ERSKEN WANG & LIEB, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**880 THIRD AVENUE
NEW YORK, N. Y. 10022-4730**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation):

We have audited the accompanying balance sheets of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 2000 and 1999, and the related statements of operations and accumulated deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. As discussed in Note 6, the Corporation has not presented the supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Margold Erskes Wang & Lieb LLP

New York, New York

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

BALANCE SHEETS

	<u>December 31.</u>	
	<u>2000</u>	<u>1999</u>
<u>Assets:</u>		
Current Assets (Schedule A - I)	\$ 133,073	\$ 199,413
Fixed Assets (Schedule A - II) (Note 2)	2,960,739	3,047,138
Deferred Charges (Note 4)	<u>29,368</u>	<u>33,198</u>
	<u>\$3,123,180</u>	<u>\$3,279,749</u>
<u>Liabilities and Shareholders' Equity:</u>		
<u>Liabilities:</u>		
Current Liabilities (Schedule A - III)	\$ 41,901	\$ 41,969
Security Deposits Payable	-0-	1,084
First Mortgage Note Payable (Note 3)	<u>1,754,948</u>	<u>1,775,815</u>
	<u>\$1,796,849</u>	<u>\$1,818,868</u>
<u>Shareholders' Equity:</u>		
Capital Stock - Issued and Outstanding		
33,137 Shares With a Par Value of		
\$1.00 Per Share	\$ 33,137	\$ 33,137
Excess of Book Value Over Par Value of		
Shares Issued	3,359,063	3,359,063
Special Assessments for Building Improvements	124,258	124,258
Reserve Fund Contribution by Sponsor	87,500	87,500
Mortgage Amortization	<u>45,052</u>	<u>24,185</u>
	\$3,649,010	\$3,628,143
Less - Accumulated Deficit	<u>(2,322,679)</u>	<u>(2,167,262)</u>
	<u>\$1,326,331</u>	<u>\$1,460,881</u>
	<u>\$3,123,180</u>	<u>\$3,279,749</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>December 31.</u>	
	<u>2000</u>	<u>1999</u>
<u>Schedule A - I</u>		
<u>Current Assets:</u>		
Cash and Equivalents:		
Cash - Reserve Fund	\$ 43,085	\$ 95,146
Cash - Operating Account	<u>4,394</u>	<u>1,740</u>
Total Cash and Equivalents	47,479	96,886
Miscellaneous Receivable	1,177	-0-
Escrow Deposits	44,467	89,931
Prepaid Expenses	30,571	5,821
Maintenance Charges Receivable	<u>9,379</u>	<u>6,775</u>
	<u>\$ 133,073</u>	<u>\$ 199,413</u>
<u>Schedule A - II</u>		
<u>Fixed Assets, at book value:</u>		
<u>Premises:</u> 27 No. Central Ave.,		
Hartsdale, N. Y.		
Land	\$ 858,440	\$ 858,440
Building	3,433,760	3,433,760
Boiler	48,700	48,700
Equipment	2,466	2,466
Improvements	417,878	417,878
Roofing	376,276	376,276
Elevator Improvements	<u>112,860</u>	<u>57,300</u>
	\$5,250,380	\$5,194,820
Less: Accumulated Depreciation	<u>2,289,641</u>	<u>2,147,682</u>
	<u>\$2,960,739</u>	<u>\$3,047,138</u>
<u>Schedule A - III</u>		
<u>Current Liabilities:</u>		
Star Credits	\$ 12,466	\$ 5,516
Accounts Payable (Current Operations)	28,827	35,757
Prepaid Maintenance Charges	<u>608</u>	<u>696</u>
	<u>\$ 41,901</u>	<u>\$ 41,969</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

	<u>Year Ended</u> <u>December 31,</u>	
	<u>2000</u>	<u>1999</u>
<u>Income:</u>		
Maintenance Charges to Tenant - Shareholders	\$ 496,142	\$ 481,693
Fuel Surcharge	14,202	-0-
Professional and Commercial Rents	12,900	12,900
Parking	28,115	19,160
Laundry Room Commission	4,800	4,800
Interest and Other Income	<u>3,751</u>	<u>6,141</u>
	<u>\$ 559,910</u>	<u>\$ 524,694</u>
<u>Expenses:</u>		
Operating Expenses (Schedule B - I)	\$ 175,891	\$ 161,585
Maintenance Expenses (Schedule B - II)	65,914	58,650
Administrative Expenses (Schedule B - III)	26,988	27,451
Financial Expenses (Schedule B - IV)	119,112	120,478
Taxes (Schedule B - V)	<u>160,765</u>	<u>154,741</u>
	<u>\$ 548,670</u>	<u>\$ 522,905</u>
<u>Excess (Deficit) of Income Over Expenses</u>		
<u>Before Depreciation and Amortization</u>	\$ 11,240	\$ 1,789
Income Allocated to Mortgage Principal Payments	20,867	19,509
Depreciation	141,959	140,170
Amortization of Mortgage Expenses	<u>3,831</u>	<u>3,831</u>
<u>Deficit of Income Over Expenses</u>	\$ (155,417)	\$ (161,721)
<u>Accumulated Deficit - Beginning of Year</u>	<u>(2,167,262)</u>	<u>(2,005,541)</u>
<u>Accumulated Deficit - End of Year</u>	<u><u>\$ (2,322,679)</u></u>	<u><u>\$ (2,167,262)</u></u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

	Year Ended	
	<u>December 31,</u>	
	<u>2000</u>	<u>1999</u>
<u>Schedule B - I</u>		
<u>Operating Expenses:</u>		
Payroll	\$ 56,513	\$ 60,295
Employee Benefits	12,952	11,644
Payroll Taxes	4,554	4,827
Insurance - Compensation	2,430	2,389
Insurance - General	24,151	25,236
Fuel	51,878	30,585
Electricity and Gas	15,426	12,894
Water Charges	<u>7,987</u>	<u>13,715</u>
	<u>\$ 175,891</u>	<u>\$ 161,585</u>

Schedule B - II

Maintenance Expenses:

Plumbing	\$ 5,364	\$ 10,723
Boiler Maintenance	6,571	5,759
General Building Repairs	15,338	10,508
Hardware and Supplies	9,940	4,275
Elevator Maintenance	10,124	6,484
Gardening, Landscaping and Snow Removal	13,981	16,524
Exterminating and Cleaning	<u>4,596</u>	<u>4,377</u>
	<u>\$ 65,914</u>	<u>\$ 58,650</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

	Year Ended December 31.	
	<u>2000</u>	<u>1999</u>
<u>Schedule B - III</u>		
<u>Administrative Expenses:</u>		
Management Fees	\$ 17,850	\$ 17,850
Professional Fees	6,202	5,145
Telephone and Miscellaneous	<u>2,936</u>	<u>4,456</u>
	<u>\$ 26,988</u>	<u>\$ 27,451</u>
 <u>Schedule B - IV</u>		
<u>Financial Expenses:</u>		
Interest on Mortgages	<u>\$ 119,112</u>	<u>\$ 120,478</u>
 <u>Schedule B - V</u>		
<u>Taxes:</u>		
Real Estate Taxes	\$ 159,110	\$ 154,185
New York State Franchise Tax	<u>1,655</u>	<u>556</u>
	<u>\$ 160,765</u>	<u>\$ 154,741</u>

See Notes to Financial Statements.

EXHIBIT C

HARTSDALE GARDENS OWNERS CORP.
 (A Cooperative Apartment Corporation)

STATEMENTS OF CASH FLOWS

	<u>Year Ended</u> <u>December 31,</u>	
	<u>2000</u>	<u>1999</u>
<u>Cash Flows From Operating Activities:</u>		
Deficit of Income over Expenses (Exhibit B)	\$(155,417)	\$ (161,721)
Adjustments to Reconcile Deficit of Income over Expenses to Net Cash Used by Operating Activities:		
Depreciation	141,959	140,170
Amortization of Deferred Charges	3,831	3,831
(Increase) Decrease in Assets:		
Maintenance Charges Receivable	(2,604)	2,185
Prepaid Expenses	(24,750)	(208)
Escrow Deposits	45,461	(12,509)
Miscellaneous Receivable	(1,177)	-0-
Increase (Decrease) in Liabilities:		
Accounts Payable (Current Operations)	(6,930)	(5,819)
Prepaid Maintenance Charges	(88)	261
Security Deposits	(1,084)	(700)
Star Credits	<u>6,952</u>	<u>4,234</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>6,153</u>	\$ <u>(30,276)</u>
<u>Cash Flows From Investing Activities:</u>		
Increase in Building Improvements	\$ <u>(55,560)</u>	\$ <u>(63,350)</u>
Net Cash Used by Investing Activities	\$ <u>(55,560)</u>	\$ <u>(63,350)</u>
<u>Cash Flows From Financing Activities:</u>		
Income Allocated to Mortgage Principal Payments	\$ 20,867	\$ 19,509
Amortization of Mortgage Note Payable	<u>(20,867)</u>	<u>(19,509)</u>
Net Cash Provided By Financing Activities	\$ <u>-0-</u>	\$ <u>-0-</u>
<u>Net Decrease In Cash and Equivalents</u>	\$ (49,407)	\$ (93,626)
<u>Cash and Equivalents At Beginning of Year</u>	<u>96,886</u>	<u>190,512</u>
<u>Cash and Equivalents At End of Year</u>	<u>\$ 47,479</u>	<u>\$ 96,886</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000 AND 1999

1. SIGNIFICANT ACCOUNTING POLICIES:

(A) The Organization

The Corporation was organized on February 26, 1981, under the applicable provisions of the laws of the State of New York. Active operations of the cooperative apartment corporation commenced on January 25, 1983, when the property located at 27 North Central Avenue, Hartsdale, New York was acquired.

(B) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from the estimates and assumptions used.

2. FIXED ASSETS:

The land and building are stated at cost. Depreciation of the building and improvements for financial statement purposes are recorded on the straight-line-method over an estimated life of thirty years.

3. MORTGAGE NOTE PAYABLE:

On August 5, 1998 the corporation obtained a mortgage note payable from NCB Capital corporation in the amount of \$1,800,000. Terms of the mortgage require monthly payments of \$11,675 applicable first to interest at the rate of 6.75% per annum and the balance to be applied to the reduction of principal based on a thirty year period. Amortization payments required over the next five years in the connection with the long term debt are as follows:

2001	\$ 22,320
2002	23,874
2003	25,537
2004	27,315
2005	<u>29,216</u>

\$128,262

The mortgage requires the Company to make monthly payments into an escrow account held by the mortgagee for real estate taxes. At December 31, 2000 and 1999 the balance in the escrow account was \$44,467 and \$89,931, respectively.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000 AND 1999

4. DEFERRED CHARGES:

Deferred mortgage costs are being amortized over the terms of the mortgage.

5. MANAGEMENT:

The Corporation has renewed its management agreement with Robert Orlofsky Realty Inc. through December 31, 2001.

6. FUTURE MAJOR REPAIRS AND REPLACEMENTS:

The Corporation has not provided the supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be part of, the basic financial statements. The Corporation has not conducted a study to determine the remaining useful lives of the components of common property and the estimates of costs of future major repairs and replacements on the common property. The Corporation has not developed a comprehensive plan to fund any future major repairs and replacements. When funds are required to finance future major repairs and replacements, the Corporation will either utilize cash balances, borrow funds, increase maintenance assessments, or delay major repairs and replacements until funds are available. The effect of future funding of major repairs and replacements on future assessments has not been determined.

ELIOT SPITZER
Attorney General

STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

DIETRICH L. SNELL
Deputy Attorney General
Division of Public Advocacy

Real Estate Financing Bureau

(212) 416-8959

Dale Estates
c/o Peck & Heller, Esq.
Attention: Nancy Heller
2301 Lincoln Building, 60 East 42nd Street
New York, NY 10165

RE: 27 North Central Ave.

File Number: C 810234

Date Amendment Filed: 10/24/2001

Receipt Number: 56300

Amendment No: 23

Filing Fee: \$150.00

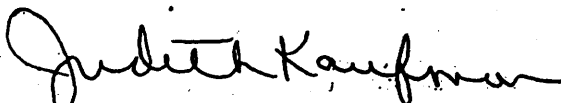
Dear Sponsor:

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,



Judith Kaufman
Assistant Attorney General

J.H.

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TWENTY-SECOND AMENDMENT TO OFFERING PLAN
for
27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Twenty-Second Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located at 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by the filing of twenty-one 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 Twenty-second 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) The following is a list of the outstanding unsold shares of the Apartment Corporation and the units to which such unsold shares are allocated. All unsold shares are held by Dale Estates ("Sponsor").

<u>Apartment</u>	<u>Shares</u>
3-A	566
2-B	463
4-B	469
6-B	475
4-C	359
6-C	365
1-D	455
5-D	467
6-D	470
4-E	469
6-E	475
1-G	350
2-G	461
3-G	464
5-G	470
2-H	463
4-H	469
5-H	472

<u>Apartment</u>	<u>Shares</u>
6-H	510
3-I	461
5-I	467
3-J	356
5-J	362
2-K	463
3-K	466
4-K	469
6-K	475
4-L	569

Total		Total	
Units	28	Shares	12,780
			<u>— 510</u>

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$15,177.73.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$18,708.33.

(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 financing arrangements.

(f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor. Sponsor may also derive income from the sale of vacant units but does not rely on such sales to meet its obligations to the Apartment Corporation.

(g) The Sponsor is current on all financial obligations under the Plan. 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 (10%) 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
31 Pondfield Road, Bronxville, New York
File No. C83-0117
17 North Chatsworth Avenue, Larchmont, New York
File No. C81-0234

10 Franklin Avenue, White Plains, New York
File No. C82-0477
1-15 Bryant Crescent, White Plains, New York
File No. C79-0438
324 East 35th Street, New York, New York
File No. C85-0459
60 West 70th Street, New York, New York
File No. C80-0493
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 May 18, 1988. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 38.56% 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 December 3, 1997, after reviewing a projected budget of building operations for the calendar year 1998, the per share annual maintenance was fixed at \$14.25138 for the calendar year 1998, representing a three (3.0%) percent increase over the prior year.

4. Budget. Attached hereto is the budget for the 1998 calendar year, prepared by the Building's managing agent and adopted by the Board of Directors. This budget is contained herein for informational 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.

5. Election of Officers and Directors. At the annual meeting of shareholders held on June 3, 1998 the following officers and directors of the Corporation were elected:

Ethel Privin, President and Director
Arnold Bell, Vice President and Director
*Nancy Heller, Vice President and Director
*Robert Orlofsky, Vice President, Secretary and Director

Frank Hagan, Treasurer and Director
Barbara Silverman, Assistant Secretary and Director
*Sponsor designees

6. Financial Statements. The financial statement for Hartsdale Gardens Owners Corp. for the year ended December 31, 1997 prepared by Margold, Ersken, Wang & Lieb, Certified Public Accountants, is attached hereto.

7. Mortgage Refinance. On August 5, 1998, the Apartment Corporation refinanced its mortgage with National Consumer Cooperative Bank ("NCB") and made payment in full of the existing first mortgage held by the Sponsor, Dale Estates, and second mortgage held by Peck & Heller. The principal amount of the NCB first mortgage is \$1,800,000. From each monthly installment in the amount of \$11,674.77 there will be applied interest at the fixed rate of 6.75% per annum and the balance in reduction of principal based on a 30-year amortization schedule. In addition to monthly payments of interest and principal, NCB is collecting an escrow for real estate taxes sufficient to pay such taxes forty-five days in advance of their due date. There is no escrow for insurance premiums. The mortgage matures on September 1, 2008 at which time the principal balance due will be \$1,535,417.24. There is no assurance that refinancing will be available on the same or better terms at the time of maturity. The mortgage may not be prepaid prior to March 1, 2007. Thereafter it may be prepaid in whole only without penalty. Loan payments are due on the first of the month. A late charge of 5% of the overdue amount is payable for any payment not received by the tenth day of the month. As a condition of the mortgage, the Apartment Corporation is required to abate the asbestos insulation in the boiler room and certain areas of the basement. After payment of the principal due on the existing mortgage, mortgage closing costs and the cost of asbestos abatement, the Apartment Corporation will establish a reserve fund.

8. Elevator Modernization. The Apartment Corporation has entered into a contract to upgrade and modernize the elevator system at the 27 North Central Avenue building. The project cost of \$57,300 and will be funded from the reserve fund established with mortgage proceeds.

9. Changes in Statute. Recent changes in General Business Law Section 352 and Real Property Law Section 339 now authorize the Apartment Corporation to collect rents directly from a tenant when a non-occupying owner of the apartment unit defaults in payment of maintenance, assessments or late fees within sixty days after the date such charge is due.

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

Dated: DECEMBER 11, , 1998

DALE ESTATES, Sponsor

110498.G1

HARTSDALE GARDENS OWNERS CORP.

APPROVED OPERATING BUDGET

FOR THE YEAR ENDED DECEMBER 31, 1998

PROJECTED INCOME

Maintenance Charges	\$ 472,250
Professional Apartments	12,900
Laundry	4,800
Parking	18,560
Interest Income	<u>4,800</u>
	\$ 513,310

PROJECTED EXPENSES

Fuel - Oil	\$ 35,000
Electric and Gas	15,500
Payroll and Benefits	72,500
Insurance	21,000
Telephone and Miscellaneous Administration	1,800
Elevator Maintenance	7,500
Exterminating and Cleaning	3,900
Gardening, Trees and Snow Removal	12,500
Plumbing	5,000
General Repairs	22,000
Painting	2,000
Supplies	6,500
Interest Mortgages*	130,560
Real Estate Taxes	144,200
Water and Sewer	10,000
Professional Fees	5,500
Management Fees	16,850
Franchise Faxes	<u>1,000</u>
	<u>\$513,310</u>

* Provides for increase in mortgage interest and amortization due to NCB refinance.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1997 AND 1996

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

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MARGOLD ERSKEN WANG & LIEB, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**880 THIRD AVENUE
NEW YORK, N. Y. 10022-4730**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation):

We have audited the accompanying balance sheets of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1997 and 1996, and the related statements of operations and accumulated deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1997 and 1996, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. As discussed in Note 8, the Corporation has not presented the supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Margold Erskan Wang & Lieb LLP

New York, New York
February 7, 1998

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

BALANCE SHEETS

	<u>December 31.</u>	
	<u>1997</u>	<u>1996</u>
<u>Assets:</u>		
Current Assets (Schedule A - I)	\$ 26,359	\$ 138,338
Fixed Assets (Schedule A - II) (Note 2)	3,245,702	3,358,046
Deferred Charges (Note 5)	<u>5,931</u>	<u>6,665</u>
	<u>\$3,277,992</u>	<u>\$3,503,049</u>
 <u>Liabilities and Shareholders' Equity:</u>		
<u>Liabilities:</u>		
Current Liabilities (Schedule A - III)	\$ 50,376	\$ 145,554
Security Deposits Payable	1,084	1,084
First Mortgage Note Payable (Note 3)	900,000	900,000
Second Mortgage Note Payable (Note 4)	<u>575,000</u>	<u>575,000</u>
	<u>\$1,526,460</u>	<u>\$1,621,638</u>
 <u>Shareholders' Equity:</u>		
Capital Stock - Issued and Outstanding		
33,137 Shares With a Par Value of		
\$1.00 Per Share	\$ 33,137	\$ 33,137
Excess of Book Value Over Par Value of		
Shares Issued	3,359,063	3,359,063
Special Assessments for Building Improvements	124,258	99,405
Reserve Fund Contribution by Sponsor	<u>87,500</u>	<u>87,500</u>
	\$3,603,958	\$3,579,105
Less - Accumulated Deficit	<u>(1,852,426)</u>	<u>(1,697,694)</u>
	<u>\$1,751,532</u>	<u>\$1,881,411</u>
	<u>\$3,277,992</u>	<u>\$3,503,049</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>December 31.</u>	
	<u>1997</u>	<u>1996</u>
<u>Schedule A - I</u>		
<u>Current Assets:</u>		
Cash and Equivalents:		
Cash - Reserve Fund	\$ 12,232	\$ 124,241
Cash - Operating Account	<u>3,836</u>	<u>3,096</u>
Total Cash and Equivalents	16,068	127,337
Prepaid Expenses	4,298	6,751
Maintenance Charges Receivable	5,993	3,832
Miscellaneous	<u>-0-</u>	<u>418</u>
	<u>\$ 26,359</u>	<u>\$ 138,338</u>

Schedule A - II

Fixed Assets, at book value:

Premises: 27 No. Central Ave.,
 Hartsdale, N. Y.

Land	\$ 858,440	\$ 858,440
Building	3,433,760	3,433,760
Boiler	48,700	48,700
Equipment	2,466	2,466
Improvements	394,328	367,428
Roofing	<u>376,276</u>	<u>376,276</u>
	\$5,113,970	\$5,087,070
Less: Accumulated Depreciation	<u>1,868,268</u>	<u>1,729,024</u>
	<u>\$3,245,702</u>	<u>\$3,358,046</u>

Schedule A - III

Current Liabilities:

Accounts Payable (Current Operations)	\$ 46,886	\$ 26,669
Accounts Payable - Roof Restoration	2,830	118,830
Prepaid Maintenance Charges	<u>660</u>	<u>55</u>
	<u>\$ 50,376</u>	<u>\$ 145,554</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

	Year Ended December 31.	
	1997	1996
<u>Income:</u>		
Maintenance Charges to Tenant - Shareholders	\$ 458,496	\$ 440,861
Professional and Commercial Rents	12,900	12,900
Parking	17,644	17,180
Laundry Room Commission	4,800	4,800
Interest and Other Income	<u>2,050</u>	<u>2,190</u>
	<u>\$ 495,890</u>	<u>\$ 477,931</u>
<u>Expenses:</u>		
Operating Expenses (Schedule B - I)	\$ 150,637	\$ 163,136
Maintenance Expenses (Schedule B - II)	70,144	58,619
Administrative Expenses (Schedule B - III)	27,604	26,256
Financial Expenses (Schedule B - IV)	124,890	116,220
Taxes (Schedule B - V)	<u>138,103</u>	<u>135,844</u>
	<u>\$ 511,378</u>	<u>\$ 500,075</u>
<u>Deficit of Income Over Expenses</u>		
<u>Before Depreciation</u>	\$ (15,488)	\$ (22,144)
Depreciation	<u>139,244</u>	<u>127,645</u>
<u>Deficit of Income Over Expenses</u>	\$ (154,732)	\$ (149,789)
<u>Accumulated Deficit - Beginning of Year</u>	<u>(1,697,694)</u>	<u>(1,547,905)</u>
<u>Accumulated Deficit - End of Year</u>	<u>\$ (1,852,426)</u>	<u>\$ (1,697,694)</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

Year Ended

December 31.

1997

1996

Schedule B - I

Operating Expenses:

Payroll	\$ 53,413	\$ 55,927
Employee Benefits	9,248	8,201
Payroll Taxes	4,534	5,077
Insurance - Compensation	1,907	2,975
Insurance - General	20,960	20,469
Fuel	37,200	41,162
Electricity and Gas	14,341	17,759
Water Charges	<u>9,034</u>	<u>11,566</u>
	<u>\$150,637</u>	<u>\$163,136</u>

Schedule B - II

Maintenance Expenses:

Plastering and Painting	\$ 4,829	\$ 1,218
Plumbing	4,842	3,947
Boiler Maintenance	7,366	6,778
General Building Repairs	18,937	9,324
Hardware and Supplies	10,510	8,595
Elevator Maintenance	7,623	10,064
Gardening, Landscaping and Snow Removal	12,114	14,498
Exterminating and Cleaning	<u>3,923</u>	<u>4,195</u>
	<u>\$ 70,144</u>	<u>\$ 58,619</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>Year Ended</u> <u>December 31.</u>	
	<u>1997</u>	<u>1996</u>
<u>Schedule B - III</u>		
<u>Administrative Expenses:</u>		
Management Fees	\$ 16,850	\$ 16,850
Professional Fees	4,950	4,770
Telephone and Miscellaneous	<u>5,804</u>	<u>4,636</u>
	<u>\$ 27,604</u>	<u>\$ 26,256</u>

Schedule B - IV

Financial Expenses:

First Mortgage Note Interest	\$ 72,000	\$ 79,150
Second Mortgage Note Interest	51,750	35,098
Miscellaneous Interest	406	-
Amortization of Mortgage Expenses	<u>734</u>	<u>1,972</u>
	<u>\$124,890</u>	<u>\$116,220</u>

Schedule B - V

Taxes:

Real Estate Taxes	\$137,255	\$134,312
New York State Franchise Tax	<u>848</u>	<u>1,532</u>
	<u>\$138,103</u>	<u>\$135,844</u>

See Notes to Financial Statements.

EXHIBIT C

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

STATEMENTS OF CASH FLOWS

Year Ended	
<u>December 31.</u>	
<u>1997</u>	<u>1996</u>

Cash Flows From Operating Activities:

Deficit of Income over Expenses (Exhibit B)	\$ (154,732)	\$ (149,789)
Adjustments to Reconcile Excess (Deficit) of Income over Expenses to Net Cash Provided (Used) by Operating Activities:		
Depreciation	139,244	127,645
Amortization of Deferred Charges	734	1,972
(Increase) Decrease in Assets:		
Maintenance Charges Receivable	(2,161)	7,737
Prepaid Expenses	2,453	(59)
Miscellaneous Receivable	418	(150)
Deferred Charges	-0-	(6,850)
Increase (Decrease) in Liabilities:		
Accounts Payable (Current Operations)	20,217	3,753
Accounts Payable - Roofing	(116,000)	118,830
Prepaid Maintenance Charges	605	55
Security Deposits	-0-	350
Net Cash Provided by Operating Activities	<u>\$ (109,222)</u>	<u>\$ 103,494</u>

Cash Flows From Investing Activities:

Increase in Building Improvements	\$ (26,900)	\$ (367,290)
Increase in Special Assessments for Building Improvements	<u>24,853</u>	<u>84,679</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ (2,047)</u>	<u>\$ (282,611)</u>

Cash Flows From Financing Activities:

Increase in Second Mortgage Payable	\$ -0-	\$ 275,000
Net Cash Provided By Financing Activities	<u>\$ -0-</u>	<u>\$ 275,000</u>

<u>Net Increase (Decrease) In Cash and Equivalents</u>	\$ (111,269)	\$ 95,883
<u>Cash and Equivalents At Beginning of Year</u>	<u>127,337</u>	<u>31,454</u>
<u>Cash and Equivalents At End of Year</u>	<u>\$ 16,068</u>	<u>\$ 127,337</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1997

1. SIGNIFICANT ACCOUNTING POLICIES:

(A) The Organization

The Corporation was organized on February 26, 1981, under the applicable provisions of the laws of the State of New York. Active operations of the cooperative apartment corporation commenced on January 25, 1983, when the property located at 27 North Central Avenue, Hartsdale, New York was acquired.

(B) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from the estimates and assumptions used.

2. FIXED ASSETS:

The land and building are stated at cost. Depreciation of the building and improvements for financial statement purposes are recorded on the straight-line-method over an estimated life of thirty years.

3. FIRST MORTGAGE NOTE PAYABLE:

During the year the first mortgage note held by Dale Estates in the amount of \$900,000 was modified. The interest rate was reduced from 9% to 8% per annum and the note was extended until February 1, 2000. Interest only, is payable monthly, in arrears, on the first day of each month until maturity.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1997

4. SECOND MORTGAGE NOTE PAYABLE:

Second mortgage note of \$575,000 held by Peck and Heller is due and payable February 1, 2000. Interest is payable monthly at the rate of 9% per annum.

The mortgage is a second lien against the property, subject to the wrap-around first mortgage.

5. DEFERRED CHARGES:

Deferred mortgage costs are being amortized over the terms of the mortgage.

6. SPECIAL ASSESSMENT:

In 1997 and 1996 the Corporation passed a special assessment of \$.75 and \$2 per share, respectively.

7. FEDERAL INCOME TAXES:

The Internal Revenue Service has taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code. Section 277 provides that a membership organization that is operated to provide service to members is permitted to deduct expenses attributable to the furnishing of services to the members only to extent of the income derived during such year from its members. Section 277 permits a membership organization to reduce income from non-membership sources only by expenses incurred in generating this income. Accordingly, income, if any, from non-membership sources such as interest, commercial rental, professional apartment rental, etc. in excess properly attributable thereto, are subject to federal tax.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1997

8. FUTURE MAJOR REPAIRS AND REPLACEMENTS:

The Corporation has not provided the supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be part of, the basic financial statements. The Corporation has not conducted a study to determine the remaining useful lives of the components of common property and the estimates of costs of future major repairs and replacements on the common property. The Corporation has not developed a comprehensive plan to fund any future major repairs and replacements. When funds are required to finance future major repairs and replacements, the Corporation will either utilize cash balances, borrow funds, increase maintenance assessments, or delay major repairs and replacements until funds are available. The effect of future funding of major repairs and replacements on future assessments has not been determined.



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

DENNIS C. VACCO
Attorney General

PAMELA JONES HARBOUR
Deputy Attorney General

(212) 416-8134

Dale Estates
c/o Peck & Heller, Esqs.
Attn: Nancy R. Heller
2301 Lincoln Building, 60 East 42nd Street
New York, NY 10165

RE: 27 North Central Avenue

File Number: C810234

Date Amendment Filed: 12/11/98

Receipt Number: 569622488

Amendment No: 22

Filing Fee: \$ 150.00

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,

Kenneth Demario

KENNETH DEMARIO
ASSISTANT ATTORNEY GENERAL

y.k.

TWENTY-FIRST AMENDMENT TO OFFERING PLAN

for

**27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK**

The purpose of this Twenty-first Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located at 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by the filing of twenty 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 Twenty-first 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) The following is a list of the outstanding unsold shares of the Apartment Corporation and the units to which such unsold shares are allocated. All unsold shares are held by Dale Estates ("Sponsor").

<u>Apartment</u>	<u>Shares</u>
3-A	566
2-B	463
4-B	469
6-B	475
4-C	359
6-C	365
1-D	455
5-D	467
6-D	470
4-E	469
6-E	475
1-G	350
2-G	461
3-G	464
5-G	470

<u>Apartment</u>	<u>Shares</u>
2-H	463
4-H	469
5-H	472
6-H	510
3-I	461
5-I	467
3-J	356
5-J	362
2-K	463
3-K	466
4-K	469
6-K	475
4-L	569

Total Units	28	Total Shares	12,780
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(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$14,168.93.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$19,675.69.

(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 financing arrangements.

(f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor, and also from the interest paid, at the rate of 9% per annum, on a wraparound mortgage in the principal amount of \$900,000 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the Apartment Corporation to Sponsor of \$6,750.00. The Apartment Corporation has received a commitment from the Sponsor to reduce the interest rate paid on the wraparound mortgage to eight (8%) percent, thereby reducing monthly interest paid on the wraparound mortgage to \$6,000. Sponsor may also derive income from the sale of vacant units but does not rely on such sales to meet its obligations to the Apartment Corporation.

(g) The Sponsor is current on all financial obligations under the Plan. 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 (10%) 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
31 Pondfield Road, Bronxville, New York
File No. C83-0117
17 North Chatsworth Avenue, Larchmont, New York
File No. C81-0234
10 Franklin Avenue, White Plains, New York
File No. C82-0477
1-15 Bryant Crescent, White Plains, New York
File No. C79-0438
324 East 35th Street, New York, New York
File No. C85-0459
60 West 70th Street, New York, New York
File No. C80-0493
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 May 18, 1988. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 38.56% 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 December 5, 1995, after reviewing a projected budget of building operations for the calendar year 1996, the per share annual maintenance was fixed at \$13.304196 for the calendar year 1996, representing a four and one-half (4.5%) percent increase over the prior year.

4. Special Assessment.

By resolution of the Board of Directors of the Corporation adopted at a meeting duly held September 19, 1995, a special assessment, for the purpose of raising a total of

\$66,274, in the amount of two (\$2) dollars per share was approved, payable over the nine (9) month period (November 1, 1995 through July 31, 1996). By resolution of the Board of Directors of the Corporation adopted at a meeting duly held June 25, 1996, and after general consensus of the shareholders present at the Annual Meeting held on June 25, 1996, it was resolved to extend the special assessment at the reduced rate of one (\$1) dollar per share payable over a five (5) month period (August 1, 1996 through December 31, 1996). The extension of the special assessment will raise an additional \$33,137. The purpose of the special assessment and the extension of the special assessment is to pay for a portion of the roof restoration project and to establish a capital reserve fund.

5. Modification and Extension of Sponsor Mortgage.

The Sponsor (Dale Estates) and the second mortgagee (Peck & Heller acting as nominee for individual investors, some of whom are principals of Sponsor) have issued a commitment to Hartsdale Gardens Owners Corp. in order to re-structure the existing mortgages. The interest rate on the first mortgage of nine (9%) percent, held by Dale Estates in the principal amount of nine hundred thousand (\$900,000) dollars, will be reduced to eight (8%) percent. The second mortgage of three hundred thousand (\$300,000) dollars, held by Peck & Heller, will be increased to five hundred seventy-five thousand (\$575,000) dollars, at a new interest rate of nine (9%) percent. The total new mortgage indebtedness will be \$1,475,000. The annual interest expense to the Corporation will be \$123,750. The new monthly mortgage payment is \$10,312.50. The loan is expected to close August 1996.

6. Roof Restoration Project.

The Hartsdale Gardens Board of Directors has entered into a contract with DNA Construction Corp., located at 124 West 24th Street, Suite 5B, New York, New York 10011, in order to replace the roofs and rebuild and restore the roofs parapet walls and repair the exterior facades. The price of construction is \$340,000. The proceeds from the new Sponsor Mortgage in the amount of \$275,000, together with the funds raised via the special assessment and the extension of the special assessment, will be used to pay for the project.

7. Budget.

Attached hereto is the budget for the 1996 calendar year, prepared by the Building's managing agent and adopted by the Board of Directors. This budget is contained herein for informational 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.

8. Election of Officers and Directors.

At the annual meeting of shareholders held on June 25, 1996 the following officers and directors of the Corporation were elected:

*Frank Heller, President and Director
*Robert Orlofsky, Vice President and Director
Arnold Bell, Vice President and Director
Ethel Privin, Vice President and Director
Frank Hagan, Treasurer and Secretary

*Sponsor designees

Although not a director in the Apartment Corporation, at the request of several members of the Board and shareholders of the Apartment Corporation, Jonathan Contract has attended all regular meetings of the Board as an unpaid, non-voting consultant to the Apartment Corporation.

9. Financial Statements.

The financial statement for Hartsdale Gardens Owners Corp. for the year ended December 31, 1995 prepared by Margold, Ersken & Wang, Certified Public Accountants, is attached hereto.

10. No Other Material Changes in Plan.

There have been no material changes in the Plan, except as set forth in this Twentieth-first Amendment. The Plan, as amended hereby, does not knowingly omit any material fact or knowingly contain any untrue statement of any material fact.

Dated: August 1 , 1996

DALE ESTATES, Sponsor

HARTSDALE GARDENS OWNERS CORP.

1996 OPERATING BUDGET

For Year of Co-operative Ownership Beginning January 1, 1996

PROJECTED INCOME

Maintenance Charges (33,137 shares at \$13.304192 per share)	\$440,861
Professional.	\$ 12,900
Laundry	\$ 4,800
Parking	\$ 16,500
Interest Income	\$ 500
TOTAL	\$475,561
=====	=====

PROJECTED EXPENSES

Fuel-Oil.	\$ 32,000
Electric & Gas.	\$ 14,500
Payroll & Benefits.	\$ 70,600
Insurance	\$ 21,000
Misc & Tel.	\$ 800
Elevator.	\$ 7,500
Exterminating & Cleaning.	\$ 3,500
Gardening, Trees & Snow Removal	\$ 11,000
Plumbing.	\$ 5,000
General Repairs	\$ 18,800
Boiler Contract	\$ 1,800
Supplies.	\$ 5,000
Mortgage Interest	\$117,400
Real Estate Taxes	\$135,000
Water & Sewer	\$ 9,000
Professional Fees	\$ 4,600
Management Fees	\$ 16,850
Franchise Taxes	\$ 1,211
TOTAL	\$475,561
=====	=====

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

REPORT ON EXAMINATIONS OF FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1995 AND 1994

MARGOLD ERSKEN WANG & LIEB, LLP
CERTIFIED PUBLIC ACCOUNTANTS

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

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MARGOLD ERSKEN WANG & LIEB, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**880 THIRD AVENUE
NEW YORK, N. Y. 10022-4730**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation):

We have audited the accompanying balance sheets of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1995 and 1994, and the related statements of operations and accumulated deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1995 and 1994, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. As discussed in Note 7, the Corporation has not presented the supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Margold Erskan Wang & Lieb LLP

New York, New York
February 14, 1996

EXHIBIT A**HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)****BALANCE SHEETS**

	<u>December 31.</u>	
	<u>1995</u>	<u>1994</u>
<u>Assets:</u>		
Current Assets (Schedule A - I)	\$ 49,983	\$ 31,224
Fixed Assets (Schedule A - II) (Note 2)	3,118,401	3,239,010
Deferred Charges (Note 5)	<u>1,787</u>	<u>2,612</u>
	<u>\$3,170,171</u>	<u>\$3,272,846</u>
 <u>Liabilities and Shareholders' Equity:</u>		
Liabilities:		
Current Liabilities (Schedule A - III)	\$ 22,916	\$ 23,665
Security Deposits Payable	734	1,964
First Mortgage Note Payable (Note 3)	900,000	900,000
Second Mortgage Note Payable (Note 4)	<u>300,000</u>	<u>300,000</u>
	<u>\$1,223,650</u>	<u>\$1,225,629</u>
 <u>Shareholders' Equity:</u>		
Capital Stock - Issued and Outstanding 33,137 Shares With a Par Value of \$1.00 Per Share	\$ 33,137	\$ 33,137
Excess of Book Value Over Par Value of Shares Issued	3,359,063	3,359,063
Reserve Fund Contribution by Sponsor	<u>87,500</u>	<u>87,500</u>
	\$3,479,700	\$3,479,700
Less - Accumulated Deficit	<u>(1,533,179)</u>	<u>(1,432,483)</u>
	<u>\$1,946,521</u>	<u>\$2,047,217</u>
	<u>\$3,170,171</u>	<u>\$3,272,846</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>December 31.</u>	
	<u>1995</u>	<u>1994</u>
<u>Schedule A - I</u>		
<u>Current Assets:</u>		
Cash and Equivalents:		
Cash - Reserve Fund	\$ 26,500	\$ 16,584
Cash - Operating Account	<u>4,954</u>	<u>1,877</u>
Total Cash and Equivalents	31,454	18,461
Prepaid Expenses	6,692	4,298
Maintenance Charges Receivable	11,569	8,197
Miscellaneous	<u>268</u>	<u>268</u>
	<u>\$ 49,983</u>	<u>\$ 31,224</u>
<u>Schedule A - II</u>		
<u>Fixed Assets, at book value:</u>		
<u>Premises:</u> 27 No. Central Ave., Hartsdale, N. Y.		
Land	\$ 858,440	\$ 858,440
Building	3,433,760	3,433,760
Boiler	48,700	48,700
Equipment	2,466	2,466
Improvements	<u>376,414</u>	<u>369,428</u>
	\$4,719,780	\$4,712,794
Less: Accumulated Depreciation	<u>1,601,379</u>	<u>1,473,784</u>
	<u>\$3,118,401</u>	<u>\$3,239,010</u>
<u>Schedule A - III</u>		
<u>Current Liabilities:</u>		
Accounts Payable (Current Operations)	\$ 22,916	\$ 23,282
Payroll and Other Taxes Payable	-0-	376
Prepaid Maintenance Charges	<u>-0-</u>	<u>7</u>
	<u>\$ 22,916</u>	<u>\$ 23,665</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

	Year Ended December 31.	
	<u>1995</u>	<u>1994</u>
<u>Income:</u>		
Maintenance Charges to Tenant - Shareholders	\$ 421,876	\$ 413,608
Professional and Commercial Rents	12,900	12,900
Parking	13,252	12,750
Laundry Room Commission	4,800	4,800
Interest and Other Income	1,953	1,104
Special Assessment	<u>14,726</u>	<u>44,182</u>
	<u>\$ 469,507</u>	<u>\$ 489,344</u>
<u>Expenses:</u>		
Elevator Improvement	\$ -0-	\$ 45,630
Operating Expenses (Schedule B - I)	139,337	143,417
Maintenance Expenses (Schedule B - II)	40,172	45,706
Administrative Expenses (Schedule B - III)	21,115	22,225
Financial Expenses (Schedule B - IV)	111,870	112,327
Taxes (Schedule B - V)	<u>130,114</u>	<u>125,647</u>
	<u>\$ 442,608</u>	<u>\$ 494,952</u>
<u>Excess (Deficit) of Income Over Expenses Before Depreciation</u>	\$ 26,899	\$ (5,608)
Depreciation	<u>127,595</u>	<u>127,406</u>
<u>Excess (Deficit) of Income Over Expenses</u>	\$ (100,696)	\$ (133,014)
<u>Accumulated Deficit - Beginning of Year</u>	<u>(1,432,483)</u>	<u>(1,299,469)</u>
<u>Accumulated Deficit - End of Year</u>	<u>\$(1,533,179)</u>	<u>\$(1,432,483)</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>Year Ended</u> <u>December 31.</u>	
	<u>1995</u>	<u>1994</u>
<u>Schedule B - I</u>		
<u>Operating Expenses:</u>		
Payroll	\$ 50,121	\$ 49,948
Employee Benefits	10,162	12,559
Payroll Taxes	4,311	4,297
Insurance - Compensation	2,929	2,505
Insurance - General	21,761	17,808
Fuel	29,454	30,112
Electricity and Gas	12,012	13,600
Water Charges	<u>8,587</u>	<u>12,588</u>
	<u>\$139,337</u>	<u>\$143,417</u>

Schedule B - II

Maintenance Expenses:

Plastering and Painting	\$ 299	\$ -0-
Plumbing	2,441	491
Boiler Maintenance	4,377	2,927
General Building Repairs	5,862	11,617
Hardware and Supplies	4,311	5,882
Elevator Maintenance	5,837	9,395
Gardening, Landscaping and Snow Removal	13,102	11,797
Exterminating and Cleaning	<u>3,943</u>	<u>3,597</u>
	<u>\$ 40,172</u>	<u>\$ 45,706</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

Year Ended December 31.	
<u>1995</u>	<u>1994</u>

Schedule B - III

Administrative Expenses:

Management Fees	\$ 15,000	\$ 15,000
Professional Fees	4,770	4,851
Telephone and Miscellaneous	<u>1,345</u>	<u>2,374</u>
	<u>\$ 21,115</u>	<u>\$ 22,225</u>

Schedule B - IV

Financial Expenses:

First Mortgage Note Interest	\$ 81,000	\$ 81,000
Second Mortgage Note Interest	30,000	30,000
Miscellaneous Interest	45	502
Amortization of Mortgage Expenses	<u>825</u>	<u>825</u>
	<u>\$111,870</u>	<u>\$112,327</u>

Schedule B - V

Taxes:

Real Estate Taxes	\$128,552	\$123,989
New York State Franchise Tax	<u>1,562</u>	<u>1,658</u>
	<u>\$130,114</u>	<u>\$125,647</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

EXHIBIT C

STATEMENTS OF CASH FLOWS

	<u>Year Ended</u> <u>December 31.</u>	
	<u>1995</u>	<u>1994</u>
<u>Cash Flows From Operating Activities:</u>		
Excess (Deficit) of Income over Expenses (Exhibit B)	\$ (100,696)	\$ (133,014)
Adjustments to Reconcile Excess (Deficit) of Income over Expenses to Net Cash Provided (Used) by Operating Activities:		
Depreciation	127,595	127,406
Amortization of Deferred Charges	825	825
(Increase) Decrease in Assets:		
Maintenance Charges Receivable	(2,394)	1,136
Prepaid Expenses	(3,372)	1,478
Miscellaneous Receivable	-0-	(268)
Increase (Decrease) in Liabilities:		
Accounts Payable	(366)	(1,314)
Payroll and Other Taxes	(376)	160
Prepaid Maintenance Charges	(7)	7
Security Deposits	<u>(1,230)</u>	<u>734</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 19,979</u>	<u>\$ (2,850)</u>
<u>Cash Flows From Investing Activities:</u>		
Increase in Building Improvements	<u>\$ (6,986)</u>	<u>\$ (6,535)</u>
Net Cash Used By Investing Activities	<u>\$ (6,986)</u>	<u>\$ (6,535)</u>
<u>Net Increase (Decrease) In Cash and Equivalents</u>	<u>\$ 12,993</u>	<u>\$ (9,385)</u>
<u>Cash and Equivalents At Beginning of Year</u>	<u>18,461</u>	<u>27,846</u>
<u>Cash and Equivalents At End of Year</u>	<u>\$ 31,454</u>	<u>\$ 18,461</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1995

1. SIGNIFICANT ACCOUNTING POLICIES:

The Corporation was organized on February 26, 1981, under the applicable provisions of the laws of the State of New York. Active operations of the cooperative apartment corporation commenced on January 25, 1983, when the property located at 27 North Central Avenue, Hartsdale, New York was acquired.

2. FIXED ASSETS:

The land and building are stated at cost. Depreciation of the building and improvements for financial statement purposes are recorded on the straight-line-method over an estimated life of thirty years.

3. FIRST MORTGAGE NOTE PAYABLE:

The mortgage note, in the principal amount of \$900,000 is held by Dale Estates. Interest only, at the rate of 9% per annum, is payable monthly, in arrears, on the first day of each month until maturity. The note matures on February 1, 1998.

4. SECOND MORTGAGE NOTE PAYABLE:

The second mortgage note of \$300,000 held by Peck & Heller is due and payable February 1, 1998. Interest is payable monthly at the rate of 10% per annum.

The mortgage is a second lien against the property, subject to the wrap-around first mortgage.

5. DEFERRED CHARGES:

Deferred mortgage costs are being amortized over the terms of the mortgage.

6. FEDERAL INCOME TAXES:

The Internal Revenue Service has taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code. Section 277 provides that a membership organization that is operated to provide service to members is permitted to deduct expenses attributable to the furnishing of services to the members only to extent of the income derived during such year from its members. Section 277 permits a membership organization to reduce income from non-membership sources only by expenses incurred in generating this income. Accordingly, income, if any, from non-membership sources such as interest, commercial rental, professional apartment rental, etc. in excess properly attributable thereto, are subject to federal tax.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1995

7. FUTURE MAJOR REPAIRS AND REPLACEMENTS:

The Corporation has not provided the supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be part of, the basic financial statements. The Corporation has not conducted a study to determine the remaining useful lives of the components of common property and the estimates of costs of future major repairs and replacements on the common property. The Corporation has not developed a comprehensive plan to fund any future major repairs and replacements. When funds are required to finance future major repairs and replacements, the Corporation will either utilize cash balances, borrow funds, increase maintenance assessments, or delay major repairs and replacements until funds are available. The effect of future funding of major repairs and replacements on future assessments has not been determined.



STATE OF NEW YORK
DEPARTMENT OF LAW

DENNIS C. VACCO
Attorney General

JOHN H. CARLEY
Deputy Attorney General

(212) 416-8134

Dale Estates
c/o Peck & Heller, Esqs.
Attn: Nancy R. Heller
2301 Lincoln Building, 60 East 42nd Street
New York, NY 10165

RE: 27 North Central Avenue
File Number: C810234
Date Amendment Filed: 08/01/96
Receipt Number: 807618356

Amendment No: 21
Filing Fee: \$ 150.00

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.

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Very truly yours,

Kenneth Demario
KENNETH DEMARIO
ASSISTANT ATTORNEY GENERAL *y.h.*

TWENTIETH AMENDMENT TO OFFERING PLAN

for

27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Twentieth Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located at 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by the filing of nineteen prior amendments.

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5-A	572
2-B	463
4-B	469
6-B	475
4-C	359
6-C	365
1-D	455
5-D	467
6-D	470
4-E	469
6-E	475
1-G	350
2-G	461
3-G	464

<u>Apartment</u>		<u>Shares</u>
	5-G	470
	2-H	463
	4-H	469
	5-H	472
	6-H	510
	3-I	461
	5-I	467
	3-J	356
	5-J	362
	2-K	463
	3-K	466
	4-K	469
	6-K	475
	4-L	569
Total		Total
Units	30	Shares 13,921

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$14,479.35.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$18,517.25.

(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 financing arrangements.

(f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor, and also from the interest paid, at the rate of 9% per annum, on a wraparound mortgage in the principal amount of \$900,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the Apartment Corporation to Sponsor of \$6,750.00. Sponsor may also derive income from the sale of vacant units but does not rely on such sales to meet its obligations to the Apartment Corporation.

(g) The Sponsor is current on all financial obligations under the Plan. 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
31 Pondfield Road, Bronxville, New York
17 North Chatsworth Avenue, Larchmont, New York
10 Franklin Avenue, White Plains, New York
130 North Kensico Avenue, White Plains, New York
1-15 Bryant Crescent, White Plains, New York
324 East 35th Street, New York, New York
60 West 70th Street, New York, New York
319 East 73rd Street, New York, New York

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 May 18, 1988. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 42.01% 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 15, 1994, after reviewing a projected budget of building operations for the calendar year 1995, the per share annual maintenance was fixed at \$12.73128 for the calendar year 1995, representing a two (2%) percent increase over the prior year.

4. Budget.

Attached hereto is the budget for the 1995 calendar year, prepared by the Building's managing agent and adopted by the Board of Directors. This budget is contained herein for informational 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.

5. Election of Officers and Directors.

At the annual meeting of shareholders held on June 21, 1995 the following officers and directors of the Corporation were elected:

*Frank Heller, President and Director
Arnold Bell, Vice President and Director
Ethel Privin, Vice President and Director
Frank Hagan, Treasurer and Director
*Robert Orlofsky, Secretary and Director

*Sponsor designees

6. Financial Statements.

The financial statement for Hartsdale Gardens Owners Corp. for the year ended December 31, 1994 prepared by Margold, Ersken & Wang, Certified Public Accountants, is attached hereto.

7. Special Capital Project.

Under consideration by the Board of Directors is a capital project to replace the building roof and to restore roof parapets and exterior facades. Bids are presently being solicited and reviewed, and the estimated cost of the project is \$275,000. The board is reviewing proposals for financing this work by increasing the second mortgage held by Peck & Heller and, based on the amount of funds available from this lender, a possible assessment of shareholders.

8. No Other Material Changes in Plan.

There have been no material changes in the Plan, except as set forth in this Twentieth Amendment. The Plan, as amended hereby, does not knowingly omit any material fact or knowingly contain any untrue statement of any material fact.

Dated: July 31, 1995

DALE ESTATES, Sponsor

HARTSDALE GARDENS OWNERS CORP.

APPROVED OPERATING BUDGET

FOR THE YEAR ENDING DECEMBER 31, 1995

PROJECTED INCOME

Maintenance Charges	\$ 421,880
Professional	12,900
Laundry	4,800
Parking	12,360
Interest Income	<u>500</u>
	<u>\$ 452,440</u>

PROJECTED EXPENSES

Fuel - Oil	\$ 30,000
Electric and Gas	13,000
Payroll and Benefits	67,000
Insurance	19,000
Telephone	500
Elevator Maintenance	8,500
Exterminating	3,500
Gardening, Trees, and Snow Removal	10,000
Plumbing	1,000
General Repairs	19,800
Boiler Contract	1,700
Supplies	5,500
Interest Mortgages	111,000
Real Estate Taxes	130,000
Water and Sewer	9,000
Auditing Fees	4,600
Management Fees	15,000
Franchise Taxes	1,200
Contingency	140
Miscellaneous	<u>2,000</u>
	<u>\$ 452,440</u>

Approved by Board of Directors November 15, 1994

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

REPORT ON EXAMINATIONS OF FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1994 AND 1993

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

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MARGOLD, ERSKEN & WANG

CERTIFIED PUBLIC ACCOUNTANTS

**880 THIRD AVENUE
NEW YORK, N. Y. 10022-4730**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation):

We have audited the accompanying balance sheets of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1994 and 1993, and the related statements of operations and accumulated deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1994 and 1993, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. As discussed in Note 7, the Corporation has not presented the supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Margold Erskens Wang

New York, New York
February 2, 1995

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

BALANCE SHEETS

	<u>December 31.</u>	
	<u>1994</u>	<u>1993</u>
<u>Assets:</u>		
Current Assets (Schedule A - I)	\$ 31,224	\$ 42,955
Fixed Assets (Schedule A - II) (Note 2)	3,239,010	3,359,881
Deferred Charges (Note 5)	<u>2,612</u>	<u>3,437</u>
	<u>\$3,272,846</u>	<u>\$3,406,273</u>
<u>Liabilities and Shareholders' Equity:</u>		
<u>Liabilities:</u>		
Current Liabilities (Schedule A - III)	\$ 23,665	\$ 24,812
Security Deposits Payable	1,964	1,230
First Mortgage Note Payable (Note 3)	900,000	900,000
Second Mortgage Note Payable (Note 4)	<u>300,000</u>	<u>300,000</u>
	<u>\$1,225,629</u>	<u>\$1,226,042</u>
<u>Shareholders' Equity:</u>		
Capital Stock - Issued and Outstanding 33,137 Shares With a Par Value of \$1.00 Per Share	\$ 33,137	\$ 33,137
Excess of Book Value Over Par Value of Shares Issued	3,359,063	3,359,063
Reserve Fund Contribution by Sponsor	<u>87,500</u>	<u>87,500</u>
	\$3,479,700	\$3,479,700
Less - Accumulated Deficit	<u>(1,432,483)</u>	<u>(1,299,469)</u>
	<u>\$2,047,217</u>	<u>\$2,180,231</u>
	<u>\$3,272,846</u>	<u>\$3,406,273</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>December 31.</u>	
	<u>1994</u>	<u>1993</u>
<u>Schedule A - I</u>		
<u>Current Assets:</u>		
Cash and Equivalents:		
Cash - Reserve Fund	\$ 16,584	\$ 17,459
Cash - Operating Account	<u>1,877</u>	<u>10,387</u>
Total Cash and Equivalents	18,461	27,846
Prepaid Taxes	-0-	1,464
Prepaid Expenses	4,298	4,312
Maintenance Charges Receivable	8,197	9,333
Miscellaneous	<u>268</u>	<u>-0-</u>
	<u>\$ 31,224</u>	<u>\$ 42,955</u>

Schedule A - II

Fixed Assets, at book value:

Premises: 27 No. Central Ave.,
Hartsdale, N. Y.

Land	\$ 858,440	\$ 858,440
Building	3,433,760	3,433,760
Boiler	48,700	48,700
Equipment	2,466	2,466
Improvements	<u>369,428</u>	<u>362,893</u>
	\$4,712,794	\$4,706,259
Less: Accumulated Depreciation	<u>1,473,784</u>	<u>1,346,378</u>
	<u>\$3,239,010</u>	<u>\$3,359,881</u>

Schedule A - III

Current Liabilities:

Accounts Payable (Current Operations)	\$ 23,282	\$ 24,596
Payroll and Other Taxes Payable	376	216
Prepaid Maintenance Charges	<u>7</u>	<u>-0-</u>
	<u>\$ 23,665</u>	<u>\$ 24,812</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

	Year Ended December 31.	
	<u>1994</u>	<u>1993</u>
<u>Income:</u>		
Maintenance Charges to Tenant - Shareholders	\$ 413,608	\$ 401,561
Professional and Commercial Rents	12,900	12,900
Parking	12,750	12,100
Laundry Room Commission	4,800	4,800
Interest and Other Income	1,104	566
Special Assessment - Elevator Improvement	<u>44,182</u>	<u>-0-</u>
	<u>\$ 489,344</u>	<u>\$ 431,927</u>
<u>Expenses:</u>		
Elevator Improvement	\$ 45,630	\$ -0-
Operating Expenses (Schedule B - I)	143,417	140,752
Maintenance Expenses (Schedule B - II)	45,706	56,935
Administrative Expenses (Schedule B - III)	22,225	22,731
Financial Expenses (Schedule B - IV)	112,327	112,380
Taxes (Schedule B - V)	<u>125,647</u>	<u>119,368</u>
	<u>\$ 494,952</u>	<u>\$ 452,166</u>
<u>Excess (Deficit) of Income Over Expenses Before Depreciation</u>	\$ (5,608)	\$ (20,239)
Depreciation	<u>127,406</u>	<u>130,333</u>
<u>Excess (Deficit) of Income Over Expenses</u>	\$ (133,014)	\$ (150,572)
<u>Accumulated Deficit - Beginning of Year</u>	<u>(1,299,469)</u>	<u>(1,148,897)</u>
<u>Accumulated Deficit - End of Year</u>	<u>\$ (1,432,483)</u>	<u>\$ (1,299,469)</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

Year Ended December 31.	
<u>1994</u>	<u>1993</u>

Schedule B - I

Operating Expenses:

Payroll	\$ 49,948	\$ 46,883
Employee Benefits	12,559	14,228
Payroll Taxes	4,297	4,048
Insurance - Compensation	2,505	769
Insurance - General	17,808	23,246
Fuel	30,112	32,342
Electricity and Gas	13,600	13,405
Water Charges	<u>12,588</u>	<u>5,831</u>
	<u>\$143,417</u>	<u>\$140,752</u>

Schedule B - II

Maintenance Expenses:

Plastering and Painting	\$ -0-	\$ 6,416
Plumbing	491	3,419
Boiler Maintenance	2,927	3,558
General Building Repairs	11,617	8,502
Hardware and Supplies	5,882	6,576
Roofing and Waterproofing	-0-	4,575
Elevator Maintenance	9,395	8,233
Gardening, Landscaping and Snow Removal	11,797	11,720
Exterminating and Cleaning	<u>3,597</u>	<u>3,936</u>
	<u>\$ 45,706</u>	<u>\$ 56,935</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

Year Ended
December 31.

<u>1994</u>	<u>1993</u>
-------------	-------------

Schedule B - III

Administrative Expenses:

Management Fees	\$ 15,000	\$ 15,000
Professional Fees	4,851	5,132
Telephone and Miscellaneous	<u>2,374</u>	<u>2,599</u>
	<u>\$ 22,225</u>	<u>\$ 22,731</u>

Schedule B - IV

Financial Expenses:

First Mortgage Note Interest	\$ 81,000	\$ 81,000
Second Mortgage Note Interest	30,000	30,000
Miscellaneous Interest	502	555
Amortization of Mortgage Expenses	<u>825</u>	<u>825</u>
	<u>\$112,327</u>	<u>\$112,380</u>

Schedule B - V

Taxes:

Real Estate Taxes	\$123,989	\$117,193
New York State Franchise Tax	<u>1,658</u>	<u>2,175</u>
	<u>\$125,647</u>	<u>\$119,368</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

EXHIBIT C

STATEMENTS OF CASH FLOWS

	<u>Year Ended</u> <u>December 31.</u>	
	<u>1994</u>	<u>1993</u>
<u>Cash Flows From Operating Activities:</u>		
Excess (Deficit) of Income over Expenses (Exhibit B)	\$ (133,014)	\$ (150,572)
Adjustments to Reconcile Excess (Deficit) of Income over Expenses to Net Cash Provided (Used) by Operating Activities:		
Depreciation	127,406	130,333
Amortization of Deferred Charges	825	825
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Maintenance Charges Receivable	1,136	3,452
Prepaid Expenses	1,478	387
Miscellaneous Receivable	(268)	-0-
Increase (Decrease) in:		
Accounts Payable	(1,314)	(21,536)
Payroll and Other Taxes	160	(516)
Prepaid Maintenance Charges	7	-0-
Security Deposits	<u>734</u>	<u>1,230</u>
Net Cash Used by Operating Activities	<u>\$ (2,850)</u>	<u>\$ (36,397)</u>
<u>Cash Flows From Investing Activities:</u>		
Increase in Building Improvements	<u>\$ (6,535)</u>	<u>\$ (23,826)</u>
Net Cash Used By Investing Activities	<u>\$ (6,535)</u>	<u>\$ (23,826)</u>
<u>Net Increase (Decrease) In Cash and Equivalents</u>	<u>\$ (9,385)</u>	<u>\$ (60,223)</u>
<u>Cash and Equivalents At Beginning of Year</u>	<u>27,846</u>	<u>88,069</u>
<u>Cash and Equivalents At End of Year</u>	<u>\$ 18,461</u>	<u>\$ 27,846</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994

1. SIGNIFICANT ACCOUNTING POLICIES:

The Corporation was organized on February 26, 1981, under the applicable provisions of the laws of the State of New York. Active operations of the cooperative apartment corporation commenced on January 25, 1983, when the property located at 27 North Central Avenue, Hartsdale, New York was acquired.

2. FIXED ASSETS:

The land and building are stated at cost. Depreciation of the building and improvements for financial statement purposes are recorded on the straight-line-method over an estimated life of thirty years.

3. FIRST MORTGAGE NOTE PAYABLE:

The mortgage note, in the principal amount of \$900,000 is held by Dale Estates. Interest only, at the rate of 9% per annum, is payable monthly, in arrears, on the first day of each month until maturity. The note matures on February 1, 1998.

4. SECOND MORTGAGE NOTE PAYABLE:

The second mortgage note of \$300,000 held by Peck & Heller is due and payable February 1, 1998. Interest is payable monthly at the rate of 10% per annum.

The mortgage is a second lien against the property, subject to the wrap-around first mortgage.

5. DEFERRED CHARGES:

Deferred mortgage costs are being amortized over the terms of the mortgage.

6. FEDERAL INCOME TAXES:

The Internal Revenue Service has taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code. Section 277 provides that a membership organization that is operated to provide service to members is permitted to deduct expenses attributable to the furnishing of services to the members only to extent of the income derived during such year from its members. Section 277 permits a membership organization to reduce income from non-membership sources only by expenses incurred in generating this income. Accordingly, income, if any, from non-membership sources such as interest, commercial rental, professional apartment rental, etc. in excess properly attributable thereto, are subject to federal tax.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994

7. FUTURE MAJOR REPAIRS AND REPLACEMENTS:

The Corporation has not provided the supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be part of, the basic financial statements. The Corporation has not conducted a study to determine the remaining useful lives of the components of common property and the estimates of costs of future major repairs and replacements on the common property. The Corporation has not developed a comprehensive plan to fund any future major repairs and replacements. When funds are required to finance future major repairs and replacements, the Corporation will either utilize cash balances, borrow funds, increase maintenance assessments, or delay major repairs and replacements until funds are available. The effect of future funding of major repairs and replacements on future assessments has not been determined.



STATE OF NEW YORK
DEPARTMENT OF LAW
120 BROADWAY
NEW YORK, N.Y. 10271

DENNIS C. VACCO
Attorney General

GARY R. CONNOR
Assistant Attorney General in Charge
Real Estate Financing Bureau

(212) 416-8130

Dale Estates
c/o Peck & Heller
Attn: Nancy R. Heller
2301 Lincoln Building, 60 East 42nd Street
New York, NY 10165

RE: 27 North Central Avenue

File Number: C810234

Date Amendment Filed: 07/31/95

Receipt Number: 527318305

Amendment No: 20

Filing Fee: \$ 150.00

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, including amending the plan to disclose the most recent certified financial statement and budget, which should be done as soon as either of these documents is available.

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,

MELANIE SAMUELS

ASSISTANT ATTORNEY GENERAL

y.H.

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NINETEENTH AMENDMENT TO OFFERING PLAN

for

27 NORTH CENTRAL AVENUE
HARTSDALE, 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 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, 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) The following is a list of the outstanding unsold shares of the Apartment Corporation and the units to which such unsold shares are allocated. All unsold shares are held by Dale Estates ("Sponsor").

<u>Apartment</u>	<u>Shares</u>
3-A	566
4-A	569
5-A	572
2-B	463
4-B	469
6-B	475
4-C	359
6-C	365
1-D	455
5-D	467
6-D	470
4-E	469
6-E	475
1-G	350
2-G	461
3-G	464

<u>Apartment</u>		<u>Shares</u>	
	5-G		470
	2-H		463
	4-H		469
	5-H		472
	6-H		510
	3-I		461
	5-I		467
	3-J		356
	5-J		362
	2-K		463
	3-K		466
	4-K		469
	6-K		475
	4-L		569
Total		Total	
Units	30	Shares	13,921

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$14,479.88.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$16,738.07.

(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 financing arrangements.

(f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor, and also from the interest paid, at the rate of 9% per annum, on a wraparound mortgage in the principal amount of \$900,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the Apartment Corporation to Sponsor of \$6,750.00. Sponsor may also derive income from the sale of vacant units but does not rely on such sales to meet its obligations to the Apartment Corporation.

(g) The Sponsor is current on all financial obligations under the Plan. 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
31 Pondfield Road, Bronxville, New York
17 North Chatsworth Avenue, Larchmont, New York
10 Franklin Avenue, White Plains, New York
130 North Kensico Avenue, White Plains, New York
1-15 Bryant Crescent, White Plains, New York
324 East 35th Street, New York, New York
60 West 70th Street, New York, New York
319 East 73rd Street, New York, New York

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 May 18, 1988. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 42.01% 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 23, 1993, after reviewing a projected budget of building operations for the calendar year 1994, the per share annual maintenance was fixed at \$12.481746 for the calendar year 1993, representing a three (3%) percent increase over the prior year.

4. Election of Officers and Directors.

At the annual meeting of shareholders held on June 28, 1994 the following officers and directors of the Corporation were elected:

*Frank Heller, President and Director
Arnold Bell, Vice President and Director
Ethel Privin, Vice President and Director
Patricia Grossman, Treasurer and Director
*Robert Orlofsky, Secretary and Director

*Sponsor designees

5. Financial Statements.

The financial statement for Hartsdale Gardens Owners Corp. for the years ended December 31, 1992 and December 31, 1993 prepared by Margold, Ersken & Wang, Certified Public Accountants, is attached hereto.

6. Special Assessment.

At the Annual Meeting of Shareholders, held on June 26, 1994, the shareholders agreed to approve a special \$1 per share special assessment. This special assessment, which will be paid in three equal monthly installments of 33-1/3 cents per share commencing August 1, 1994, will be used to modernize the elevator at 37 North Central Avenue.

8. 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: July 21, 1994

DALE ESTATES, Sponsor

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

REPORT ON EXAMINATIONS OF FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1993 AND 1992

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

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MARGOLD, ERSKEN & WANG

CERTIFIED PUBLIC ACCOUNTANTS

880 THIRD AVENUE
NEW YORK, N. Y. 10022-4730

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation):

We have audited the accompanying balance sheets of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1993 and 1992, and the related statements of operations and accumulated deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1993 and 1992, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. As discussed in Note 7, the Corporation has not presented the supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Margold Erskens Wang

New York, New York
January 24, 1994

EXHIBIT A

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

BALANCE SHEETS

	<u>December 31.</u>	
	<u>1993</u>	<u>1992</u>
<u>Assets:</u>		
Current Assets (Schedule A - I)	\$ 42,955	\$ 107,017
Fixed Assets (Schedule A - II) (Note 2)	3,359,881	3,466,388
Deferred Charges (Note 5)	<u>3,437</u>	<u>4,262</u>
	<u>\$3,406,273</u>	<u>\$3,577,667</u>
 <u>Liabilities and Shareholders' Equity:</u>		
Liabilities:		
Current Liabilities (Schedule A - III)	\$ 24,812	\$ 46,864
Security Deposits Payable	1,230	-0-
First Mortgage Note Payable (Note 3)	900,000	900,000
Second Mortgage Note Payable (Note 4)	<u>300,000</u>	<u>300,000</u>
	<u>\$1,226,042</u>	<u>\$1,246,864</u>
 Shareholders' Equity:		
Capital Stock - Issued and Outstanding 33,137 Shares With a Par Value of \$1.00 Per Share	\$ 33,137	\$ 33,137
Excess of Book Value Over Par Value of Shares Issued	3,359,063	3,359,063
Reserve Fund Contribution by Sponsor	<u>87,500</u>	<u>87,500</u>
	\$3,479,700	\$3,479,700
Less - Accumulated Deficit	(1,299,469)	(1,148,897)
	<u>\$2,180,231</u>	<u>\$2,330,803</u>
	<u>\$3,406,273</u>	<u>\$3,577,667</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>December 31.</u>	
	<u>1993</u>	<u>1992</u>
<u>Schedule A - I</u>		
<u>Current Assets:</u>		
Cash and Equivalents:		
Cash - Reserve Fund	\$ 17,459	\$ 75,393
Cash - Operating Account	<u>10,387</u>	<u>12,676</u>
Total Cash and Equivalents	27,846	88,069
Prepaid Taxes	1,464	1,464
Prepaid Expenses	4,312	4,699
Maintenance Charges Receivable	<u>9,333</u>	<u>12,785</u>
	<u>\$ 42,955</u>	<u>\$ 107,017</u>

Schedule A - II

Fixed Assets, at book value:

Premises: 27 No. Central Ave.,
Hartsdale, N. Y.

Land	\$ 858,440	\$ 858,440
Building	3,433,760	3,433,760
Boiler	48,700	48,700
Equipment	2,466	2,466
Improvements	<u>362,893</u>	<u>339,067</u>
	\$4,706,259	\$4,682,433
Less: Accumulated Depreciation	<u>1,346,378</u>	<u>1,216,045</u>
	<u>\$3,359,881</u>	<u>\$3,466,388</u>

Schedule A - III

Current Liabilities:

Accounts Payable (Current Operations)	\$ 24,596	\$ 46,132
Payroll and Other Taxes Payable	<u>216</u>	<u>732</u>
	<u>\$ 24,812</u>	<u>\$ 46,864</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

	<u>Year Ended</u> <u>December 31,</u>	
	<u>1993</u>	<u>1992</u>
<u>Income:</u>		
Maintenance Charges to Tenant - Shareholders	\$ 401,561	\$ 388,688
Professional and Commercial Rents	12,900	12,000
Parking	12,100	11,805
Laundry Room Commission	4,800	4,175
Interest and Other Income	<u>566</u>	<u>945</u>
	<u>\$ 431,927</u>	<u>\$ 417,613</u>
<u>Expenses:</u>		
Operating Expenses (Schedule B - I)	\$ 140,752	\$ 138,778
Maintenance Expenses (Schedule B - II)	56,935	43,240
Administrative Expenses (Schedule B - III)	22,731	22,866
Financial Expenses (Schedule B - IV)	112,380	101,279
Taxes (Schedule B - V)	<u>119,368</u>	<u>114,272</u>
	<u>\$ 452,166</u>	<u>\$ 420,435</u>
<u>Excess (Deficit) of Income Over Expenses Before</u> <u>Depreciation</u>	(\$ 20,239)	(\$ 2,822)
Depreciation	<u>130,333</u>	<u>130,174</u>
<u>Excess (Deficit) of Income Over Expenses</u>	(\$ 150,572)	(\$ 132,996)
<u>Accumulated Deficit - Beginning of Year</u>	(1,148,897)	(1,015,901)
<u>Accumulated Deficit - End of Year</u>	<u>(\$1,299,469)</u>	<u>(\$1,148,897)</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

Year Ended December 31.	
<u>1993</u>	<u>1992</u>

Schedule B - I

Operating Expenses:

Payroll	\$ 46,883	\$ 43,911
Employee Benefits	14,228	11,572
Payroll Taxes	4,048	3,770
Insurance - Compensation	769	2,865
Insurance - General	23,246	25,078
Fuel	32,342	29,785
Electricity and Gas	13,405	13,977
Water Charges	<u>5,831</u>	<u>7,820</u>
	<u>\$140,752</u>	<u>\$138,778</u>

Schedule B - II

Maintenance Expenses:

Plastering and Painting	\$ 6,416	\$ -0-
Plumbing	3,419	-0-
Boiler Maintenance	3,558	7,294
General Building Repairs	8,502	6,390
Hardware and Supplies	6,576	4,533
Roofing and Waterproofing	4,575	-0-
Elevator Maintenance	8,233	8,148
Gardening, Landscaping and Snow Removal	11,720	14,453
Exterminating and Cleaning	<u>3,936</u>	<u>2,422</u>
	<u>\$ 56,935</u>	<u>\$ 43,240</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

Year Ended December 31.	
<u>1993</u>	<u>1992</u>

Schedule B - III

Administrative Expenses:

Management Fees	\$ 15,000	\$ 15,000
Professional Fees	5,132	5,395
Telephone and Miscellaneous	<u>2,599</u>	<u>2,471</u>
	<u>\$ 22,731</u>	<u>\$ 22,866</u>

Schedule B - IV

Financial Expenses:

First Mortgage Note Interest	\$ 81,000	\$ 81,000
Second Mortgage Note Interest	30,000	18,326
Miscellaneous Interest	555	646
Amortization of Mortgage Expenses	<u>825</u>	<u>1,307</u>
	<u>\$112,380</u>	<u>\$101,279</u>

Schedule B - V

Taxes:

Real Estate Taxes	\$117,193	\$112,453
New York State Franchise Tax	<u>2,175</u>	<u>1,819</u>
	<u>\$119,368</u>	<u>\$114,272</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

EXHIBIT C

STATEMENTS OF CASH FLOWS

	Year Ended December 31.	
	<u>1993</u>	<u>1992</u>
<u>Cash Flows From Operating Activities:</u>		
Excess (Deficit) of Income over Expenses (Exhibit B)	(\$ 150,572)	(\$ 132,996)
Adjustments to Reconcile Excess (Deficit) of Income over Expenses to Net Cash Provided (Used) by Operating Activities:		
Depreciation	130,333	130,174
Amortization of Deferred Charges	825	1,307
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Maintenance Charges Receivable	3,452	(6,478)
Prepaid Expenses	387	(729)
Deferred Charges	-0-	(4,400)
Increase (Decrease) in:		
Accounts Payable	(21,536)	32,800
Payroll and Other Taxes	(516)	(2,250)
Prepaid Maintenance Charges	-0-	(1,040)
Security Deposits	<u>1,230</u>	<u>-0-</u>
Net Cash Provided (Used) by Operating Activities	(\$ <u>36,397</u>)	\$ <u>16,388</u>
<u>Cash Flows From Financing Activities:</u>		
Additional Proceeds of Second Mortgage	\$ <u>-0-</u>	\$ <u>150,000</u>
Net Cash Provided By Financing Activities	\$ <u>-0-</u>	\$ <u>150,000</u>
<u>Cash Flows From Investing Activities:</u>		
Increase in Building Improvements	(\$ <u>23,826</u>)	(\$ <u>114,301</u>)
Net Cash Used By Investing Activities	(\$ <u>23,826</u>)	(\$ <u>114,301</u>)
<u>Net Increase (Decrease) In Cash and Equivalents</u>	(\$ 60,223)	\$ 52,087
<u>Cash and Equivalents At Beginning of Year</u>	<u>88,069</u>	<u>35,982</u>
<u>Cash and Equivalents At End of Year</u>	<u>\$ 27,846</u>	<u>\$ 88,069</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1993

1. SIGNIFICANT ACCOUNTING POLICIES:

The Corporation was organized on February 26, 1981, under the applicable provisions of the laws of the State of New York. Active operations of the cooperative apartment corporation commenced on January 25, 1983, when the property located at 27 North Central Avenue, Hartsdale, New York was acquired.

2. FIXED ASSETS:

The land and building are stated at cost. Depreciation of the building and improvements for financial statement purposes are recorded on the straight-line-method over an estimated life of thirty years.

3. FIRST MORTGAGE NOTE PAYABLE:

The mortgage note, in the principal amount of \$900,000 is held by Dale Estates. Interest only, at the rate of 9% per annum, is payable monthly, in arrears, on the first day of each month until maturity. The note matures on February 1, 1998.

4. SECOND MORTGAGE NOTE PAYABLE:

The second mortgage note of \$300,000 held by Peck & Heller is due and payable February 1, 1998. Interest is payable monthly at the rate of 10% per annum.

The mortgage is a second lien against the property, subject to the wrap-around first mortgage.

5. DEFERRED CHARGES:

Deferred mortgage costs are being amortized over the terms of the mortgage.

6. FEDERAL INCOME TAXES:

The Internal Revenue Service has taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code. Section 277 provides that a membership organization that is operated to provide service to members is permitted to deduct expenses attributable to the furnishing of services to the members only to extent of the income derived during such year from its members. Section 277 permits a membership organization to reduce income from non-membership sources only by expenses incurred in generating this income. Accordingly, income, if any, from non-membership sources such as interest, commercial rental, professional apartment rental, etc. in excess properly attributable thereto, are subject to federal tax.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1993

7. FUTURE MAJOR REPAIRS AND REPLACEMENTS:

The Corporation has not provided the supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be part of, the basic financial statements. The Corporation has not conducted a study to determine the remaining useful lives of the components of common property and the estimates of costs of future major repairs and replacements on the common property. The Corporation has not developed a comprehensive plan to fund any future major repairs and replacements. When funds are required to finance future major repairs and replacements, the Corporation will either utilize cash balances, borrow funds, increase maintenance assessments, or delay major repairs and replacements until funds are available. The effect of future funding of major repairs and replacements on future assessments has not been determined.



STATE OF NEW YORK
DEPARTMENT OF LAW
120 BROADWAY
NEW YORK, N.Y. 10271

G. OLIVER KOPPELL
Attorney General

GARY R. CONNOR
Assistant Attorney General in Charge
Real Estate Financing Bureau

(212) 416-8130

Dale Estates
c/o Peck & Heller
Attn: Nancy R. Heller
2301 Lincoln Building, 60 East 42nd Street
New York, NY 10165

RE: 27 North Central Avenue

File Number: C810234

Date Amendment Filed: 07/21/94

Receipt Number: 179417544

Amendment No: 19

Filing Fee: \$ 150.00

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, including amending the plan to disclose the most recent certified financial statement and budget, which should be done as soon as either of these documents is available.

