

THIS PLAN HAS BEEN AMENDED. SEE INSIDE COVER

THIS IS A NON-EVICTION PLAN. SEE PAGE 39. NO NON-PURCHASING TENANT WILL BE EVICTED BY REASON OF CONVERSION TO COOPERATIVE OWNERSHIP.

COOPERATIVE OFFERING PLAN

445 GRAMATAN AVENUE
MOUNT VERNON, NEW YORK 10552
(50,815 Shares allocated to 112 Units)

Total Cash Offering.....	\$ 4,681,420*	\$ 7,632,750**
Mortgage Indebtedness.....	2,350,000	2,350,000
Total Purchase Price.....	\$ 7,031,420	\$ 9,982,750
Less: Working Capital Fund to be provided for Apartment Corporation***	15,000	15,000
Less: Reserve Fund to be provided for Apartment Corporation.....	10,000	10,000
Net Offering Proceeds of Property Due Sponsor	\$ 7,006,420	\$ 9,957,750

* Assuming all shares are sold to Tenants who have executed and delivered Subscription Agreements within 90 days of the Presentation Date.

** Assuming all shares are sold to individuals who are not tenants in occupancy and tenants in occupancy who have not executed and delivered Subscription Agreements within 90 days of the Presentation Date.

*** The Working Capital Fund may be diminished by net closing adjustments. See "Working Capital Fund."

Name and Address of Apartment Corporation Whose Shares Are Offered:

WESTCHESTER GARDENS OWNERS, INC.
7 Bryant Crescent, Suite 1-C
White Plains, New York 10605-2603

Name and Address of Sponsor:

SUTTON ESTATES
c/o Peck & 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 1-C
White Plains, New York 10605-2603

Approximate Date of First Offering: July 26, 1988.

This Plan may not be used for more than 12 months from such date unless extended by amendment.

SEE PAGE 1 FOR SPECIAL RISKS TO PURCHASERS.

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

EIGHTEENTH AMENDMENT TO OFFERING PLAN
For
445 GRAMATAN AVENUE
MOUNT VERNON, 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 1at 445 Gramatan Avenue, Mount Vernon, New York, dated July 26, 1988, as amended by the filing of seventeen prior amendments.

The Plan is hereby amended as follows:

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

2. **Financial Disclosure.** The following information is provided in accordance with the regulations of the Attorney General of the State of New York:

(a) The identity of shares owned by sponsor or its designees, including holders of unsold shares, and the apartment to which such shares are allocated, are set forth in the Schedule of Unsold Shares annexed hereto as Exhibit A.

(b) The aggregate monthly maintenance payments for all shares owned by the sponsor or holders of unsold shares is \$24,024.65.

(c) The aggregate monthly rents received from tenants of all units owned by the sponsor or holders of unsold shares is \$26,764.46.

(d) The sponsor or holders of unsold shares have no financial obligations to the Apartment Corporation which will become due within twelve months from the date of this amendment, other than payment of maintenance.

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

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

units owned by the holders of Unsold Shares.

(g) The sponsor and holders of unsold shares are current on all financial obligations under the Plan. Sponsor and holders of unsold shares were current on all such obligations during the year prior to the filing of this amendment.

(h) Sponsor or principals of sponsor, as individual holders of unsold shares or as general partner or principal of sponsor, own more than ten (10%) per cent of the shares of the following buildings which have been converted to cooperative or condominium ownership:

31 Pondfield Road, Bronxville, New York
445 Gramatan Avenue, Mt. 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
3601 Johnson Avenue, Bronx, New York
3635 Johnson Avenue, Bronx, New York
Sadore Lane Gardens, Yonkers, New York

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

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

(j) The Sponsor relinquished control of the Board of Directors on May 23, 1990. As of January 1, 2014, the total of unsold shares held by the Sponsor aggregates 22.80% of the outstanding shares of the Corporation.

3. **Maintenance.** By resolution of the Board of Directors of the Corporation adopted at a meeting duly held October 23, 2013, after reviewing a projected budget of building operations for the calendar year 2014, the per share monthly maintenance was fixed at \$1.9456 representing a 2% increase above the prior year.

4. **Election of Officers and Directors.** At the annual meeting of the shareholders of the Corporation, followed by a meeting of the Directors, both duly held on November 18, 2013, the following were elected as Directors and Officers of the Corporation:

Lou Cirillo, President and Director
*Robert Orlofsky, Vice President and Director
*Jeffrey B. Sommers, Vice President and Director
Carl Grant, Vice President and Director
Kim A. Derbin, Vice President and Director
Michael Hughes, Secretary and Director
Carol Mahabir, Treasurer and Director

*Sponsor Designee

5. **Financial Statements.** The financial statements for Westchester Gardens Owners, Inc. for the year ended December 31, 2012, prepared by Bloom and Streit, LLP, Certified Public Accountants, are attached hereto as Exhibit B.

