

THIS PLAN HAS BEEN AMENDED. SEE INSIDE FRONT COVER.

COOPERATIVE OFFERING PLAN  
OFFERING STATEMENT FOR THE CONVERSION TO COOPERATIVE OWNERSHIP  
of  
premises

TUDOR ARMS  
31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

Maximum Total Cash Amount of Offering (31,885 shares) (54 Apartments).....	\$ 3,507,350
Mortgage Indebtedness .....	1,250,000
Total Offering.....	\$ 4,757,350
Less Reserve Fund to be Retained by Apartment Corporation.....	15,000
Net Offering .....	\$ 4,742,350

NAME AND ADDRESS OF APARTMENT CORPORATION  
WHOSE SHARES ARE OFFERED:

TUDOR ARMS OWNERS CORP.  
7 BRYANT CRESCENT, SUITE 1C  
WHITE PLAINS, NEW YORK 10605-2603

NAME AND ADDRESS OF SPONSOR:

PONDFIELD ESTATES  
C/O PECK AND HELLER  
2301 LINCOLN BUILDING  
60 EAST 42ND STREET  
NEW YORK, NEW YORK 10165

NAME AND ADDRESS OF SELLING AGENT:

ROBERT ORLOFSKY REALTY, INC.  
7 BRYANT CRESCENT, SUITE 1C  
WHITE PLAINS, NEW YORK 10605-2603

Approximate date of the first offering under this Plan is October 26, 1984.

SEE PAGE (vii) FOR SPECIAL RISKS TO PURCHASERS.

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

THIS IS A NON-EVICTION PLAN. THE SPONSOR HAS ELECTED TO PRESENT THIS PLAN WITHOUT COMPLYING WITH THE REQUIREMENTS OF SECTION 55(3) OF THE RENT AND EVICTION REGULATIONS OR SECTIONS 2502.5(a), (b) AND (c)(8) OF THE TENANT PROTECTION REGULATIONS, AS 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. NO NON-PURCHASING TENANT MAY BE EVICTED BY REASON OF CONVERSION OF THIS BUILDING TO COOPERATIVE OWNERSHIP UNDER THE PROVISIONS OF THIS 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, SO LONG AS THE TENANT IN OCCUPANCY IS NOT IN DEFAULT WITH RESPECT TO THE PERFORMANCE 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 APARTMENT UNITS. NEW YORK LAW REQUIRES THE SPONSOR TO DISCLOSE ALL MATERIAL INFORMATION CONCERNING THE COOPERATIVE APARTMENT COVERED BY 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.

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

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

The Plan is hereby amended as follows:

1.     **Extension of Offering.** The term of the offering made by the Plan is hereby extended for an additional twelve (12) month period commencing on the date this 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)     Annexed hereto as Exhibit A is a schedule of unsold shares which sets forth the units to which unsold shares are allocated. All unsold shares are held by Pondfield Estates ("Sponsor").

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

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

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

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

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

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

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

445 Gramatan Avenue, Mount Vernon, New York -  
File No. C87-0246  
27-47 North Central Avenue, Hartsdale, New York -  
File No. C81-0234  
17 North Chatsworth Avenue, Larchmont, New York -  
File No. C81-0158  
324 East 35th Street, New York, New York -  
File No. C85-0459  
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 April 30, 1986. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 22.14% of the outstanding shares of the Corporation.

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

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

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

\*Sponsor designee

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

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

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

8. **Revised Escrow Trust Fund Regulations.** The Department of Law has revised its regulations to eliminate the Attorney General's authority to adjudicate disputes regarding the disposition of deposits, down payments, or advances ("Deposits") received by Sponsor pursuant to New York General Business Law ("GBL") §§ 352-e(2-b) and 352-h. The changes only impact Purchasers who have not received a fully executed Contract of Sale prior to



the date of service of this Amendment. For all other Purchasers, the disclosures set forth in the Procedure to Purchase Section of the Plan, as amended, shall continue to govern.

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

- A. The Escrow Agent. Laura B. March, Esq., with an address c/o Peck & Heller at 805 Third Avenue, New York, New York 10022, telephone number 212-758-5230, shall serve as escrow agent ("Escrow Agent") for Sponsor and Purchaser. Laura B. March, Esq. is the only designated signatory for withdrawal of monies from the "Escrow Account" (identified below) and is admitted to practice law in the State of New York. Neither the Escrow Agent nor any authorized signatories on the account are the Sponsor, Selling Agent (if any), Managing Agent, or any principal thereof, or have any beneficial interest in any of the foregoing.
  
- B. The Escrow Account. The Escrow Agent has established the escrow account at JP Morgan Chase Bank, N.A., located at its branch office located at 360 Park Avenue, in the City and State of New York ("Bank"), a bank authorized to do business in the State of New York. The escrow account is entitled Laura B. March Attorney Trust Account IOLA" ("Escrow Account") which is an "Interest-on-Lawyer's Account" (commonly called "IOLA" or "IOLTA") established pursuant to Judiciary Law Section 497. **SPECIAL RISK:** The Escrow Account is federally insured by the FDIC at the maximum amount of \$250,000 per deposit. Any deposit in excess of \$250,000 will not be insured. Escrow Agent and Sponsor will not be liable for the amount collected on checks given in payment of the Deposit or any other purchase monies, or for any losses resulting from the failure of the depository.

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

Any Deposits made for upgrades, extras, or custom work shall be initially deposited into the Escrow Account, and released in accordance to the terms of the Escrow Rider annexed to the Contract of Sale.

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

- C. Deposit for Special Work. Any Deposits made for upgrades, extras of other custom or special work shall initially be deposited into the Escrow Account and thereafter may be released in accordance with the terms of the Contract of Sale (if any)
- D. Notification to Purchaser. Within five (5) business days after the Contract of Sale has been tendered to Escrow Agent along with the Deposit, the Escrow Agent shall sign the Escrow Rider and place the Deposit into the Escrow Account. Within ten (10) business days of placing the deposit in the Escrow Account, Escrow Agent shall provide written notice to Purchaser and Sponsor, confirming the Deposit. The notice shall provide the account number and the initial interest rate to be earned on the Deposit. Any Deposits made for upgrades, extras, or custom work shall be initially deposited into the Escrow Account, and released in accordance to the terms of the Escrow Rider.

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

- 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 Purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an Amendment to the Plan

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.

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

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

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

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

13. **Changes in Principals of Sponsor.** The interests formerly held by the Trustees of the Trust under the will of Jacob Heller, deceased, are now held by Alan Heller, 930 Fifth Avenue, New York, New York 10021, Richard Heller, 37 Bradley Road, Weston, Connecticut 06883, Suzanne Heller as Trustee of the 2002 Suzanne Heller Revocable Trust, 28 Chestnut Street, Vinalhaven, Maine 04863, Erica Newman, 196 Pinesbridge Road, Ossining, New York 10562 and Faith Willinger, Via Della Chiesa 7, 50125, Firenze, Italy. The interests formerly held by the Trustees of the Trust under the will of Frank Heller, deceased, are now held by Carol H. Corbin, 31 Hathaway Lane, White Plains, New York 10605 and Nancy R. Heller, 15 Charles Street, New York, New York 10014. The interests formerly held by Norman L. Peck are now held by Liliane Peck, Preliminary Executor, Estate of Norman L. Peck, 805 Third Avenue, New York, New York 10022. The interests formerly held by the Trustees of the Trust under the will of Milton Peck, deceased, are now held by Robert P. Peck, 1050 Nine Acres Lane, Mamaroneck, New York, Mary Ellen Rogers, 241 East 76<sup>th</sup> Street, #12E, New York, New York 10021 and Nancy R. Heller and Mary Ellen Rogers as Trustees of the Art. VII Trust u/w/o Milton Peck, 805 Third Avenue, New York, New York 10022. The interests formerly held by Stuart Robinowitz are now held by Maggie Partners, L.P., c/o Stuart Robinowitz, 6 Hillair Circle, White Plains, New York 10605. The interests formerly held by the Estate of Myron Orlofsky are now held by Patsy Orlofsky, Louis R. Taffera and Sam Orlofsky as Trustees of the Trust u/w/o Myron Orlofsky, P.O. Box 420, 96 Spring Street, South Salem, New York 10590.

The interests formerly held by the Blanche Orlofsky are now held by the Estate of Blanche Orlofsky, c/o Robert Orlofsky Realty, Inc. 7 Bryant Crescent, White Plains, New York 10605. The interests formerly held by the Estate of Blanche Orlofsky are now held by Sharyn Orlofsky, One City Place, White Plains, New York 10601. The address of Lenroz Associates, L.P., has been changed to c/o Kramer, 80 Old Middletown Road, New City 10956.

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, 9<sup>th</sup> floor, New York, New York 10022. Sponsor also maintains an office with the Selling Agent, Robert Orlofsky Realty, Inc., 7 Bryant Crescent, #1-C, White Plains, New York 10605

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

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

Dated: \_\_\_\_\_, 2018

PONDFIELD ESTATES, LLC Sponsor

EXHIBIT A

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

PONDFIELD ESTATES, LLC  
Schedule of Unsold Shares

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

Unsold Shares.wpd

**EXHIBIT B**

**TUDOR ARMS OWNERS CORPORATION**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

TUDOR ARMS OWNERS CORPORATION

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

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

See Accompanying Notes to Financial Statements

TUDOR ARMS OWNERS CORPORATION

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

See Accompanying Notes to Financial Statements

## TUDOR ARMS OWNERS CORPORATION

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

See Accompanying Notes to Financial Statements

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF THE ORGANIZATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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

Concentration of credit risk

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

Property and equipment

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

Member Assessments

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

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

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

Major repairs and replacements

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

Deferred mortgage costs

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

Reclassification

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

Income taxes

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

NOTE 3 - PROPERTY AND IMPROVEMENT

Property and improvements consist of the following:

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

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - MORTGAGE PAYABLE

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

Future minimum principal repayments approximate as follows:

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

NOTE 5 - MANAGEMENT AGREEMENT

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

NOTE 6 - PENSION PLAN

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

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

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CONT'D

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

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

NOTE 7 - LITIGATION

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

NOTE 8 - SUBSEQUENT EVENTS

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

**LAWRENCE S. HONIGMAN, P.C.**

CERTIFIED PUBLIC ACCOUNTANT

500 EXECUTIVE BOULEVARD

SUITE 302

OSSINING, NEW YORK 10562

TEL. (914) 762-0230

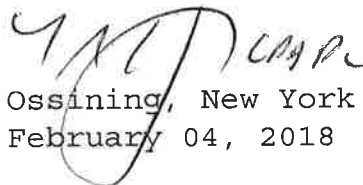
FAX (914) 762-3260

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS  
ON SUPPLEMENTARY INFORMATION

To the Board of Directors and Stockholders  
Tudor Arms Owners Corporation

I have audited the financial statements of, Tudor Arms Owners Corporation as of and for the year ended December 31, 2017, and have issued my report thereon February 04, 2018 which contained an unmodified opinion on those financial statements. My audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenses is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

  
Ossining, New York  
February 04, 2018



## TUDOR ARMS OWNERS CORPORATION

## EXPENSES

YEARS ENDED DECEMBER 31, 2017 AND 2016

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

See Report of Independent Public Accountants on supplementary Information

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

**EXHIBIT C**

**PROJECTED INCOME**

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

**PROJECTED EXPENSES**

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

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

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

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

**1 CERTAIN DEFINITIONS AND INFORMATION**

1.1 The "Parties" are:

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

Prior names used by Seller:

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

S.S. No.:

1.1.2 "Purchaser":

Address:

S.S. No.:

1.2 The "Attorneys" are:

1.2.1 "Seller's Attorney"

**Nancy R. Heller**

**Peck & Heller**

Address: **805 Third Avenue**  
**New York, New York 10022**

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

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

1.2.2 "Purchaser's Attorney"

Address:

Telephone:

Fax:

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

1.4 The Managing Agent is: **Robert Orlofsky Realty, Inc.**

Address: **7 Bryant Crescent, #1-C**  
**White Plains, New York 10605**

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

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

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

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

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

1.7 The "Unit" number is:

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

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

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

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

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

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

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

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

1.15 The date scheduled for Closing is ("Scheduled Closing Date") at

**a.m., at**  
(See ¶¶ 9 and 10)

1.16 The "Purchase Price" is: \$

1.16.1 The "Contract Deposit" is: \$

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

1.17 The monthly "Maintenance" charge is \$

(See ¶4)

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

1.19 [~~Seller~~] [~~Purchaser~~] shall pay the Corporation's flip tax, transfer fee (apart from the transfer agent fee) and/or waiver of option fee ("Flip Tax"), if any. **None**

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

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

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

- 1.20.3 ~~Purchaser shall not apply for financing in connection with this sale.~~
- 1.21 If ¶1.20.1 or 1.20.2 applies, the “Financing Terms” for ¶18 are: a loan of \$ \_\_\_\_\_ for a term of \_\_\_\_\_ years or such lesser amount or shorter term as applied for or acceptable to Purchaser; and the “Loan Commitment Date” for ¶18 is \_\_\_\_\_ calendar days after the Delivery Date.
- 1.22 The “Delivery Date” of this Contract is the date on which a fully executed counterpart of this Contract is deemed given to and received by Purchaser or Purchaser’s Attorney as provided in ¶17.3.
- 1.23 All “Proposed Occupants” of the Unit are:
- 1.23.1 persons and relationship to Purchaser:
- 1.23.2 pets:
- 1.24 The Contract Deposit shall be held in ~~[a non-]~~ [an] IOLA escrow account. If the account is a non-IOLA account then interest shall be paid to the Party entitled to the Contract Deposit. The Party receiving the interest shall pay any income taxes thereon. The escrow account shall be a segregated bank account at Depository: **JPMorgan Chase**  
Address: **360 Park Avenue, New York, NY 10010**

(See ¶27)

- 1.25 This Contract is ~~[not]~~ continued on attached rider(s).
- 2 AGREEMENT TO SELL AND PURCHASE; PURCHASE PRICE; ESCROW**
- 2.1 Seller agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller, the Seller's Shares, Lease, Personalty and any Included Interests and all other items included in this sale, for the Purchase Price and upon the terms and conditions set forth in this Contract.
- 2.2 The Purchase Price is payable to Seller by Purchaser as follows:
- 2.2.1 the Contract Deposit at the time of signing this Contract, by Purchaser's good check to the order of Escrowee; and
- 2.2.2 the Balance at Closing, only by cashier's or official bank check or certified check of Purchaser payable to the direct order of Seller. The check(s) shall be drawn on and payable by a branch of a commercial or savings bank, savings and loan association or trust company located in the same City or County as the Unit. Seller may direct, on reasonable Notice (defined in ¶17) prior to Closing, that all or a portion of the Balance shall be made payable to persons other than Seller (see ¶17.7).
- 3 PERSONALTY**
- 3.1 Subject to any rights of the Corporation or any holder of a mortgage to which the Lease is subordinate, this sale includes all of the Seller's interest, if any, in the Personalty and the Included Interests.
- 3.2 No consideration is being paid for the Personalty or for the Included Interests; nothing shall be sold to Purchaser if the Closing does not occur.
- 3.3 Prior to Closing, Seller shall remove from the Unit all the furniture, furnishings and other property not included in this sale, and repair any damage caused by such removal.
- 4 REPRESENTATIONS AND COVENANTS**

- 4.1 Subject to any matter affecting title to the Premises (as to which Seller makes no representations or covenants), Seller represents and covenants that:
- 4.1.1 Seller is, and shall at Closing be, the sole owner of the Shares, Lease, Personalty and Included Interests, with the full right, power and authority to sell and assign them. Seller shall make timely provision to satisfy existing security interest(s) in the Shares and Lease and have the same delivered at Closing (See ¶10.1);
- 4.1.2 the Shares were duly issued, fully paid for and are non-assessable;
- 4.1.3 the Lease is, and will at Closing be, in full force and effect and no notice of default under the Lease is now or will at Closing be in effect;
- 4.1.4 the Maintenance and Assessments payable as of the date hereof are as specified in ¶1.17 and 1.18;
- 4.1.5 as of this date, Seller neither has actual knowledge nor has received any written notice of any increase in Maintenance or any Assessment which has been-adopted by the Board of Directors of the Corporation and is not reflected in the amounts set forth in ¶1.17 and 1.18;
- 4.1.6 Seller has not made any material alterations or additions to the Unit without any required consent of the Corporation or, to Seller’s actual knowledge, without compliance with all applicable law. This provision shall not survive Closing.
- 4.1.7 Seller has not entered into, shall not enter into, and has no actual knowledge of any agreement (other than the Lease) affecting title to the Unit or its use and/or occupancy after Closing, or which would be binding on or adversely affect Purchaser after Closing (e.g. a sublease or alteration agreement);
- 4.1.8 Seller has been known by no other name for the past 10 years except as set forth in ¶1.1.1.
- 4.1.9 at Closing in accordance with ¶15.2:
- 4.1.9.1 there shall be no judgments outstanding against Seller which have not been bonded against collection out of the Unit (“Judgments”);
- 4.1.9.2 the Shares, Lease, Personalty and any Included Interests shall be free and clear of liens (other than the Corporation's general lien on the Shares for which no monies shall be owed), encumbrances and adverse interests (“Liens”);
- 4.1.9.3 all sums due to the Corporation shall be fully paid by Seller to the end of the payment period immediately preceding the date of Closing;
- 4.1.9.4 Seller shall not be indebted for labor or material which might give rise to the filing of a notice of mechanic's lien against the Unit or the Premises; and
- 4.1.9.5 no violations shall be of record which the owner of the Shares and Lease would be obligated to remedy under the Lease.
- 4.2 Purchaser represents and covenants that:
- 4.2.1 Purchaser is acquiring the Shares and Lease for residential occupancy of the Unit solely by the Proposed Occupants identified in ¶1.23
- 4.2.2 Purchaser is not, and within the past 7 years has not been, the subject of a bankruptcy proceeding;
- 4.2.3 if ¶1.20.3 applies, Purchaser shall not apply for financing in connection with this purchase.
- 4.2.4 Each individual comprising Purchaser is over the age of 18 and is purchasing for Purchaser's own account (beneficial and of record);
- 4.2.5 Purchaser shall not make any representations to the

- Corporation contrary to the foregoing and shall provide all documents in support thereof required by the Corporation in connection with Purchaser's application for approval of this transaction; and
- 4.2.6 there are not now and shall not be at Closing any unpaid tax liens or monetary judgments against Purchaser.
- 4.3 Each Party covenants that its representations and covenants contained in ¶4 shall be true and complete at Closing and, except for ¶4.1.6, shall survive Closing but any action based thereon must be instituted within one year after Closing.

**5 CORPORATE DOCUMENTS**

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

~~**6 REQUIRED CONSENT AND REFERENCES**~~

- ~~6.1 This sale is subject to the unconditional consent of the Corporation.~~
- ~~6.2 Purchaser shall in good faith:~~
- ~~6.2.1 submit to the Corporation or the Managing Agent an application with respect to this sale on the form required by the Corporation, containing such data and together with such documents as the Corporation requires, and pay the applicable fees and charges that the Corporation imposes upon Purchaser. All of the foregoing shall be submitted within 10 business days after the Delivery Date, or, if ¶¶ 1.20.1 or 1.20.2 applies and the Loan Commitment Letter is required by the Corporation, within 3 business days after the earlier of (i) the Loan Commitment Date (defined in ¶1.21) or (ii) the date of receipt of the Loan Commitment Letter (defined in ¶18.1.2);~~
- ~~6.2.2 attend (and cause any Proposed Occupant to attend) one or more personal interviews, as requested by the Corporation; and~~
- ~~6.2.3 promptly submit to the Corporation such further references, data and documents reasonably requested by the Corporation.~~
- ~~6.3 Either Party, after learning of the Corporation's decision, shall promptly advise the other Party thereof. If the Corporation has not made a decision on or before the Scheduled Closing Date, the Closing shall be adjourned for 30 business days for the purpose of obtaining such consent. If such consent is not given by such adjourned date, either Party may cancel this Contract by Notice, provided that the Corporation's consent is not issued before such Notice of cancellation is given. If such consent is refused at any time, either Party may cancel this Contract by Notice. In the event of cancellation pursuant to this ¶6.3, the Escrowee shall refund the Contract Deposit to Purchaser.~~
- ~~6.4 If such consent is refused, or not given, due to Purchaser's bad faith conduct, Purchaser shall be in default and ¶13.1 shall govern.~~

**7 CONDITION OF UNIT AND PERSONALTY;**

**POSSESSION**

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

**8 RISK OF LOSS**

- 8.1 The provisions of General Obligations Law Section 5-1311, as modified herein, shall apply to this transaction as if it were a sale of realty. For purposes of this paragraph, the term "Unit" includes built-in Personalty.
- 8.2 Destruction shall be deemed "material" under GOL 5-1311, if the reasonably estimated cost to restore the Unit shall exceed 5% of the Purchase Price.
- 8.3 In the event of any destruction of the Unit or the Premises, when neither legal title nor the possession of the Unit has been transferred to Purchaser, Seller shall give Notice of the loss to Purchaser ("Loss Notice") by the earlier of the date of Closing or 7 business days after the date of the loss.
- 8.4 If there is material destruction of the Unit without fault of Purchaser, this Contract shall be deemed canceled in accordance with ¶16.3, unless Purchaser elects by Notice to Seller to complete the purchase with an abatement of the Purchase Price; or
- 8.5 Whether or not there is any destruction of the Unit, if, without fault of Purchaser, more than 10% of the units in the Premises are rendered uninhabitable, or reasonable access to the Unit is not available, then Purchaser shall have the right to cancel this Contract in accordance with ¶16.3 by Notice to Seller.
- 8.6 Purchaser's Notice pursuant to ¶8.4 or ¶8.5 shall be given within 7 business days following the giving of the Loss Notice except that if Seller does not give a Loss Notice, Purchaser's Notice may be given at any time at or prior to Closing
- 8.7 In the event of any destruction of the Unit, Purchaser shall not be entitled to an abatement of the Purchase Price (i) that exceeds the reasonably estimated cost of repair and restoration or (ii) for any loss that the Corporation is obliged to repair or restore; but Seller shall assign to Purchaser, without recourse, Seller's claim, if any, against the Corporation with respect to such loss.

**9 CLOSING LOCATION**

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

**10 CLOSING**

- 10.1 At Closing, Seller shall deliver or cause to be delivered:
- 10.1.1 Seller's certificate for the Shares duly endorsed for transfer to Purchaser or accompanied by a separate duly executed stock power to Purchaser, and in either case, with any guarantee of Seller's signature required by the Corporation;
- 10.1.2 Seller's counterpart original of the Lease, all assignments and assumptions in the chain of title and a

duly executed assignment thereof to Purchaser in the form required by the Corporation;

- 10.1.3 FIRPTA documents required by ¶25;
  - 10.1.4 keys to the Unit, building entrance(s), and, if applicable, garage, mailbox, storage unit and any locks in the Unit;
  - 10.1.5 if requested, an assignment to Purchaser of Seller's interest in the Personalty and Included Interests;
  - 10.1.6 any documents and payments to comply with ¶15.2
  - 10.1.7 If Seller is unable to deliver the documents required in ¶¶10.1.1 or 10.1.2 then Seller shall deliver or cause to be delivered all documents and payments required by the Corporation for the issuance of a new certificate for the Shares or a new Lease.
- 10.2 At Closing, Purchaser shall:
- 10.2.1 pay the Balance in accordance with ¶2.2.2;
  - 10.2.2 execute and deliver to Seller and the Corporation an agreement assuming the Lease, in the form required by the Corporation; and
  - 10.2.3 if requested by the Corporation, execute and deliver counterparts of a new lease substantially the same as the Lease, for the balance of the Lease term, in which case the Lease shall be canceled and surrendered to the Corporation together with Seller's assignment thereof to Purchaser.
- 10.3 At Closing, the Parties shall complete and execute all documents necessary:
- 10.3.1 for Internal Revenue Service ("IRS") form 1099-S or other similar requirements;
  - 10.3.2 to comply with smoke detector requirements and any applicable transfer tax filings; and
  - 10.3.3 to transfer Seller's interest, if any, in and to the Personalty and Included Interests.
- 10.4 Purchaser shall not be obligated to close unless, at Closing, the Corporation delivers:
- 10.4.1 to Purchaser a new certificate for the Shares in the name of Purchaser; and
  - 10.4.2 a written statement by an officer or authorized agent of the Corporation consenting to the transfer of the Shares and Lease to Purchaser and setting forth the amounts of and payment status of all sums owed by Seller to the Corporation, including Maintenance and any Assessments, and the dates to which each has been paid.

## 11 CLOSING FEES, TAXES AND APPORTIONMENTS

- 11.1 At or prior to Closing,
  - 11.1.1 Seller shall pay, if applicable:
    - 11.1.1.1 the cost of stock transfer stamps; and
    - 11.1.1.2 transfer taxes, except as set forth in ¶11.1.2.2
  - 11.1.2 Purchaser shall pay, if applicable:
    - 11.1.2.1 any fee imposed by the Corporation relating to Purchaser's financing; and
    - 11.1.2.2 transfer taxes imposed by statute primarily on Purchaser (e.g., the "mansion tax").
- 11.2 The Flip Tax, if any, shall be paid by the Party specified in ¶ 1.19.
- 11.3 Any fee imposed by the Corporation and not specified in this Contract shall be paid by the Party upon whom such fee is expressly imposed by the Corporation, and if no Party is specified by the Corporation, then such fee shall be paid by Seller.
- 11.4 The Parties shall apportion as of 11:59 P.M. of the

day preceding the Closing, the Maintenance, any other periodic charges due the Corporation (other than Assessments) and STAR Tax Exemption (if the Unit is the beneficiary of same), based on the number of the days in the month of Closing.

- 11.5 Assessments, whether payable in a lump sum or installments, shall not be apportioned, but shall be paid by the Party who is the owner of the Shares on the date specified by the Corporation for payment. Purchaser shall pay any installments payable after Closing provided Seller had the right and elected to pay the Assessment in installments.
- 11.6 Each Party shall timely pay any transfer taxes for which it is primarily liable pursuant to law by cashier's, official bank, certified, or attorney's escrow check. This ¶11.6 shall survive Closing.
- 11.7 Any computational errors or omissions shall be corrected within 6 months after Closing. This ¶11.7 shall survive Closing.

## 12 BROKER

- 12.1 Each Party represents that such Party has not dealt with any person acting as a broker, whether licensed or unlicensed, in connection with this transaction other than the Broker(s) named in ¶1.5.
- 12.2 Seller shall pay the Broker's commission pursuant to a separate agreement. The Broker(s) shall not be deemed to be a third-party beneficiary of this Contract.
- 12.3 This ¶12 shall survive Closing, cancellation or termination of this Contract.

## 13 DEFAULTS, REMEDIES AND INDEMNITIES

- 13.1 In the event of a default or misrepresentation by Purchaser, Seller's sole and exclusive remedies shall be to cancel this Contract, retain the Contract Deposit as liquidated damages and, if applicable, Seller may enforce the indemnity in ¶13.3 as to brokerage commission or sue under ¶13.4. Purchaser prefers to limit Purchaser's exposure for actual damages to the amount of the Contract Deposit, which Purchaser agrees constitutes a fair and reasonable amount of compensation for Seller's damages under the circumstances and is not a penalty. The principles of real property law shall apply to this liquidated damages provision.
- 13.2 In the event of a default or misrepresentation by Seller, Purchaser shall have such remedies as Purchaser is entitled to at law or in equity, including specific performance, because the Unit and possession thereof cannot be duplicated.
- 13.3 Subject to the provisions of ¶4.3, each Party indemnifies and holds harmless the other against and from any claim, judgment, loss, liability, cost or expense resulting from the indemnitor's breach of any of its representations or covenants stated to survive Closing, cancellation or termination of this Contract. Purchaser indemnifies and holds harmless Seller against and from any claim, judgment, loss, liability, cost or expense resulting from the Lease obligations accruing from and after the Closing. Each indemnity includes, without limitation, reasonable attorneys' fees and disbursements, court costs and litigation expenses arising from the defense of any claim and enforcement or collection of a judgment under this indemnity, provided the indemnitee is given Notice and opportunity to defend the claim. This ¶13.3 shall survive Closing, cancellation or termination of this Contract.
- 13.4 In the event any instrument for the payment of the

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

#### 14 ENTIRE AGREEMENT; MODIFICATION

- 14.1 All prior oral or written representations, understandings and agreements had between the Parties with respect to the subject matter of this Contract, and with the Escrowee as to ¶27, are merged in this Contract, which alone fully and completely expresses the Parties' and Escrowee's agreement.
- 14.2 The Attorneys may extend in writing any of the time limitations stated in this Contract. Any other provision of this Contract may be changed or waived only in writing signed by the Party or Escrowee to be charged.

#### 15 REMOVAL OF LIENS AND JUDGMENTS

- 15.1 Purchaser shall deliver or cause to be delivered to Seller or Seller's Attorney, not less than 10 calendar days prior to the Scheduled Closing Date a Lien and Judgment search, except that Liens or Judgments first disclosed in a continuation search shall be reported to Seller within 2 business days after receipt thereof, but not later than the Closing. Seller shall have the right to adjourn the Closing pursuant to ¶16 to remove any such Liens and Judgments. Failure by Purchaser to timely deliver such search or continuation search shall not constitute a waiver of Seller's covenants in ¶4 as to Liens and Judgments. However, if the Closing is adjourned solely by reason of untimely delivery of the Lien and Judgment search, the apportionments under ¶11.3 shall be made as of 11:59 P.M. of the day preceding the Scheduled Closing Date in ¶1.15
- 15.2 Seller, at Seller's expense, shall obtain and deliver to the Purchaser the documents and payments necessary to secure the release, satisfaction, termination and discharge or removal of record of any Liens and Judgments. Seller may use any portion of the Purchase Price for such purposes.
- 15.3 This ¶15 shall survive Closing.

#### 16 SELLER'S INABILITY

- 16.1 If Seller shall be unable to transfer the items set forth in ¶2.1 in accordance with this Contract for any reason other than Seller's failure to make a required payment or other willful act or omission, then Seller shall have the right to adjourn the Closing for periods not exceeding 60 calendar days in the aggregate, but not extending beyond the expiration of Purchaser's Loan Commitment Letter, if ¶¶1.20.1 or 1.20.2 applies.
- 16.2 If Seller does not elect to adjourn the Closing or (if adjourned) on the adjourned date of Closing Seller is still unable to perform, then unless Purchaser elects to proceed with the Closing without abatement of the

Purchase Price, either Party may cancel this Contract on Notice to the other Party given at any time thereafter.

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

#### 17 NOTICES AND CONTRACT DELIVERY

- 17.1 Any notice or demand ("Notice") shall be in writing and delivered either by hand, overnight delivery or certified or registered mail, return receipt requested, to the Party and simultaneously, in like manner, to such Party's Attorney, if any, and to Escrowee at their respective addresses or to such other address as shall hereafter be designated by Notice given pursuant to this ¶17.
- 17.2 The Contract may be delivered as provided in ¶17.1 or by ordinary mail.
- 17.3 The Contract or each Notice shall be deemed given and received:
- 17.3.1 on the day delivered by hand;
- 17.3.2 on the business day following the date sent by overnight delivery;
- 17.3.3 on the 5<sup>th</sup> 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 certified facsimile to the Party's Attorney and shall be deemed given when transmission is confirmed by sender's facsimile machine.

#### 18 FINANCING PROVISIONS

- 18.1 The provisions of ¶¶18.1 and 18.2 are applicable only if ¶¶1.20.1 or 1.20.2 applies.
- 18.1.1 An "Institutional Lender" is any of the following that is authorized under Federal or New York State law to issue a loan secured by the Shares and Lease and is currently extending similarly secured loan commitments in the county in which the Unit is located: a bank, savings bank, savings and loan association, trust company, credit union of which Purchaser is a member, mortgage banker, insurance company or governmental entity.
- 18.1.2 A "Loan Commitment Letter" is a written offer from an Institutional Lender to make a loan on the Financing Terms (see ¶1.21) at prevailing fixed or adjustable interest rates and on other customary terms generally being offered by Institutional Lenders making cooperative share loans. An offer to make a loan conditional upon obtaining an appraisal satisfactory to the Institutional Lender shall not become a Loan Commitment Letter unless and until such condition is met. An offer conditional upon any factor concerning Purchaser (e.g. sale of current home, payment of outstanding debt, no material adverse change in Purchaser's financial condition, etc.) is a Loan Commitment Letter whether or not such condition is met. Purchaser accepts the risk that, and cannot cancel this Contract if, any condition concerning Purchaser is not met.

- 18.2 Purchaser, directly or through a mortgage broker registered pursuant to Article 12-D of the Banking Law, shall diligently and in good faith:
- 18.2.1 apply only to an Institutional Lender for a loan on the Financing Terms (see ¶1.21) on the form required by the Institutional Lender containing truthful and complete information, and submit such application together with such documents as the Institutional Lender requires, and pay the applicable fees and charges of the Institutional Lender, all of which shall be performed within 5 business days after the Delivery Date;
- 18.2.2 promptly submit to the Institutional Lender such further references, data and documents requested by the Institutional Lender; and
- 18.2.3 accept a Loan Commitment Letter meeting the Financing Terms and comply with all requirements of such Loan Commitment Letter (or any other loan commitment letter accepted by Purchaser) and of the Institutional Lender in order to close the loan; and
- 18.2.4 furnish Seller with a copy of the Loan Commitment Letter promptly after Purchaser's receipt thereof.
- 18.2.5 Purchaser is not required to apply to more than one Institutional Lender.
- 18.3 If ¶1.20.1 applies, then
- 18.3.1 provided Purchaser has complied with all applicable provisions of ¶18.2 and this ¶18.3, Purchaser may cancel this Contract as set forth below, if:
- 18.3.1.1 any Institutional Lender denies Purchaser's application in writing prior to the Loan Commitment Date (see ¶1.21); or
- 18.3.1.2 a Loan Commitment Letter is not issued by the Institutional Lender on or before the Loan Commitment Date; or
- 18.3.1.3 any requirement of the Loan Commitment Letter other than one concerning Purchaser is not met (e.g. failure of the Corporation to execute and deliver the Institutional Lender's recognition agreement or other document, financial condition of the Corporation, owner occupancy quota, etc.); or
- 18.3.1.4 (i) the Closing is adjourned by Seller or the Corporation for more than 30 business days from the Scheduled Closing Date and (ii) the Loan Commitment Letter expires on a date more than 30 business days after the Scheduled Closing Date and before the new date set for Closing pursuant to this paragraph and (iii) Purchaser is unable in good faith to obtain from the Institutional Lender an extension of the Loan Commitment Letter or a new Loan Commitment Letter on the Financing Terms without paying additional fees to the Institutional Lender, unless Seller agrees, by Notice to Purchaser within 5 business days after receipt of Purchaser's Notice of cancellation on such ground, that Seller will pay such additional fees and Seller pays such fees when due. Purchaser may not object to an adjournment by Seller for up to 30 business days solely because the Loan Commitment Letter would expire before such adjourned Closing date.
- 18.3.2 Purchaser shall deliver Notice of cancellation to Seller within 5 business days after the Loan Commitment Date if cancellation is pursuant to ¶18.3.1.1 or 18.3.1.2 and on or prior to the Scheduled Closing Date if cancellation is pursuant to ¶18.3.1.3 or 18.3.1.4.
- 18.3.3 If cancellation is pursuant to ¶18.3.1.1, then Purchaser shall deliver to Seller, together with Purchaser's Notice, a copy of the Institutional Lender's written denial of Purchaser's loan application. If cancellation is pursuant to ¶18.3.1.3, then Purchaser shall deliver to Seller together with Purchaser's Notice evidence that a requirement of the Institutional Lender was not met.
- 18.3.4 Seller may cancel this Contract by Notice to Purchaser, sent within 5 days after the Loan Commitment Date, if Purchaser shall not have sent by then either (i) Purchaser's Notice of cancellation or (ii) a copy of the Loan Commitment Letter to Seller, which cancellation shall become effective if Purchaser does not deliver a copy of such Loan Commitment Letter to Seller within 10 business days after the Loan Commitment Date.
- 18.3.5 Failure by either Purchaser or Seller to deliver Notice of cancellation as required by this ¶18.3 shall constitute a waiver of the right to cancel under this ¶18.3.
- 18.3.6 If this Contract is canceled by Purchaser pursuant to this ¶18.3, then thereafter neither Party shall have any further rights against, or obligations or liabilities to, the other by reason of this Contract, except that the Contract Deposit shall be promptly refunded to Purchaser and except as set forth in ¶12. If this Contract is canceled by Purchaser pursuant to ¶18.3.1.4, then Seller shall reimburse Purchaser for any non-refundable financing and inspection expenses and other sums reimbursable pursuant to ¶16
- 18.3.7 Purchaser cannot cancel this Contract pursuant to ¶18.3.1.4 and cannot obtain a refund of the Contract Deposit if the Institutional Lender fails to fund the loan:
- 18.3.7.1 because a requirement of the Loan Commitment Letter concerning Purchaser is not met (e.g., Purchaser's financial condition or employment status suffers an adverse change; Purchaser fails to satisfy a condition relating to the sale of an existing residence, etc.) or
- 18.3.7.2 due to the expiration of a Loan Commitment Letter issued with an expiration date that is not more than 30 business days after the Scheduled Closing Date.
- 19 SINGULAR/PLURAL AND JOINT/SEVERAL**  
The use of the singular shall be deemed to include the plural and vice versa, whenever the context so requires. If more than one person constitutes Seller or Purchaser, their obligations as such Party shall be joint and several.
- 20 NO SURVIVAL**  
No representation and/or covenant contained herein shall survive Closing except as expressly provided. Payment of the Balance shall constitute a discharge and release by Purchaser of all of Seller's obligations hereunder except those expressly stated to survive Closing.
- 21 INSPECTIONS**  
Purchaser and Purchaser's representatives shall have the right to inspect the Unit within 48 hours prior to Closing, and at other reasonable times upon reasonable request to Seller.
- 22 GOVERNING LAW AND VENUE**  
This Contract shall be governed by the laws of the State of New York without regard to principles of conflict of laws. Any action or proceeding arising out of this Contract shall be



brought in the county or Federal district where the Unit is located and the Parties hereby consent to said venue.

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

- 23.1 Purchaser may not assign this Contract or any of Purchaser's rights hereunder. Any such purported assignment shall be null and void.
- 23.2 This Contract shall terminate upon the death of all persons comprising Purchaser and the Contract Deposit shall be refunded to the Purchaser. Upon making such refund and reimbursement, neither Party shall have any further liability or claim against the other hereunder, except as set forth in Par. 12.

**24 COOPERATION OF PARTIES**

- 24.1 The Parties shall each cooperate with the other, the Corporation and Purchaser's Institutional Lender and title company, if any, and obtain, execute and deliver such documents as are reasonably necessary to consummate this sale.
- 24.2 The Parties shall timely file all required documents in connection with all governmental filings that are required by law. Each Party represents to the other that its statements in such filings shall be true and complete. This ¶24.2 shall survive Closing.

**25 FIRPTA**

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

**26 ADDITIONAL REQUIREMENTS**

- 26.1 Purchaser shall not be obligated to close unless all of the following requirements are satisfied at the time of the Closing:
- 26.1.1 the Corporation is in good standing;
- 26.1.2 the Corporation has fee or leasehold title to the Premises, whether or not marketable or insurable; and
- 26.1.3 there is no pending *in rem* action, tax certificate/lien sale or foreclosure action of any underlying mortgage affecting the Premises.
- 26.2 If any requirement in ¶26.1 is not satisfied at the time of the Closing, Purchaser shall give Seller Notice and if the same is not satisfied within a reasonable period of time thereafter, then either Party may cancel this Contract (pursuant to ¶16.3) by Notice.

**27 ESCROW TERMS**

- 27.1 The Contract Deposit shall be deposited by Escrowee in an escrow account as set forth [in ¶] 1.24 and the proceeds held and disbursed in accordance with the terms of this Contract. At Closing, the Contract Deposit shall be paid by Escrowee to Seller. If the Closing does not occur and either Party gives Notice to Escrowee demanding payment of the Contract Deposit, Escrowee shall give prompt Notice to the other Party of such demand. If Escrowee does not receive a Notice of objection to the proposed payment from such other Party within 10 business days after

the giving of Escrowee's Notice, Escrowee is hereby authorized and directed to make such payment to the demanding party. If Escrowee does receive such a Notice of objection within said period, or if for any reason Escrowee in good faith elects not to make such payment, Escrowee may continue to hold the Contract Deposit until otherwise directed by a joint Notice by the Parties or a final, non-appealable judgment, order or decree of a court of competent jurisdiction. However, Escrowee shall have the right at any time to deposit the Contract Deposit and the interest thereon, if any, with the clerk of a court in the county as set forth in ¶22 and shall give Notice of such deposit to each Party. Upon disposition of the Contract Deposit and interest thereon, if any, in accordance with this ¶27, Escrowee shall be released and discharged of all escrow obligations and liabilities.

- 27.2 The Party whose Attorney is Escrowee shall be liable for loss of the Contract Deposit. If the Escrowee is Seller's attorney, then Purchaser shall be credited with the amount of the contract Deposit at Closing.
- 27.3 Escrowee will serve without compensation. Escrowee is acting solely as a stakeholder at the Parties' request and for their convenience. Escrowee shall not be liable to either Party for any act or omission unless it involves bad faith, willful disregard of this Contract or gross negligence. In the event of any dispute, Seller and Purchaser shall jointly and severally (with right of contribution) defend (by attorneys selected by Escrowee), indemnify and hold harmless Escrowee from and against any claim, judgment, loss, liability, cost and expenses incurred in connection with the performance of Escrowee's acts or omissions not involving bad faith, willful disregard of this Contract or gross negligence. This indemnity includes, without limitation, reasonable attorneys' fees either paid to retain attorneys or representing the fair value of legal services rendered by Escrowee to itself and disbursements, court costs and litigation expenses.
- 27.4 Escrowee acknowledges receipt of the Contract Deposit, by check subject to collection.
- 27.5 Escrowee agrees to the provisions of this ¶27.
- 27.6 If Escrowee is the Attorney for a Party, Escrowee shall be permitted to represent such Party in any dispute or lawsuit.
- 27.7 This ¶27 shall survive Closing, cancellation or termination of this Contract.

**28 MARGIN HEADINGS**

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

**29 MISCELLANEOUS**

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

**30 LEAD PAINT**

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

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

**SELLER: PONDFIELD ESTATES, LLC**

**PURCHASER:**

By: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

By: \_\_\_\_\_

**ESCROWEE**

RIDER ANNEXED TO CONTRACT

Dated:

Seller: PONDFIELD ESTATES, LLC

Purchaser:

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

Corporation: TUDOR ARMS OWNERS CORP., INC.

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

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

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

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

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

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

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

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

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

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

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

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

42. [INTENTIONALLY DELETED]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*[Signatures on Following Page]*

PONDFIELD ESTATES, LLC , Seller

By: \_\_\_\_\_  
A Member

\_\_\_\_\_  
, Purchaser

**ESCROW RIDER TO  
CONTRACT OF SALE**

AGREEMENT made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and among \_\_\_\_\_  
\_\_\_\_\_ ("PURCHASER"), PONDFIELD ESTATES, LLC, ("SELLER"),  
as the sponsor of the Tudor Arms 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 Offering Plan with the Attorney General  
to offer for sale cooperative ownership interests at the premises located at 17 North Chatsworth  
Avenue, Larchmont, 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, 9<sup>th</sup> 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, 120 Broadway, 23<sup>rd</sup> Floor, New York, N.Y. 10271. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit was timely placed in the Escrow Account in accordance with the New York State Department of Law's regulations concerning 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 Purchaser, if Purchaser timely rescinds in accordance with an offer of rescission contained in the Plan or an Amendment to the Plan

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

#### **4. RECORDKEEPING.**

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

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

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

#### **5. GENERAL OBLIGATIONS OF ESCROW AGENT.**

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

5.2 A fiduciary relationship shall exist between ESCROW AGENT and PURCHASER, and ESCROW AGENT acknowledges its fiduciary and statutory obligations pursuant to GBL §§ 352-e(2-b) and 352-h.

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

## **6. RESPONSIBILITIES OF SELLER.**

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

6.2 [Intentionally deleted.]

## **7. TERMINATION OF AGREEMENT.**

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

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

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

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

## **8. SUCCESSORS AND ASSIGNS.**

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

## **9. GOVERNING LAW.**

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

**10. ESCROW AGENT'S COMPENSATION.**

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

**11. SEVERABILITY.**

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

**12. INDEMNIFICATION.**

SELLER agrees to defend, indemnify, and hold ESCROW AGENT harmless from and against all costs, claims, expenses, and damages incurred in connection with or arising out of this Agreement or the performance or non-performance of ESCROW AGENT'S duties under this Agreement, except with respect to actions or omissions taken or suffered by ESCROW AGENT in bad faith or in willful disregard of this Agreement or involving gross negligence of ESCROW AGENT. This indemnity includes, without limitation, disbursements and attorneys' fees either paid to retain attorneys or representing the hourly billing rates with respect to legal services rendered by ESCROW AGENT to itself.

**13. ENTIRE AGREEMENT.**

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

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

ESCROW AGENT:

---

Laura B. March

SELLER:

PONDFIELD ESTATES, LLC

By: \_\_\_\_\_

Name:

Title: Member

\_\_\_\_\_  
, Purchaser

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

**Lead Warning Statement**

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

**Seller's Disclosure (initial)**

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

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: Pondfield Estates, LLC  
 By:

\_\_\_\_\_  
 Purchaser

\_\_\_\_\_  
 Purchaser

Agent: \_\_\_\_\_

**AS REVISED THROUGH JUNE 25, 2013**

**TUDOR ARMS OWNERS CORP.**

**HOUSE RULES**

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**EIGHTEENTH AMENDMENT TO OFFERING PLAN**  
**for**  
**31 PONDFIELD ROAD WEST**  
**BRONXVILLE, 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 31 Pondfield Road West, Bronxville, New York, dated October 26, 1984 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 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) Annexed hereto is a schedule of unsold shares which sets forth the units to which unsold shares are allocated. All unsold shares are held by Pondfield Estates ("Sponsor").
  - (b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$10,000.00.
  - (c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$9,850.00.
  - (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 financial arrangements.
  - (f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor and from interest payments from the Apartment Corporation on the loan held by Sponsor in the principal amount of \$55,000, which bears interest at the annual rate of eight percent and is paid in monthly installments of \$366.67 of interest only. If these sources of income are insufficient, Sponsor may also derive income from the sale of vacant units.
  - (g) The Sponsor is current on all financial obligations under the Plan including all

obligations to the Apartment Corporation and payments of any underlying mortgage. Sponsor was current on all such obligations during the year prior to the filing of this amendment.

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

- 445 Gramatan Avenue, Mount Vernon, New York -  
File No. C87-0246
- 27-47 North Central Avenue, Hartsdale, New York -  
File No. C81-0234
- 17 North Chatsworth Avenue, Larchmont, New York -  
File No. C81-0158
- 10 Franklin Avenue, White Plains, New York -  
File No. C82-0477
- 130 North Kensico Avenue, White Plains, New York -  
File No. CD88-0247
- 1-15 Bryant Crescent, White Plains, New York -  
File No. C77-0438
- 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 April 30, 1986. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 26.59% 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 18, 2004 after reviewing a projected budget of building operations for the calendar year 2005, the per share monthly maintenance was fixed at \$1.2035 per share per month for the calendar year 2005, which is a 4.25% increase from the prior year. In addition the Board imposed a monthly fuel oil surcharge of \$0.75 per share for

calendar year 2005.

4. **Election of Officers and Directors.** At the annual meeting of the shareholders of the Corporation duly held on July 8, 2004, the following officers and directors of the Corporation were elected:

Richard Scott	President and Director
Marilyn Joyce	Vice President, Treasurer and Director
Edward Woods	Vice President and Director
*Nancy R. Heller	Director
*Robert Orlofsky	Vice-President and Director

\*Sponsor designee

5. **Financial Statements.** The financial statement for Tudor Arms Owners Corp. for the years ended December 31, 2004 and December 31, 2003 prepared by Lawrence S. Hongiman, P.C., is attached hereto.

6. **Budget.** Attached hereto is the budget for the 2005 calendar year, prepared by the Building's managing agent and adopted by the Board of Directors. This budget is contained herein for information purposes only and the Sponsor does not in any way adopt such budget as its own or make any representation as to the adequacy, accuracy or completeness of same or any item shown therein and none should be implied. The Sponsor has reviewed the budget and has no knowledge of any matter which would render the budget materially incorrect; however, the Sponsor has not prepared the budget and has not independently verified the information or estimates contained therein.

7. **Line of Credit.** In addition to a first mortgage, National Consumer Cooperative Bank has provided to the Apartment Corporation a \$150,000 line of credit, which loan is secured by a second mortgage. The Apartment Corporation will only pay interest on the line of credit from the date that it is used. Advances, which are available to the Apartment Corporation throughout the term of the loan, will be made in minimal increments of \$10,000. The interest rate on this second credit line mortgage is 1.85%, above the 30-day Libor rate, adjusted on the first of each month following a change in the Libor rate. The amount drawn down to date is \$52,900. As of February 1, 2005, the interest rate was 4.24%, and the monthly interest payments were \$292.89. Any loans under the line of credit mature on the earlier of February 1, 2008 or the refinancing of the first mortgage.

8. **Price Increase.** The purchase price of the shares of the Apartment Corporation being offered pursuant to the Plan is hereby increased from \$310.00 per share to \$450.00 per share. The increase in the amount of the total offering price as a result of the foregoing is \$1,071,700. The foregoing asking price per share is negotiable and subject to change in accordance with the Plan. The asking price does not include a purchaser's closing costs.

**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. 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:       **JUNE 9**               , 2005

**PONDFIELD ESTATES, LLC Sponsor**

PlanAm#18.wpd

PONDFIELD ESTATES  
31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

Schedule of Unsold Shares

	<u>Apartment</u>		<u>Shares</u>
	41		515
	61		520
	42		370
	3		505
	23		510
	33		510
	63		520
	4		655
	25		665
	65		675
	46		520
	57		515
	68		670
	9		<u>505</u>
Total Units	14	Total Shares	7,655

Unsold Shares.wpd



TUDOR ARMS OWNERS CORPORATION

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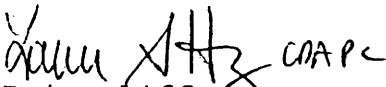
To the Stockholders of  
Tudor Arms Owners Corporation

I have audited the accompanying balance sheet of TUDOR ARMS OWNERS CORPORATION, as at December 31, 2004 and 2003, 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 Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tudor Arms Owners Corporation, as at December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Tudor Arms Owners Corporation, has not presented the supplementary information on the 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.

  
Briarcliff Manor, New York  
February 02, 2005

## EXHIBIT A

TUDOR ARMS OWNERS CORPORATION  
BALANCE SHEET  
AS AT DECEMBER 31, 2004 AND 2003

<u>ASSETS</u>		
	<u>2004</u>	<u>2003</u>
Cash and cash equivalents	\$ 3,652	\$ 2,349
Reserve Funds:		
Investment in US Government obligations	18,238	8,975
Money market funds	48,076	57,918
Corporate notes and CD's	<u>44,927</u>	<u>65,442</u>
Total Reserve Funds	111,241	132,335
Tenant/stockholder receivables	548	-0-
Prepaid expenses and other assets	20,296	20,392
Escrow - real estate taxes	14,317	16,447
Property and improvements, net of accumulated depreciation	3,490,923	3,584,976
Deferred mortgage costs, net of accumulated amortization of \$28,474 and \$24,307	<u>13,200</u>	<u>17,368</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,654,177</u></b>	<b><u>\$ 3,773,867</u></b>
<u>LIABILITIES AND TENANT SHAREHOLDERS' EQUITY</u>		
	<u>2004</u>	<u>2003</u>
LIABILITIES		
Mortgage payable	\$ 1,573,141	\$ 1,600,214
Line of credit payable	52,900	54,100
Note payable	55,000	55,000
Accounts payable and accrued expenses	30,492	58,319
Assessments received in advance	-0-	62
Security deposits payable	<u>872</u>	<u>374</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,712,405</u></b>	<b><u>1,768,069</u></b>
STOCKHOLDERS' EQUITY		
Capital stock, par value \$1; 31,885 shares authorized, issued and outstanding	31,885	31,885
Additional paid-in capital	3,435,808	3,435,808
Accumulated deficit	(1,450,921)	(1,386,895)
Less treasury stock - 600 shares, at cost	<u>(75,000)</u>	<u>(75,000)</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b><u>1,941,772</u></b>	<b><u>2,005,798</u></b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$ 3,654,177</u></b>	<b><u>\$ 3,773,867</u></b>

See Accompanying Notes to Financial Statements

## TUDOR ARMS OWNERS CORPORATION

## STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>OPERATIONS</u>		
REVENUE:		
Maintenance assessments	\$ 433,398	\$ 405,995
Star credits	(38,334)	(34,918)
Fuel surcharge	9,125	18,771
Assessments - waterproofing	-0-	25,028
Parking	13,800	13,800
Interest and dividend income	2,971	2,275
Transfer fees	5,070	3,540
Laundry	5,100	5,100
Exercise room	2,400	2,900
Storage	1,518	1,348
Sundry	-0-	628
	<u>435,048</u>	<u>444,467</u>
TOTAL INCOME		
EXPENSES:		
Operating	106,029	98,735
Salaries, payroll taxes and benefits	55,918	67,350
Administrative	36,024	34,807
Repairs and maintenance	47,372	58,471
Real estate taxes	46,354	42,042
Interest	113,325	114,608
	<u>405,022</u>	<u>416,013</u>
TOTAL EXPENSES		
Excess of revenue over expenses before depreciation	30,026	28,454
Depreciation	94,052	94,052
Deficiency of revenue over expenses	\$ (64,026)	\$ (65,598)
<u>ACCUMULATED DEFICIT</u>		
Balance, beginning of year	<u>(1,386,895)</u>	<u>(1,321,297)</u>
Balance, end of year	<u>\$ (1,450,921)</u>	<u>\$ (1,386,895)</u>

See Accompanying Notes to Financial Statements

## TUDOR ARMS OWNERS CORPORATION

## STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
OPERATING ACTIVITIES:		
Deficiency of revenue over expenses	\$ (64,026)	\$ (65,598)
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities:		
Depreciation	94,052	94,052
Amortization	4,167	4,167
Unrealized gain on investment	-0-	429
Changes in operating assets and liabilities:		
Tenant/stockholder receivables	(548)	425
Prepaid expenses and other assets	96	3,172
Escrow - real estate taxes	2,130	7,703
Accounts payable and accrued expenses	(27,827)	13,249
Assessments receivable in advance	(62)	(793)
Tenant security payable	498	(622)
Net cash provided by operating activities	<u>8,480</u>	<u>56,184</u>
Investing activities:		
Reserve funds, net	21,096	(36,979)
Capital expenditures	<u>-0-</u>	<u>(45,875)</u>
Net cash provided by (used in) investing activities	<u>21,096</u>	<u>(82,854)</u>
Financing activities:		
Proceeds from line of credit	-0-	54,100
Mortgage principal payments	<u>(28,273)</u>	<u>(25,741)</u>
Net cash used in financing activities	<u>\$ (28,273)</u>	<u>\$ 28,359</u>
Net increase in cash and cash equivalents	<u>1,303</u>	<u>1,689</u>
Cash and cash equivalents, beginning of year	<u>2,349</u>	<u>660</u>
Cash and cash equivalents, end of year	<u>\$ 3,652</u>	<u>\$ 2,349</u>
Supplemental disclosure of cash flow data:		
Interest paid	<u>\$ 113,325</u>	<u>\$ 114,608</u>

See Accompanying Notes to Financial Statements

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF THE ORGANIZATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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

Concentration of credit risk

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

Property and equipment

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

Member Assessments

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

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

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

Major repairs and replacements

With respect to future repairs and replacements, the Corporation has not conducted a study to determine the estimated funding needed for future major repairs and replacements. The Corporation's policy is to fund major repairs and replacements through special assessments or borrowings as needs arise.