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,

MELANIE SAMUELS
ASSISTANT ATTORNEY GENERAL

y.h.

EIGHTEENTH AMENDMENT TO OFFERING PLAN

for

27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Eighteenth Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located at 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by the filing of seventeen 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 Eighteenth 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) The following is a list of the outstanding unsold shares of the Apartment Corporation and the units to which such unsold shares are allocated. All unsold shares are held by Dale Estates ("Sponsor").

<u>Apartment</u>	<u>Shares</u>
3-A	566
4-A	569
5-A	572
2-B	463
4-B	469
6-B	475
4-C	359
6-C	365
1-D	455
5-D	467
6-D	470
4-E	469
6-E	475
1-G	350
2-G	461
3-G	464

<u>Apartment</u>		<u>Shares</u>
	5-G	470
	2-H	463
	4-H	469
	5-H	472
	6-H	510
	3-I	461
	5-I	467
	3-J	356
	5-J	362
	2-K	463
	3-K	466
	4-K	469
	6-K	475
	4-L	569
Total Units	30	Total Shares 13,921

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$14,058.13.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$13,300.00.

(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 financing arrangements.

(f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor, and also from the interest paid, at the rate of 9% per annum, on a wraparound mortgage in the principal amount of \$900,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the Apartment Corporation to Sponsor of \$6,750.00. Sponsor may also derive income from the sale of vacant units but does not rely on such sales to meet its obligations to the Apartment Corporation.

(g) The Sponsor is current on all financial obligations under the Plan. 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
31 Pondfield Road, Bronxville, New York
17 North Chatsworth Avenue, Larchmont, New York
10 Franklin Avenue, White Plains, New York
130 North Kensico Avenue, White Plains, New York
1-15 Bryant Crescent, White Plains, New York
324 East 35th Street, New York, New York
60 West 70th Street, New York, New York
319 East 73rd Street, New York, New York

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 May 18, 1988. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 42.01% 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 December 9, 1992, after reviewing a projected budget of building operations for the calendar year 1993, the per share annual maintenance was fixed at \$12.11832 for the calendar year 1993, representing a four (4%) percent increase over the prior year.

4. Election of Officers and Directors.

At the annual meeting of shareholders held on May 25, 1993 the following officers and directors of the Corporation were elected:

*Frank Heller, President and Director
Arnold Bell, Vice President and Director
Michael Caprino, Vice President and Director
Patricia Grossman, Treasurer and Director
*Robert Orlofsky, Secretary and Director

*Sponsor designees

5. Financial Statements.

The financial statement for Hartsdale Gardens Owners Corp. for the years ended December 31, 1991 and December 31, 1992 prepared by Margold, Ersken & Wang, Certified Public Accountants, is attached hereto.

6. Extension, Modification and Consolidation of Mortgages.

The wrap-around first mortgage loan given by the Corporation to Sponsor in the principal amount of \$900,000 which bears interest at the annual rate of nine (9%) percent and was to have matured on January 25, 1993, was extended, by agreement dated October 1, 1992, to mature on February 1, 1998.

To finance the replacement of all windows at the premises for which the Corporation entered into a contract in the amount of \$107,250 with F & F Products, as well as to establish a reserve for roofing repairs, the Corporation obtained a loan in the principal amount of \$150,000, from Peck & Heller as nominee for various investors including certain principals of Sponsor. The loan is secured by a second mortgage on the premises and was consolidated with an existing loan given by Peck & Heller in the principal amount of \$150,000, which was to have matured on January 25, 1993, to form a single second lien of \$300,000, with interest thereon to be paid monthly at the annual rate of ten (10%) percent, maturing February 1, 1998.

7. New Managing Agent and Sales Agent.

Effective January 1, 1993, the Corporation has engaged Robert Orlofsky Realty, Inc., 7 Bryant Crescent, Suite 1-C, White Plains, New York, to serve as its Managing Agent. The Sponsor has also appointed Robert Orlofsky Realty, Inc. as its exclusive sales agent for the Sponsor-owned apartments.

8. No Other Material Changes in Plan.

There have been no material changes in the Plan, except as set forth in this Eighteenth Amendment. The Plan, as amended hereby, does not knowingly omit any material fact or knowingly contain any untrue statement of any material fact.

Dated: July 19, 1993

DALE ESTATES, Sponsor

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

REPORT ON EXAMINATIONS OF FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1992 AND 1991

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

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MARGOLD, ERSKEN & WANG

CERTIFIED PUBLIC ACCOUNTANTS

880 THIRD AVENUE
NEW YORK, N. Y. 10022-4730

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation):

We have audited the accompanying balance sheets of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1992 and 1991, and the related statements of operations and accumulated deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1992 and 1991, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. As discussed in Note 7, the Corporation has not presented the supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Margold Erskens Wang

New York, New York
January 29, 1993

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

BALANCE SHEETS

	<u>December 31.</u>	
	<u>1992</u>	<u>1991</u>
<u>Assets:</u>		
Current Assets (Schedule A - I)	\$ 107,017	\$ 47,723
Fixed Assets (Schedule A - II) (Note 2)	3,466,388	3,482,261
Deferred Charges (Note 5)	<u>4,262</u>	<u>1,169</u>
	<u>\$3,577,667</u>	<u>\$3,531,153</u>
<u>Liabilities and Shareholders' Equity:</u>		
<u>Liabilities:</u>		
Current Liabilities (Schedule A - III)	\$ 46,864	\$ 17,354
First Mortgage Note Payable (Note 3)	900,000	900,000
Second Mortgage Note Payable (Note 4)	<u>300,000</u>	<u>150,000</u>
	<u>\$1,246,864</u>	<u>\$1,067,354</u>
<u>Shareholders' Equity:</u>		
Capital Stock - Issued and Outstanding 33,137 Shares With a Par Value of \$1.00 Per Share	\$ 33,137	\$ 33,137
Excess of Book Value Over Par Value of Shares Issued	3,359,063	3,359,063
Reserve Fund Contribution by Sponsor	<u>87,500</u>	<u>87,500</u>
	\$3,479,700	\$3,479,700
Less - Accumulated Deficit	<u>(1,148,897)</u>	<u>(1,015,901)</u>
	<u>\$2,330,803</u>	<u>\$2,463,799</u>
	<u>\$3,577,667</u>	<u>\$3,531,153</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>December 31.</u>	
	<u>1992</u>	<u>1991</u>
<u>Schedule A - I</u>		
<u>Current Assets:</u>		
Cash and Equivalents:		
Cash - Reserve Fund	\$ 75,393	\$ 15,798
Cash - Operating Account	<u>12,676</u>	<u>20,184</u>
Total Cash and Equivalents	88,069	35,982
Prepaid Taxes	1,464	1,464
Prepaid Expenses	4,699	3,970
Maintenance Charges Receivable	<u>12,785</u>	<u>6,307</u>
	<u>\$ 107,017</u>	<u>\$ 47,723</u>

Schedule A - II

Fixed Assets, at book value:

Premises: 27 No. Central Ave.,
Hartsdale, N. Y.

Land	\$ 858,440	\$ 858,440
Building	3,433,760	3,433,760
Boiler	48,700	48,700
Equipment	2,466	2,466
Improvements	<u>339,067</u>	<u>224,766</u>
	\$4,682,433	\$4,568,132
Less: Accumulated Depreciation	<u>1,216,045</u>	<u>1,085,871</u>
	<u>\$3,466,388</u>	<u>\$3,482,261</u>

Schedule A - III

Current Liabilities:

Accounts Payable (Current Operations)	\$ 46,132	\$ 13,332
Payroll and Other Taxes Payable	732	2,982
Prepaid Maintenance Charges	<u>-0-</u>	<u>1,040</u>
	<u>\$ 46,864</u>	<u>\$ 17,354</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

	<u>Year Ended</u> <u>December 31.</u>	
	<u>1992</u>	<u>1991</u>
<u>Income:</u>		
Maintenance Charges to Tenant - Shareholders	\$ 388,688	\$ 386,113
Professional and Commercial Rents	12,000	12,000
Parking	11,805	11,585
Laundry Room Commission	4,175	1,435
Interest and Other Income	945	3,213
Fuel Surcharge	<u>-0-</u>	<u>3,976</u>
	<u>\$ 417,613</u>	<u>\$ 418,322</u>
<u>Expenses:</u>		
Operating Expenses (Schedule B - I)	\$ 138,778	\$ 129,722
Maintenance Expenses (Schedule B - II)	43,240	58,817
Administrative Expenses (Schedule B - III)	22,866	18,328
Financial Expenses (Schedule B - IV)	101,279	97,985
Taxes (Schedule B - V)	<u>114,272</u>	<u>110,924</u>
	<u>\$ 420,435</u>	<u>\$ 415,776</u>
<u>Excess (Deficit) of Income Over Expenses Before</u> <u>Depreciation and Federal and New York</u> <u>State Tax</u>	\$ (2,822)	\$ 2,546
Depreciation	<u>130,174</u>	<u>128,568</u>
<u>Excess (Deficit) of Income Over Expenses</u> <u>Before Federal and New York State Tax</u>	\$ (132,996)	\$ (126,022)
Prior Years New York State Income Tax	<u>-0-</u>	<u>5,208</u>
<u>Excess (Deficit) of Income Over Expenses</u>	\$ (132,996)	\$ (131,230)
<u>Accumulated Deficit - Beginning of Year</u>	<u>(1,015,901)</u>	<u>(884,671)</u>
<u>Accumulated Deficit - End of Year</u>	<u>\$ (1,148,897)</u>	<u>\$ (1,015,901)</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

Year Ended December 31.	
<u>1992</u>	<u>1991</u>

Schedule B - I

Operating Expenses:

Payroll	\$ 43,911	\$ 41,829
Employee Benefits	11,572	10,152
Payroll Taxes	3,770	3,516
Insurance - Compensation	2,865	2,562
Insurance - General	25,078	22,710
Fuel	29,785	28,259
Electricity and Gas	13,977	13,799
Water Charges	<u>7,820</u>	<u>6,895</u>
	<u>\$138,778</u>	<u>\$129,722</u>

Schedule B - II

Maintenance Expenses:

Plumbing	\$ -0-	\$ 2,708
Boiler Maintenance	7,294	3,736
General Building Repairs	6,390	10,827
Hardware and Supplies	4,533	7,318
Roofing and Waterproofing	-0-	4,780
Elevator Maintenance	8,148	14,576
Gardening, Landscaping and Snow Removal	14,453	12,688
Exterminating and Cleaning	<u>2,422</u>	<u>2,184</u>
	<u>\$ 43,240</u>	<u>\$ 58,817</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

Year Ended December 31.	
<u>1992</u>	<u>1991</u>

Schedule B - III

Administrative Expenses:

Management Fees	\$ 15,000	\$ 12,500
Professional Fees	5,395	4,200
Telephone and Miscellaneous	<u>2,471</u>	<u>1,628</u>
	<u>\$ 22,866</u>	<u>\$ 18,328</u>

Schedule B - IV

Financial Expenses:

First Mortgage Note Interest	\$ 81,000	\$ 81,000
Second Mortgage Note Interest	18,326	15,000
Miscellaneous Interest	646	710
Amortization of Mortgage Expenses	<u>1,307</u>	<u>1,275</u>
	<u>\$101,279</u>	<u>\$ 97,985</u>

Schedule B - V

Taxes:

Real Estate Taxes	\$112,453	\$109,174
New York State Franchise Tax	<u>1,819</u>	<u>1,750</u>
	<u>\$114,272</u>	<u>\$110,924</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

EXHIBIT C

STATEMENTS OF CASH FLOWS

	<u>Year Ended</u> <u>December 31.</u>	
	<u>1992</u>	<u>1991</u>
<u>Cash Flows From Operating Activities:</u>		
Excess (Deficit) of Income over Expenses (Exhibit B)	\$ (132,996)	\$ (131,230)
Adjustments to Reconcile Excess (Deficit) of Income over Expenses to Net Cash provided by Operating Activities:		
Depreciation	130,174	128,568
Amortization of Deferred Charges	1,307	4,426
Changes in Assets and Liabilities:		
(Increase) in Prepaid Taxes	-0-	(1,464)
(Increase) Decrease in Maintenance Charges Receivable	(6,478)	2,376
(Increase) in Prepaid Expenses	(729)	(2,187)
(Increase) in Deferred Charges	(4,400)	-0-
Increase (Decrease) in Accounts Payable	32,800	(2,581)
(Decrease) in Payroll and Other Taxes	(2,250)	(1,140)
Increase (Decrease) in Prepaid Maintenance Charges	<u>(1,040)</u>	<u>1,040</u>
Net Cash Used by Operating Activities	\$ <u>16,388</u>	\$ <u>(2,192)</u>
<u>Cash Flows From Financing Activities:</u>		
Additional Proceeds of Second Mortgage	\$ <u>150,000</u>	\$ <u>-0-</u>
Net Cash Provided By Financing Activities	\$ <u>150,000</u>	\$ <u>-0-</u>
<u>Cash Flows From Investing Activities:</u>		
Increase in Building Improvements	\$ <u>(114,301)</u>	\$ <u>-0-</u>
Net Cash Used By Investing Activities	\$ <u>(114,301)</u>	\$ <u>-0-</u>
<u>Net Increase (Decrease) In Cash and Equivalents</u>	\$ 52,087	\$ (2,192)
<u>Cash and Equivalents At Beginning of Year</u>	<u>35,982</u>	<u>38,174</u>
<u>Cash and Equivalents At End of Year</u>	<u>\$ 88,069</u>	<u>\$ 35,982</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1992

1. SIGNIFICANT ACCOUNTING POLICIES:

The Corporation was organized on February 26, 1981, under the applicable provisions of the laws of the State of New York. Active operations of the cooperative apartment corporation commenced on January 25, 1983, when the property located at 27 North Central Avenue, Hartsdale, New York was acquired.

2. FIXED ASSETS:

The land and building are stated at cost. Depreciation of the building and improvements for financial statement purposes are recorded on the straight-line-method over an estimated life of thirty years.

3. FIRST MORTGAGE NOTE PAYABLE:

The mortgage note, in the principal amount of \$900,000 is held by Dale Estates. Interest only, at the rate of 9% per annum, is payable monthly, in arrears, on the first day of each month until maturity. The note matures on February 1, 1998.

This is a wrap-around mortgage, which encompassed an existing first mortgage lien on the property held by the Home Savings Bank, White Plains. Dale Estates (sponsor) from its own funds made payment thereof and received an assignment of said lien from the Bank. The total first mortgage note is therefore payable to Dale Estates.

4. SECOND MORTGAGE NOTE PAYABLE:

During the year the second mortgage note held by Peck and Heller was increased to \$300,000. Interest is payable monthly, in advance at the rate of 10% per annum. The note matures on February 1, 1998.

The mortgage is a second lien against the property, subject to the wrap-around first mortgage.

5. DEFERRED CHARGES:

Deferred mortgage costs are being amortized over the terms of the mortgage.

6. FEDERAL INCOME TAXES:

The Internal Revenue Service has taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code. Section 277 provides that a membership organization that is operated to provide service to members is permitted to deduct expenses attributable to the furnishing of services to the members only to extent of the income derived during such year from its members. Section 277 permits a membership organization to reduce income from non-membership sources only by expenses incurred in generating this income. Accordingly, income, if any, from non-membership sources such as interest, commercial rental, professional apartment rental, etc. in excess properly attributable thereto, are subject to federal tax.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1992

7. FUTURE MAJOR REPAIRS AND REPLACEMENTS:

The Corporation has not provided the supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be part of, the basic financial statements. The Corporation has not conducted a study to determine the remaining useful lives of the components of common property and the estimates of costs of future major repairs and replacements on the common property. The Corporation has not developed a comprehensive plan to fund any future major repairs and replacements. When funds are required to finance future major repairs and replacements, the Corporation will either utilize cash balances, borrow funds, increase maintenance assessments, or delay major repairs and replacements until funds are available. The effect of future funding of major repairs and replacements on future assessments has not been determined.

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SEVENTEENTH AMENDMENT TO OFFERING PLAN

for

27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Seventeenth Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located at 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by the filing of sixteen 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 Seventeenth 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) The following is a list of the outstanding unsold shares of the Apartment Corporation and the units to which such unsold shares are allocated. All unsold shares are held by Dale Estates ("Sponsor").

<u>Apartment</u>	<u>Shares</u>
3-A	566
4-A	569
5-A	572
2-B	463
4-B	469
5-B	472
6-B	475
4-C	359
6-C	365
1-D	455
5-D	467
6-D	470
4-E	469
6-E	475
1-G	350
2-G	461
3-G	464

<u>Apartment</u>		<u>Shares</u>	
	5-G		470
	2-H		463
	4-H		469
	5-H		472
	6-H		510
	3-I		461
	5-I		467
	3-J		356
	5-J		362
	2-K		463
	3-K		466
	4-K		469
	6-K		475
	4-L		569
Total		Total	
Units	31	Shares	14,393

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$13,975.63.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$12,000.00.

(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 financing arrangements.

(f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor, and also from the interest paid, at the rate of 9% per annum, on a wraparound mortgage in the principal amount of \$900,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the Apartment Corporation to Sponsor of \$6,750.00. Sponsor may also derive income from the sale of vacant units but does not rely on such sales to meet its obligations to the Apartment Corporation.

(g) The Sponsor is current on all financial obligations under the Plan. 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
31 Pondfield Road, Bronxville, New York
17 North Chatsworth Avenue, Larchmont, New York
10 Franklin Avenue, White Plains, New York
130 North Kensico Avenue, White Plains, New York
1-15 Bryant Crescent, White Plains, New York
324 East 35th Street, New York, New York
60 West 70th Street, New York, New York
319 East 73rd Street, New York, New York

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 May 18, 1988. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 43.43% 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 December 4, 1991, after reviewing a projected budget of building operations for the calendar year 1992, the per share annual maintenance was fixed at \$11.651 for the calendar year 1992, representing no increase over the prior year.

4. Election of Officers and Directors.

The next annual meeting of shareholders at which officers and directors are to be elected is scheduled for July 22, 1992, and as of the date hereof the following officers and directors of the Corporation remain in office:

*Frank Heller, President and Director
Arnold Bell, Vice President and Director
Laura Victore-Caprino, Vice President and Director
Patricia Grossman, Treasurer and Director
*Robert Orlofsky, Secretary and Director

*Sponsor designees

5. Financial Statements.

The financial statement for Hartsdale Gardens Owners Corp. for the years ended December 31, 1990 and December 31, 1991 prepared by Margold, Ersken & Wang, Certified Public Accountants, is attached hereto.

6. Amendment to Contract of Sale.

Paragraph 33 of the Contract of Sale, which contract is annexed as an exhibit to the Thirteenth Amendment, is hereby amended as follows:

33. The Contract Deposit shall be held by Nancy R. Heller, Esq. ("Escrow Agent"), in accordance with the provisions set forth in the Sixteenth Amendment to the Plan which was accepted for filing by the Attorney General of the State of New York on April 27, 1992.

7. General Business Law Section 352-e(2-d).

General Business Law ("GBL") Section 352-e(2-d), attached hereto, became law on July 23, 1991. It applied to all cooperative and condominium conversion plans except those where all shares or units have been sold. The law is intended to provide financial protection for a cooperative corporation or condominium association if a sponsor or investor fails to make monthly payments for its units.

In compliance with this new statute, the sponsor and/or holders of unsold shares on behalf of all offerors represent that:

1. In the event payment of maintenance, common charges, assessments or late fees by a sponsor or other investor who does not occupy the unit is more than thirty days late, rental payments from the tenant shall become directly payable to the cooperative corporation or condominium association. When the non-occupying owner resumes payment of maintenance and common charges on a current basis, non-purchasing tenants will be notified within three business days of such payments becoming current and their rental payments will once again be payable to the non-occupying owner.

2. The offeror will provide each non-purchasing tenant with irrevocable notice of the provisions contained in GBL Section 352-e(2-d).

3. Any rights existing under any other laws are not limited by this statutory requirement.

4. Payment by the non-purchasing tenant to the cooperative corporation or condominium association done pursuant to GBL Section 352-e(2-d) relieves the non-purchasing tenant from the obligation to pay that rent to the non-occupying owner.

5. These requirements apply to the sponsor, its successors or assigns and all purchasers who are owners of occupied units or shares allocated to occupied units.

8. No Other Material Changes in Plan.

There have been no material changes in the Plan, except as set forth in this Seventeenth Amendment. The Plan, as amended hereby, does not knowingly omit any material fact or knowingly contain any untrue statement of any material fact.

Dated: July 8 , 1992

DALE ESTATES, Sponsor

PLANAM.17

BLUE SKY LAW—REAL ESTATE SYNDICATION
OFFERINGS—NON-OCCUPYING OWNER AND
NON-PURCHASING TENANT

CHAPTER 594

A. 1502-A

Approved July 23, 1991, effective as provided in section 2

AN ACT to amend the general business law, in relation to real estate syndication offerings

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

§ 1. Section 352-e of the general business law is amended by adding a new subdivision 2-d to read as follows:

2-d. (a) "Non-occupying owner" shall mean the owner of shares in a cooperative corporation who does not reside in the apartment assigned to its shares, when the apartment is occupied by a non-purchasing tenant; or the owner of a unit in a condominium who does not reside in the unit, when the unit is occupied by a non-purchasing tenant. "Non-purchasing tenant" shall have the same meaning as that term is defined in paragraph (e) of subdivision one of sections three hundred fifty-two-eee and three hundred fifty-two-eeee of this chapter.

(b) The attorney general shall also refuse to issue a letter stating that the offering has been filed, or in the case of a plan already accepted for filing, shall refuse to accept an amendment to the plan unless the offering statement, prospectus, plan or amendment provides that when a non-occupying owner fails to make all payments due on such shares or units, including but not limited to maintenance payments, common charges, assessments or late fees, within thirty days after they are due, upon notice in accordance with paragraph (c) of this subdivision, all rental payments from the non-purchasing tenant residing in such apartment or unit shall be directly payable to the apartment corporation or condominium association. The offeror shall provide each non-purchasing tenant with irrevocable notice of the provisions of this subdivision.

(c) If maintenance payments, common charges or other fees due from the non-occupying owner have not been paid in full, the cooperative corporation board of directors or condominium board of managers shall provide written notice within forty-five days after the earliest due date to the non-purchasing tenant and the non-occupying owner providing that, commencing immediately and until such time as payments are made current, all rental payments due are to be made payable to the cooperative corporation or condominium association at the address listed on the notice. Where a majority of the board of directors or managers has been elected by and from among the shareholders or unit owners who are in occupancy, the board may elect not to require that rental payments be made payable to the cooperative corporation or condominium association. At such time as payments from the non-occupying owner are once again current, notice of such fact shall be given within three business days to the non-purchasing tenant and non-occupying owner. Thereafter all rental payments shall be made payable to the non-occupying owner. A non-occupying owner who disputes the corporation's or association's right to receive rental payments pursuant to this section shall be entitled to present facts supporting its position at the next scheduled meeting of the board of directors or board of managers, which must be held within thirty days.

(d) Nothing in this subdivision shall limit any rights existing under any other law.

(e) Payment by a non-purchasing tenant to the cooperative corporation or condominium association made in accordance with this subdivision shall relieve that non-purchasing tenant from the obligation to pay that rent to the non-occupying owner.

§ 2. This act shall take effect immediately and shall apply to all offering plans not yet accepted for filing and to all plans already accepted for filing except those plans where all of the shares or units have been sold.



STATE OF NEW YORK
DEPARTMENT OF LAW
120 BROADWAY
NEW YORK, NY 10271

ROBERT ABRAMS
Attorney General

GARY E. CONNOR
Assistant Attorney General in Charge
Real Estate Financing Bureau

(212) 416-8130

Dale Estates
c/o Peck & Heller
Attn: Nancy R. Heller, Esq.
2301 Lincoln Building, 60 East 42nd Street
New York, NY 10165

RE: 27 North Central Avenue

File Number: C810234

Date Amendment Filed: 07/08/92

Receipt Number: 346417362

Amendment No: 17

Filing Fee: \$ 150.00

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, including amending the plan to disclose the most recent certified financial statement and budget, which should be done as soon as either of these documents is available.

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,

MELANIE SAMUELS
ASSISTANT ATTORNEY GENERAL y.h.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

REPORT ON EXAMINATIONS OF FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1991 AND 1990

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

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MARGOLD, ERSKEN & WANG

CERTIFIED PUBLIC ACCOUNTANTS

**880 THIRD AVENUE
NEW YORK, N. Y. 10022-4730**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation):

We have audited the accompanying balance sheets of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1991 and 1990, and the related statements of operations and accumulated deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1991 and 1990, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Margold Ersklen Wang

New York, New York

January 31, 1991

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

BALANCE SHEETS

	<u>December 31.</u>	
	<u>1991</u>	<u>1990</u>
<u>Assets:</u>		
Current Assets (Schedule A - I)	\$ 47,723	\$ 48,640
Fixed Assets (Schedule A - II) (Note 2)	3,482,261	3,610,830
Deferred Charges (Note 5)	<u>1,169</u>	<u>5,594</u>
	<u>\$3,531,153</u>	<u>\$3,665,064</u>
<u>Liabilities and Shareholders' Equity:</u>		
Liabilities:		
Current Liabilities (Schedule A - III)	\$ 17,354	\$ 20,035
First Mortgage Note Payable (Note 3)	900,000	900,000
Second Mortgage Note Payable (Note 4)	<u>150,000</u>	<u>150,000</u>
	<u>\$1,067,354</u>	<u>\$1,070,035</u>
Shareholders' Equity:		
Capital Stock - Issued and Outstanding 33,137 Shares With a Par Value of \$1.00 Per Share	\$ 33,137	\$ 33,137
Excess of Book Value Over Par Value of Shares Issued	3,359,063	3,359,063
Reserve Fund Contribution by Sponsor	<u>87,500</u>	<u>87,500</u>
	\$3,479,700	\$3,479,700
Less - Accumulated Deficit	(<u>1,015,901</u>)	(<u>884,671</u>)
	<u>\$2,463,799</u>	<u>\$2,595,029</u>
	<u>\$3,531,153</u>	<u>\$3,665,064</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>December 31.</u>	
	<u>1991</u>	<u>1990</u>
<u>Schedule A - I</u>		
<u>Current Assets:</u>		
Cash and Equivalents:		
Cash - Reserve Fund	\$ 15,798	\$ 24,559
Cash - Managing Agent	<u>20,184</u>	<u>13,615</u>
Total Cash and Equivalents	35,982	38,174
Prepaid Taxes	1,464	-0-
Prepaid Insurance	3,970	1,783
Maintenance Charges Receivable	<u>6,307</u>	<u>8,683</u>
	<u>\$ 47,723</u>	<u>\$ 48,640</u>

Schedule A - II

Fixed Assets, at book value:

Premises: 27 No. Central Ave.,
Hartsdale, N. Y.

Land	\$ 858,440	\$ 858,440
Building	3,433,760	3,433,760
Boiler	48,700	48,700
Equipment	2,466	2,466
Improvements	<u>224,766</u>	<u>224,766</u>
	\$4,568,132	\$4,568,132
Less: Accumulated Depreciation	<u>1,085,871</u>	<u>957,302</u>
	<u>\$3,482,261</u>	<u>\$3,610,830</u>

Schedule A - III

Current Liabilities:

Accounts Payable (Current Operations)	\$ 13,332	\$ 15,913
Payroll and Other Taxes Payable	2,982	4,122
Prepaid Maintenance Charges	<u>1,040</u>	<u>-0-</u>
	<u>\$ 17,354</u>	<u>\$ 20,035</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

	Year Ended December 31.	
	<u>1991</u>	<u>1990</u>
<u>Income:</u>		
Maintenance Charges to Tenant - Shareholders	\$ 386,113	\$ 374,855
Professional and Commercial Rents	12,000	12,000
Parking	11,585	11,305
Laundry Room Commission	1,435	4,500
Interest and Other Income	3,213	3,816
Fuel Surcharge	<u>3,976</u>	<u>1,325</u>
	<u>\$ 418,322</u>	<u>\$ 407,801</u>
<u>Expenses:</u>		
Operating Expenses (Schedule B - I)	\$ 129,722	\$ 127,827
Maintenance Expenses (Schedule B - II)	58,817	57,003
Administrative Expenses (Schedule B - III)	18,328	16,170
Financial Expenses (Schedule B - IV)	97,985	97,700
Taxes (Schedule B - V)	<u>110,924</u>	<u>103,507</u>
	<u>\$ 415,776</u>	<u>\$ 402,207</u>
Excess of Income Over Expenses Before Depreciation and Federal and New York State Tax	\$ 2,546	\$ 5,594
Depreciation	<u>128,568</u>	<u>127,056</u>
Excess (Deficit) of Income Over Expenses Before Federal and New York State Tax	(\$ 126,022)	(\$ 121,462)
Federal Income Tax	-0-	1,464
Prior Years New York State Income Tax	<u>5,208</u>	<u>-0-</u>
<u>Excess (Deficit) of Income Over Expenses</u>	(\$ 131,230)	(\$ 122,926)
<u>Accumulated Deficit - Beginning of Year</u>	(<u>884,671</u>)	(<u>761,745</u>)
<u>Accumulated Deficit - End of Year</u>	(<u>\$1,015,901</u>)	(<u>\$ 884,671</u>)

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

Year Ended December 31.	
<u>1991</u>	<u>1990</u>

Schedule B - I

Operating Expenses:

Payroll	\$ 41,829	\$ 36,993
Employee Benefits	10,152	7,850
Payroll Taxes	3,516	3,124
Insurance - Compensation	2,562	1,604
Insurance - General	22,710	17,306
Fuel	28,259	40,650
Electricity and Gas	13,799	13,290
Water Charges	<u>6,895</u>	<u>7,010</u>
	<u>\$ 129,722</u>	<u>\$ 127,827</u>

Schedule B - II

Maintenance Expenses:

Plumbing	\$ 2,708	\$ 1,953
Boiler Maintenance	3,736	4,868
General Building Repairs	10,827	13,880
Hardware and Supplies	7,318	6,455
Roofing and Waterproofing	4,780	3,981
Elevator Maintenance	14,576	13,294
Gardening and Landscaping	11,525	9,193
Exterminating and Cleaning	2,184	1,925
Snow Removal	<u>1,163</u>	<u>1,454</u>
	<u>\$ 58,817</u>	<u>\$ 57,003</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

Year Ended
December 31.

<u>1991</u>	<u>1990</u>
-------------	-------------

Schedule B - III

Administrative Expenses:

Management Fees	\$ 12,500	\$ 10,000
Professional Fees	4,200	4,300
Telephone and Miscellaneous	<u>1,628</u>	<u>1,870</u>
	<u>\$ 18,328</u>	<u>\$ 16,170</u>

Schedule B - IV

Financial Expenses:

First Mortgage Note Interest	\$ 81,000	\$ 81,000
Second Mortgage Note Interest	15,000	15,000
Miscellaneous Interest	710	425
Amortization of Mortgage Expenses	<u>1,275</u>	<u>1,275</u>
	<u>\$ 97,985</u>	<u>\$ 97,700</u>

Schedule B - V

Taxes:

Real Estate Taxes	\$109,174	\$ 102,202
New York State Franchise Tax	<u>1,750</u>	<u>1,305</u>
	<u>\$110,924</u>	<u>\$103,507</u>

See Notes to Financial Statements.

EXHIBIT C

HARTSDALE GARDENS OWNERS CORP.
 (A Cooperative Apartment Corporation)

STATEMENTS OF CASH FLOWS

Year Ended December 31.	
<u>1991</u>	<u>1990</u>

Cash Flows From Operating Activities:

Excess (Deficit) of Income over Expenses (Exhibit B)	(\$ 131,230)	(\$ 122,926)
--	--------------	--------------

Adjustments to Reconcile Excess (Deficit) of Income
over Expenses to Net Cash provided by Operating
Activities:

Depreciation	128,568	127,056
Amortization of Deferred Charges	4,426	4,427

Changes in Assets and Liabilities:

Increase in Prepaid Taxes	(1,464)	- 0 -
(Increase) Decrease in Maintenance Charges Receivable	2,376	(5,234)
(Increase) Decrease in Prepaid Insurance	(2,187)	105
Decrease in Accounts Payable	(2,581)	(20,070)
Increase (Decrease) in Payroll and Other Taxes	(1,140)	2,422
Increase in Prepaid Maintenance Charges	<u>1,040</u>	<u>-0-</u>

Net Cash Used by Operating Activities	(\$ 2,192)	(\$ 14,220)
---------------------------------------	------------	-------------

Cash Flows From Investing Activities:

Purchase of Building Improvements	\$ -0-	(\$ 48,050)
-----------------------------------	--------	-------------

Net Cash Used By Investing Activities	\$ -0-	(\$ 48,050)
---------------------------------------	--------	-------------

<u>Net Decrease In Cash and Equivalents</u>	(\$ 2,192)	(\$ 62,270)
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<u>Cash and Equivalents At Beginning of Year</u>	<u>38,174</u>	<u>100,444</u>
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<u>Cash and Equivalents At End of Year</u>	<u>\$ 35,982</u>	<u>\$ 38,174</u>
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See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1991

1. SIGNIFICANT ACCOUNTING POLICIES:

The Corporation was organized on February 26, 1981, under the applicable provisions of the laws of the State of New York. Active operations of the cooperative apartment corporation commenced on January 25, 1983, when the property located at 27 North Central Avenue, Hartsdale, New York was acquired.

2. FIXED ASSETS:

The land and building are stated at cost. Depreciation of the building and improvements for financial statement purposes are recorded on the straight-line-method over an estimated life of thirty years.

3. FIRST MORTGAGE NOTE PAYABLE:

The mortgage note, in the principal amount of \$900,000 is held by Dale Estates. Interest only, at the rate of 9% per annum, is payable monthly, in advance, on the fifteenth day of each month until maturity. The note matures on January 25, 1993.

This is a wrap-around mortgage, which encompassed an existing first mortgage lien on the property held by the Home Savings Bank, White Plains. Dale Estates (sponsor) from its own funds made payment thereof and received an assignment of said lien from the Bank. The total first mortgage note is therefore payable to Dale Estates.

4. SECOND MORTGAGE NOTE PAYABLE:

Second mortgage note of \$150,000 held by Peck and Heller is due and payable January 25, 1993. Interest is payable monthly at the rate of 10% per annum.

The mortgage is a second lien against the property, subject to the wrap-around first mortgage.

5. DEFERRED CHARGES:

Renovation of elevators, at a cost of \$31,518 was undertaken in 1985. This cost is being amortized over a five year period. Deferred mortgage costs are being amortized over the term of the mortgage.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1991

6. FEDERAL INCOME TAXES:

The Internal Revenue Service has taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code. Section 277 provides that a membership organization that is operated to provide service to members is permitted to deduct expenses attributable to the furnishing of services to the members only to extent of the income derived during such year from its members. Section 277 permits a membership organization to reduce income from non-membership sources only by expenses incurred in generating this income. Accordingly, income, if any, from non-membership sources such as interest, commercial rental, professional apartment rental, etc. in excess properly attributable thereto, are subject to federal tax.

SIXTEENTH AMENDMENT TO OFFERING PLAN

for

27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Sixteenth Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located at 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by the filing of fifteen prior amendments.

In compliance with the Attorney General's regulations regarding escrow and trust funds, the Plan is hereby amended as follows:

Escrow Provision.

The disclosure contained in this amendment replaces and supersedes the former section of the Plan dealing with the placing of down payments in escrow. As of April 27, 1992, all down payments being held in escrow will be placed in or transferred to an account in conformity with the disclosure contained in this amendment.

The Sponsor will comply with the escrow and trust fund requirements of General Business Law Sections 352-e(2-b) and 352-h and the Attorney General's regulations promulgated pursuant thereto.

Any provision of any contract or agreement, whether oral or in writing, by which a purchaser or subscriber purports to waive or indemnify any obligation of the escrow agent holding trust funds is absolutely void. The provisions of the Attorney General's regulations concerning escrow/trust funds shall prevail over any conflicting or inconsistent provision in the Offering Plan or in a purchase or subscription agreement. Purchasers shall not be obligated to pay any legal or other expense of the Sponsor in connection with the establishment, maintenance or defense of obligations arising from the handling or disposition of trust funds.

All deposits, down payments, or advances made by purchasers prior to closing of each individual transaction, will be placed, within five business days after the agreement is signed by all necessary parties, in a segregated special escrow account of Nancy R. Heller, Esq., the Escrow Agent, who is not a principal of Sponsor and whose address is c/o Peck & Heller, 60 East 42nd Street, Suite 2301, New York, New York 10165 and whose telephone number is 212-682-5675. The sole signatory on this account authorized to withdraw funds is Nancy R. Heller, whose

address is as stated above. The name of the account is "Nancy R. Heller, Esq., IOLA Escrow Account," and it is located in Chase Manhattan Bank, N.A. at 60 East 42nd Street, New York, New York 10165. The bank is covered by federal bank deposit insurance to a maximum of \$100,000 per individual deposit. If an individual makes a down payment in excess of \$100,000 for the purchase of a unit, it is a special risk of this offer that such deposit will not be federally insured in excess of \$100,000.

It is presently anticipated that any interest earned on the down payment monies will be deposited with the IOLA fund, the statewide account established pursuant to Judiciary Law Section 497 whereby interest is paid to the State of New York to administer special legal assistance programs. If Nancy R. Heller determines to place the escrow funds in an interest-bearing attorney trust account in lieu of an IOLA account, any interest earned on the funds will belong to the purchaser unless the purchaser defaults and the down payment funds are paid to Sponsor as liquidated damages, in which event interest will be paid to Sponsor. In the event funds are not placed in an IOLA account as presently anticipated, the interest rate to be earned will be the prevailing rate for these accounts and interest will begin to accrue within five business days of tender of the down payment.

All instruments shall be made payable to or endorsed to the order of Nancy R. Heller, Esq. as escrow agent.

Within ten business days after tender of the deposit submitted with the purchase agreement, the escrow agent will notify the purchaser (or his or her attorney) that such funds have been deposited into the escrow account and will provide the account number and, if such funds are deposited in an interest-bearing account and not, as presently anticipated, an IOLA account, the interest rate. If the purchaser does not receive notice of such deposit within fifteen business days after tender of the deposit, the purchaser may cancel the purchase and rescind so long as the right to rescind is exercised within ninety days after tender of the deposit. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited and requisite notice was timely mailed to the purchaser (or his or her attorney) in conformity with the Attorney General's regulations.

The escrow agent will hold funds in escrow until otherwise directed in:

- (i) a writing signed by both Sponsor and purchaser; or
- (ii) a determination of the Attorney General pursuant to the dispute resolution procedures contained in the Attorney General's regulations; or

If there is no written agreement between the parties to release the escrowed funds, the escrow agent will not pay the funds to the Sponsor until the escrow agent has given the purchaser written notice of not fewer than ten business days. Thereafter, the funds may be paid to the Sponsor unless the purchaser has already made application to the Department of Law pursuant to the dispute resolution provisions of the Attorney General Regulations and has so notified the escrow agent in accordance with such provisions.

Purchasers and the escrow agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the down payment and any interest thereon. The Sponsor must avail itself of this procedure if there is a dispute which needs to be resolved. A form for this purpose is attached as an exhibit to this amendment. The party applying for a determination must send all other parties a copy of the application.

Attached to this amendment is a copy of the escrow agreement which incorporates the terms of the Attorney General's regulations.

By

3

ESCROW AGREEMENT

AGREEMENT made as of this 24th day of April, 1992, between Dale Estates, a New York partnership ("Sponsor") as sponsor of the offering plan and Nancy R. Heller, Esq. ("Escrow Agent") as escrow agent.

WHEREAS, Dale Estates is the sponsor of an offering plan to convert to cooperative ownership the premises located at 22-47 North Central Avenue, Hartsdale, New York, which premises are known as Hartsdale Gardens; and

WHEREAS, Nancy R. Heller, Esq. is authorized to act as an escrow agent hereunder in accordance with General Business Law ("GBL") Section 352-e(2-b) and the Attorney General's regulations promulgated thereunder; and

WHEREAS, Sponsor desires that Escrow Agent act as escrow agent for deposits and payments by purchasers and subscribers, pursuant to the terms of this agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby agree as follows:

1. ESTABLISHMENT OF THE ESCROW ACCOUNT.

- 1.1 Sponsor and Escrow Agent hereby establish an escrow account with Escrow Agent for the purpose of holding deposits or payments made by purchasers or subscribers. The escrow account has been opened with Chase Manhattan Bank, N.A. at its branch located at 60 East 42nd Street, New York, New York 10165. The account number is 195-1-127057.
- 1.2 The name of the account is Nancy R. Heller, Esq. IOLA Escrow Account.
- 1.3 Escrow Agent is the sole signatory on the account.
- 1.4 The escrow account shall be an interest-bearing account as disclosed in the offering plan.
- 1.5 The escrow account is an IOLA established pursuant to Judiciary Law Section 497.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

- 2.1 All funds received from prospective purchasers or subscribers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other

instruments which identify the payor, shall be deposited in the escrow account. All instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser or subscriber to the order of Nancy R. Heller, Esq. as escrow agent for Dale Estates offering plan. Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser or subscriber 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 funds, the instrument shall be deemed not to have been delivered to Escrow Agent pursuant to the terms of this Agreement.

- 2.2 Within ten (10) business days after tender of the deposit submitted with the subscription or purchase agreement, Escrow Agent shall notify the purchaser of the deposit of such funds in the bank indicated in the offering plan, provide the account number, and disclose the initial interest rate. If the purchaser does not receive notification of such deposit within fifteen (15) business days after tender of the deposit, the purchaser may cancel the purchase and rescind within ninety (90) days after tender of the deposit, or may apply to the Attorney General for relief. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited in accordance with these regulations and requisite notice was timely mailed to the subscriber or purchaser.

3. RELEASE OF FUNDS.

- 3.1 Escrow Agent shall not release the escrowed funds of a defaulting purchaser until after consummation of the plan as defined in the Attorney General's regulations. Consummation of the plan shall not relieve Sponsor of its fiduciary obligations pursuant to GBL Section 352-h.
- 3.2 Escrow Agent shall continue to hold the funds in escrow until otherwise directed in (a) a writing signed by both Sponsor and purchaser or (b) a determination of the Attorney General or (c) a judgment or order of a court of competent jurisdiction or until released pursuant to the regulations of the Attorney General pertaining to release of escrowed funds.
- 3.3 Sponsor shall not object to the release of the escrowed funds 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.

- 3.4 If there is no written agreement between the parties to release the escrowed funds, Escrow Agent shall not pay the funds to Sponsor until Escrow Agent has given the purchaser written notice of not fewer than ten (10) business days. Thereafter, the funds may be paid to Sponsor unless the purchaser has made application to the Department of Law pursuant to the dispute resolution provisions contained in the Attorney General's regulations and has so notified Escrow Agent in accordance with such provisions.

4. RECORD KEEPING.

- 4.1 Escrow Agent shall maintain all records concerning the escrow account for seven (7) years after release of the funds.
- 4.2 Escrow Agent shall make available to the Attorney General, upon his 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 accounts called for in this Agreement under the direct supervision and control of Escrow Agent.
- 5.2 A fiduciary relationship shall exist between Escrow Agent and Purchasers, and Escrow Agent acknowledges its fiduciary obligations.

6. RESPONSIBILITIES OF SPONSOR.

- 6.1 Sponsor agrees that Sponsor and its agents, including any selling agents, shall immediately deliver all deposits and payments received by them prior to closing of an individual transaction to Escrow Agent.
- 6.2 Sponsor agrees that it shall not interfere with Escrow Agent's performance of its fiduciary duties and compliance with the Attorney General's regulations.
- 6.3 Escrow Agent shall not be liable for any act done or omitted by it in good faith, or for any mistake of fact or law and is released and exculpated from all liability hereunder except for willful misconduct or

gross negligence. The sole responsibility of Escrow Agent hereunder shall be to hold and disburse the funds held in escrow in accordance with the provisions of this Agreement and the regulations of the Attorney General. Sponsor agrees to indemnify and hold harmless Escrow Agent from and against all costs, claims and expenses (including reasonable attorneys' fees which may include the fair value of legal services rendered by Escrow Agent) incurred in connection with the performance of Escrow Agent's duties hereunder, 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 on the part of the Escrow Agent.

7. TERMINATION OF AGREEMENT.

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

- (a) Written notice given by Sponsor 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 with the Department of Law providing for a successor Escrow Agent; or
- (b) The resignation of Escrow Agent upon giving notice to Sponsor of its desire to so resign, which resignation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor Escrow Agent; or
- (c) All shares or units offered pursuant to the plan have been sold and all sales transactions have been consummated.

7.2 Upon termination of the duties of Escrow Agent as described in paragraph 7.1 above, Escrow Agent shall deliver any and all funds held by it in escrow and any and all contracts or documents maintained by Escrow Agent to the new escrow agent.

8. SUCCESSOR AND ASSIGNS.

8.1 This Agreement shall be binding upon Sponsor and Escrow Agent and their successors and assigns.

9. GOVERNING LAW.

9.1 This Agreement shall be construed in accordance with

and governed by the laws of the State of New York.

10. ESCROW AGENT'S COMPENSATION.

10.1 Sponsor agrees that Escrow Agent's compensation shall not be paid from escrowed principal nor from any interest accruing thereon and that compensation to Escrow Agent, if any, shall not be deducted from escrowed funds by any financial institution under any circumstance.

11. SEVERABILITY.

11.1 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. ENTIRE AGREEMENT.

12.1 This Agreement, read together with GBL Section 352-e(2-b) and the Attorney General'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:

8/
NANCY R. HELLER

SPONSOR:

Dale Estates

By: 8/
Frank Heller, Partner

APPLICATION TO THE ATTORNEY GENERAL
FOR A DETERMINATION ON THE
DISPOSITION OF DOWNPAYMENTS

[Send this application to the reviewing attorney assigned to the subject plan.]

Re:

Address of Building or
Name of Project

File Number: _____

Application is made to the Attorney General to consider and determine the disposition of down payments held pursuant to GBL Sections 352-e(2-b) and 352-h. The following information is submitted in support of this application:

1. Name _____
of Applicant
2. Address _____
of Applicant
3. Name, Address, and Telephone Number
of Applicant's Attorney (if any) _____

4. This is an application for
 - ☐ return of downpayment.
 - ☐ forfeiture of downpayment.
 - ☐ other: _____

5. The project is ☐ a conversion of occupied premises.
☐ newly constructed or rehabilitated.
☐ vacant (as is).

6. The project is structured as
 [] a cooperative.
 [] a condominium.
 [] a homeowners association.
 [] a timeshare.
 [] other: _____
7. Name and Address
 of Sponsor: _____

8. Name and Address
 of Escrow Agent: _____

9. If downpayments are maintained in an escrow account:
 (a) Name of account _____
 (b) Name and address
 of bank _____
 (c) Account number (if known) _____
 (d) Initial interest rate (if known) _____
10. If downpayments have been secured by bonds:
 (a) Name and address of
 bond issuer or surety: _____

 (b) Copy of bond included in this application. (DO NOT
 SEND ORIGINAL BOND.) If not included, explain:

11. If downpayments have been secured by a letter of credit:

(a) Name and address of bank which issued the letter of credit: _____

(b) Date of expiration of the letter of credit, if known: _____

12. Plan information:

(a) Date of filing of plan: _____

(b) Plan
 ☐ has been declared effective. Approximate date: _____

☐ has not been declared effective.

(c) If effective, the plan

☐ has closed or the first unit has closed.
 Approximate date: _____

☐ has not closed.

☐ don't know.

(d) Downpayments are secured by

☐ escrow account.

☐ bonds.

☐ letter of credit.

13. Contract information:

(a) Copy of contract and of all riders or modification letters are attached. (DO NOT SEND ORIGINALS.)

(b) Date on which subscription or purchase agreement was signed: _____

(c) Date(s) of downpayment(s): _____

(d) Total amount of downpayment(s): _____

(e) Names and addresses of subscribers or purchasers
affected by this application:

14. State the basis for your claim. Please be as specific as possible. You may add additional sheets. Attach copies of any relevant documents.

15. I am contemporaneously sending a copy of this application to the following persons: _____

Note: You are required to mail a copy of this Application to all other affected parties.

In filing this application, I understand that the Attorney General is not my private attorney, but represents the public in enforcing laws designed to protect the public from unlawful business practices. I also understand that if I have any questions concerning my legal rights or responsibilities I may contact a private attorney. The above application is true and accurate to the best of my knowledge. False statements made herein are punishable as a Class A Misdemeanor under Section 175.30 and/or Section 210.45 of the Penal Law.

Signature:

Date:

Name (Printed):

Telephone: (Home)

(Business)

Mailing Address:

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FIFTEENTH AMENDMENT TO OFFERING PLAN

for

27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Fifteenth Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located at 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by the filing of fourteen 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 Fifteenth 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) The following is a list of the outstanding unsold shares of the Apartment Corporation and the units to which such unsold shares are allocated. All unsold shares are held by Dale Estates ("Sponsor").

<u>Apartment</u>	<u>Shares</u>
3-A	566
4-A	569
5-A	572
2-B	463
4-B	469
5-B	472
6-B	475
2-C	353
4-C	359
6-C	365
1-D	455
5-D	467
6-D	470
4-E	469
6-E	475
1-G	350
2-G	461
3-G	464

<u>Apartment</u>	<u>Shares</u>
5-G	470
2-H	463
4-H	469
5-H	472
6-H	510
3-I	461
5-I	467
3-J	356
5-J	362
2-K	463
3-K	466
4-K	469
6-K	475
4-L	569
Total	14,746

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$14,661.15.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$12,900.00.

(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 financing arrangements.

(f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor, and also from the interest paid, at the rate of 9% per annum, on a wraparound mortgage in the principal amount of \$900,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the Apartment Corporation to Sponsor of \$6,750.00. Sponsor may also derive income from the sale of vacant units but does not rely on such sales to meet its obligations to the Apartment Corporation.

(g) The Sponsor is current on all financial obligations under the Plan. 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
31 Pondfield Road, Bronxville, New York
17 North Chatsworth Avenue, Larchmont, New York
10 Franklin Avenue, White Plains, New York
130 North Kensico Avenue, White Plains, New York
1-15 Bryant Crescent, White Plains, New York
324 East 35th Street, New York, New York
60 West 70th Street, New York, New York
319 East 73rd Street, New York, New York

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 May 18, 1988. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 44.50% 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 8, 1990, after reviewing a projected budget of building operations for the calendar year 1991, the per share annual maintenance was fixed at \$11.651 for the calendar year 1991, representing a 3% increase over the prior year. At that meeting, and as a result of the Persian Gulf crisis, a fuel oil surcharge in the amount of \$.04 per share per month was assessed, effective December 1, 1990. The fuel oil surcharge was lifted effective April 1, 1991.

4. Election of Officers and Directors.

The next annual meeting of shareholders at which officers and directors are to be elected is scheduled for July 10, 1991, and as of the date hereof the following officers and directors of the Corporation remain in office:

Frank Heller, President and Director
Arnold Bell, Vice President and Director
Laura Victore-Caprino, Vice President and Director
Patricia Grossman, Treasurer and Director
Robert Orlofsky, Secretary and Director

5. Financial Statements.

The financial statement for Hartsdale Gardens Owners Corp. for the years ended December 31, 1989 and December 31, 1990 prepared by Margold, Ersken & Wang, Certified Public Accountants, is attached hereto.

6. No Other Material Changes in Plan.

There have been no material changes in the Plan, except as set forth in this Fifteenth Amendment. The Plan, as amended hereby, does not knowingly omit any material fact or knowingly contain any untrue statement of any material fact.

Dated: June 20 1991

DALE ESTATES, Sponsor

By s/
Milton Peck, Partner

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

REPORT ON EXAMINATIONS OF FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1990 AND 1989

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

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MARGOLD, ERSKEN & WANG

CERTIFIED PUBLIC ACCOUNTANTS

880 THIRD AVENUE
NEW YORK, N. Y. 10022-4730

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of
Hartsdale Gardens Owners Corp. (A Cooperative Apartment
Corporation):

We have audited the accompanying balance sheets of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1990 and 1989, and the related statements of income, retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1990 and 1989, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Margold Erskens Wang

New York, New York
January 26, 1991

EXHIBIT A

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

BALANCE SHEETS

	<u>DECEMBER 31,</u>	
	<u>1 9 9 0</u>	<u>1 9 8 9</u>
<u>Assets:</u>		
<u>Current Assets</u> (Schedule A - I)	\$ 48,640	\$ 105,781
<u>Fixed Assets</u> (Schedule A - II) (Note 1)	3,610,830	3,689,836
<u>Deferred Charges</u> (Note 4)	<u>5.594</u>	<u>10.021</u>
	<u>\$3,665,064</u>	<u>\$3,805,638</u>
<u>Liabilities and Shareholders' Equity:</u>		
<u>Liabilities:</u>		
<u>Current Liabilities</u> (Schedule A - III)	\$ 20,035	\$ 37,683
<u>First Mortgage Note Payable</u> (Note 2)	900,000	900,000
<u>Second Mortgage Note</u> (Note 3)	<u>150,000</u>	<u>150,000</u>
	<u>\$1,070,035</u>	<u>\$1,087,683</u>
<u>Shareholders' Equity:</u>		
Capital Stock - issued and outstanding 33,137 shares with a par value of \$1.00 per share	\$ 33,137	\$ 33,137
Excess of book value over par value of shares issued	3,359,063	3,359,063
Reserve fund contribution by sponsor	<u>87,500</u>	<u>87,500</u>
	\$3,479,700	\$3,479,700
Less - Excess of Expenses over Income	(884,671)	(761,745)
	<u>\$2,595,029</u>	<u>\$2,717,955</u>
	<u>\$3,665,064</u>	<u>\$3,805,638</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

DECEMBER 31

1990 1989

Schedule A - I

Current Assets:

Cash and Equivalents

Cash - Reserve Fund	\$ 24,559	\$ 99,265
Cash - Managing Agent	<u>13,615</u>	<u>1,179</u>

<u>Total Cash and Equivalents</u>	38,174	100,444
-----------------------------------	--------	---------

Prepaid Insurance	1,783	1,888
Maintenance Charges Receivable	<u>8,683</u>	<u>3,449</u>
	<u>\$ 48,640</u>	<u>\$ 105,781</u>

Schedule A - II

Fixed Assets, at book value:

Premises: 27 No. Central Ave.,
Hartsdale, N. Y.

Land	\$ 858,440	\$ 858,440
Building	3,433,760	3,433,760
Boiler	48,700	48,700
Equipment	2,466	1,912
Improvements	<u>224,766</u>	<u>177,270</u>
	\$4,568,132	\$4,520,082
 <u>Less: Accumulated Depreciation</u>	 <u>957,302</u>	 <u>830,246</u>
	<u>\$3,610,830</u>	<u>\$3,689,836</u>

Schedule A - III

Current Liabilities:

Accounts Payable (Current Operations)	\$ 15,913	\$ 35,983
Payroll and Other Taxes Payable	<u>4,122</u>	<u>1,700</u>
	<u>\$ 20,035</u>	<u>\$ 37,683</u>

See Notes to Financial Statements.

EXHIBIT B

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

STATEMENTS OF INCOME AND EXPENSES

	<u>YEAR ENDED</u> <u>DECEMBER 31.</u>	
	<u>1 9 9 0</u>	<u>1 9 8 9</u>
<u>Income:</u>		
Maintenance Charges to Tenant - Owners	\$ 374,855	\$ 367,504
Professional and Commercial Rents	12,000	10,800
Parking	11,305	10,035
Laundry Room Commission	4,500	1,260
Interest and Other Income	3,816	2,775
Fuel Surcharge	<u>1,325</u>	<u>- 0 -</u>
	<u>\$ 407,801</u>	<u>\$ 392,374</u>
<u>Expenses:</u>		
Operating Expenses (Schedule B - I)	\$ 127,827	\$ 132,055
Maintenance Expenses (Schedule B - II)	57,003	64,521
Administrative Expenses (Schedule B - III)	16,170	15,875
Financial Expenses (Schedule B - IV)	97,700	82,904
Taxes (Schedule B - V)	<u>103,507</u>	<u>95,858</u>
	<u>\$ 402,207</u>	<u>\$ 391,213</u>
<u>Excess (Deficit) of Income Over Expenses Before</u> <u>Depreciation and Federal Income Tax</u>	\$ 5,594	\$ 1,161
<u>Depreciation</u>	<u>127,056</u>	<u>123,423</u>
<u>Excess (Deficit) of Income Over Expenses</u> <u>Before Federal Income Tax</u>	(\$ 121,462)	(\$ 122,262)
<u>Federal Income Tax</u>	<u>1,464</u>	<u>- 0 -</u>
	(\$ 122,926)	(\$ 122,262)
<u>Excess (Deficit) of Income Over Expenses</u> <u>At Beginning of Year</u>	(<u>761,745</u>)	(<u>639,483</u>)
<u>Excess (Deficit) of Income Over Expenses</u> <u>At End of Year</u>	<u>(\$ 884,671)</u>	<u>(\$ 761,745)</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

YEAR ENDED
DECEMBER 31.

1 9 9 0 1 9 8 9

Schedule B - I

Operating Expenses:

Payroll	\$ 36,993	\$ 35,912
Employee Benefits	7,850	7,320
Payroll Taxes	3,124	3,001
Insurance - Compensation	1,604	1,168
Insurance - General	17,306	24,669
Fuel	40,650	41,950
Electricity and Gas	13,290	10,751
Water Charges	<u>7,010</u>	<u>7,284</u>
	<u>\$ 127,827</u>	<u>\$ 132,055</u>

Schedule B - II

Maintenance Expenses:

Plumbing	\$ 1,953	\$ 6,356
Boiler Maintenance	4,868	3,812
General Building Repairs	13,880	15,491
Hardware and Supplies	6,455	6,981
Roofing and Waterproofing	3,981	2,542
Elevator Maintenance	13,294	11,444
Gardening and Landscaping	9,193	14,289
Exterminating and Cleaning	1,925	1,708
Snow Removal	<u>1,454</u>	<u>1,898</u>
	<u>\$ 57,003</u>	<u>\$ 64,521</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

<u>YEAR ENDED</u> <u>DECEMBER 31.</u>	
<u>1990</u>	<u>1989</u>

Schedule B - III

Administrative Expenses:

Management Fees	\$ 10,000	\$ 10,000
Professional Fees	4,300	3,500
Telephone and Miscellaneous	<u>1,870</u>	<u>2,375</u>
	<u>\$ 16,170</u>	<u>\$ 15,875</u>

Schedule B - IV

Financial Expenses:

First Mortgage Note Interest	\$ 81,000	\$ 81,000
Second Mortgage Note Interest	15,000	1,090
Miscellaneous Interest	425	708
Amortization of Mortgage Expenses	<u>1,275</u>	<u>106</u>
	<u>\$ 97,700</u>	<u>\$ 82,904</u>

Schedule B - V

Taxes:

Real Estate Taxes	\$ 102,202	\$ 95,565
New York State Franchise Tax	<u>1,305</u>	<u>293</u>
	<u>\$ 103,507</u>	<u>\$ 95,858</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

EXHIBIT C

STATEMENTS OF CASH FLOWS

YEAR ENDED
DECEMBER 31.

1990 1989

Cash Flows From Operating Activities:

Excess (Deficit) of Income over Expenses (Exhibit B)	(\$ 121,462)	(\$ 122,262)
---	--------------	--------------

Adjustments to Reconcile Excess (Deficit) of Income
over Expenses to Net Cash provided by Operating
Activities:

Depreciation	127,056	123,423
Amortization of Deferred Charges	4,427	3,260

Changes in Assets and Liabilities:

(Increase) in Deferred Charges	- 0 -	(3,825)
(Increase) Decrease in Maintenance Charges Receivable	(5,234)	3,238
Decrease in Prepaid Insurance	105	401
Increase (Decrease) in Accounts Payable	(20,070)	15,436
Increase (Decrease) in Payroll and Other Taxes	<u>958</u>	<u>(29)</u>

<u>Net Cash Provided by Operating Activities</u>	(\$ 14,220)	\$ 19,642
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Cash FLOws From Financing Activities:

Proceeds of Second Mortgage Payable	\$ - 0 -	\$ 150,000
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<u>Net Cash Provided By Financing Activities</u>	\$ - 0 -	\$ 150,000
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Cash Flows From Investing Activities:

Purchase of Building Improvements	(\$ 48,050)	(\$ 152,871)
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<u>Net Cash Provided By Investing Activities</u>	(\$ 48,050)	(\$ 152,871)
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<u>Net Increase (Decrease) In Cash</u>	(\$ 62,270)	\$ 16,771
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<u>Cash At Beginning of Year</u>	<u>100,444</u>	<u>83,673</u>
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<u>Cash At End of Year</u>	<u>\$ 38,174</u>	<u>\$ 100,444</u>
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See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES:

- A. The Corporation was organized on February 26, 1981, under the applicable provisions of the laws of the State of New York. Active operations of the cooperative apartment corporation commenced on January 25, 1983, when the property located at 27 North Central Avenue, Hartsdale, New York was acquired. Land and building are shown herein at their estimated fair value of \$4,292,200. Of this, \$3,433,760 is allocated to the building.

For the purposes of this financial statement, depreciation of the building is calculated on the \$3,433,760 value thereof, using the straight-line method over a period of thirty years. Other fixed assets are recorded at cost and depreciated using the straight-line method over the estimated useful life of each such asset.

- B. The tax basis of the corporation's property and allowable depreciation are prescribed by applicable tax law.

Because the amounts involved are governed by statute, the figures referred to in the following part of this note are not the same as those utilized for the financial accounting purposes of this report.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. The Central Avenue property was acquired by transfer from the sponsor, Dale Estates, and, in consideration therefor, Hartsdale Gardens Owners Corp. issued its capital stock, plus cash which was derived from stock subscriptions, to the sponsor.

Under the relevant provisions of the Internal Revenue Code this is deemed to be an exchange of property for stock and cash. Pursuant to statutory definition, the tax basis of the property in the hands of the sponsor, increase by the gain recognized by the sponsor upon its transfer of the property to the corporation. The corporation's tax basis for the property as so determined is \$599,981, of which \$120,000 is allocated to land and \$479,981 to the building. Depreciation of the building, for income tax purposes, is calculated using the straight-line method over a period of thirty years.

Note 1B, above, only relates to the treatment of tax basis and allowable depreciation as elements in the determination of taxable income. The explanations and amounts contained therein are not utilized or referred to in any other portion of this report.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

2. FIRST MORTGAGE NOTE PAYABLE:

The mortgage note, in the principal amount of \$900,000 is held by Dale Estates.

Interest only, at the rate of 9% per annum, is payable monthly, in advance, on the fifteenth day of each month until maturity. The note matures on January 25, 1993.

This is a wrap-around mortgage, which encompassed an existing first mortgage lien on the property held by the Home Savings Bank, White Plains. Dale Estates (sponsor) from its own funds made payment thereof and received an assignment of said lien from the Bank. The total first mortgage note is therefore payable to Dale Estates.

3. SECOND MORTGAGE NOTE PAYABLE:

Second mortgage note of \$150,000 held by Peck and Heller is due and payable January 25, 1993. Interest is payable monthly at the rate of 10% per annum.

The mortgage is a second lien against the property, subject to the wrap-around first mortgage.

4. DEFERRED CHARGES:

Renovation of elevators, at a cost of \$31,518 was undertaken in 1985. This cost is being amortized over a five year period. Deferred mortgage costs are being amortized over the term of the mortgage.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

5. FEDERAL INCOME TAXES:

The Internal Revenue Service has taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code. Section 277 provides that a membership organization that is operated to provide service to members is permitted to deduct expenses attributable to the furnishing of services to the members only to extent of the income derived during such year from its members. Section 277 permits a membership organization to reduce income from non-membership sources only by expenses incurred in generating this income. Accordingly, income, from non-membership sources such as interest, commercial rental, professional apartment rental, etc. in excess properly attributable thereto, are subject to federal tax.

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FOURTEENTH AMENDMENT TO OFFERING PLAN

for

27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Fourteenth Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located at 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by the filing of thirteen prior amendments and to comply with the requirements for disclosure regarding the financial condition of the sponsor or holders of unsold shares as set forth in the letter of the Attorney General dated March 21, 1990 to sponsors and their attorneys.

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 Fourteenth Amendment is accepted for filing by the Department of Law.

2. Financial Disclosure.

The following information is provided in accordance with the letter of the Attorney General of the State of New York dated March 21, 1990 to sponsors and their attorneys:

(a) The following is a list of the outstanding unsold shares of the Apartment Corporation and the units to which such unsold shares are allocated. All unsold shares are held by Dale Estates ("Sponsor").

<u>Apartment</u>	<u>Shares</u>
3-A	566
4-A	569
5-A	572
2-B	463
4-B	469
5-B	472
6-B	475
2-C	353
4-C	359
6-C	365
1-D	455
5-D	467

<u>Apartment</u>	<u>Shares</u>
6-D	470
4-E	469
6-E	475
2-F	353
1-G	350
2-G	461
3-G	464
5-G	470
2-H	463
4-H	469
5-H	472
6-H	510
3-I	461
5-I	467
3-J	356
5-J	362
2-K	463
3-K	466
4-K	469
6-K	475
4-L	569
Total	15,099

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$14,233.68.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$13,480.00.

(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 is subject to mortgages or financing commitments.

(f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor, and also from the interest paid, at the rate of 9% per annum, on a wraparound mortgage in the principal amount of \$900,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the Apartment Corporation to Sponsor of \$6,750.00. Sponsor may also derive income from the sale of vacant units but does not rely on such sales to meet its obligations to the Apartment Corporation.

(g) The Sponsor is current on all financial obligations under the Plan. 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
31 Pondfield Road, Bronxville, New York
17 North Chatsworth Avenue, Larchmont, New York
10 Franklin Avenue, White Plains, New York
130 North Kensico Avenue, White Plains, New York
1-15 Bryant Crescent, White Plains, New York
324 East 35th Street, New York, New York
60 West 70th Street, New York, New York
319 East 73rd Street, New York, New York

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 May 18, 1988. As of the date hereof, the total over unsold shares held by the Sponsor aggregates 45.56% 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 27, 1989, after reviewing a projected budget of building operations for the calendar year 1990, the per share annual maintenance was fixed at \$11.312 for the calendar year 1990, representing a 2% increase over the prior year.

4. Election of Officers and Directors.

At the annual meeting of the shareholders of the Corporation duly held on May 14, 1990, the following officers and directors of the Corporation were elected:

Frank Heller, President and Director
Arnold Bell, Vice President and Director

Laura Victore-Caprino, Vice President and Director
Patricia Grossman, Treasurer and Director
Robert Orlofsky, Secretary and Director

5. Second Mortgage.

By unanimous vote at a meeting of Directors duly held October 30, 1989, the Board of Directors authorized the execution and delivery of a second mortgage by the Corporation to the law firm of Peck & Heller acting on behalf of client lenders. The second mortgage, which is subject to the lien of the existing first mortgage, covers the property owned by the Corporation to secure a note of the Corporation in the principal amount of \$150,000.00. Interest on the note is payable monthly at the rate of 10% per annum, and the entire principal balance is due and payable on January 25, 1993 when the existing first mortgage is also due and payable. The borrowing of these funds was authorized for the purpose of replacing a section of the basement floor, restoration of the outdoor garage structure and redecorating of the lobbies. Frank Heller, who is a partner of Peck & Heller, and some of the client lenders are principals of Sponsor.

6. Financial Statements.

The financial statement for Hartsdale Gardens Owners Corp. for the years ended December 31, 1988 and December 31, 1989 prepared by Margold, Erskine & Wang, Certified Public Accountants, is attached hereto.

7. No Other Material Changes in Plan.

There have been no material changes in the Plan, except as set forth in this Fourteenth Amendment. The Plan, as amended hereby, does not knowingly omit any material fact or knowingly contain any untrue statement of any material fact.

Dated: May 29, 1990

DALE ESTATES, Sponsor

By /s/
Frank Heller, Partner

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STATE OF NEW YORK
DEPARTMENT OF LAW

120 BROADWAY
NEW YORK, NY 10271

ROBERT ABRAMS
Attorney General

FREDERICK K. MEHLMAN
Assistant Attorney General in Charge
Real Estate Financing Bureau

(212) 341-2149

Dale Estates
c/o Peck & Heller
Attn: Nancy R. Heller, Esq.
4519 Lincoln Building, 60 East 42nd Street
New York, NY 10165

RE: 27 North Central Avenue
File Number: C810234
Date Amendment Filed: 06/01/90
Receipt Number: 832216380

Amendment No: 14
Filing Fee: \$ 150.00


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, including amending the plan to disclose the most recent certified financial statement and budget, which should be done as soon as either of these documents is available.

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,


LIONEL JARDINE
PRINCIPAL ATTORNEY

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

REPORT ON EXAMINATIONS OF FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1989 AND 1988

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

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MARGOLD, ERSKEN & WANG

CERTIFIED PUBLIC ACCOUNTANTS

25 WEST 43RD ST
NEW YORK

To the Board of Directors and Stockholders of
Hartsdale Gardens Owners Corp. (A Cooperative Apartment
Corporation):

We have audited the accompanying balance sheets of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1989 and 1988, and the related statements of income, retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1989 and 1988, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Margold Erskan Wang

New York, New York
January 26, 1990

EXHIBIT A

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

BALANCE SHEETS

	<u>DECEMBER 31,</u>	
	<u>1 9 8 9</u>	<u>1 9 8 8</u>
<u>ASSETS:</u>		
<u>CURRENT ASSETS</u> (Schedule A - I)	\$ 105,781	\$ 92,649
<u>FIXED ASSETS</u> (Schedule A - II) (Note 1)	3,689,836	3,660,388
<u>DEFERRED CHARGES</u> (Note 4)	<u>10,021</u>	<u>9,456</u>
	<u>\$3,805,638</u>	<u>\$3,762,493</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY:</u>		
<u>LIABILITIES:</u>		
<u>CURRENT LIABILITIES</u> (Schedule A - III)	\$ 37,683	\$ 22,276
<u>FIRST MORTGAGE NOTE PAYABLE</u> (Note 2)	900,000	900,000
<u>SECOND MORTGAGE NOTE PAYABLE</u> (Note 3)	<u>150,000</u>	<u>- 0 -</u>
	<u>\$ 1,087,683</u>	<u>\$ 922,276</u>
<u>SHAREHOLDERS' EQUITY:</u>		
<u>CAPITAL STOCK:</u>		
Issued and outstanding 33,137 shares with a par value of \$1.00 per share	\$ 33,137	\$ 33,137
Excess of book value over par value of shares issued	3,359,063	3,359,063
Reserve fund contribution by sponsor	<u>87,500</u>	<u>87,500</u>
	\$3,479,700	\$3,479,700
Less - Excess of Expenses over Income	(<u>761,744</u>)	(<u>639,483</u>)
	<u>\$2,717,956</u>	<u>\$2,840,217</u>
	<u>\$3,805,639</u>	<u>\$3,762,493</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

DECEMBER 31,

1 9 8 9

1 9 8 8

SCHEDULE A - I

CURRENT ASSETS:

Cash - Reserve Fund	\$ 99,265	\$ 61,376
Cash - Managing Agent	1,179	22,297
Prepaid Insurance	1,888	2,289
Maintenance Charges Receivable	<u>3,449</u>	<u>6,687</u>
	<u>\$ 105,781</u>	<u>\$ 92,649</u>

SCHEDULE A - II

FIXED ASSETS, at book value:

Premises: 27 No. Central Ave.,
Hartsdale, N. Y.

Land	\$ 858,440	\$ 858,440
Building	3,433,760	3,433,760
Boiler	48,700	48,700
Equipment	1,912	1,912
Improvements	<u>177,270</u>	<u>24,400</u>
	\$4,520,082	\$4,367,212
<u>Less: Accumulated Depreciation</u>	<u>830,246</u>	<u>706,824</u>
	<u>\$3,689,836</u>	<u>\$3,660,388</u>

SCHEDULE A - III

CURRENT LIABILITIES:

Accounts Payable (Current Operations)	\$ 35,983	\$ 20,541
Payroll and Other Taxes Payable	<u>1,700</u>	<u>1,721</u>
	<u>\$ 37,683</u>	<u>\$ 22,27</u>

See Notes to Financial Statements.

EXHIBIT B

HARTSDALE GARDENS OWNERS CORP.
 (A Cooperative Apartment Corporation)

STATEMENTS OF INCOME AND EXPENSES

	<u>YEAR ENDED</u> <u>DECEMBER 31,</u>	
	<u>1 9 8 9</u>	<u>1 9 8 8</u>
<u>INCOME:</u>		
Maintenance Charges to Tenant - Owners	\$ 367,504	\$ 367,504
Professional and Commercial Rents	10,800	10,800
Parking	10,035	5,017
Laundry Room Commission	1,260	1,260
Interest and Other Income	<u>2,775</u>	<u>4,378</u>
	<u>\$ 392,374</u>	<u>\$ 388,959</u>
Special Assessments	\$ - 0 -	\$ 33,137
<u>Less: Improvements</u>	<u>- 0 -</u>	<u>26,294</u>
	<u>\$ - 0 -</u>	<u>\$ 6,843</u>
<u>EXPENSES:</u>		
Operating Expenses (Schedule B - I)	\$ 132,055	\$ 120,538
Maintenance Expenses (Schedule B - II)	64,521	56,269
Administrative Expenses (Schedule B - III)	15,875	17,462
Financial Expenses (Schedule B - IV)	82,904	81,696
Taxes (Schedule B - V)	<u>95,858</u>	<u>88,443</u>
	<u>\$ 391,213</u>	<u>\$ 364,408</u>
<u>EXCESS (DEFICIT) OF INCOME OVER EXPENSES BEFORE</u> <u>DEPRECIATION</u>	\$ 1,161	\$ 31,394
<u>DEPRECIATION</u>	<u>123,423</u>	<u>120,118</u>
<u>EXCESS (DEFICIT) OF INCOME OVER EXPENSES</u>	<u>(\$ 122,262)</u>	<u>(\$ 88,724)</u>
<u>EXCESS (DEFICIT) OF INCOME OVER EXPENSES</u> <u>AT BEGINNING OF YEAR</u>	<u>(639,483)</u>	<u>(550,759)</u>
<u>EXCESS (DEFICIT) OF INCOME OVER EXPENSES AT</u> <u>END OF YEAR</u>	<u>(\$ 761,745)</u>	<u>(\$ 639,483)</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

YEAR ENDED
DECEMBER 31,

1 9 8 9 1 9 8 8

SCHEDULE B - I

OPERATING EXPENSES:

Payroll	\$ 35,912	\$ 31,288
Employee Benefits	7,320	5,088
Payroll Taxes	3,001	2,891
Insurance - Compensation	1,168	1,119
Insurance - General	24,669	31,836
Fuel	41,950	28,783
Electricity and Gas	10,751	11,710
Water Charges	<u>7,284</u>	<u>7,823</u>
	<u>\$ 132,055</u>	<u>\$ 120,538</u>

SCHEDULE B - II

MAINTENANCE EXPENSES:

Plumbing	\$ 6,356	8,026
Boiler Maintenance	3,812	4,878
General Building Repairs	15,491	11,257
Hardware and Supplies	6,981	4,183
Roofing and Waterproofing	2,542	- 0 -
Elevator Maintenance	11,444	12,144
Gardening and Landscaping	14,289	12,370
Exterminating and Cleaning	1,708	1,983
Snow Removal	<u>1,898</u>	<u>1,428</u>
	<u>\$ 64,521</u>	<u>\$ 56,269</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

<u>YEAR ENDED</u> <u>DECEMBER 31,</u>	
<u>1 9 8 9</u>	<u>1 9 8 8</u>

SCHEDULE B - III

ADMINISTRATIVE EXPENSES:

Management Fees	\$ 10,000	\$ 10,000
Professional Fees	3,500	5,390
Telephone and Miscellaneous	<u>2,375</u>	<u>2,072</u>
	<u>\$ 15,875</u>	<u>\$ 17,462</u>

SCHEDULE B - IV

FINANCIAL EXPENSES:

First Mortgage Note Interest	\$ 81,000	\$ 81,000
Second Mortgage Note Interest	1,090	- 0 -
Miscellaneous Interest	708	696
Amortization of Mortgage Expenses	<u>106</u>	<u>- 0 -</u>
	<u>\$ 82,904</u>	<u>\$ 81,696</u>

SCHEDULE B - V

TAXES:

Real Estate Taxes	\$ 95,565	\$ 88,150
New York State Franchise Tax	<u>293</u>	<u>293</u>
	<u>\$ 95,858</u>	<u>\$ 88,443</u>

See Notes to Financial Statements.

EXHIBIT C

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

STATEMENTS OF CASH FLOWS

	<u>YEAR ENDED</u> <u>DECEMBER 31,</u>	
	<u>1 9 8 9</u>	<u>1 9 8 8</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Excess (Deficit) of Income over Expenses (Exhibit B)	(\$ 122,262)	(\$ 88,724)
Adjustments to Reconcile Excess (Deficit) of Income over Expenses to Net Cash provided by Operating Activities:		
Depreciation	123,423	120,118
Amortization of Deferred Charges	3,260	6,302
Changes in Assets and Liabilities:		
Increase in Deferred Charges	(3,825)	- 0 -
(Increase) Decrease in Maintenance Charges Receivable	3,238	(2,558)
Decrease in Prepaid Insurance	401	11
Decrease in Real Estate Tax Refund	- 0 -	5,554
Increase in Accounts Payable	15,436	6,001
Increase (Decrease) in Payroll and Other Taxes	(29)	49
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>\$ 19,642</u>	<u>\$ 46,753</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Proceeds of Second Mortgage Payable	<u>150,000</u>	<u>- 0 -</u>
<u>NET CASH PROVIDED BY FINANCING ACTIVITIES</u>	<u>\$ 150,000</u>	<u>\$ - 0 -</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of Building Improvements	(<u>152,871</u>)	(<u>24,400</u>)
<u>NET CASH PROVIDED BY INVESTING ACTIVITIES</u>	<u>(\$ 152,871)</u>	<u>(\$ 24,400)</u>
<u>NET INCREASE IN CASH</u>	<u>\$ 16,771</u>	<u>\$ 22,353</u>
<u>CASH AT BEGINNING OF YEAR</u>	<u>83,673</u>	<u>61,320</u>
<u>CASH AT END OF YEAR</u>	<u>\$ 100,444</u>	<u>\$ 83,673</u>

See Notes to Financial Statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES:

- A. The Corporation was organized on February 26, 1981, under the applicable provisions of the laws of the State of New York. Active operations of the cooperative apartment corporation commenced on January 25, 1983, when the property located at 27 North Central Avenue, Hartsdale, New York was acquired. Land and building are shown herein at their estimated fair value of \$4,292,200. Of this, \$3,433,760 is allocated to the building.