6. **Budget.** Attached hereto as Exhibit C is the budget for the fiscal year ending December 31, 2014 prepared by the Apartment Corporation's accountant and adopted by the Board of Directors. This budget is contained herein for informational purposes only, and the sponsor, principals of sponsor or holders of unsold shares do not in any way adopt such budget as their own or make any representation as to the adequacy, accuracy or completeness of same or any item shown therein and none should be implied. Robert Orlofsky as agent for the sponsor, principals of sponsor and holders of unsold shares has reviewed the budget and has no knowledge of any matter which would render the budget materially incorrect; however, Robert Orlofsky as such agent has not prepared the budget and has not independently verified the information or estimates contained therein.

7. **Mortgage Refinancing.** As disclosed in the financial statements annexed to the Sixteenth Amendment to the Plan, on September 1, 2006, the Apartment Corporation refinanced its mortgage with National Consumer Cooperative Bank ("NCB") and entered into a new first mortgage in the principal amount of \$3,200,000. At the same time the Apartment Corporation secured a stand-by Line of Credit in the amount of \$500,000. The present principal balance on the first mortgage is \$2,890,073. From each monthly installment in the amount of \$19,620 there is applied interest at the fixed rate of 6.21% per annum and the balance in reduction of principal based on a 30-year amortization schedule. The first mortgage matures on September 1, 2016, at which time the principal balance due will be approximately \$2,731,000. 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 repaid prior to April 15, 2015, at which time there is a prepayment penalty of two (2%) percent. There is no penalty for prepayment within ninety days of maturity. In 2011 and 2010, the Apartment Corporation accessed its Line of Credit. The most recent monthly payment on this loan was \$457.28, of which \$357.28 was applied to interest at the variable rate of 4.25% and \$100.00 in reduction of principal to bring the loan balance to \$97,600. Interest is based on a rate per annum of 1% over the prime rate. The Line of Credit loan also matures on September 1, 2016.

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. The revised Contract of Sale referenced in Paragraph 7 of the Fourteenth Amendment to the Plan dated June 23, 2005 and annexed as an exhibit to said Amendment, is hereby replaced with the further revised Contract of Sale (the "Contract of Sale") attached hereto as Exhibit D to which an Escrow Rider is annexed as Exhibit A (the "Escrow Rider"). The Escrow Rider hereby replaces the Escrow Agreement, as set forth as an exhibit to the Seventh 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, 23rd Floor, New York, N.Y. 10271. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit was timely placed in the Escrow Account in accordance with the New York State Department of Law's regulations concerning Deposits and requisite notice was timely mailed to the Purchaser.

- 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. **Changes in Principals of Sponsor.** Effective January 1, 2014, the interests of the Trustees of the Trust u/w/o Jacob Heller are held by Afan 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, 12 N Astor St., Unit C, Irvington, New York 10533 and Faith Willinger, Via Della Chiesa 7, 50125, Firenze, Italy. The interests of the Trustees of the Trust u/w/o Frank Heller 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 of Stuart Robinowitz are now held by Maggie Partners, L.P., c/o Stuart Robinowitz, 6 Hillair Circle, White Plains, New York 10605. The interests of the Estate of Andrew Orlofsky are now held by Sharyn Orlofsky, One City Place, White Plains, New York 10601. The Trustees of the Trust u/w/o Myron Orlofsky are Patsy Orlofsky, Louis R. Taffera and Sam Orlofsky. The address of Lenroz Associates is c/o Kramer, 80 Old Middletown Road, New City 10956

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

14. **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

10. **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.