Deferred mortgage costs

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

Reclassification

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

Income taxes

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

NOTE 3 - PROPERTY AND IMPROVEMENT

Property and improvements consist of the following:

	<u>2004</u>	<u>2003</u>
Land	\$ 1,284,000	\$ 1,284,000
Construction in progress	45,876	45,876
Building	3,331,375	3,331,375
Building improvements	468,821	468,821
Exercise equipment	<u>21,720</u>	<u>21,720</u>
	5,151,792	5,151,792
Less accumulated depreciation	<u>1,660,869</u>	<u>1,566,816</u>
TOTALS	<u>\$ 3,490,923</u>	<u>\$ 3,584,976</u>

NOTE 4 - MORTGAGE PAYABLE

The mortgage requires monthly payments of \$11,188 including interest at 6-3/4% through March 1, 2008, at which time the unpaid balance is due. The mortgage secured by the Corporation's property and improvements.

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CONT'D

Principal payment requirements in each of the years subsequent to December 31, 2004 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2005	\$ 28,958
2006	30,974
2007	33,130
2008	1,480,079

In conjunction with the mortgage, the Corporation secured a line of credit in the amount of \$150,000. The interest rate when drawn is Libor plus 1.85%. As of December 31, 2004, \$52,900 has been drawn down. The interest rate at December 31, 2004 was 4.13%.

NOTE 5 - NOTE PAYABLE

On January 10, 2001, the Corporation purchased 600 shares of its common stock allotted to an apartment unit which was converted into and exercise room. The Corporation paid \$20,000 and issued a note in the amount of \$55,000 which bears interest at 8% and is due on March 1, 2008. The note is secured by the 600 shares of common stock and the proprietary lease for this unit.

NOTE 6 - MANAGEMENT AGREEMENT

The Corporation is obligated under an annual agreement for the management of the property. Management fees amounted to \$21,500 and \$20,500 for the years ended December 31, 2004 and 2003 respectively.

NOTE 7 - PENSION PLAN

Employees covered by a union agreement are included in a multi-employer pension plan to which the Corporation makes contributions in accordance with the contractual union agreement. The Corporation made contributions of \$8,194 and \$7,532 in 2004 and 2003, respectively.

NOTE 8 - LITIGATION

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



**LAWRENCE S. HONIGMAN, P.C.**

CERTIFIED PUBLIC ACCOUNTANT

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS  
ON SUPPLEMENTARY INFORMATION

To the Board of Directors and Stockholders  
Tudor Arms Owners Corporation

My audit of the financial statements of Tudor Arms Owners Corporation were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on page 9, 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 audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Lawrence S. Honigman* CPA PC  
Briarcliff Manor, New York  
February 02, 2005

TUDOR ARMS OWNERS CORPORATION  
EXPENSES  
YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Operating expenses:		
Fuel	\$ 49,555	\$ 44,071
Electricity and gas	12,700	14,241
Water and sewer	6,351	7,274
Insurance	35,684	31,535
Telephone	1,739	1,614
Totals	<u>106,029</u>	<u>98,735</u>
Salaries, payroll taxes and benefits:		
Wages	42,594	53,235
Union, welfare and pension	8,194	7,532
Payroll taxes	5,130	6,583
Totals	<u>55,918</u>	<u>67,350</u>
Administrative expenses:		
Management fees	21,500	20,500
Accounting	3,600	3,600
Legal	395	300
Amortization	4,167	4,167
Other	6,055	5,731
Taxes	307	509
Totals	<u>36,024</u>	<u>34,807</u>
Repairs and maintenance:		
Boiler	5,909	6,818
Building supplies	4,513	9,152
Elevator	7,206	9,066
Outside services	9,580	11,051
Plumbing, pumps and motors	3,234	1,535
Electrical	140	3,207
Exterminating	2,333	2,321
Grounds	5,649	4,612
Locksmith	761	1,625
Floors	3,440	-0-
Roof	2,425	4,172
Painting	-0-	3,623
Sundry	2,182	1,289
Totals	<u>47,372</u>	<u>58,471</u>
Real estate taxes	<u>46,354</u>	<u>42,042</u>
Interest expenses	<u>113,325</u>	<u>114,608</u>
Totals	<u>\$ 405,022</u>	<u>\$ 416,013</u>

See Report of Independent Public Accountants on supplementary Information

TUDOR ARMS OWNERS CORP.  
OPERATING BUDGET

For Year of Co-operative Ownership Beginning January 1, 2005

PROJECTED INCOME

Maintenance Charges.....	\$ 451,818
Exercise Room & Misc.....	2,500
Storage.....	1,512
Interest Income.....	1,000
Laundry.....	5,100
Parking.....	13,800
Fuel Surcharge.....	<u>19,348</u>
TOTAL.....	\$ 495,078

PROJECTED EXPENSES

Payroll, Benefits, Utility, Extra Help.....	75,579
Heating.....	52,500
Utilities (Electricity and Gas).....	13,500
Water Charges.....	8,500
General Repairs and Misc. General/Phone.....	15,000
Elevator Maintenance.....	7,000
Plumbing.....	5,000
Landscaping and Trees.....	5,000
Plaster and Painting.....	500
Supplies.....	5,000
Roof/Pointing.....	2,500
Service Contracts.....	11,000
Insurance.....	32,000
Management Fees.....	24,500
Legal Fees and Audit Fees.....	4,000
Franchise and Corporate Taxes.....	700
Real Estate Taxes.....	49,670
STAR Exemption.....	39,330
Mortgage Interest and Amortization.....	134,260
Second Mortgage Interest.....	4,400
Misc. Maintenance.....	5,000
Contingency.....	<u>139</u>
TOTAL.....	\$ 495,078

**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": Pondfield Estates, LLC**

Prior names used by Seller:

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

S.S. No.: 13-2500233

**1.1.2 "Purchaser":**

Address: New York

S.S. No.:

**1.2 The "Attorneys" are:**

**1.2.1 "Seller's Attorney"**

**Nancy R. Heller**  
**Peck & Heller**  
Address: 545 Madison 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: Robert Orlofsky Realty, Inc., 7 Bryant  
Crescent, #1-C, White Plains, New York 10605

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

**1.7 The "Unit" number is:**

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

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

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

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

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

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

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

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

**1.15 The date scheduled for Closing is  
("Scheduled Closing Date") at Managing Agent's Office  
(See ¶¶ 9 and 10)**

**1.16 The "Purchase Price" is: \$**

**1.16.1 The "Contract Deposit" is: \$**

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

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

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

**1.19 [Seller] [Purchaser] shall pay the Corporation's flip tax,  
transfer fee (apart from the transfer agent fee) and/or  
waiver of option fee ("Flip Tax"), if any. None**

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

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

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

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

1.21 If ¶1.20.1 or 1.20.2 applies, the "Financing Terms" for ¶18 are: a loan of \$ \_\_\_\_\_ for a term of \_\_\_\_\_ years or such lesser amount or shorter term as applied for or acceptable to Purchaser; and the "Loan Commitment Date" for ¶18 is 30 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: Purchasers

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, 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 ¶1.1.2);

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 5<sup>th</sup> business day following the date sent by certified or registered mail; or
- 17.3.4 as to the Contract only, 3 business days following the date of ordinary mailing.
- 17.4 A Notice to Escrowee shall be deemed given only upon actual receipt by Escrowee.
- 17.5 The Attorneys are authorized to give and receive any Notice on behalf of their respective clients.
- 17.6 Failure or refusal to accept a Notice shall not invalidate the Notice.
- 17.7 Notice pursuant to ¶¶2.2.2 and 13.4 may be delivered by confirmed facsimile to the Party's Attorney and shall be deemed given when transmission is confirmed by sender's facsimile machine.

#### 18 FINANCING PROVISIONS

- 18.1 The provisions of ¶¶18.1 and 18.2 are applicable only if ¶¶1.20.1 or 1.20.2 applies.
- 18.1.1 An "Institutional Lender" is any of the following that is authorized under Federal or New York State law to issue a loan secured by the Shares and Lease and is currently extending similarly secured loan commitments in the county in which the Unit is located: a bank, savings bank, savings and loan association, trust company, credit union of which Purchaser is a member, mortgage banker, insurance company or governmental entity.
- 18.1.2 A "Loan Commitment Letter" is a written offer from an Institutional Lender to make a loan on the Financing Terms (see ¶1.21) at prevailing fixed or adjustable interest rates and on other customary terms generally being offered by Institutional Lenders making cooperative share loans. An offer to make a loan conditional upon obtaining an appraisal satisfactory to the Institutional Lender shall not become a Loan Commitment Letter unless and until such condition is met. An offer conditional upon any factor concerning Purchaser (e.g. sale of current home, payment of outstanding debt, no material adverse change in Purchaser's financial condition, etc.) is a Loan Commitment Letter whether or not such condition is met. Purchaser accepts the risk that, and cannot cancel this Contract if, any condition concerning Purchaser is not met.



- 18.2 Purchaser, directly or through a mortgage broker registered pursuant to Article 12-D of the Banking Law, shall diligently and in good faith:
- 18.2.1 apply only to an Institutional Lender for a loan on the Financing Terms (see ¶1.21) on the form required by the Institutional Lender containing truthful and complete information, and submit such application together with such documents as the Institutional Lender requires, and pay the applicable fees and charges of the Institutional Lender, all of which shall be performed within 5 business days after the Delivery Date;
- 18.2.2 promptly submit to the Institutional Lender such further references, data and documents requested by the Institutional Lender; and
- 18.2.3 accept a Loan Commitment Letter meeting the Financing Terms and comply with all requirements of such Loan Commitment Letter (or any other loan commitment letter accepted by Purchaser) and of the Institutional Lender in order to close the loan; and
- 18.2.4 furnish Seller with a copy of the Loan Commitment Letter promptly after Purchaser's receipt thereof.
- 18.2.5 Purchaser is not required to apply to more than one Institutional Lender.
- 18.3 If ¶1.20.1 applies, then
- 18.3.1 provided Purchaser has complied with all applicable provisions of ¶18.2 and this ¶18.3, Purchaser may cancel this Contract as set forth below, if:
- 18.3.1.1 any Institutional Lender denies Purchaser's application in writing prior to the Loan Commitment Date (see ¶1.21); or
- 18.3.1.2 a Loan Commitment Letter is not issued by the Institutional Lender on or before the Loan Commitment Date; or
- 18.3.1.3 any requirement of the Loan Commitment Letter other than one concerning Purchaser is not met (e.g. failure of the Corporation to execute and deliver the Institutional Lender's recognition agreement or other document, financial condition of the Corporation, owner occupancy quota, etc.); or
- 18.3.1.4 (i) the Closing is adjourned by Seller or the Corporation for more than 30 business days from the Scheduled Closing Date and (ii) the Loan Commitment Letter expires on a date more than 30 business days after the Scheduled Closing Date and before the new date set for Closing pursuant to this paragraph and (iii) Purchaser is unable in good faith to obtain from the Institutional Lender an extension of the Loan Commitment Letter or a new Loan Commitment Letter on the Financing Terms without paying additional fees to the Institutional Lender, unless Seller agrees, by Notice to Purchaser within 5 business days after receipt of Purchaser's Notice of cancellation on such ground, that Seller will pay such additional fees and Seller pays such fees when due. Purchaser may not object to an adjournment by Seller for up to 30 business days solely because the Loan Commitment Letter would expire before such adjourned Closing date.
- 18.3.2 Purchaser shall deliver Notice of cancellation to Seller within 5 business days after the Loan Commitment Date if cancellation is pursuant to ¶18.3.1.1 or 18.3.1.2 and on or prior to the Scheduled Closing Date if cancellation is pursuant to ¶18.3.1.3 or 18.3.1.4.
- 18.3.3 If cancellation is pursuant to ¶18.3.1.1, then Purchaser shall deliver to Seller, together with Purchaser's Notice, a copy of the Institutional Lender's written denial of Purchaser's loan application. If cancellation is pursuant to ¶18.3.1.3, then Purchaser shall deliver to Seller together with Purchaser's Notice evidence that a requirement of the Institutional Lender was not met.
- 18.3.4 Seller may cancel this Contract by Notice to Purchaser, sent within 5 days after the Loan Commitment Date, if Purchaser shall not have sent by then either (i) Purchaser's Notice of cancellation or (ii) a copy of the Loan Commitment Letter to Seller, which cancellation shall become effective if Purchaser does not deliver a copy of such Loan Commitment Letter to Seller within 10 business days after the Loan Commitment Date.
- 18.3.5 Failure by either Purchaser or Seller to deliver Notice of cancellation as required by this ¶18.3 shall constitute a waiver of the right to cancel under this ¶18.3.
- 18.3.6 If this Contract is canceled by Purchaser pursuant to this ¶18.3, then thereafter neither Party shall have any further rights against, or obligations or liabilities to, the other by reason of this Contract, except that the Contract Deposit shall be promptly refunded to Purchaser and except as set forth in ¶12. If this Contract is canceled by Purchaser pursuant to ¶18.3.1.4, then Seller shall reimburse Purchaser for any non-refundable financing and inspection expenses and other sums reimbursable pursuant to ¶16
- 18.3.7 Purchaser cannot cancel this Contract pursuant to ¶18.3.1.4 and cannot obtain a refund of the Contract Deposit if the Institutional Lender fails to fund the loan:
- 18.3.7.1 because a requirement of the Loan Commitment Letter concerning Purchaser is not met (e.g., Purchaser's financial condition or employment status suffers an adverse change; Purchaser fails to satisfy a condition relating to the sale of an existing residence, etc.) or
- 18.3.7.2 due to the expiration of a Loan Commitment Letter issued with an expiration date that is not more than 30 business days after the Scheduled Closing Date.
- 19 SINGULAR/PLURAL AND JOINT/SEVERAL**  
The use of the singular shall be deemed to include the plural and vice versa, whenever the context so requires. If more than one person constitutes Seller or Purchaser, their obligations as such Party shall be joint and several.
- 20 NO SURVIVAL**  
No representation and/or covenant contained herein shall survive Closing except as expressly provided. Payment of the Balance shall constitute a discharge and release by Purchaser of all of Seller's obligations hereunder except those expressly stated to survive Closing.
- 21 INSPECTIONS**  
Purchaser and Purchaser's representatives shall have the right to inspect the Unit within 48 hours prior to Closing, and at other reasonable times upon reasonable request to Seller.
- 22 GOVERNING LAW AND VENUE**  
This Contract shall be governed by the laws of the State of New York without regard to principles of conflict of laws. Any action or proceeding arising out of this Contract shall be

brought in the county or Federal district where the Unit is located and the Parties hereby consent to said venue.

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

- 23.1 Purchaser may not assign this Contract or any of Purchaser's rights hereunder. Any such purported assignment shall be null and void.
- 23.2 This Contract shall terminate upon the death of all persons comprising Purchaser and the Contract Deposit shall be refunded to the Purchaser. Upon making such refund and reimbursement, neither Party shall have any further liability or claim against the other hereunder, except as set forth in Par. 12.

**24 COOPERATION OF PARTIES**

- 24.1 The Parties shall each cooperate with the other, the Corporation and Purchaser's Institutional Lender and title company, if any, and obtain, execute and deliver such documents as are reasonably necessary to consummate this sale.
- 24.2 The Parties shall timely file all required documents in connection with all governmental filings that are required by law. Each Party represents to the other that its statements in such filings shall be true and complete. This ¶24.2 shall survive Closing.

**25 FIRPTA**

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

**26 ADDITIONAL REQUIREMENTS**

- 26.1 Purchaser shall not be obligated to close unless all of the following requirements are satisfied at the time of the Closing:
- 26.1.1 the Corporation is in good standing;
- 26.1.2 the Corporation has fee or leasehold title to the Premises, whether or not marketable or insurable; and
- 26.1.3 there is no pending *in rem* action, tax certificate/lien sale or foreclosure action of any underlying mortgage affecting the Premises.
- 26.2 If any requirement in ¶26.1 is not satisfied at the time of the Closing, Purchaser shall give Seller Notice and if the same is not satisfied within a reasonable period of time thereafter, then either Party may cancel this Contract (pursuant to ¶16.3) by Notice.

**27 ESCROW TERMS**

- 27.1 The Contract Deposit shall be deposited by Escrowee in an escrow account as set forth [in ¶] 1.24 and the proceeds held and disbursed in accordance with the terms of this Contract. At Closing, the Contract Deposit shall be paid by Escrowee to Seller. If the Closing does not occur and either Party gives Notice to Escrowee demanding payment of the Contract Deposit, Escrowee shall give prompt Notice to the other Party of such demand. If Escrowee does not receive a Notice of objection to the proposed payment from such other Party within 10 business days after

the giving of Escrowee's Notice, Escrowee is hereby authorized and directed to make such payment to the demanding party. If Escrowee does receive such a Notice of objection within said period, or if for any reason Escrowee in good faith elects not to make such payment, Escrowee may continue to hold the Contract Deposit until otherwise directed by a joint Notice by the Parties or a final, non-appealable judgment, order or decree of a court of competent jurisdiction. However, Escrowee shall have the right at any time to deposit the Contract Deposit and the interest thereon, if any, with the clerk of a court in the county as set forth in ¶22 and shall give Notice of such deposit to each Party. Upon disposition of the Contract Deposit and interest thereon, if any, in accordance with this ¶27, Escrowee shall be released and discharged of all escrow obligations and liabilities.

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

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

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

- 27.5 Escrowee agrees to the provisions of this ¶27.

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

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

**28 MARGIN HEADINGS**

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

**29 MISCELLANEOUS**

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

**30 LEAD PAINT**

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

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

**SELLER: PONDFIELD ESTATES, LLC**

**PURCHASER:**

\_\_\_\_\_

\_\_\_\_\_

By: **Robert Orlofsky, Member**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**ESCROW TERMS AGREED TO: Peck & Heller**

By: \_\_\_\_\_

**ESCROWEE**

**Continued on addendum or rider attached hereto.**

## RIDER ANNEXED TO CONTRACT

Dated:

Seller: PONDFIELD ESTATES, LLC

Purchaser:

Premises: 31 Pondfield Road West, Bronxville, New York

Unit No.:

Apartment Corporation: Tudor Arms 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 Tenth 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. [Intentionally Deleted.]

42. 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..

43. Purchaser represents and warrants that s/he has read and understands the House Rules of the Tudor Arms Owners Corp., including without limitation the express prohibitions against dogs and the requirement with respect to carpeting of Units and agrees to be bound by them. The representations set forth in this Paragraph 43 shall survive the closing and shall also be for the benefit of the Corporation.

44. 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.

45. 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.

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 s/he has, and as of the closing date will have, available cash and cash equivalents (including publicly traded securities) in a sum at

least equal to (and having a then current value of) the Balance, together with any and all closing costs; and shall have, following the Closing, a positive net worth. Purchaser further represents that the Maintenance, and the monthly amount of the Assessment or fuel oil surcharge (if any) do not aggregate more than 25% of the current total gross monthly income of Purchaser. Purchaser further represents that the monthly debt service (interest and amortization of principal, if any) together with the Maintenance and the monthly Assessment amount (if any), do not aggregate more than 35% of said current total gross monthly income.

PONDFIELD ESTATES, LLC, Seller

By: \_\_\_\_\_

\_\_\_\_\_  
, Purchaser

\_\_\_\_\_  
, 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). 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  
 ~~Seller has no~~ knowledge of lead-based paint and/or lead-based paint hazards in the housing and has no actual.
- \_\_\_\_\_ (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).  
 \_\_\_\_\_  
 \_\_\_\_\_  
 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 Robert Orlofsky	Date	Seller	Date
Agent	Date	Agent	Date
Purchaser	Date	Purchaser	Date





ELIOT SPITZER  
Attorney General

STATE OF NEW YORK  
OFFICE OF THE ATTORNEY GENERAL

DIETRICH L. SNELL  
Deputy Attorney General  
Division of Public Advocacy

DAVID D. BROWN, IV  
Bureau Chief  
Investment Protection Bureau

(212) 416-6096

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

RE: Tudor Arms

File Number: C 840117

Amendment No: 18

Date Amendment Filed: 06/09/2005

Filing Fee: \$1,296.70

Receipt Number: 72795

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 "Derryl Zimmerman".

Derryl Zimmerman  
Assistant Attorney General

J.H.

**SEVENTEENTH AMENDMENT TO OFFERING PLAN**  
**for**  
**31 PONDFIELD ROAD WEST**  
**BRONXVILLE, 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 31 Pondfield Road West, Bronxville, New York, dated October 26, 1984 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) Annexed hereto is a schedule of unsold shares which sets forth the units to which unsold shares are allocated. All unsold shares are held by Pondfield Estates ("Sponsor").

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$8,851.52.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$12,055.57.

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

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

(f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor and from interest payments from the Apartment Corporation on the loan held by Sponsor in the principal amount of \$55,000, which bears interest at the annual rate of eight percent and is paid in monthly installments of \$366.67 of interest only. 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 including all obligations to the Apartment Corporation and payments of any underlying mortgage. Sponsor was current on all such obligations during the year prior to the filing of this amendment.

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

- 445 Gramatan Avenue, Mount Vernon, New York -  
File No. C87-0246
- 27-47 North Central Avenue, Hartsdale, New York -  
File No. C81-0234
- 17 North Chatsworth Avenue, Larchmont, New York -  
File No. C81-0158
- 10 Franklin Avenue, White Plains, New York -  
File No. C82-0477
- 130 North Kensico Avenue, White Plains, New York -  
File No. CD88-0247
- 1-15 Bryant Crescent, White Plains, New York -  
File No. C77-0438
- 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 April 30, 1986. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 26.59% 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 23, 2001, after reviewing a projected budget of building operations for the calendar year 2002, the per share monthly maintenance was fixed at \$1.03985 per share for the calendar year 2002, which is a 6.5% increase from the prior year. In addition, parking charges were increased by \$10.00 per month to \$50.00.

4. **Election of Officers and Directors.** At the annual meeting of the shareholders of the Corporation duly held on May 31, 2001, the following officers and directors of the Corporation were elected:

Richard Scott	President and Director
Marilyn Joyce	Vice President, Treasurer and Director
Alice Chiappori	Secretary and Director
*Nancy R. Heller	Director
*Robert Orlofsky	Vice-President and Director

\*Sponsor designee

5. **Financial Statements.** The financial statement for Tudor Arms Owners Corp. for the years ended December 31, 1999 and December 31, 2000 prepared by J.H. Cohn, LLP, is attached hereto.

6. **Budget.** Attached hereto is the budget for the 2002 calendar year, prepared by the Building's managing agent and adopted by the Board of Directors. This budget is contained herein for information purposes only and the Sponsor does not in any way adopt such budget as its own or make any representation as to the adequacy, accuracy or completeness of same or any item shown therein and none should be implied. The Sponsor has reviewed the budget and has no knowledge of any matter which would render the budget materially incorrect; however, the Sponsor has not prepared the budget and has not independently verified the information or estimates contained therein.

7. **Decrease in Number of Shares.** The acquisition of Unit 10B by the Apartment Corporation from Sponsor, as disclosed in Paragraph 9 of the Sixteenth Amendment, closed on January 10, 2001. Upon the transfer of the shares to the Apartment Corporation, the 600 shares allocated to that Unit were cancelled, and the total number of issued and outstanding shares of the Apartment Corporation is now 31,285.

8. **Price Increase.** The purchase price of the shares of the Apartment Corporation being offered pursuant to the Plan is hereby increased from \$240.00 per share to \$310.00 per share.

9. **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:            **MAY 30** , 2002

PONDFIELD ESTATES, Sponsor

PONDFIELD ESTATES  
31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

Schedule of Unsold Shares

	<u>Apartment</u>		<u>Shares</u>
	41		515
	61		520
	42		370
	3		505
	23		510
	33		510
	63		520
	4		655
	25		665
	65		675
	46		520
	57		515
	48		665
	68		670
	9		<u>505</u>
Total Units	15	Total Shares	8,320

**TUDOR ARMS OWNERS CORPORATION**

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**REPORT ON FINANCIAL STATEMENTS  
(With Supplementary Information)**

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**YEARS ENDED DECEMBER 31, 2000 AND 1999**

TUDOR ARMS OWNERS CORPORATION

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\* \* \*



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## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders  
Tudor Arms Owners Corporation

We have audited the accompanying balance sheets of TUDOR ARMS OWNERS 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 Corporation's management. 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 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 Tudor Arms Owners Corporation as of December 31, 2000 and 1999, and its results of operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Tudor Arms Owners Corporation has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented the supplementary schedule on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be a part of, the basic financial statements.

*J.H. Cohn* LLP

Bronxville, New York  
April 25, 2001





TUDOR ARMS OWNERS CORPORATION

BALANCE SHEETS  
DECEMBER 31, 2000 AND 1999

<u>ASSETS</u>	<u>2000</u>	<u>1999</u>
Cash and cash equivalents	\$ 55,346	\$ 41,609
Investment in U.S. Government obligations	99,749	129,145
Tenant/stockholder receivables	1,218	570
Prepaid expenses and other assets	34,215	40,840
Escrow - real estate taxes	10,347	10,172
Property and improvements, net of accumulated depreciation	3,685,193	3,745,982
Deferred mortgage costs, net of accumulated amortization of \$11,806 and \$7,639	<u>29,869</u>	<u>34,036</u>
Totals	<u>\$3,915,937</u>	<u>\$4,002,354</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Liabilities:		
Mortgage payable	\$1,671,310	\$1,691,992
Accounts payable and accrued expenses	38,896	31,932
Assessments received in advance	378	581
Security deposits payable	<u>2,800</u>	<u>700</u>
Total liabilities	<u>1,713,384</u>	<u>1,725,205</u>
Commitment		
Stockholders' equity:		
Common stock, par value \$1; 31,885 shares authorized, issued and outstanding	31,885	31,885
Additional paid-in capital	3,360,808	3,360,808
Accumulated deficit	<u>(1,190,140)</u>	<u>(1,115,544)</u>
Total stockholders' equity	<u>2,202,553</u>	<u>2,277,149</u>
Totals	<u>\$3,915,937</u>	<u>\$4,002,354</u>

See Notes to Financial Statements.

TUDOR ARMS OWNERS CORPORATION

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT  
YEARS ENDED DECEMBER 31, 2000 AND 1999

<u>OPERATIONS</u>	<u>2000</u>	<u>1999</u>
Revenue:		
Maintenance assessments	\$ 355,837	\$ 347,799
Fuel assessment	13,665	
Parking	11,122	10,920
Interest income	7,632	7,627
Transfer fees	9,665	
Laundry	7,333	4,800
Sundry	890	7,950
Totals	<u>406,144</u>	<u>379,096</u>
Expenses:		
Operating	68,835	47,422
Salaries, payroll taxes and benefits	46,630	45,267
Administrative	28,669	26,693
Repairs and maintenance	71,857	55,036
Real estate taxes	64,159	60,904
Interest	113,577	114,924
Totals	<u>393,727</u>	<u>350,246</u>
Excess of revenue over expenses before depreciation and income taxes	12,417	28,850
Depreciation	<u>86,688</u>	<u>84,673</u>
Deficiency of revenue over expenses before income taxes	<u>(74,282)</u>	<u>(55,823)</u>
Provision (credit) for income taxes:		
Federal	(123)	(650)
State	437	
Totals	<u>314</u>	<u>(650)</u>
Deficiency of revenue over expenses	(74,596)	(55,173)
 <u>ACCUMULATED DEFICIT</u> 		
Balance, beginning of year	<u>(1,115,544)</u>	<u>(1,060,371)</u>
Balance, end of year	<u>\$(1,190,140)</u>	<u>\$(1,115,544)</u>

See Notes to Financial Statements.

TUDOR ARMS OWNERS CORPORATION

STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
Operating activities:		
Deficiency of revenue over expenses	\$ (74,596)	\$ (55,173)
Adjustments to reconcile deficiency of revenue over expenses to net cash provided by operating activities:		
Depreciation	86,699	84,673
Amortization	4,167	4,167
Changes in operating assets and liabilities:		
Tenant/stockholder receivables	(648)	1,581
Prepaid expenses and other assets	6,625	(1,475)
Escrow - real estate taxes	(175)	7,394
Accounts payable and accrued expenses	<u>8,861</u>	<u>6,863</u>
Net cash provided by operating activities	<u>30,933</u>	<u>48,030</u>
Investing activities:		
Capital expenditures	(25,910)	(55,421)
Investment in (redemption of) U.S. Government obligations - net	<u>29,396</u>	<u>(79,700)</u>
Net cash provided by (used in) investing activities	<u>3,486</u>	<u>(135,121)</u>
Financing activities - mortgage principal payments	<u>(20,682)</u>	<u>(19,337)</u>
Net increase (decrease) in cash and cash equivalents	13,737	(106,428)
Cash and cash equivalents, beginning of year	<u>41,609</u>	<u>148,037</u>
Cash and cash equivalents, end of year	<u>\$ 55,346</u>	<u>\$ 41,609</u>
Supplemental disclosure of cash flow data:		
Interest paid	<u>\$113,577</u>	<u>\$114,924</u>
Income taxes paid	<u>\$ 437</u>	<u>\$ 500</u>

See Notes to Financial Statements.

# TUDOR ARMS OWNERS CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### Note 1 - Organization:

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

### Note 2 - Summary of significant accounting policies:

#### 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Concentrations of credit risk:

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of temporary cash investments. Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less when acquired. The Corporation maintains its temporary cash investments with high credit quality financial institutions. At times, such amounts may exceed Federally insured limits. At December 31, 2000, the Corporation had cash balances that exceed Federal insured limits of approximately \$54,000.

#### Property and improvements:

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

#### Maintenance assessments:

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

#### Major repairs and replacements:

With respect to future repairs and replacements, the Corporation has not conducted a study to determine the estimated funding needed for future major repairs and replacements. The Corporation's policy is to fund major repairs and replacements through cash and investments on hand, or through special assessments or borrowings as needs arise.

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of significant accounting policies (concluded):

Deferred mortgage costs:

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

Income taxes:

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

Reclassifications:

Certain accounts in the 1999 financial statements have been reclassified to conform to the 2000 presentation.

Note 3 - Investment in U.S. Government obligations:

At December 31, 2000 and 1999, U.S. Government obligations consist of investments in U.S. Treasury Bills and/or notes having a face value aggregating \$100,000 and \$130,000, respectively. The U.S. Government obligations held at December 31, 2000 mature through September 30, 2001.

Note 4 - Property and improvements:

Property and improvements consist of the following:

	<u>2000</u>	<u>1999</u>
Land	\$1,284,000	\$1,284,000
Building	3,237,626	3,237,626
Building improvements	<u>448,227</u>	<u>422,317</u>
	4,969,853	4,943,943
Less accumulated depreciation	<u>1,284,660</u>	<u>1,197,961</u>
Totals	<u>\$3,685,193</u>	<u>\$3,745,982</u>

Note 5 - Mortgage payable:

The mortgage requires monthly payments of \$11,188 including interest at 6-3/4% through March 1, 2008, at which time the unpaid balance is due. The mortgage is secured by the Corporation's property and improvements.

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 5 - Mortgage payable (concluded):

Principal payment requirements in each of the five years subsequent to December 31, 2000 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2001	\$22,122
2002	23,663
2003	25,310
2004	27,073
2005	28,958

Note 6 - Commitment:

The Corporation is obligated under an annual agreement for the management of the property which amounted to \$17,500 and \$15,000 in 2000 and 1999, respectively.

Note 7 - Pension plan:

Employees covered by a union agreement are included in a multi-employer pension plan to which the Corporation makes contributions in accordance with the contractual union agreement. The Corporation made contributions of \$5,944 and \$5,757 in 2000 and 1999, respectively.

Note 8 - Subsequent event:

On January 10, 2001, the Corporation purchased 600 shares of its common stock allotted to an apartment unit which is to be converted into an exercise room. The Corporation paid \$20,000 and issued a note in the amount of \$55,000 which bears interest at 8% and is due on February 1, 2008.

\* \* \*



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS  
ON SUPPLEMENTARY INFORMATION**

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To the Board of Directors and Stockholders  
Tudor Arms Owners Corporation

Our audits of the financial statements of Tudor Arms Owners Corporation were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 10 and 11 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 audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*J.H. Cohn LLP*

Bronxville, New York  
April 25, 2001



TUDOR ARMS OWNERS CORPORATION

CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
Citibank:		
Operating account	\$ 528	\$ (1,300)
Money market fund	375	5,245
Schwab Money Market Fund	<u>54,443</u>	<u>37,664</u>
Totals	<u>\$55,346</u>	<u>\$41,609</u>

See Report of Independent Public Accountants on Supplementary Information.



TUDOR ARMS OWNERS CORPORATION

EXPENSES  
YEARS ENDED DECEMBER 31, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
Operating expenses:		
Fuel	\$ 32,305	\$ 17,250
Electricity and gas	13,118	6,281
Water and sewer	2,721	2,486
Insurance	18,468	19,237
Telephone	<u>2,223</u>	<u>2,168</u>
Totals	<u>68,835</u>	<u>47,422</u>
Salaries, payroll taxes and benefits:		
Wages	37,819	37,009
Pension plan contributions	5,944	5,757
Payroll taxes	<u>2,867</u>	<u>2,501</u>
Totals	<u>46,630</u>	<u>45,267</u>
Administrative expenses:		
Management fees	17,500	15,000
Accounting	3,600	3,600
Legal	683	
Amortization	4,167	4,167
Other	<u>2,719</u>	<u>3,926</u>
Totals	<u>28,669</u>	<u>26,693</u>
Repairs and maintenance:		
Boiler	4,807	3,365
Building supplies	16,788	8,767
Elevator	7,818	5,160
Outside services	17,545	11,067
Plumbing, pumps and motors	5,672	1,899
Electrical	173	1,508
Exterminating	2,311	2,208
Compactor	2,800	
Grounds	5,643	15,001
Locksmith	386	1,733
Masonry	3,101	
Painting	400	
Rubbish	950	
Sundry	<u>3,463</u>	<u>4,328</u>
Totals	<u>71,857</u>	<u>55,036</u>
Real estate taxes	<u>64,159</u>	<u>60,904</u>
Interest on mortgage indebtedness	<u>113,577</u>	<u>114,924</u>
Totals	<u>\$393,727</u>	<u>\$350,246</u>

See Report of Independent Public Accountants on Supplementary Information.

TUDOR ARMS OWNERS CORP.  
OPERATING BUDGET

For Year of Co-operative Ownership Beginning January 1, 2002

PROJECTED INCOME

Maintenance Charges (31,285 shares at \$11.72 per share).....	\$ 390,381
Exercise Room & Misc.....	2,400
Interest Income.....	2,400
Laundry.....	4,800
Parking.....	<u>13,800</u>
TOTAL.....	\$ 413,781

PROJECTED EXPENSES

Payroll, Benefits, Workers Comp., Utility, Extra Help.....	65,000
Heating.....	29,000
Utilities (Electricity and Gas).....	11,500
Water Charges.....	5,500
General Repairs and Misc. General/Phone.....	12,000
Elevator Maintenance.....	1,500
Plumbing.....	5,000
Landscaping and Trees.....	4,000
Plaster and Painting.....	----
Supplies.....	9,000
Roof/Pointing.....	3,500
Service Contracts.....	11,000
Insurance.....	20,500
Management Fees.....	19,500
Legal Fees and Audit Fees.....	4,000
Franchise and Corporate Taxes.....	700
Real Estate Taxes.....	69,000
Mortgage Interest and Amortization.....	134,260
Second Mortgage Interest.....	4,400
Misc. Maintenance.....	4,421
Contingency.....	----
TOTAL.....	\$ 413,781



ELIOT SPITZER  
Attorney General

STATE OF NEW YORK  
OFFICE OF THE ATTORNEY GENERAL

DIETRICH L. SNELL  
Deputy Attorney General  
Division of Public Advocacy

ERIC R. DINALLO  
Bureau Chief  
Investor Protection and Securities Bureau

(212) 416-8959

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

RE: Tudor Arms  
File Number: C 840117                      Amendment No: 17  
Date Amendment Filed: 05/30/2002        Filing Fee: \$761.40  
Receipt Number: 58661

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

y.H.

**SIXTEENTH AMENDMENT TO OFFERING PLAN**  
**for**  
**31 PONDFIELD ROAD WEST**  
**BRONXVILLE, 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 31 Pondfield Road West, Bronxville, New York, dated October 26, 1984 as amended by the filing of fifteen 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 Sixteenth Amendment is accepted for filing by the Department of Law.
2. **Financial Disclosure.** The following information is provided in accordance with the regulations of the Attorney General of the State of New York:
  - (a) Annexed hereto is a schedule of unsold shares which sets forth the units to which unsold shares are allocated. All unsold shares are held by Pondfield Estates ("Sponsor").
  - (b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$8,454,60.
  - (c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$10,505.
  - (d) The Sponsor has no financial obligations to the Apartment Corporation which will become due within twelve months from the date of this amendment, other than payment of maintenance.
  - (e) None of the unsold shares has been pledged as collateral for any loan or otherwise represents security for financial arrangements.
  - (f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor. 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 including all obligations to the Apartment Corporation and payments of any underlying mortgage. Sponsor was current on all such obligations during the year prior to the filing of this amendment.
  - (h) Sponsor or principals of Sponsor, as individual holders of unsold shares or as

general partner or principal of Sponsor, own more than ten percent of the shares of the following buildings which have been converted to cooperative or condominium ownership:

- 445 Gramatan Avenue, Mount Vernon, New York -  
File No. C87-0246
- 27-47 North Central Avenue, Hartsdale, New York -  
File No. C81-0234
- 17 North Chatsworth Avenue, Larchmont, New York -  
File No. C81-0158
- 10 Franklin Avenue, White Plains, New York -  
File No. C82-0477
- 130 North Kensico Avenue, White Plains, New York -  
File No. CD88-0247
- 1-15 Bryant Crescent, White Plains, New York -  
File No. C77-0438
- 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 April 30, 1986. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 27.98% 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 30, 1999, after reviewing a projected budget of building operations for the calendar year 2000, the per share monthly maintenance was fixed at \$.929891 per share for the calendar year 2000, which is a 1.5% increase from the prior year.

4. **Election of Officers and Directors.** At the annual meeting of the shareholders of the Corporation duly held on June 24, 1999, the following officers and directors of the Corporation were elected:

Maureen Kilcommons, President and Director	
Richard Scott	Vice President, Treasurer and Director
*Nancy R. Heller	Director
*Robert Orlofsky,	Vice-President and Director
Marilyn Joyce	Vice-President, Secretary and Director

\*Sponsor designee

5. **Financial Statements.** The financial statement for Tudor Arms Owners Corp. for the years ended December 31, 1998 and December 31, 1999 prepared by J.H. Cohn, LLP, is attached hereto.

6. **Budget.** Attached hereto is the budget for the 2000 calendar year, prepared by the Building's managing agent and adopted by the Board of Directors. This budget is contained herein for information purposes only and the Sponsor does not in any way adopt such budget as its own or make any representation as to the adequacy, accuracy or completeness of same or any item shown therein and none should be implied. The Sponsor has reviewed the budget and has no knowledge of any matter which would render the budget materially incorrect; however, the Sponsor has not prepared the budget and has not independently verified that information or estimates contained therein.

7. **Mortgage Refinance.** On February 11, 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, Pondfield Estates. The principal amount of the NCB first mortgage is \$1,725,000. From each monthly installment in the amount of \$11,350.47 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 March 1, 2008 at which time the principal balance due will be \$1,471,442. 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 September 1, 2006. 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.

8. **Asbestos Abatement.** As a condition of the above loan given by NCB, the Apartment Corporation was required to abate asbestos insulation in the boiler room and compactor rooms and encapsulate asbestos insulation in the garage. The required work has been completed.

9. **Acquisition of Unit 10B from Sponsor.** By resolution adopted at a meeting of the Directors of the Corporation on July 18, 2000, the Directors approved the purchase from the Sponsor of the shares to which the Proprietary Lease for Unit 10B are

appurtenant. The Corporation proposes to use the Unit to enable it to provide the amenities of an exercise room with treadmill and other equipment, as well as additional storage space to Shareholders. The purchase price is \$75,000, of which Sponsor will give the Corporation a purchase money loan in the principal amount of \$55,000 bearing interest at the annual rate of eight percent. The loan from the Sponsor will be co-terminus with the NCB first mortgage, maturing on March 1, 2008. There is no assurance that refinancing will be available on the same or better terms at the time of maturity. Prepayment will be prohibited prior to September 1, 2006. Loan payments will be due on the first of each month. A late charge of 5% of the overdue amount is payable for any payment not received by the fifteenth day of the month. As a condition of making the loan, no assessments will be permitted without the consent of the Sponsor, which consent must be given in the event of emergencies, until such time as the Corporation's reserve fund falls below \$100,000. The cost of maintenance and financing charges in connection with the acquisition will increase monthly maintenance by approximately three percent. Sponsor will not enter into a contract for the sale of the Unit or close the transaction until the acceptance of this Sixteenth Amendment for filing by the Attorney General.

10. **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, Pondfield 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 Pondfield Estates, Limited Liability Company.

11. **Changes in Principals of Sponsor.** The following are changes in the principals of Sponsor:

(a) Jacob Heller is deceased. His interests are now held by Alan and Herbert Heller as Trustees u/w/o Jacob Heller, c/o Peck & Heller, 60 East 42<sup>nd</sup> Street, New York, New York 10165.

(b) Michael Heller is deceased. His interests are now held by Nancy R. Heller as Trustee u/w/o Michael Heller, c/o Peck & Heller, 60 East 42<sup>nd</sup> Street, New York, New York 10165 and Harriette Heller, 49 Old Stagecoach Road, Weston, Connecticut 06883.

(c) Frank Heller is deceased. His interests are now held by Grace R. Heller, Carol H. Corbin and Nancy R. Heller as Trustees u/w/o Frank Heller, c/o Peck & Heller, 60 East 42<sup>nd</sup> Street, New York, New York 10165.

(d) The address of Norman L. Peck has been changed to 31 East 79<sup>th</sup> Street, New York, New York 10021.

(e) The address of Roberta S. Sommers has been changed to 1120 Park Avenue, New York, New York 10128.

(f) Milton Peck is deceased. His interest is now held by Helen Peck, Mary Ellen Rogers and Nancy R. Heller as Trustees u/w/o Milton Peck, c/o Peck & Heller, 60 East 42<sup>nd</sup> Street, New York, New York 10165.

(g) The address of Stuart Robinowitz has been changed to c/o Warner Brothers and Warner Music Group, 75 Rockefeller Plaza, New York, New York 10019.

(h) The interests of the Estate of Seymour Orlofsky are now held by Blanche Orlofsky, 224 Hillair Circle, White Plains, New York, Robert Orlofsky, c/o Robert Orlofsky Real Estate, Inc., 7 Bryant Crescent, White Plains, New York 10605 and Estate of Andrew Orlofsky, c/o Gerald K. Geist, Esq. 1025 Westchester Avenue, White Plains, New York 10604

(i) The address of the Trustees u/w/o Myron Orlofsky is changed to c/o of Louis R. Taffera, Esq., P.O. Box 420 Spring Street, South Salem, New York 10590.

(j) The interest of W.S.P. Co. is now held by Lenroz Associates, L.P., c/o Newman, 116 Hook Road, Bedford, New York 10506.

12. **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.

13. **No Other Material Changes in Plan.** There have been no material changes in the Plan, except as set forth in this Sixteenth 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 20        , 2000

PONDFIELD ESTATES, Sponsor





STATE OF NEW YORK  
OFFICE OF THE ATTORNEY GENERAL

ELIOT SPITZER  
Attorney General

DIVISION OF PUBLIC ADVOCACY  
REAL ESTATE FINANCING BUREAU

(212) 416-6384

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

RE: Tudor Arms  
File Number: C 840117 Amendment No: 16  
Date Amendment Filed: 10/20/2000 Filing Fee: \$150.00  
Receipt Number: 52519

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 "Lisa Wallace".

Lisa Wallace  
Assistant Attorney General *y.h.*

PONDFIELD ESTATES  
31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

Schedule of Unsold Shares

	<u>Apartment</u>		<u>Shares</u>
	10-B		600
	41		515
	61		520
	42		370
	3		505
	23		510
	33		510
	63		520
	4		655
	25		665
	65		675
	46		520
	57		515
	48		665
	68		670
	9		<u>505</u>
Total Units	16	Total Shares	8,920

Unsold Shares.wpd

**TUDOR ARMS OWNERS CORPORATION**

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**REPORT ON FINANCIAL STATEMENTS**  
**(With Supplementary Information)**

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**YEARS ENDED DECEMBER 31, 1999 AND 1998**

TUDOR ARMS OWNERS CORPORATION

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Roseland, NJ • Englewood Cliffs, NJ • Lawrenceville, NJ • New York, NY • Bronxville, NY • San Diego, CA

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders  
Tudor Arms Owners Corporation

We have audited the accompanying balance sheets of TUDOR ARMS OWNERS CORPORATION as of December 31, 1999 and 1998, 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 Corporation'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 Tudor Arms Owners Corporation as of December 31, 1999 and 1998, and its results of operations and cash flows for the years then ended, in conformity with generally accepted accounting principles.

Tudor Arms Owners Corporation has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented the supplementary schedule on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be a part of, the basic financial statements.

*J.H. Cohn* LLP

Bronxville, New York  
April 1, 2000



TUDOR ARMS OWNERS CORPORATION

BALANCE SHEETS  
DECEMBER 31, 1999 AND 1998

<u>ASSETS</u>	<u>1999</u>	<u>1998</u>
Cash and cash equivalents	\$ 170,754	\$ 197,482
Tenant/stockholder receivables	570	2,151
Prepaid expenses and other assets	40,840	39,365
Escrow - real estate taxes	10,172	17,566
Property and improvements, net of accumulated depreciation	3,745,982	3,775,234
Deferred mortgage costs, net of accumulated amortization of \$7,639 and \$3,472	<u>34,036</u>	<u>38,203</u>
Totals	<u>\$4,002,354</u>	<u>\$4,070,001</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Liabilities:		
Mortgages payable	\$1,691,992	\$1,711,329
Accounts payable and accrued expenses	31,932	23,719
Assessments received in advance	581	431
Federal and state taxes payable		1,150
Security deposits payable	<u>700</u>	<u>1,050</u>
Total liabilities	<u>1,725,205</u>	<u>1,737,679</u>
Commitment		
Stockholders' equity:		
Common stock, par value \$1; 31,885 shares authorized, issued and outstanding	31,885	31,885
Additional paid-in capital	3,360,808	3,360,808
Accumulated deficit	<u>(1,115,544)</u>	<u>(1,060,371)</u>
Total stockholders' equity	<u>2,277,149</u>	<u>2,332,322</u>
Totals	<u>\$4,002,354</u>	<u>\$4,070,001</u>

See Notes to Financial Statements.

TUDOR ARMS OWNERS CORPORATION

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT  
YEARS ENDED DECEMBER 31, 1999 AND 1998

<u>OPERATIONS</u>	<u>1999</u>	<u>1998</u>
Revenue:		
Maintenance assessments	\$ 347,799	\$ 350,693
Special assessment		26,059
Parking	10,920	11,000
Interest income	7,627	7,925
Laundry	4,800	12,600
Sundry	7,950	10,163
Totals	<u>379,096</u>	<u>418,440</u>
Expenses:		
Operating	47,422	48,078
Salaries, payroll taxes and benefits	45,267	48,333
Administrative	26,693	31,694
Repairs and maintenance	55,036	66,739
Real estate taxes	60,904	61,233
Interest	114,924	124,855
Totals	<u>350,246</u>	<u>380,932</u>
Excess of revenue over expenses before depreciation and income taxes	28,850	37,508
Depreciation	<u>84,673</u>	<u>83,132</u>
Deficiency of revenue over expenses before income taxes	<u>(55,823)</u>	<u>(45,624)</u>
Provision (credit) for income taxes:		
Federal	(650)	782
State		380
Totals	<u>(650)</u>	<u>1,162</u>
Deficiency of revenue over expenses	(55,173)	(46,786)
<u>ACCUMULATED DEFICIT</u>		
Balance, beginning of year	<u>(1,060,371)</u>	<u>(1,013,585)</u>
Balance, end of year	<u>\$(1,115,544)</u>	<u>\$(1,060,371)</u>

See Notes to Financial Statements.

TUDOR ARMS OWNERS CORPORATION  
 STATEMENTS OF CASH FLOWS  
 YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
Operating activities:		
Deficiency of revenue over expenses	\$ (55,173)	\$ (46,786)
Adjustments to reconcile deficiency of revenue over expenses to net cash provided by operating activities:		
Depreciation	84,673	83,132
Amortization	4,167	9,079
Changes in operating assets and liabilities:		
Tenant/stockholder receivables	1,581	(1,611)
Prepaid expenses and other assets	(1,475)	(13,783)
Escrow - real estate taxes	7,394	(17,566)
Accounts payable and accrued expenses	<u>6,863</u>	<u>(2,656)</u>
Net cash provided by operating activities	<u>48,030</u>	<u>9,809</u>
Investing activities - capital expenditures	<u>(55,421)</u>	<u>(37,325)</u>
Financing activities:		
Mortgage proceeds		1,725,000
Mortgage principal payments	(19,337)	(1,513,671)
Mortgage costs		<u>(41,675)</u>
Net cash provided by (used in) financing activities	<u>(19,337)</u>	<u>169,654</u>
Net increase (decrease) in cash and cash equivalents	(26,728)	142,138
Cash and cash equivalents, beginning of year	<u>197,482</u>	<u>55,344</u>
Cash and cash equivalents, end of year	<u>\$170,754</u>	<u>\$ 197,482</u>
Supplemental disclosure of cash flow data:		
Interest paid	<u>\$114,924</u>	<u>\$ 126,730</u>
Income taxes paid	<u>\$ 500</u>	<u>\$ 392</u>

See Notes to Financial Statements.



TUDOR ARMS OWNERS CORPORATION  
NOTES TO FINANCIAL STATEMENTS

Note 1 - Organization:

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

Note 2 - Summary of significant accounting policies:

Use of estimates:

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

Concentrations of credit risk:

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

Property and improvements:

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

Maintenance assessments:

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

Deferred mortgage costs:

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

Income taxes:

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

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 3 - Property and improvements:

Property and improvements consist of the following:

	1999	1998
Land	\$1,284,000	\$1,284,000
Building	3,237,626	3,237,626
Building improvements	422,317	366,896
	4,943,943	4,888,522
Less accumulated depreciation	1,197,961	1,113,288
Totals	\$3,745,982	\$3,775,234

Note 4 - Mortgages payable:

The outstanding mortgages at December 31, 1997, which required monthly payments of interest only, were repaid on February 11, 1998 with the proceeds received from a \$1,725,000 new mortgage. The new mortgage requires monthly payments of \$11,188 including interest at 6-3/4% through March 1, 2008, at which time the unpaid balance is due. The mortgage is secured by the Corporation's property and improvements.

Principal payment requirements in each of the five years subsequent to December 31, 1999 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2000	\$20,682
2001	22,122
2002	23,663
2003	25,310
2004	27,073

Note 5 - Commitment:

The Corporation is obligated under an annual agreement for the management of the property which amounted to \$15,000 in 1999 and 1998

Note 6 - Pension plan:

Employees covered by a union agreement are included in a multi-employer pension plan to which the Corporation makes contributions in accordance with the contractual union agreement. The Corporation made contributions of \$5,757 and \$5,827 in 1999 and 1998, respectively.

\* \* \*



Roseland, NJ • Englewood Cliffs, NJ • Lawrenceville, NJ • New York, NY • Bronxville, NY • San Diego, CA

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS  
ON SUPPLEMENTARY INFORMATION

To the Board of Directors and Stockholders  
Tudor Arms Owners Corporation

Our audits of the financial statements of Tudor Arms Owners Corporation were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 9 and 10 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 audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*J.H. Cohn LLP*

Bronxville, New York  
April 1, 2000



TUDOR ARMS OWNERS CORPORATION

CASH AND CASH EQUIVALENTS  
DECEMBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
Citibank:		
Operating account	\$ (1,300)	\$ 7,293
Money market fund	5,245	4,350
Schwab Money Market Fund	37,664	136,394
United States Treasury bills	<u>129,145</u>	<u>49,445</u>
Totals	<u>\$170,754</u>	<u>\$197,482</u>

See Report of Independent Public Accountants on Supplementary Information.

TUDOR ARMS OWNERS CORPORATION  
EXPENSES  
YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
Operating expenses:		
Fuel	\$ 17,250	\$ 17,545
Electricity and gas	6,281	8,835
Water and sewer	2,486	3,028
Insurance	19,237	16,480
Telephone	<u>2,168</u>	<u>2,190</u>
Totals	<u>47,422</u>	<u>48,078</u>
Salaries, payroll taxes and benefits:		
Wages	37,009	39,516
Pension plan contributions	5,757	5,827
Payroll taxes	<u>2,501</u>	<u>2,990</u>
Totals	<u>45,267</u>	<u>48,333</u>
Administrative expenses:		
Management fees	15,000	15,000
Accounting	3,600	3,600
Amortization	4,167	9,079
Other	<u>3,926</u>	<u>4,015</u>
Totals	<u>26,693</u>	<u>31,694</u>
Repairs and maintenance:		
Asbestos removal		10,116
Boiler	3,365	15,078
Building supplies	8,767	8,472
Elevator	5,160	9,657
Outside services	11,067	
Plumbing, pumps and motors	1,899	2,340
Electrical	1,508	1,054
Exterminating	2,208	1,781
Carpentry		573
Grounds	15,001	4,246
Locksmith	1,733	604
Roof		903
Water proofing		4,122
Painting		1,391
Rubbish		1,350
Sundry	<u>4,328</u>	<u>5,052</u>
Totals	<u>55,036</u>	<u>66,739</u>
Real estate taxes	60,904	61,233
Interest on mortgage indebtedness	<u>114,924</u>	<u>124,855</u>
Totals	<u>\$350,246</u>	<u>\$380,932</u>

See Report of Independent Public Accountants on Supplementary Information.