For the purposes of this financial statement, depreciation of the building is calculated on the \$3,433,760 value thereof, using the straight-line method over a period of thirty years. Other fixed assets are recorded at cost and depreciated using the straight-line method over the estimated useful life of each such asset.

- B. The tax basis of the corporation's property and allowable depreciation are prescribed by applicable tax law.

Because the amounts involved are governed by statute, the figures referred to in the following part of this note are not the same as those utilized for the financial accounting purposes of this report.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. The Central Avenue property was acquired by transfer from the sponsor, Dale Estates, and, in consideration therefor, Hartsdale Gardens Owners Corp. issued its capital stock, plus cash which was derived from stock subscriptions, to the sponsor.

Under the relevant provisions of the Internal Revenue Code this is deemed to be an exchange of property for stock and cash. Pursuant to statutory definition, the tax basis of the property in the hands of the sponsor, increase by the gain recognized by the sponsor upon its transfer of the property to the corporation.

The corporation's tax basis for the property as so determined is \$599,981, of which \$120,000 is allocated to land and \$479,981 to the building. Depreciation of the building, for income tax purposes, is calculated using the straight-line method over a period of thirty years.

Note 1B, above, only relates to the treatment of tax basis and allowable depreciation as elements in the determination of taxable income. The explanations and amounts contained therein are not utilized or referred to in any other portion of this report.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

2. FIRST MORTGAGE NOTE PAYABLE:

The mortgage note, in the principal amount of \$900,000 is held by Dale Estates. Interest only, at the rate of 9% per annum, is payable monthly, in advance, on the fifteenth day of each month until maturity. The note matures on January 25, 1993.

This was a wrap-around mortgage, which encompassed an existing first mortgage lien on the property held by the Home Savings Bank, White Plains. Dale Estates (sponsor) from its own funds made payment thereof and received an assignment of said lien from the Bank. The total first mortgage note is therefore payable to Dale Estates.

3. SECOND MORTGAGE NOTE PAYABLE:

Second mortgage note of \$150,000 held by Peck and Heller is due and payable January 25, 1993. Interest is payable monthly at the rate of 10% per annum.

The mortgage is a second lien against the property, subject to the first mortgage.

4. DEFERRED CHARGES:

Renovation of elevators, at a cost of \$31,518 was undertaken in 1985. This cost is being amortized over a five year period. Deferred mortgage costs are being amortized over the term of the mortgage.

HARTSDALE GARDEN OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

5. FEDERAL INCOME TAXES:

As of December 31, 1989, the cooperative housing corporation has available Federal income tax loss carryforwards, which expire as follows:

December 31

1999	\$ 35,530
2000	25,124
2001	16,512
2002	<u>20,517</u>
	<u>\$ 97,683</u>

The Internal Revenue Service has been asserting claims against housing cooperatives that they are subject to tax at corporate rates, pursuant to section 277 of the Internal Revenue Code, on income such as interest, commercial rent, etc., derived from other tenant shareholders in excess of expenses allocable to such income.

The position taken by the Internal Revenue Service, if sustained by the courts, could result in assessments for unpaid corporate tax. No provision has been made in the annexed statements, nor has the corporation been notified of any claim.

THIRTEENTH AMENDMENT TO OFFERING PLAN

for

27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Thirteenth Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located at 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by the filing of twelve 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 Thirteenth Amendment is accepted for filing by the Department of Law.

2. Unsold Shares held by the Sponsor.

The following is a list of the outstanding unsold shares of the apartment corporation, all of which are currently held by the partners of Dale Estates (the "Sponsor"):

<u>Apartment</u>	<u>Shares</u>
3-A	566
4-A	569
5-A	572
2-B	463
4-B	469
5-B	472
6-B	475
2-C	353
4-C	359
6-C	365
1-D	455
5-D	467
6-D	470
4-E	469
6-E	475
1-F	460
2-F	353
1-G	350
2-G	461
3-G	464

<u>Apartment</u>	<u>Shares</u>
5-G	470
2-H	463
4-H	469
5-H	472
6-H	510
3-I	461
5-I	467
3-J	356
5-J	362
2-K	463
3-K	466
4-K	469
6-K	475
4-L	569
Total	15,559

3. Contract of Sale.

Annexed hereto as Exhibit A is a copy of the form of contract for the sale of unsold shares held by the Sponsor.

4. Control of Board of Directors.

As of the date hereof, the total of unsold shares held by the Sponsor aggregates 46.95% of the outstanding shares of the Corporation and, accordingly, the Sponsor does not control the Board of Directors of the Corporation.

5. Board of Directors.

At a meeting of Shareholders and Directors duly held on June 26, 1989 the following Officers and Directors of the Corporation were elected:

Frank Heller, President and Director
 Arnold Bell, Vice President and Director
 Ethel Privin, Vice President and Director
 Patricia Grossman, Treasurer and Director
 Robert Orlofsky, Secretary and Director

6. Maintenance Charges.

By resolution of the Board of Directors adopted at a meeting duly held on December 15, 1988, an operating budget for

the calendar year 1989 was adopted which fixed the per share annual maintenance at \$11.09.

7. Financial Statements.

The financial statement for Hartsdale Gardens Owners Corp. for the years ended December 31, 1987 and December 31, 1988 is annexed hereto as Exhibit B.

8. No Other Material Changes in the Plan.

There have been no material changes in the Plan, except as set forth in this Thirteenth Amendment. The Plan, as amended hereby, does not knowingly omit any material fact or knowingly contain any untrue statement of any material fact.

Dated: July 14, 1989

DALE ESTATES, Sponsor

By s/
Frank Heller, Partner

RIDER ANNEXED TO CONTRACT

Dated:

Seller: DALE ESTATES

Purchaser:

Premises: North Central Avenue, Hartsdale, New York

Unit No.:

Apartment Corporation: Hartsdale Gardens Owners Corp.

30. 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.

31. 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.

32. Supplementing Paragraph 11.4, a letter from the Corporation or the Managing Agent as to the status of the rent, utility charges and assessments shall be sufficient for determining the apportionments.

33. The Contract Deposit shall be held in escrow by Peck & Heller, attorneys for Seller, in an interest bearing account at Bankers Trust in accordance with Sections 352-e(2)(b) and 352-h of the General Business Law. The funds so deposited will be disbursed upon the signature of Nancy R. Heller, Esq., a member of the firm of Peck & Heller, at the closing hereunder and only in accordance with this Contract and the Plan as amended. Interest on the Contract Deposit shall be released to the party entitled to the Contract Deposit pursuant to the terms of this Contract, or in proportion to any part thereof to which such party is entitled, except that any interest so payable to Seller shall be paid to Seller's attorney in partial payment of legal fees.

34. 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 it 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.

35. 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.

36. Purchaser acknowledges having received a copy of the New York State Real Property Transfer Gains Tax Transferee Questionnaire (attached hereto and by this reference made a part hereof) simultaneously with this Contract. Purchaser represents and agrees that he or she will sign and return the Questionnaire to Seller, completed and duly notarized, within five (5) business days from the date Seller delivers a countersigned Contract to Purchaser. If said Questionnaire is not returned to Seller within the above-mentioned five (5) day period, Purchaser will be in default under this Contract.

37. 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.

38. Purchaser represents to Seller and to the Corporation that Purchaser is not less than 18 years of age and is purchasing the Apartment 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. 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.

39. 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.

40. 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.

41. The transfer gains tax payable by Seller referred to in Paragraph 11.1.3 shall mean and refer to the tax imposed under Article 31-B of the New York State Tax Law. All other transfer taxes, including without limitation the New York State Real Property Transfer Tax or any other such taxes, in connection with the transfer or issuance of shares to Purchaser imposed by New York State or under local taxing authority, shall be paid by Purchaser. If any such transfer taxes were previously paid by Seller, Purchaser shall reimburse Seller for any such previously paid tax.

42. [DELETE IF INAPPLICABLE] Seller agrees to perform the work set forth on Schedule A attached hereto.

43. [DELETE IF INAPPLICABLE] The following provisions are applicable only if, at the time of signing this Contract, the Apartment is occupied by, or under lease to, a tenant or other occupant other than Purchaser:

A. I understand that I am purchasing the Apartment subject to the rights of the existing tenant or occupant of same, as explained more fully in the Plan. I acknowledge having carefully reviewed the Plan. I understand that so long as such tenant pays the required rent and complies with his obligations as a tenant, such tenant will have the right to remain in possession of the Apartment, and, in the case of a rent stabilized tenant who also continues to use the Apartment as his primary residence, to obtain one or more renewal leases (at the tenant's option) at increased rentals determined in accordance with the Emergency Tenant Protection Act and the regulations promulgated thereunder ("ETPA"). If the tenant's lease is cancelled for nonpayment of rent or other grounds permitted by law, I realize that I shall be required to obtain possession at my own expense, which may entail the institution of summary dispossession proceedings. I further acknowledge I have read and thoroughly understand the section of the Plan which summarizes various of my rights and duties, and the procedures I must follow, in order to gain possession of the Apartment. I also acknowledge that no representation or statement has been made (and if made, I know that the same are unauthorized and that I have not relied thereon) as to the length of time that may elapse before I gain possession of the Apartment or that I, in fact, will obtain possession of the Apartment.

B. I further understand, as explained in the Plan, that if the tenant or occupant has not vacated the Apartment by the closing, I will assume the rights and obligations of landlord to such tenant or occupant, including the right to collect rent or occupancy charges (whether the same be greater or less than the proprietary rent established from time

to time under the Lease) and the obligation to repair, maintain and paint the Apartment (including its equipment and appliances) for the benefit of the existing tenant or occupant. I will assume the obligation to become a member of the Rent Stabilization Association (or other agency as required by the law).

C. I will appoint the Apartment Corporation's Managing Agent and its successors as my agent to provide to the tenant or occupant all services and facilities required by law, and I will bear the cost thereof myself. I agree to deposit with the Apartment Corporation's Managing Agent at the Closing an amount not less than two months' maintenance charges to be used as working capital to furnish services required under the tenant's lease and under any applicable law or regulation. My failure to replenish the fund in a timely fashion shall result in the Apartment Corporation having a lien against the shares appurtenant to the dwelling unit. Interest, if any, earned on the fund shall be my property.

D. Paragraphs 3.5 and 7.2 of the printed form to which this Rider is annexed shall be deleted, and the following phrase shall be deleted from Paragraph 3.4: "except for reasonable wear and tear, and except further, the appliances shall be in working order at Closing."

DALE ESTATES, Seller

By: _____, General Partner

_____, Purchaser

_____, Purchaser



CONSULT YOUR LAWYER BEFORE SIGNING THIS AGREEMENT

Contract of Sale — Cooperative Apartment

EXHIBIT A

This Contract is made as of

between the "Seller" and the "Purchaser" identified below.

1. Certain Definitions and Information

1.1 The "Parties" are:

Seller: DALE ESTATES
a New York Partnership
Address: c/o Seymour Orlofsky, Inc.
199 Main Street
White Plains, NY 10601

*Prior names
used by Seller:*

Soc. Sec. No. 13-1361623

Purchaser:

Address:

Soc. Sec. No.

1.2. The "Attorneys" are (name, address and telephone):

For Seller:

Peck & Heller
60 East 42nd Street, Suite 4519
New York, NY 10165
(212) 682-5675

For Purchaser:

1.3 The "Escrowee" is (name, address and telephone)

Peck & Heller
60 East 42nd Street, Suite 4519
New York, NY 10165
(212) 682-5675

1.4 The "Managing Agent" is (name, address and telephone)

Seymour Orlofsky, Inc.
199 Main Street
White Plains, NY 10601
(914) 328-1800

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

Hartsdale Gardens Owners Corp.

1.6 The "Unit" number is

1.7 The Unit is located in "Premises" known as

North Central Avenue
Hartsdale, New York

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

1.9 The "Lease" is the proprietary lease for the Unit given by the Corporation.

1.10 The "Broker" (see Par. 12) is

1.11 The "Closing" is the transfer of ownership of the Shares and Lease, which is scheduled to occur on

19 at M. (see Pars. 9 and 10)

1.12 The "Purchase Price" is \$

1.12.1 the "Contract Deposit" is \$

1.12.2 the "Balance" of the Purchase Price due at Closing \$ (see Par. 2)

1.13 The "Maintenance" charge is the rent payable under the Lease which at the date of this Contract is in the monthly amount of \$ (see Par. 4) *

1.14 The "Assessment" is the additional rent payable under the Lease which at the date of this Contract is \$ payable as follows: *

1.15 The Party upon whom the Corporation imposes a "Flip Tax" or similar transfer fee, if any, is (see Par. 11.3)

1.16 If Par. 19 (Financing Contingency) applies:

1.16.1 the "Loan Terms" are:

Amount Financed: \$ or any lower amount applied for or acceptable to Purchaser.

Payment Terms and Charges: The customary payment terms (including prevailing fixed or adjustable interest rate, prepayment provisions and maturity) and charges (including points, origination and other fees) then currently being offered to purchasers of cooperative apartments by the Institutional Lender (defined in Par. 19.5.1) to which Purchaser applies.

Security: Pledge of the Shares and Lease.

1.16.2 the period for Purchaser to obtain a Loan Commitment Letter is business days after a fully executed counterpart of this Contract is given to Purchaser.

1.17 The "Proposed Occupants" of the Unit are the following:

1.17.1 persons and relationship to Purchaser:

1.17.2 pets:

2. Agreement to Sell and Purchase; Purchase Price; Escrow

2.1 Seller agrees to sell and assign to Purchaser, and Purchaser agrees to purchase and assume from Seller, the Seller's Shares and Lease for the Purchase Price and upon the other terms and conditions stated 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 collectible check to the order of Escrowee.

2.2.2 the Balance at Closing, only by cashier's, official bank or certified check of Purchaser made payable to the direct order of Seller. These checks 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 not less than 3 business days' Notice (defined in Par. 17) prior to Closing, that all or a portion of the Balance shall be made payable to persons other than Seller.

3. Personal Property

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 Seller's ownership, if any, of the following "Property" to the extent existing in the Unit on the date hereof: the refrigerator, freezer, range, oven, microwave oven, dishwasher, cabinets and counter, lighting fixtures, chandeliers, wall-to-wall carpeting, plumbing fixtures, central air-conditioning and/or window or sleeve units, washing machine, dryer, screens and storm windows, window treatments, switch plates, door hardware, built-ins not excluded in Par. 3.2 and

~~1.2—Specifically excluded from this sale is all personalty not included in Par. 3.1 and~~

*subject to any increase authorized by the Corporation's Board of Directors after the date hereof

3.3 The Property shall not be purchased if Closing does not occur.

3.4 No consideration is being paid for the Property. Seller makes no representation as to the condition of the Property. Purchaser shall take the Property "as is" on the date of this Contract, except for reasonable wear and tear, and except further, the appliances shall be in working order at Closing.

3.5 At or prior to the time of Closing, Seller shall remove from the Unit all the furniture, furnishings and other personalty 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 and Lease with the full right and power to sell and assign them;

4.1.2 the Shares and Lease will at Closing 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"); or Seller will deliver to Purchaser at Closing all requisite terminations, releases and/or satisfactions executed in form suitable for filing and/or recording, so as to remove of record, at Seller's expense, any such Liens;

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

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

4.1.5 the Maintenance and Assessments payable as of the date hereof are as specified in Pars. 1.13 and 1.14. All sums due to the Corporation will be fully paid by Seller to the end of the payment period immediately preceding the date of Closing;

4.1.6 as of this date, Seller neither has actual knowledge nor has received any written notice of (a) any increase in Maintenance or (b) any proposed Assessment which has been ~~either adopted or under consideration~~ by the Board of Directors of the Corporation and not reflected in the amounts set forth in Pars. 1.13 and 1.14;

4.1.7 Seller will not at Closing be indebted for labor or material which might result in the filing of a notice of mechanic's lien against the Unit or the Premises;

4.1.8 there are and at closing will be no violations of record which the owner of the Shares and Lease would be obligated to remedy under the terms of the Lease;

4.1.9 Seller has not made any alterations or additions to the Unit, without any required consent of the Corporation;

4.1.10 Seller has not entered and will not enter into, and has no actual knowledge of, any agreement (other than the Lease) affecting the use and/or occupancy of the Unit which would be binding on or adversely affect Purchaser; and

4.1.11 Seller has been known by no other name for the past 10 years except as set forth in Par. 1.1.

4.2 Purchaser represents and covenants that Purchaser is acquiring the Shares and Lease solely for residential occupancy of the Unit by the Proposed Occupants only and will so represent to the Corporation in connection with Purchaser's application to the Corporation for approval of this transaction by the Corporation.

4.3 The representations and covenants contained in Par. 4.1 shall survive Closing, but any action based thereon must be instituted within 1 year from Closing.

5. Corporate Documents

Purchaser has examined and is satisfied with or has waived the examination of the Lease, and the Corporation's certificate of incorporation, bylaws, house rules, 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 Approval and References Managing Agent

6.1 This sale is subject to the approval of the Corporation.

6.2 Purchaser shall in good faith:

6.2.1 submit to the ~~Corporation's~~ Managing Agent, within 10 business days after the receipt of a fully executed counterpart of this Contract, an application for approval of this sale on the form required by the ~~Corporation~~ containing such data and together with such documents as the ~~Corporation~~ reasonably requires except for the Loan Commitment Letter (defined in Par. 19.3.2), if applicable, which shall be submitted by Purchaser within 3 business days after it is obtained;

6.2.2 attend (and cause any person who will reside in the Unit to attend) one or more personal interviews, as requested by the ~~Corporation~~; and

6.2.3 promptly submit to the ~~Corporation's~~ such further references, data and documents reasonably requested by the ~~Corporation~~;

6.3 Either Party, after learning of the approval or denial by the ~~Corporation~~ of the application, shall promptly send Notice to the other Party of the ~~Corporation's~~ decision. If approval or denial has not been issued on or before the date set for Closing, the Closing shall be adjourned for 30 business days for the purpose of obtaining such approval unless otherwise agreed to by the Parties. If the approval of this sale is not obtained by said adjourned date, either Party may cancel this Contract on Notice to the other provided that the ~~Corporation's~~ approval is not issued before Notice of cancellation is given. In the event of a denial other than for Purchaser's bad faith

conduct, this contract shall be deemed canceled in the event of cancellation pursuant to this Par. 6, the Escrowee shall refund the Contract Deposit to Purchaser. In case of a denial or lack of approval due to Purchaser's bad faith conduct, Purchaser shall be in default and Par. 13.1 shall govern.

7. Condition of Unit and Possession

7.1 Seller makes no representation as to the condition of the Unit. Purchaser has inspected the Unit and shall take the same "as is", on the date of this Contract, reasonable wear and tear excepted.

7.2 Seller shall deliver possession of the Unit at the Closing, vacant, broom-clean and free of all occupants and rights of possession.

8. Risk of Loss

8.1 While Seller has legal title and is in possession of the Unit, Seller assumes all risk of loss or damage ("Loss") to the Unit and Property from fire or other cause not due to the fault of Purchaser or Purchaser's contractors, agents or servants. In the event of a Loss, Seller shall have the option (but not the obligation) to restore the Unit and Property to as near as reasonably possible to the condition immediately prior to the Loss.

8.2 Within 10 calendar days after the Loss occurs, Seller shall give Notice to Purchaser of the Loss and whether or not Seller elects to restore ("Election Notice").

8.3 If Seller elects to restore, Seller must do so within 60 calendar days after sending the Election Notice or by the Closing, whichever is later ("Restoration Period").

8.4 If the Closing is before such 60 calendar day period expires, then the Closing shall be adjourned to a date and time fixed by Seller on not less than 10 calendar days' prior Notice to Purchaser, but in no event shall the Closing be adjourned for more than 70 calendar days after giving of the Election Notice.

8.5 If Seller elects not to restore or fails, in a timely manner, to send the Election Notice or, having sent the Notice, Seller fails to complete the restoration within the Restoration Period, then Purchaser's sole remedy is either to:

8.5.1 cancel this Contract in accordance with Par. 16 and recover all sums theretofore paid on account of the Purchase Price; or

8.5.2 complete the purchase in accordance with this Contract, without reduction in the Purchase Price or claim against Seller, but with the right to receive any "Net Insurance Proceeds" as defined in Par. 8.6 together with an assignment to Purchaser, without recourse to Seller, of any uncollected proceeds, which assignment shall be delivered by Seller at Closing.

8.6 "Net Insurance Proceeds" are proceeds of Seller's insurance covering the Loss which is attributable to the Unit and Property after deducting legal and other collection expenses incurred by Seller and any sums paid or incurred by Seller for restoration.

8.7 If Purchaser fails to exercise one of Purchaser's options pursuant to Par. 8.5 by Notice to Seller within 7 business days after Seller gives the Election Notice or within 7 business days after the Restoration Period expires (in the event Seller fails to complete the restoration within the Restoration Period), then Purchaser will be deemed to have conclusively elected the option to complete the purchase pursuant to Par. 8.5.2.

8.8 If Purchaser is given possession of the Unit prior to Closing:

8.8.1 Purchaser assumes all risk of Loss to the Unit and Property prior to Closing from fire or other cause not the fault of Seller or Seller's contractors, agents, employees or servants; and

8.8.2 Purchaser shall be obligated to complete the purchase in accordance with this Contract, without reduction in the Purchase Price or claim against Seller and without delay.

8.9 Notwithstanding anything to the contrary in Par. 8.1, Purchaser shall have the right to cancel this Contract in accordance with Par. 16 if, prior to Closing and while Seller is in possession, through no fault of Purchaser or Purchaser's contractors, agents, employees and servants, either:

8.9.1 a Loss occurs to the Unit which would cost more than 10% of the Purchase Price to restore; or

8.9.2 more than 10% of the units in the Premises are damaged and rendered uninhabitable by fire or other cause, regardless of whether the Unit is damaged.

8.10 Purchaser shall be deemed to have waived Purchaser's right to cancel under Par. 8.9 if Purchaser fails to elect to cancel by Notice to Seller given within 7 business days after Seller gives Notice to Purchaser of the event which gives rise to Purchaser's right to cancel. In the event Purchaser waives or is deemed to have waived this right to cancel, the provisions of Par. 8.5.2 shall apply.

9. Closing Location

The Closing shall be held at the location designated by the Corporation, or (if none is designated), at the office of Seller's attorney, or the office designated by Purchaser's lending institution.

10. Closing

10.1 At Closing, Seller shall deliver:

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 and a duly executed assignment thereof to Purchaser in the form required by the Corporation.

10.1.3 a written statement by ~~the Managing Agent~~ ~~the Managing Agent~~ consenting to the transfer of the Shares and Lease to Purchaser and setting forth the amounts and payment status of the Maintenance and any Assessments;

*Managing Agent

10.1.4 executed FIRPTA document(s) (defined in Par. 2b);

10.1.5 keys to the Unit, building entrances, garage, mailbox and any locks in the Unit;

10.1.6 If requested, an assignment to Purchaser of Seller's interest in the Property;

10.1.7 Net Insurance Proceeds and/or assignment of any uncollected Net Insurance Proceeds, if applicable; and

10.1.8 instruments or other documents required under Par. 4.1.2, if any.

10.2 At Closing, Purchaser shall:

10.2.1 pay the Balance in accordance with Par. 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 cancelled and surrendered to the Corporation together with Seller's assignment thereof to Purchaser.

10.3 At Closing, the Parties shall provide the information necessary for Internal Revenue Service ("IRS") Form 1099-S or other similar form required.

10.4 At Closing, Seller shall provide, and the Parties shall execute, all documents necessary to comply with any applicable transfer and/or gains tax filings.

11. Closing Fees, Taxes and Apportionments

11.1 At Closing, Seller shall pay, if applicable:

11.1.1 the processing fee(s) of the Corporation, its attorneys, and/or agents, except as set forth in Par. 11.2.3;

11.1.2 the cost of stock transfer stamps;

11.1.3 ~~the cost of stock transfer stamps and~~ transfer gains tax.

11.2 At Closing, Purchaser shall pay:

11.2.1 the sales taxes, if any, on this sale, other than the transfer stamps as provided for in Par. 11.1.2;

11.2.2 the cost of any title search; and

11.2.3 any fee to the Corporation or its agents and/or attorneys relating to Purchaser's financing and the processing fee of attorneys and/or agents of the Corporation, its ~~attorneys and/or agents~~ of ~~the Corporation, its~~ ^{of} ~~attorneys and/or agents~~.

11.3 At Closing, the Flip Tax, if any, shall be paid by the Party specified in Par. 1.15.

11.4 At Closing, the Parties shall apportion as of 11:59 P.M. of the day preceding the Closing, the Maintenance and any other periodic charges due the Corporation (other than Assessments).

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 to and elected to pay the Assessment in installments.

11.6 Each party covenants to the other that it will timely pay any taxes for which it is primarily liable pursuant to law. This Par. 11.6 shall survive Closing.

12. Broker

12.1 Each Party represents to the other that such Party has not dealt with any other person acting as a broker, whether licensed or unlicensed, in connection with this transaction other than the Broker named in Par. 1.10.

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

12.3 This Par. 12 shall survive the Closing.

13. Defaults, Remedies and Indemnities

13.1 In the event of a default or misrepresentation by Purchaser, Seller's sole remedy shall be to terminate this Contract and retain the Contract Deposit as liquidated damages, except there shall be no limitation on Seller's remedies for a breach of Par. 12.1. In case of Purchaser's misrepresentation or default, Seller's damages would be impossible to ascertain and the Contract Deposit constitutes a fair and reasonable amount of compensation.

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 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 the representations or covenants stated to survive Closing. This indemnity includes, without limitation, reasonable attorneys' fees and disbursements, court costs and litigation expenses. This Par. 13.3 shall survive the Closing.

13.4 Purchaser indemnifies and holds harmless Seller against and from any claim, judgment, loss, cost or expense resulting from the lease obligations assumed by Purchaser. This indemnity includes, without limitation, reasonable attorneys' fees and disbursements, court costs and litigation expenses. This indemnity does not include or excuse a breach of any representation or covenant by Seller in Par. 4.1. This Par. 13.4 shall survive the Closing.

13.5 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 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 remedy in Par. 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 Par. 2k, are merged in this Contract, which alone fully and completely expresses their agreement.

14.2 A provision of this Contract may be changed or waived only in writing signed by the Party (or Escrowee) to be charged.

14.3 The Attorneys may extend in writing any of the time limitations stated in this Contract.

15. No Assignment by Purchaser

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

15.2 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.

16. Cancellation for Other than Default or Misrepresentation

If Seller shall be unable to transfer the Lease and the Shares in accordance with this Contract for any reason not due to Seller's willful acts or omissions, then the sole obligation of Seller shall be to refund to Purchaser the Contract Deposit and reimburse Purchaser for the actual costs incurred for Purchaser's title or abstract search. Upon making such refund, this Contract shall be cancelled and neither Party shall have any further claim against the other hereunder.

17. Notices

17.1 Any notice or demand ("Notice") shall be in writing and either delivered by hand or overnight delivery or sent by certified or registered mail to the Party and simultaneously, in like manner, to such Party's Attorney, if any, and to Escrowee at the addresses set forth in Par. 1, or to such other address as shall hereafter be designated by Notice given pursuant to this Par. 17.

17.2 Each Notice shall be deemed given on the same day if delivered by hand or on the following business day if sent by overnight delivery, or the second business day following the date of mailing.

17.3 The Attorneys are authorized to give any Notice specified in this Contract on behalf of their respective clients.

17.4 Failure to accept a Notice does not invalidate the Notice.

18. Margin Headings

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

19. Financing Contingency (~~delete if inapplicable~~)

19.1 Purchaser may cancel this Contract and recover the Contract Deposit by following the procedure in Par. 19.4 if after complying with Purchaser's "Financing Obligations" in Par. 19.2 below and Purchaser's other obligations under this Contract:

19.1.1 Purchaser fails through no fault of Purchaser to obtain from an "Institutional Lender" (defined in Par. 19.3.1) a "Loan Commitment Letter" (defined in Par. 19.3.2) for financing on the Loan Terms and within the time period stated in Par. 1.16 (the "Loan"); or

19.1.2 the Institutional Lender and the Corporation cannot agree on the terms of an agreement for the protection of the Institutional Lender (commonly called a recognition agreement), if required by the Institutional Lender.

19.2 Purchaser's right to cancel under Par. 19.1 and recover the Contract Deposit is conditioned upon Purchaser's diligent compliance with all of the following "Financing Obligations":

19.2.1 Purchaser must apply in good faith for the Loan from an Institutional Lender within 7 business days after a fully executed counterpart of this Contract is given to Purchaser;

19.2.2 the Loan application must contain truthful, accurate and complete information as required by the Institutional Lender; and

19.2.3 Purchaser must comply with all requirements of the Institutional Lender to obtain the Loan Commitment Letter and to close the Loan.

19.3 Purchaser may also cancel this Contract and recover the Contract Deposit in accordance with the procedure in Par. 19.4 if:

19.3.1 the Closing is adjourned by Seller or the Corporation for for more than 30 business days from the date set for Closing in Par. 1.11; and

19.3.2 the Loan Commitment Letter expires on a date more than 30 business days after the date set for Closing in Par. 1.11 and before the new date set for Closing pursuant to Par. 19.3.1; and

19.3.3 Purchaser is unable in good faith to obtain from the Institutional Lender an extension or a new Loan Commitment Letter for the Amount Financed stated in Par. 1.16 or the same principal amount stated in the expired Loan Commitment Letter, whichever is lower, without paying any additional fees to the Institutional Lender (unless Seller, within 5 business days after receipt of Notice of such fees, gives Notice that Seller will pay such fees and pays them when due). All other substantive Loan terms may be materially no less favorable than in the expired Loan Commitment Letter.

19.4 In order to cancel pursuant to Par. 19.1 or 19.3, Purchaser shall give Notice of cancellation to Seller within 7 business days after the right to cancel arises. Purchaser's failure to timely give such Notice of cancellation will be deemed a conclusive waiver of such right to cancel. In case of cancellation pursuant to Par. 19.1, a copy of any

loan refusal letter or non-complying Loan Commitment Letter (as the case may be) issued by the Institutional Lender shall accompany the Notice of cancellation, if available, or if not then available, shall be provided promptly after receipt. In case of cancellation pursuant to Par. 19.3, a copy of all written communications between the Institutional Lender and Purchaser concerning the extension or new loan commitment shall accompany the Notice of cancellation (or a copy of any letter refusing to extend the loan commitment or make a new loan commitment received by Purchaser after sending the cancellation Notice shall be sent to Seller promptly after receipt). Purchaser's obligation under this Par. 19.4 shall survive the cancellation of this Contract.

19.5 The definitions for certain terms used in this Par. 19 are:

19.5.1 an "Institutional Lender" is any bank, savings bank, savings and loan association, trust company, credit union of which Purchaser is a member, insurance company or governmental entity which is duly authorized to issue a loan secured by the Shares and Lease in the state where the Unit is located and is then currently extending similarly secured loan commitments; and

19.5.2 a "Loan Commitment Letter" is a written offer to make the Loan with or without recourse, and whether or not conditional upon any factor other than an appraisal satisfactory to the Institutional Lender. An offer to make the Loan which is conditional on obtaining a satisfactory appraisal shall only become a Loan Commitment Letter upon such condition being met.

20. 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 entity is selling or purchasing the Unit, their obligations shall be joint and several.

21. No Survival

No representation and/or covenant contained herein shall survive Closing except as expressly provided. Computational errors shall survive and be corrected after Closing.

22. Inspections

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

23. Governing Law

This Contract shall be governed by the laws of the State of New York. Any action or proceeding arising out of this Contract shall be brought in the county where the Unit is located and the Parties hereby consent to said venue.

24. Removal of Liens

24.1 Purchaser shall deliver or cause to be delivered to Seller or Seller's Attorney, not less than 10 calendar days prior to Closing, a list of Liens, if any, which may violate Par. 4.1.

24.2 Seller shall have a reasonable period of time to remove any such Lien.

25. Cooperation of Parties

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

25.2 The Parties shall timely file or pre-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 will be true and complete. This Par. 25.2 shall survive the Closing.

26. FIRPTA and Gains Tax

26.1 The Parties shall comply with IRC §§ 897, 1445 and related provisions, as amended, and any substitute provisions of any successor statute and the regulations thereunder ("FIRPTA"). The Seller shall furnish to the Purchaser at or prior to Closing a Certification of Nonforeign Status in accordance with FIRPTA. If the Seller fails to deliver such certification by Closing, the Purchaser shall deduct and withhold from the Purchase Price such sum required by law and remit such amount to the IRS. In the event of such withholding by Purchaser, Seller's obligations hereunder, including (but not limited to) the transfer of ownership of the Shares and Lease, shall not be excused or otherwise affected. In the event of any claimed over-withholding, Seller shall be limited solely to an

action against the IRS for a refund. Seller hereby waives any right of action against Purchaser on account of such withholding. This Par. 26.1 shall survive the Closing.

26.2 If a Real Property Transfer Gains Tax pre-filing is required by law, Purchaser shall simultaneously herewith deliver to Seller a completed and executed Transferee Questionnaire or the equivalent thereof.

27. Additional Conditions

27.1 Purchaser shall not be obligated to close unless at the time of the Closing:

27.1.1 the Corporation is duly incorporated and in good standing; and

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

27.1.3 there is no pending *in rem* action or foreclosure action or any underlying mortgage affecting the Premises.

27.2 Purchaser shall give Seller Notice of any failure of any of the conditions in Par. 27.1. If any condition in Par. 27.1 is not true and is not cured within a reasonable period of time after giving said Notice, then either Seller or Purchaser shall have the option to cancel this Contract pursuant to Par. 16.

28. Escrow Terms

28.1 Escrowee acknowledges receipt of the check for the Contract Deposit, subject to collection.

28.2 The check for the Contract Deposit shall be deposited by Escrowee in a ~~non-interest-bearing~~ escrow account and the proceeds held and disbursed in accordance with the terms of this Contract. Upon Closing, Escrowee shall deliver the Contract Deposit to Seller. In all other cases, if either Party makes a demand upon Escrowee for delivery of the Contract Deposit, Escrowee shall give Notice to the other Party of such demand. If a Notice of objection to the proposed payment is not received from the other Party within 7 business days after the giving of Notice by Escrowee, time being of the essence, Escrowee is hereby authorized to deliver the Contract Deposit to the Party who made the demand. If Escrowee receives a Notice of objection within said period, or if for any other reason Escrowee in good faith elects not to deliver the Contract Deposit, then Escrowee shall continue to hold the Contract Deposit and thereafter pay it to the Party entitled when Escrowee receives (a) a Notice from the objecting Party withdrawing the objection, or (b) a Notice signed by both Parties directing disposition of the Contract Deposit or (c) a judgment or order of a court of competent jurisdiction.

28.3 In the event of any dispute or doubt as to the genuineness of any document or signature, or uncertainty as to Escrowee's duties, then Escrowee shall have the right either to continue to hold the Contract Deposit in escrow or to pay the Contract Deposit into court pursuant to relevant statute.

28.4 The parties agree jointly to defend (by attorneys selected by Escrowee), indemnify and hold harmless Escrowee against and from any claim, judgment, loss, liability, cost or expense resulting from any dispute or litigation arising out of or concerning Escrowee's duties or services hereunder. This indemnity includes, without limitation, disbursements and reasonable attorneys' fees either paid to retain attorneys or representing the fair value of legal services rendered by Escrowee to itself.

28.5 Escrowee shall not be liable for any error in judgment or for any act done or step taken or omitted in good faith, or for any mistake of fact or law, except for Escrowee's own gross negligence or willful misconduct.

28.6 The Parties acknowledge that Escrowee is merely a stakeholder. Upon payment of the Contract Deposit pursuant to Par. 28.2 or 28.3, Escrowee shall be fully released from all liability and obligations with respect to the Contract Deposit.

28.7 In the event Escrowee is the attorney for either Party, Escrowee shall be entitled to represent such Party in any lawsuit.

28.8 Escrowee shall serve without compensation.

28.9 The signing of this Contract by Escrowee is only to evidence Escrowee's acceptance of the terms and conditions of this Par. 28.

29. Binding Effect

This Contract shall not be binding unless a fully executed counterpart thereof has been delivered to each of the Parties.

SEE RIDER ANNEXED HERETO.

In Witness Whereof, the Parties hereto have duly executed this Contract as of the date first above written.

ESCROW TERMS AGREED TO:
PECK & HELLER

By:
Escrowee

SELLER:

DALE ESTATES

By:

Partner

PURCHASER:

New York State
REAL PROPERTY TRANSFER GAINS TAX

 Questionnaire
TRANSFeree

For Departmental Use Only

This questionnaire must be completed for all transfers of real property and transfers of controlling interests in entities which own real property where the realty is located in New York State and where the transfer is to occur on or after May 28, 1981.

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

PLEASE PRINT		Name		Social Security Number	
(Transferee)		Address		Zip Code	
				Federal Employer Identification Number	
		Name		Social Security Number	
(Transferor)		Address		Zip Code	
		DALE ESTATES			
		c/o Seymour Orlofsky, Inc., 199 Main St., White Plains, NY		13 1361623	
		Name			
(Transferee's Att'y)		Address		Zip Code	

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

Address	County
Apt 27 N. Central Ave.	
Hartsdale, NY 10530	West.

DATE OF ANTICIPATED TRANSFER

Month	Day	Year

COMPLETE LINES 1, 2 AND 3

1 Consideration to be Paid to Transferor By Transferee	1		
2 Brokerage Fees to be Paid by Transferee to Transferor	2		
3 Brokerage Fees to be Paid by Transferee to Broker	3		

AFFIDAVIT OF TRANSFeree

I swear (or affirm) under penalty of perjury that this questionnaire including the accompanying schedules or statements has been examined by me and is to the best of my knowledge and belief, a true and complete return, made in good faith, pursuant to Article 31-B of the New York State Tax Law.

Sworn to and subscribed to before me this _____ day of _____

Name(s) of Transferee(s)

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

Signature of officer administering oath

Title

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

REPORT ON EXAMINATIONS OF FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1988 AND 1987

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

C O N T E N T S

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MARGOLD, ERSKEN & WANG

CERTIFIED PUBLIC ACCOUNTANTS

**25 WEST 43RD STREET
NEW YORK**

To the Board of Directors and Stockholders of
Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation):

We have audited the accompanying balance sheets of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1988 and 1987, and the related statements of income, retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1988 and 1987, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Margold Erskine Wang

New York, New York
February 17, 1989

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

BALANCE SHEETS

	<u>DECEMBER 31,</u>	
	<u>1 9 8 8</u>	<u>1 9 8 7</u>
<u>ASSETS:</u>		
<u>CURRENT ASSETS</u> (Schedule A - I)	\$ 92,649	\$ 73,303
<u>FIXED ASSETS</u> (Schedule A - II) (Note 1)	3,660,388	3,756,106
<u>DEFERRED CHARGES</u> (Note 3)	<u>9,456</u>	<u>15,758</u>
	<u>\$3,762,493</u>	<u>\$3,845,167</u>
 <u>LIABILITIES AND SHAREHOLDERS' EQUITY:</u>		
<u>LIABILITIES:</u>		
<u>CURRENT LIABILITIES</u> (Schedule A - III)	\$ 22,276	\$ 16,226
<u>MORTGAGE NOTE PAYABLE</u> (Note 2)	<u>900,000</u>	<u>900,000</u>
	<u>\$ 922,276</u>	<u>\$ 916,226</u>
 <u>SHAREHOLDERS' EQUITY:</u>		
<u>CAPITAL STOCK:</u>		
Issued and outstanding 33,137 shares with a par value of \$1.00 per share	\$ 33,137	\$ 33,137
Excess of book value over par value of shares issued	3,359,063	3,359,063
Reserve fund contribution by sponsor	<u>87,500</u>	<u>87,500</u>
	\$3,479,700	\$3,479,700
Less - Excess of Expenses over Income	(639,483)	(550,759)
	<u>\$2,840,217</u>	<u>\$2,928,941</u>
	<u>\$3,762,493</u>	<u>\$3,845,167</u>

See notes to financial statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>DECEMBER 31,</u>	
	<u>1 9 8 8</u>	<u>1 9 8 7</u>
<u>SCHEDULE A - I</u>		
<u>CURRENT ASSETS:</u>		
Cash - Reserve Fund	\$ 61,376	\$ 45,752
Cash - Managing Agent	22,297	15,568
Prepaid Insurance	2,289	2,300
Maintenance Charges Receivable	6,687	4,129
Real Estate Tax Refund Receivable (Net of Legal)	- 0 -	5,554
	<u>\$ 92,649</u>	<u>\$ 73,303</u>

SCHEDULE A - II

FIXED ASSETS, at book value:

Premises: 27 No. Central Ave.,
Hartsdale, N.Y.

Land	\$ 858,440	\$ 858,440
Building	3,433,760	3,433,760
Boiler	48,700	48,700
Equipment	1,912	1,912
Improvements	24,400	- 0 -
	<u>\$4,367,212</u>	<u>\$4,342,812</u>
<u>Less:</u> Accumulated Depreciation	<u>706,824</u>	<u>586,706</u>
	<u>\$3,660,388</u>	<u>\$3,756,106</u>

SCHEDULE A - III

CURRENT LIABILITIES:

Accounts Payable (Current Operations)	\$ 20,547	\$ 14,546
Payroll and Other Taxes Payable	<u>1,729</u>	<u>1,680</u>
	<u>\$ 22,276</u>	<u>\$ 16,226</u>

See notes to financial statements.

EXHIBIT B

HARTSDALE GARDENS OWNERS CORP.
 (A Cooperative Apartment Corporation)

STATEMENTS OF INCOME AND EXPENSES

	YEAR ENDED DECEMBER 31,	
	<u>1 9 8 8</u>	<u>1 9 8 7</u>
<u>INCOME:</u>		
Assessments on Tenant - Shareholders	\$ 367,504	\$ 367,504
Professional and Commercial Rents	10,800	10,800
Parking	5,017	4,753
Laundry Room Commission	1,260	1,260
Interest and Other Income	<u>4,378</u>	<u>823</u>
	<u>\$ 388,959</u>	<u>\$ 385,140</u>
Special Assessments	\$ 33,137	\$ 33,137
<u>Less:</u> Improvements	<u>26,294</u>	<u>29,060</u>
	<u>\$ 6,843</u>	<u>\$ 4,077</u>
<u>EXPENSES:</u>		
Operating Expenses (Schedule B - I)	\$ 120,538	\$ 120,145
Maintenance Expenses (Schedule B - II)	56,269	43,615
Administrative Expenses (Schedule B - III)	17,462	27,762
Financial Expenses (Schedule B - IV)	81,696	81,836
Taxes (Schedule B - V)	<u>88,443</u>	<u>82,229</u>
	<u>\$ 364,408</u>	<u>\$ 355,587</u>
<u>EXCESS OF INCOME OVER EXPENSES BEFORE DEPRECIATION</u>	<u>\$ 31,394</u>	<u>\$ 33,630</u>
<u>DEPRECIATION</u>	<u>120,118</u>	<u>119,713</u>
<u>EXCESS (DEFICIT) OF INCOME OVER EXPENSES</u>	<u>(\$ 88,724)</u>	<u>(\$ 86,083)</u>
<u>EXCESS (DEFICIT) OF INCOME OVER EXPENSES AT BEGINNING OF YEAR</u>	<u>(550,759)</u>	<u>(464,676)</u>
<u>EXCESS (DEFICIT) OF INCOME OVER EXPENSES AT END OF YEAR</u>	<u>(\$ 639,483)</u>	<u>(\$ 550,759)</u>

See notes to financial statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>YEAR ENDED</u> <u>DECEMBER 31,</u>	
	<u>1 9 8 8</u>	<u>1 9 8 7</u>
<u>SCHEDULE B - I</u>		
<u>OPERATING EXPENSES:</u>		
Payroll	\$ 31,288	\$ 29,496
Employee Benefits	5,088	4,134
Payroll Taxes	2,891	2,721
Insurance - Compensation	1,119	1,730
Insurance - General	31,836	35,087
Fuel	28,783	29,414
Electricity and Gas	11,710	11,295
Water Charges	7,823	6,268
	<u>\$ 120,538</u>	<u>\$ 120,145</u>

SCHEDULE B - II

MAINTENANCE EXPENSES:

Plumbing	\$ 8,026	\$ 3,600
Boiler Maintenance	4,878	1,469
General Building Repairs	11,257	4,874
Hardware and Supplies	4,183	4,332
Roofing and Waterproofing	- 0 -	820
Elevator Maintenance	12,144	12,014
Gardening and Landscaping	12,370	12,350
Exterminating and Cleaning	1,983	2,993
Snow Removal	1,428	1,163
	<u>\$ 56,269</u>	<u>\$ 43,615</u>

See notes to financial statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

YEAR ENDED
DECEMBER 31,

1 9 8 8 1 9 8 7

SCHEDULE B - III

ADMINISTRATIVE EXPENSES:

Management Fees	\$ 10,000	\$ 10,000
Professional Fees	5,390	16,145
Telephone and Miscellaneous	<u>2,072</u>	<u>1,617</u>
	<u>\$ 17,462</u>	<u>\$ 27,762</u>

SCHEDULE B - IV

FINANCIAL EXPENSES:

Mortgage Note Interest	\$ 81,000	\$ 81,000
Miscellaneous Interest	<u>696</u>	<u>836</u>
	<u>\$ 81,696</u>	<u>\$ 81,836</u>

SCHEDULE B - V

TAXES:

Real Estate Taxes	\$ 88,150	\$ 81,889
New York State Franchise Tax	<u>293</u>	<u>340</u>
	<u>\$ 88,443</u>	<u>\$ 82,229</u>

See notes to financial statements.

EXHIBIT C

HARTSDALE GARDENS OWNERS CORP.
 (A Cooperative Apartment Corporation)

STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,	
	<u>1 9 8 8</u>	<u>1 9 8 7</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Excess (Deficit) of Income over Expenses (Exhibit B)	(\$ 88,724)	(\$ 86,083)
Adjustments to Reconcile Excess (Deficit) of Income over Expenses to Net Cash provided by Operating Activities:		
Depreciation	120,118	119,713
Amortization of Deferred Charges	6,302	10,304
Changes in Assets and Liabilities:		
(Increase) Decrease in Maintenance Charges Receivable	(2,558)	7,858
Decrease in Prepaid Expenses	11	1,560
Decrease in Real Estate Tax Refund	5,554	21,712
(Decrease) Increase in Accounts Payable	6,001	(20,726)
Increase in Prepaid Maintenance Charges	49	- 0 -
Decrease in Payroll and Other Taxes	- 0 -	(676)
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>\$ 46,753</u>	<u>\$ 53,662</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of Building Improvements	(24,400)	\$ - 0 -
<u>NET CASH PROVIDED BY INVESTING ACTIVITIES</u>	<u>(\$ 24,400)</u>	<u>\$ - 0 -</u>
<u>NET INCREASE IN CASH</u>	<u>\$ 22,353</u>	<u>\$ 53,662</u>
<u>CASH AT BEGINNING OF YEAR</u>	<u>61,320</u>	<u>7,658</u>
<u>CASH AT END OF YEAR</u>	<u>\$ 83,673</u>	<u>\$ 61,320</u>

See notes to financial statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES:

- A. The Corporation was organized on February 26, 1981, under the applicable provisions of the laws of the State of New York. Active operations of the cooperative apartment corporation commenced on January 25, 1983, when the property located at 27 North Central Avenue, Hartsdale, New York was acquired. Land and building are shown herein at their estimated fair value of \$4,292,200. Of this, \$3,433,760 is allocated to the building.

For the purposes of this financial statement, depreciation of the building is calculated on the \$3,433,760 value thereof, using the straight-line method over a period of thirty years. Other fixed assets are recorded at cost, and depreciated using the straight-line method over the estimated useful life of each such asset.

- B. The tax basis of the corporation's property and allowable depreciation are prescribed by applicable tax law. Because the amounts involved are governed by statute, the figures referred to in the following part of this note are not the same as those utilized for the financial accounting purposes of this report.

The Central Avenue property was acquired by transfer from the sponsor, Dale Estates, and, in consideration therefor, Hartsdale Gardens Owners Corp. issued its capital stock, plus cash which was derived from stock subscriptions, to the sponsor.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES: (continued)

Under the relevant provisions of the Internal Revenue Code this is deemed to be an exchange of property for stock and cash. Pursuant to statutory definition, the tax basis of the property in the hands of the cooperative apartment corporation is the same as it was in the hands of the sponsor, increase by the gain recognized by the sponsor upon its transfer of the property to the corporation.

The corporation's tax basis for the property as so determined is \$599,981, of which \$120,000 is allocated to land and \$479,981 to the building.

Depreciation of the building, for income tax purposes, is calculated using the straight-line method over a period of thirty years.

Note 1B, above, only relates to the treatment of tax basis and allowable depreciation as elements in the determination of taxable income. The explanations and amounts contained therein are not utilized or referred to in any other portion of this report.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

2. MORTGAGE NOTE PAYABLE:

The mortgage note, in the principal amount of \$900,000, is held by Dale Estates. Interest only, at the rate of 9% per annum, is payable monthly, in advance, on the fifteenth day of each month until maturity. The note matures on January 25, 1993.

This is a wrap-around mortgage note, which encompasses an existing first mortgage lien on the property.

Dale Estates is obligated to make all principal and interest payments on the first mortgage out of its own funds. Principal balance thereof was \$200,000 on December 31, 1984.

3. DEFERRED CHARGES:

Renovation of elevators, at a cost of \$31,518 was undertaken in 1985. This cost is being amortized over a five year period.

4. FEDERAL INCOME TAXES:

As of December 31, 1988, the cooperative housing corporation has available Federal income tax loss carryforwards, which expire as follows:

<u>December 31</u>	
1999	\$ 35,530
2000	25,124
2001	16,512
2002	<u>20,517</u>
	<u>\$ 97,683</u>

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

4. FEDERAL INCOME TAXES (contd):

The Internal Revenue Service has been asserting claims against housing cooperatives that they are subject to tax at corporate rates, pursuant to section 277 of the Internal Revenue Code, on income such as interest, commercial rent, etc., derived from other tenant shareholders in excess of expenses allocable to such income.

The position taken by the Internal Revenue Service, if sustained by the courts, could result in assessments for unpaid corporate tax. No provision has been made in the annexed statements, nor has the corporation been notified of any claim.

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TWELFTH AMENDMENT TO OFFERING PLAN

for

27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Twelfth Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located at 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by the filing of eleven 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 Tenth Amendment is accepted for filing by the Department of Law.

2. Unsold Shares held by the Sponsor.

The following is a list of the outstanding unsold shares of the apartment corporation, all of which are currently held by the partners of Dale Estates (the "Sponsor"):

<u>Apartment</u>	<u>Shares</u>
3-A	566
4-A	569
5-A	572
1-B	460
2-B	463
4-B	469
5-B	472
6-B	475
2-C	353
4-C	359
6-C	365
1-D	455
5-D	467
6-D	470
4-E	469
6-E	475
1-F	460
2-F	353
1-G	350
2-G	461
3-G	464

<u>Apartment</u>	<u>Shares</u>
5-G	470
2-H	463
4-H	469
5-H	472
6-H	510
3-I	461
5-I	467
3-J	356
5-J	362
6-J	365
2-K	463
3-K	466
4-K	469
6-K	475
4-L	569
Total	16,384

3. Maintenance Charges for 1988.

By resolution of the Board of Directors of the corporation adopted at a meeting duly held November 17, 1987, after adopting a projected budget of building operations for the calendar year 1988, the per share monthly maintenance charge was fixed, without increase over 1987, at \$.9242 for the calendar year 1988.

4. Increase in Board of Directors

By resolution of the Board of Directors of the Corporation, adopted at a meeting duly held March 28, 1988, it was unanimously resolved that the number of directors be increased from three to five, and that the By-Laws of the Corporation be amended to increase the number of directors to five. Such increase was approved and the By-Laws so amended at a special meeting of shareholders duly held May 18, 1988.

5. Board of Directors.

At meetings of Shareholders and Directors duly held on May 18, 1988 the following Officers and Directors of the Corporation were elected:

Frank Heller, President and Director
Ethel Privin, Vice President and Director
Arnold Bell, Vice President and Director
Patricia Grossman, Treasurer and Director
Robert Orlofsky, Secretary and Director

6. Financial Statements.

The financial statements for Hartsdale Gardens Owners Corp. for the years ended December 31, 1986 and 1987 are attached hereto as Exhibit A.

7. No Other Material Changes in the Plan.

There have been no material changes in the Plan, except as set forth in this Twelfth Amendment. The Plan, as amended hereby, does not knowingly omit any material fact or knowingly contain any untrue statement of any material fact.

Dated: June 14, 1988

DALE ESTATES, Sponsor and for
the Holders of all Unsold Shares

By s/
Frank Heller Partner

EXHIBIT A

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

REPORT ON EXAMINATIONS OF FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1987 AND 1986

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

C O N T E N T S

	<u>P A G E</u>
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MARGOLD, ERSKEN & WANG

CERTIFIED PUBLIC ACCOUNTANTS

**25 WEST 43RD STREET
NEW YORK**

To the Board of Directors and Stockholders of

Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation):

We have examined the accompanying balance sheets of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) at December 31, 1987 and 1986, and the related statements of income and changes in cash flows for the years then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Hartsdale Gardens Owners Corp. (A Cooperative Apartment Corporation) at December 31, 1987 and 1986, and the results of its operations and changes in cash flows for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Margold Erskens Wang

New York, New York
February 26, 1988

EXHIBIT A

HARTSDALE GARDENS OWNERS CORP.
 (A Cooperative Apartment Corporation)

BALANCE SHEETS

	<u>DECEMBER 31,</u>	
	<u>1 9 8 7</u>	<u>1 9 8 6</u>
<u>ASSETS:</u>		
<u>CURRENT ASSETS</u> (Schedule A - I)	\$ 73,303	\$ 50,771
<u>FIXED ASSETS</u> (Schedule A - II) (Note 1)	3,756,106	3,875,819
<u>DEFERRED CHARGES</u> (Note 3)	<u>15,758</u>	<u>26,062</u>
	<u>\$3,845,167</u>	<u>\$3,952,652</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY:</u>		
<u>LIABILITIES:</u>		
<u>CURRENT LIABILITIES</u> (Schedule A - III)	\$ 16,226	\$ 37,628
<u>MORTGAGE NOTE PAYABLE</u> (Note 2)	<u>900,000</u>	<u>900,000</u>
	<u>\$ 916,226</u>	<u>\$ 937,628</u>
<u>SHAREHOLDERS' EQUITY:</u>		
<u>CAPITAL STOCK:</u>		
Issued and outstanding 33,137 shares with a par value of \$1.00 per share	\$ 33,137	\$ 33,137
Excess of book value over par value of shares issued	3,359,063	3,359,063
Reserve fund contribution by sponsor	<u>87,500</u>	<u>87,500</u>
	\$3,479,700	\$3,479,700
Less - Excess of Expenses over Income	(550,759)	(464,676)
	<u>\$2,928,941</u>	<u>\$3,015,024</u>
	<u>\$3,845,167</u>	<u>\$3,952,652</u>

See notes to financial statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>YEAR ENDED</u> <u>DECEMBER 31,</u>	
	<u>1 9 8 7</u>	<u>1 9 8 6</u>
<u>SCHEDULE A - I</u>		
<u>CURRENT ASSETS:</u>		
Cash - Reserve Fund	\$ 45,752	\$ 876
Cash - Managing Agent	15,568	6,782
Prepaid Insurance	2,300	3,860
Maintenance Charges Receivable	4,129	11,987
Real Estate Tax Refund Receivable (Net of Legal)	<u>5,554</u>	<u>27,266</u>
	<u><u>\$ 73,303</u></u>	<u><u>\$ 50,771</u></u>

SCHEDULE A - II

FIXED ASSETS, at book value:

Premises: 27 No. Central Ave.,
Hartsdale, N.Y.

Land	\$ 858,440	\$ 858,440
Building	3,433,760	3,433,760
Boiler	48,700	48,700
Equipment	<u>1,912</u>	<u>1,912</u>
	\$4,342,812	\$4,342,812
<u>Less:</u> Accumulated Depreciation	<u>586,706</u>	<u>466,993</u>
	<u><u>\$3,756,106</u></u>	<u><u>\$3,875,819</u></u>

SCHEDULE A - III

CURRENT LIABILITIES:

Accounts Payable (Current Operations)	\$ 14,546	\$ 35,272
Payroll and Other Taxes Payable	<u>1,680</u>	<u>2,356</u>
	<u><u>\$ 16,226</u></u>	<u><u>\$ 37,628</u></u>

See notes to financial statements.

EXHIBIT B

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

STATEMENTS OF INCOME AND EXPENSES

	<u>YEAR ENDED</u> <u>DECEMBER 31,</u>	
	<u>1 9 8 7</u>	<u>1 9 8 6</u>
<u>INCOME:</u>		
Assessments on Tenant - Shareholders	\$ 367,504	\$ 357,523
Professional and Commercial Rents	10,800	22,889
Parking	4,753	4,758
Laundry Room Commission	1,260	1,260
Interest and Other Income	823	115
	<u>\$ 385,140</u>	<u>\$ 386,545</u>
Special Assessments (Note 5)	\$ 33,137	\$ 44,708
<u>Less: Waterproofing</u>	<u>29,060</u>	<u>66,942</u>
	<u>\$ 4,077</u>	<u>(\$ 22,234)</u>
<u>EXPENSES:</u>		
Operating Expenses (Schedule B - I)	\$ 121,162	\$ 138,241
Maintenance Expenses (Schedule B - II)	43,615	47,088
Administrative Expenses (Schedule B - III)	26,745	25,020
Financial Expenses (Schedule B - IV)	81,836	82,551
Taxes (Schedule B - V)	82,229	59,679
	<u>\$ 355,587</u>	<u>\$ 352,579</u>
<u>EXCESS OF INCOME OVER EXPENSES BEFORE DEPRECIATION</u>	<u>\$ 33,630</u>	<u>\$ 11,732</u>
<u>DEPRECIATION</u>	<u>119,713</u>	<u>119,719</u>
<u>EXCESS (DEFICIT) OF INCOME OVER EXPENSES</u>	<u>(\$ 86,083)</u>	<u>(\$ 107,987)</u>
<u>EXCESS (DEFICIT) OF INCOME OVER EXPENSES AT</u> <u>BEGINNING OF YEAR</u>	<u>(464,676)</u>	<u>(356,689)</u>
<u>EXCESS (DEFICIT) OF INCOME OVER EXPENSES AT</u> <u>END OF YEAR</u>	<u>(\$ 550,759)</u>	<u>(\$ 464,676)</u>

See notes to financial statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>YEAR ENDED</u> <u>DECEMBER 31,</u>	
	<u>1 9 8 7</u>	<u>1 9 8 6</u>
<u>SCHEDULE B - I</u>		
<u>OPERATING EXPENSES:</u>		
Payroll	\$ 29,496	\$ 36,870
Employee Benefits	4,134	3,191
Payroll Taxes	2,721	3,684
Insurance - Compensation	1,730	920
Insurance - General	35,087	44,179
Fuel	29,414	30,706
Electricity and Gas	11,295	12,942
Water Charges	6,268	4,990
Miscellaneous	1,017	759
	<u>\$ 121,162</u>	<u>\$ 138,241</u>

SCHEDULE B - II

MAINTENANCE EXPENSES:

Painting - Public Areas	\$ - 0 -	\$ 264
Plumbing	3,600	5,811
Boiler Maintenance	1,469	1,025
General Building Repairs	4,874	8,363
Hardware and Supplies	4,332	5,328
Roofing and Waterproofing	820	1,225
Elevator Maintenance	12,014	14,076
Gardening and Landscaping	12,350	7,142
Exterminating and Cleaning	2,993	2,512
Snow Removal	1,163	1,342
	<u>\$ 43,615</u>	<u>\$ 47,088</u>

See notes to financial statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>YEAR ENDED</u> <u>DECEMBER 31,</u>	
	<u>1 9 8 7</u>	<u>1 9 8 6</u>
<u>SCHEDULE B - III</u>		
<u>ADMINISTRATIVE EXPENSES:</u>		
Management Fees	\$ 10,000	\$ 7,500
Professional Fees (Note 5)	16,145	16,674
Telephone and Miscellaneous	<u>600</u>	<u>846</u>
	<u>\$ 26,745</u>	<u>\$ 25,020</u>
<u>SCHEDULE B - IV</u>		
<u>FINANCIAL EXPENSE:</u>		
Mortgage Note Interest	\$ 81,000	\$ 81,000
Miscellaneous Interest	<u>836</u>	<u>1,551</u>
	<u>\$ 81,836</u>	<u>\$ 82,551</u>
<u>SCHEDULE B - V</u>		
<u>TAXES:</u>		
Real Estate Taxes (Note 5)	\$ 81,889	\$ 59,054
New York State Franchise Tax	<u>340</u>	<u>625</u>
	<u>\$ 82,229</u>	<u>\$ 59,679</u>

See notes to financial statements.

EXHIBIT C

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

STATEMENTS OF CASH FLOWS

	<u>YEAR ENDED</u> <u>DECEMBER 31,</u>	
	<u>1 9 8 7</u>	<u>1 9 8 6</u>
<u>CASH PROVIDED BY:</u>		
Excess (Deficit) of Income over Expenses (Exhibit B) (\$	86,083)	(\$ 107,987)
<u>Add:</u> Depreciation	119,713	119,713
Amortization of Deferred Charges	<u>10,304</u>	<u>6,304</u>
	\$ 43,934	\$ 18,030
Decrease in Prepaid Insurance	1,560	(1,919)
Decrease in Maintenance Charges Receivable	7,858	(10,670)
Decrease in Real Estate Tax Refundd	<u>21,712</u>	<u>(27,266)</u>
	\$ 75,064	(\$ 21,825)
<u>CASH UTILIZED FOR:</u>		
Increase in Cash - Reserve Fund	\$ 44,876	\$ 45
Increase in Deferred Charges	- 0 -	4,000
Decrease in Prepaid Maintenance Charges	- 0 -	7,227
Decrease in Accounts Payable	20,726	(3,645)
Decrease in Payroll and Other Taxes	<u>676</u>	<u>(632)</u>
	\$ 66,278	\$ 6,995
<u>INCREASE (DECREASE) IN CASH</u>	\$ 8,786	(\$ 28,820)
<u>CASH - BEGINNING OF YEAR</u>	<u>6,782</u>	<u>35,602</u>
<u>CASH - END OF YEAR</u>	<u>\$ 15,568</u>	<u>\$ 6,782</u>

See notes to financial statements.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES:

- A. The Corporation was organized on February 26, 1981, under the applicable provisions of the laws of the State of New York. Active operations of the cooperative apartment corporation commenced on January 25, 1983, when the property located at 27 North Central Avenue, Hartsdale, New York was acquired. Land and building are shown herein at their estimated fair value of \$4,292,200. Of this, \$3,433,760 is allocated to the building.

For the purposes of this financial statement, depreciation of the building is calculated on the \$3,433,760 value thereof, using the straight-line method over a period of thirty years. Other fixed assets are recorded at cost, and depreciated using the straight-line method over the estimated useful life of each such asset.

- B. The tax basis of the corporation's property and allowable depreciation are prescribed by applicable tax law. Because the amounts involved are governed by statute, the figures referred to in the following part of this note are not the same as those utilized for the financial accounting purposes of this report.

The Central Avenue property was acquired by transfer from the sponsor, Dale Estates, and, in consideration therefor, Hartsdale Gardens Owners Corp. issued its capital stock, plus cash which was derived from stock subscriptions, to the sponsor.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES: (continued)

Under the relevant provisions of the Internal Revenue Code this is deemed to be an exchange of property for stock and cash. Pursuant to statutory definition, the tax basis of the property in the hands of the cooperative apartment corporation is the same as it was in the hands of the sponsor, increased by the gain recognized by the sponsor upon its transfer of the property to the corporation.

The corporation's tax basis for the property as so determined is \$599,981, of which \$120,000 is allocated to land and \$479,981 to the building.

Depreciation of the building, for income tax purposes, is calculated using the straight-line method over a period of thirty years.

Note 1B, above, only relates to the treatment of tax basis and allowable depreciation as elements in the determination of taxable income. The explanations and amounts contained therein are not utilized or referred to in any other portion of this report.

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

2. MORTGAGE NOTE PAYABLE:

The mortgage note, in the principal amount of \$900,000, is held by Dale Estates. Interest only, at the rate of 9% per annum, is payable monthly, in advance, on the fifteenth day of each month until maturity. The note matures on January 25, 1993..

This is a wrap-around mortgage note, which encompasses an existing first mortgage lien on the property.

Dale Estates is obligated to make all principal and interest payments on the first mortgage out of its own funds. Principal balance thereof was \$200,000 on December 31, 1987.

3. DEFERRED CHARGES:

Renovation of elevators, at a cost of \$31,518 was undertaken in 1985. This cost is being amortized over a five year period.

4. FEDERAL INCOME TAXES:

As of December 31, 1987, the cooperative housing corporation has available Federal income tax loss carryforwards, which expire as follows:

<u>December 31</u>	
1999	\$ 45,840
2000	25,124
2001	16,512
2002	<u>20,517</u>
	<u>\$107,993</u>

HARTSDALE GARDENS OWNERS CORP.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

4. FEDERAL INCOME TAXES (contd):

The Internal Revenue Service has been asserting claims against housing cooperatives that they are subject to tax at corporate rates, pursuant to section 277 of the Internal Revenue Code, on income such as interest, commercial rent, etc., derived from other tenant shareholders in excess of expenses allocable to such income.

The position taken by the Internal Revenue Service, if sustained by the courts, could result in assessments for unpaid corporate tax. No provision has been made in the annexed statements, nor has the corporation been notified of any claim.

5. SPECIAL ASSESSMENT:

The Company was charged with a special assessment for waterproofing.

The total assessment was \$33,137, and the work performed was \$29,060.

ELEVENTH AMENDMENT
TO
OFFERING PLAN FOR
27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Eleventh Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Cooperative Ownership premises ("Premises") located at 27 North Central Avenue., Hartsdale, New York, dated March 15, 1982, as amended by the filing of ten prior Amendments, in order to increase the price for shares allocated to apartments at the Premises.

The Plan is hereby amended as follows:

1. The price for the blocks of shares allocated to apartments are generally increased as follows:

<u>Apartment Line</u>	<u>Total Cash Payment</u>
C/J/F	\$115,000.00
B/D/E/G H/I/K	\$145,000.00
A/L	\$165,000.00

2. The increase in the total offering price as a result of the foregoing is the amount of \$680,000.00

3. The increase in price shall become effective immediately.

Dated: June 3, 1987

DALE ESTATES, Sponsor and holder
of unsold shares

By Frank Hauer
Partner

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TENTH AMENDMENT TO OFFERING PLAN

for

27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Tenth Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located at 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by the filing of nine 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 Tenth Amendment is accepted for filing by the Department of Law.

2. Unsold Shares held by the Sponsor.

The following is a list of the outstanding unsold shares of the apartment corporation, all of which are currently held by the partners of Dale Estates (the "Sponsor"):

<u>Apartment</u>	<u>Shares</u>
3-A	566
4-A	569
5-A	572
6-A	575
1-B	460
2-B	463
4-B	469
5-B	472
6-B	475
2-C	353
4-C	359
6-C	365
1-D	455
5-D	467
6-D	470
3-E	466
4-E	469
6-E	475
1-F	460
2-F	353
1-G	350
2-G	461

<u>Apartment</u>	<u>Shares</u>
3-G	464
5-G	470
2-H	463
4-H	469
5-H	472
6-H	510
3-I	461
5-I	467
3-J	356
5-J	362
6-J	365
2-K	463
3-K	466
4-K	469
6-K	475
4-L	569
Total	17,425

3. Tax Reform Act of 1986

On October 22, 1986 President Reagan signed a bill, H.R. 3838, entitled the Tax Reform Act of 1986 (the "Act"), creating the Internal Revenue Code of 1986. The Act makes many substantive changes to the Internal Revenue Code ("IRC") including section 216 thereof. With respect to section 216 of the IRC, the changes will be effective for tax years beginning after December 31, 1986. Accordingly, the changes made by this Amendment concerning section 216 of the IRC (as amended by the Act) will apply only to the tax years of the Apartment Corporation beginning after December 31, 1986.

a. The Act amended Section 216(b)(2) of the IRC, which defines the term "tenant-stockholder," by deleting the word "individual" therefrom and replacing it with the word "person". Consequently, entities such as corporations and partnerships will qualify as tenant-stockholders provided they also met the other requirements set forth in section 216(b)(2) of the IRC. Also, the Sponsor will qualify as a tenant-stockholder even after the expiration of the three year period beginning on the date it acquired the shares of the Apartment Corporation. In addition, the income derived from the Sponsor and other qualifying entities will be treated as income derived from tenant-stockholders for purposes of determining whether a cooperative housing corporation derives at least eighty (80%) percent of its gross income from tenant-stockholders.

As a result of this change to section 216 of the IRC, the following provisions of the Offering Plan are deleted in

their entirety with respect to tax years of the Apartment Corporation beginning after December 31, 1986:

(i) all provisions of the Offering Plan which limit the Sponsor's right to sell, and the Apartment Corporation's right to issue, shares (including Unsold Shares) of the Apartment Corporation to an entity which constitutes a qualified tenant-stockholder under section 216 of the IRC (as amended by the Act),

(ii) all provisions of the Offering Plan which require that, as a condition to the sale of shares (including Unsold Shares) of the Apartment Corporation to an entity that is not an individual, a public ruling shall have been issued by, or a private letter ruling shall have been obtained from, the Internal Revenue Service, which ruling provides that such entity is a qualified tenant-stockholder within the meaning of section 216 of the IRC, and

(iii) all provisions of the Offering Plan which limit the Sponsor's right to retain shares (including Unsold Shares) upon the expiration of the three-year period beginning on the date it acquired shares of the Apartment Corporation.

In lieu of the provisions described above which are deleted with respect to tax years of the Apartment Corporation beginning after December 31, 1986, the Offering Plan is amended to provide that, with respect to tax years of the Apartment Corporation beginning after December 31, 1986, the Sponsor will not be obligated to transfer any of the shares of the Apartment Corporation (including but not limited to shares of the Apartment Corporation acquired prior to January 1, 1987) at any particular time and may retain ownership of such shares indefinitely; the Sponsor has the right, without limitation, to offer and sell shares of the Apartment Corporation to individuals and entities who qualify as tenant-stockholders under section 216 of the IRC (as amended by the Act); and the Sponsor also has the right to offer and sell shares of the Apartment Corporation to entities which do not qualify as tenant-stockholders under section 216 of the IRC (as amended by the Act), provided that the gross income to the Apartment Corporation from such non-qualifying entities, when added to other non-qualifying income of the Apartment Corporation, shall not jeopardize the Apartment Corporation's qualification as a cooperative housing corporation under section 216 of the IRC (as amended by the Act).

b. The Act provides for new limitations on the deductibility of the interest paid or accrued in taxable years beginning after December 31, 1986 by taxpayers other than corporations. Interest which is paid or accrued during the taxable year on indebtedness which is secured by any property

will be deductible only if, at the time such interest is paid or accrued, such property is the principal residence or the specifically selected sole secondary residence of the taxpayer, but only to the extent that such indebtedness, when added to the outstanding aggregate principal amounts of other indebtedness previously incurred and secured by such property does not exceed the lesser of (a) the fair market value of the property, or (b) the sum of (i) the taxpayer's basis in such property (with certain modifications), (ii) the cost of any improvements to such property, and (iii) the amount of certain medical and educational expenses. Where a tenant-stockholder has both a principal residence and a specifically selected secondary residence and both residences are used to secure indebtedness, it is unclear whether the limitations contained in the preceding sentence are applied on a separate residence basis or on an aggregate basis.

Although it is not entirely clear, this rule may apply to a tenant-stockholder's allocable share of the interest paid or accrued by a cooperative housing corporation with respect to the indebtedness incurred to acquire, construct or maintain the houses or apartment buildings it owns. If the rule applies, it is also unclear to what extent a tenant-stockholder's allocable share of such interest will be nondeductible. Therefore, tenant-stockholder's should consult with their own personal tax advisors as to the effect of the provisions of the Act on the acquisition of shares of the Apartment Corporation.

c. To the extent any discussion in the Offering Plan or prior amendment is inconsistent with the provisions of this Amendment, such discussion is deleted from the Offering Plan or prior amendment.

4. Compliance with New York State Attorney General's Regulations Regarding Asbestos

In accordance with Part 18.7(aa) of the regulations promulgated August 8, 1986, by the New York State Attorney General, Sponsor shall engage a person having the necessary qualifications to prepare a statement as to whether asbestos containing material ("ACM") is present in insulating or fireproofing material anywhere in the Building complex and if ACM is present, to prepare a report on asbestos conditions in the Building complex, including recommendations regarding such conditions (the "Asbestos Report"). Promptly following receipt of the statement as to whether ACM is present, and the Asbestos Report if ACM is present, Sponsor shall amend the Plan to set forth the statement concerning ACM and the Asbestos Report. The Asbestos Regulations require that the Asbestos Report contain at least the following information:

(i) The qualifications of the person preparing the report.

(ii) A detailed inventory of the asbestos in each apartment and in all other areas of the property, including the location, amount of ACM, type and concentration of asbestos in the ACM, and condition. State whether the presence of any of the ACM poses an immediate health or safety hazard. State which apartments, if any, were not examined and describe efforts made to gain access to any such apartments.

(iii) Recommendations for handling each and every item of the asbestos inventory, i.e., removal, enclosure, encapsulation, or leaving undisturbed.

(iv) How the recommendations should be implemented. Include, if applicable, whether apartments must be vacated or whether use of certain rooms will be limited and the projected duration thereof. State whether the work must be performed in compliance with New York City Local Law 76 of 1985 or any other applicable law.

(v) A recommended protocol for the future handling and maintenance of asbestos which will remain in the building, whether encapsulated, enclosed or left undisturbed.

The Sponsor caused the Building to be inspected by Fiume Jet Spray Co., Inc. ("FJS"), a qualified asbestos inspector on December 9, 1986. The results of the inspection are herein disclosed and hereby incorporated in this Tenth Amendment to the Plan by the inclusion of the Asbestos Report by FJS dated January 7, 1987 and attached hereto as Exhibit A.

A Purchaser who has executed a Purchase Agreement and has not yet closed thereunder is required to be granted the option to close as scheduled or to delay his or her closing until thirty days after the presentation of the amendment containing the statement concerning ACM and the Asbestos Report. A Purchaser shall indicate his or her decision to close or delay the Closing by completing the form annexed hereto as Exhibit B and mailing same to the Selling Agent at the address set forth in the annexed form by certified mail, return receipt requested, within fifteen days after the Presentation Date of this Amendment as set forth on the final page of this Amendment. Upon receipt of notice indicating that Purchaser has elected to delay the Closing, the Closing shall be adjourned until a date set by the Board upon fifteen days' notice to the Purchaser. Prospective purchasers may indicate their decisions to delay closing when they execute their purchase agreement pursuant to the Rider to Contract of Sale annexed hereto as Exhibit C. Such a request for a delay shall not affect the obligations of the Purchaser under the Purchase Agreement, other than the Purchaser's obligation to

close. In the event that the Purchaser's request for a delay causes his loan commitment to expire, it shall be solely the Purchaser's obligation to replace such commitment in sufficient time to close on the adjourned date.

The regulations promulgated on August 8, 1986 contained the following additional language:

"The recommendations of the Asbestos Report will be expeditiously carried out by the Sponsor, and that it will be the responsibility of the apartment corporation to monitor and, whenever necessary, to treat or remove ACM which remains in the building(s) after the conversion to a cooperative.

If any closings take place prior to the completion of asbestos removal and treatment work, Sponsor shall place in escrow a sum of money sufficient to pay for said work, the amount to be determined by a person qualified to render an opinion on asbestos, but in no event less than \$2,500.00 per unit."

A lawsuit was brought to invalidate the emergency asbestos regulations -- Application of Council For Owner Occupied Housing Inc. v. Robert Abrams, Supreme Court, Albany County, Index Number 9505-86. On October 6, 1986 Justice John G. O'Connor issued an opinion upholding that part of the regulations requiring the Sponsor to engage a qualified person to prepare the Asbestos Report and the regulations pertaining to the content of the Asbestos Report. The decision invalidated that part of the regulations set out in this paragraph. The Attorney General has appealed that part of the decision invalidating that part of the regulations set forth in this paragraph.