11. **Changes in Principals of Sponsor.** The interests of the Trustees of the Trust u/w/o Jacob Heller are now held by Alan Heller, 930 Fifth Avenue, New York, New York 10021, Richard Heller, 37 Bradley Road, Weston, Connecticut 06883, Suzanne Heller as Trustee of the 2002 Suzanne Heller Revocable Trust, 28 Chestnut Street, Vinalhaven, Maine 04863, Erica Newman, 12 N Astor, Unit C, Irvington, New York 10533 and Faith Willinger, Via Della Chiesa 7, 50125, Firenze, Italy. The interests of the Trustees of the Trust u/w/o Frank Heller 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 of Stuart Robinowitz are now held by Maggie Partners, L.P., c/o Stuart Robinowitz, 6 Hillair Circle, White Plains, New York 10605. The interests of the Estate of Andrew Orlofsky are now held by Sharyn Orlofsky, One City Place, White Plains, New York 10601. The Trustees of the Trust u/w/o Myron Orlofsky are Patsy Orlofsky, Louis R. Taffera and Sam Orlofsky. The address of Lenroz Associates is c/o Kramer, 80 Old Middletown Road, New City 10956

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

13. **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: **FEBRUARY 26**, 2014

SUTTON ESTATES, LLC
Sponsor and Holder of Unsold Shares



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

ERIC T. SCHNEIDERMAN
Attorney General

DIVISION OF ECONOMIC JUSTICE
Real Estate Finance Bureau

(212) 416-6384

Sutton Estates, LLC
c/o Peck & Heller
Attention: Nancy Heiler
805 Third Avenue
New York, NY 10022

March 18, 2014

RE: 445 Gramatan Avenue (Westchester Gardens)
File Number: C 870246 Amendment No: 18
Date Amendment Filed: 02/26/2014 Filing Fee: \$225.00
Receipt Number: 124658

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,

Lisa Wallace
Assistant Attorney General

SCHEDULE OF UNSOLD SHARES

<u># APT.</u>	<u>NUMBER OF SHARES</u>
AB2	415
AC2	410
AD3	405
BD1	405
CD1	480
DC2	410
DD1	480
EA2	300
EB1	455
EB2	295
ED1	445
FD2	480
GA2	300
GA3	460
GB2	295
HA1	420
HD2	480
IA1	420
IA2	460
IA3	495
IB1	490
IB3	490
IC2	450
ID3	480
JB2	415
JC2	410
KC3	540
Total Building Units	27
Total Unsold Shares	11,585

WESTCHESTER GARDENS OWNERS INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

WESTCHESTER GARDENS OWNERS INC.

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DECEMBER 31, 2012 AND 2011

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

INDEPENDENT AUDITORS' REPORT

To the Board WESTCHESTER GARDENS OWNERS INC.

We have audited the accompanying financial statements of Westchester Gardens Owners Inc., which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of income (loss), retained earnings (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westchester Gardens Owners Inc., as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Bloom and Streit LLP

BLOOM AND STREIT LLP
Certified Public Accountants
February 19, 2013



WESTCHESTER GARDENS OWNERS INC.

Balance Sheets

As of December 31,

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash in Operating Account	9,495	19,238
Cash in Bank - Money Market Account	68,720	46,624
Cash in Bank - Investment Account	60,967	60,960
Tenants' Accounts Receivable	20,590	13,397
Prepaid Expenses	15,268	18,786
Total	<u>175,040</u>	<u>159,005</u>
Less: Allocated to Funds (see below)	<u>(130,000)</u>	<u>(108,000)</u>
Total Current Assets	<u>45,040</u>	<u>51,005</u>
FUNDS		
Contingency Reserve:		
Allocated from Current Assets (see above)	<u>130,000</u>	<u>108,000</u>
PROPERTY AND EQUIPMENT -		
Net Book Value	<u>5,588,180</u>	<u>5,715,228</u>
OTHER ASSETS		
Investment in National Cooperative Bank	4,660	4,660
Deferred Mortgage Financing Expenses	16,965	21,592
Total Other Assets	<u>21,625</u>	<u>26,252</u>
TOTAL ASSETS	<u>5,784,845</u>	<u>5,900,485</u>

	<u>2012</u>	<u>2011</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITES		
Accounts Payable	34,639	66,374
Accrued Interest	15,910	15,803
Star Credit Due to Stockholders	65,081	61,318
Rents Received in Advance	1,230	4,047
Security Deposits	7,414	8,914
Mortgages Payable - Amortization Payments due within one year	<u>55,683</u>	<u>51,211</u>
Total Current Liabilities	<u>179,956</u>	<u>207,666</u>
LONG-TERM LIABILITIES		
First Mortgage Payable - Net of Payments due within one year	2,887,290	2,938,609
Line of Credit Payable	<u>47,600</u>	<u>50,000</u>
Total Long-Term Liabilities	<u>2,934,890</u>	<u>2,988,609</u>
STOCKHOLDERS' EQUITY		
Common Stock \$1.00 par value; 50,815 shares authorized issued and outstanding	50,815	50,815
Paid-in Capital	4,864,060	4,864,060
Retained Earnings (Deficit)	<u>(2,244,876)</u>	<u>(2,210,666)</u>
Total Stockholders' Equity	<u>2,669,999</u>	<u>2,704,209</u>
TOTAL LIABILITES AND STOCKHOLDERS' EQUITY	<u>5,784,845</u>	<u>5,900,485</u>