TUDOR ARMS OWNERS CORP.  
OPERATING BUDGET

For Year of Co-operative Ownership Beginning January 1, 2000

PROJECTED INCOME

Maintenance Charges (31,885 shares at \$11.15872 per share).....	355,795
Interest Income.....	7,500
Laundry.....	4,800
Parking.....	<u>11,040</u>
TOTAL	379,135

PROJECTED EXPENSES

Payroll, Benefits, Workers Comp., Utility, Extra Help.....	51,500
Heating.....	27,000
Utilities (Electricity and Gas).....	9,850
Water Charges.....	5,500
General Repairs and Misc. General/Phone.....	12,000
Elevator Maintenance.....	1,500
Plumbing.....	4,500
Landscaping and Trees.....	3,500
Plaster and Painting.....	-----
Supplies.....	8,500
Roof/Pointing.....	2,000
Service Contracts.....	9,900
Insurance.....	16,000
Management Fees.....	17,500
Legal Fees and Audit Fees.....	3,700
Franchise and Corporate Taxes.....	700
Real Estate Taxes.....	65,000
Mortgage Payments.....	134,260
Misc. Maintenance.....	6,225
Contingency.....	<u>-----</u>
TOTAL.....	\$ 379,135

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FIFTEENTH AMENDMENT TO OFFERING PLAN  
for  
31 PONDFIELD ROAD WEST  
BRONXVILLE, 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 31 Pondfield Road West, Bronxville, New York, dated October 26, 1984 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) Annexed hereto is a schedule of unsold shares which sets forth the units to which unsold shares are allocated. All unsold shares are held by Pondfield Estates ("Sponsor").

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$7,612.24.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$9,715.47.

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

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

(f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor, and also from the interest paid, at the rate of 9% per annum, on a wraparound mortgage in the principal amount of \$1,500,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the Apartment Corporation to Sponsor of \$11,250.00. 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 including all obligations to the Apartment Corporation and payments of any underlying mortgage. Sponsor was current on all such obligations during the year prior to the filing of this amendment.

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

- 445 Gramatan Avenue, Mount Vernon, New York -  
File No. C87-0246
- 27-47 North Central Avenue, Hartsdale, New York -  
File No. C81-0234
- 17 North Chatsworth Avenue, Larchmont, New York -  
File No. C81-0158
- 10 Franklin Avenue, White Plains, New York -  
File No. C82-0477
- 130 North Kensico Avenue, White Plains, New York -  
File No. CD88-0247
- 1-15 Bryant Crescent, White Plains, New York -  
File No. C77-0438
- 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 April 30, 1986. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 27.98% 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 30, 1995, after reviewing a projected budget of building operations for the calendar year 1995, the per share annual maintenance was fixed at \$9.97123 for the calendar year 1996, which is a 5% increase from the prior year.

4. Election of Officers and Directors.

At the annual meeting of the shareholders of the Corporation duly held on June 24, 1996, the following officers and directors of the Corporation were elected:

Maureen Kilcommons,	President, Secretary and Director
Richard Scott,	Vice President, Treasurer and Director
*Frank Heller,	Vice President and Director
*Robert Orlofsky,	Vice-President and Director
Marilyn T. Joyce,	Vice-President and Director

\*Sponsor designee

5. Financial Statements.

The financial statement for Tudor Arms Owners Corp. for the years ended December 31, 1994 and December 31, 1995 is attached hereto.

6. 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 information purposes only and the Sponsor does not in any way adopt such budget as its own or make any representation as to the adequacy, accuracy or completeness of same or any item shown therein and none should be implied. The Sponsor has reviewed the budget and has no knowledge of any matter which would render the budget materially incorrect; however, the Sponsor has not prepared the budget and has not independently verified that information or estimates contained therein.

7. 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: October 31, 1996

PONDFIELD ESTATES, Sponsor

PONDFIELD ESTATES  
31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

Schedule of Unsold Shares

<u>Apartment</u>		<u>Shares</u>	
10-B		600	
41		515	
61		520	
42		370	
3		505	
23		510	
33		510	
63		520	
4		655	
25		665	
65		675	
46		520	
57		515	
48		665	
68		670	
9		<u>505</u>	
<b>Total Units</b>	<b>16</b>	<b>Total Shares</b>	<b>8,920</b>

**TUDOR ARMS OWNERS CORPORATION**

**I N D E X**

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Comparative Balance Sheet December 31, 1995 and 1994	2
Comparative Schedule of Cash in Investment Accounts At December 31, 1995 and 1994	3
Comparative Statement of Accumulated (Deficit) For the Years Ended December 31, 1995 and 1994	4
Comparative Statement of Operations For the Years Ended December 31, 1995 and 1994	5
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Comparative Statement of Cash Flows For the Years Ended December 31, 1995 and 1994	7
Notes to Financial Statements December 31, 1995	8 & 9

LOW & STONE

CERTIFIED PUBLIC ACCOUNTANTS

25 PARK PLACE

BRONXVILLE, NEW YORK 10708

(914) 961-4066

FAX: (914) 961-0447

MORTIMER C. LOW, C.P.A.

RICHARD J. STONE, C.P.A.

To the Stockholders of  
Tudor Arms Owners Corporation  
31 Pondfield Road West  
Bronxville, N.Y. 10708

We have audited the accompanying comparative balance sheet and schedule of cash in investment accounts of Tudor Arms Owners Corporation as of December 31, 1995 and 1994, and the related comparative statement of accumulated (deficit), comparative statement of operations, comparative schedule of expenses, and comparative statement of cash flows for the years then ended. These financial statements are the responsibility of the corporation'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 Tudor Arms Owners 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.

Tudor Arms Owners Corporation has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented a schedule of future repairs and major replacements that the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be a part of, the basic financial statements.

  
Certified Public Accountants

Bronxville, New York  
February 8, 1996

EXHIBIT A

TUDOR ARMS OWNERS CORPORATION  
COMPARATIVE BALANCE SHEET  
AS AT DECEMBER 31, 1995 AND 1994

ASSETS

	<u>1995</u>	<u>1994</u>
<b>CURRENT ASSETS</b>		
Cash in bank	\$ 6,380	\$ 874
Cash - Money Market Funds	2,919	2,875
Cash Equivalants - Treasury Bills (FMV 1995 - \$45,788, 1994 \$59,850)	45,434	59,303
Total Investments (Schedule A)	48,353	62,178
Total Cash	54,733	63,052
Accounts Receivable - Arrears	2,100	962
Prepaid expenses	20,510	21,792
<b>TOTAL CURRENT ASSETS</b>	<u>77,343</u>	<u>85,806</u>
<b>BUILDING IMPROVEMENTS AND EQUIPMENT (Note 2)</b>		
Building	3,237,626	3,237,626
Building improvements	329,571	322,371
	3,567,197	3,559,997
Less accumulated depreciation	865,052	773,210
	2,702,145	2,786,787
Land	1,284,000	1,284,000
<b>TOTAL FIXED ASSETS</b>	<u>3,986,145</u>	<u>4,070,787</u>
<b>OTHER ASSETS</b>		
Mortgage refinancing costs	12,011	12,011
Less: Accumulated amortization	3,202	1,601
	8,809	10,410
<b>TOTAL ASSETS</b>	<u>\$4,072,297</u>	<u>\$4,167,003</u>

See Accompanying Notes to Financial Statements

EXHIBIT A (cont'd)

TUDOR ARMS OWNERS CORPORATION

COMPARATIVE BALANCE SHEET

AS OF DECEMBER 31, 1995 AND 1994

	<u>1995</u>	<u>1994</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 32,277	\$ 47,563
Corporate Taxes Payable	900	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>33,177</u>	<u>47,563</u>
<b>LONG TERM LIABILITIES</b>		
Mortgages payable (Note 3)	<u>1,500,000</u>	<u>1,500,000</u>
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>1,500,000</u>	<u>1,500,000</u>
<b>TOTAL LIABILITIES</b>	<u>1,533,177</u>	<u>1,547,563</u>
<b>STOCKHOLDERS' EQUITY</b>		
Capital stock, \$1 par value, 31,885 shares authorized, issued and outstanding	31,885	31,885
Additional paid-in capital (Note 5)	3,360,808	3,360,808
Accumulated (deficit) (Exhibit B)	<u>(853,573)</u>	<u>(773,253)</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>2,539,120</u>	<u>2,619,440</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$4,072,297</u>	<u>\$4,167,003</u>

See Accompanying Notes to Financial Statements

SCHEDULE A

TUDOR ARMS OWNERS CORPORATION  
COMPARATIVE SCHEDULE OF CASH IN INVESTMENT ACCOUNTS  
AS OF DECEMBER 31, 1995 AND 1994

	<u>1995</u>	<u>1994</u>
Balance - Beginning of Year	\$ 62,178	\$ 60,701
Plus interest earned and credited	2,691	1,978
Plus net transfers from operating account	-	-
Less net transfers to operating accounts	<u>(16,516)</u>	<u>(501)</u>
Balance - End of Year	<u>\$ 48,353</u>	<u>\$ 62,178</u>
Account balances:		
Citibank - Money Market Fund	\$ 2,321	\$ 257
Treasury bill (FMV 1994 - \$59,850)	45,434	59,303
(FMV 1995 - \$45,788)		
Schwab Money Market Fund	<u>598</u>	<u>2,618</u>
Total	<u>\$ 48,353</u>	<u>\$ 62,178</u>

See Accompanying Notes to Financial Statements



EXHIBIT B

TUDOR ARMS OWNERS CORPORATION  
COMPARATIVE STATEMENT OF ACCUMULATED (DEFICIT)  
FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

	<u>1995</u>	<u>1994</u>
Accumulated (Deficit) - January 1	\$ (773,253)	\$ (682,512)
Net (Loss) (Exhibit C)	<u>(80,320)</u>	<u>(90,741)</u>
Accumulated (Deficit) - December 31	<u>\$ (853,573)</u>	<u>\$ (773,253)</u>

See Accompanying Notes to Financial Statements

TUDOR ARMS OWNERS CORPORATION  
 COMPARATIVE STATEMENT OF OPERATIONS  
 FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

	<u>1995</u>	<u>1994</u>
INCOME:		
Common Charges	\$ 302,806	\$ 302,806
Other Income:		
Special assessment	31,885	15,936
Laundry	3,600	3,900
Parking rentals	8,280	8,280
Interest	2,691	1,978
Miscellaneous	<u>3,169</u>	<u>-</u>
TOTAL INCOME	<u>352,431</u>	<u>332,900</u>
EXPENSES: (Schedule C)		
Salaries, related taxes and employee benefits	37,159	35,109
Operating	28,707	30,690
Administrative	20,752	26,115
Repairs and maintenance	37,891	34,481
Fixed charges	<u>216,400</u>	<u>205,701</u>
TOTAL EXPENSES (Schedule C)	<u>340,909</u>	<u>332,096</u>
NET PROFIT BEFORE DEPRECIATION	11,522	804
LESS DEPRECIATION	<u>91,842</u>	<u>91,545</u>
NET (LOSS)	<u>\$ (80,320)</u>	<u>\$ (90,741)</u>

See Accompanying Notes to Financial Statements

SCHEDULE C

TUDOR ARMS OWNERS CORPORATION  
COMPARATIVE SCHEDULE OF EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

	<u>1995</u>	<u>1994</u>
<b>SALARIES, RELATED TAXES AND EMPLOYEE BENEFITS:</b>		
Wages	\$ 30,036	\$ 28,093
Medical benefits	4,295	3,689
Uniforms	-	826
Payroll taxes	2,828	2,501
Total (Exhibit C)	37,159	35,109
<b>OPERATING EXPENSES:</b>		
Fuel	18,634	20,376
Electricity and gas	8,905	8,827
Intercom	-	365
Telephone	1,168	1,122
Total (Exhibit C)	28,707	30,690
<b>ADMINISTRATIVE EXPENSES:</b>		
Management fees	12,000	12,000
Accounting	4,075	3,150
Legal	-	1,781
Severance pay	-	5,000
Amortization of mortgage refinancing costs	1,601	1,601
Other	3,076	2,583
Total (Exhibit C)	20,752	26,115
<b>REPAIRS AND MAINTENANCE:</b>		
Boiler	5,159	3,867
Burner	5,534	-
Building supplies	5,760	11,511
Carpentry	985	-
Ceramic tile and flooring	2,333	1,093
Electrical	120	-
Elevator	5,385	4,247
Exterminating	1,989	2,213
Grounds	3,457	4,855
Locksmith	269	362
Miscellaneous	649	3,990
Outside services	2,910	-
Painting and plastering	36	639
Plumbing, pumps and motors	3,305	1,704
Total (Exhibit C)	37,891	34,481
<b>FIXED CHARGES:</b>		
Corporate taxes	900	429
Water and Sewer (Note 6)	8,717	2,732
Insurance	17,662	17,381
Real estate taxes	54,121	50,159
Interest on mortgage indebtedness (Note 3)	135,000	135,000
Total (Exhibit C)	216,400	205,701
<b>TOTAL EXPENSES (Exhibit C)</b>	\$ 340,909	\$ 332,096

See Accompanying Notes to Financial Statements

## TUDOR ARMS OWNERS CORPORATION

## COMPARATIVE STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

	<u>1995</u>	<u>1994</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Net (Loss)	\$ (80,320)	\$ (90,741)
Adjustments to reconcile net (loss) to net cash (used in) provided by operating activities:		
Depreciation	91,842	91,545
Amortization	1,601	1,601
(Increase) Decrease in accounts receivable - Arrears	(1,138)	826
Decrease (Increase) in prepaid expenses	1,282	(1,158)
(Decrease) Increase in accounts payable	(15,286)	3,218
Increase in corporate taxes payable	<u>900</u>	<u>-</u>
CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(1,119)</u>	<u>5,291</u>
CASH FLOWS (USED IN) PROVIDED BY INVESTING ACTIVITIES		
Capital Improvements	<u>(7,200)</u>	<u>(3,000)</u>
CASH (USED IN) INVESTING ACTIVITIES	<u>(7,200)</u>	<u>(3,000)</u>
NET (DECREASE) INCREASE IN CASH	(8,319)	2,291
CASH AT BEGINNING OF YEAR	<u>63,052</u>	<u>60,761</u>
CASH AT END OF YEAR	<u>\$ 54,733</u>	<u>\$ 63,052</u>

See Accompanying Notes to Financial Statements

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1995

NOTE 1 - ORGANIZATION

Tudor Arms Owners Corporation was organized on January 26, 1983 under Stock Corporation Law of the State of New York, as a cooperative apartment corporation. On August 1, 1985, the corporation began business with the purchase of the apartment building at 31 Pondfield Road West, Bronxville, New York. The corporation issued 31,885 shares of \$1.00 per value common stock in consideration of the sum of \$3,188,500 paid in, and has executed proprietary leases to its tenant-stockholders for space represented by the shares.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assets, liabilities, revenue and expenses are recognized on the accrual basis of accounting. Fixed assets are stated at cost less accumulated depreciation, and are depreciated on the straight line method based on their respective useful lives.

NOTE 3 - MORTGAGES PAYABLE

A mortgage note in the amount of \$1,250,000 is held by Pondfield Estates. Only interest is paid on a monthly basis.

On March 11, 1993, Pondfield Estates and Tudor Arms Owners Corp. executed an Extension Agreement providing that the interest on the principal amount of the mortgage would be paid at the rate of nine (9%) percent per annum from the first day of March, 1993 with a first payment due on April 1, 1993.

There is a wrap-around mortgage note which encompasses an existing first mortgage lien on the property. Pondfield Estates is obligated to make all principal and interest payments on the first mortgage out of its own funds.

During 1989, a second mortgage on the building was obtained from Peck & Heller (Mortgage Account) - The Sponsors, in the amount of \$125,000. Interest is being paid monthly @ 10% per annum as of November 2, 1989. This mortgage matures on August 1, 1995 and is subject to the wrap-around mortgage held by Pondfield Estates.

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1995

On March 11, 1993, Peck & Heller and Tudor Arms Owners Corporation agreed to reduce the interest payment on the second mortgage to nine percent (9%) per annum effective from the first day of April, 1993. Additionally, the mortgage term was extended to August 1, 2000.

In September 1993, Peck & Heller and Tudor Arms Owners Corporation agreed to increase the second mortgage by \$125,000 to \$250,000. The interest rate is 9% with a due date of August 1, 2000.

NOTE 4 - INCOME AND FRANCHISE TAX

Tudor Arms Owners Corporation is subject to tax at corporate rates, pursuant to Section 277 of the Internal Revenue Code.

Section 277 of the Code provides that a membership organization that is operated to provide services to its members is permitted to deduct expenses attributable to the furnishing of services to the members, only to the extent of the income derived during such year from its members. 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 rentals, professional apartment rentals, etc., in excess of expenses properly attributable thereto is subject to federal and state taxes.

NOTE 5 - ADDITIONAL PAID-IN CAPITAL AND RESERVE FUND

In consideration of the fact that there are no restrictions on the reserve fund supplied by the sponsor at closing, and that specific appropriations have not been made (nor are required) a decision was made to capitalize the "Reserve Fund".

The Reserve Fund consists of the investments shown on Schedule A. There is a money market account at Citibank and a treasury bill which is renewed every three months.

NOTE 6 - WATER AND SEWER

The 1995 amount of \$ 8,717 represents an adjustment of prior years costs in addition to a significant increase in rates.

TUDOR ARMS OWNERS CORP.

OPERATING BUDGET

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

PROJECTED INCOME

Maintenance Charges ( <u>31,885</u> shares at \$ <u>9.971523</u> per share. . . . .	\$ <u>317,942</u>
Interest Income . . . . .	\$ <u>2,300</u>
Laundry . . . . .	\$ <u>3,600</u>
Parking . . . . .	\$ <u>11,520</u>
<b>TOTAL.</b> . . . . . =====	<b>\$ <u>335,362</u></b> =====

PROJECTED EXPENSES

Payroll, Benefits, Workers Comp, Utility . . . . .	\$ <u>38,750</u>
Heating . . . . .	\$ <u>21,750</u>
Utilities (Electricity and gas). . . . .	\$ <u>9,200</u>
Water charges and sewer rents . . . . .	\$ <u>4,950</u>
General repairs & Misc. General/Phone . . . . .	\$ <u>10,360</u>
Elevator maintenance . . . . .	\$ _____
Plumbing . . . . .	\$ <u>4,500</u>
Landscaping & Trees . . . . .	\$ <u>3,000</u>
Plaster & Painting . . . . .	\$ _____
Supplies . . . . .	\$ <u>7,000</u>
Roof/Pointing . . . . .	\$ <u>2,000</u>
Service contracts . . . . .	\$ <u>9,260</u>
Insurance . . . . .	\$ <u>14,594</u>
Management fees . . . . .	\$ <u>13,500</u>
Legal fees and audit fees . . . . .	\$ <u>3,700</u>
Franchise and corporate taxes . . . . .	\$ <u>798</u>
Real estate taxes . . . . .	\$ <u>57,000</u>
Mortgage payments . . . . .	\$ <u>135,000</u>
Misc. Maintenance . . . . .	\$ _____
Contingency . . . . .	\$ _____
<b>TOTAL:</b> . . . . . =====	<b>\$ <u>335,362</u></b> =====

FOURTEENTH AMENDMENT TO OFFERING PLAN  
for  
31 PONDFIELD ROAD WEST  
BRONXVILLE, 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 31 Pondfield Road West, Bronxville, New York, dated October 26, 1984 as amended by the filing of thirteen 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 Fourteenth Amendment is accepted for filing by the Department of Law.

2. Financial Disclosure.

The following information is provided in accordance with the regulations of the Attorney General of the State of New York:

(a) Annexed hereto is a schedule of unsold shares which sets forth the units to which unsold shares are allocated. All unsold shares are held by Pondfield Estates ("Sponsor").

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$7,209.30.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$10,008.

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

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

(f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor, and also from the interest paid, at the rate of 9% per annum, on a wraparound mortgage in the principal amount of \$1,250,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the Apartment Corporation to Sponsor of \$9,375.00. 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 including all obligations to the Apartment Corporation and payments of any underlying mortgage. Sponsor was current on all such obligations during the year prior to the filing of this amendment.

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

- 445 Gramatan Avenue, Mount Vernon, New York -  
File No. C87-0246
- 27-47 North Central Avenue, Hartsdale, New York -  
File No. C81-0234
- 17 North Chatsworth Avenue, Larchmont, New York -  
File No. C81-0158
- 10 Franklin Avenue, White Plains, New York -  
File No. C82-0477
- 130 North Kensico Avenue, White Plains, New York -  
File No. CD88-0247
- 1-15 Bryant Crescent, White Plains, New York -  
File No. C77-0438
- 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 April 30, 1986. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 27.98% 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 29, 1994, after reviewing a projected budget of building operations for the calendar year 1995, the per share annual maintenance was fixed at \$9.4968 for the calendar year 1995, which is a 0% increase from the prior year.

4. Election of Officers and Directors.

At the annual meeting of the shareholders of the Corporation duly held on June 30, 1995, the following officers and directors of the Corporation were elected:

Maureen Kilcommons, President, Secretary and Director  
Richard Scott, Vice President, Treasurer and Director  
\*Frank Heller, Vice President and Director  
\*Robert Orlofsky, Vice-President and Director  
Marilyn T. Joyce, Vice-President and Director

\*Sponsor designee

5. Financial Statements.

The financial statement for Tudor Arms Owners Corp. for the years ended December 31, 1993 and December 31, 1994 is attached hereto.

6. Operating Assessment.

On November 29, 1994, the Board of Directors approved a \$1.00 per share operating assessment. This operating assessment, was to be paid in six equal monthly installments at .1667 cents per share, commencing February, 1995.

7. 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 information purposes only and the Sponsor does not in any way adopt such budget as its own or make any representation as to the adequacy, accuracy or completeness of same or any item shown therein and none should be implied. The Sponsor has reviewed the budget and has no knowledge of any matter which would render the budget materially incorrect; however, the Sponsor has not prepared the budget and has not independently verified that information or estimates contained therein.

8. 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: September 18, 1995

PONDFIELD ESTATES, Sponsor

PONDFIELD ESTATES  
31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

Schedule of Unsold Shares

	<u>Apartment</u>		<u>Shares</u>
	10-B		600
	41		515
	61		520
	42		370
	3		505
	23		510
	33		510
	63		520
	4		655
	25		665
	65		675
	46		520
	57		515
	48		665
	68		670
	9		<u>505</u>
<b>Total Units</b>	16	<b>Total Shares</b>	8,920

**TUDOR ARMS OWNERS CORPORATION**

**I N D E X**

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Comparative Balance Sheet December 31, 1994 and 1993	2
Comparative Schedule of Cash in Investment Accounts At December 31, 1994 and 1993	3
Comparative Statement of Accumulated (Deficit) For the Years Ended December 31, 1994 and 1993	4
Comparative Statement of Revenues and Expenses For the Years Ended December 31, 1994 and 1993	5
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Comparative Statement of Cash Flows For the Years Ended December 31, 1994 and 1993	7
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**LOW & STONE**  
CERTIFIED PUBLIC ACCOUNTANTS  
25 PARK PLACE  
BRONXVILLE, NEW YORK 10708  
(914) 961-4066  
FAX: (914) 961-0447

PORTIMER C. LOW, C.P.A.  
RICHARD J. STONE, C.P.A.

To the Stockholders of  
Tudor Arms Owners Corporation  
31 Pondfield Road West  
Bronxville, N.Y. 10708

We have audited the accompanying comparative balance sheet and schedule of cash in investment accounts of Tudor Arms Owners Corporation as of December 31, 1994 and 1993, and the related comparative statement of accumulated (deficit), comparative statement of revenues and expenses, comparative schedule of expenses, and comparative statement of cash flows for the years then ended. These financial statements are the responsibility of the corporation'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 Tudor Arms Owners 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.

Tudor Arms Owners Corporation has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented a schedule of future repairs and major replacements that the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be a part of, the basic financial statements.

  
\_\_\_\_\_  
Certified Public Accountants

Bronxville, New York  
February 24, 1995

EXHIBIT A

TUDOR ARMS OWNERS CORPORATION

COMPARATIVE BALANCE SHEET

AS AT DECEMBER 31, 1994 AND 1993

ASSETS

	<u>1994</u>	<u>1993</u>
<b>CURRENT ASSETS</b>		
Cash in bank	\$ 874	\$ 60
Cash in investment accounts (Reserve Funds) (Schedule A)	<u>62,178</u>	<u>60,701</u>
<b>Total Cash</b>	63,052	60,761
Accounts Receivable - Arrears	962	1,788
Prepaid expenses	<u>21,792</u>	<u>20,634</u>
<b>TOTAL CURRENT ASSETS</b>	<u>85,806</u>	<u>83,183</u>
<b>BUILDING IMPROVEMENTS AND EQUIPMENT (Note 2)</b>		
Building	3,237,626	3,237,626
Building improvements	<u>322,371</u>	<u>319,371</u>
	3,559,997	3,556,997
Less accumulated depreciation	<u>773,210</u>	<u>681,665</u>
Land	<u>2,786,787</u>	<u>2,875,332</u>
	<u>1,284,000</u>	<u>1,284,000</u>
<b>TOTAL FIXED ASSETS</b>	<u>4,070,787</u>	<u>4,159,332</u>
<b>OTHER ASSETS</b>		
Mortgage costs	12,011	12,011
Less: Accumulated amortization	<u>1,601</u>	<u>--</u>
	<u>10,410</u>	<u>12,011</u>
<b>TOTAL ASSETS</b>	<u>\$4,167,003</u>	<u>\$4,254,526</u>

See Accountants' Report and Notes to Financial Statements

TUDOR ARMS OWNERS CORPORATION  
 COMPARATIVE BALANCE SHEET  
 AS OF DECEMBER 31, 1994 AND 1993

	<u>1994</u>	<u>1993</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ <u>47,563</u>	\$ <u>44,345</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>47,563</u>	<u>44,345</u>
<b>LONG TERM LIABILITIES</b>		
Mortgages payable (Note 3)	<u>1,500,000</u>	<u>1,500,000</u>
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>1,500,000</u>	<u>1,500,000</u>
<b>TOTAL LIABILITIES</b>	<u>1,547,563</u>	<u>1,544,345</u>
<b>STOCKHOLDERS' EQUITY</b>		
Capital stock, \$1 par value, 31,885 shares authorized, issued and outstanding	31,885	31,885
Additional paid-in capital (Note 5)	3,360,808	3,360,808
Accumulated (deficit) (Exhibit B)	<u>(773,253)</u>	<u>(682,512)</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>2,619,440</u>	<u>2,710,181</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$4,167,003</u>	<u>\$4,254,526</u>

See Accountants' Report and Notes to Financial Statements

SCHEDULE A

TUDOR ARMS OWNERS CORPORATION  
COMPARATIVE SCHEDULE OF CASH IN INVESTMENT ACCOUNTS  
AS OF DECEMBER 31, 1994 AND 1993

	<u>1994</u>	<u>1993</u>
Balance - Beginning of Year	\$ 60,701	\$ 49,352
Plus interest earned and credited	1,978	734
Plus net transfers from operating account	--	10,615
Less net transfers to operating accounts	<u>(501)</u>	<u>--</u>
Balance - End of Year	<u>\$ 62,178</u>	<u>\$ 60,701</u>
Account balances:		
Citibank - Money Market Fund	\$ 257	\$ 257
Treasury bill (FMV 1994 - \$59,850)	<u>61,921</u>	<u>60,444</u>
Total	<u>\$ 62,178</u>	<u>\$ 60,701</u>

See Accountants' Report and Notes to Financial Statements



TUDOR ARMS OWNERS CORPORATION  
COMPARATIVE STATEMENT OF ACCUMULATED (DEFICIT)  
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1993

	<u>1994</u>	<u>1993</u>
Accumulated (Deficit) - January 1	\$ (682,512)	\$ (574,698)
Excess of (expenses over revenues) (Exhibit C)	<u>(90,741)</u>	<u>(107,814)</u>
Accumulated (Deficit) - December 31	<u>\$ (773,253)</u>	<u>\$ (682,512)</u>

See Accountants' Report and Notes to Financial Statements

TUDOR ARMS OWNERS CORPORATION  
 COMPARATIVE STATEMENT OF REVENUES AND EXPENSES  
 FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1993

	<u>1994</u>	<u>1993</u>
REVENUES:		
Proprietary rents	\$ 302,806	\$ 298,346
Other Revenues:		
Special assessment	15,936	--
Laundry	3,900	3,600
Parking rentals	8,280	8,280
Interest	1,978	734
Miscellaneous	--	2,920
	<u>332,900</u>	<u>313,880</u>
TOTAL REVENUES		
EXPENSES: (Schedule C)		
Salaries, related taxes and employee benefits	\$ 35,109	\$ 27,455
Operating	30,690	37,916
Administrative	26,115	16,523
Repairs and maintenance	34,481	48,965
Fixed charges	205,701	203,567
	<u>332,096</u>	<u>334,426</u>
TOTAL EXPENSES (Schedule C)		
EXCESS OF REVENUES OVER EXPENSES		
(EXPENSES OVER REVENUES) BEFORE DEPRECIATION	804	(20,546)
LESS DEPRECIATION	<u>91,545</u>	<u>87,268</u>
EXCESS OF (EXPENSES OVER REVENUES)	<u>\$ (90,741)</u>	<u>\$ (107,814)</u>

See Accountants' Report and Notes to Financial Statements

SCHEDULE C

TUDOR ARMS OWNERS COPORATION  
COMPARATIVE SCHEDULE OF EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1993

	<u>1994</u>	<u>1993</u>
<b>SALARIES, RELATED TAXES AND EMPLOYEE BENEFITS:</b>		
Wages	\$ 28,093	\$ 21,573
Medical benefits	3,689	3,623
Uniforms	826	194
Payroll taxes	2,501	2,065
Total (Exhibit C)	<u>35,109</u>	<u>27,455</u>
<b>OPERATING EXPENSES:</b>		
Fuel	20,376	26,050
Electricity and gas	8,827	9,592
Intercom	365	757
Telephone	1,122	1,517
Total (Exhibit C)	<u>30,690</u>	<u>37,916</u>
<b>ADMINISTRATIVE EXPENSES:</b>		
Management fees	12,000	10,000
Accounting	3,150	4,675
Legal	1,781	518
Severance pay	5,000	--
Amortization of mortgage costs	1,601	--
Other	2,583	1,330
Total (Exhibit C)	<u>26,115</u>	<u>16,523</u>
<b>REPAIRS AND MAINTENANCE:</b>		
Boiler/Burner	3,867	4,508
Building supplies	11,511	7,689
Ceramic tile and flooring	1,093	2,485
Electrical	--	2,188
Elevator	4,247	5,361
Exterminating	2,213	1,345
Garage door	--	1,515
Grounds	4,855	2,098
Locksmith	362	752
Miscellaneous	3,990	3,266
Outside services	--	1,610
Painting and plastering	639	11,656
Plumbing, pumps and motors	1,704	4,188
Roof	--	304
Total (Exhibit C)	<u>34,481</u>	<u>48,965</u>
<b>FIXED CHARGES:</b>		
Corporate taxes	429	498
Water and sewer	2,732	2,498
Insurance	17,381	23,540
Real estate taxes	50,159	46,760
Interest on mortgage indebtedness (Note 3)	135,000	130,271
Total (Exhibit C)	<u>205,701</u>	<u>203,567</u>
<b>TOTAL EXPENSES (Exhibit C)</b>	<u>\$ 332,096</u>	<u>\$ 334,426</u>

See Accountants' Report and Notes to Financial Statements

## TUDOR AMRS OWNERS CORPORATION

## COMPARATIVE STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1993

	<u>1994</u>	<u>1993</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Excess of (expenses over revenues)	\$ (90,741)	\$ (107,814)
Adjustments to reconcile excess of (expenses over revenues) excluding interest earned to net cash (used in) provided by operating activities:		
Depreciation	91,545	87,268
Amortization	1,601	--
Decrease in accounts receivable - Arrears	826	1,436
(Increase) Decrease in prepaid expenses	(1,158)	104
Increase in accounts payable	3,218	20,744
(Decrease) in corporate taxes payable	--	(419)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>5,291</u>	<u>1,319</u>
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Capital Improvements	<u>(3,000)</u>	<u>(111,139)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(3,000)</u>	<u>(111,139)</u>
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Additional second mortgage	--	125,000
Mortgage costs	--	(12,011)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	<u>--</u>	<u>112,989</u>
NET INCREASE IN CASH	2,291	3,169
CASH AT BEGINNING OF YEAR	<u>60,761</u>	<u>57,592</u>
CASH AT END OF YEAR	<u>\$ 63,052</u>	<u>\$ 60,761</u>

See Accountants' Report and Notes to Financial Statements

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994

NOTE 1 - ORGANIZATION

Tudor Arms Owners Corporation was organized on January 26, 1983 under Stock Corporation Law of the State of New York, as a cooperative apartment corporation. On August 1, 1985, the corporation began business with the purchase of the apartment building at 31 Pondfield Road West, Bronxville, New York. The corporation issued 31,885 shares of \$1.00 per value common stock in consideration of the sum of \$3,188,500 paid in, and has executed proprietary leases to its tenant-stockholders for space represented by the shares.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assets, liabilities, revenue and expenses are recognized on the accrual basis of accounting. Fixed assets are stated at cost less accumulated depreciation, and are depreciated on the straight line method based on their respective useful lives.

NOTE 3 - MORTGAGES PAYABLE

A mortgage note in the amount of \$1,250,000 is held by Pondfield Estates. Only interest is paid on a monthly basis.

On March 11, 1993, Pondfield Estates and Tudor Arms Owners Corp. executed an Extension Agreement providing that the interest on the principal amount of the mortgage would be paid at the rate of nine (9%) percent per annum from the first day of March, 1993 with a first payment due on April 1, 1993.

There is a wrap-around mortgage note which encompasses an existing first mortgage lien on the property. Pondfield Estates is obligated to make all principal and interest payments on the first mortgage out of its own funds.

During 1989, a second mortgage on the building was obtained from Peck & Heller (Mortgage Account) - The Sponsors, in the amount of \$125,000. Interest is being paid monthly @ 10% per annum as of November 2, 1989. This mortgage matures on August 1, 1995 and is subject to the wrap-around mortgage held by Pondfield Estates.

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994

On March 11, 1993, Peck & Heller and Tudor Arms Owners Corporation agreed to reduce the interest payment on the second mortgage to nine percent (9%) per annum effective from the first day of April, 1993. Additionally, the mortgage term was extended to August 1, 2000.

In September 1993, Peck & Heller and Tudor Arms Owners Corporation agreed to increase the second mortgage by \$125,000 to \$250,000. The interest rate is 9% with a due date of August 1, 2000.

NOTE 4 - INCOME AND FRANCHISE TAX

Tudor Arms Owners Corporation is subject to tax at corporate rates, pursuant to Section 277 of the Internal Revenue Code.

Section 277 of the Code provides that a membership organization that is operated to provide services to its members is permitted to deduct expenses attributable to the furnishing of services to the members, only to the extent of the income derived during such year from its members. 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 rentals, professional apartment rentals, etc., in excess of expenses properly attributable thereto is subject to federal and state taxes.

NOTE 5 - ADDITIONAL PAID-IN CAPITAL AND RESERVE FUND LIABILITY

In consideration of the fact that there are no restrictions on the reserve fund supplied by the sponsor at closing, and that specific appropriations have not been made (nor are required) a decision was made to capitalize the "Reserve Fund" liability.

The Reserve Fund consists of the investments shown on Schedule A. There is a money market account at Citibank and a treasury bill which is renewed every three months.

TUDOR ARMS OWNERS CORP.

OPERATING BUDGET

For Year of Co-operative Ownership Beginning January 1, 1995

PROJECTED INCOME

Maintenance Charges ( <u>31,885</u> shares at <u>\$9.4967</u> per share) . . . . .	\$ <u>302,802</u>
Interest Income . . . . .	\$ <u>3,000</u>
Laundry . . . . .	\$ <u>3,600</u>
Parking . . . . .	\$ <u>8,280</u>
Special Assessment . . . . .	\$ <u>31,885</u>
TOTAL . . . . .	\$ <u>349,567</u> =====

PROJECTED EXPENSES

Payroll, Benefits, Workers Comp, Utility . . . . .	\$ <u>36,500</u>
Heating . . . . .	\$ <u>21,000</u>
Utilities (Electricity and gas). . . . .	\$ <u>9,800</u>
Water charges and sewer rents . . . . .	\$ <u>3,500</u>
General repairs & Misc. General/Phone . . . . .	\$ <u>10,000</u>
Elevator maintenance . . . . .	\$ _____
Plumbing . . . . .	\$ <u>6,500</u>
Landscaping & Trees . . . . .	\$ <u>3,000</u>
Plaster & Painting . . . . .	\$ _____
Supplies . . . . .	\$ <u>8,500</u>
Roof/Pointing . . . . .	\$ <u>2,000</u>
Service contracts . . . . .	\$ <u>8,900</u>
Insurance . . . . .	\$ <u>17,000</u>
Management fees . . . . .	\$ <u>12,000</u>
Legal fees and audit fees . . . . .	\$ <u>3,700</u>
Franchise and corporate taxes . . . . .	\$ <u>798</u>
Real estate taxes . . . . .	\$ <u>55,000</u>
Mortgage payments . . . . .	\$ <u>135,000</u>
Transfer Reserve . . . . .	\$ _____
Contingency . . . . .	\$ <u>16,369</u>
TOTAL: . . . . .	\$ <u>349,567</u> =====

THIRTEENTH AMENDMENT TO OFFERING PLAN  
for  
31 PONDFIELD ROAD WEST  
BRONXVILLE, 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 31 Pondfield Road West, Bronxville, New York, dated October 26, 1984 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. Financial Disclosure.

The following information is provided in accordance with the regulations of the Attorney General of the State of New York:

(a) Annexed hereto is a schedule of unsold shares which sets forth the units to which unsold shares are allocated. All unsold shares are held by Pondfield Estates ("Sponsor").

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$7,209.30.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$9,947.88.

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

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

(f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor, and also from the interest paid, at the rate of 9% per annum, on a wraparound mortgage in the principal amount of \$1,250,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the Apartment Corporation to Sponsor of \$9,375.00. 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 including all obligations to the Apartment Corporation and payments of any underlying mortgage. Sponsor was current on all such obligations during the year prior to the filing of this amendment.

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

- 445 Gramatan Avenue, Mount Vernon, New York -  
File No. C87-0246
- 27-47 North Central Avenue, Hartsdale, New York -  
File No. C81-0234
- 17 North Chatsworth Avenue, Larchmont, New York -  
File No. C81-0158
- 10 Franklin Avenue, White Plains, New York -  
File No. C82-0477
- 130 North Kensico Avenue, White Plains, New York -  
File No. CD88-0247
- 1-15 Bryant Crescent, White Plains, New York -  
File No. C77-0438
- 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 April 30, 1986. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 27.98% 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 7, 1993,

after reviewing a projected budget of building operations for the calendar year 1994, the per share annual maintenance was fixed at \$9.4968 for the calendar year 1994, representing a one and one-half (1.5%) percent increase over the prior year.

4. Election of Officers and Directors.

At the annual meeting of the shareholders of the Corporation duly held on June 21, 1994, the following officers and directors of the Corporation were elected:

Maureen Kilcommons, President, Secretary and Director  
Richard Scott, Vice President, Treasurer and Director  
\*Frank Heller, Vice President and Director  
\*Robert Orlofsky, Vice-President and Director  
Marilyn T. Joyce, Vice-President and Director

\*Sponsor designee

5. Financial Statements.

The financial statement for Tudor Arms Owners Corp. for the years ended December 31, 1992 and December 31, 1993 is attached hereto.

6. Operating Assessment.

On March 1, 1994, the Board of Directors approved a \$.50 per share operating assessment. This operating assessment, which will be paid in three equal monthly installments at 16-2/3 cents per share, commencing April 1, 1994, will be used to offset the operating deficit for 1993.

7. Service Employees International Union, Local 32E.

On February 3, 1994 the Corporation entered into a Stipulation with SEIU, Local 32E, to resolve a labor dispute. Effective that date, Tudor Arms Owners Corp. recognized the SEIU and entered into a labor contract as negotiated by the Westchester Building and Realty Institute (BRI).

8. No Other Material Changes in 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: September 6, 1994

PONDFIELD ESTATES, Sponsor

TUDOR ARMS OWNERS CORPORATION

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**LOW & STONE**  
CERTIFIED PUBLIC ACCOUNTANTS  
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MORTIMER C. LOW, C.P.A.  
RICHARD J. STONE, C.P.A.

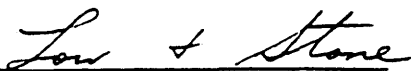
To the Stockholders of  
Tudor Arms Owners Corporation  
31 Fondfield Road West  
Bronxville, New York 10708

We have audited the accompanying comparative balance sheet of Tudor Arms Owners Corporation as of December 31, 1993 and 1992, and the related comparative statements of revenues and expenses, retained earnings (deficit), cash in investment accounts, expenses and cash flows for the years then ended. These financial statements are the responsibility of the corporation'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 Tudor Arms Owners 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.

Tudor Arms Owners Corporation has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented a schedule of future repairs and major replacements that the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be a part of, the basic financial statements.

  
Certified Public Accountants

Bronxville, New York  
February 7, 1994

EXHIBIT A

TUDOR ARMS OWNERS CORPORATION  
COMPARATIVE BALANCE SHEET  
AS OF DECEMBER 31, 1993 AND 1992

ASSETS

	<u>1993</u>	<u>1992</u>
<b>CURRENT ASSETS</b>		
Cash in bank	\$ 60	\$ 8,240
Cash in investment accounts (Reserve Funds)(Schedule A)	<u>60,701</u>	<u>49,352</u>
Total Cash	60,761	57,592
Proprietary rents receivable	1,788	3,224
Prepaid expenses	<u>20,634</u>	<u>20,738</u>
<b>TOTAL CURRENT ASSETS</b>	<u>83,183</u>	<u>81,554</u>
<b>BUILDING IMPROVEMENTS AND EQUIPMENT (Note 2)</b>		
Building	3,237,626	3,237,626
Building improvements	<u>319,371</u>	<u>208,232</u>
	3,556,997	3,445,858
Less accumulated depreciation	<u>681,665</u>	<u>594,377</u>
	2,875,332	2,851,461
Land	<u>1,284,000</u>	<u>1,284,000</u>
<b>TOTAL FIXED ASSETS</b>	<u>4,159,332</u>	<u>4,135,461</u>
<b>OTHER ASSETS</b>		
Mortgage costs	<u>12,011</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,254,526</u>	<u>\$ 4,217,015</u>

See Accountants' Report and Notes to Financial Statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>1993</u>	<u>1992</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 44,345	\$ 23,601
Corporate taxes payable (Note 4)	<u>-</u>	<u>419</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>44,345</u>	<u>24,020</u>
<b>LONG TERM LIABILITIES</b>		
Mortgages payable (Note 3)	<u>1,500,000</u>	<u>1,375,000</u>
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>1,500,000</u>	<u>1,375,000</u>
<b>TOTAL LIABILITIES</b>	<u>1,544,345</u>	<u>1,399,020</u>
<b>STOCKHOLDERS' EQUITY</b>		
Capital stock, \$1. par, 31,885 shares authorized, issued and outstanding	31,885	31,885
Additional paid-in capital (Note 5)	3,360,808	3,360,808
Retained earnings (deficit) (Exhibit B)	<u>(682,512)</u>	<u>(574,698)</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>2,710,181</u>	<u>2,817,995</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 4,254,526</u>	<u>\$ 4,217,015</u>

See Accountants' Report and Notes to Financial Statements.

SCHEDULE A

TUDOR ARMS OWNERS CORPORATION  
COMPARATIVE SCHEDULE OF CASH IN INVESTMENT ACCOUNTS  
AS OF DECEMBER 31, 1993 AND 1992

	<u>1993</u>	<u>1992</u>
Balance - Beginning of Year	\$ 49,352	\$ 62,556
Less bank service charge	-	(30)
Plus interest earned and credited	734	1,826
Plus net transfers from operating account	10,615	-
Less net transfers to operating accounts	<u>-</u>	<u>(15,000)</u>
Balance - End of Year	<u>\$ 60,701</u>	<u>\$ 49,352</u>
Account balances:		
Citibank - Money Market Fund	\$ 257	\$ -
Chase - Money Market fund	-	5,759
Treasury bill	<u>60,444</u>	<u>43,593</u>
Total	<u>\$ 60,701</u>	<u>\$ 49,352</u>

See Accountants' Report and Notes to Financial Statements.

EXHIBIT B

TUDOR ARMS OWNERS CORPORATION  
COMPARATIVE STATEMENT OF RETAINED EARNINGS (DEFICIT)  
FOR THE YEARS ENDED DECEMBER 31, 1993 AND 1992

	<u>1993</u>	<u>1992</u>
Retained Earnings (Deficit) - Beginning	<u>\$ (574,698)</u>	<u>\$ (492,017)</u>
Excess of (expenses over revenues) revenues over expenses before depreciation (Exhibit C)	(20,546)	1,374
Depreciation (Note 2)	<u>(87,268)</u>	<u>(84,055)</u>
Excess of expenses over revenues	<u>(107,814)</u>	<u>(82,681)</u>
Retained earnings (Deficit) - End	<u>\$ (682,512)</u>	<u>\$ (574,698)</u>

See Accountants' Report and Notes to Financial Statements.



EXHIBIT C

TUDOR ARMS OWNERS CORPORATION  
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 1993 AND 1992

	<u>1993</u>	<u>1992</u>
REVENUES:		
Proprietary rents	\$ 298,346	\$ 292,505
Other Revenues:		
Laundry	3,600	4,058
Parking rentals	8,280	8,280
Interest	734	1,826
Miscellaneous	<u>2,920</u>	<u>5,005</u>
TOTAL REVENUES	<u>313,880</u>	<u>311,674</u>
EXPENSES: (Schedule C)		
Salaries, related taxes and employee benefits	27,455	28,082
Operating	37,916	32,618
Administrative	16,523	16,327
Repairs and maintenance	48,965	32,722
Fixed charges	<u>203,567</u>	<u>200,551</u>
TOTAL EXPENSES (Schedule C)	<u>334,426</u>	<u>310,300</u>
EXCESS OF (EXPENSES OVER REVENUES) REVENUES OVER EXPENSES BEFORE DEPRECIATION	<u>\$ (20,546)</u>	<u>\$ 1,374</u>

See Accountants' Report and Notes to Financial Statements.

SCHEDULE C

TUDOR ARMS OWNERS CORPORATION

COMPARATIVE SCHEDULE OF EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 1993 AND 1992

	<u>1993</u>	<u>1992</u>
<b>SALARIES, RELATED TAXES AND EMPLOYEE BENEFITS:</b>		
Wages	\$ 21,573	\$ 21,761
Medical benefits	3,623	4,268
Uniforms	194	300
Payroll taxes	2,065	1,753
Total (Exhibit C)	<u>27,455</u>	<u>28,082</u>
<b>OPERATING EXPENSES:</b>		
Fuel	26,050	18,709
Electricity and gas	9,592	9,233
Intercom	757	2,386
Telephone	1,517	2,290
Total (Exhibit C)	<u>37,916</u>	<u>32,618</u>
<b>ADMINISTRATIVE EXPENSES:</b>		
Management fees	10,000	10,000
Accounting	4,675	3,875
Legal	518	-
Other	1,330	2,452
Total (Exhibit C)	<u>16,523</u>	<u>16,327</u>
<b>REPAIRS AND MAINTENANCE:</b>		
Boiler/Burner	4,508	6,658
Building supplies	7,689	4,437
Carpentry	-	661
Ceramic tile and flooring	2,485	85
Compactor	-	740
Electrical	2,188	1,000
Elevator	5,361	6,168
Exterminating	1,345	1,596
Garage door	1,515	182
Grounds	2,098	651
Locksmith	752	1,090
Miscellaneous	3,266	-
Outside services	1,610	-
Painting and plastering	11,656	3,284
Plumbing, pumps and motors	4,188	6,170
Roof	304	-
Total (Exhibit C)	<u>48,965</u>	<u>32,722</u>
<b>FIXED CHARGES:</b>		
Corporate taxes	458	80
Water and sewer	2,498	1,866
Insurance	23,540	17,318
Real estate taxes	46,760	43,767
Interest on mortgage indebtedness (Note 3)	130,271	137,500
Total (Exhibit C)	<u>203,527</u>	<u>200,551</u>
<b>TOTAL EXPENSES (Exhibit C)</b>	<u><u>\$ 334,424</u></u>	<u><u>\$ 310,300</u></u>

See Accountants' Report and Notes to Financial Statements.

EXHIBIT D

## TUDOR ARMS OWNERS CORPORATION

## COMPARATIVE STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1993 AND 1992

	<u>1993</u>	<u>1992</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Excess of (expenses over revenues)		
revenues over expenses before depreciation		
and excluding interest earned	\$ (21,280)	\$ (452)
Adjustments to reconcile excess of (expenses		
over revenues) revenues over expenses		
before depreciation and excluding interest		
earned to net cash (used in) provided by		
operating activities:		
Decrease (increase) in proprietary rents		
receivable	1,436	(2,376)
Decrease (increase) in prepaid expenses	104	(1,588)
Increase (decrease) in accounts payable	20,744	(2,654)
(Decrease) in corporate taxes payable	<u>(419)</u>	<u>(211)</u>
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>595</u>	<u>(7,281)</u>
CASH FLOWS (USED IN) PROVIDED BY INVESTING		
ACTIVITIES		
Interest	734	1,826
Capital Improvements	<u>(111,139)</u>	<u>(3,000)</u>
CASH (USED IN) INVESTING ACTIVITIES	<u>(110,405)</u>	<u>(1,174)</u>
CASH FLOWS PROVIDED BY (USED IN) FINANCING		
ACTIVITIES		
Additional Second Mortgage	125,000	-
Mortgage costs	<u>(12,011)</u>	<u>-</u>
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	<u>112,989</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	3,169	(8,455)
CASH AT BEGINNING OF YEAR	<u>57,592</u>	<u>66,047</u>
CASH AT END OF YEAR	<u>\$ 60,761</u>	<u>\$ 57,592</u>

See Accountants' Report and Notes to Financial Statements.

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1993

NOTE 1 - ORGANIZATION

Tudor Arms Owners Corporation was organized on January 26, 1983 under Stock Corporation Law of the State of New York, as a cooperative apartment corporation. On August 1, 1985, the corporation began business with the purchase of the apartment building at 31 Pondfield Road West, Bronxville, New York. The corporation issued 31,885 shares of \$1. per value common stock in consideration of the sum of \$3,188,500 paid in, and has executed proprietary leases to its tenant-stockholders for space represented by the shares.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assets, liabilities, revenue and expenses are recognized on the accrual basis of accounting. Fixed assets are stated at cost less accumulated depreciation, and are depreciated on the straight-line method based on their respective useful lives.

NOTE 3 - MORTGAGES PAYABLE

A mortgage note in the amount of \$1,250,000 is held by Pondfield Estates. Only interest is paid on a monthly basis.

On March 11, 1993, Pondfield Estates and Tudor Arms Owners Corp. executed an Extension Agreement of this mortgage through August 1, 2000 which Extension Agreement provided that the interest on the principal amount of the mortgage would be paid at the rate of nine (9%) percent per annum from the first day of March, 1993 with a first payment due on April 1, 1993.

There is a wrap-around mortgage note which encompasses an existing first mortgage lien on the property. Pondfield Estates is obligated to make all principal and interest payments on the first mortgage out of its own funds.

During 1989, a second mortgage on building was obtained from Peck & Heller (Mortgage Account) - The Sponsors, in the amount of \$125,000. Interest is being paid monthly @ 10% per annum as of November 2, 1989. This mortgage matures on August 1, 1995 and is subject to the wrap-around mortgage held by Pondfield Estates.

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1993

NOTE 3 - MORTGAGES PAYABLE (CONT.)

On March 11, 1993 Peck & Heller and Tudor Arms Owners Corporation agreed to reduce the interest payment on the second mortgage to nine (9%) percent per annum effective from the first day of April, 1993. Additionally, the mortgage term was extended to August 1, 2000.

In September, 1993, Peck & Heller and Tudor Arms Owners Corporation agreed to increase the second mortgage by \$125,000 to \$250,000. The interest rate is 9% with a due date of August 1, 2000.

NOTE 4 - INCOME AND FRANCHISE TAX

Tudor Arms Owners Corporation is subject to tax at corporate rates pursuant to Section 277 of the Internal Revenue Code.

Section 277 of the Code provides that a membership organization that is operated to provide services to its members is permitted to deduct expenses attributable to the furnishing of services to the members only to the extent of the income derived during such year from its members. Section 277 permits a membership organization to reduce income from nonmembership sources only by expenses incurred in generating this income. Accordingly, income from nonmembership sources such as interest, commercial rental, professional apartment rental, etc. in excess of expenses properly attributable thereto is subject to Federal and state taxes.

NOTE 5 - ADDITIONAL PAID-IN CAPITAL AND RESERVE FUND LIABILITY

In consideration of the fact that there are no restrictions on the reserve fund supplied by the sponsor at closing and that specific appropriations have not been made (nor are required) a decision was made to capitalize the "Reserve Fund" liability.

The Reserve Fund consists of the investments shown in Schedule A. There is a money market account at Chase Manhattan Bank and a Treasury Bill which is renewed every three months.

TWELFTH AMENDMENT TO OFFERING PLAN

for

31 PONDFIELD ROAD WEST  
BRONXVILLE, 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 31 Pondfield Road West, Bronxville, New York, dated October 26, 1984 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 Twelfth Amendment is accepted for filing by the Department of Law.

2. Financial Disclosure.

The following information is provided in accordance with the regulations of the Attorney General of the State of New York:

(a) Annexed hereto is a schedule of unsold shares which sets forth the units to which unsold shares are allocated. All unsold shares are held by Pondfield Estates ("Sponsor").

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$7,104.91.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$9,787.01.

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

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

(f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor, and also from the interest paid, at the rate of 9% per annum, on a

wraparound mortgage in the principal amount of \$1,250,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the Apartment Corporation to Sponsor of \$9,375.00. 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 including all obligations to the Apartment Corporation and payments of any underlying mortgage. Sponsor was current on all such obligations during the year prior to the filing of this amendment.

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

445 Gramatan Avenue, Mount Vernon, New York  
27-47 North Central Avenue, Hartsdale, 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 April 30, 1986. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 27.98% 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 19, 1992, after reviewing a projected budget of building operations for the calendar year 1993, the per share annual maintenance was fixed at \$9.3563 for the calendar year 1993, representing a two (2%) percent increase over the prior year.

4. Election of Officers and Directors.

At the annual meeting of the shareholders of the Corporation duly held on June 29, 1993, the following officers and directors of the Corporation were elected:

Maureen Kilcommons, President, Secretary and Director  
Richard Scott, Vice President, Treasurer and Director  
\*Frank Heller, Vice President and Director  
\*Robert Orlofsky, Vice-President and Director  
Marilyn T. Joyce, Vice-President and Director

\*Sponsor designee

5. Financial Statements.

The financial statement for Tudor Arms Owners Corp. for the years ended December 31, 1991 and December 31, 1992 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 \$1,250,000 was modified to bear interest at the annual rate of nine (9%) percent, payable in equal monthly installments of \$9,375, and extended to mature on August 1, 2000.

In addition to the first mortgage held by Sponsor, Peck & Heller, as nominee for various investors including principals of Sponsors, holds a second mortgage on the premises in the principal amount of \$125,000, which second mortgage was also modified to bear interest payable monthly at the annual rate of nine (9%) percent and extended to mature on August 1, 2000.