This plan will be amended to disclose the outcome of this litigation as well as its ramifications on Sponsor's obligations in this housing plan. If the final court determination or stipulation upholds the decision invalidating the provisions of the regulations set forth in the foregoing paragraph, Sponsor will have no obligation to carry out the recommendations of the Asbestos Report or to escrow a sum of money sufficient to pay for said work. If the final court determination reverses the decision invalidating the provisions of the regulations set forth in the foregoing paragraph, Sponsor will have the obligation to perform such work and to escrow money sufficient to pay for said work, if the closing has not occurred,

or to have the board perform such work if Sponsor is in control of the Board of Directors. However, nothing in this paragraph shall be in derogation of any obligations of the Sponsor to disclose all material facts regarding the offering.

5. Control of Board of Directors.

As of the date hereof, partners of the Sponsor, as the holder of unsold shares, are the owners of 52.585 percent of the outstanding shares of the apartment corporation, and accordingly controls the Board of Directors of the apartment corporation to such extent.

6. Assessment and Maintenance Charges.

By resolution of the Board of Directors of the corporation adopted at a meeting duly held July 21, 1986, an assessment of \$.3373 per share was fixed to be paid together with the regular monthly maintenance charge for the months of September, October, November and December, 1986, for payments for emergency repairs to install a new water main and excavation and repairs in connection therewith.

By resolution of the Board of Directors of the corporation adopted at a meeting duly held December 2, 1986, after reviewing a projected budget of building operations for the calendar year 1987, the per share monthly maintenance charge was fixed at .9242 for the calendar year 1987.

7. Amended Purchase Price.

The price for the blocks of shares allocated to apartments are generally increased as follows:

<u>Apartment Line</u>	<u>Total Cash Payment</u>
C/J/F	\$105,000
B/D/E/G H/I/K	\$125,000
A/L	\$145,000

The increase in the total price as a result of the foregoing is the amount of \$1,393,750.

8. Financial Statements.

The financial statement for Hartsdale Gardens Owners Corp. for the year ended December 31, 1985 are attached hereto as Exhibit D.

9. No Other Material Changes in the Plan.

There have been no material changes in the Plan, except as set forth in this Tenth Amendment. The Plan, as amended hereby, does not knowingly omit any material fact or knowingly contain any untrue statement of any material fact.

Dated: January 29, 1987

DALE ESTATES, Sponsor and for
the Holders of all Unsold Shares

By s/ FRANK HELLER
Partner

EXHIBIT B

HARTSDALE GARDENS
27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

Asbestos Notice

(i) In accordance with the Tenth Amendment to the Offering Plan for the referenced project (the "Plan"), Purchaser is hereby granted the option to close as scheduled under his or her Purchase Agreement or to delay his or her closing until thirty (30) days after the date upon which an amendment to the Plan disclosing a statement concerning Asbestos-Containing Material is presented to the Purchaser.

(ii) Purchaser understands and agrees that if Purchaser elects to delay the Closing, he must send a fully executed and dated original Election Notice to SEYMOUR ORLOFSKY, INC., 199 MAIN STREET, WHITE PLAINS, NEW YORK 10601, by certified mail, return receipt requested within fifteen (15) days of the Present Date of the Tenth Amendment to the Plan.

(iii) Purchaser hereby elects [] (a) to close as scheduled; or [] (b) to delay his or her closing as set forth in Paragraph (ii) hereof.

Date: January , 1987

Purchaser

Purchaser

EXHIBIT C

RIDER TO CONTRACT OF SALE DATED _____, 198 ,
BETWEEN DALE ESTATES, AS SELLER,
AND _____, AS PURCHASER
PERTAINING TO APARTMENT NO. _____
AT
DALE ESTATES

Purchaser agrees as follows [Purchaser shall indicate his or her agreement to a particular option by checking the desired option line and crossing out the option not selected]:

_____ Purchaser agrees to close as scheduled in accordance with Paragraph 10 of this Purchase Agreement, whether or not Purchaser has received as of said closing date, an amendment to the Offering Plan containing a statement about asbestos and/or an Asbestos Report (as defined in the Tenth Amendment to the Plan).

_____ Purchaser hereby elects to have the closing hereunder scheduled to take place on a date which is at least 30 days after the presentation date of an amendment to the Plan containing a statement about asbestos and/or an Asbestos Report (as discussed and defined in the Tenth Amendment to the Plan).

DALE ESTATES

by _____

Purchaser

Purchaser



Fume Jet Spray Co., Inc.

253 E. Merrick Road • Freeport, N.Y. 11520
(516) 378-1800 (718) 978-1121

January 7, 1987

Seymour Orlofsky, Inc.
199 Main Street
White Plains, N. Y.

RE : Hartsdale Gardens
72 units

To Whom It May Concern :

On DECEMBER 9, 1986, a survey consisting of a thorough walk-thru inspection was carried out in order to determine, to the extent possible, the presence of Asbestos Containing Material (ACM) and assess the potential of any health hazard due to ACM fibers into the ambient air.

Our visual inspection and testing program has been prepared as per your request and is limited to only surfaces and areas capable of being observed on the date of our inspection and is not intended as a guarantee.

We will assume no responsibility for correction or disposition of ACM at the above noted location as part of this inspection.

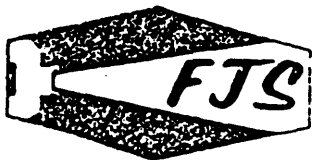
Laboratory tests were performed by Polarized Light Microscopy in accordance with EPA guidelines.

Our report is as follows :

Respectfully Submitted,

FUME JET SPRAY CO., INC.

Jack Fume
President



Fume Jet Spray Co., Inc.

253 E. Merrick Road • Freeport, N.Y. 11520
(516) 378-1800 (718) 978-1121

To Whom It May Concern :

Fume Jet Spray Co., Inc. has been incorporated since 1970, and I, Jack Fume own one hundred per cent (100%) of stock. I have been engaged in general and sub-contracting for in excess of twenty (20) years, specializing in spray on fireproofing, pipe covering, and boiler insulation.

For the past several years I have been active in the area of asbestos abatement, to include asbestos removal, encapsulation, and containment. I, as well as members of my firm have had both classroom and practical experience, all to enable us to successfully complete any and all work within the scope of asbestos abatement.

We are proud to have successfully completed work for such clients as Con Edison Indian Point Nuclear Power Plant, Lilco, Gulf Oil Company, Town of Hempstead, N.Y. Telephone Company, N.Y. Stock Exchange, World Trade Center, N.Y. City Housing Authority, City of N.Y. Dept. of Parks and Recreation, Citibank, N.Y. Daily News, United Airlines, Ciba Geigy, and numerous others.

The members of my staff command almost a century combined experience in the construction industry.

Richard Fume, General Supt., was responsible for more than 25,000,000 square feet of beams and decks fireproofed nationwide as Construction Supt. To his credit are such jobs as General Motors Building, Pan American Building, U.S. Federal Courthouse, Albany State Office Building, Metro Goldwyn Mayer Building, U.S. Court of Claims, North Shore Hospital, American Tobacco Building, Minskoff Cultural Center, 299 Park Avenue Building, 919 Third Avenue Building, and 100 & 111 Wall Street Building.

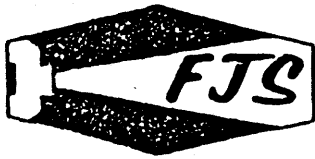
Ronald Reich, a graduate of New York Tech. for twelve (12) years prior to our association had been engaged in plaster and spray on fireproofing. His capacity at Giamboni Brothers Inc. was in estimating, pricing, and Project Manager. While employed by Giamboni Brothers he was involved in approx. fifty million dollars of sub-contract work. For the past six (6) years asbestos abatement and fireproofing have remained his area of expertise.

Charles Vosseler has twelve (12) years experience in spray coatings and spray fireproofing.

Steven Fume has been involved in construction for twenty (20) years. Prior to his association with Fume Jet Spray in 1980, he was Executive Vice President of a \$55,000,000 land development company, constructing 50 miles of roads and in excess of 1,000 residential homes. A Queens College graduate, his experience in fireproofing and asbestos abatement has been extensive.

The following is a resume of the contractor which includes background information, education and experience, methods used and completed projects.

**FIREPROOFING • SOUNDPROOFING • INSULATION • ACOUSTIC CEILINGS • STUCCO
ASBESTOS CONTAINMENT, ENCAPSULATION, REMOVAL, REPLACEMENT, CONSULTING & TESTING**



Fume Jet Spray Co., Inc.

253 E. Merrick Road • Freeport, N.Y. 11520
(516) 378-1800 (718) 978-1121

Below is a partial list of projects satisfactorily completed for Asbestos Abatement by Fume Jet Spray Co., Inc.

	<u>Type of Job</u>
Project : Braunsville Boys Club Contact : City of N.Y. Dept. of Parks and Recreation	Asbestos Removal & Respray Fireproofing
Project : Penthouse Magazine Int'l New York, N.Y. Contact : Bill Byrnes	Asbestos Encapsulation
Project : Various Contact : N.Y.C. Housing Authority	Asbestos Encapsulation
Project : United Airlines LaGuardia Airport Contact : Eugene Sewell, AIA	Asbestos Removal & Respray Fireproofing
Project : Rochdale Village Queens, N.Y. Contact : Kaswol Corporation	Asbestos Removal & Respray Fireproofing
Project : Bethpage U.F.S.D. Amityville U.F.S.D. Half Hollow Hills S.D. Locust Valley Central S.D. Central Islip U.F.S.D. Contact : Phillips Associates	Asbestos Encapsulation Asbestos Removal & Encapsulation Asbestos Encapsulation Asbestos Encapsulation Asbestos Removal & Reinsulation

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FOR: Fume Jet Spray Company

Sample I.D. # 1173-2 1173-3 1173-1

ANALYTICAL METHOD

1. PLM 1 1
2. PLM with dispersion staining
3. PLM + X-Ray diffraction

GROSS SAMPLE APPEARANCE

homogeneous? Y/N no yes
obvious layers? Y/N yes no
fibrous? Y/N yes yes
sample color white brown & brown

SAMPLE TREATMENT

1. none 1
2. homogenized 1
3. other, specify

Does the Sample Contain Asbestos Fibers: yes yes

ASBESTOS PRESENT

1. Amosite 1-10%
2. Chrysotile 2-18%
3. Crocidolite 2-19%
4. Other, specify

Total % Asbestos present in Sample 18 10 19

OTHER FIBROUS MATERIALS PRESENT

1. Fibrous glass 1-45
2. Cellulose 2-10%
3. Other, specify 2-48%

NON FIBROUS MATERIALS

PRESENT Binders, Binders, Binders,
(description & %) dirt, paint quart.-35% paint-33%



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FIELD SURVEY & RECOMMENDATION

Hartsdale Gardens consists of 72 units. Out of 72, 56 were inspected. The balance of 16 were not home or not accessible during our visit. A notice of our inspection was distributed by the superintendent.

Our recommendations for remedy of ACM in this building inclusive of basement areas as well as any ACM found in the units themselves, is to remove and/or encapsulate all ACM. The areas noted within the survey itself with the remedy of remove/encaps. should be considered a potential health hazard and must be corrected by an approved asbestos abatement contractor and comply with the New York City Local Law 76 of 1985 or any other applicable laws.

ALL GUIDELINES SET FORTH BY EPA AND OTHER AGENCIES HAVING JURISDICTION SHOULD BE COMPLIED WITH IN THE REMOVAL OF, HANDLING, CONTAINING, SHIPPING AND DISPOSAL OF THE FRIABLE ASBESTOS MATERIAL.

ALL ACM LEFT IN BUILDING MUST BE LABELED FOR IDENTIFICATION PURPOSES AS PER EPA GUIDELINES.

NOTE : Regarding vinyl asbestos floor tile or sheeting. Asbestos may be found in this material or in it's backing. Asbestos fibers may be released if the tile or sheeting is sanded or cut. The recommended way to avoid disturbance of this ACM is to place new flooring directly over the old.

PLEASE SEE O & M GUIDELINES CONTAINED WITHIN FOR FURTHER INFO.

Figure 1. The effect of the number of trials on the number of correct responses. The number of correct responses was plotted against the number of trials for each condition. The number of correct responses increased with the number of trials for all conditions. The number of correct responses was highest for the condition with the highest number of trials (10 trials) and lowest for the condition with the lowest number of trials (2 trials).

[illegible]

SHEET:

FL	LOCATION	ROOM	ACH	TYPE	AMOUNT	COMMENTS	REMARKS
27 - 6	A		none				
	B		none				
	C		n/h				
	D		n/h				
5	A		none				
	B		none				
	C		none				
	D		none				
4	A		none				
	B		none				
	C		n/h				
	D		none				
3	A		none				
	B		none				
	C		none				
	D		none				
2	A		none				
	B		none				
	C		n/h				
	D		none				
1	A	Living room/kitchen	yes	A	10 ft.	new	encaps/rem
	B		none				
	C		none				
	D		none				

SUPP:

PL	LOCATION	ROCH	ACH	TYPE	AMOUNT	COMPOSITION	REVENUE
47-	6 I		none				
	J		n/h				
	K		none				
	L		none				
5	I		none				
	J		none				
	K		none				
	L		n/h				
4	I		n/h				
	J		none				
	K		none				
	L		none				
3	I		n/h				
	J		none				
	K		none				
	L		none				
2	I		none				
	J		none				
	K		none				
	L		none				
1	I		n/h				
	J		none				
	K		none				
	L		none				

ASBESTOS SURVEY

PROJECT:

27/37/47 N. Central Avenue

SURVEY #1173

SUPT:

FL	LOCATION	ROOM	ACM	TYPE	AMOUNT	CONDITION	REMEDY
37 - 6	E		none				
	F		none				
	G		n/h				
	H		none				
5	E		none				
	F		n/h				
	G		none				
	H		none				
4	E		none				
	F		none				
	G		none				
	H		n/h				
3	E		none				
	F		n/h				
	G		n/h				
	H		none				
2	E		none				
	F		none				
	G		n/h				
	H		n/h				
1	E		none				
	F		none				
	G		n/h				
	H		none				

ASBESTOS SURVEY

LEGEND FOR ACM SYMBOLS

ACM

N/H inspection could not gain e into apt.

TYPE

A = Pipe Insulation

B = Molded Elbows

C = Boiler Casing

D = Acoustic Ceiling Tile

E = Acoustical Ceiling Plaster

F = Spray Applied Insulation

G = Duct Insulation



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ESTABLISHING A SPECIAL OPERATIONS AND MAINTENANCE (O & M) PROGRAM FOR ACM LEFT IN BUILDING AS NOTED IN EPA560585024

If ACM is found in a building, a special O & M program should be implemented as soon as possible. An O & M program is recommended for each type of ACM: surfacing material, pipe and boiler insulation, and miscellaneous materials. Although many of the procedures are the same, certain steps vary according to the type of ACM.

PURPOSE OF A SPECIAL O & M PROGRAM: *The program is designed to (1) clean up asbestos fibers previously released, (2) prevent future release by minimizing ACM disturbance or damage, and (3) monitor the condition of ACM. The program should continue until all ACM is removed or the building is demolished.*

WHO SHOULD PARTICIPATE: *The asbestos program manager, the manager of building maintenance, and the supervisor of the custodial staff are key participants in the O & M program.*

PROGRAM ELEMENTS: *The program should alert workers and building occupants to the location of ACM, train custodial and maintenance personnel in proper cleaning and maintenance, implement initial and periodic cleaning using special methods (for surfacing materials and pipe and boiler insulation only), establish a process that assures ACM is not disturbed during building repairs and renovations, and periodically re-inspect areas with ACM.*

The special O & M program for pipe and boiler insulation focuses on alerting workers to its location, inspecting the protective jacket (and pipe joints or elbows) for damage, and taking precautions prior to building construction activities. The program also includes repair and selected special cleaning practices.

DOCUMENTATION, EDUCATION AND TRAINING

The O & M program coordinator should:

- Record the exact location of asbestos-containing insulation on building documents (plans, specifications, and drawings).*
- Inform maintenance and custodial workers about the location of asbestos-containing insulation, and caution them about disturbing it.*



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- Post signs reading, "Caution - Asbestos", on boilers, tanks, pipes, and ducts with asbestos containing insulation.
- Require all maintenance and custodial personnel to wear at least a half-face respirator with disposable HEPA cartridge filters during initial cleaning and whenever they come in contact with asbestos-containing insulation.
- Train custodial workers to clean properly and maintenance workers to handle ACM safely.

INITIAL CLEANING

Custodial staff should:

- Clean carpets in rooms containing heating, cooling, air handling, and similar equipment that has asbestos-containing insulation. Use a HEPA-filtered vacuum cleaner or steam cleaner. Discard filters in sealed plastic bags according to EPA regulations for removal and disposal of asbestos.
- Wet-mop all other floors in rooms with asbestos-containing insulation. Wipe all shelves and other horizontal surfaces with damp cloths. Use a mist spray bottle to keep cloths damp. Discard cloths and mopheads in sealed plastic bags according to EPA regulations for removal and disposal of asbestos.
- HEPA-vacuum all curtains in rooms with asbestos-containing insulation, and discard vacuum filters in sealed plastic bags according to EPA regulations for removal and disposal of asbestos.

SEMIANNUAL CLEANING

Custodial staff should:

- Spray with water any debris found near asbestos-containing insulation, and place the debris in a plastic bag using a dustpan. Clean the pan with water in a utility sink. Report presence of debris immediately to the O & M program coordinator.
- HEPA-vacuum all carpets in rooms with asbestos-containing insulation.
- Wet-mop all other floors and dust all other horizontal surfaces with damp cloths in rooms with asbestos-containing insulation.
- Seal all debris, vacuum bags, vacuum filters, cloths, and mopheads in plastic bags for disposal according to EPA regulations for asbestos waste.

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NINTH AMENDMENT TO
OFFERING PLAN
FOR
27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Ninth Amendment is to modify and supplement the Offering Plan - A Plan to Convert to Co-operative Ownership premises located at 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by the filing of eight 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 six (6) month period commencing on the date this Ninth Amendment is accepted for filing by the Department of Law.

2. Unsold Shares held by the Sponsor.

The following is a list of the outstanding unsold shares of the apartment corporation, all of which are currently held by the partners of Dale Estates (the "Sponsor"):

<u>Apartment</u>	<u>Shares</u>
3-A	566
4-A	569
5-A	572
6-A	575
1-B	460
2-B	463
4-B	469
5-B	472
6-B	475

<u>Apartment</u>	<u>Shares</u>
2-C	353
4-C	359
6-C	365
1-D	455
5-D	467
6-D	470
3-E	466
4-E	469
6-E	475
1-F	460
2-F	353
1-G	350
2-G	461
3-G	464
" 5-G	470
2-H	463
4-H	469
5-H	472
6-H	510
3-I	461
5-I	467
1-J	195
1-JA	170
3-J	356
5-J	362
6-J	365
2-K	463
3-K	466
4-K	469
6-K	475
1-L	560
4-L	569
Total	18,350

3. Control of Board of Directors.

As of the date hereof, partners of the Sponsor, as the holder of unsold shares, are the owner of 55.376 percent of the outstanding shares of the apartment corporation, and accordingly controls the Board of Directors of the apartment corporation to such extent.

4. Maintenance Charges.

By resolution of the Board of Directors of the corporation adopted at a meeting duly held December 11, 1985, after reviewing a projected budget of building operations for the calendar year 1986, the per share monthly maintenance charge was fixed at .9242 for the calendar year 1986.

5. No Other Material Changes in the Plan.

There have been no material changes in the Plan, except as set forth in this Ninth Amendment. The Plan, as amended hereby, does not knowingly omit any material fact or knowingly contain any untrue statement of any material fact.

Dated: April 22, 1986

DALE ESTATES, Sponsor and for
the Holders of all Unsold Shares

By /s/ Frank Heller
Partner

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EIGHTH AMENDMENT
TO
OFFERING PLAN FOR
27 NORTH CENTRAL AVE.
HARTSDALE, NEW YORK

The purpose of this Eighth Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Cooperative Ownership premises ("Premises") located at 27 North Central Ave., Hartsdale, New York, dated March 15, 1982, as amended by the filing of seven prior Amendments, in order to increase the price for shares allocated to apartments at the Premises.

The Plan is hereby amended as follows:

1. The price for the blocks of shares allocated to apartments are generally increased as follows:

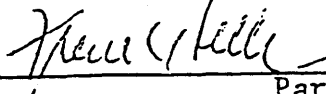
<u>Apartment Line</u>	<u>Total Cash Payment</u>
C/J/F	\$67,750
B/D/E/G H/I/K	85,000
A/L	125,850

The increase in the total price as a result of the foregoing is the amount of \$456,050.

Dated: July 1, 1985

DALE ESTATES, Sponsor and holder
of unsold shares

By



Partner

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SEVENTH AMENDMENT TO
OFFERING PLAN
FOR
27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Seventh Amendment is to modify and supplement the Offering Plan - A Plan to Convert to Cooperative Ownership premises located at 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by First Amendment, dated June 24, 1982, Second Amendment, dated November 24, 1982, Third Amendment, dated May 6, 1983, Fourth Amendment, dated October 20, 1983, Fifth Amendment, dated January 30, 1984 and Sixth Amendment dated August 7, 1984 (as so amended, the "Plan"), in order to reflect certain matters that have occurred since the Presentation Date of the Plan.

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 six (6) month period commencing on the date this Seventh Amendment is accepted for filing by the Department of Law.

2. Unsold Shares held by the Sponsor.

The following is a list of the outstanding unsold shares of the Apartment Corporation, all of which are currently held by Dale Estates (the "Sponsor"):

<u>Apartment</u>	<u>Shares</u>
3-A	566
4-A	569
5-A	572
6-A	575
1-B	460
2-B	463
4-B	469
5-B	472
6-B	475
2-C	353
4-C	359
6-C	365
1-D	455
2-D	458
4-D	464
5-D	467
6-D	470
2-E	463
3-E	466
4-E	469
6-E	475
1-F	460
2-F	353
3-F	356
1-G	350
2-G	461
3-G	464
5-G	470
2-H	463
4-H	469
5-H	472
6-H	510
3-I	461
5-I	467
1-J	195
1-JA	170
2-J	353
3-J	356
5-J	362
6-J	365
2-K	463
3-K	466
4-K	469
6-K	475
1-L	560
4-L	569
TOTAL	<hr/> 20,444

3. Control of Board of Directors.

As of the date hereof, the Sponsor, as the holder of unsold shares, is the owner of 61.69 percent of the outstanding shares of the Apartment Corporation, and accordingly controls the Board of Directors of the Apartment Corporation to such extent.

4. Price Increases with Respect to Unsold Shares.

The prices of the blocks of unsold shares of the Apartment Corporation allocated to the following apartment lines are increased as follows:

<u>Apartment Line</u>	<u>Total Cash Payments</u>
C/J/F	\$62,750
B/D/E)	
G/H/J/K)	76,850
A/L	94,850

The total price increase with respect to the offering made under the Plan as a result of the foregoing is in the amount of \$436,000.

5. Incorporation of the Plan.

The Plan, as modified by this Seventh Amendment, is incorporated herein by reference with the same force and effect as if set forth at length.

6. Definitions.

Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, all terms used in this Seventh Amendment which are defined in the Plan shall be deemed to have the respective meanings ascribed thereto in the Plan.

7. No Other Material Changes in the Plan.

There have been no material changes in the Plan, except as set forth in this Seventh Amendment. The Plan, as amended hereby, does not knowingly omit any material fact or knowingly contain any untrue statement of any material fact.

Dated: March , 1985

DALE ESTATES, Sponsor
and Holder of Unsold Shares

By

Prison Ave

Partner

SIXTH AMENDMENT TO
OFFERING PLAN
FOR
27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Sixth Amendment is to modify and supplement the Offering Plan - A Plan to Convert to Cooperative Ownership premises located at 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by First Amendment, dated June 24, 1982, Second Amendment, dated November 24, 1982, Third Amendment, dated May 6, 1983, Fourth Amendment, dated October 20, 1982, and Fifth Amendment, dated January 30, 1984 (as so amended, the "Plan"), in order to reflect certain matters that have occurred since the Presentation Date of the Plan.

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 six (6) month period commencing on the date this Sixth Amendment is accepted for filing by the Department of Law.

2. Unsold Shares held by the Sponsor.

The following is a list of the outstanding unsold shares of the Apartment Corporation, all of which are currently held by Dale Estates (the "Sponsor"):

ApartmentShares

1A	
3A	566
4A	569
5A	572
6A	575
1B	460
2B	463
4B	469
5B	472
6B	475
2C	353
3C	356
4C	359
6C	365
1D	455
2D	458
4D	464
5D	467
6D	470
2E	463
3E	466
4E	469
6E	475
1F	460
2F	353
3F	356
1G	350
2G	461
3G	464
5G	470
2H	463
4H	469
5H	472
6H	510
3I	461
5I	467
1J	195
1J/A	170
2J	353
3J	356
5J	362
6J	365
2K	463
3K	466
4K	469
6K	475
1L	560
4L	569
47S	465
47A	475

TOTAL

21,700

3. Control of Board of Directors.

As of the date hereof, the Sponsor, as the holder of unsold shares, is the owner of 65.486 percent of the outstanding shares of the Apartment Corporation, and accordingly controls the Board of Directors of the Apartment Corporation to such extent.

4. Incorporation of the Plan.

The Plan, as modified by this Sixth Amendment, is incorporated herein by reference with the same force and effect as if set forth at length.

5. Definitions.

Unless the context clearly indicates a contrary intent or less otherwise specifically provided herein, all terms used in this Sixth Amendment which are defined in the Plan shall be deemed to have the respective meanings ascribed thereto in the Plan.

6. No Other Material Changes in the Plan.

There have been no material changes in the Plan, except as set forth in this Sixth Amendment. The Plan, as amended hereby, does not knowingly omit any material fact or knowingly contain any untrue statement of any material fact.

Dated: August 7, 1984

DALE ESTATES, Sponsor
and Holder of Unsold Shares

By: *Frank Bell*
Partner

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FIFTH AMENDMENT TO
OFFERING PLAN
FOR
27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Fifth Amendment is to modify and supplement the Offering Plan - A Plan to Convert to Cooperative Ownership premises located at 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by First Amendment, dated June 24, 1982, Second Amendment, dated November 24, 1982, Third Amendment, dated May 6, 1983, and Fourth Amendment, dated October 20, 1983 (as so amended, the "Plan"), in order to reflect certain matters that have occurred since the Presentation Date of the Plan.

1. Fourth Amendment Ineffective.

By reason of the failure of the Tenant Group as defined in the Fourth Amendment to Offering Plan for 27 North Central Avenue, Hartsdale, New York to comply with the contingencies and requirements of paragraph 2 of said Fourth Amendment, the entire Fourth Amendment to the Plan did not become effective.

2. Offering to Certain Tenant Purchasers.

Schedule A and Part I, Section A(2) of the Plan

are hereby modified and amended in order to provide that any tenant in occupancy at the Building on the date of this Fifth Amendment (the "Tenant Group") may purchase the shares allocated to the Apartment he occupies on the date of this Fifth Amendment for the price ("Tenant Group Price") set forth on Exhibit A, which is annexed hereto and incorporated herein, for a period ("Group Acceptance Period") of fifteen (15) days from the date of this Fifth Amendment under the following terms and conditions.

The Tenant Group Price shall only be available to the Tenant Group during the Group Acceptance Period if at least six (6) members of the Tenant Group each executes a purchase agreement for the shares allocated to the Apartment he occupies on the date of this Fifth Amendment and makes the downpayment required pursuant thereto before the expiration of the Group Acceptance Period, unless such requirement is waived by Sponsor in writing.

3. Terms of Fifth Amendment Contingent Upon Execution of Purchase Agreements by the Tenant Group within the Group Acceptance Period.

The modifications and amendments to the Plan set forth in paragraphs (2), (3), (4), (5), (6) and (7) of this Fifth Amendment shall be effective only upon execution of a purchase agreement and payment of the down-

payment required pursuant thereto, within the Group Acceptance Period, by at least six (6) members of the Tenant Group for the shares allocated to the Apartment each such member occupies on the date of this Fifth Amendment and payment of the downpayment required pursuant thereto, pursuant to the terms of paragraph (2) hereof, unless such requirement is waived by Sponsor in writing.

4. Modification of Financing Arrangements:
Sponsor Financing.

The section of the Plan entitled "Sponsor Financing" at Part I, Section L(1) thereof, is hereby modified and amended in order to provide that during the Group Acceptance Period, the Sponsor will lend up to eighty-six and one-half (86.5%) percent of the Tenant Group Price to each member of the Tenant Group who enters into a purchase agreement for shares allocated to the Apartment he occupies on the date of this Fifth Amendment under the same terms and conditions as are set forth in the Plan, except that if the Sponsor loan is in an amount in excess of eighty (80%) percent and up to and including eighty-six and one-half (86.5%) percent of the required Tenant Group Price, then the Sponsor loan shall bear interest at the rate of eleven (11%) percent per annum.

Part I, Section L(1) of the Plan is further modified and amended in order to provide that any member

Tenant Group who utilizes Sponsor's financing
have the right to extend the maturity date of his
loan for a period ("Maturity Extension") of
(12) months beyond the maturity date specified in
a. The interest rate for the Sponsor loan during
Maturity Extension shall be the prevailing prime
rate or its equivalent, charged by Citibank, N.A., on
the final monthly interest payment on the Spon-
sor becomes due. If such interest rate is not
available from Citibank, N.A., during the Maturity Exten-
sion the Sponsor, or its designee, may substitute the
prevailing prime rate charged by any one (1) of the five
largest banks in New York City, New York, during such
Maturity Extension, provided, however, that in no event
shall the new interest rate be less than ten (10%) per-
centum annum, nor in excess of the highest legal rate
permitted.

Increased Reserve Fund.

The section of the Plan entitled "Reserve
Fund" at Part I, Section S thereof, is hereby modified
and amended in order to provide that the Sponsor has
agreed to contribute to the Reserve Fund the additional
Seventy Two Thousand Five Hundred (\$72,500) Dol-
lars. Sponsor's contribution to the reserve fund will be
in three (3) equal annual installments of Twenty-

Four Thousand One Hundred Sixty-Six and 66/100 (\$24,166.66) Dollars, the first such installment to be contributed no later than five days after the Fifth Amendment shall become effective as provided in paragraph 3 hereof. However, if the reserve fund shall become fully depleted at any time prior to the payment to the Apartment Corporation by Sponsor of the next following installment of its contribution, payment by the Sponsor to the Apartment Corporation of the next following installment(s) thereof will be accelerated and become due and payable by the Sponsor to the Apartment Corporation, but only to the extent required in order to prevent a deficit balance from existing in the reserve fund. In no event shall Sponsor be required to contribute to the reserve fund more than Seventy Two Thousand Five Hundred (\$72,500) Dollars.

6. Modification of Terms of Mortgage.

The section of the Plan entitled "Terms of Mortgage" at Part I, Section P thereof, is hereby modified and amended in order to provide that the Apartment Corporation shall have the right to extend the maturity date of the Mortgage, as set forth in the Plan, for a period not to exceed six (6) months (the "Mortgage Extension Period"). During the Mortgage Extension Period, the interest rate on the Mortgage shall be the then prevail-

ing prime rate, or its equivalent, as charged by Citibank, N.A., on the original maturity date. If such rate is not available from Citibank, N.A., on such date, the prime rate charged by any of the five (5) largest banks in New York City, New York, may be substituted by the Mortgagee, provided, however, that the interest rate during the Mortgage Extension Period shall in no event be less twelve (12%) percent per annum, nor in excess of the highest legal rate then permitted.

7. Reimbursement to Certain Tenant Purchasers for Increase in Monthly Maintenance Charges.

If, during the first eight (8) months following the respective closings of title to the shares of the Apartment Corporation purchased by any member of the Tenant Group ("Tenant Group Purchaser"), the Apartment Corporation makes any assessments or otherwise increases the monthly Maintenance Charges payable by such Tenant Group Purchaser, then the Sponsor shall immediately reimburse such Tenant Group Purchaser for any increase in Maintenance Charges resulting therefrom for such eight month period.

8. Definitions.

Except as herein defined, all capitalized terms used in this Fifth Amendment which are defined in the Plan shall have the respective meanings ascribed thereto in the Plan.

9. Incorporation of the Plan.

The Plan, as modified and amended by this Fifth Amendment, is incorporated herein by reference with the same force and effect as if set forth at length herein.

10. No Material Changes.

Except as set forth in this Fifth Amendment, there are no material changes in the Plan.

DALE ESTATES, Sponsor and
Holder of Unsold Shares

By S/ FRANK HELLER
Partner

Dated: January 24, 1984
New York, New York

EXHIBIT A

APT.	SHARES ALLOCATED	ALL CASH PURCHASE PRICE	PURCHASE PRICE WITH SPONSOR FINANCING	MAXIMUM SPONSOR FINANCING	MINIMUM CASH PAYMENT
2A	563	40427.00	43523.50	37304.80	6218.70
3A	566	37361.50	40474.50	34865.60	5608.90
4A	569	37576.00	40705.50	35050.40	5655.10
5A	572	37790.50	40936.50	35235.20	5701.30
6A	575	38005.00	41167.50	35420.00	5747.50
1B	460	30347.50	32877.50	28336.00	4541.50
2B	463	30562.00	33108.50	28520.80	4587.70
3B	466	30776.50	33339.50	28705.60	4633.90
4B	469	30991.00	33570.50	28890.40	4680.10
5B	472	31205.50	33801.50	29075.20	4726.30
6B	475	31420.00	34032.50	29260.00	4772.50
2C	353	23262.00	25203.50	21744.80	3458.70
3C	356	23476.50	25434.50	21929.60	3504.90
4C	359	23691.00	25665.50	22114.40	3551.10
5C	362	23905.50	25896.50	22299.20	3597.30
6C	365	24120.00	26127.50	22484.00	3643.50
1D	455	29990.00	32492.50	28028.00	4464.50
2D	458	30204.50	32723.50	28212.80	4510.70
4D	464	30633.50	33185.50	28582.40	4603.10
5D	467	30848.00	33416.50	28767.20	4649.30
6D	470	31062.50	33647.50	28952.00	4695.50
2E	463	30562.00	33108.50	28520.80	4587.70
3E	466	30776.50	33339.50	28705.60	4633.90
4E	469	30991.00	33570.50	28890.40	4680.10
5E	472	31205.50	33801.50	29075.20	4726.30
6E	475	31420.00	34032.50	29260.00	4772.50
1F	460	30347.50	32877.50	28336.00	4541.50
2F	353	23262.00	25203.50	21744.80	3458.70
3F	356	23476.50	25434.50	21929.60	3504.90
1G	350	23047.50	24972.50	21560.00	3412.50
2G	461	30419.00	32954.50	28397.60	4556.90
3G	464	30633.50	33185.50	28582.40	4603.10
5G	470	31062.50	33647.50	28952.00	4695.50
2H	463	30562.00	33108.50	28520.80	4587.70
3H	466	30776.50	33339.50	28705.60	4633.90
4H	469	30991.00	33570.50	28890.40	4680.10
5H	472	31205.50	33801.50	29075.20	4726.30
6H	510	33357.50	36162.50	31416.00	4746.50
1I	455	29990.00	32492.50	28028.00	4464.50
3I	461	30419.00	32954.50	28397.60	4556.90
4I	464	30633.50	33185.50	28582.40	4603.10

EXHIBIT A

APT.	SHARES ALLOCATED	ALL CASH PURCHASE PRICE	PURCHASE PRICE WITH SPONSOR FINANCING	MAXIMUM SPONSOR FINANCING	MINIMUM CASH PAYMENT
5I	467	30848.00	33416.50	28767.20	4649.30
1JA	170	11025.00	11960.00	10472.00	1498.00
2J	353	23262.00	25203.50	21744.80	3458.70
3J	356	23476.50	25434.50	21929.60	3504.90
5J	362	23905.50	25896.50	22299.20	3597.30
6J	365	24120.00	26127.50	22484.00	3643.50
2K	463	30562.00	33108.50	28520.80	4587.70
3K	466	30776.50	33339.50	28705.60	4633.90
4K	469	30991.00	33570.50	28890.40	4630.10
5K	472	31205.50	33801.50	29075.20	4726.30
6K	475	31420.00	34032.50	29260.00	4772.50
1L	560	36932.50	40012.50	34496.00	5516.50
2L	563	37147.00	40243.50	34680.80	5562.70
3L	566	40348.50	43461.50	37489.60	5971.90
4L	569	37576.00	40705.50	35050.40	5655.10
5L	572	37790.50	40936.50	35235.20	5701.30

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FOURTH AMENDMENT TO
OFFERING PLAN
FOR
27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Fourth Amendment is to modify and supplement the Offering Plan - A Plan to Convert to Cooperative Ownership premises located at 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by First Amendment, dated June 24, 1982, Second Amendment, dated November 24, 1982 and Third Amendment, dated May 6, 1983 (as so amended, the "Plan"), in order to reflect certain matters that have occurred since the Presentation Date of the Plan.

1. Offering to Certain Tenant Purchasers.

Schedule A and Part I, Section A(2) of the Plan are hereby modified and amended in order to provide that any tenant in occupancy at the Building on the date of this Fourth Amendment (the "Tenant Group") may purchase the shares allocated to the Apartment he occupies on the date of this Fourth Amendment for the price ("Tenant Group Price") set forth on Exhibit A, which is annexed hereto and incorporated herein, for a period ("Group Acceptance Period") of thirty (30) days from the date of this Fourth Amendment under the following terms and conditions.

The Tenant Group Price shall only be available to the Tenant Group during the Group Acceptance Period if at least six (6) members of the Tenant Group each executes a purchase agreement for the shares allocated to the Apartment he occupies on the date of this Fourth Amendment and makes the downpayment required pursuant thereto before the expiration of the Group Acceptance Period, unless such requirement is waived by Sponsor in writing, which Sponsor may do in its sole discretion.

2. Terms of Fourth Amendment Contingent Upon Execution of Purchase Agreements by the Tenant Group within the Group Acceptance Period.

The modifications and amendments to the Plan set forth in paragraphs (1), (3), (4), (5) and (6) of this Fourth Amendment shall be effective only upon execution of a purchase agreement and payment of the downpayment required pursuant thereto, within the Group Acceptance Period, by at least six (6) members of the Tenant Group for the shares allocated to the Apartment each such member occupies on the date of this Fourth Amendment and payment of the downpayment required pursuant thereto, pursuant to the terms of paragraph (1) hereof.

3. Modification of Financing Arrangements: Sponsor Financing.

The section of the Plan entitled "Sponsor Financing" at Part I, Section L(1) thereof, is hereby

modified and amended in order to provide that during the Group Acceptance Period, the Sponsor will lend up to eighty-five (85%) percent of the Tenant Group Price to each member of the Tenant Group who enters into a purchase agreement for shares allocated to the Apartment he occupies on the date of this Fourth Amendment under the same terms and conditions as are set forth in the Plan, except that if the Sponsor loan is in an amount in excess of eighty (80%) percent and up to and including eighty-five (85%) percent of the required Tenant Group Price, then the Sponsor loan would bear an interest rate of eleven (11%) percent per annum.

Part I, Section L(1) of the Plan is further modified and amended in order to provide that any member of the Tenant Group who utilizes Sponsor's financing shall have the right to extend the maturity date of his Sponsor loan for a period ("Maturity Extension") of twelve (12) months beyond the maturity date specified in the Plan. The interest rate for the Sponsor loan during such Maturity Extension shall be the prevailing prime rate, or its equivalent, charged by Citibank, N.A., on the date the final monthly interest payment on the Sponsor Loan becomes due. If such interest rate is not available from Citibank, N.A., during the Maturity Extension, the Sponsor, or its designee, may substitute the prevailing prime rate charged by any one (1) of the five

(5) largest banks in New York City, New York, during such Maturity Extension, provided, however, that in no event shall the new interest rate be less than ten (10%) percent per annum, nor in excess of the highest legal rate then permitted.

4. Increased Reserve Fund.

(a) The section of the Plan entitled "Reserve Fund" at Part I, Section S thereof, is hereby modified and amended in order to provide that the Sponsor has agreed to contribute to the Reserve Fund the additional sum of Seventy Two Thousand Five Hundred (\$72,500) Dollars. Sponsor's contribution to the reserve fund will be made in three (3) equal annual installments of Twenty-Four Thousand One Hundred Sixty-Six and 66/100 (\$24,166.66) Dollars, the first such installment to be contributed no later than November 15, 1983. However, if the reserve fund shall become fully depleted at any time prior to the payment to the Apartment Corporation by Sponsor of the next following installment of its contribution, payment by the Sponsor to the Apartment Corporation of the next following installment(s) thereof will be accelerated and become due and payable by the Sponsor to the Apartment Corporation, but only to the extent required in order to prevent a deficit balance from existing in the reserve fund. In no event shall Sponsor be

required to contribute to the reserve fund more than Seventy Two Thousand Five Hundred (\$72,500) Dollars.

(b) Part I, Section S of the Plan is further modified and amended in order to provide that if on December 31, 1983, the working capital ("Working Capital") of the Apartment Corporation, determined in accordance with generally accepted accounting principles, consistently applied, is less than Twenty-Five Thousand (\$25,000) Dollars, the Sponsor shall make a single payment to the Apartment Corporation equal to the difference between the amount of the Working Capital as of such time and Twenty-Five Thousand (\$25,000) Dollars. In no event shall Sponsor's total contribution under this Subparagraph (b) exceed Twenty-Five Thousand (\$25,000) Dollars.

5. Modification of Terms of Mortgage.

The section of the Plan entitled "Terms of Mortgage" at Part I, Section P thereof, is hereby modified and amended in order to provide that the Apartment Corporation shall have the right to extend the maturity date of the Mortgage, as set forth in the Plan, for a period not to exceed six (6) months (the "Mortgage Extension Period"). During the Mortgage Extension Period, the interest rate on the Mortgage shall be the then prevailing prime rate, or its equivalent, as charged by Citibank, N.A., on the original maturity date. If such rate

is not available from Citibank, N.A., on such date, the prime rate charged by any of the five (5) largest banks in New York City, New York, may be substituted by the Mortgagee, provided, however, that the interest rate during the Mortgage Extension Period shall in no event be less than twelve (12%) percent per annum, nor in excess of the highest legal rate then permitted.

6. Reimbursement to Certain Tenant Purchasers for Increase in Monthly Maintenance Charges.

If, during the first twelve (12) months following the respective closings of title to the shares of the Apartment Corporation purchased by any member of the Tenant Group ("Tenant Group Purchaser"), the Apartment Corporation makes any assessments or otherwise increases the monthly Maintenance Charges payable by such Tenant Group Purchaser, then the Sponsor shall immediately reimburse such Tenant Group Purchaser for any increase in Maintenance Charges resulting therefrom.

7. Definitions.

Except as herein defined, all capitalized terms used in this Fourth Amendment which are defined in the Plan shall have the respective meanings ascribed thereto in the Plan.

8. Incorporation of the Plan.

The Plan, as modified and amended by this Fourth Amendment, is incorporated herein by reference with the same force and effect as if set forth at length herein.

9. No Material Changes.

Except as set forth in this Fourth Amendment, there are no material changes in the Plan.

DALE ESTATES, Sponsor

Dated: October __, 1983
New York, New York

EXHIBIT A

<u>Apt.</u>	<u>Shares Allocated</u>	<u>All Cash Purchase Price</u>	<u>Purchase Price with Sponsor Financing</u>	<u>Maximum Sponsor Financing</u>	<u>Minimum Cash Payment</u>
2A	563	\$ 37147.00	\$ 40243.50	\$ 34680.80	\$ 5562.70
3A	566	37361.50	40474.50	34865.60	5608.90
4A	569	37576.00	40705.50	35050.40	5655.10
5A	572	37790.50	40936.50	35235.20	5701.30
6A	575	38005.00	41167.50	35420.00	5747.50
1B	460	30347.50	32877.50	28336.00	4541.50
2B	463	30562.00	33108.50	28520.80	4587.70
3B	466	30776.50	33339.50	28705.60	4633.90
4B	469	30991.00	33570.50	28890.40	4680.10
5B	472	31205.50	33801.50	29075.20	4726.30
6B	475	31420.00	34032.50	29260.00	4772.50
2C	353	23262.00	25203.50	21744.80	3458.70
3C	356	23476.50	25434.50	21929.60	3504.90
4C	359	23691.00	25665.50	22114.40	3551.10
5C	362	23905.50	25896.50	22299.20	3597.30
6C	365	24120.00	26127.50	22484.00	3643.50
1D	455	29990.00	32492.50	28028.00	4464.50
2D	458	30204.50	32723.50	28212.80	4510.70
4D	464	30633.50	33185.50	28582.40	4603.10
5D	467	30848.00	33416.50	28767.20	4649.30
6D	470	31062.50	33647.50	28952.00	4695.50
2E	463	30562.00	33108.50	28520.80	4587.70
3E	466	30776.50	33339.50	28705.60	4633.90
4E	469	30991.00	33570.50	28890.40	4680.10
5E	472	31205.50	33801.50	29075.20	4726.30
6E	475	31420.00	34032.50	29260.00	4772.50
1F	460	30347.50	32877.50	28336.00	4541.50
2F	353	23262.00	25203.50	21744.80	3458.70
3F	356	23476.50	25434.50	21929.60	3504.90
1G	350	23047.50	24972.50	21560.00	3412.50
2G	461	30419.00	32954.50	28397.60	4556.90
3G	464	30633.50	33185.50	28582.40	4603.10
5G	470	31062.50	33647.50	28952.00	4695.50
2H	463	30562.00	33108.50	28520.80	4587.70
3H	466	30776.50	33339.50	28705.60	4633.90
4H	469	30991.00	33570.50	28890.40	4680.10
5H	472	31205.50	33801.50	29075.20	4726.30
6H	510	33357.50	36162.50	31416.00	4746.50
1I	455	29990.00	32492.50	28028.00	4464.50
3I	461	30419.00	32954.50	28397.60	4556.90
4I	464	30633.50	33185.50	28582.40	4603.10
5I	467	30848.00	33416.50	28767.20	4649.30
1JA	170	11025.00	11960.00	10472.00	1488.00
2J	353	23262.00	25203.50	21744.80	3458.70
3J	356	23476.50	25434.50	21929.60	3504.90

<u>Apt.</u>	<u>Shares Allocated</u>	<u>Purchase Price</u>	<u>Purchase Price with Sponsor Financing</u>	<u>Maximum Sponsor Financing</u>	<u>Minimum Cash Payment</u>
5J	362	\$ 23905.50	\$ 25896.50	\$ 22299.20	\$ 3597.30
6J	365	24120.00	26127.50	22484.00	3643.50
2K	463	30562.00	33108.50	28520.80	4587.70
3K	466	30776.50	33339.50	28705.60	4633.90
4K	469	30991.00	33570.50	28890.40	4680.10
5K	472	31205.50	33801.50	29075.20	4726.30
6K	475	31420.00	34032.50	29260.00	4772.50
1L	560	36932.50	40012.50	34496.00	5516.50
2L	563	37147.00	40243.50	34680.80	5562.70
3L	566	37361.50	40474.50	34865.60	5608.90
4L	569	37576.00	40705.50	35050.40	5655.10
5L	572	37790.50	40936.50	35235.20	5701.30

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THIRD AMENDMENT
TO
OFFERING PLAN FOR
27 NORTE CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Third Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Cooperative Ownership premises ("Premises") located at 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982, as amended by First Amendment, dated June 24, 1982 and Second Amendment, dated November 24, 1982 (as so amended, the "Plan"), in order to reflect certain matters that have occurred since the Presentation Date of the Plan.

The Plan is hereby amended as follows:

1. Closing of title in favor of the Apartment Corporation pursuant to the Plan.

The closing ("Closing") under the Plan took place at the offices of Skadden, Arps, Slate, Meagher & Flom, 919 Third Avenue, New York, New York 10022 at 10:00 A.M. on January 25, 1983 (the "Closing Date"). On the Closing Date, Dale Estates (the "Sponsor") conveyed title to the Premises to Hartsdale Gardens Owners Corp.

(the "Apartment Corporation") pursuant to the provisions of the Plan.

2. Reserve Fund.

In accordance with the provisions of the Plan, the net balance deposited into the reserve fund for the Apartment Corporation, in the amount of \$7,500 is being held in account No. 0397104 of Lincoln First Bank, N.A., at its Gedney Office Branch, White Plains, New York.

3. Net Closing Adjustments.

Net closing adjustments were in favor of the Sponsor, in the amount of \$11,782.52.

4. Wraparound Mortgage affecting the Premises.

At the Closing, a wraparound mortgage, in the original principal amount of \$900,000, was executed and delivered by the Apartment Corporation, as mortgagor, in favor of the Sponsor, as mortgagee.

5. Unsold Shares held by the Sponsor.

The following is a list of the outstanding unsold shares of the Apartment Corporation, all of which are currently held by the Sponsor:

<u>Apartment</u>	<u>Shares</u>
2-A	563
3-A	566
4-A	569
5-A	572

ApartmentShares (continued)

6-A	575
1-B	460
2-B	463
3-B	466
4-B	469
5-B	472
6-B	475
2-C	353
3-C	356
4-C	359
5-C	362
6-C	365
1-D	455
2-D	458
4-D	464
5-D	467
6-D	470
2-E	463
3-E	466
4-E	469
5-E	472
6-E	475
1-F	460
2-F	353
3-F	356
6-F	365
1-G	350
2-G	461
3-G	464
5-G	470
1-H	460
2-H	463
3-H	466
4-H	469
5-H	472
6-H	510
1-I	455
3-I	461
4-I	464
5-I	467
1-J	195
1-JA	170
2-J	353
3-J	356
5-J	362
6-J	365
2-K	466
3-K	466

<u>Apartment</u>	<u>Shares (continued)</u>
4-K	469
5-K	472
6-K	475
1-L	560
2-L	563
3-L	566
4-L	569
5-L	572
47-S	465
47-A	435

6. Price Increases With Respect to Unsold Shares.

The prices for the blocks of unsold shares of the Apartment Corporation allocated to the following apartment lines are hereby increased as follows:

<u>Apartment Line</u>	<u>Total Cash Payments</u>
C/J/F	\$55,750
B/D/E	.
G/E/I/K	68,850
A/L	79,850

The total price increase with respect to the offering made under the Plan as a result of the foregoing is the amount of \$1,018,480.

7. Sale of Unsold Shares by Purchase Agreement.

As of the Closing Date, all shares of the Apartment Corporation allocated to apartment units at the Premises were issued and are currently outstanding. Ac-

Accordingly, the form of subscription agreement appearing in Part II, Section A of the Plan is no longer applicable for purposes of the sale of shares of the Apartment Corporation. From and after the Closing Date, all sales of blocks of unsold shares of the Apartment Corporation allocated to apartments at the Premises held by the Sponsor, or its designee, will be made by purchase agreement.

8. Assignment of Proprietary Leases by Tenant-Shareholders During the Period While the Sponsor Controls the Board of Directors. Notwithstanding anything to the contrary contained in subsections 16(a)(vi) or (c) of the form of Proprietary Lease for Apartments at the Premises, so long as the Sponsor has the right to elect a majority of the members of the Board of Directors of the Apartment Corporation, the Sponsor hereby agrees not to unreasonably withhold its consent to (i) the proposed assignment of any such proprietary lease and (ii) the transfer of shares of the Apartment Corporation to which any such lease is appurtenant, by any tenant-shareholder of the Apartment Corporation.

9. Limited Offer to Certain Tenant Occupants.

Part I, Section A(2) of the Plan entitled "30% Lower Price for the Shares Purchased by Tenants During a Limited Period of Time; 35% Lower Price in the Case of all Cash Purchases", is further amended in order to enti-

tle a Qualified Tenant, for a period of thirty (30) days after the date upon which this Third Amendment is accepted for filing by the Office of the Attorney General of the State of New York, to execute and deliver to the Sponsor a purchase agreement together with the requisite downpayment under the Plan, for blocks of shares of the Apartment Corporation allocated to one (1) Apartment in the Building at the Lower Price and to receive the Sponsor financing packages with respect thereto, as originally offered under the Plan prior to the Closing Date, and otherwise upon the terms and conditions set forth in the Plan. The Lower Price which is continued to be offered hereunder is in the amount of \$77 per share in the case of Qualified Tenants electing to receive Sponsor financing and \$71.50 per share in the case of all cash purchases by Qualified Tenants.

10. Incorporation of the Plan.

The Plan, as modified by this Amendment, is incorporated herein by reference with the same force and effect as if set forth at length.

11. Definitions.

Unless the contexts otherwise clearly indicates a contrary intent or unless otherwise specifically provided herein, all terms used in this Amendment which are

defined in the Plan shall be deemed to have the respective meanings ascribed thereto in the Plan.

12. No other material changes in the Plan.

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

Dated: May 6, 1983.

DALE ESTATES, SPONSOR

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SECOND AMENDMENT TO
OFFERING PLAN
FOR
27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this Second Amendment is to modify and supplement the Offering Plan - A Plan to Convert to Cooperative Ownership premises ("Premises") 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982 ("Plan"), in order to reflect certain matters that have occurred since the Presentation Date of the Plan.

1. Plan Declared Effective.

In accordance with Part I, Section I of the Plan beginning at page 82 thereof, Dale Estates ("Sponsor") hereby declares the Plan effective. Written notice has heretofore been provided to all purchasers and tenants in the manner as provided in the Plan. As of the date hereof, more than fifteen (15%) percent of tenants in occupancy of residential apartments ("Apartments") in the Premises have executed subscription agreements for the sale of shares of Hartsdale Gardens Owners Corp. ("Apartment Corporation") allocated to Apartments located thereat. The Apartments for which Subscription Agreements have been executed and accepted are set forth in Schedule A to this Second Amendment.

Checks for the required subscriber downpayments have been deposited with Lincoln First Bank, N.A., 31 Mamarcheck Avenue, White Plains, New York 10601, until such time as this Amendment, or an amendment in form similar in all material respects to this Amendment, is accepted for filing by the Office of the Attorney General of the State of New York and one of the following events shall have occurred (i) the acquisition of title to the Premises by the Apartment Corporation, (ii) a subscriber defaults under his Subscription Agreement or (iii) the Plan is abandoned as a result of the existence of a defect in title to the Premises which cannot be reasonably cured as provided in Part I, Section I of the Plan.

2. Definitions.

Except as herein defined, all capitalized terms used in this Second Amendment which are defined in the Plan shall have the respective meanings ascribed to such terms in the Plan.

3. Incorporation of the Plan.

The Plan, as modified and supplemented by this Second Amendment, is incorporated herein by reference with the same force and effect as if set forth at length.

4. No Material Chances.

Except as set forth in this Amendment, there are
no material changes in the Plan.

Dated: November 24, 1982
New York, New York

DALE ESTATES, Sponsor

By: Robert S. S. [Signature]
Partner

SCHEDULE A

<u>I.</u>	<u>Name of Purchaser(s)</u>	<u>Apartment Purchased</u>	<u>Number of Shares</u>
	Arnold R. Bell and Rosana Bell	6-L	575
	Nancy Ressler	1-K	460
	Marie Pearson and Eugene Pearson	1-E	460
	Anita R. Boehmer	4-J	359
	Robin Harris	6-G	375
	Jacqueline Lipton	5-F	362
	Philip Nassar and Michele Nassar	6-I	470
	Matthew T. Brennan and Susan A. Brennan	4-G	467
	Anita Pasmantier	4-F	359
	Terry L. Frankel	1-E	495
	Leif Johansson and Catherine Johansson	2-I	458

II. Number of Apartments
purchased by tenants
in occupancy at the
Premises.

11

Total number of
Apartments located
at the Premises
being offered under
the Plan and occupied
by tenants as of the
date hereof.

71

FIRST AMENDMENT TO
OFFERING PLAN
FOR
27 NORTH CENTRAL AVENUE
HARTSDALE, NEW YORK

The purpose of this First Amendment is to amend the Offering Plan - A Plan to Convert to Cooperative Ownership premises 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982 ("Plan") in order to extend the exclusive right of tenants in occupancy to purchase their Apartments at the Lower Price for ninety (90) days after the Presentation Date for an additional thirty (30) days from and after the date hereof.

The Plan is hereby amended as follows:

1. 30% Lower Price for the Shares Purchased by Tenants During a Limited Period of Time; (35% Lower Price in the case of all cash Purchases).

Part I, Section A(2) of the Plan is hereby deleted and replaced by the following:

As indicated on Schedule A, the Sponsor will provide a thirty (30%) percent reduction in the Total Cash Payment ("Lower Price") to certain tenant purchasers. To qualify for the lower price, a tenant ("Qualified Tenant") must occupy an Apartment and be entitled to the benefits of the State Rent Laws both at the time the Plan is presented and at the time the tenant signs a Subscription

Agreement. Additionally, any Qualified Tenant electing not to utilize Sponsor's financing (as more particularly described in Part I, Section L(1) of this Plan) and who pays the Total Cash Payment for the block of shares allocated to his Apartment entirely in cash, shall be entitled to receive an additional five (5%) percent reduction in the Total Cash Payment required for his Apartment, resulting in a total reduction in the Total Cash Payment payable by any such Qualified Tenant of thirty-five (35%) percent. Subject to the last sentence of this paragraph, the Lower Price shall only be effective for Qualified Tenants who execute Subscription Agreements for the shares allocated to Apartments and make the required downpayment prior to the later of (i) thirty (30) days after the date of this Amendment or (ii) the Closing Date. Pursuant to the rights of tenants in occupancy, as set forth in Part I, Section H of this Plan, the Sponsor will provide the Lower Price to a Qualified Tenant with respect to (i) the shares allocated to the Apartment he occupies, (ii) the shares allocated to an Apartment, if any, which is vacant and otherwise available for sale on the Presentation Date, or which becomes vacant at any time prior to the date

("Closing Date") on which the Apartment Corporation acquires title to the Property or (iii) the shares allocated to any Apartment, other than the one the Qualified Tenant occupies, subject to the occupying tenant's prior exclusive right to purchase his Apartment for thirty (30) days after the date of this Amendment, if no other purchaser has entered into a Subscription Agreement and makes the requisite downpayment theretofore for the purchase of such shares; provided, however, that no Qualified Tenants shall, under any circumstances, be entitled to purchase more than one Apartment at the Lower Price. A Qualified Tenant has a thirty (30) day exclusive period after the date of this Amendment to execute a Subscription Agreement and make the required downpayment for the shares allocated to his Apartment. In the event a Qualified Tenant does not execute a Subscription Agreement and make the required downpayment for the shares allocated to his Apartment prior to the expiration of thirty (30) days after the date of this Amendment and prior to the Closing Date, if a non-occupant executes a Subscription Agreement and makes the required downpayment for the shares allocated to the Apartment occupied by the Qualified Tenant,

the Qualified Tenant shall no longer have the right to purchase the shares allocated to his Apartment.

2. Rights and Obligations with Respect to Existing Tenancies.

The second, third and fourth paragraphs of Part I, Section H(1) of the Plan at pages 72-75, are hereby deleted and replaced by the following:

Notwithstanding the foregoing, the Apartment Corporation and the Sponsor have agreed that each tenant who occupies an Apartment on the Presentation Date has the exclusive right to purchase the shares allocated to his Apartment for a period of thirty (30) days from the date of this Amendment, provided the tenant is still in occupancy of his Apartment at the time the tenant executes a Subscription Agreement. Any Qualified Tenant may purchase the shares allocated to his Apartment at the Lower Price, if he executes a Subscription Agreement for the shares allocated to his Apartment and makes the required downpayment, prior to the later of (i) thirty (30) days after the date of this Amendment or (ii) the Closing Date. In the event a Qualified Tenant does not execute a Subscription Agreement and make the required downpayment for the shares allocated to his Apartment prior to the

expiration of thirty (30) days after the date of this Amendment, and prior to the Closing Date a non-occupant executes a Subscription Agreement and makes the required downpayment for the shares allocated to the Apartment occupied by the Qualified Tenant, the Qualified Tenant shall no longer have the right to purchase the shares allocated to his Apartment.

So long as tenants who occupy Apartments on the Presentation Date have the exclusive right to purchase the shares allocated to their respective Apartments, the Selling Agent will not show such Apartments to prospective purchasers unless the tenant moves out of his Apartment or the Selling Agent receives written advice from the tenant waiving his exclusive right to purchase his Apartment and consenting to the showing of his Apartment. In the latter case, the Selling Agent may exercise whatever right the landlord may have under the tenant's existing lease and/or applicable law to show such Apartment to prospective purchasers and also to accept unconditionally a Subscription Agreement from any prospective purchaser of the shares allocated to such Apartment. So long as tenants who occupy Apartments on the Presentation Date have the exclusive right to purchase the shares allocated to their respective Apartments, the Apartment.

Corporation shall be obligated to conditionally accept Subscription Agreements from any non-occupant with respect to the shares allocated to any such Apartment with the understanding that if the tenant who occupies such Apartment on the Presentation Date executes a Subscription Agreement for the shares allocated to his Apartment and makes the required downpayment prior to thirty (30) days after the date of this Amendment, then the Apartment Corporation will cancel the Subscription Agreement executed between it and such non-occupant and refund to such non-occupant the downpayment relating thereto.

Qualified Tenants may submit to the Selling Agent a signed Subscription Agreement (and downpayment) for the shares allocated to another Apartment in addition to (or instead of) their own Apartment at the Lower Price provided the executed Subscription Agreement and required downpayment are made prior to the later of (i) thirty (30) days after the date of this Amendment or (ii) the Closing Date, and provided that no other purchaser has entered into a Subscription Agreement and made the required downpayment theretofore for the purchase of such shares. Although a Subscription Agreement for any Apartment occupied by another tenant will not be accepted until the occupying tenant's exclusive right to purchase

his Apartment terminates, such Subscription Agreement will be accepted immediately after such expiration if the tenant of such Apartment, if any, has not theretofore submitted a Subscription Agreement for his Apartment. If a Subscription Agreement has been submitted by the tenant of such Apartment, the Selling Agent will promptly return any other Subscription Agreement and downpayment relating thereto. If a Subscription Agreement from a tenant for shares allocated to another Apartment is accepted, such tenant may, at his option, cancel the Subscription Agreement for his Apartment and require that it be returned to him with the accompanying downpayment. Subject to the exclusive right of a tenant occupying an Apartment on the Presentation Date to purchase the shares allocated to his Apartment, Subscription Agreements for Apartments will be accepted by the Apartment Corporation on a "first come, first served" basis.

3. Incorporation of the Plan.

The Plan, as modified by this Amendment, is incorporated herein by reference with the same force and effect as if set forth at length.

4. Definitions.

Unless the context otherwise clearly indicates a contrary intent or unless otherwise specifically provided herein, all terms used in this Amendment which are defined in the Plan shall be deemed to have the respective meanings as set forth in the Plan.

5. No Other Material Changes in the Plan.

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

Dated: June 24, 1982.

DALE ESTATES

RISKS INVOLVED IN THE EXECUTION OF
A SUBSCRIPTION AGREEMENT

PURCHASERS OF THE APARTMENTS OFFERED UNDER THIS PLAN WILL BE REQUIRED TO EXECUTE AND DELIVER A SUBSCRIPTION AGREEMENT IN THE FORM SET FORTH IN PART II, SECTION A OF THIS PLAN FOR THE SHARES OF THE APARTMENT CORPORATION ALLOCABLE TO SUCH APARTMENTS, TOGETHER WITH A DOWNPAYMENT OF ONE THOUSAND (\$1000) DOLLARS. EXCEPT FOR SPONSOR FINANCING IN ACCORDANCE WITH PART I, SECTION L(1) OF THIS PLAN PURSUANT TO WHICH SPONSOR WILL LEND CERTAIN QUALIFIED TENANTS UP TO EIGHTY-FIVE (85%) PERCENT OF THE TOTAL CASH PAYMENT FOR THE PURCHASE OF THE SHARES ALLOCATED TO THEIR APARTMENTS, THE SUBSCRIPTION AGREEMENT IS NOT CONTINGENT UPON THE PURCHASER'S OBTAINING FINANCING FOR THE BALANCE OF THE TOTAL CASH PRICE OF THE APARTMENT. ANY PURCHASER WHO DOES NOT PAY THE BALANCE OF THE TOTAL CASH PAYMENT WITHIN THE REQUIRED TIME PERIOD AS SPECIFIED IN THE SUBSCRIPTION AGREEMENT MAY FORFEIT THE DOWNPAYMENT (BUT NOT IN EXCESS OF TEN (10%) OF THE TOTAL CASH PAYMENT REQUIRED THEREUNDER).

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INTRODUCTION

Dale Estates ("Sponsor") is the owner of the building ("Building") at 27, 37 and 47 North Central Avenue, Hartsdale, New York and the land (the "Land") on which the Building stands (the Building and Land being referred to collectively as the "Property") and has entered into an agreement to contribute the Property to Hartsdale Gardens Owners Corp. ("Apartment Corporation") in exchange for cash and shares of stock in the Apartment Corporation. Pursuant to this Offering Plan ("Plan") the Apartment Corporation is offering its shares, all of which have been allocated in blocks to residential apartments and professional offices located in the Building (individually, the "Apartment" and collectively, the "Apartments"), to raise monies for the cash portion of the consideration to the Sponsor in exchange for the Property. The seventy-three (73) residential Apartments in the Building are being assigned to the Apartment Corporation. One of the residential Apartments shall be occupied by the Building's full time superintendent ("Superintendent") and the Building's porter occupies certain basement space at the Building. No shares have been allocated to either the residential Apartment occupied by the Superintendent or the basement space occupied by the Building porter. The remaining seventy-two (72) residential Apartments are offered for

sale under this Plan. In addition, there are three (3) professional office tenancies and one (1) commercial tenancy located in the Building. The landlord's interests under the commercial tenancy and one of the professional tenancies are being assigned to the Apartment Corporation, are not to be offered for sale under this Plan and in respect of which no shares have been allocated. (See Section U(2) of Part I of this Plan.) The remaining two (2) units occupied as professional offices are not being assigned to the Apartment Corporation and shares have been allocated to such offices; however, the same shall be excluded entirely from all computations made for purposes of determining whether this Plan may be declared effective and such shares, so allocated to the professional offices, are to be held by Sponsor under the Plan and will not be offered for public sale at this time either to tenants in occupancy of such units in the Building or otherwise. Some of the Apartments offered for sale under this Plan may be subdivided or combined by the Sponsor at the request of individual purchasers or otherwise on the terms and subject to the conditions described under Part I, Section A of this Plan.

The prices for ("Total Cash Payment"), and the blocks of shares allocated to, the Apartments, the estimated

annual rent (customarily called "Maintenance Charges") for each Apartment for the first year of cooperative operation, a calculation of the estimated amount of tax deductions that may be available to tenant-shareholders based on the estimated receipts and expenses for the first year after the conveyance of title to the Property to the Apartment Corporation in accordance with the terms of this Plan and other financial information with respect to such Apartments as calculated by Seymour Orlofsky, Inc. (hereinafter sometimes referred to as either the "Managing Agent" or "Selling Agent"), in its capacity as managing agent of the Property, are set forth in Schedule A to Part I, Section A of this Plan. PRICES FOR APARTMENTS HAVE BEEN SET BY THE SPONSOR AND ARE NOT SUBJECT TO APPROVAL BY ANY GOVERNMENT AGENCY. The reader is directed to the opinion of Messrs. Skadden, Arps, Slate, Meagher & Flom, counsel to the Sponsor, set forth in Part I, Section E of this Plan, for a discussion of the factors upon which the availability or non-availability of income tax deductions will depend.

A purchaser of an Apartment offered hereby will buy shares of the Apartment Corporation, the ownership of which entitles the purchaser to a special lease (commonly known as a "Proprietary Lease") of the Apartment to which such shares are allocated. As a shareholder, the Apartment

owner will have the right to vote annually for the Board of Directors which will conduct the affairs of the Apartment Corporation and supervise the operation of the Property. As a tenant, he will pay as Maintenance Charges (rent) a proportionate share of the Apartment Corporation's cash requirements for the operation and maintenance of the Property and the creation of such reserves for contingencies as the Board of Directors may deem proper. As a tenant, he also will be responsible for the decoration and repair of his Apartment and maintenance of appliances. (See Paragraph 18 of the Proprietary Lease, Part II, Section B of this Plan.) The agreement to purchase shares of the Apartment Corporation ("Subscription Agreement") may be found in Part II, Section A of this Plan. The By-Laws of the Apartment Corporation, are contained in Part II, Section C of this Plan. A summary of the principal provisions of the Proprietary Lease may be found in Part I, Section N of this Plan and a copy of the Proprietary Lease is set forth in its entirety in Part II, Section B of this Plan.

This is a Non-Eviction Plan (as such capitalized term is defined in Section 352(eee) of the New York General Business Law ("Section 352(eee)")) and may not be declared effective until at least fifteen (15%) percent of those tenants in occupancy of residential Apartments located in

the Building as of the date upon which the Plan is declared effective (as provided in Part I, Section I of this Plan) shall have consented to purchase under the Plan. Section 352(eee) grants certain additional rights and privileges to tenants in occupancy of residential Apartments located in the Building whether or not they wish to purchase the shares allocated to their Apartments. The applicable provisions of Section 352(eee) are summarized in Part I, Section H and printed in full at Part II, Section D of this Plan.

As of the date of this Plan, the thirty-two (32) residential Apartments* in the Building offered for sale hereby subject to the New York State Emergency Housing Rent Control Law, as amended ("Control Law") and the Rent and Eviction Regulations ("Rent Regs.") promulgated by the New York State Division of Housing and Community Renewal ("HCR") pursuant thereto are identified by the letter "R" on Schedule A hereof and the forty (40) residential Apartments subject to the Emergency Tenant Protection Act of 1974, as amended, ("Protection Act") and the Tenant Protection Regulations ("Protection Regs.") promulgated by HCR pursuant

* Apartment 1-A, which is occupied by the Superintendent and not being offered for sale pursuant to this Plan is also subject to the Control Law and Rent Regs.

thereto are identified by the letter "P" on Schedule A hereof (the Control Law, Rent Regs., Protection Act and Protection Regs. being hereinafter collectively referred to as the "State Rent Laws"). The State Rent Laws grant certain rights and privileges to tenants in occupancy of Apartments in the Building subject to the State Rent Laws on the date of presentation of this Plan ("Presentation Date") whether or not they wish to purchase the shares allocated to their Apartments. Since the Sponsor has elected to present this Plan without complying with the requirements of Section 35(3)(h) and 54 of the Protection Regs. and Section 55(3) of the Rent Regs., under existing law and pursuant to the provisions of paragraph 22 of each Proprietary Lease and Article V, Section 8 of the By-Laws, a tenant in occupancy of an Apartment subject to the Protection Regs. or the Rent Regs. on the Presentation Date will have the right to remain in occupancy of his Apartment even if the shares of the Apartment Corporation allocated to his Apartment are sold to a tenant residing in another Apartment or to a nontenant, as long as the tenant in occupancy is not in default in his obligations under his lease or tenancy. On the other hand, if a tenant in occupancy on the Presentation Date is not entitled, or thereafter ceases to be entitled, to the benefits of the Protection Regs. or Rent

Regs. he may not have the right to continue to occupy his Apartment following the expiration of his lease, if any, or tenancy. Tenants who now occupy their Apartments are under no obligation to purchase the shares of the Apartment Corporation allocated to their Apartments. The applicable provisions of the State Rent Laws are discussed in Part I, Section H and printed in part at Part II, Sections E and F of this Plan.

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OFFERING STATEMENT

27 North Central Avenue

PART I

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Schedule A

Purchase Prices, Share Allocations to Apartments and
Related Information at Date of Presentation of the Plan

27 North Central Avenue

**SCHEDULE OF PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS,
ESTIMATED MAINTENANCE CHARGES (RENTS) AND ESTIMATED INCOME
TAX DEDUCTIONS FOR THE FIRST YEAR OF COOPERATIVE OPERATION (1)**

Apt.	Subject to Protection Regs. or Rent Regs.	Rooms and Baths (1)	Shares Allocated	Share Purchase Price @ \$1.00 Per Share	Additional Cash Payment by Tenant	Total Cash Payment by Tenant	Additional Cash Payment by those Tenant Purchasers Entitled to Reduced Price @ \$76.00 Per Share	Total Cash Payment by Tenant Purchasers Entitled to Reduced Price @ \$77.00 Per Share	Approximate Amount of Mortgage Applicable to Shares (@ \$27.159972 Per Share)	Estimated Annual Main- tenance Charges (@ \$8.55 Per Share)	Estimated Monthly Main- tenance Charges (@ \$0.7125 Per Share)	Estimated First Year Income Tax Deduction (@ \$3.6274 Per Share)
1A	R	5 1/2-2	563	\$563	\$61,367	\$61,930	\$42,788	\$43,351	\$15,291.06	\$4,813.65	\$401.14	\$2,042.23
2A	P	5 1/2-2	566	566	61,694	62,260	43,016	43,582	15,372.54	4,839.30	403.28	2,053.11
3A	R	5 1/2-2	569	569	62,021	62,590	43,244	43,813	15,454.02	4,864.95	405.41	2,063.99
4A	R	5 1/2-2	572	572	62,348	62,920	43,472	44,044	15,535.50	4,890.60	407.55	2,074.87
5A	R	5 1/2-2	575	575	62,675	63,250	43,700	44,275	15,616.98	4,916.25	409.69	2,085.76
6A	P	5 1/2-2										
1B	R	4 1/2-1	460	460	50,140	50,600	34,960	35,420	12,493.59	3,933.00	327.75	1,668.60
2B	P	4 1/2-1	463	463	50,467	50,930	35,188	35,651	12,575.07	3,958.65	329.89	1,679.49
3B	R	4 1/2-1	466	466	50,794	51,260	35,416	35,882	12,656.55	3,984.30	332.03	1,690.37
4B	R	4 1/2-1	469	469	51,121	51,590	35,644	36,113	12,738.03	4,009.95	334.16	1,701.25
5B	P	4 1/2-1	472	472	51,448	51,920	35,872	36,344	12,819.51	4,035.60	336.30	1,712.13
6B	R	4 1/2-1	475	475	51,775	52,250	36,100	36,575	12,900.99	4,061.25	338.44	1,723.02
1C	P	3 1/2-1	350	350	38,150	38,500	26,600	26,950	9,505.99	2,992.50	249.38	1,269.59
2C	P	3 1/2-1	353	353	38,477	38,830	26,828	27,181	9,587.47	3,018.15	251.51	1,280.47
3C	P	3 1/2-1	356	356	38,804	39,160	27,056	27,412	9,668.95	3,043.80	253.65	1,291.35
4C	P	3 1/2-1	359	359	39,131	39,490	27,284	27,643	9,750.43	3,069.45	255.79	1,302.24
5C	P	3 1/2-1	362	362	39,458	39,820	27,512	27,874	9,831.91	3,095.10	257.93	1,313.12
6C	P	3 1/2-1	365	365	39,785	40,150	27,740	28,105	9,913.39	3,120.75	260.06	1,324.00

P - Subject to the Protection Regs.; R - Subject to the Rent Regs. See Section H of this Plan.
THE ACCOMPANYING NOTES BEGINNING AT PAGE 6 ARE AN INTEGRAL PART OF THIS SCHEDULE AND SHOULD BE READ IN CONJUNCTION WITH THIS SCHEDULE.

Schedule A

**Purchase Prices, Share Allocations to Apartments and
Related Information at Date of Presentation of the Plan**

27 North Central Avenue

**SCHEDULE OF PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS,
ESTIMATED MAINTENANCE CHARGES (RENTS) AND ESTIMATED INCOME
TAX DEDUCTIONS FOR THE FIRST YEAR OF COOPERATIVE OPERATION (1)**

Apt.	Subject to Protection Regs. or Rent Regs.	Rooms and Baths	Shares Allocated	Share Purchase Price @ \$1.00 Per Share	Additional Cash Payment by Tenant	Total Cash Payment by Tenant	Additional Cash Payment by those Tenant Purchasers Entitled to Reduced Price @ \$76.00 Per Share	Total Cash Payment by Tenant Purchasers Entitled to Reduced Price @ \$77.00 Per Share	Approximate Amount of Mortgage Applicable to Shares (@ \$27.159972 Per Share)	Estimated Annual Main- tenance Charges (@ \$8.55 Per Share)	Estimated Monthly Main- tenance Charges (@ \$0.7125 Per Share)	Estimated First Year Income Tax Deduction (@ \$3,627.4 Per Share)
1D	R	4½-1	455	\$455	\$49,595	\$50,050	\$34,580	\$35,035	\$12,357.79	\$3,890.25	\$324.19	\$1,650.47
2D	R	4½-1	458	458	49,922	50,380	34,808	35,266	12,439.27	3,915.90	326.33	1,661.35
3D	R	4½-1	461	461	50,249	50,710	35,036	35,497	12,520.75	3,941.55	328.46	1,672.23
4D	P	4½-1	464	464	50,576	51,040	35,264	35,728	12,602.23	3,967.20	330.60	1,683.11
5D	P	4½-1	467	467	50,903	51,370	35,492	35,959	12,683.71	3,992.85	332.74	1,694.00
6D	P	4½-1	470	470	51,230	51,700	35,720	36,190	12,765.19	4,018.50	334.88	1,704.88
1E	P	4-1	495	495	53,955	54,450	37,620	38,115	13,444.19	4,232.25	352.69	1,795.56
2E	R	4½-1	463	463	50,467	50,930	35,188	35,651	12,575.07	3,958.65	329.89	1,679.49
3E	R	4½-1	466	466	50,794	51,260	35,416	35,882	12,656.55	3,984.30	332.03	1,690.37
4E	R	4½-1	469	469	51,121	51,590	35,644	36,113	12,738.03	4,009.95	334.16	1,701.25
5E	P	4½-1	472	472	51,448	51,920	35,872	36,344	12,819.51	4,035.60	336.30	1,712.13
6E	P	4½-1	475	475	51,775	52,250	36,100	36,575	12,900.99	4,061.25	338.44	1,723.02
1F	P	4½-1	460	460	50,140	50,600	34,960	35,420	12,493.59	3,933.00	327.75	1,668.60
2F	R	3½-1	353	353	38,477	38,830	26,828	27,181	9,587.47	3,018.15	251.51	1,280.47
3F	P	3½-1	356	356	38,804	39,160	27,056	27,412	9,668.95	3,043.80	253.65	1,291.35
4F	R	3½-1	359	359	39,131	39,490	27,284	27,643	9,750.43	3,069.45	255.79	1,302.24
5F	P	3½-1	362	362	39,458	39,820	27,512	27,874	9,831.91	3,095.10	257.93	1,313.12
6F	P	3½-1	365	365	39,785	40,150	27,740	28,105	9,913.39	3,120.75	260.06	1,324.00

P - Subject to the Protection Regs.; R - Subject to the Rent Regs. See Section H of this Plan.