See accompanying notes and auditors' report

WESTCHESTER GARDENS OWNERS INC.**Statements of Income (Loss)****For the Year Ended December 31,**

	<u>2012</u>	<u>2011</u>
INCOME		
Carrying Charges	1,140,315	1,086,016
Surcharge Income	0	63,519
Parking Income	73,920	60,480
Laundry Room Income	8,700	8,700
Storage Units	4,695	4,381
Interest/Dividend Income	104	227
Miscellaneous Income	985	1,047
Total Income	<u>1,228,719</u>	<u>1,224,369</u>
EXPENSES		
Administrative Expenses	52,629	55,938
Maintenance Expenses	225,369	278,765
Utilities Expenses	217,048	229,943
Taxes and Insurance	446,524	429,075
Financial Expenses	189,683	189,379
Total Expenses Before Depreciation and Amortization	<u>1,131,254</u>	<u>1,183,101</u>
NET INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	97,465	41,268
Depreciation and Amortization of Mortgage Financing Expenses and Lease Commissions	<u>(131,675)</u>	<u>(131,060)</u>
NET INCOME (LOSS) FOR THE YEAR	<u>(34,210)</u>	<u>(89,791)</u>

See accompanying notes and auditors' report

WESTCHESTER GARDENS OWNERS INC.

Statements of Retained Earnings (Deficit)

For the Year Ended December 31,

	<u>2012</u>	<u>2011</u>
RETAINED EARNINGS (DEFICIT) - Beginning of Year	(2,210,666)	(2,120,875)
Net Income (Loss) for the Year	<u>(34,210)</u>	<u>(89,791)</u>
RETAINED EARNINGS (DEFICIT) - End of Year	<u>(2,244,876)</u>	<u>(2,210,666)</u>

See accompanying notes and auditors' report

WESTCHESTER GARDENS OWNERS INC.**Statements of Cash Flows**

For the Year Ended December 31,

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities		
Net Income (loss)	(34,210)	(89,791)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and Amortization	131,675	131,060
Revenue allocated to financing activities	(49,246)	(45,629)
Decrease (Increase) in operating assets:		
Tenants' Accounts Receivable	(7,193)	(1,637)
Prepaid Expenses	3,518	(1,126)
Increase (Decrease) in operating liabilities:		
Accounts Payable	(20,381)	(32,633)
Accrued Interest	107	(430)
Rents Received in Advance	(2,818)	3,356
Star Credit Due to Stockholders	2,263	(973)
Net cash provided (used) by operating activities	<u>23,714</u>	<u>(37,802)</u>
Cash Flows From Investing Activities		
Purchase of Property and Equipment	(11,354)	(15,732)
Net cash provided (used) by investing activities	<u>(11,354)</u>	<u>(15,732)</u>
Cash Flows From Financing Activities		
Portion of Carrying Charges applied to Amortization of Mortgage & Line of Credit	49,246	45,629
Line of Credit - Net Proceeds	0	50,000
Amortization Payments on Mortgage	(48,046)	(45,629)
Amortization Payments on Line of Credit	(1,200)	0
Net cash provided (used) by financing activities	<u>0</u>	<u>50,000</u>
Increase (Decrease) in Cash and Cash Equivalents (carryforward)	12,360	(3,534)

See accompanying notes and auditors' report

WESTCHESTER GARDENS OWNERS INC.

Statements of Cash Flows

For the Year Ended December 31,

	<u>2012</u>	<u>2011</u>
Increase (Decrease) in Cash and Cash Equivalents (brought forward)	12,360	(3,534)
Cash and Cash Equivalents at Beginning of Year	<u>126,822</u>	<u>130,356</u>
Cash and Cash Equivalents at End of Year (see below)	<u>139,182</u>	<u>126,822</u>
Represented by:		
Cash in Operating Account	9,495	19,238
Cash in Bank - Money Market Account	68,720	46,624
Cash in Bank - Investment Account	<u>60,967</u>	<u>60,960</u>
Cash and Cash Equivalents (as above)	<u>139,182</u>	<u>126,822</u>
Supplemental Disclosure:		
Interest Paid	<u>189,790</u>	<u>188,950</u>

See accompanying notes and auditors' report

WESTCHESTER GARDENS OWNERS INC.