To finance the upgrade of its elevator systems at the premises for which the Corporation entered into a contract in the amount of \$81,000 with Arco Elevator Company, Inc., as well as to establish a reserve for other capital improvements, the Corporation obtained a mortgage loan commitment from Peck & Heller, as nominee for various investors including certain principals of Sponsor, to lend the Corporation the sum of \$125,000. The loan will be secured by a second mortgage on the premises and consolidated with the existing second mortgage held by Peck & Heller described above, to form a single second lien of \$250,000, with interest thereon to be paid in equal monthly installments of \$1,875 at the annual rate of nine (9%) percent, maturing August 1, 2000.

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 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: August 18 , 1993

PONDFIELD ESTATES, Sponsor

PONDFIELD ESTATES  
31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

Schedule of Unsold Shares

<u>Apartment</u>		<u>Shares</u>
10-B		600
41		515
61		520
42		370
3		505
23		510
33		510
63		520
4		655
25		665
65		675
46		520
57		515
48		665
68		670
9		<u>505</u>
Total Units	16	Total Shares 8,920

**LOW & STONE**  
CERTIFIED PUBLIC ACCOUNTANTS  
25 PARK PLACE  
BRONXVILLE, NEW YORK 10708  
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FAX: (914) 961-0447

MORTIMER C. LOW, C.P.A.  
RICHARD J. STONE, C.P.A.

**TUDOR ARMS OWNERS CORPORATION**

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MORTIMER C. LOW, C.P.A.  
RICHARD J. STONE, C.P.A.


To the Stockholders of  
Tudor Arms Owners Corporation  
31 Pondfield Road West  
Bronxville, New York 10708

We have audited the accompanying comparative balance sheet of Tudor Arms Owners Corporation as of December 31, 1992 and 1991, and the related comparative statements of revenues and expenses, retained earnings (deficit), cash in investment accounts, expenses and cash flows for the years then ended. These financial statements are the responsibility of the corporation'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 Tudor Arms Owners 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.

Tudor Arms Owners Corporation has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented a schedule of future repairs and major replacements that the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be a part of, the basic financial statements.

  
Certified Public Accountants

Bronxville, New York  
February 2, 1993

TUDOR ARMS OWNERS CORPORATION  
 COMPARATIVE BALANCE SHEET  
 AS OF DECEMBER 31, 1992 AND 1991

ASSETS

	<u>1992</u>	<u>1991</u>
<b>CURRENT ASSETS</b>		
Cash in bank	\$ 8,240	\$ 3,491
Cash in investment accounts (Reserve Funds) (Schedule A)	<u>49,352</u>	<u>62,556</u>
<b>Total Cash</b>	<b>57,592</b>	<b>66,047</b>
Proprietary rents receivable	3,224	848
Prepaid expenses	<u>20,738</u>	<u>19,150</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>81,554</u></b>	<b><u>86,045</u></b>
<b>BUILDING, IMPROVEMENTS AND EQUIPMENT (Note 2)</b>		
Building	3,237,626	3,237,626
Building improvements	<u>208,232</u>	<u>205,232</u>
	3,445,858	3,442,858
Less accumulated depreciation	<u>594,397</u>	<u>510,342</u>
	2,851,461	2,932,516
Land	<u>1,284,000</u>	<u>1,284,000</u>
<b>TOTAL FIXED ASSETS</b>	<b><u>4,135,461</u></b>	<b><u>4,216,516</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$4,217,015</u></b>	<b><u>\$4,302,561</u></b>

See Accountants' Report and Notes to Financial Statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>1992</u>	<u>1991</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 23,601	\$ 26,255
Corporate taxes payable (Note 4)	<u>419</u>	<u>630</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>24,020</u>	<u>26,885</u>
<b>LONG TERM LIABILITIES</b>		
Mortgages payable (Note 3)	<u>1,375,000</u>	<u>1,375,000</u>
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>1,375,000</u>	<u>1,375,000</u>
<b>TOTAL LIABILITIES</b>	<u>1,399,020</u>	<u>1,401,885</u>
<b>STOCKHOLDERS' EQUITY</b>		
Capital stock, \$1. par, 31,885 shares authorized, issued and outstanding	31,885	31,885
Additional paid-in capital (Note 5)	3,360,808	3,360,808
Retained earnings (deficit) (Exhibit B)	<u>(574,698)</u>	<u>(492,017)</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>2,817,995</u>	<u>2,900,676</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$4,217,015</u>	<u>\$4,302,561</u>

See Accountants' Report and Notes to Financial Statements.

SCHEDULE A

TUDOR ARMS OWNERS CORPORATION  
COMPARATIVE SCHEDULE OF CASH IN INVESTMENT ACCOUNTS  
AS OF DECEMBER 31, 1992 AND 1991

	<u>1992</u>	<u>1991</u>
Balance - Beginning of Year	\$ 62,556	\$ 50,126
Less bank service charge	(30)	(20)
Plus interest earned and credited	1,826	2,830
Plus net transfers from operating account	-	9,620
Less net transfers to operating accounts	<u>(15,000)</u>	<u>-</u>
Balance - End of Year	<u>\$ 49,352</u>	<u>\$ 62,556</u>
Account balances:		
Chase - Money Market fund	\$ 5,759	\$ 20,379
Treasury bill	<u>43,593</u>	<u>42,177</u>
Total	<u>\$ 49,352</u>	<u>\$ 62,556</u>

See Accountants' Report and Notes to Financial Statements:

EXHIBIT B

TUDOR ARMS OWNERS CORPORATION  
COMPARATIVE STATEMENT OF RETAINED EARNINGS (DEFICIT)  
FOR THE YEARS ENDED DECEMBER 31, 1992 AND 1991

	<u>1992</u>	<u>1991</u>
Retained Earnings (Deficit) - Beginning	<u>\$ (492,017)</u>	<u>\$ (415,876)</u>
Excess of revenues over expenses before depreciation (Exhibit C)	1,374	7,914
Depreciation (Note 2)	<u>(84,055)</u>	<u>(84,055)</u>
Excess of expenses over revenues	<u>(82,681)</u>	<u>(76,141)</u>
Retained earnings (Deficit) - End	<u><u>\$ (574,698)</u></u>	<u><u>\$ (492,017)</u></u>

See Accountants' Report and Notes to Financial Statements



TUDOR ARMS OWNERS CORPORATION  
 COMPARATIVE STATEMENT OF REVENUES AND EXPENSES  
 FOR THE YEARS ENDED DECEMBER 31, 1992 AND 1991

	<u>1992</u>	<u>1991</u>
REVENUES:		
Proprietary rents	\$ 292,505	\$ 293,100
Other Revenues:		
Laundry	4,058	3,175
Parking rentals	8,280	8,330
Interest	1,826	2,830
Fuel surcharge revenue	-	6,665
Miscellaneous	<u>5,005</u>	<u>4,620</u>
TOTAL REVENUES	<u>311,674</u>	<u>318,720</u>
EXPENSES: (Schedule C)		
Salaries, related taxes and employee benefits	28,082	28,981
Operating	32,618	24,511
Administrative	16,327	13,734
Repairs and maintenance	32,722	48,942
Fixed charges	<u>200,551</u>	<u>194,638</u>
TOTAL EXPENSES (Schedule C)	<u>310,300</u>	<u>310,806</u>
EXCESS OF (EXPENSES OVER REVENUES) REVENUES OVER EXPENSES BEFORE DEPRECIATION	<u>\$ 1,374</u>	<u>\$ 7,914</u>

See Accountants' Report and Notes to Financial Statements.

TUDOR ARMS OWNERS CORPORATION  
COMPARATIVE SCHEDULE OF EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 1992 AND 1991

	<u>1992</u>	<u>1991</u>
<b>SALARIES, RELATED TAXES AND EMPLOYEE BENEFITS:</b>		
Wages	\$ 21,761	\$ 23,193
Medical benefits	4,268	3,966
Uniforms	300	-
Payroll taxes	<u>1,753</u>	<u>1,822</u>
Total (Exhibit C)	<u>28,082</u>	<u>28,981</u>
<b>OPERATING EXPENSES:</b>		
Fuel	18,709	16,528
Electricity and gas	9,233	6,768
Intercom	2,386	-
Telephone	<u>2,290</u>	<u>1,215</u>
Total (Exhibit C)	<u>32,618</u>	<u>24,511</u>
<b>ADMINISTRATIVE EXPENSES:</b>		
Management fees	10,000	10,234
Accounting	3,875	3,500
Other	<u>2,452</u>	-
Total (Exhibit C)	<u>16,327</u>	<u>13,734</u>
<b>REPAIRS AND MAINTENANCE:</b>		
Boiler/Burner	6,658	3,790
Grounds	651	4,108
Elevator	6,168	8,333
Building supplies	4,437	5,318
Plumbing, pumps and motors	6,170	8,599
Painting and plastering	3,284	3,878
Exterminating	1,596	1,332
Garage door	182	1,001
Compactor	740	491
Ceramic tile and flooring	85	5,032
Carpentry	661	1,996
Electrical	1,000	3,912
Locksmith	<u>1,090</u>	<u>1,152</u>
Total (Exhibit C)	<u>32,722</u>	<u>48,942</u>
<b>FIXED CHARGES:</b>		
Corporate taxes	80	630
Water and sewer	1,886	1,833
Insurance	17,318	13,470
Real estate taxes	43,767	41,205
Interest on mortgage indebtedness (Note 3)	<u>137,500</u>	<u>137,500</u>
Total (Exhibit C)	<u>200,551</u>	<u>194,638</u>
<b>TOTAL EXPENSES (Exhibit C)</b>	<b><u>\$ 310,300</u></b>	<b><u>\$ 310,806</u></b>

See Accountants' Report and Notes to Financial Statements **LOW & STONE**  
CERTIFIED PUBLIC ACCOUNTANTS

TUDOR ARMS OWNERS CORPORATION  
 COMPARATIVE STATEMENT OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31, 1992 AND 1991

	<u>1992</u>	<u>1991</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Excess of (expenses over revenues) revenues over expenses before depreciation and excluding interest earned	\$ ( 452)	\$ 5,084
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses before depreciation and excluding interest earned to net cash (used in) provided by operating activities:		
(Increase) decrease in proprietary rents receivable	(2,376)	1,065
(Increase) in prepaid expenses	(1,588)	(3,728)
(Decrease) increase in accounts payable	(2,654)	2,338
(Decrease) in corporate taxes payable	<u>(211)</u>	<u>(765)</u>
CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(7,281)</u>	<u>3,994</u>
CASH FLOWS (USED IN) PROVIDED BY INVESTING ACTIVITIES - INTEREST	1,826	2,830
CAPITAL IMPROVEMENTS	<u>(3,000)</u>	<u>-</u>
CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(1,174)</u>	<u>2,830</u>
NET (DECREASE) INCREASE IN CASH	(8,455)	6,824
CASH AT BEGINNING OF YEAR	<u>66,047</u>	<u>59,223</u>
CASH AT END OF YEAR	<u>\$ 57,592</u>	<u>\$ 66,047</u>

See Accountants' Report and Notes to Financial Statements.

EXHIBIT E

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1992

NOTE 1 - ORGANIZATION

Tudor Arms Owners Corporation was organized on January 26, 1983 under Stock Corporation Law of the State of New York, as a cooperative apartment corporation. On August 1, 1985, the corporation began business with the purchase of the apartment building at 31 Pondfield Road West, Bronxville, New York. The corporation issued 31,885 shares of \$1. per value common stock in consideration of the sum of \$3,188,500 paid in, and has executed proprietary leases to its tenant-stockholders for space represented by the shares.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assets, liabilities, revenue and expenses are recognized on the accrual basis of accounting. Fixed assets are stated at cost less accumulated depreciation, and are depreciated on the straight-line method based on their respective useful lives.

NOTE 3 - MORTGAGES PAYABLE

A mortgage note in the amount of \$1,250,000 is held by Pondfield Estates. Only interest is paid on a monthly basis. The interest is paid in advance of the fifteenth day of each month until the note matures on July 15, 1995. The interest rate on this note is 10% per annum.

There is a wrap-around mortgage note which encompasses an existing first mortgage lien on the property. Pondfield Estates is obligated to make all principal and interest payments on the first mortgage out of its own funds.

On March 11, 1993, Pondfield Estates and Tudor Arms Owners Corp. executed an Extension Agreement of this mortgage through August 1, 2000 which Extension Agreement provided that the interest on the principal amount of the mortgage would be paid at the rate of nine (9%) percent per annum from the first day of March, 1993 with a first payment due on April 1, 1993.

During 1989, a second mortgage on building was obtained from Peck & Heller (Mortgage Account) - The Sponsors, in the amount of \$125,000. Interest is being paid monthly @ 10% per annum as of November 2, 1989. This mortgage matures on August 1, 1995 and is subject to the wrap-around mortgage held by Pondfield Estates.

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1992

NOTE 3 - MORTGAGES PAYABLE (CONT.)

On March 11, 1993 Peck & Heller issued its commitment which was accepted by Tudor Arms Owners Corp. to reduce the interest payment on the second mortgage to nine (9%) percent per annum effective from the first day of April, 1993. Additionally, the mortgage term was extended to August 1, 2000.

Finally, Peck & Heller issued its commitment to advance an additional sum of \$ 125,000.00, at any time prior to December 31, 1994, to Tudor Arms Owners Corp. upon ten (10) days written notice which money would be dedicated to capital improvements at the premises. The interest rate on the additional money will be nine (9%) percent per annum effective from the date it is drawn upon and due and payable on August 1, 2000.

NOTE 4 - INCOME AND FRANCHISE TAX

Tudor Arms Owners Corporation is subject to tax at corporate rates pursuant to Section 277 of the Internal Revenue Code.

Section 277 of the Code provides that a membership organization that is operated to provide services to its members is permitted to deduct expenses attributable to the furnishing of services to the members only to the extent of the income derived during such year from its members. Section 277 permits a membership organization to reduce income from nonmembership sources only by expenses incurred in generating this income. Accordingly, income from nonmembership sources such as interest, commercial rental, professional apartment rental, etc. in excess of expenses properly attributable thereto is subject to Federal and state taxes.

NOTE 5 - ADDITIONAL PAID-IN CAPITAL AND RESERVE FUND LIABILITY

In consideration of the fact that there are no restrictions on the reserve fund supplied by the sponsor at closing and that specific appropriations have not been made (nor are required) a decision was made to capitalize the "Reserve Fund" liability.

The Reserve Fund consists of the investments shown in Schedule A. There is a money market account at Chase Manhattan Bank and a Treasury Bill which is renewed every three months.

ELEVENTH AMENDMENT TO OFFERING PLAN

for

31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

The purpose of this Eleventh Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located at 31 Pondfield Road West, Bronxville, New York, dated October 26, 1984 as amended by the filing of ten 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 Eleventh Amendment is accepted for filing by the Department of Law.

2. Financial Disclosure.

The following information is provided in accordance with the regulations of the Attorney General of the State of New York:

(a) Annexed hereto is a schedule of unsold shares which sets forth the units to which unsold shares are allocated. All unsold shares are held by Pondfield Estates ("Sponsor").

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$7,369.85.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$4,632.55.

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

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

(f) The maintenance payments are funded by the monthly rents received from tenants of units owned by Sponsor, and also from the interest paid, at the rate of 10% per annum, on a

wraparound mortgage in the principal amount of \$1,250,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the Apartment Corporation to Sponsor of \$10,416.67. 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 including all obligations to the Apartment Corporation and payments of any underlying mortgage. Sponsor was current on all such obligations during the year prior to the filing of this amendment.

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

445 Gramatan Avenue, Mount Vernon, New York  
27-47 North Central Avenue, Hartsdale, 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 April 30, 1986. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 29.62% of the outstanding shares of the Corporation.

### 3. Maintenance Charges.

By resolution of the Board of Directors of the Corporation adopted at a meeting duly held November 14, 1991, after reviewing a projected budget of building operations for the calendar year 1992, the per share annual maintenance was fixed at \$9.1728 for the calendar year 1991, without increase over the prior year.

4. Election of Officers and Directors.

At the annual meeting of the shareholders of the Corporation duly held on June 24, 1992, the following officers and directors of the Corporation were elected:

Richard Scott, President and Director  
\*Frank Heller, Vice President and Director  
\*Robert Orlofsky, Vice-President and Director  
Maureen Kilcommons, Secretary and Director  
Marilyn T. Joyce, Treasurer and Director

\*Sponsor designee

5. Financial Statements.

The financial statement for Tudor Arms Owners Corp. for the year ended December 31, 1991 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 Seventh 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 Tenth 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 Eleventh 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 4 , 1992

PONDFIELD ESTATES, Sponsor

PLANAM.11

PONDFIELD ESTATES  
31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

Schedule of Unsold Shares

<u>Apartment</u>		<u>Shares</u>
10-B		600
41		515
61		520
42		370
3		505
23		510
33		510
63		520
4		655
25		665
65		675
46		520
66		525
57		515
48		665
68		670
9		<u>505</u>
Total Units	17	Total Shares 9,445

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

**CHAPTER 694**

**A. 7502-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-eee 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.

TUDOR ARMS OWNERS CORPORATION

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LOW & STONE  
CERTIFIED PUBLIC ACCOUNTANTS  
25 PARK PLACE  
BRONXVILLE, NEW YORK 10708  
(914) 961-4066

MORTIMER C. LOW  
RICHARD J. STONE

MANAGING ASSOCIATE  
MARTIN R. MARGOLIS

To the Stockholders of  
Tudor Arms Owners Corporation  
31 Pondfield Road West  
Bronxville, New York 10708

We have audited the accompanying comparative balance sheet of Tudor Arms Owner Corporation as of December 31, 1991 and 1990, and the related comparative statements of revenues, expenses and retained earnings (deficit), cash in investment accounts, expenses and cash flows for the years then ended. These financial statements are the responsibility of the corporation'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 Tudor Arms Owners 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.

  
\_\_\_\_\_  
Certified Public Accountants

Bronxville, New York  
February 17, 1992

TUDOR ARMS OWNERS CORPORATION  
 COMPARATIVE BALANCE SHEET  
 AS OF DECEMBER 31, 1991 AND 1990

ASSETS

	<u>1991</u>	<u>1990</u>
<b>CURRENT ASSETS</b>		
Cash in bank	\$ 3,491	\$ 9,097
Cash in investment accounts (Reserve Funds) (Schedule A)	<u>62,556</u>	<u>50,126</u>
Total Cash	66,047	59,223
Proprietary rents receivable	848	1,913
Prepaid expenses	<u>19,150</u>	<u>15,422</u>
<b>TOTAL CURRENT ASSETS</b>	<u>86,045</u>	<u>76,558</u>
<b>BUILDING, IMPROVEMENTS AND EQUIPMENT (Note 2)</b>		
Building	3,237,626	3,237,626
Building improvements	<u>205,232</u>	<u>205,232</u>
	3,442,858	3,442,858
Less accumulated depreciation	<u>510,342</u>	<u>426,287</u>
	2,932,516	3,016,571
Land	<u>1,284,000</u>	<u>1,284,000</u>
<b>TOTAL FIXED ASSETS</b>	<u>4,216,516</u>	<u>4,300,571</u>
<b>TOTAL ASSETS</b>	<u>\$4,302,561</u>	<u>\$4,377,129</u>

See Accountants' Report and Notes to Financial Statements.

**LOW & STONE**  
 CERTIFIED PUBLIC ACCOUNTANTS

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>1991</u>	<u>1990</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 26,255	\$ 23,917
Corporate taxes payable (Note 4)	<u>630</u>	<u>1,395</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>26,885</u>	<u>25,312</u>
<b>LONG TERM LIABILITIES</b>		
Mortgages payable (Note 3)	<u>1,375,000</u>	<u>1,375,000</u>
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>1,375,000</u>	<u>1,375,000</u>
<b>TOTAL LIABILITIES</b>	<u>1,401,885</u>	<u>1,400,312</u>
<b>STOCKHOLDERS' EQUITY</b>		
Capital stock, \$1. par, 31,885 shares authorized, issued and outstanding	31,885	31,885
Additional paid-in capital (Note 5)	3,360,808	3,360,808
Retained earnings (deficit) (Exhibit B)	<u>(492,017)</u>	<u>(415,876)</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>2,900,676</u>	<u>2,976,817</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$4,302,561</u>	<u>\$4,377,129</u>

See Accountants' Report and Notes to Financial Statements.

SCHEDULE A

TUDOR ARMS OWNERS CORPORATION  
COMPARATIVE SCHEDULE OF CASH IN INVESTMENT ACCOUNTS  
AS OF DECEMBER 31, 1991 AND 1990

	<u>1991</u>	<u>1990</u>
Balance - Beginning of Year	\$ 50,126	\$ 91,033
Less bank service charge	(20)	-
Plus interest earned and credited	2,830	4,005
Plus net transfers from operating account	9,620	-
Less net transfers to operating accounts	<u>-</u>	<u>(44,912)</u>
Balance - End of Year	<u>\$ 62,556</u>	<u>\$ 50,126</u>
Accounts balances:		
Chase - Money Market fund	\$ 20,379	\$ 10,134
Treasury bill	<u>42,177</u>	<u>39,992</u>
Total	<u>\$ 62,556</u>	<u>\$ 50,126</u>

See Accountants' Report and Notes to Financial Statements.

**LOW & STONE**  
CERTIFIED PUBLIC ACCOUNTANTS



EXHIBIT B

TUDOR ARMS OWNERS CORPORATION  
COMPARATIVE STATEMENT OF RETAINED EARNINGS (DEFICIT)  
FOR THE YEARS ENDED DECEMBER 31, 1991 AND 1990

	<u>1991</u>	<u>1990</u>
Retained Earnings (Deficit) - Beginning	<u>\$ (415,876)</u>	<u>\$ (337,965)</u>
Excess of revenues over expenses before depreciation (Exhibit C)	7,914	6,144
Depreciation (Note 2)	<u>(84,055)</u>	<u>(84,055)</u>
Excess of expenses over revenues	<u>(76,141)</u>	<u>(77,911)</u>
Retained earnings (Deficit) - End	<u><u>\$ (492,017)</u></u>	<u><u>\$ (415,876)</u></u>

See Accountants' Report and Notes to Financial Statements.

LOW & STONE  
CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT C

TUDOR ARMS OWNERS CORPORATION

COMPARATIVE STATEMENT OF REVENUES AND EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 1991 AND 1990

	<u>1991</u>	<u>1990</u>
REVENUES:		
Proprietary rents	\$ 293,100	\$ 292,522
Other Revenues:		
Laundry	3,175	1,125
Parking rentals	8,330	8,355
Interest	2,830	3,452
Fuel surcharge revenue (Note 6)	6,665	1,913
Miscellaneous	<u>4,620</u>	<u>5,270</u>
TOTAL REVENUES	<u>318,720</u>	<u>312,637</u>
EXPENSES: (Schedule C)		
Salaries, related taxes and employee benefits	28,981	29,801
Operating	24,511	35,646
Administrative	13,734	14,654
Repairs and maintenance	48,942	30,449
Fixed charges	<u>194,638</u>	<u>195,943</u>
TOTAL EXPENSES (Schedule C)	<u>310,806</u>	<u>306,493</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE DEPRECIATION	<u>\$ 7,914</u>	<u>\$ 6,144</u>

See Accountants' Report and Notes to Financial Statements.

SCHEDULE C

TUDOR ARMS OWNERS CORPORATION

COMPARATIVE SCHEDULE OF EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 1991 AND 1990

	<u>1991</u>	<u>1990</u>
<b>SALARIES, RELATED TAXES AND EMPLOYEE BENEFITS:</b>		
Wages	\$ 23,193	\$ 22,063
Medical benefits	3,966	5,943
Payroll taxes	<u>1,822</u>	<u>1,795</u>
Total (Exhibit C)	<u>28,981</u>	<u>29,801</u>
<b>OPERATING EXPENSES:</b>		
Fuel	16,528	27,276
Electricity and gas	6,768	7,098
Telephone	<u>1,215</u>	<u>1,272</u>
Total (Exhibit C)	<u>24,511</u>	<u>35,646</u>
<b>ADMINISTRATIVE EXPENSES:</b>		
Management fees	10,234	11,434
Accounting	3,500	3,000
Other	-	220
Total (Exhibit C)	<u>13,734</u>	<u>14,654</u>
<b>REPAIRS AND MAINTENANCE:</b>		
Boiler/Burner	3,790	7,050
Grounds	4,108	6,507
Elevator	8,333	5,745
Building supplies	5,318	3,851
Plumbing, pumps and motors	8,599	2,848
Painting and plastering	3,878	1,302
Exterminating	1,332	1,425
Roofing	-	750
Garage door	1,001	532
Compactor	491	439
Ceramic tile and flooring	5,032	-
Carpentry	1,996	-
Electrical	3,912	-
Locksmith	<u>1,152</u>	-
Total (Exhibit C)	<u>48,942</u>	<u>30,449</u>
<b>FIXED CHARGES:</b>		
Corporate taxes	630	2,456
Water and sewer	1,833	3,241
Insurance	13,470	13,833
Real estate taxes	41,205	38,913
Interest on mortgage indebtedness (Note 3)	<u>137,500</u>	<u>137,500</u>
Total (Exhibit C)	<u>194,638</u>	<u>195,943</u>
<b>TOTAL EXPENSES (Exhibit C)</b>	<u>\$ 310,806</u>	<u>\$ 306,493</u>

See Accountants' Report and Notes to Financial Statements.

**LOW & STONE**  
CERTIFIED PUBLIC ACCOUNTANTS

TUDOR ARMS OWNERS CORPORATION  
 COMPARATIVE STATEMENT OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31, 1991 AND 1990

	<u>1991</u>	<u>1990</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of revenues over expenses before depreciation and excluding interest earned	\$ 5,084	\$ 2,692
Adjustments to reconcile excess of revenues over expenses before depreciation and excluding interest earned to net cash (used in) operating activities:		
Decrease (increase) in proprietary rents receivable	1,065	(900)
(Increase) decrease in prepaid expenses	(3,728)	1,024
Increase (decrease) in accounts payable	2,338	(43,353)
(Decrease) increase in corporate taxes payable	<u>(765)</u>	<u>264</u>
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>3,994</u>	<u>(40,273)</u>
CASH FLOWS FROM INVESTING ACTIVITIES - INTEREST	<u>2,830</u>	<u>3,452</u>
NET INCREASE (DECREASE) IN CASH	6,824	(36,821)
CASH AT BEGINNING OF YEAR	<u>59,223</u>	<u>96,044</u>
CASH AT END OF YEAR	<u>\$ 66,047</u>	<u>\$ 59,223</u>

See Accountants' Report and Notes to Financial Statements.

**LOW & STONE**  
 CERTIFIED PUBLIC ACCOUNTANTS

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1991

NOTE 1 - ORGANIZATION

Tudor Arms Owners Corporation was organized on January 26, 1983 under Stock Corporation Law of the State of New York, as a cooperative apartment corporation. On August 1, 1985, the corporation began business with the purchase of the apartment building at 31 Pondfield Road West, Bronxville, New York. The corporation issued 31,885 shares of \$1. par value common stock in consideration of the sum of \$3,188,500 paid in, and has executed proprietary leases to its tenant-stockholders for space represented by the shares.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assets, liabilities, revenue and expenses are recognized on the accrual basis of accounting.

Fixed assets are stated at cost less accumulated depreciation, and are depreciated on the straight-line method based on their respective useful lives.

NOTE 3 - MORTGAGES PAYABLE

A mortgage note in the amount of \$1,250,000 is held by Pondfield Estates. Only interest is paid on a monthly basis. The interest is paid in advance of the fifteenth day of each month until the note matures on July 15, 1995. The interest rate on this note is 10% per annum.

There is a wrap-around mortgage note which encompasses an existing first mortgage lien on the property. Pondfield Estates is obligated to make all principal and interest payments on the first mortgage out of its own funds.

During 1989, a second mortgage on building was obtained from Peck & Heller (Mortgage Account) - The Sponsors, in the amount of \$125,000. Interest is being paid monthly @ 10% per annum as of November 2, 1989. This mortgage matures on August 1, 1995 and is subject to the wrap-around mortgage held by Pondfield Estates.

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1991

NOTE 4 - INCOME AND FRANCHISE TAX

Tudor Arms Owners Corporation is subject to tax at corporate rates pursuant to Section 277 of the Internal Revenue Code.

Section 277 of the Code provides that a membership organization that is operated to provide services to its members is permitted to deduct expenses attributable to the furnishing of services to the members only to the extent of the income derived during such year from its members. Section 277 permits a membership organization to reduce income from nonmembership sources only by expenses incurred in generating this income. Accordingly, income from nonmembership sources such as interest, commercial rental, professional apartment rental, etc. in excess of expenses properly attributable thereto is subject to Federal and state taxes.

NOTE 5 - ADDITIONAL PAID-IN CAPITAL AND RESERVE FUND LIABILITY

In consideration of the fact that there are no restrictions on the reserve fund supplied by the sponsor at closing and that specific appropriations have not been made (nor are required) a decision was made to capitalize the "Reserve Fund" liability.

The Reserve Fund consists of the investments shown in Schedule A. There is a money market account at Chase Manhattan Bank and a Treasury Bill which is renewed every three months.

NOTE 6 - FUEL SURCHARGE

A fuel oil surcharge was in effect from 1990 through April 1991. The surcharge, which resulted in additional income of \$6,665, was deemed necessary by the Board of Directors due to an increase in cost of fuel oil during this period.

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TENTH AMENDMENT TO OFFERING PLAN

for

31 PONDFIELD ROAD WEST  
BRONXVILLE, 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 31 Pondfield Road West, Bronxville, New York, dated October 26, 1984 as amended by the filing of nine 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 and 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

(iii) a judgment or order of a court of competent jurisdiction.

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.

The Sponsor will not object to the release of the escrowed funds to a purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an amendment to the Plan.

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.

Pending the determination of the Attorney General to grant or deny the application, the Sponsor, the purchaser and the escrow agent shall abide by any interim directive issued by the Attorney General.

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

The escrow agent will maintain all records concerning the escrow account for seven years after the release of funds.

Dated: April 27, 1992

PONDFIELD ESTATES,  
SPONSOR

By   S   \_\_\_\_\_

PLANAM.10

## ESCROW AGREEMENT

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

WHEREAS, Pondfield Estates is the sponsor of an offering plan to convert to cooperative ownership the premises located at 31 Pondfield Road West, Bronxville, New York, which premises are known as Tudor Arms; 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 Pondfield 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:

\_\_\_\_\_  
NANCY R. HELLER

SPONSOR:

PONDFIELD ESTATES

By: \_\_\_\_\_  
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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2/6/92

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NINTH AMENDMENT TO OFFERING PLAN

for

31 PONDFIELD ROAD WEST  
BRONXVILLE, 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 31 Pondfield Road West, Bronxville, New York, dated October 26, 1984 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 twelve (12) month period commencing on the date this Ninth Amendment is accepted for filing by the Department of Law.

2. Financial Disclosure.

The following information is provided in accordance with the regulations of the Attorney General of the State of New York:

(a) Annexed hereto is a schedule of unsold shares which sets forth the units to which unsold shares are allocated. All unsold shares are held by Pondfield Estates ("Sponsor").

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$7,682.68.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$5,500.00.

(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 financial 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 10% per annum, on a

wraparound mortgage in the principal amount of \$1,250,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the Apartment Corporation to Sponsor of \$10,416.67. 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 including all obligations to the Apartment Corporation and payments of any underlying mortgage. Sponsor was current on all such obligations during the year prior to the filing of this amendment.

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

445 Gramatan Avenue, Mount Vernon, New York  
27-47 North Central Avenue, Hartsdale, 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 April 30, 1986. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 30.78% 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 6, 1990, after reviewing a projected budget of building operations for the calendar year 1991, the per share annual maintenance was fixed at \$9.1728 for the calendar year 1991, without increase over the prior year. At that meeting, and as a result of the Persian Gulf

crisis, a fuel oil surcharge of \$.06 per share per month was assessed, effective December 1, 1990. The fuel oil surcharge was lifted effective May 1, 1991.

4. Election of Officers and Directors.

At the annual meeting of the shareholders of the Corporation duly held on June 10, 1991, the following officers and directors of the Corporation were elected:

Richard Scott, President and Director  
Frank Heller, Vice President and Director  
Marilyn T. Joyce, Vice President and Director  
Maureen Kilcommons, Treasurer and Director  
Robert Orlofsky, Secretary and Director

5. Financial Statements.

The financial statement for Tudor Arms Owners Corp. for the year ended December 31, 1990 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 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: JULY 9, 1991

PONDFIELD ESTATES, Sponsor

By s/  
Milton Peck, Partner



PONDFIELD ESTATES  
31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

Schedule of Unsold Shares

<u>Apartment</u>	<u>Shares</u>
10-B	600
41	515
61	520
42	370
52	370
3	505
23	510
33	510
63	520
4	655
25	665
65	675
46	520
66	525
57	515
48	665
68	670
9	<u>505</u>
Total	9,815

**LOW & STONE**  
CERTIFIED PUBLIC ACCOUNTANTS  
25 PARK PLACE  
BRONXVILLE, NEW YORK 10708  
(914) 961-4066

MORTIMER C. LOW  
RICHARD J. STONE

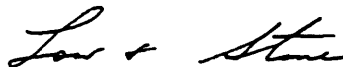
MANAGING ASSOCIATE  
MARTIN R. MARGOLIS

To the Stockholders of  
Tudor Arms Owners Corporation  
31 Pondfield Road West  
Bronxville, New York 10708

We have audited the accompanying balance sheet of Tudor Arms Owners Corporation as of December 31, 1990, and the related statements of revenues and expenses, retained earnings (deficit), cash in investment accounts, expenses and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 Tudor Arms Owners Corporation as of December 31, 1990, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.



Certified Public Accountants

Bronxville, New York  
March 5, 1991

TUDOR ARMS OWNERS CORPORATION

I N D E X

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Accountants' Report	1
Balance Sheet December 31, 1990	2
Schedule of Cash in Investment Accounts As at December 31, 1990	3
Statement of Retained Earnings (Deficit) For the Year Ended December 31, 1990	4
Statement of Revenues and Expenses For the Year Ended December 31, 1990	5
Schedule of Expenses For the Year Ended December 31, 1990	6
Statement of Cash Flows For the Year Ended December 31, 1990	7
Notes to Financial Statements December 31, 1990	8

EXHIBIT A

TUDOR ARMS OWNERS CORPORATION

BALANCE SHEET

DECEMBER 31, 1990

ASSETS

CURRENT ASSETS

Cash in bank	\$ 9,097
Cash in investment accounts (Reserve Funds) (Schedule A)	<u>50,126</u>

Total Cash	59,223
------------	--------

Proprietary rents receivable (Net)	1,913
Prepaid expenses	<u>15,422</u>

TOTAL CURRENT ASSETS	<u>76,558</u>
----------------------	---------------

BUILDING, IMPROVEMENTS AND EQUIPMENT (Note 1)

Building	3,237,626
Building improvements	<u>205,232</u>
	3,442,858
Less accumulated depreciation	<u>426,287</u>

	3,016,571
Land	<u>1,284,000</u>

TOTAL FIXED ASSETS	<u>4,300,571</u>
--------------------	------------------

TOTAL ASSETS	<u>\$4,377,129</u>
--------------	--------------------

See Accountants' Report and Notes to Financial Statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 23,917
Corporate taxes payable (Note 3)	<u>1,395</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>25,312</u>
<b>LONG TERM LIABILITIES</b>	
Mortgages payable (Note 2)	<u>1,375,000</u>
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>1,375,000</u>
<b>TOTAL LIABILITIES</b>	<u>1,400,312</u>
<b>STOCKHOLDERS' EQUITY</b>	
Capital stock, \$1. par, 31,885 shares authorized, issued and outstanding	31,885
Additional paid-in capital (Note 4)	3,360,808
Retained earnings (deficit) (Exhibit B)	<u>(415,876)</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>2,976,817</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 4,377,129</u>

SCHEDULE A

TUDOR ARMS OWNERS CORPORATION

CASH IN INVESTMENT ACCOUNTS

DECEMBER 31, 1990

Balance - Beginning of year	\$ 91,033
Plus interest earned and credited	4,005
Less net transfers to operating account	<u>(44,912)</u>
Balance - End of year	<u>\$ 50,126</u>

Account balances:

Chase - Money market fund	\$ 10,134
Treasury bill	<u>39,992</u>
Total	<u>\$ 50,126</u>

See Accountants' Report and Notes to Financial Statements.

EXHIBIT B

TUDOR ARMS OWNERS CORPORATION  
STATEMENT OF RETAINED EARNINGS (DEFICIT)  
DECEMBER 31, 1990

Retained Earnings (Deficit) - Beginning	<u>\$ (337,965)</u>
Excess of revenues over expenses before depreciation	6,144
Depreciation (Note 1)	<u>(84,055)</u>
Excess of expenses over revenues	<u>(77,911)</u>
Retained Earnings (Deficit) - End	<u><u>\$ (415,876)</u></u>

See Accountants' Report and Notes to Financial Statements.

EXHIBIT C

TUDOR ARMS OWNERS CORPORATION  
STATEMENT OF REVENUES AND EXPENSES  
DECEMBER 31, 1990

REVENUES:	
Proprietary rents	\$ 292,522
Other Revenues:	
Laundry	1,125
Parking rentals	8,355
Interest	3,452
Fuel surcharge revenue	1,913
Miscellaneous	<u>5,270</u>
TOTAL REVENUES	<u>312,637</u>
EXPENSES:	
Salaries, related taxes and employee benefits	29,801
Operating	35,646
Administrative	14,654
Repairs and maintenance	30,449
Fixed charges	<u>195,943</u>
TOTAL EXPENSES (Schedule C)	<u>306,493</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE DEPRECIATION	<u><u>\$ 6,144</u></u>

See Accountants' Report and Notes to Financial Statements.



SCHEDULE C

TUDOR ARMS OWNERS CORPORATION

SCHEDULE OF EXPENSES

DECEMBER 31, 1990

<b>SALARIES, RELATED TAXES AND EMPLOYEE BENEFITS:</b>	
Wages	\$ 22,063
Medical benefits	5,943
Payroll taxes	1,795
	<u>29,801</u>
<b>OPERATING EXPENSES:</b>	
Fuel	27,276
Electricity and gas	7,098
Telephone	1,272
	<u>35,646</u>
<b>ADMINISTRATIVE EXPENSES:</b>	
Management fees	11,434
Accounting	3,000
Other	220
	<u>14,654</u>
<b>REPAIRS AND MAINTENANCE:</b>	
Boiler/Burner	7,050
Grounds	6,507
Elevator	5,745
Building supplies	3,851
Plumbing	2,848
Painting and plastering	1,302
Exterminating	1,425
Roofing	750
Garage door	532
Compactor	439
	<u>30,449</u>
<b>FIXED CHARGES:</b>	
Corporate taxes	2,456
Water and sewer	3,241
Insurance	13,833
Real estate taxes	38,913
Interest on mortgage indebtedness (Note 2)	137,500
	<u>195,943</u>
<b>TOTAL EXPENSES</b>	<b><u>\$ 306,493</u></b>

See Accountants' Report and Notes to Financial Statements.

EXHIBIT D

TUDOR ARMS OWNERS CORPORATION

STATEMENT OF CASH FLOWS

DECEMBER 31, 1990

CASH FLOWS FROM OPERATING ACTIVITIES:

Excess of revenues over expenses before  
depreciation and excluding interest earned \$ 2,692

Adjustments to reconcile excess of revenues over  
expenses before depreciation and excluding  
interest earned to net cash (used in) operating  
activities:

(Increase) in proprietary rents receivable (Net) (900)  
Decrease in prepaid expenses 1,024  
(Decrease) in accounts payable (43,353)  
Increase in corporate taxes payable 264

NET CASH USED IN OPERATING ACTIVITIES (40,273)

CASH FLOW FROM INVESTING ACTIVITIES - INTEREST 3,452

NET (DECREASE) IN CASH (36,821)

CASH AT BEGINNING OF YEAR 96,044

CASH AT END OF YEAR \$ 59,223

See Accountants' Report and Notes to Financial Statements.

TUDOR ARMS OWNERS CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1990

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assets, liabilities, revenue and expenses are recognized on the accrual basis of accounting.

Fixed assets are stated at cost less accumulated depreciation, and are depreciated on the straight-line method based on their respective useful lives.

NOTE 2 - MORTGAGES PAYABLE

A mortgage note in the amount of \$1,250,000 is held by Pondfield Estates. Only interest is paid on a monthly basis. The interest is paid in advance of the fifteenth day of each month until the note matures on July 15, 1995. The interest rate on this note is 10% per annum.

There is a wrap-around mortgage note which encompasses an existing first mortgage lien on the property. Pondfield Estates is obligated to make all principal and interest payments on the first mortgage out of its own funds.

During 1989, a second mortgage on building was obtained from Peck & Heller (Mortgage Account) - The Sponsors, in the amount of \$125,000. Interest is being paid monthly @ 10% per annum as of November 2, 1989. This mortgage matures on August 1, 1995 and is subject to the wrap-around mortgage held by Pondfield Estates.

NOTE 3 - INCOME AND FRANCHISE TAX

Tudor Arms Owners Corporation is subject to an annual New York State franchise tax and also is subject to Federal income tax based on interest earned on the investment accounts.

NOTE 4 - ADDITIONAL PAID-IN CAPITAL

In consideration of the fact that there are no restrictions on the reserve fund supplied by the sponsor at closing and that specific appropriation have not been made (nor are required) a decision was made to capitalize the "Reserve Fund" liability.

EIGHTH AMENDMENT TO OFFERING PLAN

for

31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

The purpose of this Eighth Amendment is to modify and supplement the Offering Plan -- A Plan to Convert to Co-operative Ownership premises located at 31 Pondfield Road West, Bronxville, New York, dated October 26, 1984 as amended by the filing of seven 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 Eighth 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) Annexed hereto is a schedule of unsold shares which sets forth the units to which unsold shares are allocated. All unsold shares are held by Pondfield Estates ("Sponsor").

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$8,183.37.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$5,090.00.

(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 10% per annum, on a wraparound mortgage in the principal amount of \$1,250,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the Apartment Corporation to Sponsor of \$10,416.67. 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  
27-47 North Central Avenue, Hartsdale, 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 April 30, 1986. As of the date hereof, the total of unsold shares held by the Sponsor aggregates 32.84% 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, 1989, after reviewing a projected budget of building operations for the calendar year 1990, the per share annual maintenance was fixed at \$9.1728 for the calendar year 1990, representing a 4% 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 21, 1990, the following officers and directors of the Corporation were elected:

Richard Scott, President and Director  
Frank Heller, Vice President and Director  
Marilyn T. Joyce, Vice President and Director  
Maureen Kilcommons, Treasurer and Director  
Robert Orlofsky, Secretary and Director

5. Second Mortgage.

By unanimous vote at a meeting of Directors duly held April 24, 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 \$125,000.00. Interest on the note is payable monthly at the rate of 10% per annum, and the entire principal balance is due and payable on August 1, 1995. The existing first mortgage is due and payable on July 15, 1995. The borrowing of these funds was authorized for the purpose of making improvements to restore and waterproof the building's exterior facades, parapet walls and roof. 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 Tudor Arms Owners Corp. for the year ended December 31, 1988 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 Eighth 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

PONDFIELD ESTATES, Sponsor

By /s/  
Frank Heller, Partner

PLANAM.8

Schedule of Unsold Shares

APT	DEPART	S-SHR
10-B	UNSOLO SHARES.	500
41	UNSOLO SHARES.	515
61	UNSOLO SHARES.	520
42	UNSOLO SHARES.	370
52	UNSOLO SHARES.	370
3	UNSOLO SHARES.	505
23	UNSOLO SHARES.	510
33	UNSOLO SHARES.	510
63	UNSOLO SHARES.	520
4	UNSOLO SHARES.	655
25	UNSOLO SHARES.	665
65	UNSOLO SHARES.	675
46	UNSOLO SHARES.	520
66	UNSOLO SHARES.	525
57	UNSOLO SHARES.	515
8	UNSOLO SHARES.	655
48	UNSOLO SHARES.	665
68	UNSOLO SHARES.	670
9	UNSOLO SHARES.	505
TOTAL ELONG: 17		10,470

**Tudor Arms Owners Corporation  
Comparative Financial Statements  
December 31, 1989 and 1988**



**Tudor Arms Owners Corporation**

**Index**

**Page No.**

<b>Accountants' Audit Report</b>		<b>1</b>
<b>Comparative Balance Sheet</b>	<b>Exhibit A</b>	<b>2</b>
<b>Comparative Schedule of Fixed Assets</b>	<b>Schedule A-1</b>	<b>3</b>
<b>Comparative Statement of Changes in Shareholders' Equity</b>	<b>Exhibit B</b>	<b>4</b>
<b>Comparative Statement of Operations</b>	<b>Exhibit C</b>	<b>5</b>
<b>Comparative Schedule of Income</b>	<b>Schedule C-1</b>	<b>6</b>
<b>Comparative Schedule of Repairs &amp; Maintenance and Supplies</b>	<b>Schedule C-2</b>	<b>7</b>
<b>Comparative Statements of Cash Flow</b>	<b>Exhibit D</b>	<b>8</b>
<b>Notes to Financial Statement</b>		<b>9</b>

**Frank L. Tancredi & Co.**  
Certified Public Accountants  
297 Knollwood Road  
White Plains, New York 10607

TO: The Board of Directors  
Tudor Arms Owners Corporation  
31 Pondfield Road West  
Bronxville, New York 10708

We have audited the accompanying balance sheets of Tudor Arms Owners 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 principals 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 Tudor Arms Owners 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.

*Frank L. Tancredi & Co.*

White Plains, New York  
May 17, 1990

Tudor Arms Owners Corporation  
Comparative Balance Sheet  
December 31, 1989 and 1988

Assets

	<u>1989</u>	<u>1988</u>
<b>Current Assets:</b>		
Cash in Bank	\$ 95,491.16	\$ 61,083.74
Accounts Receivable - Maintenance	1,420.46	1,611.47
Prepaid Expenses	16,446.33	14,978.02
Accrued Interest Receivable	<u>552.51</u>	<u>210.30</u>
<b>Total Current Assets</b>	<b>113,910.46</b>	<b>77,883.53</b>
<b>Fixed Assets - Schedule A-1 &amp; Note 1</b>	<b>4,726,858.37</b>	<b>4,594,614.37</b>
Less: Accumulated Deperciation	<u>( 342,232.42)</u>	<u>( 258,996.46)</u>
<b>Total Fixed Assets</b>	<b><u>4,384,625.95</u></b>	<b><u>4,335,617.91</u></b>
<b>Total Assets</b>	<b>\$ <u>4,498,536.41</u></b>	<b>\$ <u>4,413,501.44</u></b>

Liabilities and Shareholders' Equity

Current Liabilities:

Accounts Payable	\$ 26,559.36	\$ 29,293.91
Accounts Payable - Building Improvement	32,000.00	0.00
Accrued Expenses	1,341.67	11,292.98
Taxes Payable	1,130.55	702.70
Notes Payable - Insurance	7,369.20	10,983.34
Rents Received in Advance	<u>407.01</u>	<u>487.78</u>
<b>Total Current Liabilities</b>	<b>68,807.79</b>	<b>52,760.71</b>

Long Term Liabilities:

Reserve Fund	31,885.00	31,885.00
Mortgages Payable - Note 2	<u>1,375,000.00</u>	<u>1,250,000.00</u>
<b>Total Long Term Liabilities</b>	<b>1,406,885.00</b>	<b>1,281,885.00</b>
<b>Total Liabilities</b>	<b>1,475,692.79</b>	<b>1,334,645.71</b>
<b>Shareholders' Equity - Exhibit B</b>	<b><u>3,022,843.62</u></b>	<b><u>3,078,855.73</u></b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ <u>4,498,536.41</u></b>	<b>\$ <u>4,413,501.44</u></b>

See Accountants' Audit Report

Tudor Arms Owners Corporation  
Comparative Supporting Schedule of Balance Sheet  
For The Years Ended December 31, 1989 and 1988

Fixed Assets	<u>1989</u>	<u>1988</u>
Land	\$ 1,284,000.00	\$ 1,284,000.00
Building	3,237,626.25	3,237,626.25
Building Improvements	<u>205,232.12</u>	<u>72,988.12</u>
Total Fixed Assets to Exhibit A	\$ <u>4,726,858.37</u>	\$ <u>4,594,614.37</u>

See Accountants' Audit Report

Tudor Arms Owners Corporation  
 Comparative Statement of Stockholders Equity  
 For The Years Ended December 31, 1989 and 1988

Shareholders' Equity:	<u>1989</u>	<u>1988</u>
<b>Capital Stock:</b>		
Common - Authorized 31,885 Shares		
Par Value \$ 1; Issued and Outstanding	\$ 31,885.00	\$ 31,885.00
Capital in Excess of Par	89,182.20	89,182.20
Contributed Capital	3,239,741.25	3,239,741.25
Retained Earnings	( <u>337,964.83</u> )	( <u>281,952.70</u> )
Total Shareholders' Equity	\$ <u>3,022,843.62</u>	\$ <u>3,078,855.70</u>
Retained Earnings - January 1,	\$ ( 281,952.72)	\$ ( 209,059.80)
Add (loss) for the year end December 31	( <u>56,012.11</u> )	( <u>72,892.80</u> )
Retained Earnings - December 31	\$ ( <u>337,964.83</u> )	\$ ( <u>281,952.70</u> )

See Accountants' Audit Report

Tudor Arms Owners Corporation  
 Comparative Statement of Operations  
 For The Years Ended December 31, 1989 and 1988

	<u>1989</u>	<u>1988</u>
<b>Income:</b>		
Total Maintenance and Other Income Schedule C-1	\$ <u>304,892.14</u>	\$ <u>295,813.47</u>
<b>Expenses:</b>		
Salary - Superintendent	20,717.75	18,043.75
Payroll Tax Expenses	1,695.90	1,355.09
Utilities	6,869.45	7,100.32
Hospitalization	4,133.88	3,326.09
Fuel	21,161.48	25,247.83
Maintenance - Schedule C-2	34,963.77	35,879.50
Management Fees	7,800.00	7,800.00
Insurance	13,901.83	21,686.54
Professional Fees - Accounting	3,250.00	4,000.00
Professional Fees - Legal	3,825.00	0.00
Mortgage Interest	117,708.38	125,000.04
Real Estate Taxes	36,319.50	34,775.25
Water	3,872.00	2,536.44
Permits and Licenses	0.00	546.64
Office Expense	177.71	699.01
Telephone	<u>891.39</u>	<u>1,028.78</u>
<b>Total Operating Expenses</b>	<b><u>277,288.04</u></b>	<b><u>289,025.28</u></b>
<b>Income before depreciation and provision for income tax</b>	<b>27,604.10</b>	<b>6,788.19</b>
<b>Depreciation</b>	<b><u>83,235.96</u></b>	<b><u>79,246.07</u></b>
<b>(Loss) before income taxes</b>	<b>( 55,631.86)</b>	<b>( 72,457.88)</b>
<b>Provision for income tax</b>	<b><u>380.25</u></b>	<b><u>435.00</u></b>
<b>Net (Loss)</b>	<b>\$ <u>(.56,012.11)</u></b>	<b>\$ <u>(.72,892.88)</u></b>

See Accountants' Audit Report

Tudor Arms Owners Corporation  
Comparative Supporting Schedule for Income  
For The Years Ended December 31, 1989 and 1988

	<u>1989</u>	<u>1988</u>
Income:		
Maintenance	\$ 284,034.96	\$ 278,418.18
Parking Income	8,280.00	8,280.00
Laundry Income	1,500.00	1,500.00
Miscellaneous Income	2,636.18	777.05
Interest Income	4,466.00	1,738.24
Flip Tax	<u>3,975.00</u>	<u>5,100.00</u>
 Total Income Exhibit C	 \$ <u>304,892.14</u>	 \$ <u>295,813.47</u>

See Accountants' Audit Report

Tudor Arms Owners Corporation  
 Comparative Supporting Schedule of Statements of Operation  
 For The Years Ended December 31, 1989 and 1988

	<u>1989</u>	<u>1988</u>
<u>Maintenance, Repairs and Supplies</u>		
Painting/Plastering	\$ 3,241.52	\$ 1,108.88
Exterminating	1,227.84	1,750.17
Plumbing Repairs	9,927.91	8,771.23
Gardening and Landscaping	1,977.50	1,295.70
Building - General	1,215.79	5,629.81
Building Supplies	3,856.71	4,368.26
Maintenance Service - Elevator	6,554.32	7,274.25
Maintenacce Service - Boiler	706.90	1,738.63
Electrical	0.00	761.99
Carpentry	0.00	1,175.00
Garage Doors	871.62	563.34
Miscellaneous	0.00	92.41
Sewer and Drainage	372.76	79.31
Heating and Air Conditioning	<u>5,010.90</u>	<u>1,270.52</u>
Total Maintenance expense	\$ <u>34,963.77</u>	\$ <u>35,879.50</u>

See Accountants' Audit Report



Tudor Arms Owners Corporation  
 Comparative Statements of Cash Flows  
 For The Years Ended December 31, 1989 and 1988  
 Increase (Decrease) in Cash and Cash Equivalents

	<u>1989</u>	<u>1988</u>
Cash Flows from Operating Activities		
Net (Loss)	\$ (56,012.11)	\$ (72,892.8)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	\$ 83,235.96	\$ 79,246.07
Decrease Accounts Receivable	191.01	1,749.28
Increase Interest Receivable	(342.21)	(54.54)
Increase Prepaid Expenses	(1,468.31)	9,270.74
Decrease Accounts Payable	(2,734.55)	858.29
Decrease Accrued Expense	(9,951.31)	(10,149.61)
Decrease Notes Payable - Insurance	(3,614.14)	4,987.70
Increase Taxes Payable	<u>427.85</u>	<u>(594.37)</u>
Total Adjustments	<u>65,744.30</u>	<u>85,313.5</u>
Net Cash Provided from Operating Activities	9,732.19	12,420.6
Cash Flows from Investing Activities:		
Acquisition of PPE - Building Improvement	(132,244.00)	<u>0.00</u>
Net Cash used in Investing Activities	(132,244.00)	0.0
Cash Flows from Financing Activities:		
Net Borrowings	32,000.00	(3,518.65)
Rents Received in Advance	(80.77)	487.78
Proceeds from issuance of long-term debt	<u>125,000.00</u>	<u>0.00</u>
Net Cash Provided from Financing Activities	<u>156,919.23</u>	<u>(3,030.8)</u>
Net Increase in Cash and Cash Equivalents	34,407.42	9,389.8
Cash and Cash Equivalents at Beginning of Year	<u>61,083.74</u>	<u>51,693.9</u>
Cash and Cash Equivalents at the End of Year	\$ <u>95,491.16</u>	\$ <u>61,083.7</u>

See Accountants' Audit report

Tudor Arms Owners Corporation  
A Cooperative Apartment Corporation  
Notes to Financial Statements  
December 31, 1989

Note 1: Summary of Significant Accounting Policies

Assets, Liabilities, Revenue and Expenses are recognized on the accrual basis of accounting.

Fixed assets are stated at cost less accumulated depreciation, and are depreciated on the straight line method based on their respective useful lives. During 1989, there is a major Capital Improvement on the building in the form of Roofing. The total cost of \$115,000 is depreciated over 27.5 years using Mid-Year convention method. The accounts payable on this is \$32,000 @ 12/31/89.