THE ACCOMPANYING NOTES BEGINNING AT PAGE 6 ARE AN INTEGRAL PART OF THIS SCHEDULE AND SHOULD BE READ IN CONJUNCTION WITH THIS SCHEDULE.

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SCHEDULE OF PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS,
ESTIMATED MAINTENANCE CHARGES (RENTS) AND ESTIMATED INCOME
TAX DEDUCTIONS FOR THE FIRST YEAR OF COOPERATIVE OPERATION (1)

Apt.	Subject to Protection Regs. or Rent Regs.	Rooms and Baths (1)	Shares Allocated	Share Purchase Price @ \$1.00 Per Share	Additional Cash Payment by Tenant	Total Cash Payment by Tenant	Additional Cash Payment by those Tenant Purchasers Entitled to Reduced Price	Total Cash Payment by Tenant Purchasers Entitled to Reduced Price	Approximate Amount of Mortgage Applicable to Shares (@ \$27.159972 Per Share)	Estimated Annual Main- tenance Charges (@ \$8.55 Per Share)	Estimated Monthly Main- tenance Charges (@ \$0.7125 Per Share)	Estimated First Year Income Tax Deduction (@ \$3.6274 Per Share)
					(2)	(2)	(2)	(2)	(3)	(4)	(4)	(5)
1G	P	3 1/2-1	350	\$350	\$38,150	\$38,500	\$26,600	\$26,950	\$9,505.99	\$2,992.50	\$249.38	\$1,269.59
2G	R	4 1/2-1	461	461	50,249	50,710	35,036	35,497	12,520.75	3,941.55	328.46	1,672.23
3G	R	4 1/2-1	464	464	50,576	51,040	35,264	35,728	12,602.23	3,967.20	330.60	1,683.11
4G	R	4 1/2-1	467	467	50,903	51,370	35,492	35,959	12,683.71	3,992.85	332.74	1,694.00
5G	R	4 1/2-1	470	470	51,230	51,700	35,720	36,190	12,765.19	4,018.50	334.88	1,704.88
6G	R	4 1/2-1	375	375	40,875	41,250	28,500	28,875	10,184.99	3,206.25	267.19	1,360.28
1H	P	4 1/2-1	460	460	50,140	50,600	34,960	35,420	12,493.59	3,933.00	327.75	1,668.60
2H	R	4 1/2-1	463	463	50,467	50,930	35,188	35,651	12,575.07	3,958.65	329.89	1,679.49
3H	P	4 1/2-1	466	466	50,794	51,260	35,416	35,882	12,656.55	3,984.30	332.03	1,690.37
4H	P	4 1/2-1	469	469	51,121	51,590	35,644	36,113	12,738.03	4,009.95	334.16	1,701.25
5H	P	4 1/2-1	472	472	51,448	51,920	35,872	36,344	12,819.51	4,035.60	336.30	1,712.13
6H	R	5 1/2-1	510	510	55,590	56,100	38,760	39,270	13,851.59	4,360.50	363.38	1,849.97
1I	P	4 1/2-1	455	455	49,595	50,050	34,580	35,035	12,357.79	3,890.25	324.19	1,650.47
2I	P	4 1/2-1	458	458	49,922	50,380	34,808	35,266	12,439.27	3,915.90	326.33	1,661.35
3I	P	4 1/2-1	461	461	50,249	50,710	35,036	35,497	12,520.75	3,941.55	328.46	1,672.23
4I	P	4 1/2-1	464	464	50,576	51,040	35,264	35,728	12,602.23	3,967.20	330.60	1,683.11
5I	P	4 1/2-1	467	467	50,903	51,370	35,492	35,959	12,683.71	3,992.85	332.74	1,694.00
6I	P	4 1/2-1	470	470	51,230	51,700	35,720	36,190	12,765.19	4,018.50	334.88	1,704.88

P - Subject to the Protection Regs.; R - Subject to the Rent Regs. See Section H of this Plan.

THE ACCOMPANYING NOTES BEGINNING AT PAGE 6 ARE AN INTEGRAL PART OF THIS SCHEDULE AND SHOULD BE READ IN CONJUNCTION WITH THIS SCHEDULE.

Schedule A

**Purchase Prices, Share Allocations to Apartments and
Related Information at Date of Presentation of the Plan**

27 North Central Avenue

**SCHEDULE OF PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS,
ESTIMATED MAINTENANCE CHARGES (RENTS) AND ESTIMATED INCOME
TAX DEDUCTIONS FOR THE FIRST YEAR OF COOPERATIVE OPERATION (1)**

Apt.	Subject to Protection Regs. or Rent Regs.	Rooms and Baths (1)	Shares Allocated	Share Purchase Price @ \$1.00 Per Share	Additional Cash Payment by Tenant	Total Cash Payment by Tenant	Additional Cash Payment by Tenant	Total Cash Payment by Tenant	Approximate Amount of Mortgage Applicable to Shares (@ \$27.159972 Per Share)	Estimated Annual Main- tenance Charges (@ \$8.55 Per Share)	Estimated Monthly Main- tenance Charges (@ \$0.7125 Per Share)	Estimated First Year Income Tax Deduction (@ \$3,627.4 Per Share) (5)
1J	P	2 1/2-1	195	\$195	\$21,255	\$21,450	\$14,820	\$15,015	\$5,296.19	\$1,667.25	\$138.94	\$707.34
1JA	P	2-1	170	170	18,530	18,700	12,920	13,090	4,617.20	1,453.50	121.13	616.66
2J	R	3 1/2-1	353	353	38,477	38,830	26,828	27,181	9,587.47	3,018.15	251.51	1,280.47
3J	R	3 1/2-1	356	356	38,804	39,160	27,056	27,412	9,668.95	3,043.80	253.65	1,291.35
4J	P	3 1/2-1	359	359	39,131	39,490	27,284	27,643	9,750.43	3,069.45	255.79	1,302.24
5J	P	3 1/2-1	362	362	39,458	39,820	27,512	27,874	9,831.91	3,095.10	257.93	1,313.12
6J	R	3 1/2-1	365	365	39,785	40,150	27,740	28,105	9,913.39	3,120.75	260.06	1,324.00
1K	R	4 1/2-1	460	460	50,140	50,600	34,960	35,420	12,493.59	3,933.00	327.75	1,668.60
2K	R	4 1/2-1	463	463	50,467	50,930	35,188	35,651	12,575.07	3,958.65	329.89	1,679.49
3K	R	4 1/2-1	466	466	50,794	51,260	35,416	35,882	12,656.55	3,984.30	332.03	1,690.37
4K	P	4 1/2-1	469	469	51,121	51,590	35,644	36,113	12,738.03	4,009.95	334.16	1,701.25
5K	P	4 1/2-1	472	472	51,448	51,920	35,872	36,344	12,819.51	4,035.60	336.30	1,712.13
6K	R	4 1/2-1	475	475	51,775	52,250	36,100	36,575	12,900.99	4,061.25	338.44	1,723.02
1L	R	5 1/2-2	560	560	61,040	61,600	42,560	43,120	15,209.58	4,788.00	399.00	2,031.34
2L	R	5 1/2-2	563	563	61,367	61,930	42,788	43,351	15,291.06	4,813.65	401.14	2,042.23
3L	R	5 1/2-2	566	566	61,694	62,260	43,016	43,582	15,372.54	4,839.30	403.28	2,053.11
4L	P	5 1/2-2	569	569	62,021	62,590	43,244	43,813	15,454.02	4,864.95	405.41	2,063.99
5L	P	5 1/2-2	572	572	62,348	62,920	43,472	44,044	15,535.50	4,890.60	407.55	2,074.87
6L	P	5 1/2-2	575	575	62,675	63,250	43,700	44,275	15,616.98	4,916.25	409.69	2,085.76

P - Subject to the Protection Regs.; R - Subject to the Rent Regs. See Section H of this Plan.

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Schedule A

**Purchase Prices, Share Allocations to Apartments and
Related Information at Date of Presentation of the Plan**

27 North Central Avenue

**SCHEDULE OF PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS,
ESTIMATED MAINTENANCE CHARGES (RENTS) AND ESTIMATED INCOME
TAX DEDUCTIONS FOR THE FIRST YEAR OF COOPERATIVE OPERATION (1)**

Apt.	Subject to Protection Regs. or Rent Regs.	Rooms and Baths (1)	Shares Allocated	Share Purchase Price @ \$1.00 Per Share	Additional Cash Payment by Tenant Purchasers Not Entitled to Reduced Price and Non-Tenant Purchasers @ \$109.00 Per Share (2)	Total Cash Payment by Tenant Purchasers Not Entitled to Reduced Price and Non-Tenant Purchasers @ \$110.00 Per Share (2)	Additional Cash Payment by those Tenant Purchasers Entitled to Reduced Price @ \$76.00 Per Share (2)	Total Cash Payment by Tenant Purchasers Entitled to Reduced Price @ \$77.00 Per Share (2)	Approximate Amount of Mortgage Applicable to Shares (@ \$27.159972 Per Share) (3)	Estimated Annual Main- tenance Charges (@ \$8.55 Per Share) (4)	Estimated Monthly Main- tenance Charges (@ \$0.7125 Per Share) (4)	Estimated First Year Income Tax Deduction (@ \$3.6274 Per Share) (5)
47S	*	4½-2	465	\$465	\$50,685	\$51,150	\$35,340	\$35,805	\$12,629.39	\$3,975.75	\$331.31	\$1,686.74
47A	*	4-2	435	435	47,415	47,850	33,060	33,495	11,814.59	3,719.25	309.94	1,577.92
TOTALS			<u>33,137</u>	<u>\$33,137</u>	<u>\$3,611,933</u>	<u>\$2,518,412</u>	<u>\$2,551,549</u>	<u>\$900,000.08</u>	<u>\$283,321.35</u>	<u>\$23,610.22</u>	<u>\$120,201.17</u>	

* - Denotes Professional Offices.
THE ACCOMPANYING NOTES BEGINNING AT PAGE 6 ARE AN INTEGRAL PART OF THIS SCHEDULE AND SHOULD BE READ IN CONJUNCTION WITH THIS SCHEDULE.

NOTES TO SCHEDULE A

(1) Each Apartment should be inspected prior to purchase to determine exact layout and physical condition. If any of the Apartments are subdivided or combined, or the layout of any Apartment is substantially altered by the Sponsor, the Sponsor will file an amendment to the Plan with respect to such alteration.

PURCHASERS OF THE APARTMENTS OFFERED UNDER THIS PLAN WILL BE REQUIRED TO EXECUTE AND DELIVER A SUBSCRIPTION AGREEMENT IN THE FORM SET FORTH IN PART II, SECTION A OF THIS PLAN, FOR THE SHARES OF THE APARTMENT CORPORATION ALLOCABLE THERETO, TOGETHER WITH A DOWNPAYMENT OF ONE THOUSAND (\$1000) DOLLARS. EXCEPT FOR SPONSOR FINANCING IN ACCORDANCE WITH PART I, SECTION L(1) OF THIS PLAN, PURSUANT TO WHICH SPONSOR WILL LEND CERTAIN QUALIFIED TENANTS UP TO EIGHT-FIVE (85%) PERCENT OF THE TOTAL CASH PAYMENT FOR THE PURCHASE OF THE SHARES ALLOCATED TO THEIR APARTMENTS, THE SUBSCRIPTION AGREEMENT IS NOT CONTINGENT UPON THE PURCHASER'S OBTAINING FINANCING FOR THE BALANCE OF THE TOTAL CASH PAYMENT FOR THE APARTMENT. ANY PURCHASER WHO DOES NOT PAY THE BALANCE OF THE TOTAL CASH PAYMENT WITHIN THE REQUIRED TIME PERIOD AS SPECIFIED BY THE SUBSCRIPTION AGREEMENT MAY FORFEIT THE DOWNPAYMENT (BUT NOT IN EXCESS OF TEN (10%) PERCENT OF THE TOTAL CASH PAYMENT REQUIRED THEREUNDER).

(2) For those tenants entitled to a lower price, see the subsection of this Plan immediately following these Notes.

(3) Tenant-shareholders will have no personal liability for payment of the Apartment Corporation's mortgage except to the extent that interest and amortization payments thereon are included in the Maintenance Charges (rent). The total amount of mortgage indebtedness shown

in this column will be \$900,000 on the date the closing under this Plan takes place.

(4) Based on the Schedule of Projected Receipts and Expenses for the First Year of Cooperative Operation (which is assumed to commence on January 1, 1983) ("Projected Schedule") prepared by Seymour Orlofsky, Inc., as selling and managing agent, and set forth in Part I, Section B of this Plan. Electricity and gas used in individual Apartments is separately metered to each Apartment and is not included in the estimated Maintenance Charges (rent). Each tenant-shareholder will be responsible for the cost of his individual consumption of electricity (such individual costs not being included in the estimated Maintenance Charges (rent) allocated to each Apartment), interior repairs in, and maintenance, painting and decoration of, his Apartment as well as the cost of any insurance he may desire to obtain covering personal property and personal injury or property damage liability.

(5) The estimated tax deductions for the first year of cooperative ownership are \$3.6274 per share*, which is equivalent to approximately 42.4% of the total estimated first year's Maintenance Charges (rent) set forth on the

* Note: Based on real estate taxes actually paid for the 1981 fiscal year.

Projected Schedule appearing in Part I, Section B of this Plan. The estimated tax deductions have been prepared on the assumption that the first full year of cooperative operation will commence on January 1, 1983 and will vary with changes in the amount of real estate taxes on the Property and interest on the Apartment Corporation's mortgage indebtedness. These figures were computed by Seymour Orlofsky, Inc., as selling and managing agent, and have not been verified or approved by the Apartment Corporation, the Sponsor or their respective counsel.

2. 30% Lower Price for the Shares Purchased by Tenants During a Limited Period of Time; (35% Lower Price in the Case of all Cash Purchases).

As indicated on Schedule A, the Sponsor will provide a thirty (30%) percent reduction in the Total Cash Payment ("Lower Price") to certain tenant purchasers. To qualify for the Lower Price, a tenant ("Qualified Tenant") must occupy an Apartment and be entitled to the benefits of the State Rent Laws both at the time the Plan is presented and at the time the tenant signs a Subscription Agreement. Additionally, any Qualified Tenant electing not to utilize Sponsor's financing (as more particularly described in Part I, Section L (1) of this Plan) and who pays the Total Cash Payment for the block of shares allocated to his Apartment entirely in cash, shall be entitled

to receive an additional five (5%) percent reduction in the Total Cash Payment required for his Apartment, resulting in a total reduction in the Total Cash Payment payable by any such Qualified Tenant of thirty-five (35%) percent. Subject to the last sentence of this paragraph, the Lower Price shall only be effective for Qualified Tenants who execute Subscription Agreements for the shares allocated to Apartments and make the required downpayment prior to the later of (i) ninety (90) days after the Presentation Date or (ii) the Closing Date. Pursuant to the rights of tenants in occupancy, as set forth in Part I, Section H of this Plan, the Sponsor will provide the Lower Price to a Qualified Tenant with respect to (i) the shares allocated to the Apartment he occupies, (ii) the shares allocated to an Apartment, if any, which is vacant and otherwise available for sale on the Presentation Date, or which becomes vacant at any time prior to the date ("Closing Date") on which the Apartment Corporation acquires title to the Property or (iii) the shares allocated to any Apartment, other than the one the Qualified Tenant occupies, subject to the occupying tenant's prior exclusive right to purchase his Apartment for ninety (90) days after the Presentation Date if no other purchaser has entered into a Subscription Agreement and makes the requisite downpayment theretofore for the purchase of such shares; provided, however, that no Qualified Tenants shall, under any circumstances, be entitled to purchase more than one Apartment at

the Lower Price. A Qualified Tenant has a ninety (90) day exclusive period after the Presentation Date to execute a Subscription Agreement and make the required downpayment for the shares allocated to his Apartment. In the event a Qualified Tenant does not execute a Subscription Agreement and make the required downpayment for the shares allocated to his Apartment prior to the expiration of ninety (90) days after the Presentation Date and prior to the Closing Date, if a non-occupant executes a Subscription Agreement and makes the required downpayment for the shares allocated to the Apartment occupied by the Qualified Tenant, the Qualified Tenant shall no longer have the right to purchase the shares allocated to his Apartment.

3. Right to Change Prices, Number, Size and Layout of Apartments and Sponsor's Right to Have Model Apartments

Subject to the "reasonable relationship" requirements outlined below, the Apartment Corporation, at the direction of the Sponsor and with the approval of the Selling Agent, reserves the right at any time to change the share purchase price(s) and Additional Cash Payment and/or the number of shares allocated to some or all the Apartments as shown on Schedule A. No such change, however, will

be made (i) with respect to any Apartment for which a Subscription Agreement has been accepted or (ii) the effect of which will vary the total number of authorized shares. The number of authorized shares will be more than the number of issued shares. Share purchase price(s), Additional Cash Payments to be made by tenants for the Apartments they occupy and by non-occupants and any alterations to the layout of any Apartment are subject to change only by duly filed amendments to this Plan. If any change in an Additional Cash Payment and/or number of shares is made, a purchaser of a particular Apartment may pay more or less than another purchaser for a similar Apartment. However, no change in the price to be paid for Apartments shall affect the Maintenance Charges (rent) or share allocation of any Apartment (including Apartments comparable to Apartments whose purchase prices have changed).

The Selling Agent has advised the Apartment Corporation that, in its opinion, the price of the shares allocated to each Apartment in the Building as set forth in Schedule A of this Plan bears a reasonable relationship to the fair market value of the portion of the Apartment Corporation's equity in the Property attributable to such Apartment. The Selling Agent will not approve any change in such price prior to the Closing Date unless, in its opinion, the aforementioned reasonable relationship, as

determined on the date the change is made, is preserved. The Selling Agent's opinion as to reasonable relationship will be updated on the Closing Date.

Other substantial changes in the terms of proposed sales to tenants or non-occupants, including the manner of payment of the purchase price, may be made without prior notice and amendment to the Plan although no substantial change in the terms of sale to a tenant of the Apartment he occupies may be made without amendment to this Plan to reflect such change prior to the Closing Date.

If the number of, or Additional Cash Payment for, shares allocated to any Apartment is changed, then under the terms of the Contribution Agreement described in Part I, Section T of this Plan, when the Apartment is sold, to the extent that the number of shares or the Additional Cash Payment therefor is increased, the Sponsor will receive the resulting increase in Cash Proceeds (as such term is defined in Part I, Section T of this Plan), if any, and to the extent that the number of shares or the Additional Cash Payment therefor is decreased, the Sponsor will receive a lesser amount of Cash Proceeds.

The Sponsor reserves the right with respect to any Apartment for which a Subscription Agreement has not been executed, or with respect to which a purchaser is in default, in order to meet possible varying demand for sizes

and types of Apartments, or to meet particular requirements of prospective purchasers, or for any other reason, to change the number of Apartments by subdividing one or more Apartments into separate Apartments or combining separate Apartments into one or more Apartments, and/or to change the size and/or layout of any Apartment and/or to reallocate the shares allocated to any of the Apartments offered for sale under this Plan in connection with any such change in number and/or size and/or layout of Apartments; provided, however, that in any such event the Sponsor shall file an amendment to this Plan. Also, no such reallocation of shares can result in a change in the aggregate number of shares offered hereby except in the event of the addition to, or removal from, common areas in the Building. The term "common areas", as used herein, means all areas in the Building to which shares have not been allocated and therefore for which there are no Proprietary Leases, including the Superintendent's Apartment. Prior to the Closing Date (but not thereafter), the Sponsor will not change the number and/or size and/or layout of Apartments or reallocate the shares allocated to any of the Apartments without the prior consent of the Selling Agent and all such changes in number and/or size and/or layout of Apartments shall be made in compliance with applicable laws. The Selling Agent will

not approve any such change prior to the Closing Date unless, in its opinion, the required reasonable relationship, as determined on the date the change is made and on the Closing Date, is preserved. So long as the layout and dimensions of an Apartment conform substantially to the floor plans, a purchaser who has executed a Subscription Agreement will not be excused from purchasing the shares allocated to that Apartment and will not have any claim against the Sponsor or the Apartment Corporation.

The right of the Sponsor to place "For Sale" signs in, at or on the Building and to maintain one or more Apartments as a sales office and/or model Apartment(s) after the Closing Date shall not be subject to the approval of the Apartment Corporation or its managing agent.

The Sponsor also reserves the right, prior to and after the Closing Date, without prior notice or amendment to this Plan, to use the elevators in the Building and to use Apartments for the purpose of transporting or storing construction materials and supplies, provided such use is in a safe, neat and workmanlike manner and does not create a nuisance to other tenants.

Notwithstanding the foregoing, under the By-Laws the total authorized and issued shares may be increased in the event (i) an existing Apartment is enlarged by using space in the Building to which no shares of the Apartment

Corporation were previously allocated, (ii) such space is converted into a new residential Apartment or (iii) shares are assigned to the Superintendent's Apartment. An increase in the total number of issued shares will reduce the proportion that the number of shares owned by each shareholder bears to the total number of outstanding shares (with a concomitant reduction in the amount of the applicable deduction for income tax purposes available to each shareholder, if any), but may not result in reducing the Maintenance Charges (rent) to be paid by each tenant-shareholder, unless the Board of Directors shall otherwise determine.

All purchasers of shares of the Apartment Corporation pursuant to this Plan shall be entitled to receive from Sponsor, without charge, triple track storm windows with deluxe half screens. Such storm windows will be installed promptly after the Closing Date.

B. SCHEDULE OF PROJECTED RECEIPTS AND EXPENSES
FOR FIRST YEAR OF COOPERATIVE OPERATION
(January 1, 1983 - December 31, 1983)

RECEIPTS:

Annual Maintenance Charges (Rent)	\$ 283,321.35	
Interest Income	750.00	
Washing Machine (Note 1)	1,260.00	
Commercial and Professional Tenancy Income	<u>6,900.00</u>	
Total Estimated Receipts		<u>\$292,231.35</u>

EXPENSES:

Labor Charges (Payroll and related expenses) (Note 2)	\$ 22,000.00	
Fuel (Note 3)	91,250.00	
Light and Power (Note 4)	10,500.00	
Water Charges and Sewer Rent (Note 5)	4,000.00	
Maintenance of Building		
Plumbing, roofing, painting of Building exterior and general repairs	\$8,000.00	
Elevator Maintenance	4,500.00	
Exterminating and Sundries	500.00	
Hardware and Supplies	<u>2,000.00</u>	
		15,000.00
Insurance (Note 6)		12,500.00
Management Fee (Note 7)		7,500.00
Legal and Auditing		2,000.00
Reserve for Contingencies		5,481.35
Taxes:		
Real Estate (Note 8)		<u>41,000.00</u>
Total Operating Expenses		\$211,231.35
Mortgage Indebtedness (Note 9)		
Interest	\$81,000.00	
Amortization	<u>-0-</u>	
Total Mortgage Expense		\$ 81,000.00
Total Estimated Expenses (Note 10)		<u>\$292,231.35</u>

Notes to Schedule of Projected
Receipts and Expenses for
First Year of Cooperative Operation

1. Rental income from commercial and professional space located at the Building and laundry concession facilities. See "Management Agreement, Commercial and Professional Tenancies and Other Contractual Arrangements" at Part I, Section U, of this Plan for a full discussion thereof.
2. This amount includes an estimated 10% increase in the wage rate paid under the present agreement with the Superintendent and porter. It is assumed that staffing will continue with one superintendent and one porter.
3. Based on a fuel cost of approximately \$1.25 per gallon, inclusive of sales tax, for No. 6 fuel oil at an estimated annual consumption rate of 73,000 gallons. No representation is made that annual consumption shall remain at such levels.
4. The cost of this item is based on approximately a 17% estimated cost increase over calendar year 1980 and no representation is made that either the cost or annual consumption shall remain at such levels. The electricity in this item is only for the common areas, as the tenants in individual Apartments in the Building are separately metered and pay for their own electricity.
5. The cost of this item is based on an estimated 14% increase over the expenses incurred with respect thereto for calendar year 1980.
6. Policies covering all risks of physical loss on the following coverages are to be carried in the amounts shown and insurance binders therefor shall be in effect as of the Closing Date:

<u>Item Covered</u>	<u>Amount</u>	<u>Exposures Insured Against</u>
Building	\$3,363,750	Fire, Extended Coverage, All Risk (90% co-insurance; \$1,000 deductible per occurrence)
General Liability	\$1,000,000	Comprehensive General Liability (single limit), including personal injury, boiler, machinery

<u>Item Covered</u>	<u>Amount</u>	<u>Exposures Insured Against</u>
Fidelity Bond	\$ 100,000	Managing Agent's employees and officers
Officers and Directors Liability	250,000/ 500,000	Acts of Officers and Di- rectors of the Apart- ment Corporation
Elevator	50,000	Collision

This coverage does not include claims for personal injury or property damage resulting from occurrences in an Apartment, nor does it include the furniture or personal property of tenant-shareholders. If such coverage is desired, a tenant-shareholder should obtain a separate policy for liability and damage to the contents of his Apartment, at his own expense.

7. Based on the Management Agreement to be entered into on the Closing Date. See "Management Agreement, Commercial and Professional Tenancies and Other Contractual Arrangements" at Part I, Section U, of this Plan for a full discussion thereof.
8. (a) The following is a break down for the past five (5) fiscal years of total taxes, Land and Building assessments and tax rate for the Property.

SCHOOL TAXES

ASSESSMENT

<u>BLOCK</u>	<u>LOT</u>	<u>YEAR</u>	<u>LAND</u>	<u>BLDG.</u>	<u>TOTAL</u>	<u>TAX RATE</u>	<u>TOTAL TAXES</u>
1.	27-23-8233-9	<u>SCHOOL TAXES</u>					
		1981/82			215,000.00	91.9158	19,761.90
		1980/81	106,000.00	109,000.00	215,000.00	87.4943	18,811.28
		1979/80			215,000.00	84.7663	18,224.75
		1978/79			215,000.00	83.1296	17,872.60
		1977/78	120,000.00	120,000.00	240,000.00	77.7175	18,562.20
2.	27-23-8233-8	1981/82	13,350.00		13,350.00	91.9161	1,227.08
		1980/81	13,350.00		13,350.00	87.4943	1,168.06
		1979/80			13,350.00	84.7663	1,131.63
		1978/79			13,350.00	83.1296	1,109.78
		1977/78			13,350.00	77.7175	1,037.53

COURT, COUNTY, TOWN TAX

<u>BLOCK</u>	<u>LOT</u>	<u>YEAR</u>	<u>LAND</u>	<u>BLDG.</u>	<u>TOTAL</u>	<u>TAX RATE</u>	<u>TAXES</u>
1.	27-23-8233-9	1981			215,000.00	79.7643	17,149.33
		1980	106,000.00	109,000.00	215,000.00	74.3842	15,992.54
		1979			215,000.00	76.3558	16,416.68
		1978			215,000.00	69.6134	14,966.77
		1977	120,000.00	120,000.00	240,000.00	77.7175	16,012.20
2.	27-23-8233-8	1981	13,350.00		13,350.00	79.7633	1,064.84
		1980	13,350.00		13,350.00	74.3842	993.03
		1979			13,350.00	76.3558	1,019.35
		1978			13,350.00	69.6134	929.34
		1977			13,350.00	66.7175	890.68

(b) On December 3, 1981 certain tax assessment provisions of the Real Property Tax Law of the State of New York were amended. It is not possible, as of the Presentation Date, to determine the effect, if any, which such amendments will have for purposes of future tax assessments with respect to the Property.

9. On the Closing Date, a mortgage which "wraps-around" an existing first mortgage will be executed in favor of the Sponsor in the principal amount of \$900,000. The required debt service will be for constant monthly payments in the amount of \$6,750 of interest only at the rate of nine (9%) per cent per annum for ten (10) years. The entire original principal amount will become due and payable on the tenth anniversary of the Closing Date. See "Terms of Mortgage" at Part I, Section P, of this Plan for a full discussion thereof.
10. Amounts are projected on the assumption that the first full year of cooperative operation will be the twelve month period from January 1, 1983 to December 31, 1983. The actual first year of operation may be earlier or later than such period.

C. LETTER OF ADEQUACY AND REASONABLE RELATIONSHIP

SEYMOUR ORLOFSKY, INC.
199 Main Street
White Plains, New York 10601

March 15, 1982

HARTSDALE GARDENS OWNERS CORP.
c/o SEYMOUR ORLOFSKY, INC.
199 Main Street
White Plains, New York 10601

Re: Premises known as 27 North Central Avenue,
Hartsdale, New York ("Premises")

Gentlemen:

We have prepared for inclusion in the Offering Statement - A Plan to Convert to Cooperative Ownership premises 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982 ("Plan"), the foregoing Schedule of Projected Receipts and Expenses of your corporation for the first year of operation of the premises as a cooperative apartment house.

In our opinion, the estimates are reasonable, and adequate, under existing circumstances, and the estimated receipts shown therein will be sufficient to meet the normal anticipated operating expenses of the first year of operation. However, because of the possibility of unforeseeable changes in the economy, including, without limitation, price increases resulting from the current energy crisis, or increases or decreases in expenses of operation, our estimates are not intended to be taken as guaranties or warranties of any kind whatsoever, or as any assurance that the actual expenses or income of your corporation for any period of operation may not vary from the amounts shown, or that your corporation may not incur additional expenses, or that your Board of Directors may not provide for reserves not reflected in such schedule, or that the annual Maintenance Charges (rent) for any period may not vary from the amounts shown therein. It may be expected, based on current trends, that such items as real estate taxes, fuel and energy costs, maintenance, repair, labor and other related expenses will increase in the future. However, no estimate

27 North Central Avenue
March 15, 1982
Page Two

of the exact amount of any such increases can be made since the causes therefor are beyond the control of you, Dale Estates, and the undersigned, respectively as the apartment corporation, sponsor and selling (managing) agent, under the Plan.

Our estimates are based upon our analysis of the audited figures set forth in Part I, Section D of this Plan which give the three-year prior history of the Building and our own experience and knowledge in connection with the operation and management of the Premises and similar residential structures. However, because of the possibility of unforeseeable changes in the economy, or increase or decrease of services available to tenants in the Building, our evaluations are not intended to be taken as guarantees or warranties of any kind whatsoever.

In our opinion, the total price of the block of shares allocated to each Apartment in the Building, as set forth in Schedule A of this Plan, taking into account the reductions offered to tenants in occupancy, will bear a reasonable relationship to the portion of the fair market value of the Apartment Corporation's equity in the Property attributable to such Apartment as of the Closing Date (as that term is defined in the Plan). In assessing the portion of the fair market value of the Apartment Corporation's equity attributable to each of the Apartments in the Building, we have considered such factors including, without limitation, the age of the Building, the services available to tenants in the Building, as well as the size, elevation and location of, view from, terraces, if any, appurtenant to, each Apartment and the fair market rental value of each Apartment.

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

27 North Central Avenue
March 15, 1982
Page Three

Our firm is a licensed real estate brokerage and management firm that has been engaged in the real estate business for more than twenty (20) years and is the managing agent of twenty-eight (28) apartment buildings.

Very truly yours,

Seymour Orlofsky, Inc.

By: /s/
(Vice) President

D. ACCOUNTANTS' REPORT

1. Certification by Independent Public Accountants.

Margold, Ersken & Wang
Certified Public Accountants
19 West 44th Street
New York, New York 10017

March 24, 1982

DALE ESTATES
c/o SKADDEN, ARPS, SLATE, MEAGHER & FLOM
919 Third Avenue
New York, New York 10022

Re: 27 North Central Avenue,
Hartsdale, New York

Gentlemen:

We have examined the statements of expenses exclusive of any charges for interest and depreciation relating to the property located at 27 North Central Avenue, Hartsdale, New York for the nine month period ended December 31, 1981 and the years ended March 31, 1981, 1980 and 1979. Our examinations were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of expenses, exclusive of any charges for interest and depreciation, present fairly the expenses, before such charges, incurred in the operation of premises 27 North Central Avenue, Hartsdale, New York, for the nine month period ended December 31, 1981 and each of the years ended March 31, 1981, 1980 and 1979 in conformity with generally accepted accounting principles, consistently applied.

We hereby consent to inclusion of the aforesaid accompanying statements and related comments, in the plan to convert to cooperative ownership 27 North Central Avenue, Hartsdale, New York.

/s/ Margold, Ersken & Wang

2. Financial Statements.

27 NORTH CENTRAL AVENUE, HARTSDALE, NEW YORK
 STATEMENTS OF EXPENSES
 EXCLUSIVE OF INTEREST AND DEPRECIATION

	9-Month Period Ended <u>12/31/81</u>	Year Ended <u>1981</u>	Year Ended March 31, <u>1980</u>	<u>1979</u>
<u>OPERATING EXPENSES:</u>				
Payroll and Related Costs	\$ 15,167	\$ 18,982	\$ 19,197	\$ 16,993
Fuel	35,803	60,187	45,654	32,832
Light and Power	8,165	9,253	8,001	7,344
Water and Sewer	1,764	3,109	3,189	3,182
Painting - Apartments	4,190	3,169	6,989	7,586
General Repairs - Apartments	1,680	4,542	6,126	3,432
General Repairs - Building	5,728	2,671	3,792	4,150
Plumbing	1,566	1,876	525	2,725
Roofing	555	-0-	6,980	4,027
Elevator Maintenance	3,224	4,218	3,630	5,260
Hardware and Supplies	3,731	4,854	6,689	3,625
Management Commissions	9,721	12,121	11,708	11,045
Insurance	5,343	7,708	7,258	7,533
Professional Fees	1,037	1,318	1,228	1,000
Telephone	265	331	345	306
Exterminating, Sundries	449	786	602	620
Real Estate Taxes	29,150	37,116	36,586	35,441
Fees - Realty Tax Reductions	-0-	-0-	1,247	7,814
<u>TOTAL OPERATING EXPENSES(*)</u>	<u>\$127,538</u>	<u>\$172,221</u>	<u>\$169,746</u>	<u>\$154,915</u>

(*) Before any charges for interest and depreciation.

Note: It is noted that during the nine-month period ended December 31, 1981 \$2,590 was spent for concrete repairs in the basement. This is included in General Repairs - building expense for such period.

Expenses are fully written off in the year incurred. In particular, with respect to roofing expense, the amounts shown include work done carrying ten (10) year guarantees:

Year Ended March 31, 1980 - \$2,500

Year Ended March 31, 1979 - \$3,500

E. TAX CONSIDERATIONS

1. Counsel's Opinion Letter

Skadden, Arps, Slate, Meagher & Flom
919 Third Avenue
New York, New York 10022

March 15, 1982

HARTSDALE GARDENS OWNERS CORP.
c/o Seymour Orlofsky, Inc.
199 Main Street
White Plains, New York

Re: A Plan to Convert to Cooperative Ownership
Premises 27 North Central Avenue,
Hartsdale, New York

Gentlemen:

In connection with a plan to convert to cooperative ownership premises at 27 North Central Avenue, Hartsdale, New York, you have requested our opinion as to certain Federal and New York State income tax consequences to purchasers of shares of Hartsdale Gardens Owners Corp. (the "Apartment Corporation") which was organized under the laws of the State of New York on February 26, 1981 by Dale Estates (the "Sponsor"). In particular you have asked us:

(i) Will individuals who purchase shares of the Apartment Corporation pursuant to an Offering Statement - A Plan to Convert to Cooperative Ownership premises 27 North Central Avenue, Hartsdale,

New York, dated March 15, 1982 (the "Plan"), which has been promulgated by the Sponsor, qualify as "tenant-stockholders" as that term is defined in section 216(b)(2) of the Internal Revenue Code of 1954, as amended (the "Code")?

(ii) Will the Apartment Corporation qualify as a "cooperative housing corporation" as defined in section 216(b)(1) of the Code?

(iii) Will a tenant-stockholder of the Apartment Corporation be entitled to deduct for Federal and New York State income tax purposes his proportionate share of the real estate taxes and interest paid or incurred by the Apartment Corporation?

We have acted as counsel to the Sponsor in connection with preparation of the Plan. In that capacity, we have examined the Certificate of Incorporation and By-Laws of the Apartment Corporation, the Plan and the Contribution Agreement, dated as of March 15, 1982, pursuant to which the Sponsor has agreed to convey to the Apartment Corporation all its right, title and interest in and to the Property (as such term is defined in the Plan), and various ancillary agreements and documents pertinent to the Plan. The opinions expressed below are based solely upon these documents and on the following assumptions:

(i) Seymour Orlofsky, Inc., the selling agent ("Selling Agent"), is correct in its opinion, issued pursuant to the Plan and incorporated therein, as updated as of the Closing Date (as that term is defined in the Plan), that the price of the block of shares allocated to each Apartment in the Building (as such capitalized terms are defined in the Plan), taking into account the reductions offered to tenants in occupancy, will bear a reasonable relationship to the portion of the fair market value of the equity of the Apartment Corporation in the Property attributable to the Apartment to which the block of shares is allocated as of the Closing Date.

(ii) The Apartment Corporation will not change the number of Apartments, or the number or the price of shares allocated to an Apartment prior to the Closing Date, unless in the opinion of the Selling Agent (which we necessarily assume to be correct) the price of the block of shares allocated to such Apartment, as changed, and taking into account the reduction offered to tenants in occupancy, will continue to bear a reasonable relationship to the portion of the fair market value of the equity of the Apartment Corporation in the Property attributable

to the Apartment to which the block of shares is allocated as of the Closing Date.

(iii) No less than 80% of the gross income of the Apartment Corporation in its first taxable year, under present tax laws and regulations, will consist of rent received from "tenant-stockholders" of the Apartment Corporation as that term is defined in section 216(b) of the Code. In this connection, we note the following: shares of the Apartment Corporation that have not been subscribed for on the Closing Date ("Unsold Shares") will, pursuant to the Plan and the Contribution Agreement, be issued to the Sponsor in exchange for the transfer of the Property to the Apartment Corporation and on or prior to the third anniversary of the Closing Date any Unsold Shares still held by the Sponsor will be transferred to such partners of the Sponsor who will be individuals or otherwise will qualify as "tenant-stockholders" within the meaning of section 216(b) of the Code to the extent necessary for the Apartment Corporation to meet the requirement of section 216(b)(1)(D) of the Code that a "cooperative housing corporation" derive 80 percent or more of its gross income from "tenant-stockholders."

(iv) Certain Apartments (to which Unsold Shares will be attributed) which are presently being used for, and will be rented by the Sponsor for use as, professional office space are suitable for use as, and may be lawfully used for, dwelling purposes, (i.e. such apartments can be adapted to provide facilities for cooking, sleeping and sanitation normally found in a principal residence).

(v) No amendments will hereafter be made to the Plan, the Certificate of Incorporation, and the By-Laws of the Apartment Corporation, the form of proprietary lease to be used by the Apartment Corporation pursuant to the Plan or other corporate agreements that are inconsistent with the above assumptions.

Based upon the foregoing (but without passing upon the accuracy or adequacy of the Selling Agent's opinions), provided that the Plan is declared effective and there is a closing under the Plan strictly in accordance with its terms, we are of the following opinion:

1. Tenant-Stockholders.

The governing statutory provision, section 216(b) of the Code, provides, in pertinent part:

"(2) TENANT-STOCKHOLDER.-The term 'tenant-stockholder' means an individual who is a stockholder

in a cooperative housing corporation, and whose stock is fully paid-up in an amount not less than an amount shown to the satisfaction of [the Internal Revenue Service (the "Service")] as bearing a reasonable relationship to the portion of the value of the corporation's equity in the... apartment building and the land on which situated which is attributable to the...apartment which such individual is entitled to occupy.

...

"(6) STOCK OWNED BY PERSON FROM WHOM THE CORPORATION ACQUIRED ITS PROPERTY.-

(A) IN GENERAL.-If the original seller acquires any stock of the corporation from the corporation or by foreclosure, the original seller shall be treated as a tenant-stockholder for a period not to exceed 3 years from the date of the acquisition of such stock.

(B) STOCK ACQUISITION MUST TAKE PLACE NOT LATER THAN 1 YEAR AFTER TRANSFER OF DWELLING UNITS.- Except in the case of an acquisition of stock of a corporation by foreclosure, subparagraph (A) shall apply only if the acquisition of stock occurs not later than 1 year after the date on which the apartments or houses (or leaseholds therein) are transferred by the original seller to the corporation. For purposes of this subparagraph and subparagraph (A), the term 'by foreclosure' means by foreclosure (or by instrument in lieu of foreclosure) of any purchase-money security interest in the stock held by the original seller.

(C) ORIGINAL SELLER MUST HAVE RIGHT TO OCCUPY APARTMENT OR HOUSE.-Subparagraph (A) shall apply with respect to any acquisition of stock only if, together with such acquisition, the original seller acquires the right to occupy an apartment or house to which such stock is appurtenant. For purposes of the preceding sentence, there shall not be taken into account the fact that, by agreement with the corporation, the original seller or its nominee may not occupy the house or apartment without the prior approval of the corporation.

(D) ORIGINAL SELLER DEFINED.-For purposes of this paragraph, the term 'original seller' means the person from whom the corporation has acquired the apartments or houses (or leaseholds therein). The estate of an original seller shall succeed to, and take into account, the tax treatment of the original seller under this paragraph."

The Plan provides that the shares of the Apartment Corporation shall be sold and issued only to natural persons each of whom will represent that he is purchasing the shares for his own account and that no corporation, partnership, association, trust or estate has or will have any equity interest, direct or indirect, in such shares. Thus, the requirement under section 216(b)(2) of the Code that a tenant-stockholder be an individual will clearly be met as to shares purchased pursuant to the Plan.

Unsold Shares will be issued to the Sponsor and may be held by the Sponsor during the three-year period provided by section 216(b)(6) of the Code which permits the Sponsor to qualify as a tenant-stockholder during such period. The Sponsor will distribute the Unsold Shares to its partners on or prior to the third anniversary of the Closing Date and such partners (to the extent necessary for the Apartment Corporation to meet the requirement of section 216(b)(1)(D) of the Code) will either be individuals or otherwise qualify as tenant-stockholders within the meaning of section 216(b) of the Code. Consequently, as

to the Unsold Shares the requirement that tenant-stockholders be individuals (or entities qualifying under section 216(b)(6)) will be satisfied to the extent that such Unsold Shares are, in fact, held by partners who are individuals or by the Sponsor for the period during which the Sponsor qualifies under section 216(b)(6) of the Code.

We are unaware of any published case or ruling that has involved the issue of whether shares of a tenant-stockholder in a cooperative housing corporation were "fully paid-up" as required by section 216(b)(2) of the Code. However, in regard to this requirement, Treasury Regulation section 1.216-1(e) provides that this determination is to be made "as of the date of the original issuance". "Date of the original issuance" refers to the date of issuance by a cooperative housing corporation of its shares under its plan of cooperative organization. Revenue Ruling 73-444, 1973-2 C.B. 76. Under the Plan, this date should be the Closing Date. Moreover, Example 1 of Treasury Regulation section 1.216-1(g) indicates that only the initial purchaser of stock in a cooperative housing corporation must meet the test that his stock be fully paid-up. In that example, the initial purchaser of shares in a cooperative housing corporation subsequently made a gift of his shares and the proprietary lease attributable

thereto to another individual. The initial purchaser paid for his shares an amount equal to the portion of the fair market value, as of the date of the original issuance of the shares, of the corporation's equity in the land and building attributable to the apartment that the purchaser was entitled to occupy. Therefore, at the time of the subsequent gift of the shares, the fair market value of the corporation's equity attributable to the apartment was immaterial. See also I.T. 3664, 1944-1 C.B. 141, declared obsolete, Revenue Ruling 72-448, 1972-2 C.B. 649.

Accordingly, based upon the foregoing, shares of the Apartment Corporation purchased pursuant to the terms of the Plan should be "fully paid-up", and individual purchasers of such shares should qualify as "tenant-stockholders", as section 216(b)(2) of the Code defines both those terms. In addition, although the matter is not entirely free from doubt, we are of the opinion that, with respect to Unsold Shares issued to the Sponsor or to a partner of the Sponsor to the extent contemplated by the Plan in exchange for the Property, the requirement of section 216(b)(2) of the Code that shares be "fully paid-up" will be satisfied. (See Eckstein v. United States, 452 F.2d 1036 (Ct. Cl. 1971). Furthermore, such holders of Unsold

Shares will be "tenant-stockholders" within the meaning of section 216(b)(2) of the Code to the extent that such holders are either individuals or the Sponsor, if, and for the period during which, the Sponsor qualifies under section 216(b)(6) of the Code. As to the Unsold Shares held by other persons or entities, we express no opinion.

2. Cooperative Housing Corporation

Section 216(b)(1) of the Code sets forth the requirements of a "cooperative housing corporation". That Section provides, in pertinent part, that a "cooperative housing corporation" is one:

(A) having one and only one class of stock outstanding,

(B) each of the stockholders of which is entitled, solely by reason of his ownership of stock in the corporation, to occupy for dwelling purposes . . . an apartment in a building, owned or leased by such corporation,

(C) no stockholder of which is entitled (either conditionally or unconditionally) to receive any distribution not out of earnings and profits of the corporation except on a complete or partial liquidation of the corporation, and

(D) 80 percent or more of the gross income of which for the taxable year . . . is derived from tenant-stockholders.

Since the Certificate of Incorporation provides that the Apartment Corporation is authorized to issue only one class of stock and no stockholders are permitted to

receive distributions not out of earnings and profits of the corporation except on a complete or partial liquidation of the Apartment Corporation, the requirements of section 216 (b)(1)(A) and (C) should be satisfied.

In regard to the right to occupancy requirement in section 216(b)(1)(B), it is possible that individuals may purchase blocks of shares attributable to Apartments that are subject to certain possessory rights of existing tenants under the New York State Emergency Housing Rent Control Law and the Rent and Eviction Regulations adopted pursuant thereto, the Emergency Tenant Protection Act of 1974 and the Tenant Protection Regulations adopted pursuant thereto and Section 352(eee) of the New York General Business Law or pursuant to a lease. Each existing tenant entitled to the protection of such state rent laws and regulations, or lease, will have the right to remain in occupancy of his Apartment as long as such tenant is not in default under his lease or tenancy and is entitled to the benefits of the aforesaid state rent laws and regulations. Under the Tenant Protection Regulations, each existing tenant is entitled upon the expiration of his lease (and each renewal thereof) to occupy his Apartment under a new lease. Under the Rent and Eviction Regulations, each existing tenant is entitled to continue to occupy his Apartment as a statutory tenant.

Thus, a purchaser of a block of shares of the Apartment Corporation who is not a tenant in occupancy of

the Apartment attributable to a certain block of shares will not be entitled to obtain possession of such Apartment so long as the existing tenant pays the requisite rent and otherwise complies with the terms of his lease or tenancy, as renewed from time to time. In Revenue Ruling 80-299, 1980-2 C.B. 82, involving a conversion plan similar to the Plan, the Internal Revenue Service held, however, that such right to occupancy granted to existing tenants under similar laws governing the landlord-tenant relationship is not material and that purchasers of shares attributable to apartments occupied by such tenants nevertheless satisfy the requirement that they have the right to occupy their apartments within the meaning of section 216(b)(1)(B). Section 216(b)(1)(B) of the Code further requires that each stockholder of the corporation have the right to occupy an "apartment." For purposes of section 216(b)(1)(B), the term "apartment" has been defined as meaning an independent housekeeping unit consisting of one or more rooms that contain facilities for cooking, sleeping and sanitation normally found in a principal residence. See Revenue Ruling 74-241, 1974-1 C.B. 68. Certain Unsold Shares will be held by the Sponsor which are attributable to Apartments presently used, and to be rented by Sponsor for use as, professional office space and which accordingly will not be used as residences. However, since such Apartments can be adapted

for use and may be lawfully used for dwelling purposes, their use for nonresidential purposes does not adversely affect this requirement. For example, in Revenue Ruling 58-421, 1958 C.B. 112, a bank branch and real estate partnership purchased shares in an apartment corporation and used the space attributable to such shares for commercial purposes without disqualifying the apartment corporation as a "co-operative housing corporation" under section 216 of the Code. Also, in illustrating the calculation of a tenant-stockholder's depreciation deductions under section 216(c) of the Code, Treasury Regulation section 1.216-2(d), Example (3) depicts the situation of a tenant-stockholder who is a physician and employs his entire apartment solely as an office. In fact, the Internal Revenue Service has privately ruled in a factual situation similar to this case (although such rulings cannot be relied upon as precedent) that apartments suitable for use for dwelling purposes, although not used in the past for such purposes, and to be used in the future as doctors' offices, satisfied this requirement. Private Letter Ruling 7610270520A (October 27, 1976). Thus, commercial, nonresidential use of apartments is clearly permitted in a qualifying cooperative housing corporation so long as the stockholder has the right to occupy such apartment for dwelling purposes. Accordingly, we are of

the opinion that the Apartment Corporation will meet the requirements of a cooperative housing corporation under section 216(b)(1)(B).

With respect to the source of income requirement under section 216(b)(1)(D), you have advised us that we may assume that during the first taxable year of the Apartment Corporation, under present tax laws and regulations, not less than 80% of the gross income of the Apartment Corporation will consist of rent received from tenant-stockholders of the Apartment Corporation. You permitted us to make this assumption after we had informed you of our belief that for purposes of this 80%-of-gross-income test, payments by tenant-stockholders, which the Apartment Corporation credits to its paid-in-surplus account pursuant to the proprietary leases accompanying the Plan, will not be considered to constitute income derived from tenant-stockholders of the Apartment Corporation. See Eckstein v. United States, 452 F.2d 1036 (Ct. Cl. 1971); Cambridge Apartment Building Corp., 44 B.T.A. 617 (1941); I.T. 1469, I-2 C.B. 191 (1922), declared obsolete, Revenue Ruling 71-498. 1971-2 C.B. 434.

The Plan permits the Sponsor to hold Unsold Shares for the three-year period provided by section 216 (b)(6) of the Code during which the Sponsor will qualify

as a tenant-stockholder with respect to such Unsold Shares. Nevertheless, in light of the fact that towards the end of such three-year period Unsold Shares may be issued to partners of the Sponsor, we have considered the decision of the Court of Claims in Eckstein, supra. In that case, the Court of Claims held, among other things, that since the shares of a cooperative housing corporation were beneficially owned by the sponsor, which was not an individual and did not otherwise qualify as a tenant-stockholder, rent paid by an individual holding shares of the cooperative housing corporation as the sponsor's nominee was not income derived from a tenant-stockholder.

However, based upon the provisions of the Plan regarding ownership of shares, to the extent that Unsold Shares are issued to partners of the Sponsor who are individuals, such Unsold Shares should be treated as being owned by tenant-stockholders. See Revenue Ruling 55-316, 1955-1 C.B. 312 (cited with approval by the Court of Claims in Eckstein, supra). This conclusion should not be affected by the right of partners of the Sponsor to occupy more than one Apartment by virtue of owning stock of the Apartment Corporation attributable to more than one Apartment. See Revenue Ruling 66-341, 1966-2 C.B. 101. Thus, rent received

by the Apartment Corporation with respect to the Unsold Shares held by partners of the Sponsor who are individuals should be treated as gross income derived from tenant-stockholders.

Accordingly, based upon the foregoing, the Apartment Corporation should qualify as a "cooperative housing corporation" within the meaning of section 216(b)(1) of the Code for its first taxable year. If it is further assumed that in subsequent years (i) there is no relevant amendment to section 216(b) and the regulations thereunder, (ii) there is no relevant amendment to the pertinent provisions of the Certificate of Incorporation and By-Laws and (iii) the 80%-of-gross-income test is met, the Apartment Corporation should also qualify as a "cooperative housing corporation" within the meaning of section 216(b)(1) in such years.

3. Federal and State Income Taxes.

For any taxable year during which the Apartment Corporation qualifies as a "cooperative housing corporation" within the meaning of section 216(b)(1) of the Code, each tenant-stockholder of the Apartment Corporation will be entitled under section 216(a) of the Code and section 615 of the New York Tax Law, as presently in effect, to deduct from his adjusted gross income for Federal and New York

State income tax purposes amounts paid or accrued to the Apartment Corporation within the taxable year which represent his proportionate share of (i) real estate taxes paid or incurred by the Apartment Corporation (before the close of the taxable year of such tenant-stockholder) on the Property and (ii) interest paid or incurred by the Apartment Corporation (before the close of the taxable year of such tenant-stockholder) on any mortgage to which the Property is subject.

It should be noted that under section 57 of the Code, an individual tenant-stockholder's itemized deductions, including the deductions for mortgage interest and real estate taxes to which he is entitled under section 216 of the Code (but excluding certain other deductions) will be considered an "item of tax preference" to the extent that the amount of such itemized deductions exceeds 60% of such tenant-stockholder's adjusted gross income after reduction by such excluded deductions. Such excess itemized deductions, as an item of tax preference, may, in certain circumstances be subject to the "alternative minimum tax" under section 55 of the Code. New York State also imposes minimum taxes based on certain Federal tax preference items, including such excess itemized deductions and has a provision for a maximum tax on personal service income which is

adversely affected by such a tax preference item. See New York State Tax Law sections 601-A, 622, 603A (McKinney Supp. 1981).

No warranties or representations are made that the Service or the Department of Taxation and Finance of the State of New York will concur with all or any part of this opinion or that there will not be subsequent, inconsistent judicial or administrative rulings, or that the tax and other laws upon which our opinion is predicated will not be changed or amended. Moreover, no opinion is expressed, nor is any representation or warranty made, with respect to the tax consequences of the Plan or any other matter (including, without limitation, the tax consequences of ownership of any shares offered under the Plan), except as herein expressly set forth.

Very truly yours,

/s/

SKADDEN, ARPS, SLATE, MEAGHER
& FLOM

2. Tax Consequences of Issuance of Shares.

Counsel to Sponsor has also advised that the issuance of shares of the Apartment Corporation to the sponsor, or his designee, at the Closing may constitute an exchange of cash and property for stock of the Apartment Corporation, the tax consequences of which are governed by Sections 351, 357, and 362 of the Code, rather than a sale of the Property to the Apartment Corporation. If such Code provisions were to apply, the tax basis of the Property in the hands of the Apartment Corporation would equal the tax basis of the Property in the hands of the Sponsor before the transfer, increased by the amount of gain, if any, recognized by the Sponsor on the transfer of the Property to the Apartment Corporation. Such tax basis could be less than the amount of cash plus the fair market value of shares of the Apartment Corporation issued to the Sponsor at the Closing, with the result that the Apartment Corporation's Federal and New York State income tax deductions for depreciation could be less than its depreciation deduction were the transaction treated as a sale of the Property to the Apartment Corporation for tax purposes.

NO WARRANTIES ARE MADE THAT THE INTERNAL REVENUE SERVICE OR THE DEPARTMENT OF TAXATION AND FINANCE OF THE STATE OF NEW YORK WILL ALLOW INCOME TAX DEDUCTIONS OR THAT THE TAX LAWS UPON WHICH COUNSEL TO THE SPONSOR BASED ITS OPINION (SET FORTH ABOVE) WILL NOT CHANGE. IN NO EVENT WILL THE

SPONSOR, THE SPONSOR'S COUNSEL, THE APARTMENT CORPORATION, COUNSEL TO THE APARTMENT CORPORATION, THE SELLING AGENT OR ANY OTHER PERSON BE LIABLE IF FOR ANY REASON IT SHALL BE DETERMINED THAT THE APARTMENT CORPORATION DOES NOT MEET, OR AT ANY FUTURE TIME CEASES TO MEET, THE RELEVANT REQUIREMENTS OF THE CODE OR THE NEW YORK TAX LAW OR ANY AMENDMENT OF EITHER THEREOF. MOREOVER, NONE OF THE AFORESAID MAKES ANY WARRANTIES WITH RESPECT TO THE TAX CONSEQUENCES OF THIS PLAN OR THE TAX CONSEQUENCES OF OWNERSHIP OF ANY SHARES OFFERED UNDER THIS PLAN EXCEPT AS EXPRESSLY SET FORTH HEREIN, AND NO ONE ELSE HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE HEREIN CONTAINED.

EACH PURCHASER OF AN APARTMENT SHOULD CONSULT HIS OWN TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES OF THE PURCHASE OF AN APARTMENT TO SUCH PURCHASER.

F. DESCRIPTION OF BUILDING AND STATEMENT
OF ITS CONDITION

1. Sponsor's Statement of Condition of Building.

The Sponsor makes the following representations of the description and condition of the Property and with reference to the Sponsor's preparation of such material he consulted with Gabriel E. Senor, P.C.

The Sponsor represents that he does not know of any defects or need for repairs except as herein set forth and that to the best of the Sponsor's knowledge the following description accurately states the condition of the Building and its equipment on the date hereof. All descriptions herein reflect the condition of the Building on the date hereof.

Neither the Sponsor nor the Apartment Corporation will have any obligation to make repairs or improvements except as set forth in this Plan. The Sponsor will, however, maintain and operate the Building until the Closing Date in substantially the same manner and condition as on the Presentation Date of this Plan. Also, the Sponsor undertakes to make repairs to the Building as recommended in the report of inspection prepared by Gabriel E. Senor, P.C. and appearing in Part I, Section F(2) of this Plan; and to thereafter procure from Gabriel E. Senor, P.C. a certification that such repairs have been made.

At the present time there are no outstanding violations affecting the Building. The Sponsor will deliver title to the Property free and clear of any building violations and will cure or cause to be cured all violations of record against the Property by the Closing Date. However, if there are any violations of record against the Property on the Closing Date (except violations which are the obligations of tenants to cure), the Sponsor will cause a fund of cash or other reasonably adequate security, including a letter of credit, to be held in escrow by Skadden, Arps, Slate, Meagher & Flom, counsel to the Sponsor, with interest on such fund paid to the Sponsor, in such amount as may be reasonably required to cure said violation or violations, until such time as the Sponsor has cured or caused to be cured said violations of record. Notwithstanding the foregoing, if the cost of curing said violations exceeds \$25,000 in the aggregate (including attorneys' fees and other expenses) the Sponsor may elect to terminate the Contribution Agreement as set forth in Part I, Section T of this Plan and the Plan shall be deemed to have been abandoned and of no further force and effect.

2. Report of Inspection.

GABRIEL E. SENOR, P.C.
872 Scarsdale Avenue
Scarsdale, New York 10583

February 23, 1981

HARTSDALE GARDENS OWNERS CORP.
c/o SEYMOUR ORLOFSKY, INC.
199 Main Street
White Plains, New York 10601

Re: Apartment Building
27 North Central Avenue
Hartsdale, New York

Gentlemen:

An inspection has been made of the above premises
and the following is a report of our findings:

ADDRESS:	27, 37 and 47 North Central Avenue Hartsdale, New York
TAX DATA:	Section 8. Sh. 23, Block 8233 Lots 8 and 9
ZONING:	CA
CERTIFICATE OF OCCUPANCY:	#1872, 1953 Permit Application #842, March 1928
CLASS OF CONSTRUCTION:	Type 4, Non-Fireproof
INSPECTING ENGINEER:	Howard Lieberman, P.E.
DATE OF INSPECTION:	August 25, 1980
VIOLATIONS:	No Violations

I. SITE:

- A. Location: The Building complex is located on the west side of Central Avenue approximately 340 feet north of the intersection of Central Avenue and Hartsdale Avenue in Hartsdale, Town of Greenburgh, Westchester County, New York.
- B. SIZE: The Property has 357 feet of frontage on Central Avenue and is between 200 and 254 feet deep. The area of the site is 1.5 acres.
- C. STREETS AND PARKING FACILITIES: Central Avenue is a public street designated New York State, Route 100. The asphalt pavement is maintained and repaired by the New York State Department of Transportation while curbs and sidewalks are the responsibility of the Town of Greenburgh. Curbs and sidewalks are poured concrete. Street lighting is sodium vapor luminaires mounted on aluminum poles and pedestals. A street drainage system consisting of catch basins and storm drainage manholes receives surface drainage from the abutting road and sidewalks.

Parking lots on the north and south sides of the Building provide outdoor parking for fifty-six (56) cars. The concrete driveway aprons between the street and parking areas are in good repair. A

separate garage structure in the south parking lot provides indoor parking for thirty-three (33) cars. The northerly parking lot is unpaved, however the southerly lot has an asphaltic surface which has been patched several times.

D. Water Supply, Gas, Electric and Telephone Service:

Water is provided by the Town of Greenburgh from street mains located in Central Avenue. Sanitary sewers and storm drains in Central Avenue are owned and maintained by the Town of Greenburgh.

Gas and electric service are provided by the Consolidated Edison Company.

The New York Telephone Company provides telephone service.

E. Landscaping: The front of the Building has a planting area bordered by privet hedges. The space between the hedges and the Building is planted with maple trees, foundation planting including yews and deciduous shrubs with ordinary grass ground cover.

Concrete walks leading from the sidewalk to private office entrances are generally in good condition. (Concrete and asphalt walks in the courtyard are in need of some minor repair.) A low brick wall across the mouth of the courtyard is

topped with a stone coping. Brickwork and coping are in need of mortar joint repair and resetting.

Courtyard trees include several dogwoods, one of which is dead and should be removed. Other trees include spruce and juniper. Foundation shrubs include rhododendrum and laurel. Ground cover is grass. A concrete walk along the north side of the Building has been patched with asphaltic material. (This walk is in need of further patching and repair.) A five foot embankment sloping down from the Building to the parking lot shows evidence of soil erosion. This embankment is in need of servicing by a gardner or yard maintenance crew and requires removal of weeds.

A brick stairwell leading to a basement entrance on the north side needs brick work and coping repair as does a similar stairwell on the west side of the Building. Several maple trees in the north parking lot area need drastic pruning. A chain fence on the north property line between the parking lot and the adjoining doughnut and coffee shop is rusty and several posts have been damaged by vehicular traffic.

In general, concrete walks on the site are in need of some repair work. Weed treatment, roto-tilling, feeding and seeding are recommended to improve the appearance of the grass located on the Property. Selective tree and brush removal is also recommended.

An asphalt-paved play yard to the rear of the Building, on the southwest appears to be no longer in use. Iron pipe play equipment has missing parts and is apparently no longer usable. All equipment should be removed in order not to present an attractive nuisance to children who may wander into the area.

- F. Subsoil Conditions: There is no evidence of subsoil conditions or a high water table affecting the Building.
- G. Building Appearance: There is a single apartment house structure on the site. The Building is situated around an open courtyard which faces Central Avenue. The Building is provided with three separate entrances, each of which serve twenty-four (24) Apartments.

A separate parking garage building provides indoor parking for cars.

- II. BUILDING SIZE: The Apartments are located on six (6) levels above the entry level. The entry level contains the entrance lobbies, service areas and storage areas.
- III. OCCUPANCY: In addition to the seventy-three (73) residential Apartments, (with a total of 507 residential rooms) there are three (3) commercial offices having separate entrances facing Central Avenue. Each of these offices is provided with a second entrance into the adjoining basement area. A television repair service rents work storage space in the 27 North Central Avenue portion of the basement.
- IV. STRUCTURAL SYSTEM: The Building is ordinary wood construction with brick masonry walls and foundation. There is a one-story detached garage structure located south of the Building with brick walls and a wood frame roof. Each of the two wood roll-up garage doors is provided with electric door operators. These operators are in need of repair. The wood girders which support the roof structure are supported by steel pipe columns. One of these columns had been displaced apparently by impact with a car and requires resetting. Also, a buttress along the rear wall of the Building is no longer plumb. It appears that the masonry structure in this area has been displaced by a tree which formerly

grew behind the garage. This tree has been cut down and it is unlikely that there will be further movement in this area.

- V. EXTERIOR OF BUILDING: The exterior walls of the Building are primarily brick. Some stucco trim is used primarily at the upper portion of the Building. The exterior brickwork is generally sound and in good condition. However, there is slight damage to the brickwork adjacent to a first-floor window at the rear of the Building. Some minor cracks were noted near the rear southwest corner of the Building. There is no indication of serious interior damage due to water penetration through the exterior walls and the stucco work is in generally sound condition except for some minor cracks. No repair work appears to be necessary at this time with respect to the foregoing.

A portion of the exterior face of the parapet wall at the rear of the Building has been covered with roofing mastic. Windows throughout the Building are wood double hung units and decorative sashes appear to be in generally satisfactory condition even though a few are in need of minor mending. The windows appear to have been adequately painted, however, some windows contained window type air conditioning units. It

appears that such units have not been removed to permit the windows to be thoroughly scraped and painted on both the inside and outside. As Apartments are redecorated, all windows should be properly painted.

- VI. ROOF AND ROOF STRUCTURES: The roof of the Building is covered with built-up roofing which appears to be new and in good condition. The roofing mastic coating the parapet walls has been renewed in some areas, but in other areas, additional work remains to be done. In those areas where open cracks and splits exist, it is recommended that the damaged coating be removed and replaced with new material.

The stair bulkheads and elevator pulley bulkheads extend above roof level. These structures have in general been adequately maintained. However, one of the ladders providing access to an elevator pulley bulkhead has rusted out at the base and requires repair or replacement.

A portion of the garage roof deck was being reconstructed during the period of the Building inspection. This work should be completed. The built-up roofing was generally in good condition. Some patches were noted and certain areas where splits were noted in the roof covering material have been repaired. Portions

of the parapet wall coatings are damaged and must be renewed.

VII. FIRE ESCAPES: Each Apartment is served by an exterior steel fire escape which does not extend to roof level. The fire escapes appear to be structurally sound and to have been adequately maintained. The paint is in fair condition. From time to time, the exterior steel work should be scraped and repainted.

VIII. BUILDING INTERIOR:

A. Hallways: Public halls throughout the Building have terrazzo floors. There is an open flight of stairs extending from the ground floor to the sixth floor as well as an elevator which serves each level of the Building. Each Apartment is provided with a metal clad self-closing door, a doorbell and an intercom.

B. Walls and Ceilings: Walls and ceilings throughout the Apartments are almost all plaster. The plaster work is structurally sound and most of the same is textured in appearance. Some minor cracks and occasional water damage were observed. These conditions were randomly distributed throughout the Building and did not follow any particular pattern. Some of the ceilings have been redone using plasterboard and at least one ceiling has been finished with acoustic tile.

Some minor differential settlement throughout the Building was observed and appears to have caused some door jambs to become cracked and some floors to become slightly uneven. These conditions are not unusual and the amount of movement which has occurred is well within the limits expected of this type of construction. It is unlikely that there will be any further displacement.

IX. APARTMENT ROOM FINISH MATERIALS:

All apartments have been finished with the same building materials as indicated in the following schedule. Where materials depart from the basic schedule, the notes that follow describe the difference. The note also describes the equipment provided in kitchens and baths.

<u>ROOM</u>	<u>FLOOR</u>	<u>BASE</u>	<u>WALLS</u>	<u>WAINSCOT</u>	<u>CEILING</u>
Living room	Hardwood Parquet	Wood	Painted Plaster	-	Painted Plaster
Dining Room	Strip Hardwood	Wood	Painted Plaster	-	Painted Plaster
Bedroom	Strip Hardwood	Wood	Painted Plaster	-	Painted Plaster
Kitchen	V.A.T.	Wood	Painted Plaster	-	Painted Plaster
Bath #1	Terrazzo	Glazed Tile	Painted Plaster	Glazed Tile	Painted Plaster
Bath #2	Terrazzo	Glazed Tile	Painted Plaster	Glazed Tile	Painted Plaster
Powder Room	Terrazzo	Glazed Tile	Painted Plaster	Glazed Tile	Painted Plaster

NOTES:

1. Kitchen cabinets are wood wall and base cabinets with formica counter tops.
 2. Refrigerators are of varying makes, depending on how recently the kitchen was modernized.
 3. Stoves are four burner gas stoves with oven under of varying manufacturers.
 4. Bathroom equipment includes:
 - lavatory - wall hung iron enamel.
 - tubs - iron enamel in main bath only.
 - shower stall - in main bath and second bath.
Stalls have porcelain receptors
and glazed tile walls and ceilings.
 - water closet - glazed china, flushometer valved.
Same top floor water closets are
provided with glazed china tanks.
- X. ELEVATORS: There are three (3) separate elevators installed in the Building complex, each serving a separate portion thereof. There are three (3) separate elevator machinery rooms located at the basement level. Each of the elevators is a Staley Elevator operated by push buttons in the hall areas, with noncumulative controllers capable of handling only one call at a time. The elevator will proceed as directed by the first button pushed. All other attempts to intercept the elevator during travel are ignored. The elevators

appear to be regularly maintained and in good operating condition.

XI. HEATING AND PLUMBING: The Building is heated by low pressure steam supplied by two (2) Pacific steel fire-tube boilers, each fired by Todd oil burners and equipped with gas ignition. The heating systems are provided with controls necessary to insure safe, automatic operation, however, they are not equipped with manual reset pressure cut-off switches. These are frequently installed on new heating installations. Some slight moisture was observed on the crown sheet of the #2 boiler. This is not uncommon for boilers not in service. All of the boiler tubes were open and clean.

Domestic hot water is provided by a coil located within the boilers. There is a mixing valve to regulate the temperature of domestic hot water and a circulating pump to insure that hot water will be readily available throughout the Building. Water pipes throughout the Building are primarily brass and copper although some steel was observed. There was good flow and pressure from all faucets.

XII. ELECTRIC: The Building is served by a 200 amp, 3 phase, 4 wire electric service distributed through three (3) main disconnect switches serving a separate bank of electric meters. Each Apartment has a separate electric meter and is provided with a 40 amp, 110/220 volt electric service. The main circuit breakers are located in meter rooms located in the basement. There are glass plug fuses protecting each circuit located in each individual Apartment. A double duplex appliance circuit has been provided for each kitchen area. There are generally an adequate number of electric outlets throughout each of the various rooms of the Apartments and most rooms, with the exception of the living rooms, are provided with ceiling lights.

XIII. RECOMMENDATIONS:

1. Site repair and maintenance work is not of a critical nature and the suggested improvements are discretionary.
 - a. Repair cracked concrete and asphalt walks.
 - b. Repair mortar joints in brickwork and copings in wall across front of courtyard and exterior stairwells.
 - c. Remove dead tree in courtyard. Prune trees as needed. Remove overgrowth of trees and brush as needed.
 - d. Stabilize embankment on the north side of the building with regrading and ground cover.
 - e. Repair chain link fence on north property line.

- f. Roto-till, feed and seed bare grass areas.
- g. Remove all unused play yard equipment.
- 2. Repair electric garage door operators.
- 3. Reset steel column support in garage.
- 4. Point building brickwork near the southwest corner of the building.
- 5. Renew roofing mastic coating parapets as needed.
- 6. Repair metal ladder to elevator pulley bulkhead on roof.

Respectfully submitted,
 /s/Gabriel E. Senior, P.E., L.S.
 NYS License 29257

ADDENDUM

DATE: March 12, 1982

SUBJECT: Addendum to Engineer's Report
of February 23, 1981

PREMISES: 27 North Central Avenue
Hartsdale, New York

INSPECTING ENGINEER: Gabriel E. Senior, P.E.

DATE OF LAST INSPECTION: March 8, 1982

The following additional information is provided to supplement the report dated February 23, 1981.

- 1. Although some basement entrances are not secured, public areas and hallways are in good condition, floors are poured concrete slab and walls are masonry. The main entry level hallways are terrazzo and walls and ceilings are plaster. All of the plasterwork is structurally sound.

2. All rooms and public areas are atmospheric vented as is the garage.
3. The two professional office units 47-S and 47-A qualify for residential occupancy. They each have baths and either have a full kitchen or water and gas hookups are available.
4. The laundry room in the basement has concrete slab floor and masonry walls and plaster ceiling. Equipment includes four Speed Queen washing machines and two gas driers, all of which are coin operated and concession owned and maintained. The room is window vented. The driers are duct vented through a window. All appurtenances are in very good condition.
5. Refuse disposal is by incineration. The management is at present studying the proposals to convert to compactors or to oil burner installation.

Respectfully submitted
/s/ Gabriel E. Senor, P.E.

3. Certification by Engineer

The undersigned, an engineer licensed to practice as a professional engineer in New York State does hereby certify as follows:

The Sponsor of the Plan retained our firm, among other things, to prepare a report ("Report") disclosing the condition of the Property. The Report appears as Part I, Section F(2) of the Plan. We visually inspected the Property on March 8, 1982 and August 25, 1980 and prepared the Report, dated February 23, 1981 as updated by addendum, dated March 12, 1982, copies of which are incorporated into the Plan so that Purchasers may rely on the Report.

We understand that we are responsible for complying with Article 23-A of the General Business Law of the State of New York and the regulations promulgated by the Attorney General of the State of New York in Part 17 insofar as they are applicable to the Report.

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

1. Set forth in detail the condition of the Building and are complete, current and accurate;
2. Afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;
3. Do not omit any material fact;
4. Do not contain any untrue statement of a material fact;

5. Do not contain any fraud, deception, concealment, suppression or false pretense or fictitious or pretended purchase or sale;

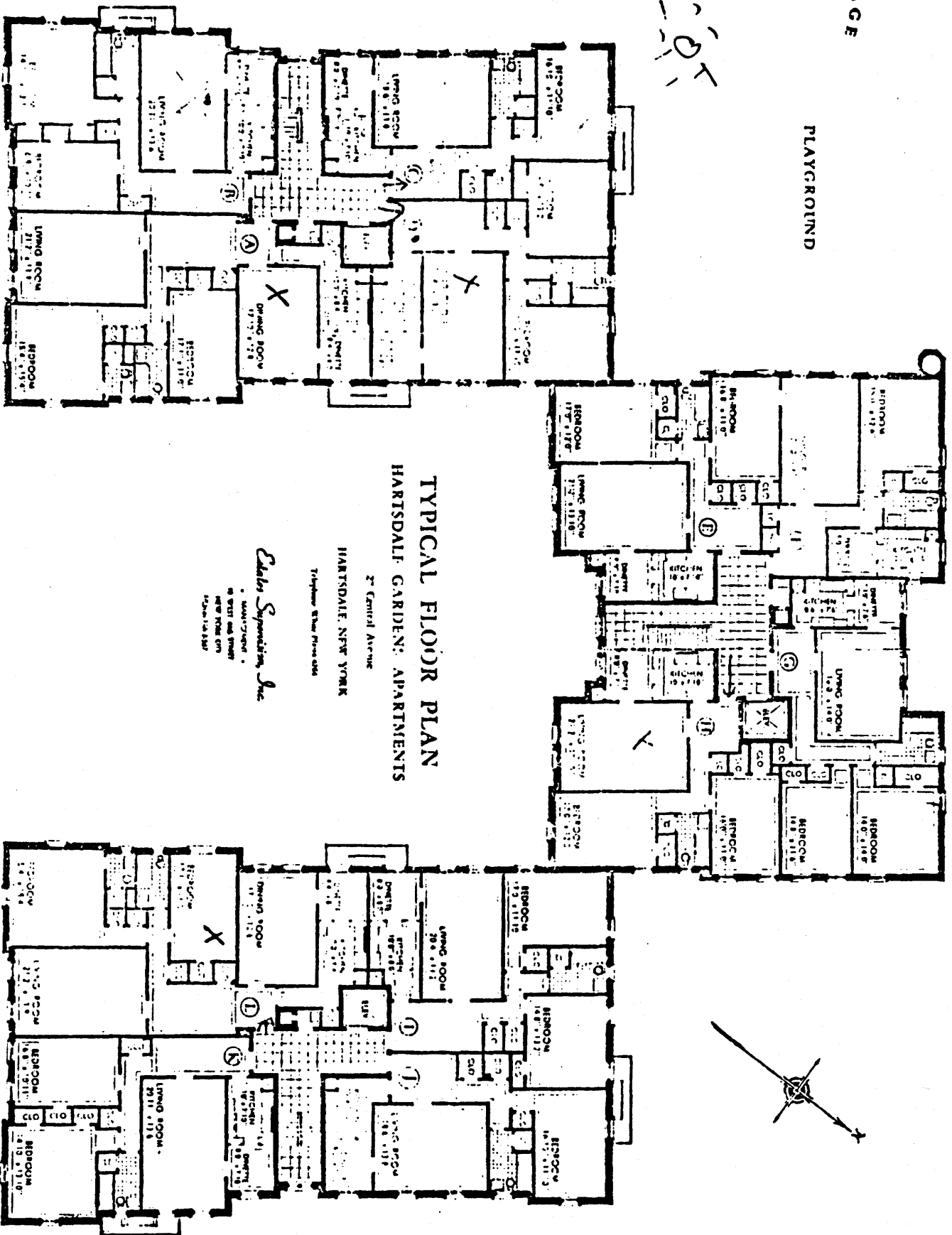
6. Do not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

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

We further certify that we are not owned or controlled by and have no beneficial interest in the Sponsor and that our compensation for preparing this Report is not contingent on consummation of the conversion of the Property to cooperative ownership or on the profitability or the price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the Property.

GABRIEL E. SENOR, P.C.
/s/ Gabriel E. Senior

PLAYGROUND



TYPICAL FLOOR PLAN

HARISDALE GARDEN APARTMENTS

HARISDALE, NEW YORK

27 Central Avenue

Clark-Superior, Inc.