Notes to Financial Statements

December 31, 2012 and 2011

Note 1

Organization

Westchester Gardens Owners, Inc. is a cooperative housing corporation incorporated in the State of New York in January 1986. The cooperative owns and operates an apartment building located at 445 Gramatan Avenue, Mount Vernon, New York, consisting of 112 residential units. The primary purpose of the cooperative is to manage the operations of the building and maintain the common elements.

Note 2

Summary of Significant Accounting Policies

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

Property and equipment is being carried at cost. Depreciation of the building is being computed by the straight line method over an estimated useful life of 35 years. Building improvements are depreciated on the straight line method over an estimated useful life of 27.5 years.

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

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

WESTCHESTER GARDENS OWNERS INC.

Notes to Financial Statements

December 31, 2012 and 2011

Note 2

Summary of Significant Accounting Policies - continued

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

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

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

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

Note 3

Concentrations of Credit Risk

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

WESTCHESTER GARDENS OWNERS INC.

Notes to Financial Statements

December 31, 2012 and 2011

Note 4

Property and Equipment

Property and Equipment consists of the following:

	<u>2012</u>	<u>2011</u>
Land	3,824,018	3,824,018
Building	3,086,857	3,086,857
Building improvements	<u>1,127,614</u>	<u>1,127,614</u>
	8,038,489	8,038,489
Less: accumulated depreciation	<u>2,450,309</u>	<u>2,323,261</u>
Total Property and Equipment	<u>5,588,180</u>	<u>5,715,228</u>

Depreciation expense of \$127,048 and \$126,433 were recognized for the year ended December 31, 2012 and 2011, respectively.

Note 5

Mortgage Payable

During 2006, the cooperative refinanced its mortgage with NCB (National Cooperative Bank) in the amount of \$3,200,000. The mortgage, which is secured by the property, is payable in monthly installments of \$19,620, including interest at the rate of 6.21% per annum, based on a 30 year amortization period. The note matures on September 1, 2016, at which time a balloon payment of approximately \$2,731,000 is due.

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

During the year ended December 31, 2012 and 2011, the cooperative received dividends of \$0 and \$177, respectively. At December 31, 2012 and 2011, the cooperative owned approximately 47 Class B1 shares. At December 31, 2012 and 2011, the cooperative owned 307 Class B2 shares.

The loan agreements also provide for a \$500,000 available line of credit. The interest rate is 1% over the lender's base rate. During the year ended December 31, 2011, the line of credit was accessed in the amount of \$50,000.

WESTCHESTER GARDENS OWNERS INC.

Notes to Financial Statements

December 31, 2012 and 2011

Note 5 **Mortgage Payable - continued**

Principal maturities of the mortgage are as follows:

2013	54,483
2014	57,965
2015	61,668
2016 (Including Payoff)	2,767,657

As part of the aforementioned refinancings, the cooperative has paid closing costs of approximately \$46,000, which are being amortized over the life of the new mortgage.

Note 6 **Sponsor Ownership**

At both December 31, 2012 and December 31, 2011, the Sponsor owned twenty seven residential units, or approximately 24% of the total residential units, respectively. Carrying charges received from the Sponsor's residential units aggregated approximately \$260,000 and \$248,000 for the year ended December 31, 2012 and December 31, 2011, respectively. As of that date, the Sponsor was current in the payment of carrying charges.

Note 7 **Charges**

In November 2010, the cooperative approved a 5% increase in maintenance and a \$10 increase in the monthly parking charge effective January 1, 2011. Effective August 1, 2011, the cooperative approved a fuel surcharge of \$1.25 per share payable over five months and ending December 31, 2011. In November 2011, the cooperative approved a 5% increase in maintenance and a \$10 increase in the monthly parking effective January 1, 2012. In November 2012, the cooperative approved a 2% increase in maintenance effective January 1, 2013.

Note 8 **Real Estate Taxes - Tax Abatements**

The cooperative is entitled to and has received tax abatements on behalf of its stockholders from the State of New York during 2012 and 2011. The abatements, which include Star, Veterans, SCRIE and cooperative abatements (where applicable) are passed on to the stockholders by direct payment or as a credit against carrying charges.

WESTCHESTER GARDENS OWNERS INC.

Notes to Financial Statements

December 31, 2012 and 2011

Note 8 **Real Estate Taxes - Tax Abatements - continued**

Any undistributed abatements as of the fiscal year end have been included on the Balance Sheets in Current Liabilities as Star Credit Due to Stockholders. As the abatements benefit the stockholders, the real estate tax expense reflected in these financial statements is gross of all the aforementioned tax abatements.