The total depreciation expense for the twelve months ended December 31, 1989 was \$83,235.96.

Note 2: Mortgages Payable

A mortgage note in the amount of \$1,250,000 is held by Pondfield Estates. Only interest is paid on a monthly basis. The interest is paid in advance of the fifteen day of each month until the note matures on July 15, 1995. The interest rate on this note is 10% per annum.

This is wrap-around mortgage note which encompasses an existing first mortgage lien on the property. Pondfield Estates is obligated to make all principal and interest payments on the first mortgage out of its own funds. On December 31, 1985 the balance of this mortgage was \$147,435.

During 1989, a second mortgage on the building has been obtained from Peck & Heller ( Mortgage Account ) - The Sponsors, in the amount of \$125,000. The interest is payable monthly @ 10% per annum, commencing November 2, 1989. The Mortgage matures on August 1, 1995 and is subject to the wrap-around mortgage held by Pondfield Estates.

Note 3: Income and Franchise Taxes

Tudor Arms Owners Corporation is subject to an annual New York State Franchise tax. The corporation had no federal taxable income; and therefore, incurred no federal income tax liability for the year ended December 31, 1989.

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SEVENTH AMENDMENT TO OFFERING PLAN

for

31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

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

2. Unsold Shares held by the Sponsor.

Annexed hereto is a schedule of unsold shares, all of which are currently held by Pondfield Estates (the "Sponsor") and the apartment to which such shares are allocated.

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 32.836% 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 16, 1988 the following Officers and Directors of the Corporation were elected:

Richard Scott, President and Director  
Frank Heller, Vice President and Director  
Marilyn T. Joyce, Vice President and Director  
Maureen Kilcommons, 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 13, 1988, an operating budget for the calendar year 1989 was adopted which maintained the per share annual maintenance at \$8.82.

7. Financial Statements.

The financial statement for Tudor Arms Owners Corp. for the year ended December 31, 1987 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 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: May 1, 1989

PONDFIELD ESTATES, Sponsor

By Frank Heller  
Frank Heller, Partner

PLANAM. 7

Schedule of Unsold Shares

#	APT	DEPART	S-SHR
	10-B	UNSOLD SHARES.	600
	41	UNSOLD SHARES.	515
	61	UNSOLD SHARES.	520
	42	UNSOLD SHARES.	370
	52	UNSOLD SHARES.	370
	3	UNSOLD SHARES.	505
	23	UNSOLD SHARES.	510
	33	UNSOLD SHARES.	510
	63	UNSOLD SHARES.	520
	4	UNSOLD SHARES.	655
	25	UNSOLD SHARES.	665
	65	UNSOLD SHARES.	675
	46	UNSOLD SHARES.	520
	66	UNSOLD SHARES.	525
	57	UNSOLD SHARES.	515
	8	UNSOLD SHARES.	655
	48	UNSOLD SHARES.	665
	68	UNSOLD SHARES.	670
	9	UNSOLD SHARES.	505
		TOTL ELONG: 17	10,470

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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:

Seller: PONDFIELD 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. 13-2500233

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

Tudor Arms Owners Corp.

1.6 The "Unit" number is

1.7 The Unit is located in "Premises" known as
31 Pondfield Road West
Bronxville, 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 case, 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

Items not included from the sale will personally be retained by Seller.

\*subject to any increase authorized by the Corporation's Board of Directors after the date hereof



3.2 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 personally 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 adopted ~~by the Board of Directors of the Corporation~~ 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 in 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. 19.5.2), 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~~ 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 10 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

received. This contract shall be deemed cancelled.

6.4 If Seller receives a written notice of cancellation pursuant to this Par. 6, the Escrowee shall return the Contract Deposit to Purchaser. In case of a demand 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



19.4 The Notice of cancellation of the Loan Commitment Letter in 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 for 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 Purchaser on account of such withholding. This Par. 26.1 shall survive the Closing.

26.2 If a Real Property Transfer Gains Tax pre-claim 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 on 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 ~~separate~~ 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:

PONDFIELD ESTATES \_\_\_\_\_

By: \_\_\_\_\_  
Partner

PURCHASER:

\_\_\_\_\_

\_\_\_\_\_

RIDER ANNEXED TO CONTRACT

Dated:

Seller: PONDFIELD ESTATES

Purchaser:

Premises: 31 Pondfield Road West, Bronxville, New York

Unit No.:

Apartment Corporation: Tudor Arms 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, if any such taxes have been enacted on or prior to the Closing, 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 dispossess 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



New York State  
**REAL PROPERTY TRANSFER GAINS TAX**

For Departmental Use Only

**Questionnaire**  
**TRANSFeree**

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, 1983.

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 Transferee) _____ Address _____ Zip Code _____	Social Security Number _____ Federal Employer Identification Number _____
Name Transferee) <b>PONDFIELD ESTATES</b> Address _____ NY 10601 Zip Code _____ c/o Seymour Orlofsky, Inc., 199 Main St., White Plains	Social Security Number _____ Federal Employer Identification Number 13 2500233
Name Transferee's Att'y) <b>PECK &amp; HELLER</b> Address _____ Zip Code _____ 60 E. 42nd Street, Room 4519, New York, NY 10165	

LOCATION OF PROPERTY TO BE TRANSFERRED (List each lot separately)		DATE OF ANTICIPATED TRANSFER		
Address	County	Month	Day	Year
Apt 31 Pondfield Rd. Bronxville, NY	West.			

COMPLETE LINES 1, 2 AND 3

Consideration to be Paid to Transferor By Transferee	1		
Brokerage Fees to be Paid by Transferee to Transferor	2		
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.

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature of officer administering oath



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SIXTH AMENDMENT TO OFFERING PLAN

for

31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

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

2. Offering of Professional Office Apartment 10-B.

The 600 shares allocated to the professional office Unit Number 10-B ("10-B") will be offered for sale.

3. Amended Purchase Price.

The Plan is hereby amended to increase the purchase price by any purchaser for unsold shares of the Corporation and the Proprietary Lease appurtenant to such shares, other than the shares appurtenant to 10-B, to Two Hundred Forty (\$240.00) Dollars per share. The purchase price of the 600 shares appurtenant to 10-B is \$175,000.00. The increase in the total offering price as a result of the foregoing is the amount of \$292,750.00.

4. Unsold Shares held by the Sponsor.

Annexed hereto is a schedule of unsold shares, all of which are currently held by Pondfield Estates (the "Sponsor") and the apartment to which such shares are allocated.

5. Control of Board of Directors.

As of the date hereof, the total of unsold shares held by the Sponsor aggregates 32.836% of the outstanding shares of the Corporation and, accordingly, the Sponsor does not control the Board of Directors of the Corporation.

6. Board of Directors.

At a meeting of Shareholders and Directors duly held on June 25, 1987 the following Officers and Directors of the Corporation were elected:

- Frank Heller, President and Director
  - Richard Scott, Vice President and Director
  - \* Rose Beseda, Treasurer and Director
  - Maureen Kilcommons, Secretary and Director
  - Robert Orlofsky, Assistant Secretary and Director
- \* Rose Beseda resigned as an Officer and Director. Marilyn T. Joyce was elected in her place and stead at a meeting of Directors of the Corporation held November 30, 1987.

7. Enactment of Transfer Fee.

At a meeting of Shareholders duly held on June 25, 1987 a resolution was adopted and the Proprietary Lease and By-Laws of the Corporation amended to authorize the collection by the Corporation of a Transfer Fee of \$3.00 per share in connection with transfers of shares and assignments of Proprietary Leases. The provisions of the resolution and amendments are more particularly set forth in Exhibit A attached hereto.

8. Maintenance Charges.

By resolution of the Board of Directors adopted at a meeting duly held on November 30, 1987, after reviewing a projected budget of building operations for the calendar year 1988, the per share monthly maintenance was fixed at \$8.82 for the calendar year 1988.

9. Special Assessment.

By resolution of the Board of Directors adopted at a meeting duly held May 27, 1987 an assessment of \$1.00 per share

was imposed on all shares of the Corporation, to be added to the Corporation's Reserve Fund.

10. Financial Statements.

The financial statement for Tudor Arms Owners Corp. for the year ended December 31, 1986 is attached hereto as Exhibit B.

11. 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: February 9, 1988

PONDFIELD ESTATES, Sponsor

By /s/ Frank Heller  
Partner

Schedule of Unsold Shares

#	APT	TENANT	S-SHR
	10-B	UNSOLD SHARES.	600
	41	UNSOLD SHARES.	515
	61	UNSOLD SHARES.	520
	42	UNSOLD SHARES.	370
	52	UNSOLD SHARES.	370
	3	UNSOLD SHARES.	505
	23	UNSOLD SHARES.	510
	33	UNSOLD SHARES.	510
	63	UNSOLD SHARES.	520
	4	UNSOLD SHARES.	655
	25	UNSOLD SHARES.	665
	65	UNSOLD SHARES.	675
	46	UNSOLD SHARES.	520
	66	UNSOLD SHARES.	525
	57	UNSOLD SHARES.	515
	8	UNSOLD SHARES.	655
	48	UNSOLD SHARES.	665
	68	UNSOLD SHARES.	670
	9	UNSOLD SHARES.	505
		TOTL BELONG: 19	10,470

EXHIBIT A

TUDOR ARMS OWNERS CORP.

Resolutions Adopted at Meeting of Shareholders

June 25, 1987

APARTMENT TRANSFER FEE RESOLUTION

1. RESOLVED: A. That the Corporation shall collect a transfer fee ("the Transfer Fee"), in connection with any assignment of Proprietary Leases or transfer of shares of the Corporation (such transfers or assignment being hereinafter referred to as a "Resale") made after June 25, 1987, except for any Resale which complies with the provisions of Resolution Number 2 below.

B. The Transfer Fee shall be equal to \$3.00 per share for each of the shares transferred in connection with the Resale.

C. The transfer fee shall be paid to the Corporation in addition to fees fixed by the Corporation to cover actual managing agent and legal fees charged in accordance with the Proprietary Lease and the By-Laws of the Corporation.

2. RESOLVED: That no Transfer Fee shall be charged for (a) any Resale of shares and Proprietary Lease of the Corporation sold pursuant to a fully executed Contract of Sale actually delivered to a bona fide purchaser on or before June 25, 1987; (b) any sale of Unsold Shares and Proprietary Lease wherein the Sponsor is the Lessee; (c) transfers made without consideration within an "immediate family"; (d) transfers to an executor or administrator upon the death of the Lessee; (e) transfers made without consideration from an executor or administrator to a member of the "immediate family" of the deceased Lessee. The terms "immediate family" shall mean spouse, adult children (whether by blood or adoption), adult siblings and parents. However, the seller or assignor shall also be liable for the fee of the managing agent and attorneys for the Corporation pursuant to the Proprietary Lease and the By-Laws of the Corporation.

3. RESOLVED: That application of the Transfer Fee shall be subject to deferral, waiver, reduction or payment in any other manner and at such other times as the Board of Directors shall so direct upon a vote of the majority of the members of the Board of Directors of the Corporation if, and only if, the Board of Directors receives a written opinion from counsel to the Corporation or from the accountants who regularly service the books of the Corporation that the receipt of payment of the Transfer Fee, in any instance or generally, upon the closing of

any Resale may adversely affect the status of the Corporation as a qualified cooperative housing corporation under Section 216 of the Internal Revenue Code or may adversely affect the Corporation and its shareholders under any other applicable statute or regulation of the United States government, or the State of New York, now or hereinafter in effect, governing or affecting the tax deductibility of any portion of the maintenance (rent, and charges paid by shareholders to the Corporation).

4. RESOLVED: That the Transfer Fee be continued until such time as the Board of Directors by majority vote, at a duly called meeting of the Board of Directors, and the holders of not less than two-thirds of the issued and outstanding shares of the Corporation, pursuant to a timely issued Notice of Shareholder Meeting (in which notice is set forth the proposal to rescind the Transfer Fee), adopt a resolution or resolutions prospectively terminating or rescinding the Transfer Fee. In the event of such termination, or rescission, no Transfer Fee previously collected by the Corporation shall be refunded and no seller or assignee who previously paid the Transfer Fee shall have any right or claim to a refund against the Corporation.

5. RESOLVED: That the Transfer Fee of \$3.00 per share shall not be increased except upon the approval of not less than the holders of two-thirds of the issued and outstanding shares of the Corporation, at a meeting of shareholders held pursuant to a timely issued notice of shareholders meeting (in which notice is set forth the proposal to increase the Transfer Fee) and pursuant to resolutions duly adopted at such meeting.

#### AMENDMENT TO THE PROPRIETARY LEASE

5. RESOLVED: That the following language be added as new subparagraphs to paragraph 6 of the Proprietary Lease now or hereafter in effect for apartments at 31 Pondfield Road West, Bronxville, New York:

(a) The Corporation shall collect a transfer fee (the "Transfer Fee"), in connection with any assignment of Proprietary Leases of shares of the Corporation (such transfer or assignment being hereinafter referred to as a "Resale") made after June 25, 1987 except for any Resale which complies with the provisions of Paragraph (2) below.

(b) The Transfer Fee shall be equal to \$3.00 per share for each of the shares transferred in connection with the Resale.

(c) The Transfer Fee shall be paid to the Corporation in addition to fees fixed by the Corporation to cover actual managing agent and legal fees charged in accordance with the Proprietary Lease and the By-Laws of the Corporation.

(d) No Transfer Fee shall be charged for (a) any Resale of shares and Proprietary Lease of the Corporation sold pursuant to a fully executed Contract of Sale actually delivered to a purchaser on or before June 25, 1987; (b) any sale of Unsold shares and Proprietary lease wherein the Sponsor is the Lessee; (c) transfers made without consideration within an "immediate family"; (d) transfers to an executor or administrator upon the death of the Lessee; (e) transfers made without consideration from an executor or administrator to a member of the "immediate family" of the deceased Lessee. The term "immediate family" shall mean spouse, adult children (whether by blood or adoption), adult siblings and parents. However, the seller or assignor shall also be liable for the fee of the managing agent and attorneys for the Corporation pursuant to the Proprietary Lease and the By-Laws of the Corporation.

(e) Application of the Transfer Fee shall be subject to deferral, waiver, reduction or payment in any other manner and at such other times as the Board of Directors shall so direct upon a vote of the majority of the members of the Board of Directors of the Corporation if, and only if, the Board of Directors receives a written opinion from counsel to the Corporation or from the accountants who regularly service the books of the Corporation that the receipt of payment of the Transfer Fee, in any instance or generally, upon the closing of any Resale may adversely affect the status of the Corporation as a qualified cooperative housing corporation under Section 216 of the Internal Revenue Code or may adversely affect the Corporation and its shareholders under any other applicable statute or regulation of the United States government, or the State of New York, now or hereinafter in effect, governing or affecting the tax deductibility of any portion of the maintenance (rent, and charges paid by shareholders to the Corporation).

(f) The Transfer Fee shall be continued until such time as the Board of Directors by majority vote, at a duly called meeting of the Board of Directors, and the holders of not less than two-thirds of the issued and outstanding shares of the Corporation, pursuant to a timely issued Notice of Shareholder Meeting (in which notice is set forth the proposal to rescind the Transfer Fee), adopt a resolution or resolutions prospectively terminating or rescinding the Transfer Fee. In the event of such termination or rescission, no Transfer Fee previously collected by the Corporation shall be refunded and no seller or assignee who previously paid the Transfer Fee shall have any right or claim to a refund against the Corporation.

(g) The Transfer Fee of \$3.00 per share shall not be increased except upon the approval of not less than the holders of two-thirds of the issued and outstanding shares of the Corporation, at a meeting of shareholders held pursuant to a timely issued notice of shareholders meeting (in which notice is



set forth the proposal to increase the Transfer Fee) and pursuant to resolutions duly adopted at such meeting.

AMENDMENT OF THE BY-LAWS OF THE CORPORATION

6. RESOLVED: That a new Section 9 be added to Article V of the By-Laws of the Corporation and same shall be amended to read as follows:

(a) The Corporation shall collect a transfer fee (the "Transfer Fee"), in connection with any assignment of Proprietary Leases or transfers of shares of the Corporation (such transfers or assignment being hereinafter referred to as a "Resale") made after June 25, 1987, except for any Resale which complies with the provisions of Paragraph (2) below.

(b) The Transfer Fee shall be equal to \$3.00 per share for each of the shares transferred in connection with the Resale.

(c) The Transfer Fee shall be paid to the Corporation in addition to fees fixed by the Corporation to cover actual managing agent and legal fees charged in accordance with the Proprietary Lease and By-Laws of the Corporation.

(d) No Transfer Fee shall be charged for (a) any Resale of shares and Proprietary Lease of the Corporation sold pursuant to a fully executed Contract of Sale actually delivered to a bona fide purchaser on or before June 25, 1987; (b) any sale of Unsold shares and Proprietary Lease wherein the Sponsor is the Lessee; (c) transfers made without consideration within an "immediate family"; (d) transfers to an executor or administrator upon the death of the Lessee; (d) transfers made without consideration to a member of the "immediate family" of the deceased Lessee. The term "immediate family" shall mean spouse, adult children (whether by blood or adoption), adult siblings and parents. However, the seller or assignor shall also be liable for the fee of the managing agent and attorneys for the Corporation pursuant to the Proprietary Lease and By-Laws of the Corporation.

(e) Application of the Transfer Fee shall be subject to deferral, waiver, reduction or payment in any other manner and at such other times as the Board of Directors shall so direct upon a vote of the majority of the members of the Board of Directors of the Corporation if, and only if, the Board of Directors receives a written opinion from counsel to the Corporation or from counsel to the Corporation or from the accountants who regularly service the books of the Corporation that the receipt of payment of the Transfer Fee, in any instance or generally, upon the closing of any Resale may adversely affect the status of the Corporation as a qualified cooperative housing corporation under Section 216 of the Internal Revenue Code or may

adversely affect the Corporation and its shareholders under any other applicable statute or regulation of the United States government, or the State of New York, now or hereafter in effect, governing or affecting the tax deductibility of any portion of the maintenance (rent, and charges paid by shareholders to the Corporation).

(f) The Transfer Fee shall be continued until such time as the Board of Directors by majority vote, at a duly called meeting of the Board of Directors, and the holders of not less than two-thirds of the issued and outstanding shares of the Corporation, pursuant to a timely issued Notice of Shareholder meeting (in which notice is set forth the proposal to rescind the Transfer Fee), adopt a resolution or resolutions prospectively terminating or rescinding the Transfer Fee. In the event of such termination or rescission, no Transfer Fee previously collected by the Corporation shall be refunded and no seller or assignee who previously paid the Transfer Fee shall have any right or claim to a refund against the Corporation.

(g) The Transfer Fee of \$3.00 per share shall not be increased except upon the approval of not less than the holders of two-thirds of the issued and outstanding shares of the Corporation, at a meeting of shareholders held pursuant to a timely issued notice of shareholders meeting (in which notice is set forth the proposal to increase the Transfer Fee) and pursuant to resolutions duly adopted at such meeting.

#### DISTRIBUTION OF AND ACTION UPON RESOLUTIONS

7. RESOLVED: That a copy of these resolutions be promptly distributed to all shareholders of the Corporation and that notice of the Transfer Fee and the shareholder vote thereon be included in the minutes of the Annual Meeting of Shareholders held June 25, 1987.

8. RESOLVED: That the President and Secretary of the Corporation be, and the same hereby are, authorized and empowered to take all such actions as are necessary and/or appropriate to implement these resolutions.

EXHIBIT B

TUDOR ARMS OWNERS CORP.  
(A Cooperative Apartment Corporation)

REPORT ON EXAMINATIONS OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1986

TUDOR ARMS OWNERS CORP.  
(A Cooperative Apartment Corporation)

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**MARGOLD, ERSKEN & WANG**

CERTIFIED PUBLIC ACCOUNTANTS

25 WEST 43RD STREET  
NEW YORK

To the Board of Directors and Stockholders of

Tudor Arms Owners Corp. (A Cooperative Apartment Corporation):

We have examined the accompanying balance sheet of Tudor Arms Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1986, and the related statements of income and changes in financial position for the year 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 Tudor Arms Owners Corp. (A Cooperative Apartment Corporation) as of December 31, 1986, and the results of its operations and changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Margold, Erskan & Wang.*

New York, New York  
March 3, 1987

TUDOR ARMS OWNERS CORP.  
(A Cooperative Apartment Corporation)

BALANCE SHEET

DECEMBER 31, 1986

ASSETS:

<u>CURRENT ASSETS</u> (Schedule A - I)	\$ 58,881
<u>FIXED ASSETS</u> (Schedule A - II) (Note 1) (Note 3)	<u>4,461,663</u>
	<u>\$4,520,544</u>

LIABILITIES AND SHAREHOLDERS' EQUITY:

LIABILITIES:

<u>CURRENT LIABILITIES</u> (Schedule A - III)	\$ 61,155
<u>MORTGAGE NOTE PAYABLE</u> (Note 2)	<u>1,250,000</u>
	\$1,311,155

SHAREHOLDERS' EQUITY:

CAPITAL STOCK:

Issued and outstanding 31,885 shares with a par value of \$1.00 per share	\$ 31,885
Excess of book value over par value of shares issued	3,239,741
Reserve fund contribution by sponsor (Note 5)	<u>89,182</u>
	\$3,360,808
<u>Less - Excess of Expenses over Income</u>	<u>( 151,419)</u>
	<u>3,209,389</u>
	<u>\$4,520,544</u>

See notes to financial statements.

TUDOR ARMS OWNERS CORP.  
(A Cooperative Apartment Corporation)

SCHEDULES

DECEMBER 31, 1986

SCHEDULE A - I

CURRENT ASSETS:

Cash - Money Market Account	\$ 27,196
- Managing Agent	14,757
Prepaid Expenses	16,211
Due from Shareholders (Tenants)	<u>717</u>
	<u>\$ 58,881</u>

SCHEDULE A - II

FIXED ASSETS, at book value: (Note 1) (Note 3)

Premises: 31 Pondfield Road West, Bronxville,  
New York

Land	\$1,284,000
Building	3,237,626
Improvements	<u>42,090</u>
	\$4,563,716
<u>Less: Accumulated Depreciation</u>	<u>102,053</u>
	<u>\$4,461,663</u>

SCHEDULE A - III

CURRENT LIABILITIES:

Notes Payable	\$ 7,278
Accounts Payable (Current Operations)	25,545
Payroll and Other Taxes Payable	2,220
Due to Sponsor	25,931
Prepaid Rent	<u>181</u>
	<u>\$ 61,155</u>

See notes to financial statements.

TUDOR ARMS OWNERS CORP.  
(A Cooperative Apartment Corporation)

STATEMENT OF INCOME AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1986

INCOME:

Assessments on Shareholders (Tenants)	\$ 267,834
Laundry Room Commission	1,375
Parking Commission	6,585
Interest	<u>1,013</u>
	\$ 276,807

EXPENSES:

Operating Expenses (Schedule B - I)	\$ 97,582
Maintenance Expenses (Schedule B - II)	33,867
Administrative Expenses (Schedule B - III)	11,797
Financial Expenses (Schedule B - IV)	125,469
Taxes (Schedule B - V)	<u>32,664</u>
	<u>301,379</u>

EXCESS OF EXPENSES OVER INCOME BEFORE DEPRECIATION (\$ 24,572)

DEPRECIATION 76,153

EXCESS OF EXPENSES OVER INCOME (\$ 100,725)

EXCESS OF EXPENSES OVER INCOME AT BEGINNING OF YEAR (50,694)

EXCESS OF EXPENSES OVER INCOME AT END OF YEAR (\$ 151,419)

See notes to financial statements.



TUDOR ARMS OWNERS CORP.  
(A Cooperative Apartment Corporation)

SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 1986

SCHEDULE B - I

OPERATING EXPENSES:

Payroll	\$ 24,139
Insurance - Compensation	792
Insurance - General	36,542
Payroll Taxes	1,777
Fuel	26,411
Electricity and Gas	6,969
Water Charges	<u>952</u>
	<u>\$ 97,582</u>

SCHEDULE B - II

MAINTENANCE EXPENSES:

Plumbing	\$ 2,344
Boiler	627
General Building Repairs	8,199
Hardware and Supplies	3,946
Elevator	8,087
Exterminating	1,829
Sewer and Drainage	735
Roof Repair	<u>8,100</u>
	<u>\$ 33,867</u>

See notes to financial statements.

TUDOR ARMS OWNERS CORP.  
(A Cooperative Apartment Corporation)

SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 1986

SCHEDULE B - III

ADMINISTRATIVE EXPENSES:

Management Fees	\$ 7,800
Professional Fees	3,000
Telephone and Sundry	<u>997</u>
	<u>\$ 11,797</u>

SCHEDULE B - IV

FINANCIAL EXPENSE:

Mortgage Note Interest	\$ 125,000
Other Interest	<u>469</u>
	<u>\$ 125,469</u>

SCHEDULE B - V

TAXES:

Real Estate Taxes	\$ 31,537
New York State Franchise Tax	<u>1,127</u>
	<u>\$ 32,664</u>

See notes to financial statements.

TUDOR ARMS OWNERS CORP.  
(A Cooperative Apartment Corporation)

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1986

FUNDS PROVIDED BY:

Excess of Expenses over Income (Exhibit B)		(\$ 100,725)
<u>Add Back:</u> Depreciation	\$ 76,153	
Reserve Fund Contributed by Sponsor	<u>74,182</u>	
		<u>150,335</u>
		\$ 49,610

FUNDS UTILIZED FOR:

Fixed Assets Acquired		<u>42,090</u>
<u>NET INCREASE (DECREASE) IN WORKING CAPITAL</u>		\$ 7,520
<u>NET CURRENT ASSETS (DEFICIT) AT BEGINNING OF YEAR</u>		( <u>9,794</u> )
<u>NET CURRENT ASSETS (DEFICIT) AT END OF YEAR</u>		( <u><u>2,274</u></u> )

See notes to financial statements.

TUDOR ARMS OWNERS CORP.  
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES:

A. The corporation was organized, on under the applicable laws of the State of New York. Active operations of the cooperative apartment corporation commenced on August 1, 1985, when the property located at 31 Pondfield Road West, Bronxville, N.Y. was acquired. Land and building are shown herein at their estimated fair value of \$4,521,626 at acquisition. Of this, \$3,237,626 is allocated to the building. Depreciation of building, for the purposes of this financial statement, is calculated on the \$3,237,626 value thereof under the straight-line method, over a period of thirty years.

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 Pondfield Road West property was acquired by transfer from the sponsor, Pondfield Estates, and in consideration therefor, Tudor Arms Owners Corp. issued its capital stock, plus cash which was derived from stock subscriptions, to the sponsor.

TUDOR ARMS OWNERS CORP.  
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. 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 to the sponsor, upon its transfer of the property to the corporation.

The corporation's tax basis for the property, as so determined, is \$849,546, of which \$241,271 is allocated to land and \$608,275 is allocated to the building.

Depreciation of building, for income tax purposes, is calculated under the straight-line method over a period of thirty years.

The foregoing in Note 1B, concerns only the treatment of tax basis and allowable depreciation, which are elements in the determination of taxable income. They are not otherwise utilized in this statement.

2. MORTGAGE NOTE PAYABLE:

Mortgage note in the amount of \$1,250,000 is held by Pondfield Estates interest only, at the rate of 10% per annum, is payable monthly, in advance, on the fifteenth day of each month until maturity. The note matures on July 15, 1995.

This is a wrap-around mortgage note, which encompasses an existing first mortgage lien on the property.

Pondfield Estates is obligated to make all principal and interest payments on the first mortgage out of its own funds. Principal balance thereof was \$147,435 on December 31, 1985.

TUDOR ARMS OWNERS CORP.  
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

3. FIXED ASSETS:

Fixed assets are originally recorded at cost of acquisition. Repairs, maintenance and minor replacements are expensed as incurred.

The Company uses the straight-line method of computing its depreciation.

4. INCOME AND FRANCHISE TAXES:

Tudor Arms Owners Corp. is subject to an annual New York State Franchise Tax.

The corporation had no federal taxable income and, therefore, incurred no federal income tax liability for the year 1986.

5. ADDITIONAL CONTRIBUTION TO RESERVE FUND BY SPONSOR:

According to the third amendment to cooperative offering plan dated December 9, 1985, sponsor agrees to increase the reserve fund by \$15,000 to \$30,000, and to increase the reserve fund by 6% of the purchase price it receives from qualified tenants who subscribe prior to January 30, 1986.

During the year, sales to qualified buyers totaled \$986,370, and accordingly \$59,182 along with the \$15,000 additional reserve fund was contributed by the sponsor.

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FIFTH AMENDMENT TO OFFERING PLAN

for

31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

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

2. Amended Purchase Price.

The Plan is hereby amended to increase the purchase price by any purchaser for unsold shares of the Corporation and the proprietary lease appurtenant to such shares to Two Hundred Fifteen (\$215.00) Dollars per share.

The increase in the total price as a result of the foregoing is the amount of \$157,050.00.

3. Unsold Shares held by the Sponsor

Annexed hereto is a schedule of unsold shares, all of which are currently held by Pondfield Estates (the "Sponsor") and the apartment to which such shares are allocated.

4. Control of Board of Directors.

As of the date hereof, the total of unsold shares held by the Sponsor aggregates 32.836% of the outstanding shares of the Corporation and, accordingly, the Sponsor does not control the Board of Directors of the Corporation.



## 5. 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.

#### 6. 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 12, 1986. The results of the inspection are herein disclosed and hereby incorporated in this Fifth 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 Sponsor is no longer in control of the Board. Accordingly, the Sponsor can make no representation that the Board will follow the recommendations of the Asbestos Report. There can also be no representation at this time of the extent of or estimated expenses of any work that might be recommended in such an Asbestos Report. Any work that is to be performed pursuant to the Asbestos Report shall be an expense of the Apartment Corporation. Compliance with any recommendations in the Asbestos Report may require expenditures from sources other than the regularly collected maintenance charges, and may require expenditures from any working capital fund available for such purpose or by funds to be raised through a special assessment to be paid by all tenant-shareholders.

The validity of the Asbestos Regulations has been challenged in a lawsuit entitled Application of Council for Owner

Occupied Housing, Inc. et al. v. Robert Abrams, Index No. 9505-86, in the Supreme Court, Albany County. The decision upheld that part of the regulations described above, but struck parts of the regulations referring to Sponsor's obligation to complete or cause to be completed work in order to cure the condition and to place money in escrow until work is completed. However, the parts of the Asbestos Regulations that were stricken do not in any event apply to an offering, such as this one, in which closing has occurred and Sponsor no longer controls the Board of Directors. The Plan will be further amended to disclose the outcome of the litigation to the extent it is relevant to this offering. In the event that the Asbestos Regulations are amended, modified or invalidated as a result of this lawsuit or otherwise in the future, the extent and effect of the foregoing discussion shall also be deemed amended, so that the foregoing shall not be deemed to create any additional obligations or requirements that are not otherwise lawfully imposed by the provisions of the Asbestos Regulations as they might be in force at a future date. However, nothing in this paragraph shall be in derogation of any obligations of the Sponsor to disclose all material facts regarding the offering.

7. Maintenance Charges.

By resolution of the Board of Directors of the Corporation adopted at a meeting duly held December 11, 1986, after reviewing a projected budget of building operations for the calendar year 1987, the per share monthly maintenance was fixed at \$.735 for the calendar year 1987.

8. Increase in Board of Directors

By resolution of the Board of Directors of the Corporation, adopted at a meeting duly held December 11, 1986, 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 January 26, 1987.

9. Financial Statements

The financial statement for Tudor Arms Owners Corp. for the year ended December 31, 1985 is attached hereto as Exhibit D.

10. No Other Material Changes in the Plan

There have been no material changes in the Plan, except

as set forth in this 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: January 29, 1987

PONDFIELD ESTATES, Sponsor

By SI FRANK HELLER  
Partner

Schedule of Unsold Shares

#	APT	TENANT	S-SHR
10-B		UNSOLD SHARES.	600
41		UNSOLD SHARES.	515
61		UNSOLD SHARES.	520
42		UNSOLD SHARES.	370
52		UNSOLD SHARES.	370
3		UNSOLD SHARES.	505
23		UNSOLD SHARES.	510
33		UNSOLD SHARES.	510
63		UNSOLD SHARES.	520
4		UNSOLD SHARES.	655
25		UNSOLD SHARES.	665
65		UNSOLD SHARES.	675
46		UNSOLD SHARES.	520
66		UNSOLD SHARES.	525
57		UNSOLD SHARES.	515
8		UNSOLD SHARES.	655
48		UNSOLD SHARES.	665
68		UNSOLD SHARES.	670
9		UNSOLD SHARES.	505
TOTL BLDNG: 19			10,470

EXHIBIT B

TUDOR ARMS  
31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

Asbestos Notice

(i) In accordance with the Fifth 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 Fifth 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

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Purchaser

---

Purchaser



EXHIBIT C

RIDER TO CONTRACT OF SALE DATED \_\_\_\_\_, 198\_\_\_\_,   
PONDFIELD ESTATES, AS SELLER,   
AND \_\_\_\_\_, AS PURCHASER   
PERTAINING TO APARTMENT NO. \_\_\_\_\_   
AT   
TUDOR ARMS   
31 PONDFIELD ROAD WEST   
BRONXVILLE, NEW YORK

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 Fifth Amendment to the Plan).

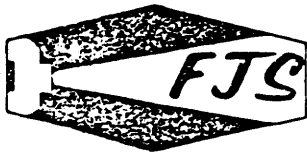
\_\_\_\_\_ Purchaser hereby elects to have the closing hereunder scheduled to take place on a date which is at least 30 days after the presentation date of an amendment to the Plan containing a statement about asbestos and/or an Asbestos Report (as discussed and defined in the Fifth Amendment to the Plan).

PONDFIELD ESTATES

By \_\_\_\_\_  
Seller

\_\_\_\_\_  
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. 10601

RE : Tudor Arms  
54 units

To Whom It May Concern :

On December 12, 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.

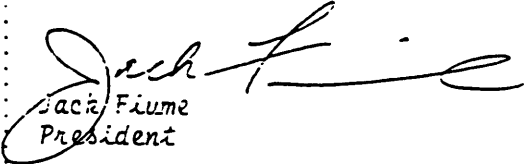
We will assume no responsibility for correction or disposition of ACM at the above noted location as part of this inspection.

Laboratory tests were performed by Polarized Light Microscopy in accordance with EPA guidelines.

Our report is as follows :

Respectfully Submitted,

FIUME JET SPRAY CO., INC.

  
Jack Fiume  
President

JF/ms



# *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>
<i>Project : Braunsville Boys Club Contact : City of N.Y. Dept. of Parks and Recreation</i>	<i>Asbestos Removal &amp; Respray Fireproofing</i>
<i>Project : Penthouse Magazine Int'l New York, N.Y. Contact : Bill Byrnes</i>	<i>Asbestos Encapsulation</i>
<i>Project : Various Contact : N.Y.C. Housing Authority</i>	<i>Asbestos Encapsulation</i>
<i>Project : United Airlines LaGuardia Airport Contact : Eugene Savell, AIA</i>	<i>Asbestos Removal &amp; Respray Fireproofing</i>
<i>Project : Rochdale Village Queens, N.Y. Contact : Kaswol Corporation</i>	<i>Asbestos Removal &amp; Respray Fireproofing</i>
<i>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</i>	<i>Asbestos Encapsulation Asbestos Removal &amp; Encapsulation Asbestos Encapsulation Asbestos Encapsulation Asbestos Removal &amp; Reinsulation</i>

**FIREPROOFING • SOUNDPROOFING • INSULATION • ACOUSTIC CEILINGS • STUCCO  
ASBESTOS CONTAINMENT, ENCAPSULATION, REMOVAL, REPLACEMENT, CONSULTING & TESTING**



# BRAD ASSOCIATES

## BULK SAMPLING ANALYSIS

Analyzed by: R. Barth      Date: 12/19/86      Reference # 86-410

FOR: Fume Jet Spray Company

Sample I.D. #	1179-1	1179-2
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### ANALYTICAL METHOD

1. PLM	x	x
2. PLM with dispersior staining		
3. PLM + X-Ray diffraction		

### GROSS SAMPLE APPEARANCE

Homogeneous?	no	no
obvious layers?	no	no
fibrous? Y/N	yes	yes
sample color	gray	black

### SAMPLE TREATMENT

1. none	x	x
2. homogenized		
3. cther, specify		

Does the Sample Contain Asbestos Fibers:

yes	yes
-----	-----

### ASBESTOS PRESENT

1. Amosite		
2. Chrysotile	2-62%	2-52%
3. Crocidolite		
4. Other, specify		

Total % Asbestos present in Sample

62	52
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### OTHER FIBROUS MATERIALS PRESENT

1. Fibrous glass		
2. Cellulose	34%	38%
3. Other, specify		

### NON FIEROUS MATERIALS PRESENT

(description & %)	Binders, dirt-4%	Sinders, paint-10%
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FL	LOCATION	ROOM	ACM	TYPE	AMOUNT	CONDITION	REMEDY
6	1		n/h				
	2		none				
	3		none				
	4		n/h				
	5		none				
	6		none				
	7		n/h				
	8		none				
	9		n/h				
5	1		n/h				
	2		n/h				
	3		n/h				
	4		n/h				
	5		none				
	6		n/h				
	7		n/h				
	8		none				
	9		none				
4	1		none				
	2		none				
	3		n/h				
	4		none				
	5		n/h				
	6		n/h				
	7		n/h				
	8		n/h				
	9		n/h				

ASBESTOS SURVEY

LEGEND FOR ACM SYMBOLS

ACM

N/H inspector could not gain into apt.

TYPE

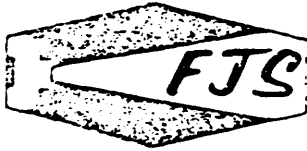
- A = Pipe Insulation
- B = Molded Elbows
- C = Boiler Casing
- D = Acoustic Ceiling Tile
- E = Acoustical Plaster
- F = Sprayed Applied Insulation
- G = Duct Insulation
- H = Other

FL	LOCATION	ROOM	ACU	TYPE	AMOUNT	CONDITION	REMEDY
3	1		n/h				
	2		n/h				
	3		none				
	4		n/h				
	5		none				
	6		none				
	7		n/h				
	8		n/h				
	9		none				
2	1		none				
	2		none				
	3		none				
	4		none				
	5		n/h				
	6		n/h				
	7		none				
	8		n/h				
	9		n/h				
1	1		none				
	2		n/h				
	3		none				
	4		none				
	5		none				
	6		none				
	7		n/h				
	R		none				

SUP:

FL	LOCATION	ROOM	ACH	TYPE	APPROXIMATE AMOUNT	CONDITION	REMED:	
BSMT.	10-A	super's apt.	none					
		entrance	none					
	10-B	prof. office	none					
		office	none					
		hall way	none					
		meter room	gas	none				
		meter room	electric	yes	A-1179-1	35 ft.	poor	encaps/remo
		shop		none				
		garage		yes	A-1179-3	295 ft.	poor/fair	encaps/remo
		compactor room		none				
		boiler room		yes	A	155 ft.	poor/fair	encaps/remo
		elevator room		none				
		entrance		none				
		laundry		none				
		meter room		none				





# *Fume Jet Spray Co., Inc.*

253 E. Merrick Road • Freeport, N.Y. 11520  
(516) 378-1800 (718) 978-1121

## FIELD SURVEY & RECOMMENDATION

Tudor Arms consists of 54 units. Out of 54 , 28 were inspected. The balance of 26 were not home or not accessible during our visit. A notice of our inspection was distributed by the superintendent.

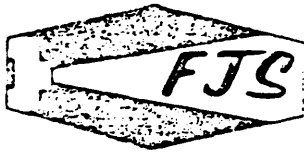
Our recommendations for remedy of ACM in this building inclusive of basement areas as well as any ACM found in the units themselves, is to remove and/or encapsulate all ACM. The areas noted within the survey itself with the remedy of remove/encaps. should be considered a potential health hazard and must 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.



# Fume Jet Spray Co., Inc.

253 E. Merrick Road • Freeport, N.Y. 11520  
(516) 378-1800 (718) 978-1121

## 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 staffs are key participants in the O & M program.

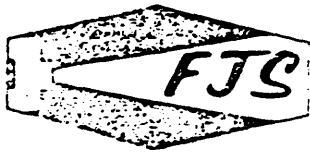
**PROGRAM ELEMENTS:** The program should alert workers and building occupants to the location of ACM, train custodial and maintenance personnel in proper cleaning and maintenance, implement initial and periodic cleaning using special methods (for surfacing materials and pipe and boiler insulation only), 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.



# Fume Jet Spray Co., Inc.

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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.

FOURTH AMENDMENT TO  
OFFERING PLAN  
FOR  
31 PONDFIELD ROAD WEST  
BRONXVILLE, 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 31 Pondfield Road West, Bronxville, New York, dated October 26, 1985, as amended by the filing of 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 six (6) month period commencing on the date this Fourth Amendment is accepted for filing by the Department of Law.

2. Unsold Shares held by the Sponsor.

Attached hereto is a schedule of the outstanding unsold shares of the apartment corporation, all of which are currently held by Pondfield Estates (the "Sponsor") and the apartment to which allocated,

3. Control of Board of Directors.

As of the date hereof, the Sponsor, as the holder of

unsold shares, is the owner of 47.106 percent of the outstanding shares of the apartment corporation, and accordingly does not control the Board of Directors of the apartment corporation.

4. Amended Purchase Price for Unsold Shares.

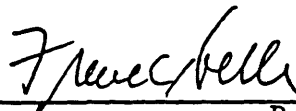
The Plan is hereby amended to increase the purchase price by any purchaser for unsold shares of the Apartment Corporation and the proprietary lease appurtenant to such shares to Two Hundred (\$200.00) Dollars per share.

5. No Other Material Changes in the Plan.

There have been no material changes in the Plan, except as set forth in this 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: June 24, 1986

PONDFIELD ESTATES, Sponsor

By:   
Partner

TENANT	S-SHR	AFT
UNSOLD SHARES.	600	10-B
UNSOLD SHARES.	505	1
UNSOLD SHARES.	515	41
UNSOLD SHARES.	520	61
UNSOLD SHARES.	360	2
UNSOLD SHARES.	370	42
UNSOLD SHARES.	370	52
UNSOLD SHARES.	505	3
UNSOLD SHARES.	510	23
UNSOLD SHARES.	510	33
UNSOLD SHARES.	515	53
UNSOLD SHARES.	520	63
UNSOLD SHARES.	655	4
UNSOLD SHARES.	660	24
UNSOLD SHARES.	505	5
UNSOLD SHARES.	665	25
UNSOLD SHARES.	670	45
UNSOLD SHARES.	670	55
UNSOLD SHARES.	675	65
UNSOLD SHARES.	520	46
UNSOLD SHARES.	525	66
UNSOLD SHARES.	515	57
UNSOLD SHARES.	655	8
UNSOLD SHARES.	665	48
UNSOLD SHARES.	665	58
UNSOLD SHARES.	670	68
UNSOLD SHARES.	505	9
TOTL BLDNG: 27	15,020	

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THIRD AMENDMENT

TO

COOPERATIVE OFFERING PLAN

TUDOR ARMS  
31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

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Dated: December 9, 1985

Sponsor:

PONDFIELD ESTATES  
Seymour Orlofsky, Inc.  
199 Main Street  
White Plains, New York 10601

Selling Agent:

Seymour Orlofsky, Inc.  
199 Main Street  
White Plains, New York 10601

THIS AMENDMENT MODIFIES AND SUPPLEMENTS THE TERMS OF THE COOPERATIVE OFFERING PLAN, 31 PONDFIELD ROAD WEST, BRONXVILLE, NEW YORK, DATED OCTOBER 26, 1984, AS AMENDED BY FIRST AMENDMENT, DATED MAY 21, 1985, AND SECOND AMENDMENT, DATED AUGUST 30, 1985, AND SHOULD BE READ IN CONJUNCTION WITH SAID OFFERING PLAN.

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THIRD AMENDMENT  
TO  
COOPERATIVE OFFERING PLAN  
31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

The purpose of this Third Amendment is to amend the Cooperative Offering Plan of premises Tudor Arms, 31 Pondfield Road West, Bronxville, New York, dated October 26, 1984, as amended by First Amendment, dated May 21, 1985 and Second Amendment, dated August 30, 1985 (as amended, the "Plan"). The Plan is hereby amended as follows:

1. Reduced Purchase Prices for Qualified Tenants.

Sponsor hereby offers any Qualified Tenant (as defined in the Plan)\* the right to purchase the unsold shares allocated to the unit occupied by such Tenant at the price of \$77.00 per share (the "Reduced Price") upon the terms and conditions set forth herein. In order to be eligible for the Reduced Price, the Qualified Tenant

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\* The professional office tenants occupying two residential Apartments in the Building are not included in the definition of "Qualified Tenant" and are not hereby offered the right to purchase at the Reduced Price.

must submit a fully executed purchase agreement ("Purchase Agreement") in substantially the form of the Subscription Agreement, as amended herein, to the Selling Agent, together with a downpayment in the amount of One Thousand Dollars (\$1000.00), within thirty (30) days from the date of presentation of this Amendment (the "Reduced Price Period").

Sponsor further offers to increase the Reserve Fund by six percent (6%) of the purchase price it receives at the closing of transfer of shares to those Qualified Tenants who subscribe within the Reduced Price Period.

The Introduction and Part I, Section A of the Plan is accordingly amended.

2. Increase in Reserve Fund.

In addition to increasing the Reserve Fund by 6% of the purchase price received from Qualified Tenants as described above, Sponsor will contribute Fifteen Thousand Dollars (\$15,000) to the Reserve Fund, such contribution to be made no later than ninety (90) days from the date of presentation of this Amendment.

3. Completion of Certain Capital Improvements and Repairs.

Sponsor has completed, commenced or intends to complete by no later than June 1, 1986, those capital improvements and repairs to the Premises listed below.

(a) Boiler. Replacement of the existing boiler servicing the Building with a new Scotch-Marine boiler and Johnson burner, or the equivalent.

(b) Roof Repair. Replacement of broken roof tiles as required; removal of damaged concrete ornamental columns.

(c) Hallways. Painting of hallway walls with two coats of semi-gloss finish and of hallway ceilings with acoustical finish; Painting of trim in the hallways, including railings and risers, with two coats of high gloss finish; Painting of basement passageways, front entrance halls and doors, and the roof bulkhead areas.

(d) Mail boxes. Replacement of the tenants' mail boxes in the lobby of the Building with new mail boxes.

(e) Entrance courtyard. Removal of all trees and soil from the garage rooftop; resurfacing the garage roof with a four-ply hot tar roof; restoration of upper flashing; installation of brick pavers and replace-

ment of soil for landscaping the courtyard; landscaping both sides of the main entrance.

(f) Building Exterior. Hammer-testing of stucco; removal of loose stucco and repair of stucco as necessary with wire lathe base; repair or replacement of wood trim; painting of exterior and trim with two coats of paint.

Sponsor will assign, or otherwise grant to the Apartment Corporation, the right to proceed under any existing assignable warranties or guarantees of materials and/or workmanship from any contractor, subcontractor, materialman or others that performed work in respect of, or furnished or fabricated materials to, the Premises as described above.

4. Window Replacement.

Sponsor will replace the windows in units purchased by Qualified Tenants with new thermal tilt windows with half screens.

5. Assignment of Purchase Agreements.

Part I, Section I(2) of the Plan and the last sentence of Section 14 of the form of the Subscription Agreement is hereby amended to permit a Qualified Tenant to assign his or her interest under an executed Purchase Agreement to his or her spouse, parent(s), grandpar-

ent(s), brother, sister, children or grandchildren, only. With the exception of the above, no Purchase Agreement may be assigned or otherwise transferred under any circumstances whatsoever.

6. Financing Contingency.

Sponser has agreed to permit Purchase Agreements for Qualified Tenants to be subject to the condition that such Tenants obtain financing for at least seventy percent (70%) of the purchase price. The last paragraph of Section 3 of the form of Subscription Agreement for Qualified Tenants is hereby deleted in its entirety and the following is substituted in its place and stead:

"This Agreement is submitted on the condition that, within forty-five (45) days of the date hereof, a commercial bank or savings bank or savings and loan association licensed to do business in the State of New York shall have issued a mortgage loan commitment to Purchaser pursuant to which it agrees to lend not less than \$ \_\_\_\_\_ at currently prevailing interest rates for loans of similar type, upon the security of a pledge, security interest or assignment of, and/or mortgage on, the shares of the Apartment Corporation allocated to the Apartment and the proprietary lease appurtenant thereto, in order to enable Purchaser to consummate the transaction provided herein.

Purchaser will make application for such loan within ten (10) days of the date hereof and cooperate in good faith with the proposed lender for the purpose of obtaining such loan. Purchaser will notify Seller when the application is made and, in due course, when it is

accepted or rejected. If no notification of acceptance is received by Seller within forty-five (45) days of the date hereof, then, unless Seller is advised in writing prior to the termination of such forty-five (45) day period that Purchaser has waived this condition, either Seller or Purchaser may terminate this Agreement on written notice to the other party, provided that Purchaser shall not have the right to terminate this Agreement pursuant to this sentence unless Purchaser shall have first submitted a mortgage loan application to the proposed lender at least thirty-five (35) days prior to the expiration of such forty-five (45) day period and in the event of such termination, Seller shall cause all sums deposited hereunder to be returned to Purchaser.

7. Reimbursement of the Tenant's Committee.

Sponsor shall reimburse the Tenant's Committee at the Premises for any professional fees incurred by the Committee in an amount up to Eight Thousand (\$8,000) Dollars.

8. Definitions.

All terms used in this Third Amendment not otherwise defined herein shall have the same meanings ascribed to them in the Plan.

9. No Other Material Changes in the Plan.

Except as set forth in this Third Amendment herein, there have been no other material changes in the Plan. To the best knowledge of Pondfield Estates, the

Plan, as hereby amended, does not omit any material facts  
or contain any untrue statement of any material fact.

Dated: New York, New York  
December 9, 1985

PONDFIELD ESTATES, Sponsor.

TO BE DISTRIBUTED ONLY WITH THE OFFERING PLAN

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SECOND AMENDMENT

TO

COOPERATIVE OFFERING PLAN

TUDOR ARMS  
31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

---

Dated: August 30, 1985

Sponsor:

PONDFIELD ESTATES  
Seymour Orlofsky, Inc.  
199 Main Street  
White Plains, New York 10601

Selling Agent:

Seymour Orlofsky, Inc.  
199 Main Street  
White Plains, New York 10601

THIS AMENDMENT MODIFIES AND SUPPLEMENTS THE TERMS OF THE COOPERATIVE OFFERING PLAN, 31 PONDFIELD ROAD WEST, BRONXVILLE, NEW YORK, DATED OCTOBER 26, 1984, AS AMENDED BY FIRST AMENDMENT, DATED MAY 21, 1985, AND SHOULD BE READ IN CONJUNCTION WITH SAID OFFERING PLAN.

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SECOND AMENDMENT  
TO  
COOPERATIVE OFFERING PLAN  
31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

The purpose of this Second Amendment is to modify and supplement the Cooperative Offering Plan of premises Tudor Arms, 31 Pondfield Road West, Bronxville, New York, dated October 26, 1984, as amended by First Amendment, dated May 21, 1985 (as amended, the "Plan"). The Plan is hereby modified and supplemented as follows:

1. Post Closing Information.

(i) Closing. In accordance with the terms of the Plan, the Closing of the transfer of the Property to the Apartment Corporation and the issuance of the shares of the Apartment Corporation occurred on August 1, 1985 ("Closing Date") at the offices of Messrs. Skadden, Arps, Slate, Meagher & Flom, 919 Third Avenue, New York, New York 10022. On the Closing Date, the Apartment Corporation issued an aggregate of 31,885 shares of its capital stock, including shares issued to the Sponsor as the holder of (i) unsold and unsubscribed shares of the Apartment Corporation, (ii) subscribed but not fully paid for shares of the Apartment Corporation and (iii) shares

allocated to the two apartments occupied by professional office tenants.

(ii) Reserve Fund. As required under the Plan, a reserve fund of Fifteen Thousand (\$15,000) Dollars was established by Sponsor in the name of the Apartment Corporation and deposited on August 26, 1985 with Chase Manhattan Bank, NBW Division, 31 Mamaroneck Avenue, White Plains, New York in Money Market Account No. 5331500917.

(iii) Closing Adjustments. Closing adjustments resulted in a net credit to the Sponsor of Ten Thousand Six Hundred Sixty-Two 17/100 (\$10,662.17) Dollars. For payment of the closing adjustments, the Apartment Corporation executed and delivered a non-interest bearing, unsecured note to the Sponsor in the principal amount of \$10,662.17, payable in ten (10) equal monthly installments of \$1,066.22, the first of which is due on September 1, 1985.

(iv) Mortgage. On the Closing Date, a purchase money wraparound mortgage note ("Wraparound Note") in the principal amount of One Million Two Hundred Fifty Thousand (\$1,250,000) Dollars payable to Sponsor was executed and delivered by the Apartment Corporation. The principal amount of the Wraparound Note represents the

unpaid balance of \$147,846.17 due under existing notes secured by mortgages covering the Property and an additional advance of \$1,102,153.83 by the Sponsor. The Wraparound Note is secured by a mortgage covering the Property made by the Apartment Corporation, as mortgagor, in favor of Sponsor, as mortgagee. In accordance with Part I, Section O of the Plan, the Apartment Corporation accepted title to the Property subject to such mortgage.

(v) Schedule of Unsold Shares. Attached hereto as Exhibit A is a schedule of Unsold Shares of the Apartment Corporation, all of which are held by Sponsor in its own name.

2. Amended Purchase Prices for the Unsold Shares.

The Plan is hereby amended to increase the purchase price by any purchaser for Unsold Shares of the Apartment Corporation and the proprietary lease appurtenant to such shares to One Hundred Seventy (\$170.00) Dollars per share. The Exclusive Purchase Period, during which a Qualified Tenant has the exclusive right to purchase shares allocated to his or her Apartment at the Lower Purchase Price, has expired by its terms. The Sponsor reserves the right to further revise the purchase prices and other terms of sale of apartments in accordance with the Plan.

3. Definitions.

All terms used in this Second Amendment not otherwise defined herein shall have the same meanings ascribed to them in the Plan.

4. No Other Material Changes in the Plan.

Except as set forth in this Second Amendment herein, there have been no other material changes in the Plan. To the best knowledge of Pondfield Estates, the Plan, as hereby amended, does not omit any material facts or contain any untrue statement of any material fact.

Dated: New York, New York  
August 30, 1985

PONDFIELD ESTATES, Sponsor

EXHIBIT A

Schedule of Unsold Shares Held by Pondfield Estates

<u>Apartment</u>	<u>Shares Allocated</u>
6-A*	1,100
10-B*	600
1	505
31	510
41	515
61	520
2	360
42	370
52	370
62	375
3	505
23	510
33	510
53	515
63	520
4	655
24	660
34	660
44	665
54	665
5	505
25	665
35	665
45	670
55	670
65	675
6	510
26	515
36	515
46	520
56	520
66	525
27	510
47	515
57	515
8	655
28	660
38	660
48	665
58	665
68	670
9	505
29	665
39	665
49	670
59	670

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\* Professional offices.