• Manufactured •
• Built and sold
• New York City
• 14th St. 1007

CENTRAL AVENUE

G. SERVICES AND FACILITIES

1. Mail - Incoming mail is delivered to the Building and inserted by the U.S. Postal Service into mail-box banks located in the Building vestibules outside the locked security doors located at each of the three (3) Building entrances.

2. Security System - A two-way voice communication system from the Building vestibule to the Apartments, including a buzzer device operable by each Apartment owner to unlock the entrance door, shall be installed by the Sponsor at the Building prior to the Closing Date.

3. Storage Room - There are two (2) storage rooms for use by Apartment owners located in the basement of the 37 North Central Avenue portion of the Building.

4. Elevators - There are three (3) separate self-service Staley elevators installed in the Building complex, each serving a separate portion thereof. The elevators are each operated by push buttons located in the hall area and are provided with noncumulative controllers capable of handling only one call at a time.

5. Parking - Parking lots on the north and south sides of the Building provide outdoor parking for fifty-six (56) cars. A separate garage structure in the south parking

lot provides indoor parking for an additional thirty-three (33) cars. Certain tenants presently in occupancy at the Building have designated parking spaces which are covered by their existing Apartment leases as indicated on the schedule appearing below at page 70 of the Plan.

As of the Closing Date, tenant-purchasers may continue to use such parking spaces (or other spaces designated by the Apartment Corporation) by entering into leases therefor with the Apartment Corporation at the rate of Twelve and 50/100 (\$12.50) Dollars per month for indoor spaces and Seven and 50/100 (\$7.50) Dollars per month for outdoor spaces for an initial term of ten (10) years. As of the fifth anniversary of the Closing Date, the Apartment Corporation shall have the right to review and increase the rentals charged for such spaces to rates not to exceed rentals for comparable parking facilities in the locality. The lessee's interest in such parking spaces may be assigned to a party purchasing the shares allocated to any tenant-shareholder's Apartment, but not otherwise.

Non-purchasing tenants shall be entitled to continue to occupy their parking spaces in accordance with the provisions of their existing tenant leases for Apartments in the Building. Upon the expiration (without renewal) or other termination of any such lease or if any such tenant shall otherwise permanently cease to use his parking space, the same shall revert to the Apartment Corporation. In the case of any Apartment with respect to which the Sponsor

is the holder of Unsold Shares, the Sponsor shall be entitled, upon the surrender of any parking space theretofore utilized by a non-purchasing tenant who vacates his Apartment, to enter into a lease for a parking space with the Apartment Corporation at the same rates as aforesaid, for an original term to expire on the tenth anniversary of the Closing Date, subject to review and rental increase to comparable rates charged in the locality as of the fifth anniversary of the Closing Date, and, in turn, the Sponsor may sublet the same to a non-purchasing tenant of the Building or assign its lessee's interest thereunder to a purchaser (after the Closing Date) of the Unsold Shares allocated to an Apartment. Except as otherwise provided in the preceding sentence, Sponsor shall not be obligated to pay rent to the Apartment Corporation for any parking spaces so long as the same are utilized by existing tenants in occupancy who have elected not to purchase the shares allocated to their Apartments under the Plan, which shares are held by Sponsor as the holder of Unsold Shares.

In the case of parking spaces, if any, which are vacant (a) as of the Presentation Date, Sponsor may enter into leases therefor, as landlord, and shall assign its interest thereunder to the Apartment Corporation at the Closing and (b) as of the Closing Date, Sponsor shall assign same to the Apartment Corporation, which may, to the extent that any such parking spaces are not then subject to contracts theretofore entered into (but not yet consummated)

to lease such spaces to tenant-purchasers, enter into leases therefor upon such terms and conditions as are deemed appropriate by the Apartment Corporation.

6. Laundry Facilities - A laundry room in the Building basement has four (4) coin-operated Speed Queen washers and two (2) coin-operated Speed Queen gas dryers for use by the Apartment owners and tenants of the Building. This equipment is concession-owned and maintained.

7. Refuse Disposal - Refuse is currently disposed of by incineration. Prior to the Closing Date, Sponsor shall either upgrade the existing incineration refuse disposal system or install a garbage compactor in the basement of the Building.

All determinations with respect to the continuance of any of the services described above will be made by the Board of Directors of the Apartment Corporation, some of whom may be designated by holders of Unsold Shares (see Part I, Section R of this Plan).

Neither the Sponsor, the Managing Agent nor the Apartment Corporation will be liable for the interruption, discontinuance or quality of any of the foregoing services, including, but not limited to, any services provided by any outside company or person, or for injury to person or damage to property resulting from any act or omission of such company or person or their employees or agents.

SCHEDULE OF OCCUPIED PARKING SPACES

APT. NO.	PARKING SPACE NO.	APT. NO.	PARKING SPACE NO.
5I	1	3-B	59
47S	2	3-B	60
1I	3	4-L	61
6A	4	2-A	62
1F	5	6-A	63
-	6	1-B	64
3G	7	5-H	65
4K	8	4-B	66
5I	9	5-A	67
6I	10	3-L	68
5L	11	3-L	69
6L	12	Basement Store	70
1JA	13	47S	80
47N	14	3-E	81
47N	15	6-B	82
47N	16	2-F	83
47N	17	3-J	84
2G	18	1-D	85
4I	19	2-H	86
6K	20	4-E	87
3I	21	3-L	88
1L	22	3-F	89
1L	23	1-B	90
3K	24	2-K	91
3K	25	2-L	92
47S	26	2-J	93
47S	27	6-L	94
47S	28	-	95
47S	29	6-B	96
2-A	40	6-B	97
6-C	41	2-C	98
5-C	42	3-D	99
1-C	43	1-A	100
1-C	44	4-A	101
4-D	45	4-L	102
3-A	46	4-C	103
5-E	47	5-A	104
Basement Store	48	6-J	105
" "	49	3-A	106
" "	50	1-A	107
" "	51	4-A	108
" "	52	6-H	109
2-D	53	6-D	110
4-G	54	6-D	111
5-G	55	5-B	112
2-B	56		
2-F	57		
4-E	58		

BENEFITS OF THE PROTECTION ACT AND PROTECTION REGS. MAY, UNDER CURRENT LAW, DEMAND (AND IF HE WISHES TO REMAIN IN POSSESSION MUST SIGN) A RENEWAL LEASE AT A RENTAL DETERMINED IN ACCORDANCE WITH THE PROTECTION REGS. A TENANT ENTITLED TO THE BENEFITS OF THE CONTROL LAW AND RENT REGS. MAY, UNDER CURRENT LAW, STAY IN OCCUPANCY OF HIS APARTMENT UNTIL SUCH TIME AS HE VACATES THE APARTMENT OR DEFAULTS UNDER HIS TENANCY. Present tenants occupying residential Apartments are under no obligation to purchase their Apartments.

Notwithstanding the foregoing, the Apartment Corporation and the Sponsor have agreed that each tenant who occupies an Apartment on the Presentation Date has the exclusive right to purchase the shares allocated to his Apartment for a period of ninety (90) days from the Presentation Date, provided the tenant is still in occupancy of his Apartment at the time the tenant executes a Subscription Agreement. Any Qualified Tenant may purchase the shares allocated to his Apartment at the Lower Price, if he executes a Subscription Agreement for the shares allocated to his Apartment and makes the required downpayment, prior to the later of (i) ninety (90) days after the Presentation Date or (ii) the Closing Date. In the event a Qualified Tenant does not execute a Subscription Agreement and make the required downpayment for the shares allocated to his

Apartment prior to the expiration of ninety (90) days after the Presentation Date, and prior to the Closing Date a non-occupant executes a Subscription Agreement and makes the required downpayment for the shares allocated to the Apartment occupied by the Qualified Tenant, the Qualified Tenant shall no longer have the right to purchase the shares allocated to his Apartment.

So long as tenants who occupy Apartments on the Presentation Date have the exclusive right to purchase the shares allocated to their respective Apartments, the Selling Agent will not show such Apartments to prospective purchasers unless the tenant moves out of his Apartment or the Selling Agent receives written advice from the tenant waiving his exclusive right to purchase his Apartment and consenting to the showing of his Apartment. In the latter case, the Selling Agent may exercise whatever right the landlord may have under the tenant's existing lease and/or applicable law to show such Apartment to prospective purchasers and also to accept unconditionally a Subscription Agreement from any prospective purchaser of the shares allocated to such Apartment. So long as tenants who occupy Apartments on the Presentation Date have the exclusive right to purchase the shares allocated to their respective Apartments, the Apartment Corporation shall be obligated to conditionally accept

Subscription Agreements from any non-occupant with respect to the shares allocated to any such Apartment with the understanding that if the tenant who occupies such Apartment on the Presentation Date executes a Subscription Agreement for the shares allocated to his Apartment and makes the required downpayment prior to ninety (90) days after the Presentation Date, then the Apartment Corporation will cancel the Subscription Agreement executed between it and such non-occupant and refund to such non-occupant the downpayment relating thereto.

Qualified Tenants may submit to the Selling Agent a signed Subscription Agreement (and downpayment) for the shares allocated to another Apartment in addition to (or instead of) their own Apartment at the Lower Price provided the executed Subscription Agreement and required downpayment are made prior to the later of (i) ninety (90) days after the Presentation Date or (ii) the Closing Date, and provided that no other purchaser has entered into a Subscription Agreement and made the required downpayment theretofore for the purchase of such shares. Although a Subscription Agreement for any Apartment occupied by another tenant will not be accepted until the occupying tenant's exclusive right to purchase his Apartment terminates, such Subscription Agreement will be accepted immediately after such expiration if the tenant of

such Apartment, if any, has not theretofore submitted a Subscription Agreement for his Apartment. If a Subscription Agreement has been submitted by the tenant of such Apartment, the Selling Agent will promptly return any other Subscription Agreement and downpayment relating thereto. If a Subscription Agreement from a tenant for shares allocated to another Apartment is accepted, such tenant may, at his option, cancel the Subscription Agreement for his Apartment and require that it be returned to him with the accompanying downpayment. Subject to the exclusive right of a tenant occupying an Apartment on the Presentation Date to purchase the shares allocated to his Apartment, Subscription Agreements for Apartments will be accepted by the Apartment Corporation on a "first come, first served" basis.

After the expiration of the occupying tenant's exclusive right to purchase his Apartment, a tenant who occupies an Apartment will be given written notice by the Selling Agent when the shares allocated to his Apartment have been sold to a non-occupant. Such notice shall be given within thirty (30) days after the date on which a Subscription Agreement for such shares has been accepted.

2. Rights of Tenants in Occupancy Under Section 352(eee)
of the New York General Business Law.

In accordance with Section 352(eee), a copy of which appears in Part II, Section D of this Plan, this is a Non-Eviction Plan and may not be declared effective until at least fifteen (15%) percent of tenants in occupancy of all residential Apartments in the Building as of the date upon which the Plan is declared effective shall have consented to purchase under the Plan pursuant to an offering made in good faith without fraud and with no discriminatory purchase agreement or other discriminatory inducements.

From and after the date that the Attorney General of the State of New York has accepted the Plan for filing ("Filing Date"), at least every thirty (30) days until the Plan is declared effective or abandoned, as the case may be, the Sponsor shall (i) file a sworn written statement with the Attorney General stating the percentage of the tenants in occupancy of all residential Apartments in the Building who have agreed to purchase Apartments under the Plan as of the date of such statement and (ii) post a copy of such statement in the Building lobby before noon of the day on which such statement has been filed as aforesaid.

The rentals paid by any non-purchasing tenants who reside in dwelling units not subject to government regulations as to rentals and continued occupancy and any such non-purchasing tenants who reside in dwelling units with respect to which government regulation as to rental and continued occupancy is eliminated or becomes inapplicable after the Plan has become effective shall not be subject to unconscionable increases beyond ordinary rental for comparable apartments during the period of their occupancy. No eviction proceedings will be commenced at any time against non-purchasing tenants for failure to purchase their residential Apartments; provided, however, that eviction proceedings may be commenced for non-payment of rent, illegal use or occupancy of the premises, refusal of access to the owner or a similar breach by the non-purchasing tenant of his obligations to the Apartment Corporation (or to the purchaser of shares allocated to such Apartment, as the landlord with respect to such non-purchasing tenant).

This Plan may not be amended at any time to provide that it shall be an Eviction Plan (as such capitalized term is defined in Section 352(eee)).

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

3. Obtaining Possession of Apartments; Obligations
of Purchasers of Occupied Apartments.

Some Apartments in the Building are occupied under leases while others are occupied by tenants, without leases, who occupy their Apartments under statutory tenancies. Consequently, a purchaser of the shares allocated to an Apartment will obtain the Proprietary Lease for the Apartment in accordance with applicable law and the provisions of Paragraph 22 of the Proprietary Lease and Article V, Section 8 of the By-Laws subject to (i) any lease for the Apartment then in effect (and any renewal thereof required to be given under the Protection Act and Protection Regs.), (ii) any existing occupancy of the Apartment, (iii) the right of any existing tenant (who has not purchased the shares allocated to his Apartment) to remain in possession of the Apartment by reason of the State Rent Laws, as hereinabove set forth, (iv) all other rights of the existing tenant under the State Rent Laws and (v) all rights of the existing tenant under any applicable federal laws, regulations and rules limiting or otherwise controlling rent and occupancy terms now existing or hereinafter enacted or promulgated.

Under existing law, a purchaser of an Apartment occupied by a tenant entitled to the benefits of the State

Rent Laws may not obtain possession of such Apartment so long as such tenant does not default under his lease (as the same may be renewed from time to time) or his tenancy. If a tenant or other person occupying an Apartment does not voluntarily vacate the Apartment on the date on which his lease expires, or otherwise terminates, or the date on which his right to continued occupancy terminates, a purchaser, in order to gain occupancy of the Apartment, may, subject to the rights of the tenant pursuant to the State Rent Laws, be required (at his own expense) to (i) apply to the HCR for a certificate of eviction with respect to Apartments occupied by tenants entitled to the benefits of the Control Law and Rent Regs. or (ii) institute summary dispossess proceedings in court to obtain possession of Apartments occupied by tenants entitled to the benefits of the Protection Act and Protection Regs.

NO REPRESENTATION CAN NOW BE MADE AS TO THE LENGTH OF TIME WHICH IT MAY TAKE TO GAIN OCCUPANCY OF ANY OCCUPIED APARTMENT OFFERED UNDER THIS PLAN.

A purchaser of an Apartment occupied by a tenant will purchase subject to the terms and conditions of the existing lease or tenancy. Copies of all leases in effect at the Presentation Date are on file at the Selling Agent's office for examination by prospective purchasers. Certain tenants in occupancy currently receive Federal Housing Authority rent subsidies pursuant to their leases, under

the United States Department of Housing and Urban Development Section 8 Program, locally administered by the Greenburgh Housing Authority, and such information should be noted by purchasers of Apartments. A non-occupant purchaser will be required to pay to the Apartment Corporation the Maintenance Charges (rent) for his Apartment, whether such common charges and expenses are greater or less than the rent received from the tenant in occupancy. Such purchaser will also be responsible for all the obligations of the landlord under the lease or tenancy of the tenant and under the State Rent Laws. The purchaser will have the further obligation of repair, replacement and maintenance of the plumbing fixtures, refrigerator, range, light fixtures and other equipment in the Apartment, as well as painting of the Apartment. Purchasers of Apartments occupied by tenants should consult their attorneys with respect to their rights and obligations.

EVICITION PROCEEDINGS MAY ONLY BE COMMENCED FOR NONPAYMENT OF RENT, ILLEGAL USE OF OCCUPANCY OF THE APARTMENT, REFUSAL OF ACCESS TO THE OWNER OR SIMILAR BREACH BY SUCH TENANTS OF THEIR RESPECTIVE OBLIGATIONS TO THE LANDLORD.

Each person considering the purchase of an occupied (as opposed to vacant) Apartment he does not occupy should consult an attorney in order to become fully apprised of the effect of the State Rent Laws on his rights as a purchaser

and his obligations to any existing tenant or occupant, whether or not the occupant is entitled to the benefits of the State Rent Laws.

Neither the Sponsor, the Apartment Corporation nor the Selling Agent makes any representation or statement of any kind as to the requirements of the State Rent Laws except as specifically set forth herein. No representation or warranty is made that the State Rent Laws will or will not continue to apply to any Apartments in the Building or that there will or will not be any further amendments thereto.

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

In addition to the above, certain federal legislation enacted into law as Title VI of Public Law 96-399 on October 8, 1980 and entitled the "Condominium and Cooperative Protection and Abuse Relief Act of 1980" provides national standards for conversions to condominium and cooperative ownership with respect to disclosure to existing tenants of information pertinent thereto.

I. EFFECTIVE DATE OF THIS PLAN AND CLOSING DATE

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

1. The Plan may, at the Sponsor's option, be declared effective during the twelve (12) month period from and after the Filing Date at any time after fifteen (15%) percent of tenants in occupancy of residential Apartments in the Building have executed Subscription Agreements in good faith and without fraud and with no discriminatory repurchase agreement or other discriminatory inducement.

2. The Sponsor must declare this Plan effective during the twelve (12) month period from and after the Filing Date, when Subscription Agreements have been executed by purchasers of Apartments in good faith and with no discriminatory repurchase agreement or other discriminatory inducement, and accepted by the Apartment Corporation, for at least eighty (80%) percent of the shares of the Apartment Corporation.

Upon declaring the Plan effective, Sponsor shall so notify all purchasers and tenants, in writing, by certified mail, return receipt requested. Thereafter, and within two (2)

business days of declaring the Plan effective, Sponsor shall file an amendment informing the Attorney General of the State of New York that the Plan has been declared effective and that all purchasers and tenants have been properly notified in the aforesaid manner ("Effectiveness Amendment").

After this Plan has been declared effective, title to the Property will close (the "Closing") on the Closing Date, which Closing Date shall be fixed by the Sponsor and shall be not less than thirty (30) days nor more than one hundred twenty (120) days after this Plan is declared effective, unless the Closing is adjourned; provided, however, that under no circumstances whatsoever shall the Closing occur prior to the date upon which the Effectiveness Amendment has been accepted for filing.

The Sponsor may, at its option, abandon this Plan for any reason whatsoever before it must be declared effective pursuant to paragraph 2 above. Once this Plan has been declared effective, it may not be abandoned except for a defect in title which cannot reasonably be cured, but there will be no obligation on the part of the Sponsor to incur any expense in excess of \$50,000 (including attorneys' fees and other expenses) or to engage in litigation to cure title defects. The Sponsor will not be obligated to remedy radio and television antennae violations, violations relating to painting of Apartments that

are noted after the Presentation Date or violations caused by acts or omissions of tenants of the Building.

If this Plan has not been declared effective within twelve (12) months from the Filing Date, this Plan will be deemed abandoned and all monies received, if any, will be returned to purchasers, in full, with interest earned thereon, if any; and, in any such event, no subsequent offering plan for conversion to cooperative ownership of the Property will be submitted to the Attorney General's Office of the State of New York during the eighteen (18) month period from and after the date of such abandonment of the Plan.

The foregoing provisions of Section H and this Section I are based upon the laws in effect on the Presentation Date. The Sponsor reserves the right to amend this Section I if such laws, or any of them, expire or are modified or repealed during this offering. A copy of each amendment of this Plan reflecting a change in the law will be furnished to all tenants at the time such amendment is submitted for filing.

On the Closing Date, fee title to the Property will be conveyed by the Sponsor to the Apartment Corporation. Thereupon, each purchaser will be obligated for the payment of Maintenance Charges (rent) for his Apartment

under his Proprietary Lease, and such payment of Maintenance Charges (rent) will become due after the Closing Date whether or not the tenant in possession, if any, pays the rent required to be paid by him. Certificates for the shares of the Apartment Corporation and the accompanying Proprietary Leases will be issued to the respective purchasers as of the Closing Date and will be delivered promptly thereafter.

J. PROCEDURE TO PURCHASE

A person desiring to purchase an Apartment will be required to execute two (2) copies of a Subscription Agreement for the shares of the Apartment Corporation allocable thereto in the form set forth in Part II, Section A of this Plan and to return it to the Selling Agent at 199 Main Street, White Plains, New York 10601, together with his check for the required downpayment (One Thousand (\$1000) Dollars for each Apartment) drawn on a New York City or Westchester County bank to the order of "Lincoln First Bank, N.A. (27 Special Account)".

Shares of the Apartment Corporation other than Unsold Shares (as said term is defined in Part I, Section R of this Plan) shall be sold and issued to natural persons, each of whom shall represent in the Subscription Agreement that he is purchasing the shares for his own account (beneficial and of record). Except for Sponsor financing in accordance with Part I, Section L(1) of this Plan, the Subscription Agreement is not contingent upon the subscriber obtaining financing for the balance of the Total Cash Payment of the Apartment. Any subscriber who does not pay the balance of the Total Cash Payment within the required time period as specified in the Subscription Agreement may forfeit the downpayment (but not in excess of ten (10%) percent of the Total Cash Payment) made thereunder.

The Selling Agent, on behalf of the Apartment Corporation, will approve or reject a Subscription Agreement within twenty (20) days after such submission and will either return a fully executed counterpart of the Subscription Agreement (or, in the case of any Subscription Agreement which is rejected, both partially executed counterparts thereof and the downpayment received therewith without interest) to the Subscriber. In the case of a Subscription Agreement for an Apartment not occupied by the subscriber, if a Subscription Agreement for such Apartment is received from the tenant occupying such Apartment prior to the expiration of such tenant's exclusive right to purchase his Apartment, the Selling Agent will promptly return the Subscription Agreement (and downpayment) with interest earned thereon, if any, submitted by the non-occupant as promptly as practicable after acceptance of the Subscription Agreement submitted by the occupant. See Part I, Section H of this Plan.

After this Plan has been declared effective, the Selling Agent will submit duplicate Proprietary Leases to the subscriber for execution. The duplicate Proprietary Leases must be executed by the subscriber and returned to the Selling Agent, and the balance of the Total Cash Payment must be paid within fifteen (15) days thereafter, such balance to be paid by unendorsed certified check of the subscriber or by official bank or cashier's check drawn on a New York Clearing House

Bank. However, if the subscriber elects to finance a portion of the Total Cash Payment and furnishes to the Selling Agent (i) a written commitment from a bank, trust company or other lending institution (in form satisfactory to Sponsor) or (ii) a fully executed Disclosure Statement (as such capitalized term is hereinafter defined) containing the terms of the financing arrangements between the Sponsor and the subscriber who is eligible for and elects to finance his purchase by a Sponsor loan, as more fully described in Part I, Section L of this Plan, for the portion of the Total Cash Payment to be so financed, such financed portion may be paid on the Closing Date from the proceeds of the loan.

If a subscriber fails to pay the unfinanced balance of the Total Cash Payment or to sign and return the Proprietary Lease within the fifteen (15) day period described above, or if the Sponsor has not been paid on or prior to the Closing Date any balance financed, and any such default is not cured within a thirty (30) day period after written notice thereof, the Sponsor's sole remedy is to cancel the Subscription Agreement and retain as liquidated damages all payments made thereunder (but not in excess of ten (10%) percent of the Total Cash Payment), together with any interest earned thereon. Any payments received in excess of ten (10%) percent of the Total Cash Payment together with any interest earned thereon, shall

be refunded to the subscriber within a reasonable time after cancellation. If the Subscription Agreement is cancelled, the Sponsor has the right to sell the shares and related Proprietary Lease to others as if the Subscription Agreement had never been made (without accounting to the subscriber for the proceeds of such sale) and the subscriber, the Apartment Corporation and the Sponsor shall be relieved of all further liabilities and obligations thereunder and under this Plan.

The Selling Agent will have the absolute right to terminate a fully executed Subscription Agreement with a tenant in occupancy if such tenant thereafter defaults under his lease or occupancy agreement, and in such event, in the case of a tenant (a) in occupancy pursuant to an interim lease entered into in accordance with Part I, Section Q of this Plan, all moneys deposited under any such tenant's Subscription Agreement (but not in excess of ten (10%) percent of the Total Cash Payment), together with any interest thereon, will be paid to the Sponsor as liquidated damages and (b) who had been in occupancy prior to the Presentation Date (and consequently not pursuant to an interim lease), all moneys deposited under any such tenant's Subscription Agreement will be refunded, without interest thereon, and the Subscription Agreement shall be cancelled and be of no further force or effect.

Rent paid by tenant-purchasers will be apportioned as of the Closing Date. With regard to any Apartment transferred after the Closing Date, the holder of Unsold Shares and the purchaser will apportion, as of midnight of the day preceding the date of such transfer, the Maintenance Charges (rent) under the Proprietary Lease being transferred. If such Apartment is occupied, the rent required to be paid pursuant to such tenancy and utility charges, if any, will be apportioned as of midnight on the date preceding such transfer and if a tenant is in arrears with respect to payment of rent and/or utility charges, if any, the purchaser will be required to pay to the holder of Unsold Shares any arrearages credited to the purchaser out of the first amounts collected by the purchaser from such tenant.

Said moneys shall be deemed to be received by Sponsor and held in trust by it and will be deposited, directly or through its agents, employees or escrow agent, in trust, in a special interest bearing account with Lincoln First Bank, N.A., 31 Mamaroneck Avenue, White Plains, New York 10601 ("Bank") entitled "27 Special Account" until actually employed in connection with the consummation of this Plan as herein described. An attorney who is affiliated with Skadden, Arps, Slate, Meagher & Flom, counsel to Sponsor, shall be a signatory of such bank account. Moneys deposited at the Bank pursuant to this Section

will not be released except upon (i) the acquisition of title to the Property by the Apartment Corporation, (ii) default under a Subscription Agreement or (iii) abandonment of this Plan, whichever first occurs. In the event that insufficient funds are raised through the offering to effectuate the contribution of the Property and consummation of this Plan, or if this Plan is abandoned or withdrawn for any reason, or if this Plan is not declared effective within twelve (12) months of the Filing Date of this Plan, for any reason whatsoever, then such moneys shall be returned to all subscribers, with interest earned thereon, if any. The amounts paid by the subscribers will be handled in accordance with the provisions of Section 352-e(2)(b) and Section 352-h of the New York General Business Law.

K. SPONSOR'S OBLIGATIONS

1. Payment of Closing Expenses.

The Sponsor will assume the following expenses in connection with the Contribution Agreement set forth in Part I, Section T of this Plan: (i) closing costs and attorneys' fees of the Apartment Corporation incurred with regard to this Plan and the acquisition of title to the Property by the Apartment Corporation; (ii) title insurance premiums; (iii) curing violations, if any, against the Building up to \$25,000 (or such greater amount as the Sponsor may elect to cure in accordance with Part I, Section F of this Plan); and (iv) passing title to the Property to the Apartment Corporation free and clear of all liens and encumbrances; subject, however, to those exceptions set forth in Part I, Section T of this Plan.

THE SPONSOR MAKES NO WARRANTIES AS TO THE WORK, MATERIALS, APPLIANCES, EQUIPMENT OR FIXTURES COVERED BY GUARANTIES OR WARRANTIES ASSIGNED TO THE APARTMENT CORPORATION OR A TENANT-SHAREHOLDER AND THE SOLE REMEDY OF THE APARTMENT CORPORATION OR THE TENANT-SHAREHOLDERS SHALL BE TO PROCEED UNDER SUCH WARRANTIES OR GUARANTIES. THE SPONSOR MAKES NO WARRANTY AS TO AND THE ABILITY OF THE APARTMENT CORPORATION TO OBTAIN RELIEF UNDER SUCH WARRANTIES AND GUARANTIES. OBTAINING SUCH RELIEF WILL DEPEND SOLELY UPON THE FINANCIAL CONDITION OF THE SUBCONTRACTORS, MATERIALMEN AND SUPPLIERS MAKING SUCH WARRANTIES AND GUARANTIES WHEN CALLED UPON TO PERFORM.

2. Certification by Sponsor

The undersigned are all of the general partners holding a ten (10%) percent or greater interest in Dale Estates, a New York general partnership, being the sponsor of the offering plan ("Plan") for conversion to cooperative ownership of premises situated at 27 North Central Avenue, Hartsdale, New York. We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law of the State of New York, together with Part 17 of the New York Code of Rules and Regulations promulgated pursuant thereto by the Attorney General of the State of New York, insofar as such regulations are applicable to the Plan, and such other laws and regulations as may be applicable.

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

1. Set forth a complete, detailed, current and accurate description of the terms of the offering covered thereby;
2. Afford potential purchasers an adequate basis upon which to determine whether the purchase shares of stock of the apartment corporation allocated to residential apartments covered by the Plan;
3. Not omit any material fact;
4. Not contain any untrue statement of a material fact;
5. Not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;
6. Not contain any promise or representation as to future contingencies which is beyond reasonable expectation or unwarranted by existing circumstances;
7. Not contain any representation or statement which is false, where we (i) knew the truth; (ii) with reasonable effort, could have known the truth; (iii) made no reasonable effort to ascertain the truth; or (iv) did not have knowledge concerning the representation or statement made.

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

DALE ESTATES

By: /s/
Jacob Heller

/s/
Michael Heller

/s/
Milton Peck

/s/
Stuart Robinowitz

L. FINANCING ARRANGEMENTS

1 . SPONSOR FINANCING.

The Sponsor will lend up to eighty-five (85%) percent of the Total Cash Payments of those Qualified Tenants ("Initial Purchasers") who enter into Subscription Agreements for the shares allocated to Apartments they occupy (or for the shares allocated to another Apartment, whether vacant or subject to the occupying tenant's prior exclusive right to purchase his Apartment for (90) days after the Presentation Date; provided, however, that in no event shall any subscriber be entitled to receive Sponsor's financing for the purchase of shares allocated to more than one Apartment) and execute Subscription Agreements and make the required downpayment for the shares allocated to the Apartments which they occupy prior to the later to occur of (i) ninety (90) days after the Presentation Date or (ii) the Closing Date. No financing is being offered in connection with the purchase of shares allocated to more than one Apartment (with respect to any such additional Apartment).

The Sponsor's financing plan provides for six (6) year loans with interest at varying rates depending on the size of Sponsor's loans. In the event that any such loan is in an amount of up to and including seventy (70%) percent of the required Total Cash Payment, then the

Sponsor loan being offered would carry an interest rate of nine (9%) percent per annum on the full principal amount thereof. In the event that such loan is in an amount in excess of seventy (70%) percent but not more than eighty (80%) percent of the required Total Cash Payment, then the Sponsor loan being offered would carry an interest rate of ten (10%) percent per annum on the full principal amount thereof. In the event that such loan is in an amount in excess of eighty (80%) percent and up to eighty-five (85%) percent of the required Total Cash Payment, then the Sponsor loan being offered would carry an interest rate of ten and one-half (10-1/2%) percent per annum on the full principal amount thereof. Sponsor loans shall be payable in monthly installments of interest only with the entire original principal balance becoming due and payable upon payment of the final monthly installment of interest at the end of the sixth (6th) loan year. Sponsor will permit prepayment of such loan, in whole or in part, on any installment payment date, without notice, premium or penalty. Such loan will become immediately due and payable upon any transfer or sale by the Initial Purchaser of his shares and Proprietary Lease.

Interest begins to accrue from the Closing Date. Each loan will be secured by a first security interest in and lien on the shares owned by and the Proprietary Lease

made with the Initial Purchaser, permanent fixtures located in the Apartment and on any personal property affixed to the Apartment at the Initial Purchaser's expense which, under the terms of the Proprietary Lease, may be removed by the Initial Purchaser.

**EXAMPLES OF MONTHLY PAYMENTS
AND FINANCING CHARGES
UNDER SPONSOR'S PLAN AT 9% ANNUAL INTEREST**

<u>Amount of Loan</u>	<u>Monthly Interest Payment (71 Months)</u>	<u>Final Payment of Unpaid Principal and accrued interest (72nd Monthly Payment)</u>	<u>Total of Payments Over 6 Years (Interest and Principal)</u>
\$10,000	\$ 75.00	\$10,075.00	\$15,400.00
15,000	112.50	10,112.50	23,100.00
20,000	150.00	20,150.00	30,800.00
25,000	187.50	25,187.50	38,500.00
30,000	225.00	30,225.00	46,200.00
35,000	262.50	35,262.50	53,900.00
40,000	300.00	40,300.00	61,600.00

**EXAMPLES OF MONTHLY PAYMENTS
AND FINANCING CHARGES
UNDER SPONSOR'S PLAN AT 10% ANNUAL INTEREST**

<u>Amount of Loan</u>	<u>Monthly Interest Payment (71 Months)</u>	<u>Final Payment of Unpaid Principal and accrued interest (72nd Monthly Payment)</u>	<u>Total of Payments Over 6 Years (Interest and Principal)</u>
\$10,000	\$ 83.33	\$10,083.33	\$15,999.76
15,000	125.00	15,125.00	24,000.00
20,000	166.67	20,166.67	32,000.24
25,000	208.33	25,208.33	39,999.76
30,000	250.00	30,250.00	48,000.00
35,000	291.67	35,291.67	56,000.24
40,000	333.33	40,333.33	63,999.76

EXAMPLES OF MONTHLY PAYMENTS
AND FINANCING CHARGES
UNDER SPONSOR'S PLAN AT 10-1/2% ANNUAL INTEREST

<u>Amount of Loan</u>	<u>Monthly Interest Payment (71 Months)</u>	<u>Final Payment of Unpaid Principal and Accrued Interest (72nd Monthly Payment)</u>	<u>Total of Payments Over 6 Years (Interest and Principal)</u>
\$10,000	\$ 87.50	\$10,087.50	\$16,300.76
15,000	131.25	15,131.25	24,450.00
20,000	175.00	20,175.00	32,600.00
25,000	218.75	25,218.75	40,750.00
30,000	262.50	30,262.50	48,900.00
35,000	306.25	35,306.25	57,050.00
40,000	350.00	40,350.00	65,200.00

THE LOAN IS NOT SELF-LIQUIDATING AND ON THE MATURITY DATE OF THE LOAN THE ENTIRE UNPAID PRINCIPAL BALANCE WILL BECOME DUE AND PAYABLE. UPON THE MATURITY OF THE LOAN, AN INITIAL PURCHASER WILL BE REQUIRED TO PAY THE BALANCE DUE EITHER BY REFINANCING THE LOAN OUT OF HIS OWN FUNDS OR FROM FUNDS BORROWED FROM OTHER SOURCES. REFINANCING OF THE LOANS ON THE SAME TERMS AND CONDITIONS MAY NOT BE AVAILABLE. SPONSOR MAKES NO REPRESENTATIONS AS TO THE AVAILABILITY OR TERMS OF ANY REFINANCING OR THE AVAILABILITY OR TERMS OF ANY SUCH OTHER LOAN.

In addition to the foregoing, Qualified Tenants electing not to utilize Sponsor's financing and who pay the Total Cash Payment for the block of shares allocated to their Apartments entirely in cash and Initial Tenants electing to receive Sponsor's financing in an amount not to exceed eighty (80%) percent of the required Total Cash Payment for the block of shares allocated to their Apartments, shall have the option, with respect to the Apartment for which Sponsor

financing is offered, to purchase from Sponsor all or any part of a package of new replacement kitchen appliances and cabinets ("Kitchen Fixtures") for installation therein in accordance with the model and price schedule set forth below. The total cost of any such improvements selected by Initial Tenants, including the expense of installation thereof in Apartments, may be added to the principal amount of the Sponsor's loan for the purchase of shares allocated to the Apartment affected thereby. Accordingly, Initial Tenants electing to purchase such improvements shall be entitled to have one hundred (100%) percent of the cost thereof (including installation) financed upon the same terms and conditions as apply to the purchase of shares of the Apartment Corporation allocated to their Apartments; provided, however, that the terms of financing shall be determined with reference to the portion of the Total Cash Payment financed by Sponsor, exclusive of the cost attributable to the purchase price of any such improvements. Qualified Tenants not utilizing Sponsor's financing, and consequently paying the Total Cash Payment for their Apartments entirely in cash, shall be entitled to purchase the Kitchen Fixtures made available by Sponsor for their Apartments and Sponsor shall, if requested, finance the acquisition cost thereof upon the same terms and conditions as offered to Initial Purchasers utilizing Sponsor's loans in an amount of up to seventy (70%) percent of

the required Total Cash Payment for the block of shares allocated to such Apartments.

SCHEDULE OF REPLACEMENT KITCHEN FIXTURES

Apartment Line
Designated in
Schedule A to
Part I, Schedule
A of this Plan
("Apartment Line")

A/L	10 new Kinzee Kitchen cabinets, choice of Driftwood of Continental, Stainless Steel sink, choice of Kitchen Floor, Welbilt DeLuce 30" electric start gas range model #NTK26 DA-OA, Welbilt 30" duct- less range hood with shield model #0530, G.E. dishwasher model #GSD400, GE frost free 12 cubic foot 2 door refrigerator model #TB12.	
	Total with tax delivery	\$2,930.00
B-K	Same as A/L	
	Total with tax and delivery	\$2,760.00

ELECTRICAL PACKAGE

A-L	Supply and install new grounded duplex receptable for electric start range, wire for and install oven hood, wire for dishwasher, supply and install 4' 2 lite fluorescent light fixture with cover.*	
	Total	\$350.00

*Required to complete installation of Kitchen Fixtures.

THE FOLLOWING IS A BREAKDOWN OF THE INDIVIDUAL KITCHEN COMPONENTS BY APARTMENT LAYOUT. TENANT-PURCHASERS MUST ELECT APPROPRIATE COMPONENTS FOR THEIR SIZE KITCHENS.

Kinzee Kitchen Cabinets - Choice of Driftwood, Continental
of cabinets

A-L \$1,375.00 10

Linoleum - Kitchen Floor

A/L \$555.00
B-K \$355.00

General Electric Refrigerator, 2 door, 12 cubic ft., Frost Free, #TB12

A-L \$415.00

Welbilt Deluxe 30" Gas Range - #NTK26 DA-OA

A-L \$360.00

Welbilt 30" Ductless Range Hood with Shield #0530

A-L \$50.00

General Electric Dishwasher - #GSD400

A-L \$290.00

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- * All prices reflect 5-1/2% Sales Tax; prices are subject to change without prior notice in order to reflect any price increases payable by Sponsor to its suppliers.

THE SPONSOR MAKES NO WARRANTIES AS TO THE WORK, MATERIALS, APPLIANCES, EQUIPMENT OR FIXTURES DESCRIBED ABOVE. TO THE EXTENT THAT THE SAME ARE COVERED BY GUARANTEES OR WARRANTIES, ASSIGNED TO OR OTHERWISE RUNNING IN FAVOR OF THE APARTMENT CORPORATION OR A TENANT-SHAREHOLDER, THE SOLE REMEDY OF THE APARTMENT CORPORATION OR THE TENANT-SHAREHOLDERS SHALL BE TO PROCEED UNDER SUCH WARRANTIES OR GUARANTIES. THE SPONSOR MAKES NO WARRANTY AS TO AND THE ABILITY OF THE APARTMENT CORPORATION OR A TENANT-SHAREHOLDER TO OBTAIN RELIEF UNDER SUCH WARRANTIES AND GUARANTIES. OBTAINING SUCH RELIEF WILL DEPEND SOLELY UPON THE FINANCIAL CONDITION OF THE CONTRACTORS, SUBCONTRACTORS, MATERIALMEN AND SUPPLIERS MAKING SUCH WARRANTIES AND GUARANTIES WHEN CALLED UPON TO PERFORM.

Prior to the execution of a Subscription Agreement, an Initial Purchaser purchasing shares of the Apartment Corporation with financing from Sponsor will execute a disclosure statement ("Disclosure Statement") which contains the terms of the financing arrangements with the Sponsor and submit to Sponsor a personal financial balance sheet and statement of current revenues and expenses. Within fifteen (15) days after written notice by the Selling Agent (which notice shall state the Closing Date), the Initial Purchaser will execute a note, a pledge agreement, a financing statement (in duplicate), an assignment of proprietary lease, a stock power and a recognition agreement, which agreement will also be executed by the Apartment Corporation, all in the form set forth in Part II, Section G of this Plan. The documents (other than the Disclosure Statement) will be held by the Selling Agent, in escrow, pursuant to the terms of the pledge agreement and will not be delivered until the Closing Date. When a certificate for the shares of the Apartment Corporation being purchased by the Initial Purchaser is issued in his name and the counterpart of Initial Purchaser's Proprietary Lease is fully executed, the certificate and Proprietary Lease will be delivered to Sponsor.

The Initial Purchaser will be required to pay the Total Cash Payment as follows: (i) the amount of One Thousand (\$1,000) Dollars is payable on the signing of the

Subscription Agreement by the Initial Purchaser's unendorsed certified, official bank or cashier's check, payable to the order of "27 Special Account", (ii) the balance of the cash portion of the Total Cash Payment, if any, (an amount equal to the Total Cash Payment less the amount of the aforesaid downpayment) to be paid by the Initial Purchaser is payable within fifteen (15) days after written notice and demand therefor by the Selling Agent by the Initial Purchaser's unendorsed certified, official bank or cashier's check to the order of "27 Special Account"; provided, however, that such payment shall not be required to be made more than ten (10) days prior to the Closing Date and (iii) by the delivery to Sponsor, from out of escrow, of the note, pledge agreement and ancillary documents, in return for which the Sponsor will pay the balance of the Total Cash Payment due from the Initial Purchaser to the Apartment Corporation.

If, for any reason, the shares of the Apartment Corporation which are subject to the Subscription Agreement are not conveyed in accordance therewith, then the note, pledge agreement and the ancillary documents executed in connection therewith will become null and void, of no further force or effect, will physically be marked "cancelled" and will be returned to the Initial Purchaser.

Additional features of the financing arrangements available from Sponsor are as follows (in the discussion that follows, Sponsor is called the "Secured Party" and the tenant-purchaser who elects such financing is called the "Borrower"):

The Borrower executing a note will be personally liable for the payment thereof in accordance with its terms and for any deficiency on the sale of the pledged shares and Proprietary Lease.

Under the terms of the pledge agreement, the Secured Party will have a continuing security interest mortgage lien on the Borrower's shares and Proprietary Lease (as well as Kitchen Fixtures purchased from Sponsor, if applicable). During the term of the loan, however, and until there has been an event of default which has not been cured in accordance with the terms of the pledge agreement, the Borrower will have the right to occupy the Apartment to which the shares are allocated, to benefit from any income tax deductions permitted to tenant-shareholders of the Apartment Corporation and to vote the Borrower's shares. The pledge agreement requires the Borrower to make certain representations and agreements relative to the Borrower's ownership of shares of the

Apartment Corporation and the Borrower's ability to encumber the Borrower's shares and Proprietary Lease. The pledge agreement also provides that the Borrower will be responsible for payment of all Maintenance Charges (rent) and all other charges payable under the Proprietary Lease, and that the Borrower is obligated to comply with all of the other terms of the Proprietary Lease.

Upon the occurrence of any of the following events of default specified in the pledge agreement, the Secured Party may, at its option, declare the entire original principal balance of the loan, and all accrued interest, due and payable:

(a) non-payment of any installment of interest and/or principal required by the note or pledge agreement for a period of ten (10) days;

(b) failure of the Borrower to (i) pay when due, after notice of default and an opportunity to cure said default in accordance with the terms of the Proprietary Lease, the Maintenance Charges (rent) or any other charges or payments under Borrower's Proprietary Lease or (ii)

comply with the other terms and conditions thereof;

(c) a valid notice of termination and/or cancellation of the Borrower's Proprietary Lease is given by the Apartment Corporation;

(d) the non-payment of (or failure to bond) any judgment against the Borrower within thirty (30) days after entry, or the filing of a tax lien, against the Borrower's property;

(e) the occurrence of certain acts of insolvency or bankruptcy by the Borrower;

(f) a transfer, sale, assignment or granting of a further security interest in the Borrower's shares or Proprietary Lease;

(g) the subletting of the Apartment demised by the Borrower's Proprietary Lease without the prior written consent of the Secured Party (which consent shall not be unreasonably withheld if the Apartment Corporation or its directors consent thereto);

(h) an exercise by the Borrower of the rights given to the lessee (by the "es-

cape clause" provision of the Proprietary Lease) to terminate the Proprietary Lease;

(i) the determination by the Secured Party that any of the representations and warranties made by the Borrower in the pledge agreement are not true and correct; or

(j) the uncured failure of the Borrower to comply with any of the Borrower's obligations under the pledge agreement.

If the note is not paid at maturity, or if the Borrower fails to pay the entire original principal balance and accrued interest within five (5) days after notice of acceleration of maturity, the Secured Party will have, among other rights, the right to cause a transfer of title of the Borrower's shares and Proprietary Lease to any individual designated by the Secured Party.

If an event of default occurs under the pledge agreement, the Borrower must surrender possession of his Apartment.

Subject to the foregoing, if an event of default occurs under the pledge agreement, the Secured Party, may in its own name or, may direct the Apartment Corporation to take all steps necessary or desirable to obtain possession of the Apartment subject to such Proprietary Lease

(including, without limitation, the cancellation of the Borrower's shares and Proprietary Lease and the reissuance of said shares to, and the execution of a substitute Proprietary Lease with the Secured Party, or an individual designated by the Secured Party to acquire same) and to deliver possession of the Apartment to the Secured Party or an individual who acquired the Borrower's shares and Proprietary Lease. In the event that the Apartment Corporation is required to bring or participate in any legal proceedings in order to effect the foregoing cancellation, termination and eviction of the Borrower from the Apartment, the Secured Party will indemnify the Apartment Corporation against all costs and expenses incurred by it in connection therewith. In the event of a sale of the shares and Proprietary Lease by the holder of the note, no consent shall be required, either by the Board of Directors or the shareholders, provided that the applicable provisions of Paragraph 39 of the Proprietary Lease are complied with, and provided further that the sale is approved by the then managing agent of the Apartment Corporation (such approval not to be unreasonably withheld or delayed).

The Secured Party has the right, but not the obligation, to make any payments for the Borrower's account or to do any acts required to be done to prevent a default

under the Borrower's Proprietary Lease. Any sums expended by the Secured Party for the Borrower's account will be added to the indebtedness to the Secured Party, will bear interest at the maximum rate then permitted by law and will be payable on demand.

Upon repayment in full of principal and accrued interest, the certificate for the shares and the Proprietary Lease (if then held by the Secured Party) will be returned to the Borrower. Moreover, if the Borrower desires to sell the shares and transfer his Proprietary Lease simultaneously with the repayment of the loan, the Secured Party will deliver the certificate for the shares and the Proprietary Lease (if then held by the Secured Party) at the closing of such sale (in New York City or Westchester County) against payment in full of principal and accrued interest by purchaser's certified check drawn on a member of the New York Clearing House Association or, with the prior written consent of the Secured Party, an official check of a bank which is a member of such association.

Except for the UCC-search and/or filing fee listed in the Disclosure Statement, Borrower shall have no additional costs or expenses for the processing of the loan.

2. Other Financing. In addition to the Sponsor, commercial banks, savings banks and savings and loan associations may make loans to finance the purchase of shares allocated to Apartments in the Building. Each institution has its own lending policies and credit requirements.

Purchasers who may be interested in making financing arrangements with any entity other than the Sponsor should communicate directly with lenders of their preference.

No warranties or representations are made with respect to the cost or availability of financing from any sources except as herein specifically set forth.

M. APARTMENT CORPORATION

The Apartment Corporation was formed on February 26, 1981 under the Business Corporation Law of the State of New York. The By-Laws of the Apartment Corporation are included in Part II, Section C of this Plan and the summary of certain pertinent provisions thereof set forth below does not purport to be a complete statement of its important provisions and is qualified in its entirety by reference to such By-Laws.

The Apartment Corporation has an authorized capital of 36,000 shares of common stock, par value One (\$1) Dollar each, of which 33,137 shares are to be issued and offered in connection with the initial offering pursuant to this Plan. Shares of the Apartment Corporation's stock can only be owned by individuals for their own account and not as nominee for any other individual or firm, partnership, corporation, joint venture or other entity. Notwithstanding the foregoing, the Sponsor (a New York general partnership) shall be permitted to hold Unsold Shares (as such capitalized term is defined at Part I, Section R of this Plan) until the third anniversary of the Closing Date. On or prior to such date, the Sponsor will transfer the Unsold Shares to its partners (provided such partners are

either individuals or otherwise qualify as tenant-stockholders within the meaning of Section 216(b) of the Code) to the extent necessary for the Apartment Corporation to meet the requirements of Section 216(b)(1)(D) of the Code. The By-Laws of the Apartment Corporation provide that the tenant-shareholders are entitled to elect a board of directors ("Board of Directors") consisting of three (3) directors. The present directors and officers have been designated by the sole incorporator of the Apartment Corporation (who is associated with Messrs. Skadden, Arps, Slate, Meagher & Flom) and will resign in favor of directors and officers to be elected by the tenant-shareholders and directors, respectively, at meetings to be held within thirty (30) days after the Closing Date. Directors will be elected by a plurality of the votes cast at a meeting at which a quorum is present. Shareholders will be entitled to one (1) vote per share.

The business and affairs of the Apartment Corporation, including its cash requirements, Maintenance Charges (rent), services, financing and capital requirements shall be managed by its Board of Directors subject to the By-Laws.

The By-Laws may be amended or repealed by the vote of shareholders owning a majority of the then out-

standing shares or two-thirds of the members of the Board of Directors.

The Apartment Corporation shall have a lien on each shareholder's shares to secure the payment of Maintenance Charges (rent) and faithful performance of all other terms and agreements of the appurtenant Proprietary Lease.

All expenses of the Apartment Corporation accruing up to and including the Closing Date, including the Selling Agent's commission, will be paid as provided in Part I, Section T (paragraph 3) of this Plan.

N. PROPRIETARY LEASE

The form of Proprietary Lease is printed in full in Part II, Section B of this Plan. Prospective purchasers are urged to read the entire Proprietary Lease carefully. The following summary of the provisions of the Proprietary Lease does not purport to be a complete statement of its important provisions and is qualified in its entirety by reference thereto.

The Proprietary Lease will be for a term ending on September 30, 2031, but may be extended by vote of the shareholders. As a tenant, each shareholder of the Apartment Corporation will be obligated to pay the Maintenance Charges (rent), whether or not in excess of the amounts set forth in the Projected Schedule, for his Apartment as fixed by the Board of Directors. He will also have, among others, the rights and obligations summarized below.

1. Escape Clause. Except for the holder of Un-sold Shares (as defined in Part I, Section R of this Plan),* he may, if he is not in default under his Proprietary Lease, cancel his Proprietary Lease and surrender his shares and possession of his Apartment to the Apartment Corporation

* Holders of Unsold Shares are permitted to cancel their Proprietary Leases under certain limited circumstances only (see Part I, Section R of the Plan).

(without receiving any compensation) effective on any September 30th after the second anniversary of the Closing Date, on at least six (6) months' prior written notice to the Apartment Corporation, and if he so elects to cancel, he must surrender possession of his Apartment, broom clean, prior thereto, and will remain liable for the payment of Maintenance Charges (rent) up to and including, the effective date of the cancellation. However, he will have no liability for payment of Maintenance Charges (rent) after the effective date of cancellation. See Paragraph 35 of the Proprietary Lease.

2. Sale or Sublease. He will have the right to sell his shares and assign his Proprietary Lease, and to sublet his Apartment, at any time in compliance with the provisions of the Proprietary Lease and the Apartment Corporation's By-Laws, which require that consent thereto be authorized by resolution of the Board of Directors or given in writing by a majority of the directors or by written consent or vote of shareholders owning at least sixty-five (65%) percent of the Apartment Corporation's outstanding shares, except that consent of the Apartment Corporation's managing agent only (which consent shall not be unreasonably withheld or delayed) will be required in the case of Proprietary Leases or subletting of an Apartment

pursuant to a Proprietary Lease owned by or entered into, respectively, by the holders of Unsold Shares under this Plan or secured parties having the rights of holders of Unsold Shares. See Paragraphs 15, 16, 38 and 39 of the Proprietary Lease.

3. Maintenance and Repair. He will be responsible for the cost of interior repairs (including maintenance and replacement of appliances, plumbing, heating and other fixtures and equipment) and decorating in his Apartment. The consent of the Apartment Corporation is required before alterations or additions may be made to an Apartment or to its fixtures and equipment, which consent the Apartment Corporation may not unreasonably withhold. Notwithstanding the foregoing, a holder of Unsold Shares may make alterations in or to his Apartment and to fixtures and equipment therein with the consent (which may not be unreasonably withheld) of the then managing agent only, unless, in the opinion of such managing agent, a proposed authorization may adversely affect the integrity of the structure of the Building or its mechanical systems. See Paragraph 21 of the Proprietary Lease.

4. Use of Shares as Collateral. He will have the right to pledge his shares and assign his Proprietary Lease to a recognized lending institution as collateral

for a loan to acquire such shares and Proprietary Lease provided he complies with the terms of the Proprietary Lease and any guidelines established by the Apartment Corporation. See Paragraphs 17 and 39 of the Proprietary Lease.

5. Permitted Use. He may use his Apartment for (i) any home occupation use permitted under applicable law and (ii) residential purposes and for no other purpose unless otherwise consented to in writing by the Apartment Corporation. However, the holders of Unsold Shares may also use their Apartments as model Apartments as well as sales and rental offices. Notwithstanding the foregoing, in the case of Apartments used for professional office purposes on the Presentation Date, such professional use may continue. See Paragraph 14 of the Proprietary Lease.

6. Defaults and Remedies. On the happening of any of the following events of default, the Apartment Corporation may terminate the Proprietary Lease:

- (i) The Proprietary Lease and appurtenant shares are not owned by the same person;
- (ii) Certain acts of bankruptcy or insolvency of the lessee;
- (iii) An assignment of the lease or subletting of the Apartment without compliance with its terms

or an unauthorized occupancy of the Apartment which continues for ten (10) days after notice;

(iv) Failure for one (1) month to pay rent or other charges which is not cured within ten (10) days after notice;

(v) Failure to perform any other covenant of the Proprietary Lease which is not cured within thirty (30) days after notice; and

(vi) A determination by eighty (80%) percent of the Board of Directors and the vote of shareholders owning at least two-thirds (2/3) of the Apartment Corporation's outstanding shares that a given lessee's tenancy is undesirable.

Upon the occurrence of any default which continues uncured within the applicable grace period, if any, the Apartment Corporation may take possession of, and, at its option, relet the Apartment for the account of the defaulting proprietary lessee. Notwithstanding such reletting or termination, the lessee will continue liable for the payment of Maintenance Charges (rent) until his Apartment is sold; and if the proceeds of such sale are insufficient to liquidate the indebtedness owing to the Apartment Corporation, the lessee will remain liable for such deficiency. Any surplus will be paid over to the lessee after first

paying therefrom all liens on his stock or Apartment (of which the Apartment Corporation has notice), in the order of priority of such liens. See Paragraphs 31 and 32 of the Proprietary Lease.

7. Amendment. The form of Proprietary Lease may be changed only with the approval of tenant shareholders owning at least sixty-six and two-thirds ($66\frac{2}{3}\%$) percent of the Apartment Corporation's outstanding shares, except that no change may be made in any provision of the Proprietary Lease which (i) increases the proportionate share of Maintenance Charges (rent) or cash requirements payable by any lessee, (ii) affects the right of a holder of Unsold Shares to sublet his Apartment or to assign his Proprietary Lease, (iii) eliminates or modifies any other right, privilege or obligation of such holder of Unsold Shares unless he shall consent thereto or (iv) eliminates or impairs the "escape clause" without the consent of any tenant-shareholder affected thereby.

O. FINANCIAL FEATURES

The basic financial features of this Plan are as follows:

Maximum Total Cash Amount of Offering (33,137 shares).	\$3,645,070
Mortgage Indebtedness	\$ <u>900,000</u>
Total Offering	\$4,545,870
* Less Reserve Fund To Be Retained By Apartment Corporation	\$ <u>15,000</u>
Net Offering	\$4,530,070

As indicated in paragraph 3 of Part I, Section T of this Plan, the amount of the net offering set forth above will be further reduced by the amount of certain expenses incurred by the Apartment Corporation (after deducting therefrom the aggregate amount, if any, forfeited by subscribers under their Subscription Agreements) as well as the aggregate amounts of all decreases in Cash Proceeds for shares offered under this Plan prior to the Closing Date.

* Subject to reduction by net closing adjustments, but in no event shall the Reserve Fund after adjustments be less than \$7,500. See Part I, Section S of this Plan.

P. TERMS OF MORTGAGE

On the Closing Date, the Apartment Corporation will execute and deliver a purchase money "wraparound" mortgage ("Mortgage") encumbering the Property in the principal amount of \$900,000, to be held by Sponsor (hereinafter sometimes referred to as "Mortgagee") and which will mature ten (10) years after the Closing Date. The Mortgage "wrapsaround" and is delivered subject to the lien of a certain first mortgage ("Existing Mortgage") affecting the Property in the outstanding principal amount of \$260,000 currently held by the Home Savings Bank, as mortgagee thereunder. The Existing Mortgage may be prepaid in whole or part, without penalty, and does not contain a due on sale clause permitting the mortgagee thereunder to call the then outstanding principal balance thereof due and payable, and accelerate payment of same, upon conveyance of the Property by the Sponsor to the Apartment Corporation in accordance with the provision of the Contribution Agreement. The Apartment Corporation will not make any payments on account of the Existing Mortgage. Pursuant to the terms of the Mortgage, there will be monthly installments of \$6,750 which will be due and payable in advance on the fifteenth day of each calendar month throughout the term of the Mortgage, commencing with the fifteenth day of

the calendar month after the Closing Date; provided, however, that such first payment shall be for interest which shall accrue for the period from the Closing Date through the last day of the calendar month during which such payment shall be due. Said installments shall be applied to the payment of interest only at the rate of nine (9%) percent per annum throughout the Mortgage term. The Mortgage will provide that Mortgagee will make all monthly payments of interest required to be paid to the holder of the Existing Mortgage as well as the final payment of interest and principal on the maturity date of the Existing Mortgage; provided, however, that the aforesaid monthly payments of interest accruing with respect to the Existing Mortgage shall only be remitted to the mortgagee thereunder to the extent that the Apartment Corporation pays to Sponsor (as Mortgagee) the monthly installments of interest as the same become due and payable with respect to the Mortgage.

In accordance with the terms of a certain modification and extension agreement, dated August 22, 1978, the terms of the Existing Mortgage were modified to provide for the payment of monthly debt service installments of One Thousand Nine Hundred Fifty (\$1,950) Dollars of interest only at the rate of nine (9%) percent per annum and the maturity date thereof was extended to July 1, 1983 when the outstanding principal balance thereof, in the amount of Two Hundred Sixty Thousand (\$260,000) Dollars, will become due

and payable. Sponsor expressly undertakes to pay such outstanding principal balance of the Existing Mortgage promptly upon maturity thereof and Sponsor's failure to make such payment for a period of thirty (30) days after receipt of notice and demand therefor by the then mortgagee thereunder ("Maturity Payment Default Date") shall be a default by Sponsor with respect to the performance of its obligations under the Mortgage and thereupon result in Sponsor's forfeiture of any amounts which it had theretofore advanced under the Mortgage. As of the Maturity Payment Default Date, the Mortgage shall be deemed satisfied and sponsor shall, at the request of the Apartment Corporation, execute a satisfaction of the Mortgage, in recordable form, and promptly deliver same to the Apartment Corporation.

The Mortgage will reserve the right of Mortgagee, upon reasonable notice, to require such repairs, maintenance and capital restoration as may be required to maintain the Building in a physical condition commensurate with the physical condition of the Building on the Closing Date.

The Mortgage will provide that the Apartment Corporation shall pay to the Mortgagee in advance and together with each monthly payment of interest until maturity

of the Mortgage, an installment equal to 1/12th of the assessments, water and sewer rents, rates and charges and real estate taxes, if any, for the Property next due, as estimated by the Mortgagee. The Mortgage will also provide that the Apartment Corporation pay to the Mortgagee on the fifteenth day of each month during the term of the Mortgage an installment equal to 1/12th of the insurance premiums on the Property. For purposes of the preceding two sentences, the first of such payments described therein shall be in respect of the aforesaid expenses which shall accrue for the period from the Closing Date through the last day of the calendar month after which such payments shall be due. The Mortgagee will have no obligation to pay the Apartment Corporation interest on, or to segregate such sums, unless required to do so by law.

Under the Mortgage, events of default shall include, without limitation: (i) failure to pay any installment of interest for ten (10) days from and after the date such installment becomes due and payable, (ii) failure to make any required deposit on account of real estate taxes, assessments, water rates, sewer rent or insurance for twenty (20) days after any such amount becomes due and payable; and (iii) default in the performance of other covenants in the Mortgage, including maintenance of adequate insurance,

maintenance of the Building in good repair, compliance with applicable law and other matters, which default continues for thirty (30) days after written notice. Upon default, the holder of the Mortgage may declare the entire unpaid principal balance secured thereby immediately due and payable and proceed to enforce the lien of the Mortgage on the Property through foreclosure proceedings or otherwise.

On the Closing Date, the Apartment Corporation will execute and deliver all documents required to effectuate the Mortgage on the terms described above.

Q. INTERIM LEASES

The Sponsor reserves the right to enter into interim leases for any Apartment in the Building that is vacant on the Presentation Date, or which becomes vacant after such date, provided no Subscription Agreement is in effect for the Apartment other than an agreement with the lessee. The rent payable for any such Apartment will not exceed the maximum permitted by the Protection Regs., or any applicable laws, regulations or rules and will not be applied in reduction of any downpayment paid pursuant to a Subscription Agreement or otherwise with respect to the balance of the Total Cash Payment payable on the Closing Date.

Any such lease will be prepared on the standard form of apartment lease then published by The Real Estate Board of New York, Inc. or any comparable lease form. The term of each lease will be for a period which will expire on the Closing Date or the second anniversary of the commencement date of the lease, whichever first occurs. If this Plan is abandoned it may be terminated by the tenant as of the last day of any month on not less than ninety (90) days' prior written notice to the Sponsor. The interim lease will also provide that any default by a

subscriber under his Subscription Agreement will also be a default under his interim lease. Similarly, any default by such tenant pursuant to his interim lease shall be considered a default under his Subscription Agreement. Upon the occurrence of any such default, the defaulting tenant in occupancy pursuant to such interim lease shall forfeit all moneys deposited with his Subscription Agreement (but not in excess of ten (10%) percent of the Total Cash Payment), which amount, together with any interest earned thereon, will be paid to the Sponsor as liquidated damages.

Until the Apartment Corporation acquires title to the Property, tenants of Apartments in the Building will not be able to claim income tax deductions (See Part I, Section A of this Plan). Such deductions may become available, as indicated in Part I, Section A of this Plan, only (i) when and if this Plan is declared effective and there is a Closing under this Plan and (ii) when and if the conditions set forth in Counsel's Tax Opinion have been met, and then only for periods subsequent to the Closing Date.

R. UNSOLD SHARES

Any of the Apartment Corporation's shares which have not been sold or fully paid for on or prior to the Closing Date ("Unsold Shares") shall be issued to the Sponsor (or by shareholders produced by the Sponsor) pursuant to the Contribution Agreement as part of the consideration for the contribution of the Property to the Apartment Corporation and the Sponsor or such shareholders, as tenant, will execute Proprietary Leases for the Apartments to which such shares are allocated. The Sponsor, a New York general partnership, (or such shareholders) will acquire such Unsold Shares (beneficial and of record) in their own name and for their own account and otherwise in accordance with the provisions of this Plan and not as nominee of any corporation, joint venture, partnership, trust or estate. On or prior to the third anniversary of the Closing Date, the Sponsor will transfer the Unsold Shares to its partners (provided such partners are either individuals or otherwise qualify as tenant-stockholders within the meaning of Section 216(b) of the Code to the extent necessary for the Apartment Corporation to meet the requirements of Section 216(b)(1)(D) of the Code). The holders of Unsold Shares will not jointly share in the profits or losses arising out of the ownership or sale of the Unsold Shares owned by them.

The Apartment Corporation will have a lien upon the Unsold Shares to secure the payment of all obligations of the holder of Unsold Shares. The Sponsor, or any holder of Unsold Shares, shall have the unlimited right to pledge the Unsold Shares. In the event there is a pledge of Unsold Shares and such pledge is foreclosed and the pledgee becomes the tenant thereunder, Maintenance Charges (rent) received by the Apartment Corporation from a pledgee which is an institutional lender will only constitute qualified tenant-shareholder income for a period not to exceed three (3) years from the date of such pledgee's acquisition of the Unsold Shares. The lien of any such lending institution will be subject to that of the Apartment Corporation. Pursuant to Paragraph 39 of the Proprietary Lease, set forth in Part II, Section B of this Plan, the Apartment Corporation will execute and deliver to any pledgee (including, without limitation, the Sponsor, as a purchase money Mortgagee) which holds a security interest in Unsold Shares, a recognition agreement in form and substance reasonably acceptable to such pledgee.

On the date that any person acquires Unsold Shares, such holder shall deliver to the Apartment Corporation an agreement to hold: (i) any proceeds paid to him pursuant to Subscription Agreements made under this Plan by

persons who have not paid all sums due thereunder, (ii) the shares allocated to the Apartments covered by such Subscription Agreements and (iii) the appurtenant Proprietary Leases, subject to the rights, if any, of such subscribers.

No bond or other security has been or will be furnished by the Sponsor or any other Holder of Unsold Shares and their ability to comply with the terms of their Proprietary Leases will depend solely upon their financial condition if, and when, called upon to perform; provided, however, that if during the two (2) year period from and after the Closing Date, any shareholder produced by Sponsor, while a holder of Unsold Shares, defaults with respect to payment of Maintenance Charges (rent) prior to such time as either (i) a tenant actually takes up occupancy in any such Apartment or (ii) such Unsold Shares are acquired by a purchaser intending to occupy such Apartment upon expiration or other termination of the tenancy of a non-purchasing tenant in occupancy thereat, Sponsor agrees to pay such Maintenance Charges (rent) promptly after receiving notification from the Apartment Corporation of any such default. Moreover, the liability of the Sponsor or any other Holder of Unsold Shares for the obligations of the purchaser under a Proprietary Lease will terminate if the lessee under the Proprietary Lease ceases to have

the rights granted by Paragraph 38 of the Proprietary Lease to a holder of Unsold Shares.

The holders of Unsold Shares may cancel the appurtenant Proprietary Leases under the provisions of Paragraph 35 of the Proprietary Lease only if (i) the owners of a majority of the outstanding shares (other than Unsold Shares) have elected to cancel their Proprietary Leases or (ii) the Unsold Shares constitute fifteen (15%) percent or less of the outstanding shares of the Apartment Corporation or (iii) at least five (5) years have elapsed since the Closing Date; and on the effective date of cancellation, the holders of Unsold Shares pay to the Apartment Corporation a sum equal to the product of the then current monthly Maintenance Charges (rent) for the Apartment or Apartments being surrendered multiplied by 24. See Paragraph 38(d) of the Proprietary Lease set forth in Part II, Section B of this Plan.

For a description of certain special rights of holders of Unsold Shares, see Part I, Section N of this Plan and Paragraphs 15, 16, 17, 38 and 39 of the Proprietary Lease set forth in Part II, Section B of this Plan.

S. RESERVE FUND

On the Closing Date, from the amount of cash raised by this offering, the Apartment Corporation will retain the sum of \$15,000. This reserve fund (plus or minus net closing adjustments) may be held for working capital and for repairs and other appropriate corporate purposes as determined by the Board of Directors.

In the event that net closing adjustments are in favor of the Sponsor in an amount which would cause the reserve fund to be less than \$7,500 as of the Closing Date, the sum necessary to cause such reserve fund to equal \$7,500 will be considered an interest-free loan from the Sponsor to the Apartment Corporation maturing one (1) year from the Closing Date and payable in twelve (12) equal monthly installments commencing on the first day of the first calendar month after the Closing Date.

No representation is made that the reserve fund will be adequate to cover current or future expenses including repairs or replacements, and if additional funds are required over and above the reserve fund, it may be necessary to increase Maintenance Charges (rent) payable by tenant-shareholders.

No representation is made that the reserve fund will be adequate to cover expenses for any purpose not con-

templated by the Projected Schedule (see Part I, Section B of this Plan).

THE BUILDING IS OFFERED IN ITS CURRENT CONDITION, AS SET FORTH IN THIS PLAN. NEITHER THE SPONSOR NOR THE APARTMENT CORPORATION HAS ANY OBLIGATION UNDER THIS PLAN OR OTHERWISE TO MAKE ANY REPAIRS OR IMPROVEMENTS TO THE BUILDING. NO GOVERNMENT AGENCY HAS PASSED UPON THE ADEQUACY OF THE RESERVE FUND, THE PHYSICAL CONDITION OF THE BUILDING OR THE COST OF MAKING REPAIRS OR IMPROVEMENTS TO THE BUILDING.

T. CONTRIBUTION AGREEMENT

By agreement, dated as of March 15, 1982 (the "Contribution Agreement"), the Sponsor has contracted to contribute the Property to the Apartment Corporation in exchange for all Unsold Shares of the Apartment Corporation and the net Cash Proceeds from the sale of the shares of the Apartment Corporation to third parties.

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

(a) The terms and provisions of this Plan;

(b) The survey exceptions shown on a survey of the Property prepared by Charles J. Dearing, dated June 23, 1932 and inspected and redated within ninety (90) days prior to the Closing Date. The Apartment Corporation shall accept title subject to any changes in such state of facts occurring after the date of such survey (updated as provided in the preceding sentence) which an accurate survey would disclose, provided such changes would not render title unmarketable;

(c) The leases, tenancies, occupancies and rights of tenants in force and effect on the contract date or made

thereafter in accordance with the terms of Paragraph 10 below and in effect on the Closing Date under this Plan;

(d) All covenants, agreements, consents, restrictions, conditions, liens, charges, encumbrances and easements, if any, of record, provided that the same would not prevent the continued use of the Building as presently used;

(e) Consents by any owner of the land for the erection of any structure or structures on, under or above abutting streets;

(f) Building restrictions and zoning laws, ordinances, resolutions and regulations now or hereafter in effect and all present and future ordinances, laws, regulations and orders of all boards, bureaus and bodies of any municipal, county, state or federal government having jurisdiction of the Property and use and improvement thereof;

(g) The lien of any unpaid real estate and vault taxes, water charges or sewer rents (to be apportioned);

(h) The revocable nature of the right, if any, to use vaults and other areas and space beyond the lot lines and under and abutting the public sidewalks, provided the title insurance policy issued to the Apartment Corporation (the "Title Policy") insures that such encroachments

will not prohibit the continued use and existence of the Building as presently used;

(i) The Mortgage (see Part I, Section P of this Plan);

(j) Easements and other rights of public utilities to install, replace, repair and maintain lines, pipes and equipment;

(k) The rights, if any, of any utility company to maintain lines, pipes, wires, cable, poles and distribution boxes and equipment in, over and upon the Property;

(l) The lien of any unpaid franchise or corporation taxes with respect to any corporation in the chain of title provided that the Title Policy insures the Apartment Corporation against the collection thereof from out of the Property;

(m) Existing labor, service and maintenance contracts, if any, as the same may be renewed or extended, and such substitute contracts as may be in force and effect on the Closing Date (see Part I, Section U of this Plan);

(n) Variations between record lot lines of the Land and those shown on the Tax Map of the Town of Greenburgh (Westchester County), if any;

(o) Possible lack of right of the Seller to maintain areas, coal chutes, vaults, vault space, signs,

awnings, canopies, steamlines or fuel pipes, if any, beyond the building line of the Property or to use the same as appurtenances of the Property;

(p) Party walls, easements of support and party wall agreements, if any;

(q) The physical condition of the Property (including the improvements and all fixtures, furniture and other articles of personal property covered by the Contribution Agreement) on the date of the Contribution Agreement, subject to reasonable wear and tear until the Closing Date;

(r) Uniform Commercial Code Financing Statements with respect to Unsold Shares and personal property located at the Property, provided that if such personal property is owned by the Sponsor, such Uniform Commercial Code Financing Statements shall be limited to those given to the holder of the Mortgage;

(s) Charges for maintenance of street vaults (to be apportioned);

(t) Violations caused by acts or omissions of tenants of the Building or relating to painting of Apartments in the Building noted after the Presentation Date or which relate to radio or television antennae; and

(u) The standard printed exceptions appearing in the Title Policy.

Notwithstanding the foregoing, the Apartment Corporation is required to accept title to the Property provided that The Title Guarantee Company agrees to insure fee title in the Apartment Corporation subject to the provisions of the Contribution Agreement and the standard printed exceptions contained in the form of title insurance policy then issued by such company.

2. Consideration. Subject to adjustment depending on the reductions referred to in Part I, Section A hereof and closing adjustments hereinafter specified, the Sponsor shall contribute to the Apartment Corporation all its right, title and interest to the Property in exchange for:

(a) Payment of an amount equal to the Total Cash Payment ("Cash Proceeds") received by the Apartment Corporation up to and including the Closing Date from the sale of its shares, less the sum of \$15,000 (increased or reduced by the closing adjustments hereinafter specified) which will constitute the initial working capital of the Apartment Corporation;

(b) The Apartment Corporation's issuing to the Sponsor, or shareholders produced by the Sponsor, any of its shares offered under this Plan which are unsold or which are subscribed for but not fully paid for on the

Closing Date, together with the appurtenant Proprietary Leases (see Part I, Section R of this Plan).

3. Certain Adjustments. The Apartment Corporation may deduct from the Cash Proceeds to be paid to the Sponsor an amount equal to (a) the excess of all closing expenses (not including normal items of adjustment between sellers and purchasers of real property), all expenses incurred by it in connection with its organization and the preparation and presentation of, and the sale of shares prior to the Closing Date under this Plan, including, without limitation, fees charged by counsel representing the Apartment Corporation in connection with the transactions contemplated by the Plan; and all sums paid to, or at the direction of, the Selling Agent pursuant to an agreement with it over (b) the aggregate of all amounts, including interest earned, if any, forfeited by subscribers under their Subscription Agreements. The Apartment Corporation will cause a forfeiture of the downpayments made by defaulting subscribers unless such forfeiture is waived by the Sponsor in any instance.

4. Condition of Building Prior to Closing.

The Sponsor has agreed that the Property will be maintained, repaired, cared for and operated in substantially the same

condition and manner as it was on the Presentation Date, subject to strikes, lockouts, labor difficulties, acts of God, fire or other casualty, storm, riots, insurrection, inability to obtain materials or equipment or labor, governmental restrictions or any other acts over which the Sponsor is reasonably unable to exercise control. If the Sponsor is prevented from so maintaining the Property for any of these reasons other than fire or other casualty, the Sponsor will promptly make any repairs subsequent to the Closing Date that it was obligated to make prior thereto. If all or any substantial portion of the Building is damaged or destroyed by fire or other casualty prior to the Closing, the Sponsor may elect to terminate the Agreement. If the Sponsor does not so elect, or if less than a substantial portion of the Building is damaged or destroyed, the Contribution Agreement will automatically terminate on the Closing Date unless the Building is repaired or restored to the reasonable satisfaction of the Selling Agent at the expense of Sponsor or the Sponsor provides the Apartment Corporation with funds sufficient, in the opinion of the Selling Agent, to repair or restore such damage in full.

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

6. Violations. The Sponsor will, without expense to the Apartment Corporation, cure or cause to be cured any violations of record against the Building prior to the Closing Date (except violations which are the obligation of tenants to cure before the Closing Date or tenant-shareholders to cure after the Closing Date or violations relating to radio and television antennae, painting of Apartments noted after presentation of this Plan or which are caused by the acts or omissions of tenants) so that title to the Property will be passed to the Apartment Corporation free of any such violations and all work orders of insurance carriers made on or prior to such date. In the event violations of record against the Building exist on the Closing Date (except violations which are the obligations of tenants to cure), the Sponsor will cause a fund of cash or other reasonably adequate security, including a letter of credit, to be held in escrow by Skadden Arps Slate Meagher & Flom, counsel to the Sponsor, with interest on such fund paid to the Sponsor, in such amount as may be reasonably required to cure said violation or violations, until such time as the Sponsor has cured or caused to be cured said violations of record. Notwithstanding the foregoing, if the cost of curing such violations and/or work orders exceeds \$25,000

in the aggregate, the Sponsor may elect to terminate the Contribution Agreement and the Plan shall be deemed to have been abandoned and of no further force and effect.

7. Deed. The Sponsor will deliver a bargain and sale deed (with covenant against grantor's acts) so as to convey to the Apartment Corporation the fee simple title to the Property, free of all liens and encumbrances, except as provided in this Plan.

8. Other Property Included. The Contribution Agreement includes all fixtures and articles of personal property owned by the Sponsor and attached to or used in connection with the operation of the Property except laundry machines located in the laundry area of the Building. If a tenant who has not purchased his Apartment vacates his Apartment and removes a refrigerator or range owned by such tenant, the Sponsor, at its own expense, will supply a replacement which may not be new but will be in normal working order and will be similar in size and quality to the appliances contained in the Building on the Presentation Date.

9. Apportionment. The Contribution Agreement provides that the following items will be apportioned

between the Sponsor and the Apartment Corporation as of the Closing Date:

(a) Commercial or professional rents derived from Apartments to be owned by the Apartment Corporation, if any (as and when collected);

(b) Insurance premiums on transferable policies;

(c) Real estate and vault taxes (including any escrow deposit in respect thereof);

(d) Water charges and sewer rents (including any escrow deposit in respect thereof);

(e) Permit and license fees for assignable permits and licenses;

(f) Labor, service, maintenance and concession contract payments;

(g) Employees' wages, vacation and severance pay, pension and welfare benefits and any other obligations payable to employees;

(h) Utility deposits (including escrows); and

(i) Fuel oil, at cost to the Sponsor, including sales tax.

The Apartment Corporation also shall reimburse the Sponsor, at the Sponsor's cost, for building supplies in unopened packages.

10. Eviction, Leases. The Sponsor reserves the right to remove tenants who fail to honor their obligations under the State Rent Laws, their leases or tenancies, and to rent or hold vacant any Apartments vacant on the Presentation Date or that become vacant thereafter (with or without the Sponsor's consent).

11. Service and Maintenance Contracts. The Apartment Corporation shall assume the obligations of the Sponsor for all charges under service and maintenance contracts in existence on the Closing Date.

12. Scope of Obligations. The Sponsor and the Apartment Corporation each agrees to comply with all obligations on its part to be complied with as provided in this Plan. In the case of conflict between the terms and provisions of the Contribution Agreement and those of this Plan, the terms and provisions of this Plan shall prevail to the extent that they enlarge upon, deal in greater length with, or impose greater obligations on the Sponsor.

13. Downpayments. At the Closing under this Plan, the Sponsor shall comply with and/or cause shareholders produced by the Sponsor to comply with his obligations in respect of Unsold Shares as described in Part I, Section R of this Plan and shall deliver to the Apartment Corporation an

agreement by himself and each individual receiving Unsold Shares, as set forth in Part I, Section R of this Plan, to hold any proceeds of Subscription Agreements made under this Plan by persons who have not paid all sums due thereunder, the shares allocated to the Apartments referred to in such Subscription Agreements and all appurtenant Proprietary Leases, subject to the rights, if any, of such persons.

14. Abandonment. In the event that this Plan is abandoned or for any reason is not declared effective within twelve (12) months from the Filing Date, or title does not close in accordance with the terms of the Contribution Agreement because the Sponsor is unable to convey good and marketable title to the Property in accordance with the terms of the Contribution Agreement, the Apartment Corporation shall comply with its obligations under this Plan relating to the refund of payments made by persons who have executed Subscription Agreements, with interest earned, if any, the Contribution Agreement shall be deemed cancelled and of no further force and effect and neither party shall have any rights, claims or demands against the other except that the Sponsor shall be obligated to pay any and all expenses incurred by the Apartment Corporation up to the date of such cancellation for which the Sponsor is responsible under the provisions of the Contribution Agreement or which the

Apartment Corporation would have had the right to deduct from the cash portion of the consideration payable under the Contribution Agreement had the Contribution Agreement been consummated.

15. Security Deposits. The security deposit, if any, of a tenant who purchases the shares allocated to an Apartment will be refunded to him after the Closing if he is not in default under his lease or tenancy. The security deposit of a non-purchasing tenant who is not in default under his lease or tenancy will be transferred after the Closing to the purchaser of the shares allocated to his Apartment.

U. MANAGEMENT AGREEMENT, COMMERCIAL AND
PROFESSIONAL TENANCIES AND OTHER
CONTRACTUAL ARRANGEMENTS

1. Management Agreement. On the Closing Date, the Apartment Corporation will enter into an agreement ("Management Agreement") with Seymour Orlofsky, Inc. to act as managing agent of the Building for a period of two (2) years from said date. For its services, Managing Agent will receive (i) compensation at the rate of \$7,500 per annum, payable in equal monthly installments in advance, (ii) customary charges in connection with the sale of shares of the Apartment Corporation (not to exceed \$100 per transaction during the first two (2) years the Management Agreement is in effect) in connection with the processing of each application for a Proprietary Lease and transfer of shares, or the subletting of an Apartment and (iii) customary charges for services in connection with the procuring of a commitment for a mortgage loan or the extension of a loan. Any charges of Managing Agent incurred with respect to the supervision of repairs to the Building which are the obligation of the Sponsor under this Plan will be paid by the Sponsor.

The Management Agreement will not be cancellable by Managing Agent during the period of two (2) years from and after the Closing Date unless the Apartment Corporation

fails or refuses to comply with or abide by any rule, order, determination, ordinance or law of any federal, state or municipal authority or defaults in the payment of any fees due to Managing Agent thereunder. The Management Agreement will not be cancellable by the Apartment Corporation during the period of two (2) years from and after the Closing Date, unless Managing Agent is grossly negligent in the performance of its obligations thereunder or willfully or deliberately defaults thereunder, but may be cancelled thereafter by either party as of the end of any calendar month upon not less than thirty (30) days' prior written notice.

The services to be rendered to the Apartment Corporation by Managing Agent will include (i) billing and collecting Maintenance Charges (rent), (ii) hiring and discharging employees, (iii) supervising repairs, (iv) purchasing supplies for the Building, (v) maintaining the corporate books and attending meetings of the Board of Directors and of the shareholders, (vi) maintaining payroll records and, if requested, filing withholding tax statements for employees of the Building and (vii) furnishing monthly reports of receipts and disbursements to the Apartment Corporation.

Managing Agent will not prepare the Apartment Corporation's annual certified financial statement; such statement will be prepared by an independent certified public accountant employed by the Apartment Corporation at its own expense.

All employees and officers of Managing Agent will be bonded at all times from and after the Closing Date during the term of the Management Agreement under a fidelity bond in favor of the Apartment Corporation in a minimum amount of \$100,000. The cost of the bond will be borne by the Apartment Corporation.

2. Commercial and Professional Tenancies. On the Closing Date the Apartment Corporation will accept title to the Property subject to the following tenancies and, as landlord, shall receive rental income derived therefrom:

(a) Commercial Tenancy.

(1) Flint Television Service, Inc. (Basement store space) - Pursuant to a month to month tenancy arrangement, Flint Television Service, Inc. operates a television repair service at a current monthly rental of \$250.

(b) Professional Tenancy.

(1) Dr. Frank A. Damiano (office space at northerly ground floor of 47 North Central Avenue portion

of the Building) - Pursuant to lease, dated May 14, 1956, as modified by letter agreement, dated October 24, 1979, Dr. Frank A. Damiano occupies this space for the practice of dentistry at a current monthly rental of \$325.

3. Other Contractual Arrangements. On the Closing Date the Apartment Corporation will assume the performance of certain service contracts. The terms of the service contracts and the nature of the services provided thereunder are as follows:

(a) Contract with Knudson Elevator Corp. of 22-05 43rd Avenue, Long Island City, New York 11101 for elevator maintenance with a term commencing on November 1, 1978 and continuing until terminated by either party thereto upon thirty (30) days' prior written notice by certified mail to the other, at a monthly cost of \$225, containing an escalation clause for periodic increases in elevator mechanics' wages.

(b) Contract with Castle Petroleum, Inc. of 1724 Eastchester Road, Bronx, New York 10461 for oil burner service with an original one (1) year term commencing on September 1, 1979, as extended by renewal letter agreements. The current renewal agreement covers the period from September 1, 1981 until August 31, 1982 at an annual cost of \$913.50.

(c) Laundry concession lease, dated July 1, 1981 between Sponsor, as landlord, and Tracy Servicing Corp., having an office at 433 East 148th Street, Bronx, New York, as tenant, for laundry equipment concession at an annual rental of \$1,296. The term of such contract is from July 1, 1981 until June 30, 1986 and may be cancelled upon ninety (90) days prior written notice from either party to the other.

V. INSURANCE

On the Closing Date there will be in effect with respect to the Property the following insurance coverage:

(a) Building - \$3,363,750 blanket all risk coverage (at ninety (90%) percent co-insurance) subject to \$1,000 deductible against proceeds payable in respect of each occurrence;

(b) General Liability - \$1,000,000 single limit in respect of any one occurrence or accident (including liability for both personal injury and property damage);

(c) Boiler and Machinery - \$1,000,000;

(d) Elevator Collision - \$50,000;

(e) Fidelity Bond - \$100,000 in respect of the acts of employees and agents agents of the Managing Agent; and

(f) Officers' and Directors' Liability in respect of the Apartment Corporation - \$250,000/\$500,000.

W. IDENTITY OF PARTIES

1. Sponsor.

The Sponsor is a partnership organized and existing under the laws of the State of New York and has its principal office c/o Skadden, Arps, Slate, Meagher & Flom, 919 Third Avenue, New York, New York 10022.

The partners of the partnership and their approximate respective interests in the Sponsor are as follows:

<u>Name</u>	<u>Percentage Interest</u>	<u>Address</u>
Jacob Heller	14.9985%	c/o Peck & Heller & Weiss 60 East 42nd Street New York, New York
Michael Heller	14.9985%	J&M Heller Co., Inc. P.O. Box 439 White Plains, New York 10605
Frank Heller	3.3333%	c/o Peck & Heller & Weiss 60 E. 42nd Street New York, New York
Roberta S. Sommers	8.3325%	1185 Avenue of the Americas Suite 3665 New York, New York 10036
Norman L. Peck	8.3335%	c/o Schroder Real Estate Corporation One State Street New York, New York 10004
Milton Peck	16.6650%	c/o Peck & Heller & Weiss 60 East 42nd Street New York, New York
Stuart Robinowitz	16.6650%	c/o Paul, Weiss et al. 345 Park Avenue New York, New York

Estate of Myron Orlofsky	5.5328%	c/o Paul, Weiss et al. 345 Park Avenue New York, New York
Estate of Seymour Orlofsky	5.5328%	c/o Peck & Heller & Weiss 60 East 42nd Street New York, New York
W.S.P. Co.	5.5328%	c/o Leonard Newman Agency, Inc. 199 Main Street White Plains, New York
		<hr/>
		99.9237%*

The Sponsor has retained Messrs. Skadden, Arps, Slate, Meagher & Flom to prepare this Plan and the underlying documents, and to represent the Sponsor in legal matters in connection with this Plan. The firm of Skadden, Arps, Slate, Meagher & Flom has not undertaken any responsibility for the business terms of this Plan and has made no representations with respect to this Plan, except as specifically set forth herein.

2. Selling and Managing Agent.

The Sponsor has engaged Seymour Orlofsky, Inc. to act as the Managing Agent for the Apartment Corporation (see Part I, Section U of this Plan) and as the Selling Agent for the initial offering of Apartments pursuant to

* Discrepancy due to rounding off of fractional interests.

the Plan. Seymour Orlofsky, Inc. has been engaged in the real estate business for more than twenty (20) years and is presently managing twenty-eight (28) apartment buildings.

All the outstanding stock of Seymour Orlofsky, Inc. is owned by the Estate of Seymour Orlofsky. Leonard Newman, the president of Seymour Orlofsky, Inc. is also president of the Leonard Newman Agency, Inc., insurance brokers, 199 Main Street, White Plains, New York 10601. The Leonard Newman Agency, Inc. has placed the current insurance covering the Building and shall place the insurance coverage initially required pursuant to this Plan.

X. REPORTS TO SHAREHOLDERS

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

(a) An income tax deduction statement prepared by an independent certified public accountant within two and one-half (2-1/2) months after the close of each calendar year;

(b) An annual report of corporate affairs, including a balance sheet and operating statement prepared and certified by an independent certified public accountant, to be received by the end of the fourth month following the close of the Apartment Corporation's fiscal year; and

(c) Notice of the holding of an annual shareholders' meeting for the purpose of electing a Board of Directors. The aforesaid dates may be changed by amendment to the By-Laws.

Y. DOCUMENTS ON FILE

In accordance with Section 352-e(9) of the New York General Business Law, copies of this Plan and all documents referred to herein shall be available for inspection by any person who has purchased securities offered by this Plan or has participated in the offering of such securities, at the office of the Selling Agent, 199 Main Street, White Plains, New York 10601 and shall remain available for such inspection for a period of six (6) years.

Z. GENERAL

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

2. There are no lawsuits or other proceedings now pending or any judgments outstanding, either against the Sponsor or the Apartment Corporation or any person or persons, which might become a lien against the Property or which, in any way, will materially or adversely affect this Plan.

3. The Apartments covered by this Plan are offered only to natural persons over the age of 21 years, resident in the State of New York.

4. In accordance with the provisions of the laws of the Town of Greenburgh, the Sponsor represents that the Sponsor, the Apartment Corporation and the Selling Agent will not discriminate against any person because of his race, creed, color, sex, national origin or ancestry in the sale of Apartments offered by this Plan or in the leasing of any Apartment in the Building.

5. The Sponsor reserves the right to amend this Plan at any time (i) before this Plan is declared effective

provided that, if the amendment effects any material change in this Plan and materially adversely affects tenants in occupancy (other than by changes in prices to non-tenants) and is not made for the purpose of declaring this Plan effective, anyone who has theretofore submitted to the Selling Agent an executed Subscription Agreement shall be given not less than thirty (30) days in which to elect to reaffirm or to cancel the Subscription Agreement and, in the latter event, to obtain a refund, in full, of the downpayment made therewith with interest earned, if any, or (ii) after this Plan is declared effective, subject to the rights, if any, provided by applicable laws, regulations and codes to tenants who have not purchased their Apartments, and to the rights of persons who have theretofore submitted to the Selling Agent executed Subscription Agreements unless, at the election of the Sponsor, anyone who has theretofore submitted to the Selling Agent an executed Subscription Agreement is given an election to reaffirm or cancel his agreement as provided in the preceding clause (i) of this sentence.

6. As of the Presentation Date neither the Sponsor, nor the Selling Agent, nor any representative or agent thereof, has raised funds or made any preliminary offering (other than as required by law) or entered into

any binding agreement with tenants, subtenants, or non-resident prospective purchasers with respect to Apartments in the Building.

7. No person has been authorized to make any representation which is not expressly contained herein.

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

9. This Plan may not be changed or modified orally.

AA. DEFINITIONS

1. "Apartment Corporation" has the meaning given in the Introduction.
2. "Apartments" has the meaning given in the Introduction.
3. "Bank" has the meaning given in Part I, Section J.
4. "Board of Directors" has the meaning given in Part I, Section M.
5. "Borrower" has the meaning given in Part I, Section L.
6. "Building" has the meaning given in the Introduction.
7. "Cash Proceeds" has the meaning given in Part I, Section T.
8. "Closing" has the meaning given in Part I, Section I.
9. "Closing Date" has the meaning given in Part I, Section A.
10. "Code" has the meaning given in Part I, Section E.
11. "Common Areas" has the meaning given in Part I, Section A.
12. "Contribution Agreement" has the meaning given in the Introduction.

13. "Control Law" has the meaning given in the Introduction.

14. "Disclosure Statement" has the meaning given in Part I, Section L.

15. "Effectiveness Amendment" has the meaning given in Part I, Section I.

16. "Eviction Plan" has the meaning given in Part I, Section H.

17. "Existing Mortgage" has the meaning given in Part I, Section P.

18. "Filing Date" has the meaning given in Part I, Section H.

19. "HCR" has the meaning given in the Introduction.

20. "Initial Purchaser" has the meaning given in Part I, Section L.

21. "Kitchen Fixtures" has the meaning given in Part I, Section L.

22. "Lower Price" has the meaning given in Part I, Section A.

23. "Maintenance Charges" has the meaning given in the Introduction.

24. "Management Agreement" has the meaning given in Part I, Section U.

25. "Managing Agent" has the meaning given in the Introduction.

26. "Maturity Payment Default Date" has the meaning given in Part I, Section P.

27. "Mortgage" has the meaning given in Part I, Section P.

28. "Mortgagee" has the meaning given in Part I, Section P.

29. "Non-Eviction Plan" has the meaning given in the Introduction.

30. "Plan" has the meaning given in the Introduction.

31. "Presentation Date" has the meaning given in the Introduction.

32. "Projected Schedule" has the meaning given in Part I, Section A.

33. "Property" has the meaning given in the Introduction.

34. "Proprietary Lease" has the meaning given in the Introduction.

35. "Protection Act" has the meaning given in the Introduction.

36. "Protection Regs." has the meaning given in the Introduction.

37. "Qualified Tenant" has the meaning given in Part I, Section A.

38. "Rent Regs." has the meaning given in the Introduction.

39. "Report" has the meaning given in Part I, Section F.

40. "Section 352(eee)" has the meaning given in the Introduction.

41. "Secured Party" has the meaning given in Part I, Section L.

42. "Selling Agent" has the meaning given in Part I, Section A.

43. "Sponsor" has the meaning given in the Introduction.

44. "State Rent Laws" has the meaning given in the Introduction.

45. "Subscription Agreement" has the meaning given in the Introduction.

46. "Superintendent" has the meaning given in the Introduction.

47. "Title Policy" has the meaning given in Part I, Section T.

48. "Total Cash Payment" has the meaning given in the Introduction.

49. "Unsold Shares" has the meaning given in Part I, Section R.

Hartsdale, New York
Dated: March 15, 1982

DALE ESTATES, Sponsor

/s/
By: _____

=====

OFFERING STATEMENT

27 North Central Avenue

PART II

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A. SUBSCRIPTION AGREEMENT
27 North Central Avenue
Hartsdale, New York

Subscriber(s): _____	Total Cash Payment: \$ _____
_____	Kitchen Fixtures
Number of Shares: _____	Price: \$ _____ *
	Total Price: \$ _____
Apartment Subscriber(s)	Downpayment (\$1000 per
Occupies (if any): _____	Apartment): \$1000
Apartment Subscrip-	***Amount of Sponsor
tion Covers: _____	Financing: \$ _____
Existing Lease	
Expires*: _____, 19__	Cash Balance (Total
Tenancy**: \$ _____ per month	Price less
	Downpayment and
	amount of Sponsor
	Financing, if
	any): \$ _____

1. As Subscriber, I have received and read the Offering Statement - A Plan to Convert to Cooperative Ownership premises 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982 (the "Plan"), including a copy of the proprietary lease and the financing documents mentioned in paragraph 5 below, all of which are made a part hereof.

2. I hereby agree to purchase the above-stated number of shares of Hartsdale Gardens Owners Corp. (the "Apartment Corporation") allocated to the above-described apartment (the "Apartment") for the Total Cash Payment stated above, to become the proprietary lessee of the Apartment in said premises, and agree that I will sign the proprietary lease for the Apartment within fifteen (15) days after presentation to me in the form contained in the Plan.

* Strike out if inapplicable.

** If none, write "None".

*** Delete if Subscription is not for shares allocable to the Apartment you occupy or if Sponsor Financing is not requested.

*3. Dale Estates ("Sponsor") agrees to lend me \$ _____ (which is not more than eighty-five (85%) percent of the Total Cash Payment, exclusive of the Kitchen Fixtures Price,) for a term of six (6) years at an interest rate of _____ (%) percent per annum and with interest only, computed from the date the loan is made, payable in seventy-one (71) monthly installments with a seventy-second (72nd) and final payment of the entire original principal amount plus accrued and unpaid interest, in connection with the subscription for shares made herein.

*3A. I shall pay the Total Cash Payment as follows:

(a) \$1,000 by my unendorsed certified check, or by official bank or cashier's check, delivered herewith, in accordance with paragraph 4 of this subscription agreement ("Agreement");

(b) \$ _____ by my unendorsed certified check, or by official bank or cashier's check, within fifteen (15) days after written notice and demand by the Selling Agent and in accordance with paragraph 4 of this Agreement; and

(c) \$ _____ by the delivery to Sponsor, from out of escrow, of the note, pledge agreement and ancillary documents, in return for which the Sponsor will pay the balance of the Total Cash Payment to the Apartment Corporation.

4. Herewith is my check to the order of Lincoln First Bank, N.A. (27 Special Account) ("Special Account") in the amount of the above-stated Downpayment. I agree that, if and after the Plan becomes effective, as herein provided, I will pay the above-stated Balance of said Total Cash Payment within fifteen (15) days after written notice and demand by the Selling Agent or the Apartment Corporation (which notice shall state the date of closing of title under the Plan, which shall not be later than one hundred twenty (120) days after the date of effectiveness), such payment to be made by my certified check, or by a cashier's check, drawn to the order of the Special Account, which shall be delivered to you. The Selling Agent will give me prompt written notice thereof when the Plan either becomes effective or is abandoned.

* Delete if Subscription is not for shares allocated to the Apartment you occupy or if Sponsor Financing is not requested.

5. The date of the commencement of the term of said proprietary lease, and the date of issuance of the certificate for the aforesaid shares, which may be inserted therein either by the Apartment Corporation or by the Selling Agent, shall be the date when the Apartment Corporation acquires title to the aforementioned premises. Provided that I shall have paid the full Total Cash Payment for said shares, as provided for herein, and shall not be in default hereunder, the Apartment Corporation will deliver the certificate for the aforesaid shares together with my executed counterpart of said proprietary lease in accordance with the terms of any security agreement made by me with a bank, savings bank, or other lender, or if there be no such security agreement, to me, promptly after the Apartment Corporation acquires title as aforesaid. I agree that my present lease (if any) or monthly tenancy arrangement shall be deemed terminated and cancelled as of such date. If I shall not be the tenant of the Apartment when said proprietary lease is issued, I will accept same subject to the then tenant's lease or tenancy of the Apartment.

*6. The unapplied tenant's security deposit (presently in the amount of \$_____) and accrued interest thereon, if any, will be paid to me within five (5) days after the closing under the Plan. I agree to hold same, in trust, to deposit such security in an interest bearing bank account pursuant to the provisions of Section 7-103 of the New York General Obligations Law and to indemnify the Sponsor against any claims in respect thereof.

7. [I understand that if the tenant in occupancy of the Apartment, if any, does not voluntarily remove from the Apartment when his lease expires or is terminated, or his right to occupancy ends, I shall be required to obtain possession at my own expense. I have reviewed the provisions of Paragraph 22 of said proprietary lease and Article V, Section 8 of the Apartment Corporation's By-Laws and am aware that I shall have no right to evict any tenant in occupancy of the Apartment.]* [I have been advised that the Apartment is subject to the provisions of the Emergency Tenant Protection Act of 1974, as amended, and the Tenant Protection Regulations promulgated by the New York State

* Strike out if inapplicable.

Division of Housing and Community Renewal and that I shall be obliged to comply with such law and regulations in evicting the tenant.]* [I have been advised that the Apartment is subject to the provisions of the New York State Emergency Housing Rent Control Law, as amended and the Rent and Eviction Regulations promulgated by the New York State Division of Housing and Community Renewal and that I shall be obliged to comply with such law and regulations in evicting the tenant.]* [I further understand that as of the closing, I shall acquire the landlord's rights, and hereby expressly undertake that as of such date I shall assume the landlord's obligations, under the existing lease or tenancy which include the obligation to repair and maintain the Apartment for the benefit of the existing tenant and the right to collect rent payable under the existing lease or tenancy whether the same be greater or less than the Maintenance Charges (rent) payable under the proprietary lease.** The provisions of this paragraph 7 shall survive the Closing.

8. The Sponsor will hold all moneys received by it through its agents or employees in trust until actually employed in connection with the consummation of the transaction. All such moneys will be deposited in the Special Account by the Selling Agent with Lincoln First Bank, N.A., 31 Mamaroneck Avenue, White Plains, New York 10601. The funds so deposited will be held in escrow and disbursed at the closing under the Plan and for the purpose of consummation of the Plan or returned to me as herein provided, with interest, if any. In the event that I default under this Agreement, the Downpayment (but not in excess of 10% of the Total Cash Payment), together with interest earned thereon, if any, will be forfeited by me and paid over to the Sponsor.

9. My signing of this Agreement shall constitute my agreement to accept the Apartment in the condition in which it shall be at the time of closing, including the then existing kitchen, bathroom and other appliances, fixtures,

* Strike out if inapplicable.

** Delete entire paragraph if the Subscriber is presently the tenant in occupancy of the Apartment or if the Apartment is not subject to a lease and is vacant.

equipment and installations owned by the Apartment Corporation (with such substitutions thereof as the Sponsor may be permitted to make pursuant to the Plan).

10. It is agreed that this Agreement is contingent upon the Plan being declared effective in accordance with the provisions thereof.

11. The Plan may be abandoned by the Sponsor at any time prior to its being declared effective provided that the quota referred to in clause 2 of Part I, Section I of the Plan has not been reached, and shall be deemed abandoned if it has not been declared effective within the time prescribed by the Plan.

12. If the Plan is abandoned or is not declared effective, or if after being declared effective, the Plan shall not be consummated for any reason, as provided in the Plan, then this Agreement shall be deemed cancelled and the Plan terminated, and I shall be entitled to receive back, not later than thirty (30) days thereafter, all moneys paid by me hereunder, with interest earned, if any, and, upon such repayment, no party shall have any claim against the other party or person, the Sponsor or the Selling Agent, and all parties shall be released from all obligations hereunder.

13. I agree that if I shall fail to pay the Balance of the Total Cash Payment when due, as herein provided, the Apartment Corporation may make demand therefor by written notice sent to me at my address stated below, by registered or certified mail, return receipt requested, and at the expiration of thirty (30) days (unless I shall have theretofore paid such Balance in full) this Agreement shall be deemed cancelled and all rights of the parties hereunder shall terminate except that, at the election of the Apartment Corporation, the amount of the Downpayment (but not in excess of 10% of the Total Cash Payment) shall be retained by the Apartment Corporation, with interest, if any, earned or accrued thereon, as provided in Section 503(d) of the New York Business Corporation Law, or as liquidated damages, or otherwise as permitted by law. In the event of such cancellation, the Sponsor or the Apartment Corporation, as the case may be, shall have the right to sell said shares and to enter into a proprietary lease with any other purchaser as though this Agreement had never been made.

14. The entire agreement between the parties

hereto is set forth herein and in the documents made a part hereof. The only representations made to me are those contained herein and in the Plan. No person has been authorized to make any representation or warranty not set forth in the Plan. I have not relied upon any representations, statements or warranties, written or oral, as to any matter or estimate that are not set forth herein or in the Plan, and I acknowledge that I have had full opportunity to examine all documents and investigate all facts referred to and stated herein. This Agreement is not assignable by me without the prior written consent of the Apartment Corporation and shall bind and apply to the parties hereto and their personal and legal representatives, successors and assigns and may not be changed orally.

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

16. If this offer is for an Apartment not occupied by me and if, within the exclusive period under the Plan or any amendment thereto, the shares allocated to the Apartment are purchased by the tenant having an exclusive right to purchase, this Agreement shall be deemed cancelled and, within forty-five (45) days after the occurrence of such event, the Selling Agent shall refund to me all moneys paid by me hereunder with interest earned thereon; and, upon such repayment, neither I, the Sponsor, the Apartment Corporation, the Selling Agent nor any other party hereto, shall have any liability or obligation to the other hereunder. If such tenant shall be entitled to purchase at a later date and does so, this Agreement shall be deemed cancelled and the foregoing provisions of this paragraph 16 shall apply.

*17. This Agreement shall not be binding until I, as Subscriber, shall be approved, such approval to be indicated by the execution of this Agreement by the Apartment Corporation, and a fully executed counterpart of this Agreement shall have been delivered to me. If this Agreement shall not be accepted within twenty (20) days of the date hereof by delivery to me of a fully signed copy, this Agreement shall be deemed to be rejected and cancelled, and my Downpayment shall be promptly refunded to me.

* Delete entire paragraph if Subscriber is the tenant in occupancy of the Apartment on the date of presentation of the Plan.

18. I represent that I am over 21 years of age and a resident of the State of New York, and that my home address is that set forth below.

19. I represent that I have not negotiated or had any dealings with any broker other than the Selling Agent in connection with my purchase of the shares allocated to the Apartment.

20. I represent that I am purchasing the subject shares for my own account and not as nominee for any other individual or firm, partnership, corporation, joint venture or other entity.

21. I represent that I have received a copy of the Plan no less than three (3) days prior to the date hereof.

22. All representations made by me shall survive the closing of the Plan.

23. The term "I" shall be read as "we" if more than one person are Subscribers, in which event the obligations of each Subscriber shall be joint and several.

24. Notices hereunder shall be delivered or mailed as follows: to the Subscriber, at the address stated below; and to the Sponsor, the Selling Agent or the Apartment Corporation, at the Selling Agent's office, 199 Main Street, White Plains, New York 10601. All notices to be given to the Subscriber shall be signed by all such persons, but all notices given to the Subscriber shall be deemed sufficient and duly given if sent to only one of such persons, said notice to have the same force and effect as it would as if it were given to each such person.

25. [If any lease under which I may occupy the Apartment or my right to continue to occupy the Apartment is terminated by reason of my failure to fulfill my obligations under such lease or under applicable law, this Agreement may be terminated by the Apartment Corporation on notice to me, in which event the Downpayment made hereunder shall be fully returned.]* [If the interim lease under

* Delete if the Subscriber is in occupancy pursuant to an interim leased entered into after the date of presentation of the Plan.

which I occupy the Apartment is terminated by reason of my failure to fulfill my obligations under such lease, this Agreement may be terminated by the Apartment Corporation upon so notifying me, in which event the Downpayment made hereunder, together with any interest earned thereon, will be paid to the Sponsor as liquidated damages.]*

26. By executing this Agreement, I acknowledge receipt of a copy of this Agreement.

Subscriber(s): _____

Address: _____

_____, New York

APPROVED AND ACCEPTED:

_____, 198__

HARTSDALE GARDENS OWNERS CORP.

By: SEYMOUR ORLOFSKY, INC.
Selling Agent

By: _____
(Vice) President

* Delete if the Subscriber is in occupancy of the Apartment on the date of presentation of the Plan and not pursuant to an interim lease.

References:*

Bank: (Name) _____ **(Branch)** _____

Business: _____

Personal: _____

* May be omitted if Subscriber presently resides at 27 North Central Avenue.

B. PROPRIETARY LEASE

Apt. No.:

Shares:

HARTSDALE GARDENS OWNERS CORP.

Lessor,

TO

Lessee

PROPRIETARY LEASE

**SEYMOUR ORLOFSKY, INC..
199 Main Street
White Plains, New York 10601**

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PROPRIETARY LEASE, made as of _____, 198, by and between HARTSDALE GARDENS OWNERS CORP., a New York corporation, having an office at 27 North Central Avenue, Hartsdale, New York, hereinafter called the Lessor and hereinafter called the Lessee.

WHEREAS, the Lessor is the owner of the land and the building erected thereon in the County of Westchester, Town of Greenburgh, known as and by the street number 27 North Central Avenue (hereinafter called "the building"); and

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

NOW, THEREFORE, in consideration of the premises, the Lessor hereby leases to the Lessee, and the Lessee hires from the Lessor, subject to the terms and conditions hereof, Apartment _____ in the building (hereinafter referred to as "the apartment") for a term from _____, 19____, until September 30, 2031 (unless sooner terminated as hereinafter provided). As used herein "the apartment" means the rooms in the building as partitioned on the date of the execution of this lease designated by the above-stated apartment number, together with their appurtenances and fixtures and any closets, terraces, roof, or portion thereof outside of said partitioned rooms, which are allocated exclusively to the occupant of the apartment.

**Demised
Premises**

Term

1. (a) The rent (customarily called "maintenance") payable by the Lessee for each year, or portion of a year, during the term shall equal that proportion of the Lessor's cash requirements for such year, or portion of a year, which the number of shares of the Lessor allocated to the apartment bears to the total number of shares of the Lessor issued and outstanding on the date of the determination of such cash requirements. Such maintenance shall be payable, without notice or demand in equal monthly instalments, in advance, on the first day of each month, unless the Board of Directors of the Lessor (hereinafter called "Directors") at the time of its determination of the cash requirements shall otherwise direct. The Lessee shall also pay such additional maintenance as may be provided for herein when due.

**Maintenance
(Rent) How
Fixed**

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

**Accompanying
Shares to be
Specified in
Proprietary Leases**

(c) "Cash requirements" whenever used herein shall mean the estimated amount in cash which the Directors shall from time to time in its judgment determine to be necessary or proper for (1) the operation, maintenance, care, alteration and

**Cash
Requirements
Defined**

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

**Authority
Limited to
Board of
Directors**

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

**Issuance of
Additional
Shares**

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

**Paid-in
Surplus**

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

**Failure to Fix
Cash
Requirements**

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

**Lessor's
Repairs**

2. The Lessor shall at its expense keep in good repair all of the building including all of the apartments, the sidewalks and courts surrounding the same, and its equipment and apparatus except those portions the maintenance and repair of which

are expressly stated to be the responsibility of the Lessee pursuant to Paragraph 18 hereof.

3. The Lessor shall maintain and manage the building as a first-class apartment building, and shall keep the elevators and the public halls, cellars and stairways clean and properly lighted and heated. All public portions of the building which are painted shall be painted not less frequently than every five (5) years and all such wallpapered public portions shall be re-wallpapered not less frequently than every ten (10) years. The Lessor shall provide the number of attendants requisite, in the judgment of the Directors, for the proper care and service of the building, and shall provide the apartment with a proper and sufficient supply of hot and cold water and of heat, and if there be central air-conditioning equipment supplied by the Lessor, air-conditioning when deemed appropriate by the Directors. The covenants by the Lessor herein contained are subject, however, to the discretionary power of the Directors to determine from time to time what services and what attendants shall be proper and the manner of maintaining and operating the building, and also what existing services shall be increased, reduced, changed, modified or terminated.

**Services
by
Lessor**

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

**Damage to
Apartment
or Building**

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

**Maintenance
(Rent)
Abatement**

(c) If the Directors shall determine that (i) the building is totally destroyed by fire or other cause, or (ii) the building is so damaged that it cannot be repaired within nine (9) months after the loss shall have been adjusted with the insurance carriers, or (iii) the destruction or damage was caused by hazards which are not covered under the

**Expiration
of Lease Due
to Damage**

Lessor's insurance policies then in effect, and if in any such case the record holders of at least two-thirds of the issued and outstanding shares, at a shareholders' meeting duly called for that purpose held within one hundred and twenty (120) days after the determination by the Directors, shall vote not to repair, restore or rebuild, then upon the giving of notice pursuant to Paragraph 31 hereof, this Lease and all other proprietary leases and all right, title and interest of the parties thereunder and the tenancies thereby created, shall thereupon wholly cease and expire and maintenance shall be paid to the date of such destruction or damage. The Lessee hereby waives any and all rights under Section 227 of the Real Property Law and in no event shall the Lessee have any option or right to terminate this Lease except as provided herein.

**Waiver of
Subrogation**

(d) The Lessor and the Lessee hereby release each other from any and all liability or responsibility to the other or anyone claiming through or under the Lessor or the Lessee by way of subrogation or otherwise for any loss or damage to property caused by fire or any of the extended coverage casualties, even if such fire or other casualty shall have been caused by the fault or negligence of the Lessor or the Lessee or anyone for whom the Lessor or the Lessee may be responsible, provided, however, that this release shall be applicable and in force and effect only with respect to loss or damage occurring during such time as the Lessor's or the Lessee's insurance policies shall contain a clause or endorsement to the effect that any such release shall not adversely affect or impair such insurance policies or prejudice the right of the Lessor and the Lessee to recover thereunder and further provided that such waiver shall be limited to the proceeds of such insurance policies. Lessor and Lessee agree that they will request their insurance carriers to include in each of their policies a suitable clause or endorsement, as aforesaid, provided that no extra cost shall be charged therefor, and upon request, Lessor and Lessee shall each advise the other whether or not it has been able to obtain such a clause or endorsement in its policies.

**Inspection of
Books of
Account**

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

Annual Report

**Amendments
of Proprietary
Leases**

6. Each proprietary lease made by the Lessor shall be in the form of this lease, except with respect to the statement as to the number of shares owned by the Lessee, unless a variation of any lease is authorized by lessees owning at least two-thirds of the Lessor's shares then issued and executed by the Lessor and lessee affected. The form and provisions of all the proprietary leases then in effect and thereafter to be executed may be changed by the approval of lessees owning at least $66 \frac{2}{3}\%$ of the Lessor's shares then issued and outstanding, and such changes shall be binding on all lessees even if they did not vote for such changes except that (i) the proportionate share of maintenance or cash requirements payable by any lessee may not be increased, (ii) the right of any lessee to cancel his lease under the conditions set forth in Paragraph 35 may

not be eliminated or impaired, without, in each of the foregoing instances, the express consent of the lessee affected, and (iii) the provisions hereof are subject to the provisions of Paragraph 38(c) of this lease. Approval by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose.

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

**Penthouses
and Terraces**

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

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

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

**Cancellation
of Prior
Agreements**

10. The Lessee, upon paying the maintenance and performing the covenants and complying with the conditions on the part of the Lessee to be performed as herein set forth, shall, at all times during the term hereby granted, quietly have, hold and enjoy the apartment without any let, suit, trouble or hindrance from the Lessor, subject, however, to the rights of present tenants or occupants of the apartment, and subject to any and all mortgages and underlying leases of the land and building, as provided in Paragraph 22, below.

**Quiet
Enjoyment**

Indemnity

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

Payment of Maintenance

12. The Lessee will pay the maintenance to the Lessor upon the terms and at the times herein provided, without any deduction on account of any set-off or claim which the Lessee may have against the Lessor, and if the Lessee shall fail to pay any instalment of maintenance promptly, the Lessee shall pay interest thereon at the rate of ten (10%) percent per annum from the date when such instalment shall have become due to the date of the payment thereof, and such interest shall be deemed additional maintenance hereunder.

House Rules

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

Use of Premises

14. The Lessee shall not, without the written consent of the Lessor on such conditions as Lessor may prescribe, occupy or use the apartment or permit the same or any part thereof to be occupied or used for any purpose other than as a private dwelling for the Lessee and Lessee's spouse, their children, grandchildren, parents, grandparents, brothers and sisters and domestic employees, and in no event shall more than one married couple occupy the apartment without the written consent of the Lessor. In addition to the foregoing, the apartment may be occupied from time to time by guests of the Lessee for a period of time not exceeding one month, unless a longer period is approved in writing by the Lessor, but no guests may occupy the apartment unless one or more of the permitted adult residents are then in occupancy or unless consented to in writing by the Lessor. Notwithstanding the foregoing provisions of this Paragraph 14, where an apartment was used for professional purposes as of the date of presentation of the Plan, such professional use may continue.

Subletting

15. Except as provided in Paragraphs 38 and 39 of this lease, the Lessee shall not sublet the whole or any part of the apartment or renew or extend any previously authorized sublease, unless consent thereto shall have been duly authorized by a resolution of the Directors, or given in writing by a majority of the Directors or, if the Directors shall have failed or refused to give such consent, then by lessees owning at least 65% of the then issued and outstanding shares of the Lessor. Consent by lessees as

provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose. Any consent to subletting may be subject to such conditions as the Directors or lessees, as the case may be, may impose. There shall be no limitation on the right of the Directors or lessees to grant or withhold consent, for any reason or for no reason, to a subletting.

16. Except as provided in Paragraphs 38 and 39 of this lease,

Assignment

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

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

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

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

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

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

(vi) Except in the case of an assignment, transfer or bequest to the Lessee's spouse, of the shares and this lease, and except as provided in Paragraphs 38 and 39 of this lease, consent to such assignment shall have been authorized by resolution of the Directors, or given in writing by a majority of the Directors; or, if the Directors shall have failed or refused to give such consent within thirty (30) days after submission of references to them or the Lessor's managing agent, then by lessees owning of record at least 65% of the then issued shares of the Lessor. Consent by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose in the manner as provided in the by-laws.

**Consents:
On Death
of Lessee**

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

**Consents Generally:
Stockholders' and
Directors' Obligation**

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

**Release of
Lessee Upon
Assignment**

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

**Further
Assignment
or Subletting**

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

**Statement
by Lessor**

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

**Pledge of
Shares
and Lease**

17. The execution and delivery of a leasehold mortgage and/or the creation of a security interest in the lease and the shares to which this lease is appurtenant shall not be a violation of this lease; but, except as provided in Paragraph 39 of this lease, neither the secured party nor the leasehold mortgagee, nor any transferee of the security shall be entitled to have the shares transferred of record on the books of the Lessor, nor to vote such shares, nor to occupy or permit the occupancy by others of the apartment, nor to sell such shares or this lease, without first complying with all of the provisions of Paragraphs 15 and 16 of this lease except subparagraphs (a)(iv) and (vi) and (c) of Paragraph 16. The acceptance by the Lessor of payments by the secured party or leasehold mortgagee or any transferee of the security on account of maintenance or additional maintenance shall not constitute a waiver of the aforesaid provision. The provisions of this Paragraph 17 are expressly made subject to the provisions of Paragraph 39.

**Repairs by
the Lessee**

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

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

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

**Odors and
Noises**

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

**Equipment
and
Appliances**

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

**Rules and
Regulations
and
Requirements
of Mortgage**

19. If the Lessee shall fail for thirty (30) days after notice to make repairs to any part of the apartment, its fixtures or equipment as herein required, or shall fail to remedy a condition which has become objectionable to the Lessor for reasons above set forth, or if the Lessee or any person dwelling in the apartment shall request the Lessor, its agents

**Lessor's Right
to Remedy
Lessee's
Defaults**

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

**Increase
in Rate of
Fire
Insurance**

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

Alterations

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

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

**Removal
of Fixtures**

(c) On the expiration or termination of this lease, the Lessee shall surrender to the Lessor possession of the apartment with all additions, improvements, appliances and fixtures then included therein, except as hereinabove provided. Any additions, improvements, fixtures or appliances not removed by the Lessee on or before such expiration or termination of this lease shall, at the option of the Lessor, be deemed abandoned and shall become the property of the Lessor and may be disposed of by the Lessor without liability or accountability to the Lessee. Any other personal property not removed by the Lessee at or prior to the termination of this lease may be removed by the Lessor to any place of storage and stored for the account of the Lessee without the Lessor in any way being liable for trespass, conversion or negligence by reason of any acts of the Lessor or of the Lessor's agents, or of any carrier employed in transporting such property to the place of storage, or by reason of the negligence of any person in caring for such property while in storage.

**Surrender
on Expiration
of Term**

22. This lease is and shall be subject and subordinate to all present and future ground or underlying leases and to any mortgages now or hereafter liens upon such leases or on the building and the land on which it stands, and to any and all extensions, modifications, consolidations, renewals and replacements thereof. This clause shall be self-operative and no further instrument of subordination shall be required by any such mortgagee or ground or underlying lessee. In confirmation of such subordination

**Lease
Subordinate
to Mortgages
and
Ground Leases
Rights of
Existing Tenants**

the Lessee shall at any time, and from time to time, on demand, execute any instruments that may be required by any mortgagee, or by the Lessor, for the purpose of more formally subjecting this lease to the lien of any such mortgage or mortgages or ground or underlying leases, and the duly elected officers, for the time being, of the Lessor are and each of them is hereby irrevocably appointed the attorney-in-fact and agent of the Lessee to execute the same upon such demand, and the Lessee hereby ratifies any such instrument hereafter executed by virtue of the power of attorney hereby given.

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

In the event that the apartment shall be occupied by a tenant on the Closing Date, as such term is defined in the Plan (as hereinafter defined), the Lessee shall not have any right to evict such tenant (other than in the event of the occurrence of a default by such tenant in the performance of his obligations under the terms of his lease or occupancy), and in accordance with applicable provisions of the State Rent Laws (as such capitalized term is defined in the Plan) and Section 352(eee) of the New York General Business Law.

**Mechanic's
Lien**

23. In case a notice of mechanic's lien against the building shall be filed purporting to be for labor or material furnished or delivered at the building or the apartment to or for the Lessee, or anyone claiming under the Lessee, the Lessee shall forthwith cause such lien to be discharged by payment, bonding or otherwise; and if the Lessee shall fail to do so within ten (10) days after notice from the Lessor, then the Lessor may cause such lien to be discharged by payment, bonding or otherwise, without investigation as to the validity thereof or of any offsets or defenses thereto, and shall have the right to collect, as additional maintenance, all amounts so paid and all costs and expenses paid or incurred in connection therewith, including reasonable attorneys' fees and disbursements, together with interest thereon from the time or times of payment.

Cooperation

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

**Right
of Entry**

25. The Lessor and its agents and their authorized workmen shall be permitted to visit, examine, or enter the apartment and any storage space assigned to the Lessee at any reasonable hour of the day upon notice, or at any time and without notice in case of emergency, to make or facilitate repairs in any part of the building or to cure any default by the Lessee and to remove such portions of the walls, floors and ceilings of the apartment and storage space as may be required for any such purpose, but the Lessor shall thereafter restore the apartment and storage space to its proper and usual condition at the Lessor's expense if such repairs are the obligation of the Lessor, or at the Lessee's expense if such repairs are the obligation of the Lessee or are caused by the

act or omission of the Lessee or any of the Lessee's family, guests, agents, employees or subtenants. In order that the Lessor shall at all times have access to the apartment or storage rooms for the purposes provided for in this lease, the Lessee shall provide the Lessor with a key to each lock providing access to the apartment or the storage rooms, and if any lock shall be altered or new lock installed, the Lessee shall provide the Lessor with a key thereto immediately upon installation. If the Lessee shall not be personally present to open and permit an entry at any time when an entry therein shall be necessary or permissible hereunder and shall not have furnished a key to the Lessor, the Lessor or the Lessor's agents (but, except in an emergency, only when specifically authorized by an officer of the Lessor or an officer of the managing agent) may forcibly enter the apartment or storage space without liability for damages by reason thereof (if during such entry the Lessor shall accord reasonable care to the Lessee's property), and without in any manner affecting the obligations and covenants of this lease. The right and authority hereby reserved do not impose, nor does the Lessor assume by reason thereof, any responsibility or liability for the care or supervision of the apartment, or any of the pipes, fixtures, appliances or appurtenances therein contained, except as herein specifically provided.

Key

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

Waivers

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

Notices

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

**Reimbursement
of Lessor's
Expenses**

29. (a) The Lessor shall not be liable, except by reason of the Lessor's negligence, for any failure or insufficiency of heat, or of air conditioning (where air conditioning is supplied or air conditioning equipment is maintained by the Lessor), water supply,

**Lessor's
Immunities**

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

**Storage Space
and
Laundry**

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

**Automobiles
and
Other Property**

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

**Window
Cleaning**

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

**Termination
of Lease
by Lessor**

31. If upon, or at any time after, the happening of any of the events mentioned in subdivisions (a) to (i) inclusive of this Paragraph 31, the Lessor shall give to the Lessee a notice stating that the term hereof will expire on a date at least five (5) days thereafter, the term of this lease shall expire on the date so fixed in such notice as fully and

completely as if it were the date herein definitely fixed for the expiration of the term, and all right, title and interest of the Lessee hereunder shall thereupon wholly cease and expire, and the Lessee shall thereupon quit and surrender the apartment to the Lessor, it being the intention of the parties hereto to create hereby a conditional limitation, and thereupon the Lessor shall have the right to re-enter the apartment and to remove all persons and personal property therefrom, either by summary dispossession proceedings, or by any suitable action or proceeding at law or in equity, or by force or otherwise, and to repossess the apartment in its former estate as if this lease had not been made, and no liability whatsoever shall attach to the Lessor by reason of the exercise of the right of re-entry, re-possession and removal herein granted and reserved:

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

**Lessee Ceasing
to Own Accompanying Shares**

(b) If at any time during the term of this lease (i) the then holder hereof shall be adjudicated a bankrupt under the laws of the United States; or (ii) a receiver of all of the property of such holder or of this lease shall be appointed under any provision of the laws of the State of New York, or under any statute of the United States, or any statute of any state of the United States and the order appointing such receiver shall not be vacated within thirty (30) days; or (iii) such holder shall make a general assignment for the benefit of creditors; or (iv) any of the shares owned by such holder to which this lease is appurtenant shall be duly levied upon under the process of any court whatever unless such levy shall be discharged within thirty (30) days; or (v) this lease or any of the shares to which it is appurtenant shall pass by operation of law or otherwise to anyone other than the Lessee herein named or a person to whom such Lessee has assigned this lease in the manner herein permitted, but this subsection (v) shall not be applicable if this lease shall devolve upon the executors or administrators of the Lessee and provided that within eight (8) months (which period may be extended by the Directors) after the death said lease and shares shall have been transferred to any assignee in accordance with Paragraph 16 hereof; or (vi) this lease or any of the shares to which it is appurtenant shall pass to anyone other than the Lessee herein named by reason of a default by the Lessee under a pledge or security agreement or a leasehold mortgage made by the Lessee;

**Lessee
Becoming
a Bankrupt;
Appointment of
Receiver;
Assignment for
Creditors; Levy
On Shares;
Transfer by
Operation of
Law; Transfer
Pursuant to
Pledge, Mortgage
or Security
Agreement**

(c) Subject to the provisions of Paragraphs 38 and 39 hereof, if there be an assignment of this lease, or any subletting hereunder, without full compliance with the requirements of Paragraphs 15 or 16 hereof; or if any person not authorized by Paragraph 14 shall be permitted to use or occupy the apartment, and the Lessee shall fail to cause such unauthorized person to vacate the apartment within ten (10) days after written notice from the Lessor;

**Assignment,
Subletting
or
Unauthorized
Occupancy**

(d) If the Lessee shall be in default for a period of one (1) month in the payment of any maintenance or additional maintenance or of any instalment thereof and shall fail to cure such default within ten (10) days after written notice from the Lessor;

**Default in
Maintenance**

**Default
in Other
Covenants**

(e) If the Lessee shall be in default in the performance of any covenant or provision hereof, other than the covenant to pay maintenance, and such default shall continue for thirty (30) days after written notice from the Lessor; provided, however, that if said default consists of the failure to perform any act the performance of which requires any substantial period of time, then if within said period of thirty (30) days such performance is commenced and thereafter diligently prosecuted to conclusion without delay and interruption, the Lessee shall be deemed to have cured said default;

**Objectionable
Conduct**

(f) If at any time the Lessor shall determine, upon the affirmative vote of (i) 80% of the members of the then Board of Directors and (ii) the record holders of at least 66-2/3% in amount of its then issued and outstanding shares, at a shareholders' meeting duly called for that purpose, that because of objectionable conduct on the part of the Lessee, or of a person dwelling or visiting in the apartment, repeated after written notice from the Lessor, the tenancy of the Lessee is undesirable (it being understood, without limiting the generality of the foregoing, that repeatedly to violate or disregard the House Rules hereto attached or hereafter established in accordance with the provisions of this lease, or to permit or tolerate a person of dissolute, loose or immoral character to enter or remain in the building or the apartment, shall be deemed to be objectionable conduct);

**Termination
of All
Proprietary
Leases**

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

**Destruction
of Building**

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

Condemnation

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

**Lessor's Rights
After
Lessee's
Default**

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

lease, and may grant concessions or free maintenance, in its discretion. Any reletting of the apartment shall be deemed for the account of the Lessee, unless within ten (10) days after such reletting the Lessor shall notify the Lessee that the premises have been relet for the Lessor's own account. The fact that the Lessor may have relet the apartment as agent for the Lessee shall not prevent the Lessor from thereafter notifying the Lessee that it proposes to relet the apartment for its own account. If the Lessor relets the apartment as agent for the Lessee, it shall, after reimbursing itself for its expenses in connection therewith, including leasing commissions and a reasonable amount for attorneys' fees and expenses, and decorations, alterations and repairs in and to the apartment, apply the remaining avails of such reletting against the Lessee's continuing obligations hereunder. There shall be a final accounting between the Lessor and the Lessee upon the earliest of the four following dates: (A) the date of expiration of the term of this lease as stated on page 1 hereof; (B) the date as of which a new proprietary lease covering the apartment shall have become effective; (C) the date the Lessor gives written notice to the Lessee that it has relet the apartment for its own account; (D) the date upon which all proprietary leases of the Lessor terminate. From and after the date upon which the Lessor becomes obligated to account to the Lessee, as above provided, the Lessor shall have no further duty to account to the Lessee for any avails of reletting and the Lessee shall have no further liability for sums thereafter accruing hereunder, but such termination of the Lessee's liability shall not affect any liabilities theretofore accrued.

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

**Collection of
Maintenance
from
Subtenants**

(c) Upon the termination of this lease under the provisions of subdivisions (a) to (f) inclusive of Paragraph 31, the Lessee shall surrender to the corporation the certificate for the shares of the corporation owned by the Lessee to which this lease is appurtenant. Whether or not said certificate is surrendered, the Lessor may issue a new proprietary lease for the apartment and issue a new certificate for the shares of the Lessor owned by the Lessee and allocated to the apartment when a purchaser therefor is obtained, provided that the issuance of such shares and such lease to such purchaser is authorized by a resolution of the Directors, or by a writing signed by a majority of the Directors or by lessees owning, of record, at least a majority of the shares of the Lessor accompanying proprietary leases then in force. Upon such issuance the certificate owned or held by the Lessee shall be automatically cancelled and rendered null and void. The Lessor shall apply the proceeds received for the issuance of such shares towards the payment of the Lessee's indebtedness hereunder, including interest, attorneys' fees and other expenses incurred by the Lessor, and, if the proceeds are

Sale of Shares

sufficient to pay the same, the Lessor shall pay over any surplus to the Lessee, but, if insufficient, the Lessee shall remain liable for the balance of the indebtedness. Upon the issuance of any such new proprietary lease and certificate, the Lessee's liability hereunder shall cease and the Lessee shall only be liable for maintenance and expenses accrued to that time. The Lessor shall not, however, be obligated to sell such shares and appurtenant lease or otherwise make any attempt to mitigate damages.

**Waiver of
Right of
Redemption**

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

**Surrender
of
Possession**

34. Upon the termination of this lease under the provisions of subdivisions (a) to (f), inclusive, of Paragraph 31, the Lessee shall remain liable as provided in Paragraph 32 of this lease. Upon the termination of this lease under any other of its provisions, the Lessee shall be and remain liable to pay all maintenance, additional maintenance and other charges due or accrued and to perform all covenants and agreements of the Lessee up to the date of such termination. On or before any such termination the Lessee shall vacate the apartment and surrender possession thereof to the Lessor or its assigns, and upon demand of the Lessor or its assigns, shall execute, acknowledge and deliver to the Lessor or its assigns any instrument which may reasonably be required to evidence the surrendering of all estate and interest of the Lessee in the apartment, or in the building of which it is a part.

**Lessee's
Option to
Cancel**

35. (a) Subject to the provisions of Paragraph 38(d) hereof, this lease may be cancelled by the Lessee on any September 30 after the second anniversary of the Closing Date (as such capitalized term is defined in the Plan), upon complying with all the provisions hereinafter set forth. Irrevocable written notice of intention to cancel must be given by the Lessee to the Lessor on or before April 1 in the calendar year in which such cancellation is to occur. At the time of the giving of such notice of intention to cancel there must be deposited with the Lessor by the Lessee:

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

**Deposits
Required**

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

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

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

**Removal
of Fixtures**

Possession

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

**Permission
to Show and
Occupy
Premises**

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

**Effective Date
of
Cancellation**

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

**Rights on
Lessee's
Default**

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

**Extension
of Option
to Cancel**

provisions of Paragraph 35 hereof, provided only that written notice of the intention to cancel such leases shall be given on or before July 1st instead of April 1st.

**Right of
Lessees
to Cancel**

(b) If lessees owning at least 66-2/3% of the then issued and outstanding shares of the Lessor shall exercise the option to cancel their leases in one (1) year, then this and all other proprietary leases shall thereupon terminate on the September 30th of the year in which such options shall have been exercised, as though every lessee had exercised such option. In such event none of the lessees shall be required to surrender his shares to the Lessor and all certificates for shares delivered to the Lessor by those who had, during that year, served notice of intention to cancel their leases under the provisions hereof, shall be returned to such lessees.

**Continuance of
Cooperative
Management
of Building
After All
Leases
Terminated**

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

**Unsold
Shares**

38. (a) The term "Unsold Shares" means and refers to shares of the Lessor which have been issued or transferred either to the Sponsor or individual designee(s) of the Sponsor of the Offering Statement — A Plan to Convert to Cooperative Ownership premises 27 North Central Avenue, Hartsdale, New York, dated , 198 ("Plan"), to acquire Unsold Shares as provided in Section R of the Plan; and all shares which are Unsold Shares retain their character as such (regardless of transfer) until an individual purchases same and actually occupies (by himself or a member of his family) the apartment to which such shares are allocated.

**Subletting
Apartment
and
Sale of
Shares**

(b) Neither the subletting of the apartment from time to time nor the assignment of this lease by the holder of Unsold Shares allocated to the apartment shall require the consent of the Directors or shareholders to which reference is made in Paragraphs 15 and 16 of this lease, but the consent only of the Lessor's then managing agent which shall not be unreasonably withheld or delayed, except that if there is no managing agent, then consent shall be by duly authorized resolution of the Directors or by an instrument in writing, executed by a majority of the Directors, which consent by the Directors in any such event shall not be unreasonably withheld or delayed; and a holder of Unsold Shares shall not be required to pay any sums for expenses of the Lessor and its managing agent as set forth in subparagraph (a)(iv) of said Paragraph 16 or to furnish a search or certificate as set forth in subparagraph (a)(v) of said Paragraph 16.

**Change in
Form of
Lease**

(c) Without the Lessee's consent, no change in the form, terms or conditions of this lease, as permitted by Paragraph 6, shall (1) affect the rights of the holder of Unsold Shares allocated to the apartment to sublet the apartment or to assign this lease, as

hereinbefore provided in this Paragraph 38, or (2) eliminate or modify any other rights, privileges or obligations of such holder of Unsold Shares.

(d) A holder of Unsold Shares may not cancel this lease pursuant to Paragraph 35 unless (i) the owners of a majority of all outstanding shares (other than the Unsold Shares) have elected to cancel their Proprietary Leases, or (ii) the Unsold Shares constitute not more than 15% of the outstanding shares of the Apartment Corporation, or (iii) at least five (5) years have elapsed since the Closing Date; and on the effective date of such cancellation the holder of Unsold Shares pays to the Apartment Corporation a sum equal to the product of the then current monthly maintenance charges for the apartment covered by the Proprietary Lease being cancelled times 24. In the event the foregoing conditions are met and a holder of Unsold Shares intends to cancel his lease, the procedures for such cancellation set forth in Paragraph 35 shall be followed.

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

**Rights of
a Secured
Party**

(b) If this lease is terminated by the Lessor as provided in Paragraphs 31 or 35 of this lease, or by agreement with the Lessee, (1) the Lessor promptly shall give notice of such termination to the Secured Party and (2) upon request of the Secured Party made within thirty (30) days of the giving of such notice the Lessor (i) shall commence and prosecute a summary dispossession proceeding to obtain possession of the apartment, and (ii) shall, within sixty (60) days of its receipt of the aforesaid request by the Secured Party, reissue the aforementioned shares to, and shall enter into a new proprietary lease for the apartment with, any individual designated by the Secured Party, or the individual nominee of the individual so designated by the Secured Party, all without the consent of the Directors or the shareholders to which reference is made in Paragraphs 16(a)(vi) and 32(c), provided, however, that the Lessor shall have received payment, on behalf of the Lessee, of all maintenance, additional maintenance and other sums owed by the Lessee to the Lessor under this lease for the period ending on the date of reissuance of the aforementioned shares of the Lessor including, without limitation, sums owed under Paragraphs 32(a) and (c) of this lease; the individual designated by the Secured Party (if and as long as such individual (by himself or a member of his family) does not actually occupy the apartment) shall have all of the rights provided for in Paragraphs 15, 16, 21 and 38 of this lease as if he were a holder of Unsold Shares; and, accordingly, no surplus shall be payable by the Lessor to the Lessee as otherwise provided in Paragraph 32(c).

(c) If the purchase by the Lessee of the shares allocated to the apartment was financed by a loan made by an institution or at any time held by an institution (which shall mean any bank, savings or commercial bank, savings and loan association, trust company or life insurance company), the Sponsor of the Plan or any principal thereof, and a default or an event of default shall have occurred under the terms of the security agreement and/or related financing documents entered into between the Lessee and the Secured Party, and if (1) notice of said default or event of default shall have been given to the Lessor, (2) an individual designated by the Secured Party, or the individual nominee of the individual so designated by the Secured Party, shall be entitled to become the owner of the shares and the lessee under this lease pursuant to the terms of said security agreement or related financing documents, as the case may be, (3) not less than five (5) days' written notice of an intended transfer of the shares and this lease shall have been given to the Lessor and the Lessee, (4) there has been paid, on behalf of the Lessee, all maintenance, additional maintenance and other sums owed by the Lessee to the Lessor under this lease for the period ending on the date of transfer of the aforementioned shares as hereinafter provided, and (5) the Lessor shall be furnished with such affidavits, certificates, and opinions of counsel, in form and substance reasonably satisfactory to the Lessor, indicating that the foregoing conditions (1)—(4) have been met, then (a) a transfer of the shares and the proprietary lease shall be made to such individual, upon request, and without the consent of the Directors or the shareholders to which reference is made in Paragraph 16, provided such transfer is approved by the Lessor's then managing agent (such approval not to be unreasonably withheld or delayed) and (b) the individual to whom such transfer is made (if and as long as such individual (by himself or a member of his family) does not actually occupy the apartment) shall have all of the rights provided for in Paragraphs 15, 16, 21 and 38 of this lease as if he were a holder of Unsold Shares.

(d) Without the prior written consent of any Secured Party who has requested a copy of any notice of default as hereinbefore provided in subparagraph (a) of this Paragraph 39, (a) the Lessor and the Lessee will not enter into any agreement modifying or cancelling this lease, (b) no change in the form, terms or conditions of this lease, as permitted by Paragraph 6, shall eliminate or modify any rights, privileges or obligations of a Secured Party as set forth in this Paragraph 39, (c) the Lessor will not terminate or accept a surrender of this lease, except as provided in Paragraphs 31 or 35 of this lease and in subparagraph (a) of this Paragraph 39, (d) the Lessee will not assign this lease or sublet the apartment, (e) any modification, cancellation, surrender, termination or assignment of this lease or any sublease of the apartment not made in accordance with the provisions hereof shall be void and of no effect, (f) the Lessor will not consent to any further mortgage on this lease or security interest created in the shares, (g) the Lessee will not make any further mortgage or create any further security interest in the shares or this lease, and (h) any such further mortgage or security interest shall be void and of no effect.

(e) Any designee of the Secured Party to whom a transfer of a lease shall have been made pursuant to the terms of subparagraphs (b) and (c) hereof may cancel this lease under the terms of Paragraph 35 hereof; except that such designee (a) may cancel this lease at any time after the designee acquires this lease and the shares appurtenant

hereto due to foreclosure of the security agreement and/or related financing documents; (b) need give only thirty (30) days' notice of its intention to cancel; and (c) may give such notice at any time during the calendar year.

(f) Without limiting the generality of the foregoing, the Lessor agrees to execute and deliver to any institution, as defined in subparagraph (c) of this Paragraph 39, or other lender which holds a security interest in the Unsold Shares, a recognition agreement in form and substance acceptable to such institution.

(g) The provisions of Paragraph 17 are expressly made subject to the provisions of this Paragraph 39.

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

**Foreclosure-
Receiver of
Maintenance**

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

**To Whom
Covenants
Apply**

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

**Waiver of
Trial
by Jury**

43. In the event of a breach or threatened breach by Lessee of any provision hereof, the Lessor shall have the right of injunction and the right to invoke any remedy at law or in equity, as if re-entry, summary proceedings and other remedies were not

**Lessor's
Additional
Remedies**

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

**Lessee
More Than
One Person**

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

45. The Lessee may not institute an action or proceeding against the Lessor or defend, or make a counterclaim in any action by the Lessor related to the Lessee's failure to pay rent, if such action, defense or counterclaim is based upon the Lessor's failure to comply with its obligations under this lease or any law, ordinance or governmental regulation unless such failure shall have continued for thirty (30) days after the giving of written notice thereof by the Lessee to the Lessor.

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

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

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

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

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

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

IN WITNESS WHEREOF, the parties have executed this lease as of the date and year first above written.

HARTSDALE GARDENS OWNERS CORP.

ATTEST:

Lessor.

..... By:
(Vice) President
Secretary

WITNESS: (L.S.)

..... (L.S.)

Lessee

State of New York }
County of }**ss.:**

On the _____ day of _____ in the year 19____, before me personally appeared _____, to me known, who being by me duly sworn, did depose and say that he resides at _____; that he is the (Vice) President (Secretary) of Hartsdale Gardens Owners Corp., the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

State of New York }
County of } ss.:

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

HOUSE RULES

(1) The public halls and stairways of the building shall not be obstructed or used for any purpose other than ingress to and egress from the apartments in the building and the fire towers shall not be obstructed in any way.

(2) No patient of any doctor who has offices in the building shall be permitted to wait in the lobby.

(3) Children shall not play in the public halls, courts, stairways, fire towers or elevators and shall not be permitted on the roof unless accompanied by a responsible adult.

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

(5) No Lessee shall make or permit any disturbing noises in the building or do or permit anything to be done therein which will interfere with the rights, comfort or convenience of other Lessees. No Lessee shall play upon or suffer to be played upon any musical instrument or permit to be operated a phonograph or a radio or television loud speaker in such Lessee's apartment between the hours of 10:00 o'clock p.m. and the following 8:00 o'clock a.m. if the same shall disturb or annoy other occupants of the building. No construction or repair work or other installation involving noise shall be conducted in any apartment except on weekdays (not including legal holidays) and only between the hours of 9:00 a.m. and 5:00 p.m.

(6) No article shall be placed in the halls or on the staircase landings or fire towers, nor shall anything be hung or shaken from the doors, windows, terraces or balconies or placed upon the window sills of the building.

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

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

(9) No velocipedes, bicycles, scooters or similar vehicles shall be allowed in a passenger elevator and baby carriages and the above-mentioned vehicles shall not be allowed to stand in the public halls, passageways, areas or courts of the building.

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

(11) Kitchen supplies, market goods and packages of every kind are to be delivered only through the service elevator to the apartments when such elevator is in operation.

(12) Trunks and heavy baggage shall be taken in or out of the building through the service entrance.

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

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

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

(16) No bird or animal shall be kept or harbored in the building unless the same in each instance be expressly permitted in writing by the Lessor; such permission shall be revocable by the Lessor. In no event shall dogs be permitted on elevators or in any of the public portions of the building unless carried or on leash. No pigeons or other birds or animals shall be fed from the window sills, terraces, balconies or in the yard, court spaces or other public portions of the building, or on the sidewalk or street adjacent to the building.

(17) No radio or television aerial shall be attached to or hung from the exterior of the building without the prior written approval of the Lessor or the managing agent.

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

(19) 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.

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

(21) Unless expressly authorized by the Board of Directors in each case, the floors of each apartment must be covered with rugs or carpeting or equally effective noise-reducing material, to the extent of at least 80% of the floor area of each room excepting only kitchens, pantries, bathrooms, maid's rooms, closets, and foyer.

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

(23) The Lessee shall keep the windows of the apartment clean. In case of refusal or neglect of the Lessee during ten (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 the purpose and to charge the cost of such cleaning to the Lessee.

(24) The passenger and service elevators, unless of automatic type and intended for operation by a passenger, shall be operated only by employees of the Lessor, and there shall be no interference whatever with the same by Lessees or members of their families or their guests, employees or subtenants.

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

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

(27) If there be a garage in the building, the Lessee will abide by all arrangements made by the Lessor with the garage operator with regard to the garage and the driveways thereto.

(28) No Lessee shall install any plantings on the terrace, balcony or roof without the prior written approval of the Lessor. Plantings shall be contained in boxes of wood lined with metal or other material impervious to dampness and standing on supports at least two inches from the terrace, balcony or roof surface, and if adjoining a wall, at least three inches from such wall. Suitable weep holes shall be provided in the boxes to draw off water. In special locations, such as a corner abutting a parapet wall, plantings may be contained in masonry or hollow tile walls which shall be at least three inches from the parapet and flashing, with the floor of drainage tiles and suitable weep holes at the sides to draw off water. It shall be the responsibility of the Lessee to maintain the containers in good condition, and the drainage tiles and weep holes in operating condition.

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

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

C. BY-LAWS
OF
HARTSDALE GARDENS OWNERS CORP.

ARTICLE I

Place of Business

Section 1. *Location of Office:* The principal office and place of business of the corporation shall be in the County of Westchester, State of New York, or at such other place as may be designated by the Board of Directors.

ARTICLE II

Meetings of Shareholders

Section 1. *Annual Meeting:* The first annual meeting of the shareholders of this corporation, for the election of directors and such other business as may properly come before such meeting, shall be held within thirty (30) days after the closing under the Offering Statement-A Plan to Convert to Cooperative Ownership premises 27 North Central Avenue, Hartsdale, New York, dated March 15, 1982 (the "Plan"), promulgated by Dale Estates, the Sponsor ("Sponsor"), and subsequent annual meetings shall be held in April of each year, commencing with the year following the year in which the first annual meeting is held. Such meetings shall be at a place in the County of Westchester, State of New York, and at a date and time, as shall be determined by the Board of Directors. Written notice of each meeting shall be given to all shareholders entitled to vote thereat at the time such notice is given or on the record date designated by the Board of Directors in accordance with Section 5 of this Article II. Such notice shall state the date and time when, and the place where the meeting is to be held, and shall set forth any proposed action, notice of which is specifically required elsewhere in these by-laws; and the secretary shall cause a copy thereof to be delivered, personally or mailed to each such shareholder, not less than ten (10) nor more than fifty (50) days before the meeting.

Section 2. *Special Meetings:* Special meetings of shareholders may be called at any time and may be held at any place where an annual meeting could be held, by the president and secretary or by a majority of the Board of Directors. It shall also be the duty of the secretary to call such meetings whenever requested in writing to do so by shareholders owning at least twenty-five (25%) per cent of the outstanding shares of the corporation. The secretary shall cause a notice of such special meeting stating the date and time when, the place where, the purpose or purposes thereof, and the officer or other person or persons by whom the meeting is called, to be delivered personally or mailed to each shareholder entitled to vote at such meeting not less than ten (10) nor

more than fifty (50) days before such meeting. No business other than that stated in such notice shall be transacted at such special meeting. A pledgee or mortgagee of shares, or a transferee of either, shall not be deemed a shareholder of record except upon compliance with the provisions of Article 16 of the corporation's proprietary lease.

Section 3. *Notice and Waiver of Notices:* Any notice given by mail shall be directed to each such shareholder at his address as it appears on the shareholders' record book, unless he shall theretofore have filed with the secretary of the corporation a written request that notices intended for him be mailed to some other address, in which case it shall be mailed to the address designated in such request. The notice provided for in the two foregoing sections is not indispensable and any shareholders' meeting shall be deemed validly called for all purposes if all the outstanding shares of the corporation are represented thereat in person or by proxy, or if a quorum is present and waivers of notice of the time, place and objects of such meeting shall be duly executed in writing either before or after said meeting by those shareholders not so represented and not given such notice. The attendance of any shareholder at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by him.

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

Section 5. *Voting:* If a quorum is present the affirmative vote of a majority of the shares represented at the meeting shall be the act of the shareholders, unless the act of a greater number is required by law, the Certificate of Incorporation or elsewhere in these by-laws, except as provided in Section 3 of Article III of these by-laws. At each meeting of shareholders each shareholder present in person or by proxy shall be entitled to one (1) vote for each share registered in his name at the time notice of such meeting was given to him, or at such time, not more than fifty (50) days before such meeting, as may be designated by the Board of Directors the record date for such meeting, which designation may also direct the closing of the corporate share transfer books from such time to time of the meeting. Proxies shall be in writing duly signed by the shareholder but need not be acknowledged or witnessed, and the person named as proxy by any shareholder need not himself be a shareholder of the corporation. Voting by shareholders shall be *viva voce* unless any shareholder present at the meeting, in person or by proxy, demands a vote by written ballot, in which case the voting shall be by ballot, and each ballot shall state the name of the shareholder voting

and the number of shares owned by him, and in addition, the name of the proxy of such ballot if cast by a proxy.

Section 6. *Inspectors of Election:* The Board of Directors in advance of any meeting of shareholders may appoint one or more inspectors of election to act at the meeting or any adjournment thereof. If inspectors are not so appointed, the person presiding at a shareholders' meeting may, and on the request of any shareholder entitled to vote thereat shall, appoint one or more inspectors. In case any person appointed as inspector fails to appear or act, the vacancy may be filled by the Board in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability, and the oath so taken shall be signed by the inspector before the person presiding at the meeting and shall be filed with the secretary. No director, or candidate for director at a meeting one of the purposes of which is to elect directors, shall act as inspector.

Section 7. *Consent of Shareholders:* Whenever the shareholders are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken and signed by the holders of all outstanding shares entitled to vote thereon.

Section 8. *Order of Business:* At each meeting of shareholders, the president, or in his absence a vice president, shall act as chairman of the meeting. The secretary, or in his absence such person as may be appointed by the chairman, shall act as secretary of the meeting. So far as is consistent with the purposes of the meeting, the order of business of each meeting of shareholders shall be as follows:

1. Call to order.
2. Presentation of proofs of due calling of the meeting.
3. Roll call and presentation and examination of proxies.
4. Reading of minutes of previous meeting or meetings.
5. Reports of officers and committees.
6. If the annual meeting, the appointment or election of inspectors of election, if any.
7. If the annual meeting, the election of directors.
8. Unfinished business.
9. New business.
10. Adjournment.

ARTICLE III

Directors

Section 1. *Number:* The number of the directors of the corporation is hereby fixed at three (3). The number of directors may be changed only upon the affirmative vote of two-thirds of the total number of directors who are members of the Board of Directors at the time such change is voted upon, and upon the approval by the holders of a majority of the shares then issued and outstanding, at any annual or special meeting, provided that the notice of such meeting shall state that a resolution will be considered to change the number of directors and shall set forth the number to be proposed in such resolution. Any such resolution shall specify the manner in which the selection of directors necessitated by an increase in the number of directors shall be accomplished, or shall state that a decrease in the number of directors shall not shorten the term of any incumbent director, as the case may be. The number of directors so determined shall be the number of directors of the corporation until changed by further action of the shareholders in accordance with the foregoing.

Section 2. *Qualification and Election:* Directors shall be at least twenty-one years of age but need not be residents of the State of New York or shareholders of the corporation. The directors constituting the first Board of Directors shall be elected by the incorporator at the organization meeting of the incorporator. The directors, other than those constituting the first Board of Directors, shall be elected at each annual meeting of shareholders by a plurality of votes cast at such meeting. The term of office of the directors elected by the incorporator shall be until the date herein fixed for the first annual meeting of the shareholders, and thereafter until their respective successors are elected and qualify. The term of office of directors elected at the first annual meeting of shareholders and at meetings subsequent thereto shall be until the date herein fixed for the next succeeding annual meeting of the shareholders, and thereafter until their respective successors are elected and qualify.

Section 3. [intentionally omitted]

Section 4. *Vacancies:* Vacancies in the Board of Directors resulting from death, resignation or removal may be filled without notice to any of the shareholders by a vote of a majority of the remaining directors present at the meeting at which such election is held even though a quorum is not present, which election may be held at any regular meeting of the Board of Directors or any special meeting thereof called for such purpose. Vacancies in the Board of Directors resulting from an increase of the number of directors by resolution as set forth in Section 1 of this Article III shall be filled in the manner provided in said resolution. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of the shareholders and until his successor shall have been elected and qualifies.

Section 5. *Management of the Corporation:* The business affairs of the corporation and the operation of its apartment building shall be managed by the Board of Directors which

may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 6. *Meetings:* Meetings of the Board of Directors, regular or special, may be held either within or without the State of New York. The first meeting of each newly elected Board of Directors shall be held immediately after the annual meeting of the shareholders and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors. Regular meetings of the Board of Directors shall be held not less often than once every six (6) weeks and may be held upon notice, or without notice, and at such time and at such place as shall from time to time be determined by the Board. Special meetings of the Board of Directors may be called by the president on two (2) days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of a majority of the number of directors fixed by Section 1 of this Article III, except in the case of a special meeting called to fill vacancies in the Board of Directors, in which case a majority of the then acting directors shall suffice. Notice of a meeting need not be given to any director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting prior thereto or at its commencement, the lack of notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting, except where otherwise required by law or by these by-laws. A majority of the number of directors fixed by Section 1 of this Article III shall constitute a quorum for the transaction of business unless a greater or lesser number is required by law or by the certificate of incorporation or elsewhere in these by-laws. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by the certificate of incorporation or elsewhere in these by-laws. If a quorum shall not be present at any meeting of directors, the directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At all meetings of the Board of Directors, each director shall be entitled to one (1) vote.

Section 7. *Resignation and Removal:* Any director may resign at any time by written notice delivered or sent by registered mail to the president or secretary of the corporation. Such resignation shall take effect at the time specified therein, and unless specifically requested acceptance of such resignation shall not be necessary to make it effective.

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

If any director who was a shareholder at the time of his selection as a director ceases to be a shareholder, he shall be deemed to have resigned as a director.

Section 8. *Compensation:* No salary or other compensation for services shall be paid to any director of the corporation for services rendered as such director, but this shall not preclude any director from performing any other service for the corporation and receiving compensation therefor.

Section 9. *Annual Cash Requirements:* In furtherance of the definitions, purposes and provisions of the proprietary leases entered into or to be entered into by the corporation with its shareholders, the Board of Directors shall, from time to time, by resolution, determine the cash requirements as defined in the corporation's proprietary leases, and fix the terms and manner of payment of maintenance charges (rent) under the corporation's proprietary leases. In the event such determination differs from the last preceding determination, the Board of Directors shall cause notice of such determination to be mailed immediately to each tenant-shareholder. The Board of Directors shall have discretionary power to prescribe the manner of maintaining and operating the premises owned or leased by the corporation and to determine the cash requirements of the corporation to be paid as aforesaid by the tenant-shareholders under their respective proprietary leases. Every such determination by the Board of Directors shall be final and conclusive as to all tenant-shareholders and any expenditures made by the corporation's officers or its agents under the direction or with the approval of the Board of Directors of the corporation shall, as against the tenant-shareholders, be deemed necessarily and properly made for such purposes.

Section 10. *House Rules:* The Board of Directors may, from time to time, adopt and amend such reasonable house rules as it may reasonably deem necessary or desirable in respect to the premises owned or leased by the corporation for the health, safety and convenience of the tenant-shareholders, in addition to, or in substitution for those house rules set forth in the form of proprietary lease used by the corporation. Copies thereof and of changes therein shall be furnished to each tenant-shareholder. Such rules shall be binding upon all tenant-shareholders.