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FIRST AMENDMENT  
TO  
COOPERATIVE OFFERING PLAN

TUDOR ARMS  
31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

---

Dated: May 21, 1985

Sponsor:

PONDFIELD ESTATES  
Seymour Orlofsky, Inc.  
199 Main Street  
White Plains, New York 10601

Selling Agent:

Seymour Orlofsky, Inc.  
199 Main Street  
White Plains, New York 10601

THIS AMENDMENT MODIFIES AND SUPPLEMENTS THE TERMS OF THE COOPERATIVE OFFERING PLAN, 31 PONDFIELD ROAD WEST, BRONXVILLE, NEW YORK, DATED OCTOBER 26, 1984, AND SHOULD BE READ IN CONJUNCTION WITH SAID OFFERING PLAN.

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FIRST AMENDMENT  
TO  
COOPERATIVE OFFERING PLAN  
31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

The purpose of this First Amendment is to amend the Cooperative Offering Plan of premises Tudor Arms, 31 Pondfield Road West, Bronxville, New York, dated October 26, 1984 (the "Plan"), in order to: (1) declare the Plan effective; and (2) fix the Closing Date. The Plan is hereby amended as follows:

1. Plan Declared Effective

In accordance with Section H of Part I of the Plan, the Plan was declared effective by written notice sent to all purchasers and tenants by certified mail, return receipt requested, on May 14, 1985. A copy of the notice is annexed hereto as Exhibit 1. Sponsor has accepted Subscription Agreements for 16.6% of the Apartments offered for sale under the Plan. (See Exhibit 2 hereto for the calculation of Apartments for which Subscription Agreements have been accepted).

2. Closing Date

Subject to adjournment, August 1, 1985 is hereby fixed as the Closing Date. No such closing, however, will be held until this Amendment has been accepted for filing by the Department of Law.

3. Sponsor's Affidavit

Sponsor's Affidavit is annexed hereto as Exhibit 3.

4. Extension of Exclusive Purchase Period and Right to the Lower Purchase Price for Qualified Tenants

The 90 day Exclusive Purchase Period as set forth in the Plan for Qualified Tenants is hereby extended to the Closing Date, as fixed herein. A Qualified Tenant has the exclusive right to purchase the shares allocated to his or her Apartment at the Lower Purchase Price, provided he or she executes a Subscription Agreement for such shares, makes the \$1,000 Downpayment and is prepared to close no later than the Closing Date fixed herein. The Qualified Tenant shall no longer have the right to purchase at the Lower Price the shares allocated to any other Apartment that is vacant as of the Presentation Date or which becomes vacant at any time prior to the expiration of the Exclusive Purchase Period, as extended herein. All other terms and conditions set forth in the Plan shall continue to apply.

5. Definitions

All terms used in this First Amendment not otherwise defined herein shall have the same meanings ascribed to them in the Plan.

6. No Other Material Changes

Except as set forth in this First Amendment, there have been no material changes in the Plan. To the best knowledge of Pondfield Estates, the Plan as hereby amended does not omit any material facts or contain any untrue statement of any material fact.

Dated: New York, New York  
May 21, 1985

PONDFIELD ESTATES,  
Sponsor

EXHIBIT 2

The following shows the method of computation of the 15% presale requirement for a non-eviction plan under Section 352-eee of the General Business Law of the State of New York:

Total Number of Apartments*	54
Number of Apartments for which Subscription Agreements have been signed by purchasers who were bona fide tenants in occupancy on the date the Plan was declared effective and who were unaffiliated with the Sponsor-Seller	9
Percentage of bona fide purchasers	16.6%

---

\* The Apartment occupied by the Building's full time superintendent for which no shares have been allocated and the two Apartments used for professional offices are not included in this base number.



SEYMOUR ORLOFSKY, INC.

Real Estate • 199 Main Street, White Plains, N.Y. 10601 • (914) 328-1800

May 14, 1985.

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Re: Offering Statement - A Plan to Convert to Cooperative  
Ownership Premises ("Premises") located at 31 Pondfield  
Road West, Bronxville, New York ("Plan")

Dear Tenant and/or Purchaser:

Please be advised that more than fifteen (15%) percent of tenants in occupancy, as of this date, of residential apartments in the Premises have executed Subscription Agreements for apartments located thereat. Accordingly, the Plan is hereby declared effective in the manner as provided by Part I, Section H (pages 80-85) of the Plan. An amendment ("Amendment") to the Plan reflecting the foregoing shall be submitted for filing with the Office of the Attorney General of the State of New York within five (5) business days after the date hereof.

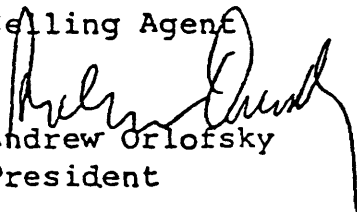
A copy of the Amendment shall be delivered to you promptly after the Attorney General has accepted same for filing.

For a detailed explanation of the significance of the matters set forth in this letter, please examine the copy of the Plan previously delivered to you.

We look forward to assisting you in connection with this matter and will attempt to answer any questions you may have at this time.

Very truly yours,

SEYMOUR ORLOFSKY, INC.  
Selling Agent

  
Andrew Orlofsky  
President

THIS LETTER IS NOT AN OFFERING. THE COMPLETE OFFERING TERMS ARE IN AN OFFERING PLAN AVAILABLE FROM THE SPONSOR.



(c) have duly executed subscription agreements and have paid the full down payment as required in the Procedure to Purchase section of the Plan.

5. No subscription agreements have been assigned or transferred.

6. A list of subscribers who subscribed prior to service on the tenants of any notice declaring the Plan effective and who are being counted to meet the minimum percentage that is needed to declare the Plan effective is annexed hereto as Exhibit A. Exhibit A also indicates the identity of the Apartment to be purchased; the date of acceptance by Sponsor of each subscription agreement; the status of each tenant-subscriber under the applicable rent law; and the date the subscriber took physical occupancy of the Apartment.

7. Exhibit A to this Affidavit includes only subscribers who were tenants in occupancy on the date the plan was declared effective.

8. Exhibit A to this Affidavit includes only subscribers who signed subscription agreements without fraud or duress and with no discriminatory inducement; and does not include any subscriber who is the Sponsor or Selling Agent, or is a principal of the Sponsor or the Selling Agent, or is related to the Sponsor or the Sell-



ing Agent or to any principal of the Sponsor or the Selling Agent by blood, marriage or adoption or as a business associate, an employee, a shareholder or a limited partner.

9. I have no information that any tenants have executed a "no-buy" pledge with respect to the offering.

PONDFIELD ESTATES

  
\_\_\_\_\_  
General Partner

Sworn to before me this  
17<sup>th</sup> day of May, 1985

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

MATTHEW TSAVALOS  
NOTARY PUBLIC, State of New York  
No. 41-9387850  
Qualified in Queens County  
Commission Expires March 30, 1986

Exhibit A

31 PONDFIELD ROAD WEST  
BRONXVILLE, NEW YORK

List of Tenant Purchasers  
Counted Toward Requisite Percentage  
for Declaration of Effectiveness

<u>Subscriber</u>	<u>Apartment</u>	<u>Date of Subscription Agmt.</u>	<u>Date of First Occupancy if Less Than Three Years</u>
Welch/McLaughlin	64	3/18/85	3/18/85
Baranowski	51	3/18/85	3/18/85
G. McLaughlin	37	2/26/85	3/15/85
Dubas	69	3/19/85	3/19/85
Joyce	32	3/18/85	4/01/85
O'Neill	43	3/18/85	4/01/85
Colby	7	3/18/85	4/01/85
Barrett	22	4/17/85	5/01/85
Mollitor	21	3/29/85	4/01/85

NOTE:

1. The tenancy of each tenant-subscriber is subject to the Emergency Tenant Protection Act.
2. All tenant-subscribers have paid the deposit required by the Plan.
3. The purchase price to be paid by each tenant-subscriber is the price stated in the Offering Plan.

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## PART II

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SPECIAL RISKS

Upon execution of a Subscription Agreement covering a block of shares allocated to an Apartment offered for sale under this Plan, the Purchaser is required to make a Downpayment (the amount of which will vary depending upon whether or not such Purchaser is a tenant in occupancy of the Building and executes and delivers his Subscription Agreement to the Selling Agent during the Exclusive Purchase Period). The Purchaser will be obligated to pay the balance of the Purchase Price when due pursuant to the terms of his Subscription Agreement even if he intends to seek financing for a portion of the Purchase Price from a lending institution and is unsuccessful in obtaining a commitment therefor. The Subscription Agreement is not contingent upon the Purchaser's obtaining such financing for the balance of the Purchase Price of the block of shares of the Apartment Corporation allocated to the Apartment in question. If the Purchaser does not pay the balance of the Purchase Price during the period permitted by the applicable Subscription Agreement, such Subscription Agreement may be cancelled without further notice, whereupon all rights of the Purchaser will be terminated. In the event of any default by a Purchaser under his Subscription Agreement,

the Sponsor's remedies include, without limitation, the cancellation of such Subscription Agreement and the retention, as liquidated damages, of any Downpayment paid by the Purchaser (but not in excess of 10% of the total Cash Payment required thereunder), together with accrued interest thereon, if any. (See "Procedure to Purchase" set forth in Part I, Section I of this Plan for a further discussion.)

INTRODUCTION

Pondfield Estates (the "Sponsor") is the owner of the building (the "Building") known as Tudor Arms, located at 31 Pondfield Road West, Bronxville, New York and the land (the "Land") on which the Building stands (the Building and Land being collectively referred to herein as the "Property") and has entered into an agreement to contribute the Property to Tudor Arms Owners Corp. (the "Apartment Corporation") in exchange for cash and shares of stock in the Apartment Corporation. The Sponsor acquired the Property in 1964 pursuant to a plan of liquidation under section 333 of the Internal Revenue Code of 1954, as amended (the "Code"). The purpose of this offering plan (the "Plan") is to set forth all the material terms of the offer to sell shares of the Apartment Corporation allocated to apartments in the Building. This Plan may be amended from time to time by amendment duly filed with the New York State Department of Law. Copies of any amendments must be served upon the following persons by either hand delivery or by certified mail, return receipt requested: (i) one residential tenant per Apartment; (ii) any subscriber or purchaser who has executed and delivered to the Selling Agent a Subscription

Agreement (as hereinafter defined); (iii) shareholders of the Apartment Corporation and (iv) any other person entitled to service pursuant to applicable local law or regulation.

Pursuant to this Plan, the Apartment Corporation is offering for public sale shares of the Apartment Corporation, all of which have been allocated in blocks to residential apartments and professional offices located in the Building (individually, an "Apartment" and collectively, the "Apartments"), to raise monies for the cash portion of the consideration that will be payable to the Sponsor in exchange for the Property. The 57 residential Apartments in the Building are being assigned to the Apartment Corporation. One of the residential Apartments assigned to the Apartment Corporation shall be occupied by the Building's full time superintendent ("Superintendent") and no shares have been allocated thereto. There are professional office tenancies in two of the residential Apartments in the Building with respect to which shares of the Apartment Corporation have been allocated; 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

the Sponsor under this Plan and will not be offered for public sale at this time either to tenants in occupancy of such Apartments in the Building or otherwise. The remaining 54 residential Apartments are offered for sale under this Plan. However, Apartment 31, which is currently vacant, is not being offered at the Lower Price (as hereinafter defined). Such Apartment is available for purchase either by tenants in occupancy of the Building, or non-tenant purchasers, at the price set forth in Schedule A of this Plan without the benefit of any price reduction. 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 budget 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 selling 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 ("Counsel's Tax Opinion"), for a discussion of the factors upon which the availability or non-availability of income tax deductions will depend.

Certain existing tenants have the exclusive right to purchase the shares allocated to their Apartments for a period of 90 days from the Presentation Date ("Exclusive Purchase Period"). Certain tenant purchasers may purchase the shares allocated to their Apartments at a 30% reduction of the Total Cash Payment (the "Lower Price"), upon executing a Subscription Agreement for such shares and making the required Downpayment (as hereinafter defined) prior to the expiration of the Exclusive Purchase Period. See Part I Schedule A, and the notes

thereto, and Part I, Section G of the Plan for a further discussion of the rights of certain existing tenants.

A purchaser ("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") for the Apartment to which such shares are allocated. As a shareholder, the Apartment owner will have the right to vote annually for election of the members of 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 form of 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 D of this Plan. A



summary of the principal provisions of the Proprietary Lease may be found in Part I, Section M 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 15% of those tenants in occupancy of residential Apartments located in the Building as of the date upon which the Plan is declared effective (the "Effective Date") in the manner provided in Part I, Section H of this Plan, shall have consented to purchase under this 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 G and printed in full at Part II, Section E of this Plan.

As of the date of this Plan, 22 of the residential Apartments\* in the Building offered for sale hereby

---

\* Holders of Unsold Shares are permitted to cancel their Proprietary Leases under certain limited circumstances only (see Part I, Section Q of this Plan).

are 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 and are identified by the letter "R" on Schedule A hereof and 32 of the residential Apartments (including 7 residential Apartments which are presently vacant) offered for sale hereby are subject to the Emergency Tenant Protection Act of 1974, as amended ("Protection Act"), and the Tenant Protection Regulations ("Protection Regs.") promulgated by HCR pursuant thereto and 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 of the Apartment Corporation allocated to their Apartments. Since the Sponsor has elected to present this Plan without complying with the requirements of Sections 2502.5(a), (b) and (c)(8) of the Protection Regs. and Section 55(3) of the Rent Regs., under existing law and

pursuant to the provisions of paragraph 22 of the 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, so long as the tenant in occupancy is not in default with respect to 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 G of this Plan and are printed in part at Part II, Sections F and G of this Plan.

This Plan contains all of the material terms of the offering. Copies of this Plan, all documents referred to herein, and all exhibits submitted to the De-

partment of Law in connection with this Plan will be available for inspection, without charge, by prospective purchasers and their attorneys at the offices of the Sponsor and the Selling Agent.

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



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**OFFERING STATEMENT**

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**Tudor Arms**

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**PART I**

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**SCHEDULE A**

**Purchase Prices, Share Allocations To Apartment And  
Related Information At Date Of Presentation Of This Plan**

**Tudor Arms**

**SCHEDULE OF PURCHASE PRICES, SHARES ALLOCATIONS, MORTGAGE ALLOCATIONS,  
ESTIMATED MAINTENANCE CHARGES (RENTS) AND ESTIMATED INCOME TAX  
DEDUCTIONS FOR THE FIRST YEAR OF COOPERATIVE OPERATION (1)**

<u>Apartment</u>	<u>Subject to Protection Regs. or Rent Regs.</u>	<u>Rooms and Baths (1)</u>	<u>Shares Allocated (2)</u>	<u>Total Cash Payment by Tenant Purchasers Not Entitled to Reduced Price and Non- Tenant Purchasers @ \$110.00 Per Share</u>	<u>Total Cash Payment by Tenant Purchasers Entitled to Reduced Price @ \$77.00 Per Share (3)</u>	<u>Approximate Amount of Mortgage Applicable to Shares (@ \$39.2033 Per Share) (4)</u>	<u>Estimated Annual Main- tenance Charges (@ \$8.40 Per Share) (5)</u>	<u>Estimated Monthly Main- tenance Charges (@ \$0.70 Per Share) (5)</u>	<u>Estimated First Year Income Tax Deduction (@ \$4.71 Per Share) (6)</u>
10-A	P	3½-1	Superintendent's Apartment						
6-A	P*	10-2	1,100	\$121,000.00	\$84,700.00	\$43,123.73	\$9,240.00	\$770.00	\$5,181.00
10-B	P*	4-1	600	66,000.00	46,200.00	23,522.03	5,040.00	420.00	2,826.00
1	R	3½-1	505	55,550.00	38,885.00	19,797.71	4,242.00	353.50	2,378.55
21	P(V)	3½-1	510	56,100.00	39,270.00	19,993.73	4,284.00	357.00	2,402.10
31	P(V)	3½-1	510	56,100.00	56,100.00**	19,993.73	4,284.00	357.00	2,402.10
41	R	3½-1	515	56,650.00	39,655.00	20,189.75	4,326.00	360.50	2,425.65
51	R	3½-1	515	56,650.00	39,655.00	20,189.75	4,326.00	360.50	2,425.65
61	P	3½-1	520	57,200.00	40,040.00	20,385.76	4,368.00	364.00	2,449.20
2	P	2½-1	360	39,600.00	27,720.00	14,113.22	3,024.00	252.00	1,695.60
22	P(V)	2½-1	365	40,150.00	28,105.00	14,309.24	3,066.00	255.50	1,719.15
32	P(V)	2½-1	365	40,150.00	28,105.00	14,309.24	3,066.00	255.50	1,719.15
42	P	2½-1	370	40,700.00	28,490.00	14,505.25	3,108.00	259.00	1,742.70
52	R	2½-1	370	40,700.00	28,490.00	14,505.25	3,108.00	259.00	1,742.70
62	R	2½-1	375	41,250.00	28,875.00	14,701.27	3,150.00	262.50	1,766.25
3	P	3½-1	505	55,550.00	38,885.00	19,797.71	4,242.00	353.50	2,378.55
23	R	3½-1	510	56,100.00	39,270.00	19,993.73	4,284.00	357.00	2,402.10
33	R	3½-1	510	56,100.00	39,270.00	19,993.73	4,284.00	357.00	2,402.10
43	R	3½-1	515	56,650.00	39,655.00	20,189.75	4,326.00	360.50	2,425.65
53	P	3½-1	515	56,650.00	39,655.00	20,189.75	4,326.00	360.50	2,425.65
63	R	3½-1	520	57,200.00	40,040.00	20,385.76	4,368.00	364.00	2,449.20

(V)—Denotes vacant apartment; \*—Denotes professional office; P—Subject to the Protection Regs.; R—Subject to the Rent Regs.  
\*\*Apartment 31 is not being offered at the Reduced Price. See Section G of this Plan. THE ACCOMPANYING NOTES BEGINNING  
ON PAGE 2 ARE AN INTEGRAL PART OF THIS SCHEDULE AND SHOULD BE READ IN CONJUNCTION THEREWITH.



**SCHEDULE A**

**Purchase Prices, Share Allocations To Apartment And  
Related Information At Date Of Presentation Of This Plan**

**Tudor Arms**

**SCHEDULE OF PURCHASE PRICES, SHARES ALLOCATIONS, MORTGAGE ALLOCATIONS,  
ESTIMATED MAINTENANCE CHARGES (RENTS) AND ESTIMATED INCOME TAX  
DEDUCTIONS FOR THE FIRST YEAR OF COOPERATIVE OPERATION (1)**

Apartment	Subject to Protection Regs. or Rent Regs.	Rooms and Baths (1)	Shares Allocated (2)	Total Cash Payment by Tenant Purchasers Not Entitled to Reduced Price and Non- Tenant Purchasers @ \$110.00 Per Share	Total Cash Payment by Tenant Purchasers Entitled to Reduced Price @ \$77.00 Per Share (3)	Approximate Amount of Mortgage Applicable to Shares (@ \$39.2033 Per Share) (4)	Estimated Annual Main- tenance Charges (@ \$8.40 Per Share) (5)	Estimated Monthly Main- tenance Charges (@ \$0.70 Per Share) (5)	Estimated First Year Income Tax Deduction (@ \$4.71 Per Share) (6)
1a 4	P	4-1	655	\$ 72,050.00	\$50,435.00	\$25,678.22	\$5,502.00	\$458.50	\$3,085.05
24	P	4½-1	660	72,600.00	50,820.00	25,874.24	5,544.00	462.00	3,108.60
34	R	4½-1	660	72,600.00	50,820.00	25,874.24	5,544.00	462.00	3,108.60
44	P	4½-1	665	73,150.00	51,205.00	26,070.25	5,586.00	465.50	3,132.15
54	R	4½-1	665	73,150.00	51,205.00	26,070.25	5,586.00	465.50	3,132.15
64	P(V)	4½-1	670	73,700.00	51,590.00	26,266.27	5,628.00	469.00	3,155.70
5	R	3½-1	505	55,550.00	38,885.00	19,797.71	4,242.00	353.50	2,378.55
25	P	4½-1	665	73,150.00	51,205.00	26,070.25	5,586.00	465.50	3,132.15
35	R	4½-1	665	73,150.00	51,205.00	26,070.25	5,586.00	465.50	3,132.15
45	R	4½-1	670	73,700.00	51,590.00	26,266.27	5,628.00	469.00	3,155.70
55	R	4½-1	670	73,700.00	51,590.00	26,266.27	5,628.00	469.00	3,155.70
65	R	4½-1	675	74,250.00	51,975.00	26,462.29	5,670.00	472.50	3,179.25
6	P	3½-1	510	56,100.00	39,270.00	19,993.73	4,284.00	357.00	2,402.10
26	P	3½-1	515	56,650.00	39,655.00	20,189.75	4,326.00	360.50	2,425.65
36	P	3½-1	515	56,650.00	39,655.00	20,189.75	4,326.00	360.50	2,425.65
46	P	3½-1	520	57,200.00	40,040.00	20,385.76	4,368.00	364.00	2,449.20
56	P	3½-1	520	57,200.00	40,040.00	20,385.76	4,368.00	364.00	2,449.20
66	P	3½-1	525	57,750.00	40,425.00	20,581.78	4,410.00	367.50	2,472.75
7	P(V)	3½-1	505	55,550.00	38,885.00	19,797.71	4,242.00	353.50	2,378.55
27	P	3½-1	510	56,100.00	39,270.00	19,993.73	4,284.00	357.00	2,402.10
37	R(V)	3½-1	510	56,100.00	39,270.00	19,993.73	4,284.00	357.00	2,402.10

(V)—Denotes vacant apartment; \*—Denotes professional office; P—Subject to the Protection Regs.; R—Subject to the Rent Regs.  
See Section G of this Plan. THE ACCOMPANYING NOTES BEGINNING ON PAGE 2 ARE AN INTEGRAL PART  
OF THIS SCHEDULE AND SHOULD BE READ IN CONJUNCTION THEREWITH.

**SCHEDULE A**

**Purchase Prices, Share Allocations To Apartment And  
Related Information At Date Of Presentation Of This Plan**

**Tudor Arms**

**SCHEDULE OF PURCHASE PRICES, SHARES ALLOCATIONS, MORTGAGE ALLOCATIONS,  
ESTIMATED MAINTENANCE CHARGES (RENTS) AND ESTIMATED INCOME TAX  
DEDUCTIONS FOR THE FIRST YEAR OF COOPERATIVE OPERATION (1)**

Apartment	Subject to Protection Regs. or Rent Regs.	Rooms and Baths (1)	Shares Allocated (2)	Total Cash Payment by Tenant Purchasers Not Entitled to Reduced Price and Non- Tenant Purchasers @ \$110.00 Per Share	Total Cash Payment by Tenant Purchasers Entitled to Reduced Price @ \$77.00 Per Share (3)	Approximate Amount of Mortgage Applicable to Shares (@ \$39.2033 Per Share) (4)	Estimated Annual Main- tenance Charges (@ \$8.40 Per Share) (5)	Estimated Monthly Main- tenance Charges (@ \$0.70 Per Share) (5)	Estimated First Year Income Tax Deduction (@ \$4.71 Per Share) (6)
47	P	3½-1	515	\$ 56,650.00	\$39,655.00	\$20,189.75	\$4,326.00	\$360.50	\$2,425.65
57	P	3½-1	515	56,650.00	39,655.00	20,189.75	4,326.00	360.50	2,425.65
67	P	3½-1	520	57,200.00	40,040.00	20,385.76	4,368.00	364.00	2,449.20
8	P	4½-1	655	72,050.00	50,435.00	25,678.22	5,502.00	458.50	3,085.05
28	P	4½-1	660	72,600.00	50,820.00	25,874.24	5,544.00	462.00	3,108.60
38	P	4½-1	660	72,600.00	50,820.00	25,874.24	5,544.00	462.00	3,108.60
48	R	4½-1	665	73,150.00	51,205.00	26,070.25	5,586.00	465.50	3,132.15
58	R	4½-1	665	73,150.00	51,205.00	26,070.25	5,586.00	465.50	3,132.15
68	R	4½-1	670	73,700.00	51,590.00	26,266.27	5,628.00	469.00	3,155.70
9	R	3½-1	505	55,550.00	38,885.00	19,797.71	4,242.00	353.50	2,378.55
29	R	4½-1	665	73,150.00	51,205.00	26,070.25	5,586.00	465.50	3,132.15
39	P	4½-1	665	73,150.00	51,205.00	26,070.25	5,586.00	465.50	3,132.15
49	P	4½-1	670	73,700.00	51,590.00	26,266.27	5,628.00	469.00	3,155.70
59	P	4½-1	670	73,700.00	51,590.00	26,266.27	5,628.00	469.00	3,155.70
69	P	4½-1	675	74,250.00	51,975.00	26,462.29	5,670.00	472.50	3,179.25
<b>TOTALS</b>			<b>31,885</b>		<b>\$2,471,975.00</b>		<b>\$267,834.00</b>		<b>\$150,178.35</b>
				<b>\$3,507,350.00</b>		<b>\$1,250,000.07</b>		<b>\$22,319.50</b>	

(V)—Denotes vacant apartment; \*—Denotes professional office; P—Subject to the Protection Regs.; R—Subject to the Rent Regs.  
See Section G of this Plan. THE ACCOMPANYING NOTES BEGINNING ON PAGE 2 ARE AN INTEGRAL PART  
OF THIS SCHEDULE AND SHOULD BE READ IN CONJUNCTION THEREWITH.

NOTES TO SCHEDULE A

(1) Any floor plan or sketch shown to a prospective Purchaser is only an approximation of the dimensions and layout of a typical Apartment. The actual layout of an Apartment may have been altered. Accordingly, each Apartment should be inspected prior to purchase to determine its actual dimensions, 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 this Plan with respect to such alteration. In calculating the number of rooms for each Apartment, living rooms, bedrooms, windowed dining alcoves and kitchens have each been counted as one room and entrance foyers have been counted as 1/2 rooms.

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 (THE AMOUNT OF WHICH WILL VARY DEPENDING UPON WHETHER OR NOT SUCH PURCHASER IS A TENANT IN OCCUPANCY OF THE BUILDING AND EXECUTES AND DELIVERS HIS SUBSCRIPTION AGREEMENT TO THE SELLING AGENT DURING THE EXCLUSIVE PURCHASE PERIOD). 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 10% OF THE TOTAL CASH PAYMENT REQUIRED THEREUNDER).

(2) The share allocation for each Apartment is based upon the floor space, subject to the location of such space and the additional factors of relative value to other space in the Building, uniqueness of the Apartment and the overall dimensions of the Apartment in question.

(3) The Lower Price will only be available to tenants in occupancy of Apartments and will only apply during the initial 90 day Exclusive Purchase Period of this offering. After the 90 day Exclusive Purchase Period has expired, the Purchase Price for non-tenants will apply to all Purchasers. See the subsection of this Plan immediately following these Notes.

(4) Tenant-shareholders will have no personal liability for payment of the Apartment Corporation's mortgage except to the extent that interest payments thereon are included in the Maintenance Charges (rent). The failure of tenants to pay their required Maintenance Charges (rent) may result in the inability of the Apartment Corporation to make the required mortgage payments, which may result in a foreclosure and the loss of each tenant's equity in his or her Apartment. The total amount of mortgage indebtedness shown in this column will be \$1,250,000 on the Closing Date.

(5) Based on the Schedule of Projected Revenues and Expenses for the First Year of Cooperative Operation (which is assumed to commence on July 1, 1985) ("Projected Budget") prepared by Seymour Orlofsky, Inc., as selling agent, and set forth in Part I, Schedule B of this Plan. Electricity and gas used in individual Apartments is separately metered to each Apartment. Each tenant-shareholder will be responsible for the cost of his individual consumption of electricity and gas (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. Electricity and gas charges for all public areas of the Building, as well as for the superintendent's apartment are included in the estimated Maintenance Charges (rent). If a Purchaser obtains financing for the purchase of an Apartment, such Purchaser's debt service on such financing will be an additional expense over and above the Maintenance Charges (rent).

(6) The estimated tax deductions for the first year of cooperative ownership are \$4.71 per share, which

is equivalent to approximately 56% of the total estimated first year's Maintenance Charges (rent) set forth on the Projected Budget appearing in Part I, Schedule 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 July 1, 1985 and will vary with changes in the assessed value of the Property, the amount of real estate taxes assessed against the Property, the method of assessing real property and interest on the Apartment Corporation's mortgage indebtedness. The estimated tax deductions do not include interest paid by Purchasers who obtain financing for their Apartments, which interest payments may also be deductible. The approximate amount of mortgage indebtedness that is allocable to shares is based upon the assumption that the Closing will occur on the Closing Date, as hereinafter defined. These figures were computed by Seymour Orlofsky, Inc., as selling 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 in Occupancy  
During a Limited Period of Time.

As indicated on Schedule A, the Sponsor will offer the 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. Any Qualified Tenant who elects to purchase an Apartment offered for sale under this Plan by submitting a fully executed Subscription Agreement to the Selling Agent, together with a downpayment in the amount of \$1,000 (the "\$1,000 Downpayment") within the 90 day Exclusive Purchase Period will have the right during such 90 day period to subscribe for the purchase of one Apartment at the Lower Price as follows:

(a) the exclusive right to purchase the block of shares of the Apartment Corporation allocated to the Apartment occupied by the Qualified Tenant at the reduced price (which is approximately 30% less than the Purchase Price offered to all other Purchasers) set forth in the Purchase Price Schedule; or

(b) the non-exclusive right, on a "first come-first served" basis, to purchase at the Lower Price plus the additional costs of renovating the Apartment as set forth in Part I, Section G of this Plan the block of shares of the Apartment Corporation allocated to any Apartment that is vacant and otherwise available for sale on the Presentation Date (except Apartment 31, which is not being offered at the Lower Price), or which becomes

vacant at any time prior to the expiration of the Exclusive Purchase Period in lieu of the Apartment occupied by such Qualified Tenant, provided that certain conditions with respect to the surrender of such Purchaser's lease to his Apartment and entering into a new lease with respect to the Apartment to be purchased have been met; or

(c) the non-exclusive right, on a "first come-first served" basis, to purchase at the Lower Price any block of shares of the Apartment Corporation allocated to an occupied Apartment in lieu of his Apartment, subject to the superior right of the incumbent tenant in occupancy thereof.

No Qualified Tenant shall, under any circumstances, be entitled to purchase the block of shares of the Apartment Corporation allocated to more than one Apartment at the Lower Price. A Qualified Tenant has until the expiration of the Exclusive Purchase Period to execute a Subscription Agreement and make the \$1,000 Downpayment for the shares allocated to his Apartment. In the event a Qualified Tenant does not execute a Subscription Agreement and make the \$1,000 Downpayment for the shares allocated to his Apartment prior to the expiration of the Exclusive Purchase Period, 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 Total 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 (other than in the case of Purchase Price reductions) 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) to be paid 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 amendment to this Plan. If any change in share purchase prices 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 (inclusive of Apartments comparable to Apartments whose Purchase Prices have changed).

Greenville Realty Company, 743 Central Avenue, Scarsdale, New York 10583 (the "Independent Real Estate Consultant") has advised the Apartment Corporation that, in its opinion, the price of the shares allocated to each Apartment in the Building (the "Purchase Price") 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 the opinion of the Independent Real Estate Consultant, the aforementioned reasonable relationship, as determined on the date the change is made, is preserved. The opinion of the Independent Real Estate Consultant 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 block of shares of the Apartment Corporation allocated to 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 Purchase Price for the shares of the Apartment Corporation allocated to any Apartment is changed, then under the terms of the Contribution Agreement described in Part I, Section S of this Plan, when the Apartment is sold, to the extent that the number of shares or the purchase price therefor is increased, the Sponsor will receive the resulting increase in Cash Proceeds (as such term is defined in Part I, Section S of this Plan), if any, and to the extent that the number of shares or the purchase price 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 (as well as with respect to any of the professional office spaces not presently being offered for sale hereunder) 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, without limitation, the Superintendent's Apartment. Prior to the date ("Closing Date") on which the Apartment Corporation acquires title to the Property (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 Independent

Real Estate Consultant, and all such changes in number and/or size and/or layout of Apartments shall be made in compliance with applicable laws. The Sponsor will not make any such change prior to the Closing Date unless, in the opinion of the Independent Real Estate Consultant, 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 (or professional office space) is enlarged by using space in the Building to which no shares of the Apartment Corporation were previously allocated, (ii) such residential or professional space is converted into a new residential or professional 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.

If any material change is made in the total number of shares or in the size or quality of common areas, whether by amendment or otherwise, subscribers not in default will have the right to rescind their Subscription Agreements for a period of 15 days after the presen-

tation to them of such amendment, or other notice of such change if not by amendment. The Downpayment of any such rescinding subscriber will be returned promptly by the Sponsor.

SCHEDULE B

TUDOR ARMS  
31 Pondfield Road West  
Bronxville, New York

PROJECTED SCHEDULE OF REVENUES AND EXPENSES  
FOR THE FIRST YEAR OF COOPERATIVE OPERATION

("Projected Budget")

(July 1, 1985 - June 30, 1986)

Projected Revenue

Maintenance Charges (Rent) (1)

(31,885 shares at \$8.40 per share) . . . \$267,834

Laundry (2) . . . . . 1,500

Parking (3) . . . . . 12,000

TOTAL (4) . . . . . \$ 281,334

Projected Expenses

Labor (5) . . . . . \$ 17,250

Heating (6) . . . . . 52,255

Utilities (electricity and gas) (7) . . . 8,750

Water Charges and Sewer Rents (8) . . . . 2,500

Repairs and Maintenance (9) . . . . . 12,500

Service Contracts (10) . . . . . 4,650

Insurance (11) . . . . . 8,750

Management Fees (12) . . . . . 7,800

Legal Fees and Audit Fees (13) . . . . . 2,750

Franchise and Corporate Taxes (14) . . . . 1,400

Real Estate Taxes (15) . . . . . 32,750

Mortgage Payments (16) . . . . . 125,000

Contingency Fund (17) . . . . . 4,979

TOTAL (18) . . . . . \$ 281,334



TUDOR ARMS  
31 Pondfield Road West  
Bronxville, New York

FOOTNOTES TO SCHEDULE B

1. ANNUAL MAINTENANCE (\$267,834)

Based on the product of 31,885 shares of the Apartment Corporation multiplied by \$8.40 (representing the annual estimated maintenance charge per share), and assuming the first year of cooperative operation to be from July 1, 1985 through June 30, 1986.\*

2. LAUNDRY (\$1,500)

Based upon a contract, dated April 1, 1983 with Gorthom, Inc., 60 Park Place, Newark, New Jersey.

There are 4 coin-metered washers and 3 coin-metered dryers which are owned and maintained by Gorthom, Inc. Operating costs for such facilities are paid for by Gorthom, Inc.

Gorthom, Inc. currently pays to the Sponsor and, after the Closing, will pay to the Apartment Corporation \$125.00 per month pursuant to the terms of such contract.

3. PARKING INCOME (\$12,000)

This estimate is based on the actual current parking rentals as of the date of this Plan, annualized over a 12 month period. Increases in parking charges are anticipated for the first year of operation.

There are 23 indoor parking spaces at the Property. As of the date of this Plan, parking space rentals, which are subject to the Protection Act, range between approximately \$30.00 per month and \$35.00 per month; and parking space rentals, which are subject to the Control Law, range between approximately \$30.00 per month and \$32.00 per month. Tenant-purchasers who currently rent parking spaces and who are not in default under the terms of their parking space rental agreements, will be entitled to continue to rent such parking spaces at rents set by the Apartment Corporation. Tenant-purchasers who currently do not rent a space may rent one at a rate set by the Apartment Corporation if a vacant space is available. Non-tenant purchasers may rent a space at a rental rate set by the Apartment Corporation if a vacant space is available. Non-purchasing tenants in occupancy currently renting parking spaces may continue to rent such spaces at the maximum rent permitted under the State Rent Laws. Holders of Unsold Shares and purchasers for investment

shall not be charged rent in excess of the maximum allowable under the State Rent Laws for the applicable parking space.

4. TOTAL PROJECTED REVENUE (\$281,334)

The total amount of projected revenue does not include any interest income that may be received by the Apartment Corporation from the Reserve Fund (as hereinafter defined). It is expected that all or part of the Reserve Fund will be expended during the first or subsequent years of operation. Accordingly, the amount of interest income cannot be determined with exactitude and may be inconsequential. For this reason, and for the further reason that interest income does not reflect normally anticipated revenues from operations, it has not been included in the estimated revenues for the first year of cooperative operation.

5. LABOR (\$17,250)

The Building is and will continue after the Filing Date to be staffed by one full-time superintendent who resides in Apartment 10A, rent and utility free, and uses one garage space rent free.

The budgeted figure is based upon a 12% increase over the September 1, 1984 base weekly wage rate of \$224 and includes the following:

Wages (including vacation pay, sick pay and holiday pay).....	\$14,000
Medical insurance.....	1,300
F.I.C.A.....	990
Federal & State Unemployment.....	290
Disability.....	100
Workmen's Compensation.....	570
Total.....	<u>\$17,250</u>

6. HEATING (\$52,255)

The energy source for heating and domestic hot water is No 6 oil. The budgeted item is based on a projected consumption of approximately 52,255 gallons, which is the average quantity of fuel purchased for the prior three years, and an estimated cost per gallon of \$1.00, inclusive of sales tax. As of September 1, 1984, the cost of No. 6 oil was \$.80 per gallon, inclusive of sales tax. The consumption (based on gallons purchased), average cost per gallon, and total cost of fuel (including sales tax) for the previous three calendar years were as follows:

CALENDAR YEAR	CONSUMPTION	AVERAGE COST PER GALLON	COST (INCL. SALES TAX)
1983	54,930	\$.779	\$42,812
1982	52,752	.854	45,062
1981	49,084	.914	44,861

In view of the current energy situation, it is not possible to predict whether the budgeted figure will reflect the actual cost to be incurred during the first year of cooperative operation, which will vary with the level of consumption and the fuel rate. Consumption will be affected by the severity of the weather and the conservation measures (such as staggering hours of heating, lowering the temperature of the hot water, etc.), if any, adopted by the Board of Directors. The cost of fuel oil may increase or decline. The Projected Budget reflects a projected increase in cost of approximately 25%. It is believed that the projected figure should be sufficient to cover any reasonable increase in the cost of oil during the first year of cooperative operation. However, no warranty is made that the projection for fuel cost will be in accordance with the actual cost of fuel during said first year of cooperative operation.

7. UTILITIES: ELECTRICITY AND GAS (\$8,750)

The budgeted item includes the cost of electricity and gas for all public areas, and the cost of electric and cooking gas for the Superintendent's Apartment. This does not include electricity or cooking gas to the Apartments, which is individually metered. The budgeted amount is projected by multiplying the average consump-

tion for both electricity and gas for the past three years by a 10% increase above the average tariff rate for January 1, 1984 through June 30, 1984.

The cost and consumption of electricity and gas for the past three years was as follows:

<u>CALENDAR YEAR</u>	<u>ELECTRIC CONSUMPTION</u>	<u>COST OF ELECTRICITY</u>	<u>GAS CONSUMPTION</u>	<u>COST OF GAS</u>	<u>TOTAL UTILITY COST</u>
1983	38,696	\$7,093	222	\$289	\$7,382
1982	39,135	7,288	214	236	7,524
1981	48,185	7,517	213	228	<u>7,745</u>

In view of the current energy situation, it is not possible to predict whether the budgeted figure will reflect the actual cost to be incurred during the first year of cooperative operation, which will vary with the level of consumption and the cost of the utility. Electricity is generated by the utility company by means of fuel oil as the primary energy source. If the cost of oil used to generate electricity increases, it is likely that electricity consumption charges will increase. Gas is furnished by the utility company by the transmittal of natural gas. The cost of gas may increase in the event the price of gas is further deregulated. It is believed that the projected figure should be sufficient to cover any reasonable increase in the cost of electricity and gas resulting from the foregoing during the first year of

cooperative operation. However, no Projected Budget item is warranted.

8. WATER CHARGES AND SEWER RENTS (\$2,500)

The budgeted amount is projected by multiplying the average consumption for the past three years by a 10% increase above the current rates. The water and sewer charges and consumption for the past three years were as follows:

<u>CALENDAR YEAR</u>	<u>CONSUMPTION</u>	<u>COST</u>
1983	2,346	\$2,012
1982	2,793	2,395
1981	2,576	<u>2,190</u>

9. REPAIRS AND MAINTENANCE (\$12,500)

The budgeted amount for these items is based on normal maintenance of, and repairs to, the Building and includes interior repairs, roofing, exterior repairs (including walls, foundations, windows, doors and locks, heating system (fuel burner, boiler, pipes, radiators), plumbing and electrical work, snow removal, janitor supplies painting of common areas, and such Building services and maintenance items not included under "service contracts". Tenant-shareholders, however, will be responsible for the cost of interior repairs in, and the decoration and painting of, their Apartments, including any repairs to be made to the appliances therein.

10. SERVICE CONTRACTS (\$4,650)

The following service contracts are included in the Projected Budget at present costs plus approximately 10%.

<u>CONTRACTOR</u>	<u>NATURE OF SERVICE</u>	<u>CURRENT ANNUAL COST INCLUDING TAX</u>	<u>EXPIRATION DATE</u>
Beacon-Bonded	Exterminator	\$ 241	month-to-month
Castle Petroleum, Inc.	Oil Burner	\$ 725	Aug. 31, 1985
Knudson Elevator	Elevator Service	\$3,254	month-to-month

11. INSURANCE (\$8,750)

At or before Closing, the Sponsor will cause the following insurance coverage to be placed on the Property for the first year of cooperative operation. This coverage is based on the recommendation of Leonard Newman Agency, Inc., 199 Main Street, White Plains, New York, an insurance brokerage firm that currently provides coverage for the Building and will provide coverage for the first year of cooperative operation, and includes the following:



<u>ITEMS COVERED</u>	<u>COVERAGE AMOUNT LIMITS</u>
Buildings @ 90% co-insurance	\$2,365,000
Rents/Common Charges	275,000
Elevator Collision	100,000
Comprehensive General Liability (Including Personal Injury)	1,000,000
Officers & Directors Liability	500,000/500,000
Fidelity Bond	100,000
Boiler & Machinery	1,000,000
Umbrella Liability	4,000,000

Losses will be subject to a \$1,000.00 deductible per occurrence.

The Building value is based upon an appraisal and it is the insurance broker's opinion that the Apartment Corporation will not be a co-insurer in the event of a loss. Coverage will also include a replacement cost endorsement.

In order to safeguard the investment of its tenant-shareholders in the event of a substantial destruction of the Building, the Apartment Corporation should periodically confirm that the amount of coverage is adequate.

The budgeted figure does not include the insurance coverage generally found in a standard "homeowner's policy" for any belongings or personal property situated within a tenant shareholder's Apartment. It is recommended that each tenant-shareholder contact his own insurance broker and obtain coverage for (i) his furniture, belongings and equipment and other personal property in

his Apartment and (ii) liability insurance for personal injury or property damage as a result of occurrences in his Apartment. The cost of any such insurance will be the responsibility of the individual tenant shareholder.

12. MANAGEMENT FEES (\$7,800)

At the Closing, the Apartment Corporation will enter into a management agreement (the "Management Agreement") with the Managing Agent for an initial term of two years at an annual fee of \$7,800. The annual management fee is approximately \$140 per Apartment. The Management Agreement will be automatically renewed from year-to-year thereafter, unless cancelled by either party upon the giving of at least 60 days prior written notice. The Managing Agent may receive additional compensation from the Apartment Corporation for the following:

- (a) Commissions upon agreed terms for reselling shares of stock of the Apartment Corporation allocated to Apartments.
- (b) Commissions for leasing or subletting space in the Building.
- (c) Costs inherent in preparation for all shareholders' meetings, including cost of postage.

(d) Services in connection with supervision of alterations or capital improvements to the Building outside the scope of ordinary repairs and agreed fees.

Reference should be made to Part I, Section T(1) of this Plan for a full discussion of these terms and other important features of the Management Agreement.

13. LEGAL FEES AND AUDIT FEES (\$2,750)

A substantial portion of the budgeted amount will be used for auditing fees in connection with the preparation of the Apartment Corporation's first year's audited financial statements and its Federal and state income tax returns. An allowance is provided for miscellaneous legal services in the event the Board of Directors desires to engage an attorney in connection therewith.

14. FRANCHISE AND CORPORATE TAXES (\$1,400)

The budgeted item includes an estimated New York State Corporation Franchise tax of \$1,000 based on projected capital of \$3,500,000 times the New York State franchise tax rate of .0004. The actual amount of New York State Franchise taxes will vary depending on the number of tenants and non-tenants purchasing Apartments, the aggregate reductions or increases in the price of the shares and increases or reductions to the Reserve Fund.

15. REAL ESTATE TAXES (\$32,750)

The budgeted figure is based on a continuation of the 1983/1984 assessed valuation of \$150,000 (Land and Building) and an increase in the current tax rates of approximately 9.0%. The assessed valuation and tax rate for the current and two preceding years are as follows:

<u>State/County Tax Calendar Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate</u>	<u>Total Tax</u>
1984	\$150,000	56.58	\$8,487.00
1983	150,000	49.72	7,458.00
1982	150,000	47.91	7,186.50

<u>School Tax 7/1 - 6/30 Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate</u>	<u>Total Tax</u>
1984/85	\$150,000	114.78	\$17,217.00
1983/84	150,000	92.41	13,861.50
1982/83	150,000	96.53	14,479.50

<u>City Tax 7/1 - 6/30 Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate</u>	<u>Total Tax</u>
1984/85	\$150,000	27.00	\$4,050.00
1983/84	150,000	33.50	5,025.00
1982/83	150,000	23.26	3,489.00

<u>Housing Unit Tax-7/1 - 6/30 Fiscal Year</u>	<u>No. Units Taxed</u>	<u>Tax Per Unit</u>	<u>Total Tax</u>
84/85	57	3.00	171
83/84	57	3.00	171
82/83	57	3.00	171

<u>Unit Foot Frontage* 7/1 - 6/30 Fiscal Years</u>	<u>Front Frontage</u>	<u>Tax Per Foot</u>	<u>Total Tax</u>
84/85	174	1.00	\$174.00
83/84	174	1.10	191.40
82/83	174	3.95	687.30

The tax assessments of cooperative apartment buildings are governed by Section 581 of the New York Real Property Law. This law requires the appropriate tax assessor to disregard the cooperative form of ownership in valuing such properties and to value the building in the same manner as similar but non-cooperatively owned rental buildings.

No assurance can be given as to whether or not there will be an increase in the assessed valuation of the Property or whether there will be an increase in such assessed valuation by reason of the sale of the Property by the Sponsor to the Apartment Corporation or a change in the method of determining the assessed valuation, whether on a rent roll, market, or other basis.

16. MORTGAGE PAYMENTS (\$125,000)

At the Closing, the Property will be encumbered by a wraparound mortgage in the principal amount of \$1,250,000 that will mature on the 10th anniversary of the Closing Date. Such mortgage will require payments of interest only in monthly installments payable in advance at the

rate of 10% per annum. See Part I, Section O of this Plan for a complete discussion of the wraparound and underlying first mortgage currently affecting the Property.

17. CONTINGENCY FUND (\$4,979)

This item provides a fund (the "Contingency Fund") for possible unforeseen expenses or unforeseen increases in one or more items of operating expenses above the amount projected in the Projected Budget. The Projected Budget may be modified from time to time prior to the commencement of or during the term of cooperative operation to add new items of expense or to increase one or more items of operating expense. The funds for such modifications may be provided by decreasing one or more items of expense, or both. The Contingency Fund does not include a reserve for capital replacements or repairs, for which no provision is made under this Projected Budget. The Contingency Fund is in addition to the Reserve Fund, which is more fully described in Part I, Section S of this Plan.

18. TOTAL PROJECTED EXPENSES (\$281,334)

The projections in this Projected Budget assume that the first year of cooperative operation will begin on July 1, 1985 and end on June 30, 1986.

IN THE OPINION OF THE INDEPENDENT REAL ESTATE CONSULTANT, THE PROJECTED RECEIPTS ARE ADEQUATE TO MEET THE ESTIMATED EXPENSES FOR THE APARTMENT CORPORATION'S FIRST YEAR OF OPERATION ASSUMING SUCH FIRST YEAR TO BE THE FISCAL YEAR COMMENCING JULY 1, 1985. THE FOREGOING SCHEDULE, HOWEVER, IS NOT INTENDED AND SHOULD NOT BE TAKEN AS A GUARANTEE OR WARRANTY BY ANYONE THAT THE ANNUAL MAINTENANCE CHARGES, RENT OR OTHER INCOME OR EXPENSES FOR THE FIRST OR ANY SUBSEQUENT YEAR OF OPERATION OF THE BUILDING BY THE APARTMENT CORPORATION WILL BE AS SET FORTH IN SAID PROJECTED BUDGET, AND IT IS LIKELY THAT THE ACTUAL INCOME AND EXPENSES WILL VARY FROM THE AMOUNTS SHOWN IN THE PROJECTED BUDGET.

THE SPONSOR HAS RESERVED THE RIGHT TO MODIFY, RENEW AND REPLACE EXISTING SERVICE, MAINTENANCE, EMPLOYMENT, CONCESSIONAIRE AND OTHER AGREEMENTS AND INSURANCE POLICIES, AND TO ENTER INTO NEW AGREEMENTS AND POLICIES THAT WILL BE BINDING ON THE APARTMENT CORPORATION AS OF THE CLOSING DATE. HOWEVER, IN NO EVENT WILL ANY SERVICE OR MAINTENANCE CONTRACT BE MADE WHICH WOULD MATERIALLY INCREASE THE FIRST YEAR'S ESTIMATED MAINTENANCE CHARGES.

ANY RENEWALS, MODIFICATIONS OR REPLACEMENTS OF ANY OF THE AFOREMENTIONED AGREEMENTS WHICH BIND THE APARTMENT CORPORATION OR EXTEND THE TERM OF ANY SUCH AGREEMENT

BEYOND THE TERM AS NOTED HEREIN OR BEYOND TWO YEARS AFTER  
THE CLOSING DATE, WHICHEVER IS LONGER, WILL BE DISCLOSED  
IN A DULY FILED AMENDMENT TO THIS PLAN.



C. OPINION OF REASONABLE RELATIONSHIP

GREENVILLE REALTY COMPANY  
Residential Consultants  
743 Central Avenue  
Scarsdale, N.Y. 10583  
(914) 723-5995

October 5, 1983

Tudor Arms Owners Corp.  
c/o Seymour Orlofsky, Inc.  
199 Main Street  
White Plains, New York 10601

Re: Letter of Reasonable Relationship  
Offering Plan ("Plan") of Cooperative  
Ownership of Tudor Arms  
31 Pondfield Road West, City of Yonkers,  
Bronxville, New York

Gentlemen:

The undersigned has reviewed the allocation of shares, (said shares have been allocated based upon the estimated value of each apartment in the building, apartment size, number of rooms, location, apartment improvements and other factors affecting value), purchase price for each apartment and other estimates contained in the schedule entitled "Schedule of Purchase Prices of Shares Allocated to Apartments" (and related information at the date of presentation of the Plan), which is to be included in the above referenced Plan.

In our opinion, at the date of this letter, the purchase price to be paid for each and every apartment is

not less than an amount that bears a reasonable relationship to the portion of the fair market value of the equity to be acquired by you in the above captioned premises which is attributable to such apartment. We are also of the opinion that such reasonable relationship will continue until the Plan is consummated, at which time, if such be the case, we will give you a further written opinion that the actual purchase prices paid for each block of shares meets such reasonable relationship standard.

We are aware that under the Plan, the Sponsor will have the right to change the purchase price of apartments from time to time, provided no such change will be made without first obtaining our written opinion that such reasonable relationship test is preserved. As a result of such changes, the purchaser of an apartment may pay more or less than the purchaser of a comparable apartment having the same number of shares. It is our opinion that such reasonable relationship will be maintained notwithstanding that comparable apartments with the same number of shares allocated to each, are sold for different purchase prices in accordance with the foregoing. It is our opinion that such reasonable relationship exists even though blocks of shares may be sold to exist-

ing tenants of the building who are under some form of rent control, for purchase prices lower than that paid by non-tenants.

We further certify that we are not owned or controlled by and have no beneficial interest in the sponsor. Our compensation for preparing this report is not contingent on the conversion of the property to a cooperative or on the profitability or price of the offering. We are not a sponsor, nor a selling agent, of this cooperative.

I have been licensed in real estate, in New York, since 1965. Both I and Greenville Realty Company are presently licensed as Real Estate Brokers and we have completed approximately fifty (50) other Letters of Reasonable Relationship for both cooperative and condominium ownership in the Metropolitan area. We have been involved with the sale of both cooperative and condominium units in New York, concentrated mainly in Westchester County.

You have advised the undersigned of your intention to reproduce this letter in the Plan and we hereby consent to such use.

Very truly yours,

GREENVILLE REALTY COMPANY

/s/

Louis M. Russo, CPM

D.. ACCOUNTANTS' REPORT

1. Certification by Independent Public Accountants.

To The Partners,  
Pondfield Estates:

We have examined the statements of expenses exclusive of any charges for interest and depreciation relating to the property located at 31 Pondfield Road, Bronxville, New York for the years ended December 31, 1983, 1982 and 1981. 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 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 31 Pondfield Road, Bronxville, New York for each of the years ended December 31, 1983, 1982 and 1981 in conformity with generally accepted accounting principles, consistently applied.

/s/ Margold, Ersken & Wang

New York, New York  
July 3, 1984

2. Financial Statements.

PONDFIELD ESTATES  
31 PONDFIELD ROAD WEST, BRONXVILLE, NEW YORK

STATEMENTS OF EXPENSES

EXCLUSIVE OF INTEREST AND DEPRECIATION

	YEAR ENDED DECEMBER 31,		
	1983	1982	1981
<u>OPERATING EXPENSES:</u>			
Payroll and Related Costs	\$ 15,057	\$ 14,654	\$ 13,074
Fuel	42,812	45,068	44,856
Light and Power	7,382	7,524	7,745
Water and Sewer	2,012	2,395	2,190
Painting - Apartments	1,814	7,149	1,297
General Repairs - Apartments	1,867	7,404	4,516
General Repairs - Building	3,064	2,430	1,748
Plumbing	4,536	3,112	2,984
Boiler Repairs	3,652	556	1,389
Roofing	3,406	8,308	336
Elevator Maintenance	3,936	3,719	2,704
Hardware and Supplies - Apartments	2,179	3,362	1,985
Hardware and Supplies - Building	1,956	602	2,796
Management Commissions	10,050	10,415	10,037
Insurance	4,788	4,595	4,962
Professional Fees	1,870	1,530	1,447
Telephone	384	431	403
Exterminating, Sundries	291	558	939
Real Estate Taxes	26,495	25,280	22,583
<u>TOTAL OPERATING EXPENSES*</u>	<u>\$137,551</u>	<u>\$149,092</u>	<u>\$127,891</u>

\* Before any charges for interest or depreciation.