Section 11. *Executive Committee:* The Board of Directors may, by resolution approved by a majority of the number of directors fixed by Section 1 of this Article III, appoint an Executive Committee consisting of three (3) or more directors of the corporation. The Executive Committee, to the extent provided in the resolution that creates it, shall have and may exercise all of the powers of the Board of Directors in the management of the business affairs of the corporation during the intervals between meetings of the Board of Directors, so far as may be permitted by law, except that the Executive Committee shall not have the power to determine the cash requirements defined in the proprietary leases made by the corporation, or to fix the amount of maintenance to be paid under the proprietary leases, or to vary the terms of payment thereof as fixed by the Board of Directors. Vacancies in the membership of the Executive Committee shall be filled by the Board of Directors at a regular or special

meeting. The Executive Committee shall keep regular minutes of its proceedings and shall report same to the Board of Directors when required.

ARTICLE IV

Officers

Section 1. *Number and Election:* The officers of the corporation shall be a president, one or more vice presidents, a secretary and a treasurer. Such officers shall be elected at the first meeting of the Board of Directors after these by-laws become effective, and thereafter at the regular meeting of the Board of Directors following each annual meeting of shareholders, and shall serve until the meeting of the Board of Directors following the next annual meeting of shareholders and until their successors shall have been elected and qualify.

Section 2. *Assistants:* The Board of Directors may at any time or from time to time appoint one or more assistant secretaries and one or more assistant treasurers to hold office at the pleasure of the Board. Such assistants, if any, in order of their seniority or in any other order determined by the Board of Directors shall, in the absence or disability of the secretary or treasurer, as the case may be, perform the duties and exercise the powers of the secretary or treasurer, as the case may be, and shall perform such other duties as the Board of Directors or the secretary or treasurer, as the case may be, shall prescribe.

Section 3. *Qualifications; Removal and Vacancies:* None of the officers need be a member of the Board of Directors. One person may hold two offices at the same time, except that the same person may not hold the offices of president and secretary. Any officer appointed by the Board of Directors pursuant to the provisions of Sections 1 and 2 of this Article IV may be removed by the Board of Directors at any time, with or without cause. Vacancies occurring in any office may be filled by the Board of Directors at any time. If any officer who was a shareholder at the time of his selection as an officer ceases to be a shareholder, he shall be deemed to have resigned as an officer.

Section 4. *Duties of President and Vice Presidents:* The president shall preside at all meetings of the shareholders and of the Board of Directors. The president or any vice president shall sign the name of the corporation on all certificates for shares of the corporation, proprietary and other leases and subleases, contracts and other instruments which are authorized from time to time by the Board of Directors. The

president, subject to the control of the Board of Directors, shall have general management of the affairs of the corporation and perform all the duties incidental to the office. If the president is absent from the County of Westchester or is unable to act, the vice president if there is only one, or if there is more than one the vice president senior in rank (or, if he is absent or unable to act, the vice president next senior in rank) shall have the powers and perform the duties of the president.

Section 5. *Duties of Treasurer:* The treasurer shall have the care and custody of all funds and securities of the corporation, and shall deposit such funds in the name of the corporation in such bank or trust companies as the directors may determine, and he shall perform all other duties incidental to his office. If so required by the Board of Directors, he shall, before receiving any such funds, furnish to the corporation a bond with a surety company as surety, in such form and amount as the Board of Directors from time to time shall determine. The premium upon such bond shall be paid by the corporation. As promptly as possible, after the close of each calendar year, the treasurer shall cause to be furnished to each tenant-shareholder whose proprietary lease is then in effect, a statement of the receipts, disbursements and paid-in surplus of the corporation during such year, on which statement shall be indicated the amount of maintenance paid by tenant-shareholders under their proprietary leases during such year which has been used by the corporation for the payment of taxes on the real property owned by the corporation, interest on any mortgage indebtedness, the principal of any mortgage, and any other capital expenditure and such other information as may be necessary to permit him to compute his income tax liability or income tax benefits that may accrue to him in respect thereof.

Section 6. *Duties of Secretary:* The secretary shall keep the minutes of the meetings of the Board of Directors and of the meetings of the shareholders; he shall attend to the giving and serving of all notices of the corporation, shall be empowered to affix the corporate seal to all written instruments authorized by the Board of Directors or these by-laws, shall attest every certificate of shares issued by the corporation and shall have the authority to sign in the name of the corporation all proprietary leases authorized from time to time by the Board of Directors. He shall also perform all other duties incidental to his office. He shall cause to be kept a shareholders' record book containing the names, alphabetically arranged, and addresses, of all shareholders, the number of shares held by each, the dates when they respectively become the owners of record thereof, and the denomination and the amount of all issuance or transfer stamps affixed thereto, and such book shall be open for inspection as provided by law.

Section 7. *Compensation:* No salary or other compensation for services shall be paid to any officer of the corporation for services rendered as such officer, but this shall not preclude an officer of the corporation from performing any other service for the corporation and receiving compensation therefor.

ARTICLE V

Proprietary Leases

Section 1. *Form of Lease*: The Board of Directors shall adopt a form of proprietary lease to be used by the corporation for the leasing of all apartments in the apartment building of the corporation (to which shares of the corporation have been allocated) to tenant-shareholders. Such proprietary leases shall be for such terms, with or without provisions for renewals, and shall contain such restrictions, limitations and provisions in respect to the assignment thereof, the subletting and use of the premises demised thereby and the sale and/or transfer of the shares of the corporation allocated to the apartment covered thereby, and such other terms, provisions, conditions and covenants as the Board of Directors may determine. After a proprietary lease in the form so adopted by the Board of Directors shall have been executed and delivered by the corporation, all proprietary leases subsequently executed and delivered shall be the same (except with respect to the statement as to the number of shares owned by the lessee), unless varied in accordance with the terms thereof.

Section 2. *Assignment*: Proprietary leases shall be assigned or transferred only to an individual acquiring such shares for his own account (beneficial and of record) and only in compliance with, and shall never be assigned or transferred in violation of, the terms, conditions or provisions of such proprietary leases. A duplicate original of each proprietary lease shall always be kept on file in the principal office of the corporation or with the managing agent of the apartment building of the corporation.

Section 3. *Allocation of Shares*: The Board of Directors shall allocate to each apartment in the apartment building of the corporation to be leased to tenant-shareholders under proprietary leases the number of shares of the corporation that must be owned by the proprietary lessee of such apartment. The allocations of shares to an apartment shall bear a reasonable relationship to the portion of the value of the corporation's equity in the apartment building and the land which is attributable to the apartment.

Section 4. *Fees on Assignment, Subletting or Reallocation*: Subject to the provisions of the form of proprietary lease adopted by the Board of Directors, (a) the Board of Directors shall have authority before an assignment of a proprietary lease or a subletting thereunder, or a reallocation of shares takes effect as against the corporation as lessor, to fix a reasonable fee to cover actual expenses and attorneys' fees of the corporation in connection with each such proposed transaction, and may direct that such attorneys' fees be paid directly to the attorneys; and (b) in connection with any such transaction, the Board of Directors may, at its option, require a title search, at the expense of the tenant-shareholder(s) of the subject apartment(s), as the Board of Directors sees fit.

Section 5. *Lost Proprietary Leases*: In the event that any proprietary lease in full force and effect is lost, stolen, destroyed or mutilated, the Board of Directors may

authorize the issuance of a new proprietary lease in lieu thereof, in the same form and with the same terms, provisions, conditions and limitations. The Board may, in its discretion, before the issuance of any such new proprietary lease, require the owner thereof, or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutilation as it deems necessary, and to give the corporation a bond in such reasonable sum as it directs, not exceeding double the value of the shares appurtenant to such lease, to indemnify the corporation.

Section 6. *Regrouping of Space:* The Board of Directors, upon the written request of the lessee or lessees of one or more proprietary leases covering one or more apartments in the apartment building and the owner or owners of the shares issued to accompany the same, may in its discretion, at any time, permit such lessee-owner or lessees-owners, at his or their own expense, as determined or approved by the Board of Directors,

(a) (i) to subdivide any apartment into any desired number of apartments, (ii) combine all or any portions of any such apartments into one or any desired number of apartments; and (iii) to reallocate the shares issued to accompany the proprietary lease or leases, but, subject to subsection (b) of this Section, the total number of the shares so reallocated shall not be more or less than the number of shares previously allocated to the apartment or apartments involved; or

(b) to incorporate space in the building not covered by any proprietary lease, into one or more apartments covered by a proprietary lease, whether in connection with any regrouping of space pursuant to subsection (a) of this Section or otherwise, and in allocating shares to any such resulting apartment or apartments, shall determine the number of theretofore unissued shares to be issued and allocated in connection with the appropriation of such additional space, in accordance with the principle set forth in Section 3 of this Article V.

Upon any regrouping pursuant to subsections (a) or (b) above, the proprietary leases so affected, and the accompanying certificates of shares, shall be surrendered and there shall be executed and delivered in place thereof, respectively, a new proprietary lease for each separate apartment involved, and a new certificate of shares for the number of shares so reallocated to each new proprietary lease.

Section 7. *Allocation of Shares to Additional Space:* The Board of Directors may, in its discretion, authorize the conversion of space in the building not covered by a proprietary lease into space suitable for the primary purposes of the corporation, as set forth in the certificate of incorporation, allocate theretofore unissued shares to such space, and authorize the execution of a proprietary lease or leases covering such space.

Section 8. *Rights of Existing Tenants:* In the event any apartment shall be occupied on the date of the closing under the Plan, the lessee under any proprietary lease shall not have the right to evict the tenant in occupancy of such apartment (other than in the event of the

occurrence of a default by such tenant in the performance of obligations under the terms of his lease or occupancy), and in accordance with applicable provisions of the State Rent Laws (as such capitalized term is defined in the Plan) and Section 352(eee) of the New York General Business Law.

ARTICLE VI

Capital Shares

Section 1. *Authorization and Rights:* No shares hereafter acquired by the corporation shall be reissued except in connection with the execution by the purchaser and delivery by the corporation of a proprietary lease of an apartment. The ownership of shares shall entitle the holder thereof to occupy the apartment for the purposes specified in the proprietary lease to which the shares are appurtenant, subject to the provisions, covenants and agreements contained in such proprietary lease.

Section 2. *Form and Record of Shares:* Certificates of shares of the corporation shall be in the form adopted by the Board of Directors, and shall be signed by the president or a vice president, and by the secretary or an assistant secretary and sealed with the seal of the corporation, and shall be numbered in the order in which issued. Certificates shall be bound and issued in consecutive order, and in the margin or stub thereof shall be entered the name of the person holding the shares therein represented, the number of shares, the date of issue, and the name of the transfer agent. Each certificate exchanged or returned to the corporation shall be cancelled, and the date of cancellation shall be indicated thereon by the transfer agent, and such certificate shall be immediately pasted in the certificate book opposite the memorandum of its issue.

Section 3. *Issuance of Certificates:* Shares allocated to the apartments covered by each proprietary lease shall be issued in the amount allocated by the Board of Directors to the apartment or other space described in such proprietary lease and shall be represented by a single certificate. Unless and until all proprietary leases which shall have been executed by the corporation shall have been terminated, no shares shall be issued, transferred or reissued except to tenants under proprietary leases.

Section 4. *Transfers:* Transfers of shares shall be made upon the books of the corporation only by the holder in person or by power of attorney, duly executed and filed with the secretary of the corporation and on the surrender of the certificate for such shares, except that shares sold by the corporation to satisfy any lien which it holds thereon may be transferred without the surrender of the certificate representing such shares. No transfer of shares shall be valid as against the corporation, its shareholders and creditors for any purpose except to render the transferee liable for the debts of the corporation to the extent provided for in the Business Corporation Law or any other applicable provision of law, until it shall have been entered in the shares ledger, or as required by any then existing applicable provision of law, by an entry stating from whom and to whom transferred. Subject to the provisions of the form of proprietary

lease adopted by the Board of Directors, the Board of Directors shall have authority before an assignment of shares takes effect as against the corporation, to fix a reasonable fee to cover actual expenses and attorneys' fees of the corporation in connection with each such proposed assignment, and may direct that such attorneys' fees be paid directly to the attorneys.

Section 5. *Units of Issuance:* Unless and until all proprietary leases which shall have been executed by the corporation shall have been terminated, the shares appurtenant to each proprietary lease shall not be sold or assigned except as an entirety to the corporation or an assignee of such proprietary lease, after complying with and satisfying the requirements of such proprietary lease in respect to the assignment thereof.

Section 6. *Corporation's Lien:* The corporation shall at all times have a lien upon the shares owned by each shareholder, which shall be superior to all other liens, for all indebtedness and obligations owing and to be owing by such shareholder to the corporation, arising under the provisions of any proprietary lease issued by the corporation and at any time held by such shareholder, or otherwise arising. Unless and until such shareholder as lessee shall make default in the payment of any of the maintenance, or in the performance of any of the covenants or conditions of such proprietary lease, and/or unless and until such shareholder shall make default in the payment of any indebtedness or obligation owing by such shareholder to the corporation otherwise arising, such shares shall continue to stand in the name of the shareholder upon the books of the corporation, and the shareholder shall be entitled to exercise the right to vote thereon as though said lien did not exist. The Board of Directors may refuse to consent to the transfer of such shares until any indebtedness of the shareholder to the corporation is paid. The corporation shall have the right to issue to any purchaser of such shares upon the enforcement by the corporation of such lien, or to the nominee of such purchaser, a certificate of the shares so purchased substantially of the tenor of the certificate issued to such defaulting shareholder, and thereupon the certificate for such shares theretofore issued to such defaulting shareholder shall become void and such defaulting shareholder agrees to surrender such last mentioned certificate to the corporation upon the latter's demand, but the failure of such defaulting shareholder so to surrender such certificate shall not affect the validity of the certificate issued in replacement thereof.

Section 7. *Lost Certificates:* In the event that any certificate of shares is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new certificate of the same tenor and for the same number of shares in lieu thereof. The Board may, in its discretion, before the issuance of such new certificate, require the owner of the lost, stolen, destroyed or mutilated certificate, or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutilation as it deems necessary and to give the corporation a bond in such reasonable sum as it directs, but not more than double the value of the shares, to indemnify the corporation.

Section 8. *Legend on Stock Certificates:*

(a) Unless and until all proprietary leases which shall have been executed by the corporation shall have been terminated, all certificates representing shares of stock of the corporation shall bear a legend reading as follows:

"The rights of any holder of the shares evidenced by this certificate are subject to the provisions of the certificate of incorporation and the by-laws of Hartsdale Gardens Owners Corp. and to all the terms, covenants, conditions, provisions and agreements with respect to the election of directors contained in a certain proprietary lease made between the corporation, as lessor, and the person in whose name this certificate is issued, as lessee, for an apartment in the premises known as 27, 37 and 47 North Central Avenue, Hartsdale, New York, which limit and restrict the title and rights of any transferee of such shares and this certificate. The shares represented by this certificate are transferable only as an entirety and only to an approved assignee of the aforementioned proprietary lease. Copies of the certificate of incorporation, by-laws and the proprietary lease are on file and available for inspection at the office of the corporation.

Pursuant to the certificate of incorporation and by-laws, certain actions of the Board of Directors and of the shareholders require a greater quorum and/or a greater vote than would otherwise be required by law.

Pursuant to the by-laws, the corporation has a lien on the shares represented by this certificate for all sums due and to become due under the aforesaid proprietary lease and the Board of Directors of Hartsdale Gardens Owners Corp. may refuse to consent to the transfer of the shares represented by this certificate until any indebtedness of the shareholder to the corporation is paid."

(b) Until the sale of all the shares offered under the Plan to Convert to Cooperative Ownership premises 27 North Central Avenue, Hartsdale, New York, and as long as counsel to the corporation may require, all the certificates representing shares of stock of the corporation shall bear an additional legend reading as follows:

"The shares represented by this certificate have been issued and sold pursuant to the Section 3(a)(11) exemption to the Securities Act of 1933 ("Act") relating to the intra-state sale of shares. These shares may not be sold or transferred to a non-resident of the State of New York unless and until the shares have been registered under the Act or unless such sale or transfer is otherwise exempt from the registration provisions of the Act."

Section 9. *Distributions:* The tenant-shareholders shall not be entitled (either conditionally or unconditionally) to receive any distribution not out of earnings and profits of the corporation, except upon a complete or partial liquidation of the corporation.

ARTICLE VII

Seal

Section 1. *Form*: The seal of the corporation shall contain, within a circle, the name of the corporation, the words "Corporate Seal New York", and the year 198 .

ARTICLE VIII

Negotiable Instruments

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

Section 2. *Transfer of Securities*: Endorsements on transfers of shares, bonds or other securities shall be signed by the president or any vice president and by the secretary or an assistant secretary unless the Board of Directors, by special resolution in one or more instances, prescribes otherwise.

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

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

ARTICLE IX

Fiscal Year

Section 1. *Calendar Year*: The fiscal year of the corporation shall be the calendar year.

ARTICLE X

Indemnification of Directors, Officers and Employees

Section 1. *Right to Indemnification*: Any person made a party to any action, suit or proceeding by or in the right of the corporation to procure a judgment in its favor by

reason of the fact that he, his testator or intestate, is or was a director or officer of the corporation, shall be indemnified by this corporation, to the extent permitted and in the manner provided by law, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of such action, suit or proceeding, or in connection with an appeal therein, except in relation to matters as to which such director or officer is adjudged to have breached his duty to the corporation under Section 717 of the Business Corporation Law of the State of New York, but such indemnification shall in no case include:

(1) Amounts paid in settling or otherwise disposing of a threatened action, suit or proceeding, or a pending action, suit or proceeding, with or without court approval, or

(2) Expenses incurred in defending a threatened action, suit or proceeding, or a pending action, suit or proceeding, which is settled or otherwise disposed of without court approval.

Any person, made, or threatened to be made, a party to an action, suit or proceeding other than one by or in the right of the corporation to procure a judgment in its favor, whether civil or criminal, including an action, suit or proceeding by or in the right of any other corporation of any type or kind, domestic or foreign, which any director or officer of the corporation served in any capacity at the request of the corporation, by reason of the fact that he, his testator or intestate, was a director or officer of the corporation, or served such other corporation in any capacity, shall be indemnified by this corporation against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees actually and necessarily incurred as a result of such action, suit or proceeding, or any appeal therein, if such director or officer acted, in good faith, for a purpose which he reasonably believed to be in the best interests of the corporation, and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful. The termination of any such civil or criminal action, suit or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such director or officer did not act in good faith, for a purpose which he reasonably believed to be in the best interests of the corporation, or that he had reasonable cause to believe that his conduct was unlawful.

Section 2. *Other Rights and Payment:* Any such right of indemnification as set forth in Section 1 of Article X of these by-laws shall not be deemed exclusive of any other rights to which any such director or officer may be lawfully entitled either (a) apart from the provisions of Sections 722 and 723 of the Business Corporation Law of the State of New York or (b) under and by virtue of Section 725 of the Business Corporation Law. Any amount payable by way of indemnity shall be determined and paid in accordance with Sections 724 and/or 725 of the Business Corporation Law of the State of New York or in any other lawful manner.

ARTICLE XI**Sale, Lease, Demolition or Disposition of Property**

Section 1. No decision to demolish or reconstruct any building standing on the land owned or leased by the corporation, or to sell or exchange the corporation's fee simple interest therein, or to lease any such building in its entirety or substantially in its entirety, shall be made except upon the affirmative vote of two-thirds of the total number of directors of the corporation who are members of the Board of Directors at the time such termination is voted upon and upon the approval of the holders of two-thirds of the shares of the corporation then issued and outstanding.

ARTICLE XII**Amendments**

Section 1. With the exception of changing the number of directors as provided in Section 1 of Article III of these by-laws, these by-laws may be amended, enlarged or diminished only by the affirmative vote of the holders of a majority of the shares of the corporation represented at any meeting of shareholders, or by the affirmative vote of two-thirds of the number of directors fixed by Section 1 of Article III of these by-laws, and then only in conformity with the certificate of incorporation of the corporation. The notice of any meeting of shareholders or of the Board of Directors at which such an amendment shall be considered shall set forth the text or substance of the proposed amendment.

D. Section 352(eee) of the New York
General Business Law

§ 352-eee. Conversions to cooperative or condominium ownership

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

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

(b) "Non-eviction plan". A plan which may not be declared effective until at least fifteen percent of those tenants in occupancy of all dwelling units in the building or group of buildings or development shall have consented to purchase under the plan pursuant to an offering made in good faith without fraud and with no discriminatory repurchase agreement or other discriminatory inducement.

(c) "Eviction plan". A plan which may not be declared effective until at least thirty-five percent of those tenants in occupancy of all dwelling units in the building or group of buildings or development shall have consented to purchase under the plan pursuant to an offering made in good faith without fraud and with no discriminatory repurchase agreement or other discriminatory inducement.

(d) "Purchaser under the plan". A person who owns the shares allocated to only one dwelling unit or who owns such dwelling unit itself.

(e) "Non-purchasing tenant". A person who has not purchased under the plan and who is a tenant entitled to possession at the time the plan is declared effective or a person to whom a dwelling unit is rented subsequent to the effective date and the spouse of any such person. A person who sublets a dwelling unit from a purchaser under the plan shall not be deemed a non-purchasing tenant.

(f) "Eligible handicapped persons". Nonpurchasing tenants who have an impairment which results from anatomical, physiological or psychological abnormalities, other than addiction to alcohol, gambling, or any controlled substance, which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques, and which are expected to be permanent and which prevent the tenant from engaging in any employment or other gainful activity on the date the attorney general has accepted the plan for filing, and who have elected, within sixty days of the date the attorney general has accepted the plan for filing, on forms promulgated by the attorney general and presented to such tenants by the offeror, to become nonpurchasing tenants under the provisions of this section; provided that such election shall not preclude any such tenant from subsequently becoming a purchaser.

2. The attorney general shall refuse to issue a letter stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this chapter has been filed whenever it appears that the offering statement or prospectus offers for sale residential cooperative apartments or condominium units pursuant to a plan unless:

(a) The plan provides that it will be deemed abandoned, void and of no effect if it does not become effective within twelve months from the date of issue of the letter of the attorney general stating that the offering statement or prospectus has been filed and, in the event of such abandonment, no new plan for the conversion of such building or group of buildings or development shall be submitted to the attorney general for at least eighteen months after such abandonment.

(b) The plan provides either that it is an eviction plan or that it is a non-eviction plan.

(c) The plan provides, if it is a non-eviction plan, as follows:

(i) no eviction proceedings will be commenced at any time against non-purchasing tenants for failure to purchase or any other reason applicable to expiration of tenancy; provided that such proceedings may be commenced for non-payment of rent, illegal use or occupancy of the premises, refusal of access to the owner or a similar breach by the non-purchasing tenant of his obligations to the landlord;

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

(iii) the plan may not be amended at any time to provide that it shall be an eviction plan.

(d) The plan provides, if it is an eviction plan, as follows:

(i) no eviction proceedings will be commenced against non-purchasing tenants for a period of two years after the plan is declared effective; provided that no eviction proceedings will be commenced at any time against non-purchasing tenants who are sixty-two years of age or older or who are eligible handicapped persons on the date the plan is declared effective and that the rentals of any such non-purchasing tenants who reside in dwelling units not subject to government regulation as to rentals and continued occupancy and any such non-purchasing tenants who reside in dwelling units with respect to which government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the plan has become effective shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy; provided further that such proceedings may be commenced for non-payment of rent, illegal use or occupancy of the premises, refusal of access to the owner or a similar breach by the non-purchasing tenant of his obligations to the landlord;

(ii) at any time that the plan is amended to provide that it shall be a non-eviction plan, any person who has agreed to purchase under the plan prior to such amendment shall have a period of thirty days after receiving written notice of such amendment to revoke his agreement to purchase under the plan.

(e) The plan provides that non-purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy shall continue to be subject thereto.

(f) The plan provides that the rights granted under the plan to purchasers under the plan and to non-purchasing tenants may not be abrogated or reduced regardless of any expiration of or amendment to this section.

(g) The plan provides that, after the issuance of the letter from the attorney general stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this article has been filed, the offeror shall, at least every thirty days until the plan is declared effective or is abandoned, as the case may be, (i) file with the attorney general a written statement, under oath, setting forth the percentage of tenants in occupancy on the date such letter was issued who have agreed in writing to purchase under the plan as of the date of such statement and, (ii) before noon on the day such statement is filed post a copy of such statement in a prominent place accessible to all tenants in each building covered by the plan.

(h) The attorney general finds that an excessive number of long-term vacancies did not exist on the date that the offering statement or prospectus was first submitted to the department of law. "Long-term vacancies" shall mean dwelling units not leased or occupied by bona fide tenants for more than five months prior to the date of such submission. "Excessive" shall mean a vacancy rate in excess of ten percent provided that such vacancy rate is double the normal average vacancy rate for the building or group of buildings or development for two years prior to the January preceding the date of such submission.

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

3. All dwelling units occupied by non-purchasing tenants shall be managed by the same managing agent who manages all other dwelling units in the building or group of buildings or development. Such managing agent shall provide to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. The offeror shall guarantee the obligation of the managing agent to provide all such services and facilities until such time as the offeror surrenders control of the board of directors or board of managers.

4. Any offeror who disputes the election by a person to be an eligible handicapped person must apply to the attorney general within thirty days of the receipt of the election forms for a determination by the attorney general of such person's eligibility. The attorney general shall, within thirty days thereafter and upon reasonable notice to the offeror and the person making the election and an opportunity to be heard, issue his determination of eligibility. The foregoing shall be the sole method for determining a dispute as to whether a person is an eligible handicapped person. The determination of the attorney general shall be reviewable only through a proceeding under article seventy-eight of the civil practice law and rules, which must be commenced within thirty days after such determination becomes final.

5. Any tenant who has vacated his dwelling unit or is about to vacate his dwelling unit because any person is engaged in any course of conduct (including, but not limited to, interruption or discontinuance of essential services) which substantially interferes with or disturbs the comfort, repose, peace or quiet of such tenant in his use or occupancy of his dwelling unit or the facilities related thereto may apply to the attorney general for a determination that such conduct does exist or has taken place and in such case the attorney general may apply to a court of competent jurisdiction for an order restraining such conduct and, if he deems it appropriate, an order restraining the owner from selling the shares allocated to the dwelling unit or the dwelling unit itself.

6. Nothing herein shall be construed to limit the jurisdiction of any local governing body to adopt local laws or of any agency, officer or public body to prescribe rules and regulations with respect to the continued occupancy by tenants of dwelling accommodations which are subject to regulation as to rentals and continued occupancy pursuant to the emergency tenant protection act of nineteen seventy-four¹ or the emergency housing rent control law.²

7. Any provision of a lease or other rental agreement which purports to waive a tenant's rights under this section or rules and regulations promulgated pursuant hereto shall be void as contrary to public policy.

8. The provisions of this section shall only be applicable in the cities, towns and villages located in the counties of Nassau, Westchester and Rockland which by resolution adopted by the respective local legislative body of such city, town or village, elect that the provisions hereof shall be applicable therein. A certified copy of such resolution shall be filed in the office of the attorney general at Albany and shall become effective on the date of such filing.

Formerly § 352-ee, added L.1978, c. 544, § 3, renumbered § 352-eee and amended L.1979, c. 135, § 1; L.1980, c. 754, § 1; L.1980, c. 755, § 1.

E. Excerpts from the Tenant Protection Regulations of the New York State Division of Housing and Community Renewal

§ 35. Lease agreements

1. Vacancy lease. Upon the renting of a vacant housing accommodation after the local effective date of the Act, the landlord shall provide to the tenant and execute a valid written lease for a one, two, or three year period at the landlord's option at a rent which may not exceed the legal regulated rent then in effect, provided further that for a housing accommodation subject to the Emergency Housing Rent Control Law which becomes vacant after the local effective date of the Act, the lease shall not provide for any increase in said rent for a period of one year.

2. Renewal lease. Upon the expiration of a prior lease or rental agreement, the tenant shall have the right of selecting at his option a renewal lease for a term of one, two or three years, except that where a mortgage or a mortgage commitment existing as of the local effective date of the Act prohibits the granting of one year lease terms, the tenant's option shall be limited to a lease for two or three years.

3. Limitations. No provision may be made in any lease for the payment of a rent in excess of the legal regulated rent except on the following conditions:

* * *

h. leases for housing accommodations in cooperative or condominium-owned buildings or in a building for which the Attorney General has accepted for filing an offering plan to convert the building to cooperative or condominium ownership. New or renewal leases for one-, two- or three-year terms may contain a clause permitting termination prior to the expiration of the term by a subsequent owner who has purchased the shares allocated to the rented apartment or purchased the rented apartment, if such clause provides:

(i) that the termination clause shall only be effective for the purpose of permitting the rented apartment, following surrender of possession by the tenant, to be occupied immediately by such owner under the cooperative or condominium building ownership, or by a member of that owner's immediate family as defined in the tenant protection regulations;

(ii) that such owner must serve on the tenant a notice in writing by certified mail no less than 90 days prior to the date of termination of the lease, reciting the date of termination and the full name and address of the owner or the member of the owner's immediate family who is to take occupancy of the rented apartment, and his or her relationship to the owner; an exact copy of such notice must also be filed with affidavit of service with the Division within 48 hours after such service;

(iii) that such increase, if any, in the legal regulated rent collected under the lease pursuant to the applicable County Rent Guidelines Board rate must be refunded by the owner to the tenant on or before the date of surrender of possession, to the following extent:

(a) where a one-year lease is so terminated prior to the expiration of the one-year term, the rent increase must be fully refunded;

(b) where a two-year lease is so terminated prior to the expiration of one year, the rent increase must be fully refunded; if one year or more has expired, such amount of the rent increase as exceeded the one-year lease guideline rate must be refunded;

(c) where a three-year lease is so terminated prior to the expiration of one year, the rent increase must be fully refunded; if one year but less than two years has expired, such amount of the rent increase as exceeded the one-year lease guideline rate must be refunded; if two years or more have expired, such amount of the rent increase as exceeded the two-year lease guideline rate must be refunded.

(iv) where the rented apartment is located in a city, town or village which has filed a resolution with the Attorney General electing to have section 352-ee of the General Business Law (Chapter 544, Laws of 1978) apply to cooperative and condominium conversion plans, and the plan has been accepted for filing by the Attorney General subject to the requirements of section 352-ee:

(a) that the plan for conversion to cooperative or condominium ownership is an "eviction plan" as defined in section 352-ee;

(b) that no eviction proceedings shall be commenced against the tenant for a period of two years after the plan is declared effective as an "eviction plan" as defined in section 352-ee (when at least 35 percent of the tenants in occupancy of all dwelling units have consented to purchase);

(c) that the termination clause shall become null and void if the plan is amended to provide that it shall be a "non-eviction plan" as defined in section 352-ee;

(d) that the termination clause shall become null and void if the plan is deemed abandoned, void and of no effect because it does not become effective within 12 months from the date of issue of the letter of the Attorney General accepting the filing of the plan as provided in section 352-ee;

(e) that the termination clause shall become null and void if the tenant is 62 years of age or older on the date the plan is declared effective under the requirements of section 352-ee (when at least 35 percent of the tenants in occupancy of all dwelling units have consented to purchase).

§ 54. Grounds for refusal to renew lease and proceed for eviction.

The landlord shall not be required to offer a renewal lease to a tenant, and may maintain an action or proceeding to recover possession in a court of competent jurisdiction only upon one or more of the following grounds:

1. Occupancy by owner or immediate family. The owner seeks in good faith to recover possession of a housing accommodation for his own personal use and occupancy or for the use and occupancy of his immediate family; the term "immediate family" includes only a husband, wife, son, daughter, stepson, stepdaughter, father, mother, father-in-law or mother-in-law. No action or proceeding to recover possession shall be commenced in court unless and until the owner shall have given written notice to the tenant not less than 90 days prior to the date specified for the surrender of possession and prior to the commencement of any proceeding or action. Every notice shall state the ground under this section upon which the landlord is acting, the facts necessary to establish the existence of such ground, and the date when the tenant is called upon to surrender possession. Within seven days after the notice is served on the tenant an exact copy thereof with an affidavit of service shall be filed with the Division.

2. Withdrawal from the rental market. The owner has established, upon application on the prescribed form, to the satisfaction of the Division after a hearing and under such conditions and terms as the Division may set that he seeks in good faith to withdraw occupied dwelling units from both the housing and non-housing rental markets, without any intent to rent or sell all or any part of the land or structure.

3. Other grounds. The owner has established upon an application on the prescribed form, after a hearing and under such conditions and terms as the Division may determine to be warranted, that the requested removal or eviction of the tenant is not inconsistent with the purposes of the Act or these Regulations and would not be likely to result in the circumvention or evasion thereof.

No action or proceeding to recover possession shall be commenced in court by the owner where he is proceeding under paragraphs 2 or 3 of this section, until the owner has made application to the Division and the Division has issued an order permitting the owner to commence such action or proceeding in court and, in addition, where the order of the Division is subject to the owner complying with specified conditions and terms, that the said conditions and terms have been complied with.

As amended eff. May 17, 1979.

F. Excerpts from the Rent and Eviction Regulations of the New York State Division of Housing and Community Renewal

Section 55. Occupancy by landlord or immediate family

* * *

3(a). In the case of a housing accommodation in a structure or premises owned by a cooperative corporation or association, a certificate shall be issued by the Administrator to a purchaser of stock where (a) the tenant originally obtained possession of the housing accommodation by virtue of a rental agreement with the tenant-owner; or (b) the stock was acquired by the purchaser prior to July 1, 1955 and more than two years prior to the date of the filing of the application; or (c) the stock was acquired by the purchaser on or after July 1, 1955 and more than two years had expired since the date of filing the notice of sale with the Local Rent Office as hereafter provided in paragraph 3(c)(v) of this section; or (d) the stock was acquired less than two years prior to the date of filing of the application and on that date stock in the cooperative has been purchased by persons who are tenant-owners of at least 80 percent of the housing accommodations in the structure or premises and are entitled by reason of stock ownership to proprietary leases of housing accommodations in the structure or premises; or (e) the cooperative was organized and acquired its title or leasehold interest in the structure or premises before February 17, 1945 and on that date stock in the cooperative allocated to 50 percent or more of the housing accommodations in the structure or premises was held by individual tenant-owners, who are or whose assignees or subtenants are in occupancy of such housing accommodations in the structure or premises at the date of the filing of the application.

3(b). No certificate of eviction shall be issued under paragraph 3(a) unless the applicant shall establish that he has complied with the requirements of paragraphs 1 and 4 of this section; provided, however, that where the applicant seeks to recover possession for his own personal use, he need not establish an immediate and compelling necessity.

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

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

(ii) Subsequent to the date the cooperative plan had been declared effective, the tenants of controlled housing accommodations had been served with a written notice that the plan had been declared effective, setting forth the terms of sale and the names of the tenants of the controlled housing accommodations who had purchased the stock allocated to their own housing accommodations or to vacant housing accommodations and the names and addresses of other purchasers of vacant housing accommodations; and that the tenants of controlled housing accommodations who had not as yet purchased still had the exclusive right, for a period of 30 days from the date of service of the notice, to purchase the stock allocated to their housing accommodations on the terms previously offered to the tenants; except where (a) the cooperative plan had been declared effective prior to July 1, 1955, and (b) prior to that date the tenant of a controlled housing accommodation in the premises had received written notice or notices that for a period of not less than 30 days he had the right to purchase the stock allocated to his housing accommodation at the price and terms specified in said plan, and (c) on July 1, 1955 such stock was held or was thereafter reacquired by the cooperative or by a sponsor, nominee of the cooperative or by any other person associated with the formulation of the plan, and (d) such stock was offered after July 1, 1955 for sale for personal occupancy at the same or different terms than previously offered to the tenant of such controlled housing accommodation, the latter was given a written notice of the offer to sell and the right for a period of 30 days to purchase the stock on the terms specified in such offer.

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

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

(v) Within 10 days after any sale or resale of stock subsequent to the effective date of the plan, all tenants who had not yet purchased had been served with written notices by the cooperative setting forth the names and addresses of each of the purchasers, the designation of the housing accommodations, and in those cases where the stock had been sold for personal occupancy of the purchaser, the terms of the sales. Copies of these notices, together with proof of service upon each such tenant, must be filed with the Local Rent Office within 5 days of the date of service. Copies of these notices shall also be kept available in the building for inspection.

* * *

G. SPONSOR'S FINANCING DOCUMENTS

1. NOTE FOR SPONSOR FINANCING

\$ _____, New York
 _____, 198

FOR VALUE RECEIVED, the undersigned promises to pay to the order of Dale Estates, c/o Skadden, Arps, Slate, Meagher & Flom, 919 Third Avenue, New York, New York 10022, or at such other place as the holder hereof shall designate by written notice to the undersigned, the sum of (\$ _____) Dollars, in lawful money of the United States, with interest thereon at the rate of _____ (%) percent per annum. Interest at the aforesaid rate computed from the date hereof until the end of this month shall be due and payable on the first day of the following month and, thereafter, interest only shall be due and payable monthly commencing on the first day of each calendar month until the sixth (6th) anniversary of the first day of the first full month hereof when the entire original principal sum together with accrued interest shall become due and payable. Unless and until the principal indebtedness is prepaid in part, as hereinafter permitted, the monthly interest payment shall be (\$ _____) Dollars. In the event this note ("Note") is not paid at maturity, whether by acceleration or otherwise, interest thereafter shall be at the highest rate of interest then lawful in New York State for loans, but not less than _____ (%) percent per annum, payable on demand.

The entire unpaid principal indebtedness with accrued interest shall immediately become due and payable, at the option of the holder of this Note, in the event of any default in payment of any said monthly installments, which default is not cured within ten (10) days after payment is due, or in the event of any default by which, under the terms of a certain pledge agreement securing this Note, the unpaid principal balance secured by this Note may or shall become due and payable. All of the terms, covenants, agreements and conditions of said pledge agreement of even date herewith, by and between the undersigned and the payee designated herein, are hereby made a part of this instrument, and in the event of any conflict between the terms of this Note and the terms of the pledge agreement, the terms of the pledge agreement shall be paramount and prevail.

Presentment for payment, diligence, demand, notice of dishonor, protest, notice of protest and notice of any kind are hereby expressly waived.

This Note may be prepaid in whole at any time or in part from time to time, on any installment date, on not less than thirty (30) days' prior written notice, without penalty or other charge, but with interest accrued to the date of prepayment on the amount prepaid.

The undersigned promises that, in the event this Note is not paid when due, it will pay, in addition to the unpaid principal, together with interest, all costs of collection including reasonable attorneys' fees.

In the event there be more than one person or party constituting the undersigned, their liabilities shall be joint and several.

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

On the day of , 198 before me came
 to me known and known to me to be the
 individual(s) described in and who executed the foregoing
 instrument; and he thereupon acknowledged to me that he
 executed the same.

Notary Public

2. PLEDGE AGREEMENT

THIS AGREEMENT ("Pledge Agreement"), made as of this day of , 19 , by and between the undersigned ("Pledgor"), residing at 27 North Central Avenue, Hartsdale, New York, and Dale Estates ("Secured Party"), having an office c/o Skadden, Arps, Slate, Meagher & Flom, 919 Third Avenue, New York, New York.

WHEREAS, Pledgor has entered into a subscription agreement ("Subscription Agreement") providing for the purchase of shares ("Shares") of capital stock of Hartsdale Gardens Owners Corp. ("Apartment Corporation") allocated to apartment ("Apartment") in the building at 27 North Central Avenue, Hartsdale, New York ("Building"), together with the appurtenant proprietary lease ("Proprietary Lease") of the Apartment;

WHEREAS, in order to finance the total cash payment of \$ for the Shares ("Total Cash Payment"), the Secured Party has agreed to lend Pledgor \$ to be paid to the Apartment Corporation at the closing ("Closing") under the Subscription Agreement and simultaneously with such payment at the Closing, Pledgor shall execute, acknowledge and deliver to Secured Party Pledgor's note ("Note") of even date herewith in the aforesaid amount, made payable to the order of Secured Party and bearing interest at the rate of (%) percent per annum;

WHEREAS, to secure Pledgor's obligations to pay the indebtedness ("Indebtedness") inclusive of interest evidenced by the Note, Pledgor shall transfer and assign to Secured Party the Shares and Proprietary Lease.

WHEREAS, the parties hereto desire to set forth their understanding and agreements in connection with the assignment by Pledgor to the Secured Party of the Shares and Proprietary Lease;

NOW, THEREFORE, in consideration of the premises and the covenants and undertakings hereinafter set forth, the parties agree as follows:

1. Pledgor acknowledges having executed a disclosure statement of credit sale in connection with this transaction. To secure Pledgor's obligation to pay the Indebted-

ness, Pledgor shall simultaneously with the execution hereof deliver, or cause to be delivered to the Secured Party, the following documents ("Collateral Documents") together with the Note and this Pledge Agreement:

(i) Stock power for the Shares ("Stock Power"), undated and duly executed by Pledgor in blank;

(ii) Assignment of the Proprietary Lease ("Assignment"), undated and duly executed by Pledgor in blank;

(iii) UCC-1 financing statement ("Financing Statement") (in duplicate) duly executed by Pledgor in form for filing and covering the Shares, together with any and all fixtures now or hereafter located in the Apartment;

(iv) Certificate for the Shares ("Certificate"); and

(v) Proprietary Lease.

The Note, Stock Power, Assignment and Financing Statement will be executed by Pledgor simultaneously herewith and Pledgor's signature will be witnessed, notarized and/or guaranteed as required in such documents. Such executed Note, Stock Power, Assignment and Financing Statement shall be delivered to the Secured Party together with this Pledge Agreement, and same shall be held and disposed of by Secured Party pursuant to the provisions hereof. Pledgor hereby irrevocably authorizes and directs the Apartment Corporation to deliver directly to Secured Party the Certificate and Proprietary Lease upon the issuance of same. The Secured Party is authorized to file the Financing Statement upon receipt thereof.

2. The Secured Party and any subsequent holder of the Note, Pledge Agreement and Collateral Documents (hereinafter included within the meaning of the term "Secured Party") shall hold same pursuant to the terms hereof.

3. Pledgor hereby pledges, hypothecates, mortgages, assigns, transfers and grants to the Secured Party, as collateral security for the payment of the Note and all of the obligations of Pledgor under this Pledge Agreement, a continuing security interest-mortgage lien in and to all of Pledgor's

right, title and interest in and to the Shares of the Apartment Corporation to be evidenced by the Certificate to be issued to the Pledgor and the Proprietary Lease, together with the proceeds thereof.

If now or at any time hereafter the indebtedness secured by this Pledge Agreement shall be secured also by a security agreement, the Pledgor, from time to time when reasonably requested by the Secured Party, will execute and deliver such documents as the Secured Party may reasonably request to preserve and maintain the priority of the lien created by such security agreement and shall pay to the Secured Party on demand any reasonable expenses incurred by the Secured Party in connection with the preparation, execution and filing of any such documents.

This document shall constitute a security agreement as defined in the Uniform Commercial Code (hereinafter referred to as the "Code") and the Pledgor hereby grants the Secured Party a security interest as defined in the Code. Said security interest in favor of the Secured Party shall cover all fixtures located in the Apartment and covered by the Financing Statement.

Upon payment by Pledgor of the entire unpaid principal balance of the Note with interest thereon together with any other sums that may become due hereunder, this Pledge Agreement shall be deemed terminated and of no further force and effect, the security interest-mortgage lien created herein shall cease and come to an end, and the Note, Pledge Agreement and Collateral Documents (excluding the filing officer's copies of the Financing Statement) shall be returned by the Secured Party to Pledgor (whereupon all parties hereto shall be relieved of all further liability hereunder).

If, in the opinion of the Secured Party's attorneys, additional financing statements and/or continuation statements and/or amendments of the Financing Statement or any additional financing statements, as the case may be, are required at any time to perfect or to continue perfection of the security interest created hereby prior to the date on which all sums owed by Pledgor to the Secured Party are fully repaid, then Pledgor shall execute as many counterparts of same as the Secured Party shall request at any time and from time to time, and hereby authorizes the Secured Party to execute same on behalf of Pledgor and to file same in the manner provided by law.

4. Pledgor shall pay the Indebtedness hereby secured and represents, warrants and agrees:

(a) That Pledgor is the sole beneficial and record owner of the Shares and the appurtenant Proprietary Lease;

(b) That Pledgor has not made any prior sale, transfer or assignment, absolute or by way of collateral security, of the Shares or Proprietary Lease and that the same are not subject to any security interest, adverse claim, lien or other encumbrance whatsoever;

(c) That Pledgor has not been known by any other name during the last ten (10) years;

(d) That there is no action or proceeding, threatened or pending, which, in any way, might materially and adversely affect (1) the rights of the Secured Party under this Pledge Agreement, (2) Pledgor's ability to perform his or her obligations hereunder, (3) title to the Shares and Proprietary Lease or (4) the validity or priority of the security interest-mortgage lien in said Shares and Proprietary Lease created and granted by this Pledge Agreement;

(e) That Pledgor will preserve the leasehold estate created by the Pledgor's Proprietary Lease and does and will forever warrant and defend the same and Pledgor's title thereto to the Secured Party and will forever warrant and defend the validity and priority of the security interest-mortgage lien created and granted by this Pledge Agreement against the claims and demands of all persons whomsoever;

(f) That no sale of the aforementioned Shares or the Proprietary Lease shall be made except in full compliance with this Pledge Agreement and all applicable laws, rules, regulations and orders;

(g) That Pledgor, upon request of the Secured Party but without cost or expense to the Secured Party, will execute, deliver, file and record such further agreements, instruments and documents as the Secured Party may require to impose, perfect and protect the security interest-mortgage lien created and granted by this Pledge Agreement, and hereby authorizes the Secured

Party to execute, in the name of Pledgor, any such agreements, instruments and documents and to file and record same;

(h) That Pledgor, within five (5) days after request in person or within ten (10) days after request by mail, will furnish a statement, duly sworn, of the unpaid amount of the Indebtedness secured hereby and whether any offsets or defenses exist against the obligation of Pledgor to pay the Indebtedness;

(i) That if an Event of Default (hereinafter defined) shall occur, Pledgor will pay all recording and filing fees in respect of this Pledge Agreement and any agreements, instruments and documents made pursuant to the terms hereof or ancillary hereto, as well as any taxes imposed by Section 253 of the New York Tax Law on the recording of this Pledge Agreement and any taxes hereafter imposed on this Pledge Agreement or the security interest-mortgage lien created and granted hereby, or on the Secured Party by reason of said security interest (except income taxes);

(j) That, if Section 253.2 of the New York Tax Law is applicable to this Pledge Agreement, then this Pledge Agreement is a "mortgage ... of real property principally improved" by a "one ... family residence or dwelling";

(k) That the Secured Party, in any action to enforce, foreclose or protect the security interest created and granted hereby, shall be entitled, without notice and without regard to the adequacy of any security held by the Secured Party for the Indebtedness, to the appointment of a receiver; and

(l) That as long as any part of the Indebtedness secured hereby shall remain unpaid, if Pledgor shall (i) come into possession of any Certificate for the aforementioned Shares or Proprietary Lease for the Apartment; or (ii) new, replacement, substitute or additional Shares allocated to the Apartment are issued to Pledgor; or (iii) Pledgor enters into any new or replacement Proprietary Lease for the Apartment, or Proprietary Lease modification, amendment or extension; then and in any such event Pledgor shall, without notice or demand from the Secured Party, immediately deliver the Certificate evidencing said Shares and/or tenant's duplicate original

Proprietary Lease or the pertinent agreement, as the case may be, to the Secured Party. The Shares referred to in subdivision (ii) hereof, and the Proprietary Lease or agreement referred to in subdivision (iii) hereof shall upon issuance and upon execution, respectively, be deemed secured by and shall be held subject to all of the terms, covenants and conditions of this Pledge Agreement.

5. The following shall constitute events of default ("Events of Default") hereunder:

(a) Default for ten (10) days after the due date in payment of any interest and/or principal under the Note or other sums due hereunder or thereunder;

(b) The failure by Pledgor (i) to pay when due the maintenance charge (rent), assessments or other charges or payments required to be paid under the Proprietary Lease, (ii) to keep the Apartment, including its equipment, facilities and appliances, in good repair and condition or (iii) to promptly observe, perform and comply with all the other terms, covenants, conditions and provisions of the Proprietary Lease which failure shall entitle the Apartment Corporation to terminate same (irrespective of whether the Apartment Corporation exercises its right of termination);

(c) The sending of a notice of termination and/or cancellation of the Proprietary Lease (whether voluntary or involuntary) or the termination of all proprietary leases of the Apartment Corporation;

(d) A purported transfer, sale, assignment, pledge or hypothecation of all or part of the Shares and/or Proprietary Lease by Pledgor without Pledgor having paid to the Secured Party the entire remaining principal balance, with accrued interest thereon, on or before the effective date of such transfer, sale, assignment, pledge or hypothecation, except for an assignment or transfer to the heirs, legatees, distributees, or representatives of Pledgor from and after the death of Pledgor (in which latter event the estate of Pledgor shall remain liable for the payment of the Note and all other sums hereunder);

(e) Pledgor's subletting, or offering to sublet, the Apartment without the prior written consent of the Secured Party which consent will not be unreasonably

withheld if the Apartment Corporation's Board of Directors shall consent thereto;

(f) The Secured Party shall determine that any of the representations and warranties made by Pledgor in this Pledge Agreement are not true and correct;

(g) Pledgor shall fail or refuse to comply with any of Pledgor's obligations under this Pledge Agreement;

(h) Pledgor's insolvency or the commission of an act of bankruptcy by Pledgor or the taking advantage of any bankruptcy act and/or other law for the relief of creditors, including, without limitation, (i) the filing of a petition in bankruptcy, whether voluntary or involuntary, by or against Pledgor (unless such involuntary petition is dismissed within thirty (30) days thereafter), (ii) an assignment for the benefit of creditors, (iii) the appointment (whether temporary or permanent) of a receiver, trustee or liquidator of Pledgor's property (unless such appointment is vacated within thirty (30) days thereafter), (iv) the filing of a petition for a composition, extension or an arrangement under the Federal Bankruptcy Act or (v) the admission by Pledgor in writing of Pledgor's inability to pay his or her debts as they become due; or

(i) The failure to pay or bond within thirty (30) days after entry or filing, a judgment against Pledgor or a notice of filing of any federal, state, municipal or other governmental tax lien or deficiency which is a lien against Pledgor's property;

(j) The institution of foreclosure proceedings by the holder of a mortgage encumbering the Building; or

(k) The approval or authorization of the shareholders of the Apartment Corporation to dissolve or liquidate the Apartment Corporation.

6. (a) Upon the occurrence of any Event of Default set forth in Paragraph 5 hereof, the Secured Party may, at its option, give written notice ("Acceleration Notice") to Pledgor accelerating the maturity date of the Note and declaring the unpaid principal balance thereof, with interest accrued thereon, to be forthwith due and payable without presentation, demand, protest or notice of any kind, all of which are hereby ex-

pressly waived. If the Note shall not be fully paid, with interest accrued thereon, within five (5) business days of receipt of the Acceleration Notice (it being agreed that if Pledgor shall refuse to accept delivery of said notice, the date of refusal shall be deemed to be the date of receipt), then the Secured Party, in addition to all other rights and remedies it may have hereunder, or otherwise at law or in equity, may but shall not be obligated to: (i) make any payments for Pledgor's account or do any acts required to be done in order to prevent a default or breach under the Proprietary Lease (and if undertaken, such payments and the costs and expenses incurred in connection with such acts, together with interest thereon at the highest rate then lawful in New York State, shall be added to the Indebtedness secured hereby and shall be payable by the Pledgor to the Secured Party on demand) or (ii) sell, assign and deliver to any individual(s) the Shares and Proprietary Lease, as an entirety, at public or private sale for cash, upon credit or for future delivery, with or without advertisement of the time, place or terms of sale, except that five (5) days' prior written notice shall be given by the Secured Party to Pledgor with respect to the time, place and terms of sale. In the case of any sale on credit or for future delivery, the property sold may be retained by the Secured Party until the sale price is paid in full, but the Secured Party shall not incur any liability if the vendee fails to complete such sale. In case of any such failure, the Shares and Proprietary Lease may be sold again. If the Secured Party be an individual or individuals, the Secured Party shall have the right to purchase, or to designate an individual or individuals to purchase, the Shares and Proprietary Lease at any public or private sale, free from all right or equity of redemption of Pledgor which is hereby waived and released. Any sale conducted on the foregoing terms or by any other method of sale (if conducted in conformity with reasonable commercial practices of institutional lenders disposing of similar security) shall be deemed commercially reasonable.

(b) The proceeds received from said public or private sale shall be applied in the following order:

(i) To pay to the Apartment Corporation any arrearage in maintenance charges (rent) and any other sums due to it under the Proprietary Lease;

(ii) To pay all costs and expenses of collection and of the public or private sale (including, without limita-

tion, reasonable attorneys' fees and expenses, advertising costs, fees and expenses charged by the Apartment Corporation in connection with the transfer of the Shares and Proprietary Lease, brokerage commissions and documentary stamps);

(iii) To pay interest accrued under the Note; and

(iv) To pay the unpaid principal balance of the Note (as same may have been increased pursuant to Paragraph 5(a) hereof).

In the event the net proceeds of such sale (after deducting the items set forth in (i) and (ii) hereinabove) shall be insufficient to pay the unpaid principal balance of the Note and accrued interest thereon, Pledgor shall be liable for any deficiency. Any surplus realized after said deductions, and the payment of interest and the unpaid principal balance of the Note, shall be turned over to Pledgor.

(c) At the closing of such public or private sale, as the case may be, or any other disposition of the Shares and Proprietary Lease permitted herein, the Secured Party shall have the absolute right, and Pledgor does hereby irrevocably authorize the Secured Party, to complete the blank portions of the Stock Power and Assignment so as to convey to the vendee at said sale, all right, title and interest of Pledgor in and to the Shares and Proprietary Lease.

(d) Pledgor agrees that the Secured Party shall have the right to continue to retain the Collateral Documents until such time as the Secured Party, in its reasonable judgment, believes that an advantageous price can be obtained for the Collateral Documents and, absent gross negligence, the Secured Party shall not be liable to Pledgor for any loss in the value of the Collateral Documents by reason of the foregoing. If the Secured Party shall not commence to dispose of the Collateral Documents within ninety (90) days after the right to dispose of the Collateral Documents shall have accrued, then Pledgor shall have the right, at any time thereafter, and prior to the time that the Secured Party shall commence to dispose of the Collateral Documents, to request the Secured Party to either promptly dispose of the same or allow Pledgor, at his or her own cost and expense, to dispose of the Collateral Documents; provided, however, that in the case of the former, the Secured Party shall not be obligated to dispose of the Collateral Documents unless the net proceeds to

be received therefrom shall be sufficient to satisfy in full the then obligations of Pledgor to the Secured Party, and that in the case of the latter, any disposition of the Collateral Documents by Pledgor must be upon terms and conditions consented to by the Secured Party, and the Secured Party shall be obligated to give such consent if the net proceeds to be received from such disposition shall be sufficient to satisfy in full the then obligations of Pledgor to the Secured Party. In the event that Pledgor has paid less than sixty (60%) percent of the Total Cash Payment, then and in such event the Secured Party may elect to designate an individual to acquire the Collateral Documents in full satisfaction of Pledgor's then obligations to the Secured Party. If the Secured Party so elects, notice of such election by registered or certified mail, return receipt requested, shall be given to Pledgor, and if Pledgor objects in writing within thirty (30) days after receipt of notification (it being understood that if Pledgor shall refuse to accept delivery of the notice, the date of refusal shall be deemed to be the date of receipt) then and in such event the Secured Party shall commence to dispose of the Collateral Documents in the manner hereinbefore set forth; provided, however, that if the net proceeds of any offer to purchase would be insufficient to satisfy in full the then obligations of Pledgor to the Secured Party, the Secured Party shall not be compelled to go forward with such proposed disposition, and shall be entitled to designate an individual to acquire the Collateral Documents in full satisfaction of Pledgor's then obligations to the Secured Party despite Pledgor's objection to such designation and acquisition.

(e) In the event of a default under subparagraphs (a) through (g), inclusive, of Paragraph 5 above, Pledgor shall immediately upon demand vacate and surrender possession of the Apartment to the Secured Party who shall have the right to institute summary or other proceedings to obtain such possession if Pledgor shall fail or refuse to comply with the terms of this sentence.

(f) In the event of a default under subparagraphs (h), (i), (j) or (k) of Paragraph 5 above, Pledgor may continue to occupy the Apartment so long as there be no default under subparagraphs (a) through (g), inclusive, of said Paragraph 5, but only until the Shares and Proprietary Lease are sold or delivered to a vendee at public or private sale (including the Secured Party or a designee of the Secured Party) who intends to occupy the Apartment (alone or by a member of his or her family or by a designee), or who shall

sublet the Apartment and such sublessee shall desire to occupy the Apartment. Pledgor shall immediately upon demand vacate and surrender possession of the Apartment to such vendee or sublessee who shall have the right to maintain summary or other proceedings to obtain possession of the Apartment if Pledgor shall fail or refuse to so surrender possession. Notwithstanding the foregoing, Pledgor shall not have the right to continue to occupy the Apartment as provided in the first sentence of this subparagraph in the event Pledgor refuses to allow the Secured Party or his representative to inspect the Apartment or to show the Apartment to prospective purchasers of same. Such inspection by the Secured Party, its representative or a prospective purchaser shall be permitted if requested on not less than one day's advance notice and at any hour between 9 a.m. and 6:30 p.m. of any day of the week, including, Saturday and Sunday.

7. Notwithstanding that the Secured Party shall hold the Collateral Documents pursuant to this Pledge Agreement, the Pledgor shall:

(a) until the occurrence of an Event of Default:

(i) have the right to vote the Shares for all purposes (except that Pledgor agrees not to vote for the termination of all proprietary leases or for the sale or leasing of the Building);

(ii) be entitled to receive and retain dividends, if any, from the Apartment Corporation, except that the Secured Party shall be entitled to receive distributions of capital, if any, from the Apartment Corporation, to be applied in reduction of the principal indebtedness in inverse order of maturity;

(iii) be exclusively entitled to the benefits of any income tax deductions available to all shareholders of the Apartment Corporation; and

(iv) have the right to occupy the Apartment as the proprietary lessee, subject to the provisions of this Pledge Agreement;

(b) irrespective of the occurrence of an Event of Default, have the exclusive responsibility to Lessor under the Proprietary Lease for the performance of all of

the terms, covenants and conditions of the Proprietary Lease to be performed by the lessee, including, without limitation, the payment of all maintenance charges (rent), assessments and all other charges and sums to become due thereunder, and Pledgor agrees that the Secured Party, or its successors or assigns, shall not have any liability whatsoever therefor, and the Secured Party, its successors or assigns, shall not be deemed the lessee of the Apartment for any purpose whatsoever.

8. Pledgor hereby agrees that he or she will not, cannot and hereby waives any right to assert or interpose against the Secured Party or against the Note or this Pledge Agreement (or the payment or collection thereof), any claim, demand, defense, set-off or counterclaim whatsoever of any nature or description arising out of the Subscription Agreement, the Plan, the Apartment or the Building and which is not directly related to the Note and Pledge Agreement. It is agreed that Pledgor's sole remedies as a purchaser of the Shares, shareholder or proprietary lessee are those afforded to all purchasers, shareholders and proprietary lessees under the Subscription Agreement, the Plan and the Proprietary Lease.

9. Except as prohibited by statute, the parties hereto shall and they hereby do expressly waive trial by jury in any litigation arising out of, or connected with, or relating to the Pledge Agreement, Collateral Documents, Note (or the payment thereof), or the relationship created thereby. With respect to any matter for which a jury trial cannot be waived, the parties hereto agree not to assert any such claim as a counterclaim in nor move to consolidate same with any action or proceeding in which a jury trial is waived.

10. The Collateral Documents and Pledgor's rights and interests therein are not assignable by Pledgor without first obtaining the written consent of the then Secured Party, except that if Pledgor, after having executed this Pledge Agreement, shall request that the Shares and Proprietary Lease be registered jointly in the name of Pledgor and Pledgor's spouse or solely in the spouse's name, such request shall be complied with upon execution by the spouse of an agreement to become a party to this Pledge Agreement, as a debtor, and the spouse's execution of the Note, Collateral Documents, or substitutions therefor. It is agreed that any purported transfer, sale, assignment, pledge or hypothecation of all or part of the Shares and/or Proprietary Lease by

Pledgor and any purported subleasing of the Apartment by Pledgor, in violation of the provisions of this Pledge Agreement, shall be null and void and of no force or effect. The Secured Party shall have the absolute right to assign the Note, Pledge Agreement and Collateral Documents and all of its right, title and interest hereunder and in said Note and Collateral Documents, without Pledgor's consent.

11. If Pledgor desires to sell the Shares and Proprietary Lease, the Secured Party will deliver the Certificate and the Proprietary Lease at the closing, which shall be in either Westchester County or the City and State of New York, upon full payment of the entire Indebtedness due under the Note, with interest accrued thereon, together with any other sums due hereunder or thereunder, by undorsed certified check of Pledgor or Pledgor's vendee, or official cashier's check drawn on a bank which is a member of the New York Clearing House System.

12. Pledgor agrees that the Apartment Corporation, its officers, agents, employees, servants and/or attorneys, shall have no liability or responsibility to Pledgor hereunder other than to deliver the Certificate and Proprietary Lease to the Secured Party in accordance with the provisions of this Pledge Agreement. Pledgor further agrees that the Apartment Corporation and its officers, agents, employees and attorneys shall incur no liability to Pledgor in the event that the Apartment Corporation transfers the Shares and Proprietary Lease in accordance with the instructions of the Secured Party after the occurrence of an Event of Default which is not cured within the applicable grace period, if any, or brings any proceeding to dispossess or evict Pledgor from the Apartment by reason of the occurrence of an Event of Default under this Pledge Agreement, or refuses to effect any transfer of Pledgor's Shares and Proprietary Lease attempted to be made by Pledgor without the consent or approval of the Secured Party required by the terms hereof, and Pledgor hereby agrees to indemnify the Apartment Corporation against, and to hold the Apartment Corporation harmless from, any and all expenses, costs, liabilities and damages incurred or sustained by reason of its acts or omissions, as aforesaid. The provisions of this Paragraph shall inure to the benefit of, and be enforceable by, the Apartment Corporation.

13. If any action or proceeding be commenced by the Secured Party, or if the same shall be commenced by Pledgor or anyone else and if the Secured Party is made a party thereto,

in which action or proceeding it becomes necessary or desirable to foreclose, uphold or defend the security interest created by this Pledge Agreement, or to enforce, uphold or defend any of the rights granted to the Secured Party by this Pledge Agreement, all sums paid by the Secured Party for the expense of any such litigation (including reasonable attorneys' fees and disbursements), together with interest thereon at the maximum rate permitted by law, shall be added to the Indebtedness hereby secured and shall be payable to the Secured Party by Pledgor, on demand.

14. This Pledge Agreement contains the entire agreement between the parties hereto and cannot be changed, altered, amended or terminated orally but only in writing signed by the party against whom such change, alteration, amendment or termination is sought to be enforced, or by such party's duly authorized agent. All rights and remedies of the parties hereto shall be cumulative, except as specifically provided to the contrary elsewhere herein.

15. This Pledge Agreement shall bind and inure to the benefit of, and be enforceable against, the heirs, distributees, executors, administrators, legal representatives, successors and permitted assigns of the respective parties hereto.

16. The pronouns used herein shall be male, female or neuter and in singular or possessive, whenever the sense of this Pledge Agreement so requires.

17. The term "Pledgor" shall be read "Pledgors" if more than one person is the Pledgor, and in such event, the obligations of Pledgor shall be joint and several.

18. All notices required or permitted hereunder shall be in writing and given or made by addressing same to the party to whom directed at the address hereinabove set forth by registered or certified mail, return receipt requested. Either party may change the address to which notices are to be sent by a writing directed to the other party in the manner aforesaid. Unless otherwise specifically provided, all notices hereunder given by mail shall be deemed delivered when deposited in a United States Post Office, general or branch, or an official mail depository, maintained by the U.S. Postal Service in the State of New York, enclosed in a registered or certified prepaid wrapper addressed as above provided, except notice of change of address shall be deemed served when received.

19. By executing this Pledge Agreement, Pledgor acknowledges receipt of a copy hereof and, prior to execution hereof, of an appropriately completed counterpart of the disclosure statement of credit sale described in Paragraph 1 hereof.

IN WITNESS WHEREOF, this Pledge Agreement has been duly executed by the parties hereto the day and year first above written.

_____, Pledgor

17 Chatsworth Co., Secured Party

By: _____
General Partner

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

On the day of , 198 before me came
 to me known and known to me to be the
 individual(s) described in and who executed the foregoing
 instrument; and he thereupon acknowledged to me that he
 executed the same.

Notary Public

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

On the day of , 198 before me came
 to me known and known to me to be the
 individual(s) described in and who executed the foregoing
 instrument; and he thereupon acknowledged to me that he
 executed the same.

Notary Public

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

On this day of , 198 , before
 me personally came , to me known,
 and known to me to be the individual described in and who
 executed the foregoing instrument, and he duly acknowledged
 to me that he executed the same on behalf of Dale Estates,
 as a general partner thereof.

Notary Public

3. STOCK POWER

C 229X—Assignment Separate from Certificate.
Signature Guaranteed.

JULIUS BLUMBERG, INC., LAW BLANK PUBLISHERS

STOCK POWER

FOR VALUE RECEIVED, [NAME OF PURCHASER]

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

hereby sell, assign and transfer unto

() Shares of the Capital Stock of Hartsdale Gardens
 Owners Corp. standing in my(our) name(s)

on the books of said Corporation represented by Certificate(s) No(s)

herewith, and do hereby irrevocably constitute and appoint

 attorney to transfer the
said stock on the books of said Corporation with full power of substitution in the premises.

Dated

In presence of

Signature guaranteed,

4. FINANCING STATEMENT

Uniform Commercial Code — FINANCING STATEMENT — Form UCC-1

JULIUS BLUMBERG, INC. N. Y. C. 10013

IMPORTANT — Read instructions on back before filling out form

This FINANCING STATEMENT is presented to a Filing Officer for filing pursuant to the Uniform Commercial Code.

No. of Additional
Sheets Presented:3. ☐ The Debtor is a transmitting utility.

1. Debtor(s) (Last Name First) and Address(es): 2. Secured Party(ies) Name(s) and Address(es)

4. For Filing Officer: Date, Time, No. Filing Office

27 North Central Avenue
Hartsdale, New York

c/o Dale Estates
Skadden, Arps, Slate, Meagher
& Flom
919 Third Ave.
New York, New York 10022
Attn: Benjamin F. Needell, Esq.

5. This Financing Statement covers the following types (or items) of property:

6. Assignee(s) of Secured Party and Address(es)

See Schedule A annexed hereto and hereby
made apart hereof.

☐ Products of the Collateral are also covered.

8. Describe Real Estate Here:

☐ This statement is to be indexed in
the Real Estate Records:9. Name of
a Record
Owner

7. ☐ The described crops are growing or to be grown on: *

☐ The described goods are or are to be affixed to: *

☐ The lumber to be cut or minerals or the like
(including oil and gas) is on: *

*(Describe Real Estate Below)

No. & Street	Town or City	County	Section	Block	Lot
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10. This statement is filed without the debtor's signature to perfect a security interest in collateral (check appropriate box)

- ☐ under a security agreement signed by debtor authorizing secured party to file this statement, or
- ☐ which is proceeds of the original collateral described above in which a security interest was perfected, or
- ☐ acquired after a change of name, identity or corporate structure of the debtor, or ☐ as to which the filing has lapsed, or
already subject to a security interest in another jurisdiction:
- ☐ when the collateral was brought into the state, or ☐ when the debtor's location was changed to this state.

By _____
Signature(s) of Debtor(s)By _____
Signature(s) of Secured Party(ies)

(1) Filing Officer Copy-Numerical

(7-78)

STANDARD FORM - FORM UCC-1 — Approved by Secretary of State of New York

SCHEDULE A

Shares of stock of Hartsdale Gardens Owners Corp. and the proprietary lease for apartment No. ____ at premises 27 North Central Avenue, Hartsdale, New York, together with all fixtures, materials, equipment, furniture, apparatus and other property, real and personal, now or hereafter installed in connection with the operation, use and enjoyment of the above-described property and the improvements thereon, including, without limiting the generality of the foregoing, all those certain items of collateral set forth in Exhibit "A" annexed hereto and made a part hereof.

SCHEDULE A

(to be supplied at closing)

5. ASSIGNMENT OF PROPRIETARY LEASE

KNOW THAT, (collectively, "Assignor"), in consideration of the sum of One (\$1.00) Dollar paid by Dale Estates, ("Assignee"), and for other good and valuable consideration, does hereby assign unto Assignee a certain lease (the "Lease") made by Hartsdale Gardens Owners Corp. ("Lessor Corporation") with Assignor, or his predecessor in interest, dated , 198 , for Apartment in premises 27 North Central Avenue, Hartsdale, New York.

TO HAVE AND TO HOLD the same unto Assignee, his personal representatives and assigns, from and after , 198 , for all the rest of the term of the Lease, or any renewals or extensions thereof, and subject to the covenants, conditions and limitations therein contained, and to the trust fund provisions of Section 13 of the Lien Law.

Assignor represents to Assignee and to Lessor Corporation that (1) there are no claims, security interests or liens against the Lease or the shares ("Shares") allocated to said Apartment, (2) Assignor has full right and authority to assign the Lease and Shares, (3) there are no unsatisfied judgments, tax liens or undischarged bankruptcy proceedings either of record or outstanding against Assignor and (4) there are no filed mechanic's liens for work performed within the Apartment or materials supplied on account of such work.

IN WITNESS WHEREOF, Assignor has executed this instrument on , 198 .

_____(L.S.)

_____(L.S.)

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

On the day of , 198 before me came to me known and known to me to be the individual(s) described in and who executed the foregoing instrument; and they thereupon acknowledged to me that they executed the same.

Notary Public

6. DISCLOSURE STATEMENT OF CREDIT SALE

DISCLOSURE STATEMENT RELATIVE TO COOPERATIVE LOAN
Conforming to Regulation Z under
Title I (Truth-in-Lending Act) of the
Consumer Credit Protection Act (Public Law 90-321)

Name of Borrower

Loan Commitment Date

DETAILS OF LOAN

Amount of Note-Amount Financed from Creditor....(1) \$
UCC Search and/or Filing Fee.....(2) \$
FINANCE CHARGE (Interest to Maturity).....(3) \$
Total of Payments (Item (1) plus (3)).....(4) \$
Item (3) expressed as an ANNUAL PERCENTAGE RATE.(5) ____%

NUMBER, AMOUNT AND DUE DATES OF PAYMENTS

The Total of Payments (Item 4 above) will be repaid in seventy-two (72) monthly installments, as follows: interest only, computed from the date the loan is made at the rate of ____ (____ %) percent per annum (Item 5 above) shall be due and payable commencing on the first (1st) day of the first calendar month succeeding the date the loan is made and each month thereafter for seventy-one (71) months in the sum of ____ (\$____) Dollars (Item 3 above); on the sixth anniversary of the date of making the loan, the seventy-second (72nd) and final installment will be the entire original Amount of Note (Item 1 above), unless and until partial prepayment is made as provided below, plus the accrued and unpaid FINANCE CHARGE (Item 3 above) for a Total of Payments of ____ (\$____) Dollars.

The number, amount and due dates of payments in the preceding paragraph are based on a year of 365 days and assume that there are no partial prepayments on account of the proceeds (principal) of the loan and no acceleration of the loan on account of the occurrence of a default.

DEFAULT, DELINQUENCY AND SIMILAR CHARGES

In the event of a default in the payment of any installment which has become due and has remained unpaid for a period in excess of ten (10) days, then, at the option of the creditor, the entire unpaid proceeds (principal) of the loan, together with any accrued FINANCE CHARGE, shall become due and payable. In the event that the unpaid proceeds (principal) of the loan become due and payable, whether by acceleration or otherwise, the FINANCE CHARGE thereafter shall be payable at the maximum rate permitted by law, on demand. In addition, if the obligation is referred to an attorney for collection, the borrower may be charged a sum equal to all costs and expenses of collection, including reasonable attorneys' fees and disbursements.

DESCRIPTION OF SECURITY INTEREST RETAINED AND PROPERTY SUBJECT THERETO

As security for the repayment of the loan, the creditor will take an assignment of and lien on the proprietary lease covering Apartment ___ in the building located at 17 North Chatsworth Avenue, Larchmont, New York, and a pledge of the shares of capital stock of Larchmont Hills Owners Corp. allocable to said apartment.

NO PREPAYMENT PENALTY

The borrower may prepay the unpaid proceeds (principal) of the loan in whole or in part, on any installment payment date, without penalty or premium, but with the accrued FINANCE CHARGE on the amount prepaid to the date of prepayment. No such prepayment shall affect the amount of any installment payable on the loan as disclosed above.

RECEIPT OF A COPY OF THIS DISCLOSURE STATEMENT, APPROPRIATELY FILLED IN, IS HEREBY ACKNOWLEDGED.

Dated: , 198

Borrower

Borrower

7. RECOGNITION AGREEMENT

To: Dale Estates
c/o Skadden, Arps, Slate, Meagher & Flom
919 Third Avenue
New York, New York 10022

The undersigned, Hartsdale Gardens Owners Corp. ("Apartment Corporation"), hereby consents to the pledge by _____ ("Purchaser(s)") of the shares of capital stock ("Shares") allocable to Apartment #____ ("Apartment") in the building known as 27 North Central Avenue, Hartsdale, New York and the collateral assignment of the appurtenant proprietary lease ("Lease") to 17 Chatsworth Co. ("Sponsor"), as security for a loan ("Loan") to be made to the Purchaser(s) to enable him (them) to purchase the Shares.

To induce Sponsor to make the Loan, the Apartment Corporation agrees:

(a) prior to any termination of the Lease to give written notice to the Sponsor, c/o Skadden, Arps, Slate, Meagher & Flom 919 Third Avenue, New York, New York specifying the default by Purchaser(s) under the Lease and further agrees that for a period of thirty (30) days after said notice not to take any action to terminate the same. The Apartment Corporation, its employees or agents, shall not incur any liability to the Sponsor for their failure through negligence or inadvertence to give such notice;

(b) to permit the Sponsor to cure all defaults of the Purchaser(s) under the Lease in the event the Sponsor so elects, and in the case of a default other than in the payment of money, not to take any action to effect a termination of the Lease without first giving the Sponsor reasonable time within which to complete a sale or otherwise acquire the Purchaser(s)' interest in the Shares and Lease;

(c) not to accept any surrender or cancellation of the Lease from the Purchaser(s) without the written consent of the Sponsor;

(d) not to consent to any assignment of the Lease or a subletting of the Apartment by Purchaser(s) without the written consent of the Sponsor;

(e) not to consent to or recognize any further pledge or mortgage of the Shares and the Lease without the written consent of the Sponsor;

(f) in the event of a termination of the Lease and the sale of the Shares by the Apartment Corporation, the proceeds of such sale shall be paid to the Sponsor, less all sums that may be due to the Apartment Corporation under the Lease and all reasonable expenses incurred by the Apartment Corporation relating to the termination and sale.

(g) in the event of a default by the Purchaser(s) under the Loan and as a result thereof the Sponsor, his successors or assigns, causes the Shares and the Lease to be acquired by a purchaser who is approved by the Apartment Corporation, the Apartment Corporation agrees, upon the surrender of the Shares and the Lease, to issue to such approved purchaser a new stock certificate and a new proprietary lease in place of the Shares and the Lease; provided, however, that all sums due the Apartment Corporation under the surrendered Lease are fully paid to the date of the issuance of the new stock and new proprietary lease.

The Sponsor shall be liable to the Apartment Corporation for loss, liability, or expense (including reasonable attorneys' fees) arising out of claims by the Purchaser(s) against the Apartment Corporation or the Sponsor for any acts or omissions to act on the part of either of them under this Recognition Agreement; provided, however, the Apartment Corporation will give the Sponsor written notice with reasonable promptness of any such claim against the Apartment Corporation, and the Sponsor may contest such claim in the name and on behalf of the Apartment Corporation with counsel selected by the Sponsor, at the Sponsor's expense. The Apartment Corporation shall execute such papers and do such things as are reasonably necessary to carry out the intent of this paragraph.

The Apartment Corporation represents that the execution of this instrument has been duly authorized by its board of directors and that its by-laws and its form of

proprietary lease do not prohibit the pledge of the Shares and the collateral assignment of the Lease to the Sponsor.

WITNESS the due execution on this ____ day of _____, 198 .

Hartsdale Gardens Owners Corp.,
Apartment Corporation

By _____
(Vice) President

ACCEPTED:

Dale Estates, Sponsor

By: _____
General Partner

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

On the ____ day of _____, 198 , before me personally came _____ to me known, who being by me duly sworn, did depose and say that he resides at No. 27 North Central Avenue, Hartsdale, New York; that he is the _____ of Hartsdale Gardens Owners Corp; the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

 Notary Public

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

On this day of _____, 198 , before me personally came _____, to me known, and known to me to be the individual described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed the same on behalf of Dale Estates, as a general partner thereof.

 Notary Public

AGREEMENT-CONSENT-APPROVAL

The undersigned Purchaser(s) intending to be party to this Recognition Agreement and to induce the Apartment Corporation to enter into this Recognition Agreement with the Sponsor (a) agrees, consents to and approves all of the terms and provisions thereof and (b) agrees that the Apartment Corporation, its officers, agents and employees shall incur no liability to the Purchaser(s) by reason of any action taken or omissions by the Apartment Corporation pursuant to this Recognition Agreement.

Purchaser

Purchaser