Note: Expenses are fully written off in the year incurred. Costs incurred in connection with capital improvement are not included in the foregoing Statements of Expenses. In particular, (i) roofing, in 1982, includes \$5,603 expended for replacement, (ii) water charges assessed against the property in 1981, 1982 and 1983 are presently in the process of being redetermined. Amounts shown herein are based upon experience in prior years.

As a partnership, your Company is not subject to income taxes because the various income elements flow through directly to the partners themselves. As a real estate venture, it is exempt from unincorporated business taxes. Accordingly, there is no provision herein for any such federal, state or local taxes.

E. TAX CONSIDERATIONS

1. Counsel's Opinion Letter.

Skadden, Arps, Slate, Meagher & Flom  
919 Third Avenue  
New York, New York 10022

October 17, 1984

TUDOR ARMS OWNERS CORP.  
c/o Seymour Orlofsky, Inc.  
199 Main Street  
White Plains, New York

Re: A Plan to Convert to Cooperative  
Ownership Tudor Arms 31 Pondfield  
Road West, Bronxville, New York

Gentlemen:

In connection with a plan to convert to cooperative ownership premises located at Tudor Arms, 31 Pondfield Road West, Bronxville, New York, you have requested our opinion as to certain Federal and New York State income tax consequences to purchasers of shares of Tudor Arms Owners Corp. (the "Apartment Corporation") which was organized under the laws of the State of New York on August 26, 1983 by Pondfield 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 prem-

ises Tudor Arms, 31 Pondfield Road West, Bronxville, New York (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 submitted in connection therewith, 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) Greenville Realty Company, the independent real estate consultant (the "Independent Real Estate Consultant"), 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 Independent Real Estate Consultant (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 Independent Real Estate Consultant'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 the 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 "cooperative 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 factual situations similar to this case (although such rulings cannot be relied upon as precedent) that apartments which could lawfully be converted to and occupied as dwellings, although not so used in the past, and to be used in the future as professional offices, satisfied this requirement. Private Letter Ruling 8338018 (June 15, 1983); see also 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 regula-

tions 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 individuals are subject to an "alternative minimum tax" to the extent that 20% of an individual's "alternative minimum taxable income" in excess of a certain exemption amount (generally \$30,000 in the case of an individual return or \$40,000 in the case of joint return) exceeds his regular tax liability. Alternative minimum taxable income consists of (i) adjusted gross income less "alternative tax itemized deductions" and certain losses plus (ii) the total amount of the items of tax preference. Mortgage interest deductions attributable to a principal residence of an individual or a family member will be an "alternative tax itemized deduction." State taxes, however, do not constitute an "alternative tax itemized deduction," and consequently, such taxes will not reduce an individual's potential liability for the alternative minimum tax. New York State and New York City impose a minimum tax on, inter alia, an individual's items of tax preferences, as defined in the Code. Since mortgage interest deductions with respect to a residence and state real property taxes are not currently items of tax preference for Federal income tax purposes, such deductions should not adversely affect an individual's liability for the New York State and New York City minimum tax. New York State and New



York City have not amended their personal income tax laws to reflect recent changes in the Federal income tax law with respect to these matters, and it is possible that such deductions could, in the future, be treated differently for New York State and New York City tax purposes.

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. Certain Tax Consequences of Issuance of Shares.

Counsel to the 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, SPONSOR'S COUNSEL, THE APARTMENT CORPORATION, COUNSEL TO THE APARTMENT CORPORATION, THE SELLING AGENT, THE INDEPENDENT REAL ESTATE CONSULTANT 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. SPONSOR'S STATEMENT OF BUILDING CONDITION

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 it consulted with Gabriel E. Senor, P.C. (the "Engineer").

The Sponsor represents that it does not know of any material defects or need for major repairs except as herein set forth and that to the best of the Sponsor's knowledge, the "Description of Property and Building Condition" in Part II, Section C of this Plan 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 will undertake to make repairs to the boiler room floor as recommended in the report of inspection prepared by Gabriel E. Senor, P.C. and appearing in Part I, Section C(1) of this Plan; and to thereafter

procure from Gabriel E. Senor, P.C. a certification that such repair has been made.

The Sponsor will (i) deliver title to the Property free and clear of any building violations and on or before the Closing Date will cure or cause to be cured all violations of record as of the Presentation Date against the Property and (ii) eliminate all dangerous or hazardous conditions of which the Sponsor has notice. However, if there are any violations of record or dangerous or hazardous conditions affecting 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 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 (inclusive as attorneys' fees, disbursements, and other expenses) the Sponsor may elect to terminate the Contribution Agreement as set forth in Part I, Section S of this Plan and this

Plan shall be deemed to have been abandoned and withdrawn and shall thereupon be of no further force and effect whatsoever. In addition, certain vacant apartments of the Property will be repaired, upgraded and renovated prior to the Closing Date.

G. RIGHTS AND OBLIGATIONS WITH RESPECT TO EXISTING TENANCIES.

1. General.

As of the Presentation Date, 32 of the residential Apartments being offered for sale pursuant to this Plan are subject to the provisions of the Protection Act and Protection Regs. and 22 of the residential Apartments being offered for sale pursuant to this Plan are subject to the provisions of the Control Law and Rent Regs. and, in connection therewith, the Sponsor is presenting this Plan without complying with the requirements of such provisions to the extent that the same relate to conversion of rental buildings to cooperative ownership pursuant to an Eviction Plan. Accordingly, under existing law, a tenant entitled to the benefits of the Protection Regs. or Rent Regs. occupying a residential Apartment on the Presentation Date will have the right to remain in occupancy of his Apartment (even if the shares allocated to his Apartment are sold to a tenant residing in another Apartment or any other person) so long as such tenant is not in default under his lease or tenancy and is entitled or continues to be entitled to the benefits of the Protection Law and Protection Regs. or the Control Law and Rent Regs. AT THE EXPIRATION OF HIS PRESENT LEASE AND EACH RENEWAL THEREOF, A TENANT ENTITLED TO THE BENEFITS

OF THE PROTECTION ACT AND PROTECTION REGS. MAY, UNDER CURRENT LAW, SELECT (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 a Qualified Tenant shall have the exclusive right to purchase the shares allocated to his Apartment until the Expiration of the Exclusive Purchase Period, provided such Qualified Tenant is: (i) a bona fide tenant in occupancy on the Filing Date, (ii) a bona fide tenant of record with an unexpired lease on the Filing Date even though such tenant has sublet his Apartment, or such Apartment is not the tenant's primary residence; (iii) a bona fide tenant with the right to renew a lease on the Filing Date; (iv) a bona fide tenant who has the right to continued occupancy on the Filing Date; (v) a bona fide sublessee in occupancy on the Filing Date if he: (a) sublets from a



non-bona fide tenant or (b) has obtained written permission to purchase shares allocated to his Apartment from a bona fide tenant of record. Notwithstanding the foregoing, nothing herein shall be construed to deprive the landlord of any legal remedy for illegal occupancy.

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 \$1,000 Downpayment, prior to the expiration of the Exclusive Purchase Period. In the event a Qualified Tenant does not execute a Subscription Agreement and make the \$1,000 Downpayment for the shares allocated to his Apartment prior to the expiration of the Exclusive Purchase Period, and after the expiration of the Exclusive Purchase Period but prior to the Closing Date, a non-occupant or other tenant in occupancy at the Building executes a Subscription Agreement and makes the 10% Downpayment for the shares allocated to the Apartment occupied by the Qualified Tenant (and such Qualified Tenant has not theretofore executed a Subscription Agreement and made the 10% Downpayment with respect to such shares of the Apartment Corporation), the Qualified Tenant shall no longer have the right to purchase the shares allocated to his Apartment.

The transfer or assignment of Subscription Agreements by tenants in occupancy or any other Purchaser under this Plan is not permitted. See Part I, Section I of this Plan.

2. Rights of Purchasers to Buy Vacant or Occupied Apartments.

(a) Apartments Occupied by Qualified Tenants.

So long as a Qualified Tenant has the exclusive right to purchase the shares allocated to his respective Apartment, the Selling Agent will not show such Apartment to prospective Purchasers unless the Qualified Tenant moves out of his Apartment or the Selling Agent receives written advice from such Qualified 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 Qualified Tenants 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 Qualified Tenant executes a Subscription Agreement for the shares allocated to his Apartment and makes the required Downpayment prior to the expiration of the Exclusive Purchase Period, 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.

Although a Subscription Agreement for any Qualified Tenant's Apartment will not be accepted until the Qualified Tenant's exclusive right to purchase his Apartment terminates, such Subscription Agreement will be accepted immediately after such expiration if the Qualified 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 Qualified Tenant, 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 together with the accompanying Down-paym Subject to the exclusive right of a Qualified Tenant 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.

If, prior to the expiration of the Exclusive Purchase Period, the Sponsor amends the terms and conditions of this Plan to be more favorable to tenant Purchasers, then, any tenant who (i) was in occupancy on the Presentation Date and (ii) executed a Subscription Agreement prior to such amendment, shall be entitled to benefit from the more favorable conditions.

After the expiration of the Qualified Tenant's exclusive right to purchase his Apartment, a Qualified Tenant 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 30 days after the date on which a Subscription Agreement for such shares has been accepted.

(b) Certain Rights of Qualified Tenants.

Qualified Tenants have been given the following rights under this Plan with respect to the purchase of vacant and occupied Residential Apartments.

Each Qualified Tenant has the non-exclusive right, on a "first come-first served" basis, to purchase any vacant Apartment in lieu of the Apartment occupied by such Qualified Tenant, as follows:

(i) within five days after the signing of a Subscription Agreement covering such Residential Apartment the Qualified Tenant signs (A) a new lease for the Apartment covered by such Subscription Agreement having a term beginning within 30 days after execution thereof at the maximum rental permitted by law and (B) an agreement cancelling the current lease or tenancy of such Qualified Tenant (effective on the commencement date of the new lease term);

(ii) the Qualified Tenant surrenders possession of his Apartment by the commencement date of the new lease term; and

(iii) the Qualified Tenant moves into the vacant Apartment within 30 days after signing a new lease therefor.

The failure to meet any condition contained in any of the foregoing subdivisions (i), (ii) or (iii) will cancel the

Qualified Tenant's rights under his Subscription Agreement.

The Sponsors have agreed to renovate Apartments as they become vacant by painting the Apartments and by installing new kitchen appliances, kitchen cabinets, kitchen floors, bathroom vanities and by refinishing the floors. With the exception of Apartment 31, which is not being offered at the Lower Price, a Qualified Tenant who elects to purchase a vacant Apartment at the Lower Price shall also be required to pay, where applicable, as an addition to the Lower Price, an amount equal to the actual costs that have been incurred in renovating such vacant Apartment as aforesaid, but in no event more than \$4,000 for a 2 1/2 room apartment, \$5,500 for a 3 1/2 room apartment and \$6,750 for a 4 1/2 room apartment. In other respects, the terms and conditions set forth in this Section G shall be applicable to Qualified Tenants who wish to purchase vacant Apartments in lieu of the Apartment occupied by such Qualified Tenant.

Each Qualified Tenant occupying an Apartment has the non-exclusive right, on a "first come-first served" basis, to purchase any occupied Apartment at the Lower Price during the Exclusive Purchase Period subject to the superior right of the incumbent tenant. Notwith-

standing the foregoing, a Qualified Tenant shall be entitled to purchase at the Lower Price the shares allocated to one Apartment only.

Such non-exclusive rights to purchase are not assignable or transferable.

If a Qualified Tenant submits a Subscription Agreement during the Exclusive Purchase Period for an Apartment occupied by another Qualified Tenant and the occupant of the Apartment preempts the sale by purchasing such Apartment within the Exclusive Purchase Period, or such Apartment is purchased by a Qualified Tenant whose submission for the Apartment had priority, then the Qualified Tenant will nevertheless have the right to purchase his own Apartment or, in lieu of his own Apartment, a vacant or occupied Apartment on a first come first-served basis (subject to the superior right of any occupant) during the remainder of the Exclusive Purchase Period. If the Exclusive Purchase Period has expired or the unexpired portion of the Exclusive Purchase Period is less than five days, when a Qualified Tenant's Subscription Agreement is preempted, the Qualified Tenant will continue to have the right to purchase his Apartment or another Apartment at the Lower Price (plus renovation costs) for

five business days after written notice is sent notifying the tenant of such preemption.

(c) General; Other Purchasers.

After the expiration of the Exclusive Purchase Period, the provisions of the preceding Section G(2)(b) shall continue to be applicable with respect to the purchase of vacant and occupied Apartments by tenants in occupancy at the Building as well as any other Purchasers, except that such rights will be on a non-exclusive basis (including the right to purchase the Apartment occupied by a tenant Purchaser), except to the extent otherwise provided herein (or inconsistent with applicable law), and no Apartments will be offered for sale at the Lower Price.

Non-purchasing tenants will continue to be provided with all services and facilities to which they are entitled by applicable law or under the terms of their leases. See Part I, Section G(4) of this Plan.

3. Rights of Tenants in Occupancy Pursuant to 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 E of this Plan, this is a Non-Eviction Plan and may not be declared effective unless within 12 months from the Filing Date at least 15%



of tenants in occupancy of residential Apartments in the Building as of the Effective Date shall have executed Subscription Agreements in good faith without fraud and with no discriminatory repurchase agreement or other discriminatory inducements. For purposes of making the foregoing calculation, no more than one Subscription Agreement by the tenant(s) of a particular dwelling unit will be counted and only one Subscription Agreement for any tenant who leases or occupies more than one dwelling unit will be counted in connection therewith. See Part I, Section H of this Plan.

From and after the date that the Attorney General of the State of New York has accepted this Plan for filing ("Filing Date"), at least every 30 days thereafter and 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 this 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 this 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 demised 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, in such Purchaser's capacity 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 this 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).

4. 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 limit-

ing 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 dispossession 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 and should be inspected by prospective purchasers to ascertain the purchaser's obligations thereunder. 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 OR 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 entitled the "Condominium and Cooperative Con-

version Protection and Abuse Relief Act", 17 United States Code Annotated §§ 3601-3616, provides national standards for conversions to condominium and cooperative ownership with respect to disclosure to existing tenants of information pertinent thereto.

Pursuant to Article V, Section 8 of the By-Laws, the Apartment Corporation shall give any non-purchasing tenant written notice of changes in ownership of the shares for the Apartment which he occupies promptly after such change becomes effective.

The Subscription Agreements and Proprietary Leases pertaining to Apartments occupied by non-purchasing tenants shall provide that the subscriber or Purchaser shall irrevocably appoint the Managing Agent as his agent to provide the non-purchasing tenant with all services and facilities required by law. In addition, except with respect to the Sponsor and any other holders of Unsold Shares, Subscription Agreements or Proprietary Leases pertaining to Apartments occupied by non-purchasing tenants shall provide that the subscriber or purchaser thereof shall deposit with the Managing Agent at Closing an amount equal to two months Maintenance Charges (rent) (the "Unit Maintenance Fund") to be used as working capital to furnish services required under the

terms of the non-purchasing tenant's lease or any applicable law or regulation. Upon notice from the Managing Agent that the applicable Unit Maintenance Fund has been fully depleted, the purchasing shareholder shall promptly replenish same. The failure of such purchasing shareholder to replenish the Unit Maintenance Fund in a timely fashion shall result in the Apartment Corporation having a lien against the shares appurtenant to such Apartment. Interest, if any, earned on the Unit Maintenance Fund shall accrue to the account of the purchasing shareholder.



#### H. 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 12 month period from and after the Filing Date at any time after at least 15% of tenants in occupancy of residential Apartments at the Building as of the Effective Date shall have executed Subscription Agreements in good faith without fraud and with no discriminatory repurchase agreement or other discriminatory inducements.

2. The Sponsor must declare this Plan effective during the 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 80% of the shares of the Apartment Corporation.

3. The determination of whether the Plan may or must be declared effective will not take into account Subscription Agreements: (i) signed by subscribers who have been granted a right of rescission which has not yet expired or been waived; (ii) conditioned upon an amend-

ment to this Plan that has not been served in accordance with the service provisions set forth in Part I, Section I of this Plan relating to "Procedure to Purchase"; or (iii) with any subscriber who is the Sponsor or Selling Agent, a principal of the Sponsor or Selling Agent, related to the Sponsor or Selling Agent, or any principal thereof, by blood, marriage or adoption or as a business associate, an employee, a shareholder or a limited partner, except that such a subscriber, other than the Sponsor, or a principal thereof, may be included if such subscriber, or a member of his immediate family, occupies such Apartment or intends to occupy the Apartment when it becomes vacant.

Upon declaring this Plan effective, the Sponsor shall so notify all Purchasers and tenants, in writing, by certified mail, return receipt requested. Thereafter, and within five business days of declaring this Plan effective, the Sponsor shall file an amendment (the "Effectiveness Amendment") informing the Attorney General of the State of New York that this Plan has been declared effective and that all Purchasers and tenants have been properly notified in the aforesaid manner.

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 30 days nor more than 180 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 (i) the taking of any material portion of the Property by condemnation or eminent domain; (ii) substantial damage or destruction of the Building by fire or other casualty which cannot be cured for less than \$25,000; (iii) work orders of a mortgagee that cannot be cured for less than \$15,000; or (iv) 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 \$25,000 (including attorneys' fees and other disbursements) or to engage in litigation to cure title defects (collectively, "Events of Abandonment"). 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. Notwithstanding the foregoing, any expense relied upon by the Sponsor as a basis for abandonment of this Plan after the Effective Date must exclude amounts that would be incurred to cure any of the Events of Abandonment which existed on the Presentation Date and were either known to the Sponsor or a matter of public record on the Presentation Date.

If this Plan has not been declared effective within 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, together with accrued interest thereon, if any, within 30 days after abandonment; and, in any such event, no subsequent offering plan for conversion to cooperative ownership of the Property will be submitted to the Office of the Attorney General of the State of New York during the 18 month period from and after the date of such abandonment of this Plan.

The foregoing provisions of Section G and this Section H are based upon the laws in effect on the Presentation Date. The Sponsor reserves the right to amend this Section H 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 in occupancy at the Building at the time such amendment is submitted for filing to the Department of Law.

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.

In connection with the purchase of blocks of shares of the Apartment Corporation allocated to Apartments at the Building, Purchasers will be requested to execute, if appropriate, the New York State Real Property Transfer Gains Tax Transferee Questionnaire Report, which instrument each Purchaser will be obligated to execute and acknowledge upon request by the Sponsor, or Selling Agent, sufficiently in advance of the applicable closing

of title of such shares in favor of the appropriate Purchaser in order to allow the Sponsor to deliver same to the New York State Department of Taxation and Finance and to receive from such agency a statement of either tentative assessment or no tax due with respect to the transaction covered by the applicable Subscription Agreement.

I. PROCEDURE TO PURCHASE; ASSIGNMENT OF SUBSCRIPTION AGREEMENT

1. Procedure to Purchase.

A person desiring to purchase an Apartment will be required to execute three 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, 199 Main Street, White Plains, New York 10601, together with his good unendorsed check, subject to collection, for the required Downpayment drawn on a New York City or Westchester County bank payable to the direct order of "Skadden, Arps, Slate, Meagher & Flom as escrow agent for the Tudor Arms Special Account" (the "Escrow Account") as follows:

(a) During the Exclusive Purchase Period, Qualified Tenants will be required to deliver the \$1,000 Downpayment to the Selling Agent, together with their Subscription Agreements, for the Apartment subscribed for.

(b) Tenants in occupancy at the Building other than Qualified Tenants and all other Purchasers will be required to deliver a downpayment to the Selling Agent, together with their Subscription Agreements, in an amount equal to 10% of the Purchase Price for the Apart-

ment subscribed for (the "10% Downpayment" and, together with the \$1,000 Downpayment, being sometimes collectively referred to herein as the "Downpayments").

Qualified Tenants who subscribe during the Exclusive Purchase Period, as aforesaid, will have the right to subscribe for the purchase of not more than one Apartment at the Lower Price as follows:

(a) the exclusive right to purchase the block of shares of the Apartment Corporation allocated to the Apartment occupied by the Qualified Tenant at the Lower Price; or

(b) the non-exclusive right, on a "first come-first served" basis, to purchase at the Lower Price plus renovation costs (as set forth in Part I, Section G(2) of this Plan) the block of shares of the Apartment Corporation allocated to any Apartment that is vacant (except Apartment 31) and otherwise available for sale on the Presentation Date, or which becomes vacant at any time prior to the expiration of the Exclusive Purchase Period in lieu of the Apartment occupied by such Qualified Tenant, provided that certain conditions with respect to the surrender of such Purchaser's lease to his apartment and entering into a new lease with respect to the Apartment to be purchased and being more particularly



described in Part I, Section G(2)(b) of this Plan have been met; or

(c) the non-exclusive right, on a "first come-first served" basis, to purchase at the Lower Price any block of shares of the Apartment Corporation allocated to an occupied Apartment in lieu of his Apartment, subject to the superior right of the incumbent tenant in occupancy thereof.

No Qualified Tenant shall, under any circumstances, be entitled to purchase the block of shares of the Apartment Corporation allocated to more than one Apartment at the Lower Price (plus renovation costs, if applicable, in accordance with Part I, Section G(2) of this Plan). A Qualified Tenant has until the expiration of the Exclusive Purchase Period to execute a Subscription Agreement and make the \$1,000 Downpayment for the shares allocated to his Apartment. In the event a Qualified Tenant does not execute a Subscription Agreement and make the \$1,000 Downpayment for the shares allocated to his Apartment prior to the expiration of the Exclusive Purchase Period, if after the expiration of the Exclusive Purchase Period but 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 (and such Qualified Tenant has not theretofore executed a Subscription Agreement and made the 10% Downpayment with respect to such shares of the Apartment Corporation), the Qualified Tenant shall no longer have the right to purchase the shares allocated to his Apartment.

No Subscription Agreement will be accepted until all non-tenant subscribers or Purchasers, and all tenants have been given three business days to review this Plan, and all filed amendments thereto, before executing a Subscription Agreement.

Shares of the Apartment Corporation, other than Unsold Shares (as said term is defined in Part I, Section Q 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). Subscription Agreements are 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 10% of the Total Cash Payment) made thereunder.

The Selling Agent, on behalf of the Apartment Corporation, will approve or reject a Subscription Agreement within 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 together therewith, without accrued interest thereon, if any) to the subscriber. In the case of a Subscription Agreement for the block of shares of the Apartment Corporation allocated to an Apartment not occupied by the subscriber, if a Subscription Agreement for such Apartment is received from the Qualified Tenant prior to expiration of the Exclusive Purchase Period, the Selling Agent will return the Subscription Agreement (as well as the applicable Downpayment), together with accrued interest thereon, if any, submitted by the non-occupant promptly after acceptance of the Subscription Agreement submitted by the Qualified Tenant. If the Selling Agent fails to approve or reject any Subscription Agreement within the time periods specified above, such Subscription Agreement shall be deemed to have been rejected. See Part I, Section G 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 15 days thereafter. Such balance shall be payable by unendorsed certified check of the subscriber or by official bank or cashier's check drawn on a New York Clearing House Bank, drawn to the direct order of the Escrow Account. In no event will such balance be called due more than 30 days prior to the Closing. All subscribers will be given written notice of the Closing Date at least 30 days prior thereto. However, if the subscriber elects to finance a portion of the Total Cash Payment and furnishes to the Selling Agent a written commitment from a bank, trust company or other lending institution (in form satisfactory to the Sponsor) 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 15 day period described above, or if the Sponsor has not been paid on

or prior to the Closing Date any balance owing or financed, and any such default is not cured within a 30 day period after written notice thereof, the Sponsor's sole remedy will be to cancel the Subscription Agreement and retain as liquidated damages all payments made thereunder (but not in excess of 10% of the Total Cash Payment), together with accrued interest thereon, if any. Any payments received in excess of 10% of the Total Cash Payment, together with accrued interest thereon, if any, shall be refunded to the subscriber within a reasonable time after cancellation. If any such Subscription Agreement is cancelled, the Sponsor will have the right to sell the shares of the Apartment Corporation covered thereby and the appurtenant 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 under such cancelled Subscription Agreement and under this Plan with respect thereto.

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 P of this Plan, all moneys deposited under any such tenant's Subscription Agreement (but not in excess of 10% percent of the Total Cash Payment), together with accrued interest thereon, if any, as well as any other amounts owing, if any, or other obligations, if any, under the terms of the applicable interim lease, will be paid to the Sponsor as liquidated damages and (b) who is a Qualified Tenant whose tenancy is not pursuant to an interim lease, all moneys deposited under any such Qualified Tenant's Subscription Agreement will be refunded, without accrued interest thereon, if any, and the Subscription Agreement shall be cancelled and be of no further force or effect whatsoever.

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 immediately 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 appor-

tioned as of midnight on the date immediately 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 moneys collected by the purchaser from such tenant.

Said moneys shall be deemed to be received by the Sponsor and held in trust by it and will be delivered, directly or through its agents, employees or escrow agent, in trust, to Skadden, Arps, Slate, Meagher & Flom, counsel to the Sponsor, which firm has agreed to act as escrow agent for such funds. Skadden, Arps, Slate, Meagher & Flom will deposit such funds in the interest bearing Escrow Account until actually employed in connection with the consummation of this Plan as herein described. Moneys deposited in the Escrow Account 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, if this Plan

is abandoned or withdrawn for any reason, or if this Plan is not declared effective within 12 months after the Filing Date of this Plan, for any reason whatsoever, then such moneys shall be returned to all subscribers, together with accrued interest 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.

In the event of any inconsistency between the terms of this Plan and the terms of the Subscription Agreement, the terms of this Plan shall control.

2. Non-Assignability of Subscription Agreements.

No Subscription Agreement may be assigned or otherwise transferred under any circumstances whatsoever.



J. SPONSOR'S OBLIGATIONS; PAYMENT OF CLOSING EXPENSES

The Sponsor will assume the following expenses in connection with the Contribution Agreement set forth in Part I, Section S of this Plan: (i) closing costs and reasonable attorneys' fees of the Apartment Corporation incurred with respect 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 in an amount of up to \$25,000; and (iv) conveyance of title to the Property to the Apartment Corporation free and clear of all liens and encumbrances; subject, however, to those permitted title exceptions set forth in Part I, Section S 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 ANY 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 CONTRACTORS, SUBCONTRACTORS, MATERIALMEN AND SUPPLIERS MAKING SUCH WARRANTIES AND GUARANTIES WHEN CALLED UPON TO PERFORM.

K. FINANCING ARRANGEMENTS

Purchasers will be required to pay the Total Cash Payment as follows: (i) the applicable Downpayment is payable on the signing of the Subscription Agreement by the Purchaser's unendorsed certified, official bank or cashier's check, payable to the direct order of the Escrow 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 Purchaser is payable within 15 days after written notice and demand therefor by the Selling Agent by the Purchaser's unendorsed certified, official bank or cashier's check payable to the direct order of the Escrow Account; provided, however, that such payment shall not be required to be made more than 45 days prior to the Closing Date.

The Sponsor will not be providing any financing with respect to the purchase of blocks of shares of the Apartment Corporation allocated to residential Apartments at the Building and Subscription Agreements are not contingent upon obtaining financing. Commercial banks, savings banks and savings and loan associations may make loans to finance the purchase of shares allocated to

Apartments in the Building. However, each institution has its own lending policies and credit requirements.

Purchasers who may be interested in making financing arrangements 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 such sources.

L. APARTMENT CORPORATION

The Apartment Corporation was formed on August 26, 1983 under the Business Corporation Law of the State of New York. The By-Laws of the Apartment Corporation are included in Part II, Section D 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 35,000 shares of common stock, par value One Dollar each, of which 31,885 shares are to be issued 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 Q of this Plan) until the later to occur of (i) the third anniversary of the Closing Date, or (ii) - such longer period as may be permitted under applicable law. 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 directors. The present or anticipated directors and officers are as follows:

Directors

Charles Neil

Gertrude Kallor

Aija D. Brigance

Officers

Andrew Orlofsky - President

Robert Orlofsky - Vice President and  
Secretary/Treasurer

Gertrude Kallor - Assistant Secretary

Charles Neil, Gertrude Kallor, Andrew Orlofsky and Robert Orlofsky are employees of the Selling Agent. Aija D. Brigance is employed by Skadden, Arps, Slate,

Meagher & Flom. The officers and directors have been designated by the sole incorporator of the Apartment Corporation (who is associated with Messrs. Skadden, Arps, Slate, Meagher & Flom, counsel to the Sponsor) 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 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, and will serve without compensation. Shareholders will be entitled to one 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 outstanding shares of the Apartment Corporation or two-thirds of the members of the Board of Directors.

Any of the Apartment Corporation's shares which have not been sold or fully paid for on or prior to the Closing Date shall be issued to the Sponsor as Unsold Shares, in which event, the Sponsor may, subject to the restrictions on holders of Unsold Shares as set forth in

Part I, Section Q of this Plan, control the Board of Directors after Closing; provided, however, that in no event may the Sponsor or other holders of Unsold Shares: (i) exercise voting control of the Board of Directors for a period extending beyond the earlier to occur of (a) the fifth anniversary of the Closing Date or (b) the date upon which the unsold shares constitute less than 50% of the issued and outstanding shares; or (ii) exercise veto power over expenses described in Schedule B of Part I of this Plan, or expenses required: (i) to comply with applicable laws or regulations; (ii) to remedy any notice of violation; (iii) to remedy any work order by a mortgagee or an insurer; or (iv) to remedy a notice of default issued by any mortgagee with respect to all or any portion of the Property.

The Apartment Corporation shall have a lien on each shareholder's shares to secure the payment of Maintenance Charges (rent) and assessments, and the replenishment of the applicable Unit Maintenance Fund required for an Apartment occupied by a non-purchasing tenant and in order to ensure the full and faithful performance of all other terms and agreements under the provision of the appurtenant Proprietary Lease.

All expenses of the Apartment Corporation accruing up to and including the Closing Date, including, without limitation, the Selling Agent's commission, will be paid by the Sponsor or by the Apartment Corporation from the proceeds of the sale of shares, as provided in Part I, Section S (paragraph 3) of this Plan.

The Apartment Corporation may not discriminate against any person in violation of any laws pertaining to civil rights.



M. SUMMARY OF 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 December 31, 2083 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 Budget, for his Apartment as the same may be fixed from time to time by the Board of Directors. He will also have, among other rights, the rights and obligations summarized below.

1. Escape Clause. Except for the holder of Unsold Shares (as defined in Part I, Section Q of this Plan),\* he may, if he is not in default under his Proprietary Lease, cancel his Proprietary Lease and surrender

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\* Holders of Unsold Shares are permitted to cancel their Proprietary Leases under certain limited circumstances only (see Part I, Section Q of this Plan).

his shares and possession of his Apartment to the Apartment Corporation (without receiving any compensation) effective as of any September 30 after the second anniversary of the Closing Date, on at least six 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 the written consent or vote of shareholders owning at least 65% of the Apartment Corporation's issued and 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, without limitation, 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 Proprietary Lease or subletting of the Apartment without compliance with its terms or an unauthorized occupancy of the Apartment which continues for 10 days after notice;

(iv) Failure for one month to pay rent or other charges which is not cured within 10 days after notice;

(v) Failure to perform any other covenant of the Proprietary Lease which is not cured within 30 days after notice; and

(vi) A determination by 80% of the Board of Directors and the vote of shareholders owning at least two-thirds 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 to remain

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 66-2/3% of the Apartment Corporation's issued and 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.

8. Accumulation of Reserve Fund. The Apartment Corporation shall have the authority to accumulate reserves for capital expenditures in such amounts as it may determine, in its sole discretion, are reasonably necessary.

9. Rights of Non-Purchasing Tenants. Non-purchasing tenants may not be evicted by the owner of the block of shares of the Apartment Corporation allocated to the Apartment occupied by such non-purchasing tenant for purposes of owner occupancy (such right being intended to be for the benefit of non-purchasing tenants). The rentals paid by non-purchasing tenants who reside in Apartments not subject to government regulations as to rentals and continued occupancy, and any such non-purchasing tenants who reside in Apartments with respect to which government regulation as to rental and continued occupancy is eliminated or becomes inapplicable after the Effective Date, shall not be subject to unconscionable increases beyond ordinary rental for comparable apartments during the period of their occupancy. No eviction proceedings may 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, ille-

gal use or occupancy of the demised premises, refusal of access to the owner of the shares of the Apartment Corporation allocable to the applicable Apartment, as landlord to such non-purchasing tenant, or a similar breach by the non-purchasing tenant of his obligations to the owner of such shares of the Apartment Corporation, as landlord with respect to the applicable residential Apartment. The sections of the Proprietary Lease concerning non-purchasing tenants may not be deleted or amended.



N. FINANCIAL FEATURES; PURCHASERS  
FOR INVESTMENT OR RESALE

1. Financial Features.

The basic financial features of this Plan are as follows:

Maximum Total Cash Amount of Offering (31,885 shares) . . . . .	\$3,507,350
Mortgage Indebtedness . . . . .	<u>\$1,250,000</u>
Total Offering. . . . .	\$4,757,350
Less Reserve Fund To Be Retained By Apartment Corporation . . . . .	\$ <u>15,000</u>
Net Offering. . . . .	\$4,742,350

As indicated in paragraph 3 of Part I, Section S 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.

2. Purchasers for Investment or Resale

A Purchaser for investment or resale ("Purchaser for Investment or Resale") is a Purchaser who purchases shares allocated to three or more Apartments which are not for occupancy by such Purchaser or persons relat-

ed to him by blood, marriage or adoption. In connection with the sale of such shares, such Purchaser must (i) register as a dealer pursuant to Section 359-e of the New York General Business Law (if not already registered); (ii) comply with the trust fund and escrow provisions of Sections 352-h and 352-e(2-b) of the New York General Business Law; (iii) provide the following documents to a prospective purchaser at no cost to such purchaser at least three business days before entering into a purchase agreement: (a) a copy of the most recent financial statement of the Apartment Corporation, if any; and a copy of the most recent budget of projected expenses, if any; (b) a copy of the most recent notice from the Apartment Corporation of the interest and taxes deductible for income tax purposes, if any; (c) copies of notices from the Apartment Corporation concerning changes in maintenance charges, potential assessments, planned major capital improvements and proposed refinancing of the Building's mortgage(s), if any; (d) copies of pleadings in pending lawsuits or proceedings the outcome of which may affect the offering of the unit, the seller's capacity to perform all of its obligations under the purchase agreement, or the rights of an existing tenant of the unit, if any; (e) if the unit is occupied, a copy of the tenant's

lease and representation of the tenant's status under the State Rent Laws; (f) copies of the By-Laws and Proprietary Lease of the Apartment Corporation, including any amendments thereto; and (g) a copy of notice of uncured violations of record with respect to the applicable residential Apartment, if any, that are the responsibility of the proprietary lessee to cure.

O. TERMS OF MORTGAGES

On the Closing Date, the Apartment Corporation will execute and deliver a purchase money "wraparound" mortgage (the "Mortgage") encumbering the Property in the principal amount of \$1,250,000, at an interest rate of 10% per annum, to be held by the Sponsor or its designee (hereinafter sometimes referred to as the "Mortgagee") and which will mature 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 as of October 1, 1984 of \$148,806.45 currently held by the Home Savings Bank, White Plains, New York, 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 provisions of the Contribution Agreement. The Apartment Corporation will not make any payments on account of the Existing Mortgage.

The Mortgage will require payment of monthly installments in the amount of \$10,416.67, which will be due and payable in advance on the 15th day of each calendar month throughout the term of the Mortgage, commencing with the 15th day of the first calendar month after the Closing Date; provided, however, that such first payment shall be for interest that will 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 10% per annum throughout the term of the Mortgage. The Mortgage will provide that the Mortgagee will make all monthly payments 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 accruing with respect to the Existing Mortgage shall only be remitted to the mortgagee thereunder to the extent that the Apartment Corporation pays to the Sponsor (as Mortgagee) the monthly installments of interest as the same become due and payable under the provisions of the Mortgage.

As most recently modified by instrument, dated August 25, 1983, the Existing Mortgage provides for the

monthly payment of installments of \$1,579.85 applied first to accrued interest at the rate of 12% per annum and the balance, if any, to then be applied in reduction of the principal amount of the Mortgage. The monthly payments required under the Existing Mortgage are based upon a 25-year amortization schedule and will require a balloon payment of the then outstanding principal balance, in the amount of \$146,558.15, at maturity of the Existing Mortgage on July 1, 1986. The Sponsor or its designee expressly undertakes either to pay the outstanding principal balance, refinance or extend the term of the Existing Mortgage promptly upon maturity thereof (but no such extension or extensions shall extend beyond the maturity date of the Mortgage) and the Sponsor's failure to make such payment upon the maturity thereof, for a period of 30 days after receipt of notice and demand therefor by the then mortgagee thereunder, or otherwise to promptly procure an extension thereof ("Maturity Payment Default Date") shall be a default by the Sponsor with respect to the performance of its obligations under the Mortgage and thereupon result in the 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 the

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.

Notwithstanding the foregoing, if (i) the Mortgagee thereafter pays all outstanding arrearages under the Existing Mortgage and cures any and all defaults thereunder, (ii) the holder of the Existing Mortgage has either not commenced or has discontinued foreclosure proceedings as a result thereof and (iii) the Mortgagee pays any and all expenses incurred by or on behalf of the Apartment Corporation as a result of any such default, then the Mortgage shall thereupon be deemed to be reinstated and to continue in full force and effect.

In connection with any extension or refinancing of the Existing Mortgage, as aforesaid, same may be refinanced in an amount of up to the full face amount of the Mortgage; provided, however, that under no circumstances whatsoever may the monthly installments payable thereunder exceed the amount of monthly installments that are then payable under the Mortgage.

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 thereof on the Closing Date.

The Mortgage will provide that the Apartment Corporation shall on request 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 15th day of each calendar 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 following the calendar month during 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 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 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 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.

P. 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. The tenant will not have the right to rescind his lease prior to such term if the tenant's Subscription Agreement is not approved by the Apartment Corporation. If this Plan is abandoned the lease may be terminated by the tenant as of the last day of any month on not less

than 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 10% of the Total Cash Payment), which amount, together with any accrued interest thereon, if any, 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 the Closing under this Plan shall have occurred 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.

Q. 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 to financially responsible 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). Thereafter, 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. Such shares shall cease to be Unsold Shares when purchased by a Purchaser for occupancy. If a holder of Unsold Shares or a person related by blood or marriage to such holder of Unsold Shares takes occupancy as a bona fide resident, the shares shall cease to be Unsold Shares.

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 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, subject to the rights, if any, of such subscribers, 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 after the Closing Date, if any shareholder produced by the 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, the 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 15% or less of the outstanding shares of the Apartment Corporation or (iii) at least five 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.



R. 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 as the reserve fund ("Reserve Fund"). This Reserve Fund will be held as a fund for repairs and other appropriate capital expenditures as determined by the Board of Directors. During such time as the Sponsor may control the Board of Directors, the Reserve Fund may not be used to reduce projected Maintenance Charges (rent) in the Plan.

No representation is made that the Reserve Fund will be adequate to cover current or future expenses including repairs or capital 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 contemplated by the Projected Budget (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.

S. CONTRIBUTION AGREEMENT

By agreement, dated as of October 26, 1984 (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 William A. Smith, dated June 7, 1926 and inspected and redated to within 90 days prior to the Closing Date. The Apartment Corporation shall accept title to the Property 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 O 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 T of this Plan);

(n) Variations between record lot lines of the Land and those shown on the Tax Map of the Town of Yonkers (Westchester County), if any;

(o) Possible lack of right of the Sponsor 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. The amount of coverage under the Title Policy will be in the amount of the net consideration received by the Sponsor in exchange for the Property, subject to appropriate adjustments. The Sponsor shall pay the costs of such title insurance at Closing.

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 in and 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 which will constitute the initial Reserve Fund of the Apartment Corporation;

(b) The Apartment Corporation's issuing to the Sponsor, or to 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 Q 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 this 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 accrued interest, 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 Contribution 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 the 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 New York General Obligations Law 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. The Contribution Agreement also includes one residential Apartment, Apartment 10-A, occupied by the Superintendent. 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 Sponsor and the Apartment Corporation as of the Closing Date:

(a) Insurance premiums on transferable policies;

(b) Real estate and vault taxes (including any escrow deposit in respect thereof);

- (c) Water charges and sewer rents (including any escrow deposit in respect thereof);
- (d) Permit and license fees for assignable permits and licenses;
- (e) Labor, service, maintenance and concession contract payments;
- (f) Employees' wages, vacation and severance pay, pension and welfare benefits and any other obligations payable to employees;
- (g) Utility deposits (including escrows); and
- (h) Fuel oil, at cost to the Sponsor, including sales tax.

The Apartment Corporation also shall reimburse 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 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 Q 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 Q 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 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, together with accrued interest thereon, 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.

T. MANAGEMENT AGREEMENT AND OTHER CONTRACTUAL ARRANGEMENTS

1. Management Agreement.

On the Closing Date, the Apartment Corporation will enter into the Management Agreement with the Managing Agent to act as managing agent of the Building for a period of two years from said date. For its services, the Managing Agent will receive (i) compensation at the rate of \$7,800 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 \$300 per transaction during the first two 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 the 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 the Managing Agent during the period of two 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 the Managing Agent thereunder. The Management Agreement will not be cancellable by the Apartment Corporation during the period of two years from and after the Closing Date, unless the 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 30 days' prior written notice. The services to be rendered to the Apartment Corporation by the 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.

The Managing Agent will not prepare the Apartment Corporation's annual certified financial statement; such statement will be prepared by an independent certi-

fied public accountant employed by the Apartment Corporation at its own expense.

All employees and officers of the 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. 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 October 1, 1983 and terminating on September 30, 1988, 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 a one year term terminating on August 31, 1985, at an annual cost of \$725.00.

(c) Laundry concession lease, dated April 1, 1983, between the Sponsor, as landlord, and Gorthom, Inc., having an office at 60 Park Place, Newark, New Jersey, as tenant, for laundry equipment concession at an annual rental of \$1,296.00. The term of such contract is from April 1, 1983 until cancelled by either party on 90 days' prior notice.

U. INSURANCE

On the Closing Date there will be in effect with respect to the Property the following insurance coverage:

- (a) Building - \$2,365,000 blanket all risk coverage (at 90% 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 - \$1,000,000;
- (e) Fidelity Bond - \$100,000 in respect of the acts of employees and agents of the Managing Agent; and
- (f) Officers' and Directors' Liability in respect of the Apartment Corporation - \$500,000/\$500,000; and
- (g) Rents/Common Charges - \$275,000; and
- (h) Umbrella Liability - \$4,000,000.

V. IDENTITY OF PARTIES

1. The 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 Seymour Orlofsky, Inc., 199 Main Street, White Plains, New York 10601.

The partners of the Sponsor are as follows:

<u>Name</u>	<u>Address</u>
Jacob Heller	c/o Peck & Heller & Weiss 60 East 42nd Street New York, New York
Michael Heller	J&M Heller Co., Inc. P.O. Box 439 White Plains, New York 1060
Frank Heller	c/o Peck & Heller & Weiss 60 East 42nd Street New York, New York
Roberta S. Sommers	c/o Peck & Heller & Weiss 60 East 42nd Street New York, New York
Norman L. Peck	c/o Schroder Real Estate Corporation One State Street New York, New York 10004
Milton Peck	c/o Peck & Heller & Weiss 60 East 42nd Street New York, New York
Stuart Robinowitz	c/o Paul, Weiss et al. 345 Park Avenue New York, New York

Estate of  
Seymour Orlofsky

c/o Peck, Heller & Weiss  
60 East 42nd Street  
New York, New York

Leonard Newman,  
Stewart Robinowitz  
and Patricia  
Orlofsky, Trustees  
under the Residuary  
Trust of the Will  
of Myron Orlofsky

c/o Paul, Weiss, Rifkind,  
Wharton & Garrison  
345 Park Avenue  
New York, New York

W.S.P. Co.  
Principals:  
Wendy B. Newman  
Scott David Newman  
Peter Ross Newman

c/o Leonard Newman,  
Managing Partner  
Leonard Newman Agency,  
Inc.  
199 Main Street  
White Plains, New York

Certain affiliates of the Sponsor's principals  
have offered the following properties for public sale as  
cooperatives, condominiums or planned unit developments  
during the past five years:

<u>Address</u>	<u>Year When Property First Became Available for Occupancy as a Cooperative, Condominium or Planned Unit Development</u>
15 West 72nd Street New York, New York	1980
60 West 70th Street New York, New York	1982
17 North Chatsworth Avenue Larchmont, New York	1983
24-47 North Central Avenue Hartsdale, New York	1983

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. The 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 T of this Plan) and as the Selling Agent for the initial offering of Apartments pursuant to the Plan. Seymour Orlofsky, Inc. has been engaged in the real estate business for more than 20 years and is presently the managing agent of approximately 25,000 units of which 700 are owned as either cooperative or condominium units.

All the outstanding stock of Seymour Orlofsky, Inc. is owned by the Estate of Seymour Orlofsky, which is also a partner in Pondfield Estates. The Leonard Newman Agency, Inc., of which Leonard Newman is president, has placed the current insurance covering the Building and shall place the insurance coverage initially required

pursuant to this Plan. Leonard Newman is co-trustee of Trusts under the will of Myron Orlofsky, co-executor under the will of Seymour Orlofsky, and the managing partner of WSP Co.

3. The Independent Real Estate Consultant.

The Sponsor has engaged Greenville Realty Company as an independent real estate consultant to issue an opinion as to the reasonable relationship between the Purchase Price for Apartments and the fair market value of the portion of the Apartment Corporation's equity in the Property attributable to such Apartments. (see Part I, Sections A and C of this Plan) and to issue a certification as to the adequacy of the Projected Schedule of Revenues and Expenses for the First Year of Cooperative Operation (See Part I, Schedule B, and Part II, Section H of this Plan). Greenville Realty Company has been engaged in the real estate business for more than seven years and has issued more than fifty opinions of reasonable relationship and certifications as to the adequacy of the projected budget for the first year of operation in connection with more than fifty cooperatives and condominiums in the New York metropolitan area.

The sponsor does not own, control or have any beneficial interest in Greenville Realty Company.



W. 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 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.

X. 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 years.

Y. 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 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 City of Yonkers, the Sponsor represents that the Sponsor, the Apartment Corporation and the Selling Agent will not discriminate against any person because of such person's 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 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.

**Z. SPONSOR'S PROFIT**

The profit to be realized by the Sponsor cannot now be determined and may increase or decrease substantially depending upon variable factors such as the uncertainty of future market conditions, including the availability and cost of money, the length of time required to sell the Apartments, losses or expenses arising from obligations assumed or waived by the Sponsor under this Plan and other contingencies.

AA. DEFINITIONS

1. "Apartment Corporation" has the meaning ascribed thereto in the Introduction.
2. "Apartments" has the meaning ascribed thereto in the Introduction.
3. "Board of Directors" has the meaning ascribed thereto in Part I, Section L.
4. "Borrower" has the meaning ascribed thereto in Part I, Section K.
5. "Building" has the meaning ascribed thereto in the Introduction.
6. "Cash Proceeds" has the meaning ascribed thereto in Part I, Section S.
7. "Closing" has the meaning ascribed thereto in Part I, Section H.
8. "Closing Date" has the meaning ascribed thereto in Part I, Section A.
9. "Code" has the meaning ascribed thereto in the Introduction.
10. "Common Areas" has the meaning ascribed thereto in Part I, Section A.
11. "Contribution Agreement" has the meaning ascribed thereto in Part I, Section S.

12. "Contingency Fund" has the meaning ascribed thereto in Part I, Section B.
13. "Control Law" has the meaning ascribed thereto in the Introduction.
14. "Counsel's Tax Opinion" has the meaning ascribed thereto in the Introduction.
15. "Disclosure Statement" has the meaning ascribed thereto in Part I, Section K.
16. "Downpayments" has the meaning ascribed thereto in Part I, Section I.
17. "Effective Date" has the meaning ascribed thereto in the Introduction.
18. "Effectiveness Amendment" has the meaning ascribed thereto in Part I, Section H.
19. "Engineer" has the meaning ascribed thereto in Part I, Section F.
20. "Escrow Account" has the meaning ascribed thereto in Part I, Section I.
21. "Events of Abandonment" has the meaning ascribed thereto in Part I, Section H.
22. "Eviction Plan" has the meaning ascribed thereto in Part I, Section G.
23. "Exclusive Purchase Period" has the meaning ascribed thereto in the Introduction.



24. "Existing Mortgage" has the meaning ascribed thereto in Part I, Section O.

25. "Filing Date" has the meaning ascribed thereto in Part I, Section G.

26. "HCR" has the meaning ascribed thereto in the Introduction.

27. "Independent Real Estate Consultant" has the meaning ascribed thereto in Part I, Section A.

28. "Initial Purchaser" has the meaning ascribed thereto in Part I, Section K.

29. "Lower Price" has the meaning ascribed thereto in the Introduction.

30. "Maintenance Charges" has the meaning ascribed thereto in the Introduction.

31. "Management Agreement" has the meaning ascribed thereto in Part I, Section B.

32. "Managing Agent" has the meaning ascribed thereto in the Introduction.

33. "Maturity Payment Default Date" has the meaning ascribed thereto in Part I, Section O.

34. "Mortgage" has the meaning ascribed thereto in Part I, Section O.

35. "Mortgagee" has the meaning ascribed thereto in Part I, Section O.

36. "Non-Eviction Plan" has the meaning ascribed thereto in the Introduction.

37. "Plan" has the meaning ascribed thereto in the Introduction.

38. "Proprietary Lease" has the meaning ascribed thereto in the Introduction.

39. "Projected Budget" has the meaning ascribed thereto in Part I, Section A.

40. "Presentation Date" has the meaning ascribed thereto in the Introduction.

41. "Property" has the meaning ascribed thereto in the Introduction.

42. "Proprietary Lease" has the meaning ascribed thereto in the Introduction.

43. "Protection Act" has the meaning ascribed thereto in the Introduction.

44. "Protection Regs." has the meaning ascribed thereto in the Introduction.

45. "Purchase Price" has the meaning ascribed thereto in Part I, Section A.

46. "Purchaser" has the meaning ascribed thereto in the Introduction.

47. "Purchaser for Investment or Resale" has the meaning ascribed thereto in Part I, Section N.

48. "Qualified Tenant" has the meaning ascribed thereto in Part I, Section A.

49. "Rent Regs." has the meaning ascribed thereto in the Introduction.

50. "Report" has the meaning ascribed thereto in Part I, Section F.

51. "Reserve Fund" has the meaning ascribed thereto in Part I, Section R.

52. "Section 352(eee)" has the meaning ascribed thereto in the Introduction.

53. "Selling Agent" has the meaning ascribed thereto in Part I, Section A.

54. "Sponsor" has the meaning ascribed thereto in the Introduction.

55. "State Rent Laws" has the meaning ascribed thereto in the Introduction.

56. "Subscription Agreement" has the meaning ascribed thereto in the Introduction.

57. "Superintendent" has the meaning ascribed thereto in the Introduction.

58. "Title Policy" has the meaning ascribed thereto in Part I, Section S.

59. "Total Cash Payment" has the meaning ascribed thereto in the Introduction.

60. "Unit Maintenance Fund" has the meaning ascribed thereto in Part I, Section G.

61. "Unsold Shares" has the meaning ascribed thereto in Part I, Section Q.

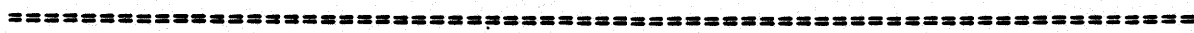
62. "10% Downpayment" has the meaning ascribed thereto in Part I, Section I.

63. "\$1,000 Downpayment" has the meaning ascribed thereto in Part I, Section A.

Bronxville, New York  
Dated: October, 1984

PONDFIELD ESTATES, Sponsor  
By: /s/





**OFFERING STATEMENT**

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**Tudor Arms.**

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**PART II**





## A. SUBSCRIPTION AGREEMENT

Tudor Arms  
31 Pondfield Road West  
Bronxville, New York

Subscriber(s): \_\_\_\_\_ Total Cash Payment: \$ \_\_\_\_\_

\_\_\_\_\_ Total Price: \$ \_\_\_\_\_

Number of Shares: \_\_\_\_\_ Downpayment:  
(\$1000 per Apartment)\*: \$ \_\_\_\_\_  
(10% of Total Cash Price): \$ \_\_\_\_\_

Apartment Subscriber(s)  
Occupies (if any): \_\_\_\_\_ Cash Balance (Total  
Price less  
Downpayment): \$ \_\_\_\_\_

Apartment Subscription  
Covers:

Existing Lease Expires\*\*: \_\_\_\_\_, 19 \_\_\_\_\_ Unapplied Tenant's  
Tenancy\*\*\*: \$ \_\_\_\_\_ per month Security Deposit\*\* \$ \_\_\_\_\_

1. As Subscriber, I have received and read the Offering Statement - A Plan to Convert to Cooperative Ownership premises Tudor Arms, 31 Pondfield Road West, Bronxville, New York (the "Plan"), including a copy of the proprietary lease and the financing documents mentioned in paragraph 4 below, all of which are made a part hereof.

\* Delete if Subscription is not for shares allocable to the Apartment you occupy.

\*\* Strike out if inapplicable.

\*\*\* If none, write "None".



2. I hereby agree to purchase the above-stated number of shares of Tudor Arms 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 two (2) copies of the proprietary lease for the Apartment within fifteen (15) days after presentation to me in the form contained in the Plan.

3. I shall pay the Total Cash Payment as follows:

(a) \$ \_\_\_\_\_ 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;

\*(c) \$ \_\_\_\_\_ by the delivery of a check payable to the order of the Apartment Corporation drawn on the institution providing Institutional Financing, at the Closing; and

I understand the following special risk: my obligation to pay the balance of the Total Cash Payment to the Apartment Corporation under this Agreement is not contingent upon my obtaining financing for such balance, and, if I fail to pay the balance during the applicable time period, this Subscription Agreement may be cancelled without further notice and my Downpayment (but not in excess of 10% of the Total Cash Payment), together with interest accrued thereon, if any, forfeited by me and paid over to the Sponsor.

4. Herewith is my check to the order of Lincoln First Bank, N.A. (Tudor Arms Special Account) ("Special Account") in the amount of the above-stated Downpay-

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\* Delete if Institutional Financing is not being used.

ment. 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, and this date shall not be less than thirty (30) days after such notice, nor later than one hundred eighty (180) days after the date of effectiveness), such payment to be made by my certified check, or by official bank or cashier's check drawn on a New York Clearing House Bank and drawn to the order of the Special Account, which shall be delivered to you. The Selling Agent or the Apartment Corporation will give me prompt written notice thereof when the Plan either becomes effective or is abandoned.

5. (a) 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.

\*(b) I agree that my present lease (if any) or monthly tenancy arrangement shall be deemed terminated and cancelled as of such date, provided that any rent or other charges which I prepaid under my present lease shall be apportioned as of midnight of the day immediately preceding the commencement of said proprietary lease and that any such amounts attributable to the period following midnight of such day shall be paid to me in cash or by certified bank cashier's check on or as soon as practicable after the date of closing of title under the Plan. If I shall not be the tenant of the

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\* Strike out if inapplicable.

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 in the amount hereinabove specified 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. In addition, rent or other charges which were prepaid by such tenant to the Apartment Corporation or to Sponsor, shall be apportioned as of midnight on the date immediately preceding the closing of title under the Plan and any such amounts attributable to the period following midnight of such day shall be paid to me in cash or by certified or bank cashier's check on or as soon as practicable after date of closing of title under the Plan. If such tenant is in arrears with respect to the payment of rent or other charges, if any, I understand that I will be obligated to pay to the Apartment Corporation (acting as agent for the Sponsor) any such arrearages out of the first amounts collected by me from such tenant.

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 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.]\*

---

\* Strike out if inapplicable.

[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. I agree to irrevocably appoint the Apartment Corporation's managing agent and its successors, or the Apartment Corporation, if no managing agent is employed by the Apartment Corporation, as my agent to provide all services and facilities required by law to the tenant. I further agree to deposit with the managing agent, or the Apartment Corporation if no managing agent is employed, on the Closing Date an amount ("Repair Fund") equal to two (2) months Maintenance Charges to be used as working capital to furnish services required under the terms of the non-purchasing tenant's lease or any applicable law or regulation. Upon notice from the managing agent (or Apartment Corporation) that such Repair Fund has diminished, I will promptly replenish it. I understand that my failure to replenish the fund promptly shall result in the Apartment Corporation having a lien against the shares appurtenant to the dwelling unit, and that any interest earned on the fund shall be my property.]\*\* 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

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\* 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.

actually employed in connection with the consummation of the transaction. All such moneys will be deposited in the Tudor Arms Special Account and will be held in escrow and disbursed at the earlier of: (i) the closing under the Plan, (ii) default under this Agreement or (iii) the abandonment of the Plan and only upon the written authorization of a member of Skadden, Arps, Slate, Meagher & Flom as escrow agent, or returned to me as herein provided, with interest, if any. The Sponsor is responsible for complying with the escrow and trust fund provisions of Section 352-e(2)(h) and Section 352-h of the New York General Business Law. 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 accrued 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, 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 subject to the limitation described in Part I, Section H of the Plan, 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, the Apartment Corporation or the Selling

Agent, and all parties shall be released from all obligations hereunder.

13. I agree that if I shall fail (i) to pay the Balance of the Total Cash Payment when due or (ii) to sign and return the proprietary leases within the fifteen (15) day period, 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 and all of the parties hereto shall be relieved of all further liabilities under this Agreement and the Plan 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, 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 or otherwise transferable by me under any circumstances whatsoever.

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, if any; 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 I am not notified of the Apartment Corporation's acceptance of this Agreement 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.

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 and all amendments filed thereunder no less than three (3) full business days prior to the date hereof.

---

\* Delete entire paragraph if Subscriber is the tenant in occupancy of the Apartment on the date of presentation of the Plan.

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 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 accrued thereon, will be paid to the Sponsor as liquidated damages.]\*\*

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\* Delete if the Subscriber is in occupancy pursuant to an interim lease entered into after the date of presentation of the Plan.

\*\* 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.



26. By executing this Agreement, I acknowledge receipt of a copy of this Agreement.

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

\_\_\_\_\_

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

\_\_\_\_\_, New York

APPROVED AND ACCEPTED:

\_\_\_\_\_, 198\_

TUDOR ARMS OWNERS CORP.

BY: SEYMOUR ORLOFSKY, INC.  
Selling Agent

By: \_\_\_\_\_  
(Vice) President

References\*

Bank: (Name) \_\_\_\_\_ (Branch) \_\_\_\_\_

Business: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Personal: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\* May be omitted if Subscriber presently resides at Tudor Arms, 31 Pondfield Road West.

**B. PROPRIETARY LEASE.**

**Apt. No.:**

**Shares:**



**TUDOR ARMS 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 TUDOR ARMS OWNERS CORP.; a New York corporation, having an office at 31 Pondfield Road West, Bronxville, 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 Yonkers, known as and by the street number 31 Pondfield Road West (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 December 31, 2083 (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 their judgment determine to be necessary or proper for (1) the operation, maintenance, care, alteration and improvement of the corporate property during the year or portion of the year for which such determination is made; (2) the creation of such reserve for contingencies as it may deem proper; and (3) the payment of any obligations, liabilities or expenses incurred (even though incurred during a prior period) or to be incurred, after giving consideration to (i) income expected to be received during such period

Cash Requirements Defined



(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.

**Services by Lessor**

3. The Lessor shall maintain and manage the building as a first-class apartment building, and shall keep the elevators and the public halls, cellars and stairways clean and properly lighted and heated. 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.

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 City of Yonkers (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 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

**Expiration  
of Lease Due  
to Damage**

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 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.

**Penthouses  
and Terraces**

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 aerials 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.

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**

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.

**Indemnity**

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

**Payment of  
Maintenance**

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, (i) where an apartment was used for professional purposes as of the date of presentation of the Plan, such professional use may continue, and (ii) holders of unsold shares (as defined in Section 38 hereof) shall have the right to use one or more of their apartments as model apartment(s) and as sales and rental offices.

**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.

**Assignment**

16. Except as provided in Paragraphs 38 and 39 of this lease,

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

(i) An instrument of assignment in 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.

(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:  
On Death  
of Lessee**

(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.

**Consents Generally;  
Stockholders' and  
Directors' Obligation**

(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.

**Release of  
Lessee Upon  
Assignment**

**Further  
Assignment  
of 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 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.

**Lessor's Right  
to Remedy  
Lessee's  
Defaults**



**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".

**Removal  
of Fixtures**

(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.

(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 the Lessee shall at any time, and from time to time, on demand, execute any instruments that may be required by any mortgagee, or by the Lessor, for the purpose of more formally subjecting this lease to the lien of any such mortgage or mortgages or ground or underlying leases, and the duly elected officers, for the time being, of the Lessor are and each of them is hereby irrevocably appointed the attorney-in-fact and agent of the Lessee to execute the same upon such demand, and the Lessee hereby ratifies any such instrument hereafter executed by virtue of the power of attorney hereby given.

**Lease  
Subordinate  
to Mortgages  
and Ground Leases**

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

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

**Rights of  
Existing Tenants**

York General Business Law). The Lessee agrees to appoint the Apartment Corporation's managing agent (the "Managing Agent"), and its successors, or the Apartment Corporation, if no Managing Agent is employed by the Apartment Corporation as its agent, to provide all services required by law to the tenant.

Non-purchasing tenants may not be evicted by the Lessee for purposes of owner occupancy (such right is intended for the benefit of non-purchasing tenants and is not intended to abrogate the rights of the owner of the shares for the apartment as against the Apartment Corporation). The rentals paid by non-purchasing tenants who reside in apartments subject to governmental regulations as to rentals and continued occupancy shall continue to be subject to such regulations, provided that such regulations are not modified, repealed or become otherwise inapplicable. The rentals paid by non-purchasing tenants who reside in apartments not subject to government regulations as to rentals and continued occupancy, and any such non-purchasing tenants who reside in apartments with respect to which government regulation as to rental and continued occupancy is eliminated or becomes inapplicable after the Effective Date, 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 Lessee, as landlord to such non-purchasing tenant, or a similar breach by the non-purchasing tenant of his obligations to the Lessee, as landlord. The sections of the Proprietary Lease concerning non-purchasing tenants may not be deleted or amended.

If the apartment is occupied by a non-purchasing tenant, the Lessee shall deposit with the Managing Agent, on the Closing Date, an amount ("Repair Fund") equal to two (2) months Maintenance Charges to be used as working capital to furnish services required under the terms of the non-purchasing tenant's lease or any applicable law or regulation. Upon notice from the Managing Agent that such Repair Fund has been diminished, the Lessee shall promptly replenish it. The Lessee's failure to replenish such Repair Fund promptly shall result in the Lessor having a lien against the shares appurtenant to the apartment. Any interest earned in the Repair Fund shall be the property of the Lessee.

**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.

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.

Cooperation

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.

Right  
of Entry

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

**Reimbursement  
of Lessor's  
Expenses**

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

**Lessor's  
Immunities**

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, 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.

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 dispossess proceedings, or by any suitable action or proceeding at law or in equity, or by force or otherwise, and to repossess the apartment in its former estate as if this lease had not been made, and no liability whatsoever shall attach to the Lessor by reason of the exercise of the right of re-entry, re-possession and removal herein granted and reserved:

**Termination  
of Lease  
by Lessor**

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

**Assignment,  
Subletting  
or  
Unauthorized  
Occupancy**

fail to cause such unauthorized person to vacate the apartment within ten (10) days after written notice from the Lessor;

**Default in Maintenance**

(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 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

**Sale of Shares**



shares of the Lessor accompanying proprietary leases then in force. Upon such issuance the certificate owned or held by the Lessee shall be automatically cancelled and rendered null and void. The Lessor shall apply the proceeds received for the issuance of such shares towards the payment of the Lessee's indebtedness hereunder, including interest, attorneys' fees and other expenses incurred by the Lessor, and, if the proceeds are sufficient to pay the same, the Lessor shall pay over any surplus to the Lessee, but, if insufficient, the Lessee shall remain liable for the balance of the indebtedness. Upon the issuance of any such new proprietary lease and certificate, the Lessee's liability hereunder shall cease and the Lessee shall only be liable for 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 at least six months prior to the date on 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 at least six months after the written notice 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

Extension  
of Option  
to Cancel

whom such notice shall have been given shall have the right to cancel their leases in compliance with the provisions of Paragraph 35 hereof, provided only that written notice of the intention to cancel such leases shall be given on or before July 1st instead of April 1st.

**Right of  
Lessees  
to Cancel**

(b) If lessees owning at least 66-2/3% of the then issued and outstanding shares of the Lessor shall exercise the option to cancel their leases in one (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 Tudor Arms, 31 Pondfield Road West, Bronxville, New York, dated , 198 ("Plan"), to acquire Unsold Shares as provided in Section Q 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.

(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.

Change in  
Form of  
Lease

(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 dispossess 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) the Secured Party, or the individual nominee of 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 the Secured Party, or the individual nominee of the Secured Party, 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 Secured Party, or the individual nominee of the Secured Party, 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) The Secured Party, or the individual nominee 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 acquiring 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, 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

**Lessor's  
Additional  
Remedies**

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

Lessee  
More Than  
One Person

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.

TUDOR ARMS OWNERS CORP.

ATTEST:

*Lessor.*

..... By: .....  
(Vice) President  
Secretary

WITNESS: .....(L.S.)

.....(L.S.)

*Lessee*



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

On the \_\_\_\_\_ day of \_\_\_\_\_ in the year 19\_\_\_\_, before me personally appeared

\_\_\_\_\_, to me known, who being by me duly sworn, did depose and say that he resides at \_\_\_\_\_; that he is the (Vice) President (Secretary) of Tudor Arms 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 )  
 ) ss.:  
County of NEW YORK )

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.

## GABRIEL E. SENOR, P. C. CONSULTING ENGINEER AND LAND SURVEYOR

TO: Andrew Orlofsky  
Orlofsky Management Corp.  
199 main Street  
White Plains, N.Y. 10601

DATE: September 27, 1984

SUBJECT: Addendum Report  
Tudor Arms  
Apartment Building  
31 Pondfield Road  
Yonkers, N.Y.

I reinspected the reference apartment building on September 20, 1984 and submit herewith the following addendum report.

Garage walls, ceiling and supporting structural members show evidence of continuing damage caused by water seepage through the roof.

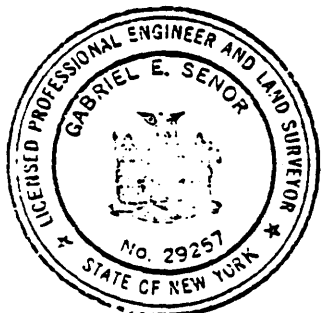
Additional concrete cracking and spalling was observed in two areas of the garage. An area 20' x 30' along the north wall shows evidence of extensive concrete damage to the ceiling and supporting beams and girders and to one supporting column. Reinforcing bars have been exposed and there is extensive areas of loose and cracked concrete.

A second area about 6' x 40' along the east wall is in a similarly extensively deteriorated condition.

Other areas of the garage show evidence of cracked concrete and water seepage.

It is recommended that the entire terrace area over the garage roof be stripped of dirt overburden, walks and other appurtenances. The roof should be reexamined after stripping to determine the extent of the concrete slabs, beams and columns, etc. to be repaired. All concrete repairs and installation of drains should be completed before the roof slab is water sealed, water proofed, flashed and surfaced, after which the court yard garden may be restored.

Except for the conditions described herein the garage ceiling is structurally sound. However, it is recommended that restoration commence as early as possible in order to prevent further deterioration of the garage structure.



Respectfully submitted,  
*Gabriel E. Senior*  
Gabriel E. Senior, P.E., L.S.  
Inspecting Engineer

**GABRIEL E. SENOR. P. C. CONSULTING ENGINEER AND LAND SURVEYOR**

**DESCRIPTION OF BUILDING AND STATEMENT OF ITS CONDITION**

DATE: January 12, 1984  
 INSPECTION DATE: November 25, 1983  
 INSPECTING ENGINEER: Gabriel E. Senor, P.E.

**A. LOCATION:**

ADDRESS: Tudor Arms  
 31 Pondfield Road West  
 Bronxville, N. Y.  
 (Yonkers)  
 TAX DATA: Block 3650, Lot 14  
 ZONING: B-R Zone (Business,  
 Residential  
 Conforming Use

**B. STATUS OF CONSTRUCTION:**

YEAR BUILT: 1925  
 BUILDING PERMIT: Application #16964 3/30/23  
 CERTIFICATE OF OCCUPANCY: None  
 VIOLATIONS OUTSTANDING: None  
 CLASS OF CONSTRUCTION: Non-fireproof

**C. SITE:**

1. Size: The property is about 142.3 ft. x 123.3 ft. with 170.39 feet of frontage on Pondfield Road West and 131.88 feet of frontage on Garrett Place. The property is approximately 17,600 sq. ft. in area.
2. Building: The building is a six story apartment house with basement and a cellar garage. The application for building permit counts 56 apartments, including 2 basement units. In addition to the above, there is one superintendent's apartment.
3. Streets: There are no streets owned or maintained by the project, although the status of Garrett Place must be determined by title report. Pondfield Road West is a public street owned and maintained by the City of Yonkers. Road pavements are bituminous asphalt, street curbs are bluestone and sidewalks are concrete. Although in generally good condition, the sidewalks are heaved and cracked in some places.

31 Pondfield Rd.  
Bronxville, N. Y.

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Underground sewers and drains are provided in the city streets. Street lighting is provided by pole mounted aluminum bracket arms with standard City of Yonkers vapor lighting fixtures.

**D. UTILITIES:**

The City of Yonkers supplies public sewer and water services. Overhead electric and underground gas services are supplied by the Consolidated Edison Company. The New York Telephone Co. provides overhead telephone services.

**E. SUBSOIL CONDITIONS:**

There is no evidence of uneven foundation movement or settlement.

There is no evidence of moisture or seepage or ground water infiltration. The badly cracked and broken section of concrete slab floor (about 130 s.f.) in the boiler room may be due to soil settlement below the slab. In addition there is infiltration from the roof top terrace garden through the garage roof.

There is no evidence of flooding.

**F. LANDSCAPING:**

There is very little foundation planting in front of the building. A few Japanese holly and six 8" cal. hemlocks in the planting area are in fair condition, as is a privet hedge at the edge of the sidewalk. Grass in the planting area is in poor condition. A grassed terrace on the garage roof has shrubs and trees, a concrete walk, bench and four concrete planters. Most of the grass, shrubs, trees, concrete walks, benches and planters are in poor condition.

**G. BUILDING SIZE:**

The total height of the building is approximately 80 ft. from grade to the top of the penthouse roof.

The cellar garage has 9' to 12' ceilings. The basement and the six floors above have 9' ceilings. There are two small storage rooms in the garage. In addition to the garage and two small storage rooms, there are two elevator machinery rooms, two compactor rooms, and a boiler room at the lower level. The basement level has a meter room, laundry room and several small storage rooms. Slop cabinets in the tenants hallways on the upper floors are being used for storage.

31 Pondfield Rd.  
Bronxville, N. Y.

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Mansard parapets on the roof are six feet high. The brick parapets are 36 inches to 42 inches high.

#### H. STRUCTURAL SYSTEM:

The building foundation, according to the information on the building permit application is stone masonry on concrete footings. Walls are stucco, brick and stone masonry. Copings are cast stone. The cellar garage has a cement roof over fireproof concrete arches. Garage walls are independent construction. The apartment roof is built over 3X10 rafters.

The fire towers have 4" terra cotta walls and fire proof stairs with steel stringers and concrete or terrazzo treads.

The basement is steel construction with concrete arch ceilings.

1. Exterior of Building: The rough trowelled stucco walls have rough hewn timber panels and lime stone quains at openings and gables. Limestone band courses encircle the building. Ornamental terra cotta chimney pots and variegated and graduated slate mansards add to the architectural interest. Sand settlement cracks in the exterior walls require caulking and water sealing, although the exterior building walls are in generally good condition..

Windows are wood framed, single glazed, double hung with cast stone or brick sills. Many, but not all windows are fitted with aluminum storm windows with self-storing screens. Garage windows are steel casements. Windows, frames and trim are in good condition although cracked and broken glazing requires repair and some window trim and framing needs scraping, sealing, caulking and painting and some windows need weather sealing.

2. Parapets and Copings: False mansards with superimposed gable ends form the front parapets which are six feet above the roof. The mansards are surfaced with variegated and graduated slate. Other parapets are brick, about 42 inches in height, with cast stone copings. Inside faces of the parapets and the copings are surfaced with roll-type bituminous material and water sealed with asphaltic sealer. Some mansard slates are loose or missing and bituminous water sealer is peeling in some areas of the parapets.

3. Chimneys and Caps: Decorative brick stacks with cast stone caps and chimney pots in groups provide architectural



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interest. Some of the chimney pots are cracked and broken. The incinerator and boiler flues are clad with corrugated metal sheeting and capped with a cast stone slab which need resetting. The incinerator flue which is no longer in use is equip with a wire spark arrestor. The metal covering over the flue cap is buckled and loose and needs to be secured. Bituminous sealant has been applied to the metal sheathing, however, the sealant is separating and peeling away from the metal surface.

4. Exterior Entrances: The tenants entrances are oak panelled with leaded glass panes, side lights and transoms. Identical entrances provide entry into each of the two wings of the building. The entrances are located on the south side of the horseshoe shaped building. Access to the entrances is via a vaulted passage or arcade through the building extending from the street to a courtyard between the building wings. A brick and cast stone columned portico provides cover to the entrances from the arcade. Brick stairs with cast stone balustrades lead from the portico level down to a roof top terrace over the garage. Incandescent lighting under the portico ceiling provides illumination. Lantern style incandescent fixtures are located over the oak entrance doors. The entrance doors are framed in architectural cast stone. The portico ceiling is painted plaster and the floor is terrazzo tile. The arcade has stucco walls, terrazzo floors and painted plaster ceiling. Lighting is by means of wall and ceiling hung incandescent fixtures.

Exterior entrances into the two professional offices and into the superintendent's apartment are wood panelled with glass panes and brass hardware. The doors are hung in wood frames. Incandescent lighting fixtures over the doors provide illumination. Stone steps lead up to the entrance doors.

5. Service Entrances: A side service entrance door on the west Garrett Place side of the building is wood panelled with glass panes and brass hardware.

6. Roof and Roof Structures: The roof is surfaced with multiple ply built-up roll roofing. The overlapping seams are sealed with a bituminous sealer. The roof has been patch repaired and is in very good condition. The roof was resurfaced in 1982.

Flashing and counter flashing is copper, most of which has been water sealed with bituminous sealant materials. Sealant has separated from the metal and has peeled away in some areas.

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Copper gutters and leaders mounted on the mansards and exterior walls in front of the building spill on the ground surface. Internal leaders have basket type castings on the roof. Some broken castings are being replaced.

The hall stair well, bulkheads elevator pulley room and dumbwaiter shaft roofs have skylights. Some dumbwaiter skylights have been removed and replaced with boards. Skylight metal work is in fair condition, however, most of the skylights are leaking and are in need of weatherstripping. All rooftop structures are covered with painted corrugated metal sheathing, watersealed at the seams with bituminous sealer. Stair bulkheads, dumbwaiter shafts, flue stacks, and elevator pulley room are covered with the sheathing. Bituminous water sealant covering the sheathing is separating and peeling over much of the roof structures. The steel framing around the hatch access to the elevator pulley room is deteriorating and requires repair, rustproofing and painting. Scuttles and leaders extend from the roofs of the roof top structures and spill on to the flat building roof. Some of the scuttles and leaders are in need of repair or replacement.

7. FIRES ESCAPES: No fire escapes are provided. Fire exit is by means of emergency stairs. in fire towers in each of the two buildings wings.

8. YARDS AND COURTS: A court yard and backyard terrace over the garage roof is formed by the wings of the horseshoe shaped building. The yard area is traversed by concrete slab walks and has planted and grassed areas over the garage roof slab. Low brick parapet walls have slate copings, sheathed with sheet metal. Some copings are loose or missing and sheathing has been removed. Much of the concrete walk is broken up. One of the decorative concrete benches in the court yard has deteriorated and should be removed. There are four decorative concrete tiered planters and trees and shrubs in the terrace lawn. A short flight of brick steps lead up from the courtyard level over the garage to the covered portico which extends from the entrance arcade to the building entrances at the east and west end of the portico. The brick steps have decorative cast stone balustrades. Lighting in the courtyard area consists of incandescent wall mounted lantern casting fixtures over the various tenants entrances.

The brick steps need mortar joint pointing.

9. INTERIOR STAIRS: Each of the two wings of the building has a hall stairway from the first floor to the roof and an emergency stairway from basement level to the roof. The

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pallway stairs have steel stringers with terrazzo treads, steel newells and handrails and decorative wrought iron balustrades. Walls and ceilings are painted plaster. Lighting is fluorescent in the entry level and incandescent in the upper floors.

The emergency stairs are steel with steel stringers, tread-pans, newells, handrails, risers and balustrades with concrete treads and landings. Lighting is fluorescent and walls and ceilings are painted plaster.

Moisture seepage at the roof level has caused plaster damage and paint peeling to varying degrees in all the stairwells.

10. INTERIOR DOORS AND FRAMES. Unit entrance doors are kalamein doors in steel frames with brass hardware and stone saddles. Safety viewers with name plates, apartment number and non-electric door bell are mounted in small brass panels on the doors. Some doors have frame mounted electric door buzzers. Some entrance doors are metal clad wood doors in steel frames.

Each of the two interior garage doors are fire rated steel doors in steel frames double protected by a steel fire door with weighted steel cable and fuseable link closer.

The compactor room doors are arranged in a similar manner. Access to one of the compactor rooms is through the garage.

Interior unit doors are wood panel with brass hardware in wood frames. Some of the doors still have the original crystal knobs.

The basement corridor extends between the two wings of the building. A kalamein door separates the building wings.

All service room doors are kalamein doors with brass hardware in steel frames.

Doors are generally in good condition, although, the door to one of the elevator machinery rooms is sprung and has been patch repaired with wire screening.

12. ELEVATORS: There is a single, 2000# capacity passenger elevator in each wing of the building serving the basement garage level to the top floor. The City of Yonkers inspected and tested the elevators, numbered 156 and 157 in July, 1982. The 18 cable pulley and worm gear equipment in each of the two basement equipment rooms appear to be of original installation, although well maintained and in good condition. Elevators, cabs and mechanical equipment and

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switch gear are manufactured by the A. B. See Elevator Company.

Motor generators manufactured by the Imperial Electric Company are 10 horsepower, 220 Volt, 3-phase, 60 cycle units.

Switching and selector equipment appear to be of original installation. The machinery cabs, switching gear, etc. are regularly maintained by the Knudson Elevator Co.

Hallway doors are automatic steel sliders in steel frames. The cabs are painted metal with asphalt tile floors and plastic panel, recess lighted ceilings.

Call buttons in the corridor frames have "up", "down" and "in use" buttons and indicator lights. Some of the call button plates have been vandalized and some button lights are no longer operative. Cabs needed leveling adjustment at the time of inspection.

A pulley room on the roof at the top of each elevator shaft houses a four cable pulley and a 1/2" steel cable governor. Machinery data plates have been painted over. Cab pulley speeds and governor tripping speeds are therefore not known.

The elevators are in satisfactory operating condition and should provide good service subject to continued regular maintenance.

#### I. AUXILIARY FACILITIES:

1. Laundry Rooms: There are two basement laundry rooms in the building. Each room has a coin operated Speed Queen washing machines and 3 coin operated Speed Queen gas dryers. Operating cycles cost \$3.30 for the dryers and \$5.75 for the washers. The rooms are window vented. Dryers are duct vented through the window. These vents are loose and insecure and require repair. Equipment is concession owned and maintained. Rooms and equipment are in good condition..

2. Refuse Disposal: New compactor equipment manufactured by International was installed in 1982. Compactor chutes are located in the emergency stairwell. Plastic bags containing the compacted refuse is stored in the garage or the compactor room. Bags are curbed for pick-up by City forces twice weekly on Tuesday and Friday. The compactor rooms and equipment are well maintained and in good condition.

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J. PLUMBING AND HEATING:

1. Water Supply: Service enters the building in the boiler room where the meter is located. Entering pipe is 3" black iron. Piping and valving show rust signs of corrosion which can be corrected.

2. A fire department siamese connection is located on the street side of the building. This connection serves the sprinkler system in the garage. The fire service main is 6" cast iron. Pipe fittings, valves, pressure regulators, etc. appear in good condition.

3. Water Storage: There are no tanks or other water storage facilities.

4. Water Pressure: Pressure in the street system is adequate for domestic service usage.

5. Sanitary System: 4" cast iron house waste lines enter the garage through the ceiling from the apartment lines above, join together then pass through the garage wall to connect to the public sewer in the street. No leaks, scaling or corrosion in the waste system were observed..

No pumps are required.

6. Permits No plumbing permits are required.

7. Storm Drainage: Brass castings in the portico area, storm inlets in the garage roof terrace and roof drain inlets connect to cast iron internal leaders which extend under the garage floor to the street system. No pumps are necessary for ejection of surface drainage.

K. HEATING:

A single fire tube steam boiler manufactured in 1922 by the Kewanee Boiler Co. provides steam heat to the building. A certificate of boiler inspection by the Home Insurance Co. dated October 26, 1981 certifies that the boiler may be operated at a pressure not to exceed 15 psi. The Johnson rotary cup oil burner is gas ignited. The burner flame may need to be reset and centered.

A circulating hot water jacket mounted on the boiler draws water from below the water line and preheats the fuel oil line.

Domestic hot water is provided by emersion coils in the boiler.

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Uninsulated galvanized metal exhaust duct extends from the breeching to the brick stack. An automatic flap provides atmospheric draft induction.

A remote thermostat mounted on an exterior wall on the north side of the building activates a Heat Timer Corp. control in the boiler room.

Insulated cast iron steam line branches are equipped with relief valves. Heating system condensate pumps in the boiler room return steam condensate to the boiler.

A sump in the boiler room floor collects spillage which is pumped out by a sump pump. A second sump pump in the room is inoperative.

A defective gasket in the General Electric circulating vacuum pump in the heating system condensation line is leaking water in the boiler room. This pump has been recently rebuilt.

An abandoned hot water storage tank in the boiler room is no longer in use.

Cast iron storm water leaders entering the boiler room thru the ceiling have corroded and leak storm water into the room. This may be the cause of the rust and corrosion on water service lines, valves and meter.

Radiators in the units are all standing cast iron radiators fitted with relief valves. Some baths are heated by the steam riser. Leaking valves were observed in several apartments.

A steam fitting in the garage area was defective and was releasing steam at the time of the inspection. It has since been repaired.

In general the system is in very good condition.

#### 1. GAS SUPPLY:

The Consolidated Edison Co. provides gas for domestic use as well as for oil burner ignition.

Individual meters located in the meter rooms of each of the two building wings record unit consumption for billing individual tenants. The service entrances are 2" iron pipe with galvanized joint collars and fittings.

M. AIR CONDITIONING:

There is no central air conditioning in the building. Tenant owned window units were observed in some of the apartments.

N. VENTILATION:

All public and tenants spaces are atmospheric vented through louvers, doors or windows except for the following:  
Garage Compactor Room - blower fan in the door transom.

Interior baths - duct vented to the roof.

Meter Room - Louver vent through the wall.

O. ELECTRICAL SYSTEM:

The main service switchgear for the entire building is located in the electric meter room. The service main characteristics are: 4-wire, 3 pole, 240 Volt, service with 3-600 amp cartridge fuses. A service panel branch to the apartments has 3-350 amp busses. House equipment is served by a service panel with a 3 phase, 200 amp each phase. Individual meters in this room and in another basement meter room are 60 cycle, 3 wire, 3.6 KWH, 15 Amp meters. A meter serving the professional office is rated at 6 KWH. A circuit breaker panel mounted over the meter bank in each meter room provides two 40 amp circuits to each unit.

The electrical system was upgraded within the last ten years.

Unit service is very adequate for air conditioners and refrigerators, and most of present day use requirements. There are at least four 15 amp and 20 amp circuits and eight convenience outlets per apartment. Unit lighting in halls, kitchens, and baths is mainly incandescent.

A voice intercom with vestibule door latch release is provided in each unit.

P. TELEVISION:

Individual antennae mounted on the roof service the units. The building is also served by cable TV, but not completely subscribed.

C. Public Area Lighting:

Garage lighting is fluorescent.

Vestibule and first floor corridor lighting is fluorescent.

Landing lighting and upper floor halls lighting is incandescent.

Exterior lighting in terrace area, street side, arcade and portico is incandescent.

Lighting is adequate in all areas.

R. Garages:

There is no out door parking. An underground garage for 25 vehicles on the south side of the building is entered on the west side via a driveway off Garrett Place. The concrete structure has cut stone facing. The garage is heated by steam space heaters hung under the ceiling. Extensive storm water seepage enters the garage through the roof-top terrace over the garage. The concrete arch roof reinforcing bars are exposed in some areas of the ceiling where concrete has broken away from the slab. Settlement cracks are evident at various points around the concrete and stone walls of the garage structure.

A sprinkler system provides fire protection in the garage. The 6 inch cast iron service main extends from the fire department siamese connection on the front of the building.

Garage windows are pivoting section steel casements glazed with safety glass, much of which is broken. The automatic, wood panelled overhead garage door near the south west corner of the garage is electronically operated and is equipped with warning light signal. Wood and metal door framing has rotted due to drainage seepage through the roof.

Iron circulating steam heating pipes under the garage ceiling are insulated. Branch service lines are fitted with relief valves. Except for the single leak noted above the piping and the insulation is in good condition.

Domestic hot and cold water pipes in the garage are equipped with bleeders and valves. Although the copper hot water and iron cold water pipe have been replaced as needed. The systems are in good condition.

Floor drains in the concrete slab floor remove surface water inside the garage.

Interior garage lighting fixtures are fluorescent. An incandescent lantern type fixture is mounted outside the garage door.



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The steel lintels over the door and some windows are seriously rusted due to seepage through the walls.

S. Recreation Facilities:

Except for the garage roof top terrace sitting area there are no recreation facilities.

T. Additional Items:

None.

U. Unit Information:

The original building application specified two family units in the basement and nine units in each of the six floors above. There are twenty-four 4 1/2 room apartment., twenty-four 3 1/2 apartments, six 2 1/2 room (studio) apartments. In addition there are two professional offices and a 4 1/2 room superintendents apartment.

The following schedule of room finishes applies to all the apartments in the building. Not all apartments have all the rooms listed, however, materials listed are similar in all rooms.

<u>ROOM</u>	<u>FLOOR</u>	<u>BASE</u>	<u>WALLS</u>	<u>WAINSCOT</u>	<u>CEILING</u>
Living room	strip hardwood	wood	plastered plaster	-----	plastered plaster
Bedroom #1	strip hardwood	wood	plastered plaster	-----	plastered plaster
Bedroom #2	strip hardwood	wood	plastered plaster	-----	plastered plaster
Kitchen	linoleum or V.A.T.	wood	plastered plaster	-----	plastered plaster
Bathroom	ceramic tile	glazed tile	glazed tile	-----	plastered plaster

Notes:

1. Kitchen window stools are marble.
2. Kitchen equipment includes:

Cabinets: Wood wall hung and base cabinets with laminated plastic counter tops.

- Sink: Stainless steel single or double with moveable drain board.
- Referigerator 14 Cubic foot General Electric, Frigidaire or other.
- Stove: 4 burner gas, Welbilt, Royal Rose, other.
3. Lighting in halls, kitchens, bathrooms and livingrooms (sconces) is incandescent.
  4. Bathroom equipment includes:
    - Lavatory Wall mounted iron enamel.
    - Water closet Glazed china with flushometer valves.
    - Medicine Cbnt. Recessed metal with mirrored door
    - Tub Iron enamel with shower head.
  5. Bathroom windows are stained leaded glass in wood frames.
  6. Each apartment has a wall safe in a bedroom closet.
  7. Some of the apartments have the original wood kitchen cabinetry with counter tops and metal sink cabinets.
  8. Several apartment in the #1 and #2 lines as well as emergency and hall stairwells were fire and smoke damaged due to a fire in the beginning of the year in apartment 31. Damage has since been repaired.
  9. Most apartment walls, and ceilings are in good condition, although some of the sixth floor apartments show plaster cracks and peeling paint.
  10. Some windows are in need of weather stripping.
  11. Plumbing fixture leaks in some baths are beginning to damage the enamel finish in tubs and lavatories. Repairs should be made before damage occurs.
  12. Circuit breaker panels in the apartments have at least four 15 amp and 20 amp circuits. Recent rewiring of the entire building has brought circuitry up to present day standards and requirements.
  13. Radiators are free standing cast iron units. Corrosion was noted in a steam riser and valve in apartment 67.

V. Spaces Other Than Units:

<u>LEVEL</u>	<u>ROOM</u>	<u>FLOOR</u>	<u>WALLS</u>	<u>CEILING</u>
Sub-basement	Garage	Poured concrete slab	Concrete & plastered stone masonry	Concrete arch
	Elevator Machinery Room	Poured concrete slab	Concrete & plastered stone	Concrete arch
	Compactor Room	Poured concrete slab	Concrete & plastered	Concrete arch
	Store Rooms(2)	Poured concrete slab	Painted plaster	Painted plaster
	Compactor Room	Poured concrete slab	Brick	Painted plaster.
	Boiler Room	Poured concrete slab	Terra cotta block & brick & stone masonry	Concrete
	Store Room	Poured concrete slab	Brick & stone masonry	Plaster
	Elevator Machinery Room	Poured concrete slab	Brick & stone masonry	Plaster
	Corridor	Terrazzo tile	Painted plaster	Painted plaster
Basement:	Meter Room	Concrete	Terra Cotta block & brick & stone masonry	Painted plaster
	Laundry Room	Concrete	Brick & Terra Cotta	Painted plaster
	Storage Room	Concrete	Brick & Terra Cotta	Painted plaster

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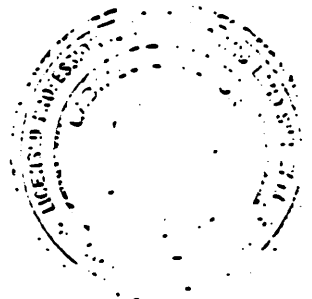
<u>LEVEL</u>	<u>ROOM</u>	<u>FLOOR</u>	<u>WALLS</u>	<u>CEILING</u>
First Floor	Vestibule	Terrazzo	Painted plaster	Painted plaster
	Tenants Corridors	Terrazzo	Painted plaster	Painted plaster
Second to sixth Floor	Tenants Corridors	Terrazzo	Painted plaster	Painted plaster

Notes:

1. Cracks in the concrete floors in the garage level store rooms have been asphalt patched.
2. Boiler Room floor is seriously cracked and broken.
3. A ten thousand gallon fuel storage tank is buried under the front lawn.
4. Sub-basement service room lighting is incandescent.
5. Dumbwaiter shafts are no longer in use except as cable raceways.
6. Slop cabinets in the tenants halls on each floor are sealed or else being used for storage.
7. Wood window sills and trim in the tenants stairwell are in need of caulking, sealing and painting.
8. Moisture stains and plaster damage was observed in emergency and tenants stairwells at the roof level.
9. Basement corridors are equip with fire extinguishers and automatic sprinklers.

Respectfully submitted,

*Gabriel E. Senor*  
Gabriel E. Senor, P.E.  
Inspecting Engineer



**C. BY-LAWS**  
**OF**  
**TUDOR ARMS 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 Tudor Arms, 31 Pondfield Road West, Bronxville, New York, dated \_\_\_\_\_, 1984 (the "Plan"), promulgated by Pondfield 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. 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 the 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.

The Board of Directors may establish a reserve fund to be used for repairs and other appropriate capital expenditures as determined by the Board of Directors. During such time as the Sponsor controls the Board of Directors, such reserve fund may not be used to reduce projected maintenance charges (rent).

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 less than all of the 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 or president and treasurer. 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. The Board of Directors, or its managing agent, shall give any non-purchasing tenant written notice of changes in ownership of the apartment which he occupies promptly after such change in ownership becomes effective.

## 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 Tudor Arms 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 31 Pondfield Road West, Bronxville, 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 Tudor Arms 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 31 Pondfield Road West, Bronxville, 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

**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.

E. Section 352(eee) of the New York  
General Business Law

§ 352-eee. Conversions to cooperative or condominium ownership in certain cities, towns and villages located in the counties of Nassau, Westchester and Rockland.

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

(a) "Plan". Every offering statement or prospectus submitted to the department of law pursuant to section three hundred fifty-two-e of this article for the conversion of a building or group of buildings or development from residential rental status to cooperative or condominium ownership or other form of cooperative interest in realty, other than an offering statement or prospectus for such conversion pursuant to article two, eight or eleven of the private housing finance law.

(b) "Non-eviction plan". A plan which may not be declared effective until at least fifteen percent of those bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the plan is declared effective shall have executed and delivered written agreements to purchase under the plan. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made in good faith without fraud and discriminatory repurchase agreements or other discriminatory inducements.

(c) "Eviction plan". A plan which, pursuant to the provisions of this section, can result in the eviction of a non-purchasing tenant by reason of the tenant failing to purchase pursuant thereto, and which may not be declared effective until written agreements to purchase under the plan pursuant to an offering made in good faith without fraud and with no discriminatory repurchase agreements or other discriminatory inducements shall have been executed and delivered by: (i) at least fifty-one percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general excluding, for the purposes of determining the number of bona fide tenants in occupancy on such date, eligible senior citizens and eligible disabled persons; and (ii) at least thirty-five percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general including, for the purposes of determining the number of bona fide tenants in occupancy on such date eligible senior citizens and eligible disabled persons.

(d) "Purchaser under the plan". A person who owns the shares allocated to a dwelling unit or who owns such dwelling unit itself.

(e) "Non-purchasing tenant". A person who has not purchased under the plan and who is a tenant entitled to possession at the time the plan is declared effective or a person to whom a dwelling unit is rented subsequent to the effective date. A person who sublets a dwelling unit from a purchaser under the plan shall not be deemed a non-purchasing tenant.

(f) "Eligible senior citizens". Non-purchasing tenants who are sixty-two years of age or older on the date the plan is declared effective and the spouses of any such tenants on such date; provided that such tenant shall not be precluded from subsequently purchasing the dwelling unit on the terms then offered to tenants in occupancy.

(g) "Eligible disabled persons". Non-purchasing tenants who have an impairment which results from anatomical, physiological or psychological conditions, other than addiction to alcohol, gambling, or any controlled substance, which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques, and which are expected to be permanent and which prevent the tenant from engaging in any substantial gainful employment on the date the attorney general has accepted the plan for filing, and the spouses of any such tenants on such date, and who have elected, within sixty days of the date the attorney general has accepted the plan for filing, on forms promulgated by the attorney general and presented to such tenants by the offeror, to become non-purchasing tenants under the provisions of this section; provided, however, that if the disability first occurs after acceptance of the plan for filing, then such election may be made within sixty days following the onset of such disability unless during the period subsequent to sixty days following the

acceptance of the plan for filing but prior to such election, the offeror accepts a written agreement to purchase the apartment from a bona fide purchaser; and provided further that such election shall not preclude any such tenant from subsequently purchasing the dwelling unit or the shares allocated thereto on the terms then offered to tenants in occupancy.

2. The attorney general shall refuse to issue a letter stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two of this chapter has been filed whenever it appears that the offering statement or prospectus offers for sale residential cooperative apartments or condominium units pursuant to a plan unless:

(a) The plan provides that it will be deemed abandoned, void and of no effect if it does not become effective within twelve months from the date of issue of the letter of the attorney general stating that the offering statement or prospectus has been accepted for filing and, in the event of such abandonment, no new plan for the conversion of such building or group of buildings or development shall be submitted to the attorney general for at least fifteen months after such abandonment.

(b) The plan provides either that it is an eviction plan or that it is a non-eviction plan.

(c) The plan provides, if it is a non-eviction plan, as follows:

(i) The plan may not be declared effective until at least fifteen percent of those bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the plan is declared effective shall have executed and delivered written agreements to purchase under the plan. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made in good faith without fraud and discriminatory repurchase agreements or other discriminatory inducements.

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

(iii) Non-purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy prior to the conversion of the building or group of buildings or development to cooperative or condominium ownership shall continue to be subject thereto.

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

(v) The plan may not be amended at any time to provide that it shall be an eviction plan.

(vi) The rights granted under the plan to purchasers under the plan and to non-purchasing tenants may not be abrogated or reduced notwithstanding any expiration of, or amendment to, this section.

(vii) After the issuance of the letter from the attorney general stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this article has been filed, the offeror shall, on the thirtieth, sixtieth, eighty-eighth and ninetieth day after such date and at least once every thirty days until the plan is declared effective or is abandoned, as the case may be, and on the second day before the expiration of any exclusive purchase period provided in a substantial amendment to the plan, (1) file with the attorney general a written statement, under oath, setting forth the percentage of bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development who have executed and delivered written agreements to purchase under the plan as of the date of such statement, (2) before noon on the day such statement is filed post a copy of such statement in a prominent place accessible to all tenants in each building covered by the plan.

(d) The plan provides, if it is an eviction plan, as follows:

(i) The plan may not be declared effective unless: (1) at least fifty-one percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general excluding, for the purposes of determining the number of bona fide tenants in occupancy on such date, eligible senior citizens and eligible disabled persons; and (2) at least thirty-five percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general including, for the purposes of determining the number of bona fide tenants in occupancy on such date eligible senior citizens and eligible disabled persons; shall have executed and delivered written agreements to purchase under the plan pursuant to an offering made in good faith without fraud and with no discriminatory repurchase agreements or other discriminatory inducements.

(ii) No eviction proceedings will be commenced against a non-purchasing tenant for failure to purchase or any other reason applicable to expiration of tenancy until the later to occur of (1) the date which is the expiration date provided in such non-purchasing tenant's lease or rental agreement, and (2) the date which is three years after the date on which the plan is declared effective. Non-purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy prior to conversion shall continue to be subject thereto during the period of occupancy provided in this paragraph. Thereafter, if a tenant has not purchased, he may be removed by the owner of the dwelling unit or the shares allocated to such dwelling unit.

(iii) No eviction proceedings will be commenced, except as herein-after provided, at any time against either eligible senior citizens or eligible disabled persons. The rentals of eligible senior citizens and eligible disabled persons who reside in dwelling units not subject to government regulation as to rentals and continued occupancy and eligible senior citizens and eligible disabled persons who reside in dwelling units with respect to which government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the plan has been accepted for filing shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy considering, in determining comparability, such factors as building services, level of maintenance and operating expenses; provided that such proceedings may be commenced against such tenants for non-payment of rent, illegal use or occupancy of the premises, refusal

of reasonable access to the owner or a similar breach by the tenant of his obligations to the owner of the dwelling unit or the shares allocated thereto; and provided further that an owner of a unit or of the shares allocated thereto may not commence an action to recover possession of a dwelling unit from a non-purchasing tenant on the grounds that he seeks the dwelling unit for the use and occupancy of himself or his family.

(iv) Eligible senior citizens and eligible disabled persons who reside in dwelling units subject to government regulation as to rentals and continued occupancy shall continue to be subject thereto.

(v) The rights granted under the plan to eligible senior citizens and eligible disabled persons may not be abrogated or reduced notwithstanding any expiration of, or amendment to, this section.

(vi) Any offeror who disputes the election by a person to be an eligible senior citizen or an eligible disabled person must apply to the attorney general within thirty days of the receipt of the election forms for a determination by the attorney general of such person's eligibility. The attorney general shall, within thirty days thereafter, issue his determination of eligibility. The foregoing shall, in the absence of fraud, be the sole method for determining a dispute as to whether a person is an eligible senior citizen or an eligible disabled person. The determination of the attorney general shall be reviewable only through a proceeding under article seventy-eight of the civil practice law and rules, which proceeding must be commenced within thirty days after such determination by the attorney general becomes final.

(vii) After the issuance of the letter from the attorney general stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this article has been accepted for filing, the offeror shall, on the thirtieth, sixtieth, eighty-eighth and ninetieth days after such date and at least once every thirty days until the plan is declared effective or abandoned, as the case may be, and on the second day before the expiration of any exclusive purchase period provided in a substantial amendment to the plan, (1) file with the attorney general a written statement, under oath, setting forth the percentage of bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general who have executed and delivered written agreements to purchase under the plan as of the date of such statement, and (2) before noon on the day such statement is filed post a copy of such statement in a prominent place accessible to all tenants in each building covered by the plan.

(viii) If the plan is amended before it is declared effective to provide that it shall be a non-eriction plan, any person who has agreed to purchase under the plan prior to such amendment shall have a period of thirty days after receiving written notice of such amendment to revoke his agreement to purchase under the plan.

(ix) The tenants in occupancy on the date the attorney general accepts the plan for filing shall have the exclusive right to purchase their dwelling units or the shares allocated thereto for ninety days after the plan is accepted for filing by the attorney general, during which time a tenant's dwelling unit shall not be shown to a third party unless he has, in writing, waived his right to purchase; subsequent to the expiration of such ninety day period, a tenant in occupancy of a dwelling unit who has not purchased shall be given the exclusive right for an additional period of six months from said expiration date to purchase said dwelling unit or the shares allocated thereto on the same terms and conditions as are contained in an executed contract to purchase said dwelling unit or shares entered into by a bona fide purchaser, such exclusive right to be exercisable within fifteen days from the date of mailing by

registered mail of notice of the execution of a contract of sale together with a copy of said executed contract to said tenant.

(e) The attorney general finds that an excessive number of long-term vacancies did not exist on the date that the offering statement or prospectus was first submitted to the department of law. "Long-term vacancies" shall mean dwelling units not leased or occupied by bona fide tenants for more than five months prior to the date of such submission to the department of law. "Excessive" shall mean a vacancy rate in excess of the greater of (i) ten percent and (ii) a percentage that is double the normal average vacancy rate for the building or group of buildings or development for two years prior to the January preceding the date the offering statement or prospectus was first submitted to the department of law.



2) The attorney general finds that, following the submission of the offering statement or prospectus to the department of law, each tenant in the building or group of buildings or development was provided with a written notice stating that such offering statement or prospectus has been submitted to the department of law for filing. Such notice shall be accompanied by a copy of the offering statement or prospectus and a statement that the statements submitted pursuant to subparagraph (vi) of paragraph (c) or subparagraph (vi) of paragraph (d) of this subdivision, whichever is applicable, will be available for inspection and copying at the office of the department of law where the submission was made and at the office of the offeror or a selling agent of the offeror. Such notice shall also be accompanied by a statement that tenants or their representatives may physically inspect the premises at any time subsequent to the submission of the plan to the department of law, during normal business hours, upon written request made by them to the offeror, provided such representatives are registered architects or professional engineers licensed to practice in the state of New York. Such notice shall be sent to each tenant in occupancy on the date the plan is first submitted to the department of law and to the clerk of the municipality wherein such building or group of buildings or development is located.

3. All dwelling units occupied by non-purchasing tenants shall be managed by the same managing agent who manages all other dwelling units in the building or group of buildings or development. Such managing agent shall provide to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. The offeror shall guarantee the obligation of the managing agent to provide all such services and facilities until such time as the offeror surrenders control to the board of directors or board of managers.

4. It shall be unlawful for any person to engage in any course of conduct, including, but not limited to, interruption or discontinuance of essential services, which substantially interferes with or disturbs the comfort, repose, peace or quiet of any tenant in his use or occupancy of his dwelling unit or the facilities related thereto. The attorney general may apply to a court of competent jurisdiction for an order restraining such conduct and, if he deems it appropriate, an order restraining the owner from selling the shares allocated to the dwelling unit or the dwelling unit itself or from proceeding with the plan of conversion; provided that nothing contained herein shall be deemed to preclude the tenant from applying on his own behalf for similar relief.

5. Any local legislative body may adopt local laws and any agency, officer or public body may prescribe rules and regulations with respect to the continued occupancy by tenants of dwelling units which are subject to regulation as to rentals and continued occupancy pursuant to law, provided that in the event that any such local law, rule or regulation shall be inconsistent with the provisions of this section, the provisions of this section shall control.

6. Any provision of a lease or other rental agreement which purports to waive a tenant's rights under this section or rules and regulations promulgated pursuant hereto shall be void as contrary to public policy.

7. The provisions of this section shall only be applicable in the cities, towns and villages located in the counties of Nassau, Westchester and Rockland which by resolution adopted by the respective local legislative body of such city, town or village, elect that the provisions hereof shall be applicable therein. A certified copy of such resolution shall be filed in the office of the attorney general at Albany and shall become effective on the date of such filing.

F. 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 1973) 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.

G. 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 sub-tenants 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.

\* \* \*

## H. CERTIFICATIONS

### 1. Certification of Sponsors and Principals.

1. We are the Sponsor and the principals of the Sponsor of the cooperative offering plan for 31 Pondfield Road West, Bronxville, New York.

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

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

(i) set forth the detailed terms of the offering transaction and be complete, current and accurate;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;

(iii) not omit any material fact;

(iv) not contain any untrue statement of a material fact;

(v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

(vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) not contain any representation or statement which is false, where we (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort



to ascertain the truth; or (d) did not have knowledge concerning the representations or statement made.

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.

Sworn to before me this day of October, 1984 /s/ Jacob Heller, Partner

/s/  
Notary Public

Sworn to before me this day of October, 1984 /s/ Michael Heller, Partner

/s/  
Notary Public

Sworn to before me this day of October, 1984 /s/ Frank Heller, Partner

/s/  
Notary Public

Sworn to before me this day of October, 1984 /s/ Roberta S. Sommers, Partner

/s/  
Notary Public

Sworn to before me this  
day of October, 1984

/s/  
Notary Public

/s/  
Norman L. Peck, Partner

Sworn to before me this  
day of October, 1984

/s/  
Notary Public

/s/  
Milton Peck, Partner

Sworn to before me this  
day of October, 1984

/s/  
Notary Public

/s/  
Stuart Robinowitz, Partner

Estate of Seymour Orlofsky,  
Partner

Sworn to before me this  
day of October, 1984

/s/  
Notary Public

By: /s/  
Leonard Newman, Executor

Trustees under the Residuary  
Trust of the Will of Myron  
Orlofsky, Partner

Sworn to before me this  
day of October, 1984

/s/  
Notary Public

By: /s/  
Leonard Newman, Trustee

W.S.P. Co., Partner

Sworn to before me this  
day of October, 1984

/s/  
Notary Public

By: /s/  
Leonard Newman,  
Managing Partner

GABRIEL E. SENOR. P. C. CONSULTING ENGINEER AND LAND SURVEYOR

CERTIFICATION OF SPONSOR'S ENGINEER  
PURSUANT TO 13 NYCRR 18.4(c)

October 5, 1984

New York State Department of Law  
Real Estate Financing Bureau  
Two World Trade Center  
48th Floor  
New York, New York 10047

RE: 31 Pondfield Road  
Bronxville, N.Y.

Gentlemen:

The Sponsor of the offering plan to convert the captioned property to cooperative ownership retained our firm to prepare an additional report disclosing the condition of the property (the "Report"). We visually inspected the property on November 25, 1983 and on September 20, 1984 and prepared a report dated January 12, 1984 and an addendum report dated September 27, 1984, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the Report.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 18 insofar as they are applicable to this Report.

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

(1) set forth in narrative form the physical condition of the entire property and is current and accurate as of the date of inspection;

(2) in our professional opinion, affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the physical condition of the property;

(3) does not omit any material fact;

(4) does not contain any untrue statement of material fact;

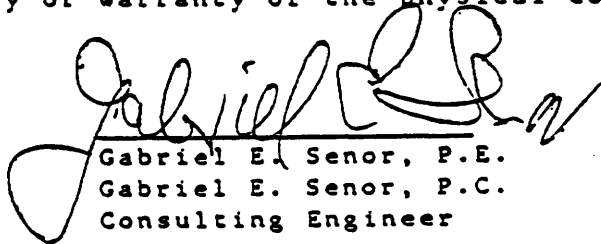
(5) does not contain any fraud, deception, concealment or suppression;

(6) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

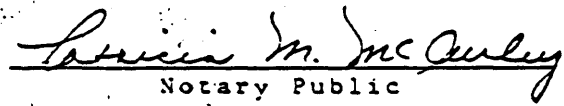
(7) does not contain any representation or statement which is false, where We: (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made no reasonable effort to ascertain the truth; or (iv) did not have knowledge concerning the representation or statement made

(8) It is to be understood that all aspects of the physical condition of the property cannot be determined by visual inspection and that all statements contained in this certification are premised on and limited to such visual inspection.

We further certify that We are not owned or controlled by and have no beneficial interest in the Sponsor and that our compensation for preparing this Report is not contingent on the conversion of the property to a cooperative or on the profitability or price of the offering. This statement is not intended as a guaranty or warranty of the physical condition of the property.

  
Gabriel E. Senor, P.E.  
Gabriel E. Senor, P.C.  
Consulting Engineer

Sworn to before me this  
5th day of October, 1984

  
Notary Public

PATRICIA M. MAULEY  
Notary Public, State of New York  
No. 4610467  
Appointed for Westchester County  
Term Expires March 30, 1985

3. Certification Concerning  
Adequacy of Schedule B.

Re: Tudor Arms  
31 Pondfield Road West,  
City of Yonkers  
Bronxville, New York

The sponsor of the cooperative offering plan for the captioned property retained our firm to review Schedule B of Part I of the offering plan containing projections of income and expenses for the first year of cooperative operation. We have been engaged in the real estate business for more than seven (7) years and have issued more than forty (40) certifications as to the adequacy of the projected budget for the first year of operation in connection with more than forty (40) cooperatives and condominiums in the New York metropolitan area.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 18 insofar as they are applicable to Schedule B.

We have reviewed the Schedule and investigated the facts set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in Schedule B appear reasonable and adequate under existing circumstances, and the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of cooperative operation.

We certify that the Schedule:

- (i) sets forth in detail the projected income and expenses for the first year of cooperative operation;
- (ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of cooperative operation;
- (iii) does not omit any material fact;

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

We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the income and expenses for the first year of cooperative operation.

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

Dated: Westchester County, New York  
October 5, 1984

GREENVILLE REALTY COMPANY

By: /s/ Louis M. Russo  
Louis M. Russo, CPM

/s/ Kathleen A. Schilio  
Notary Public