Note 9 **Benefits**

The cooperative participated in the 32BJ North Pension Fund, Employer Identification Number 13-1819138, Plan 001, for the years ended December 31, 2012 and 2011. The cooperative participated in this multi-employer plan, for the years ended December 31, 2012 and 2011 under the terms of collective-bargaining agreements that cover its union represented employees. This collective bargaining agreement expires September 30, 2014 and the cooperative has no intention of withdrawing from the plan.

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

The zone status is based on information that the cooperative received from the plan and is certified by the plan's actuary. Plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded and plans in the green zone are at least 80 percent funded. The most recent Pension Protect Act (PPA) zone status available is for the plan's year-end at December 31, 2012 and 2011. The certified zone status for the plan for each of these years was red and a rehabilitation plan has been implemented. It is possible that this rehabilitation plan may involve a surcharge to the cooperative.

WESTCHESTER GARDENS OWNERS INC.

Notes to Financial Statements

December 31, 2012 and 2011

Note 9

Benefits - continued

In addition to the Pension Fund, the cooperative also participated in a Health Fund for the years ended December 31, 2012 and 2011. The fund provides health benefits (medical, surgical, hospital, prescription drugs, behavioral health, optical, dental) and life insurance coverage for eligible participants and their covered dependents. Retired employees are eligible for health benefits if they retire before age 65, but after age 62; accumulated 15 combined years of pension service credit; worked both 90 days immediately before retirement and at least 36 months of the 60 months before retiring; and are receiving an early or regular retirement pension from the 32BJ North Pension Fund. These benefits continue for the retired employee and eligible dependents until they become eligible for Medicare, until age 65, or until the retiree's pension is suspended, whichever occurs first.

The condominium made the following contributions to the plans:

	<u>2012</u>	<u>2011</u>
Total Pension Contributions	7,776	7,406
Total Health Contributions	37,188	35,604

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

Note 10

Income Taxes

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

WESTCHESTER GARDENS OWNERS INC.

Notes to Financial Statements

December 31, 2012 and 2011

- Note 10** **Income Taxes - continued**
As of December 31, 2012, the cooperative has available net operating loss carryforwards to apply to future taxable income in the approximate amount of \$895,000. Unless used, these net operating losses are set to expire beginning in 2021 and continuing through 2032.
- In accordance with accounting rules for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns, the cooperative's tax filings are subject to audit by various taxing authorities. The cooperative's federal and state income tax returns for the last three years remain open to examination. In evaluating its tax provisions and accruals, the cooperative believes that its estimates are appropriate based on current facts and circumstances.
- Note 11** **Future Major Repairs and Replacements**
The cooperative has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. When replacement funds are needed to meet future needs for major repairs and replacements, the cooperative may borrow, utilize available cash, increase carrying charges, pass special assessments or delay repairs and replacements until the funds are available. The effect on future assessments has not been determined at this time.
- Note 12** **Commitments and Contingencies**
On February 23, 2012, Westchester Gardens Owners, Inc. was served with a Supreme Court action in the County of Westchester that seeks damages for an alleged mold condition in a shareholder occupied basement apartment. The matter is being defended by the insurance company for the cooperative.
- Note 13** **Subsequent Events**
Management has evaluated subsequent events through February 19, 2013, the date at which the financial statements became available for issuance. No events have occurred that would require adjustments to, or disclosure in, the financial statements.

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

**To the Board
WESTCHESTER GARDENS OWNERS INC.**

We have audited the financial statements of Westchester Gardens Owners Inc. as of and for the years ended December 31, 2012 and 2011, and our report thereon dated February 19, 2013, which expressed an unqualified opinion on those financial statements, appears on Page 1. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of budget with actual operating amounts and detailed schedule of repairs, which are the responsibility of the entity's management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information, except for the portion marked "unaudited" was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



**BLOOM AND STREIT LLP
Certified Public Accountants
February 19, 2013**

WESTCHESTER GARDENS OWNERS INC.

Schedule of Budget with Actual Operating Amounts

	Budget Year Ended Dec. 31, 2012 (Unaudited)	Actual Year Ended Dec. 31, 2012	Actual Year Ended Dec. 31, 2011
RECEIPTS			
Carrying Charges	1,140,316	1,140,315	1,086,016
Surcharge Income	0	0	63,519
Parking Income	74,000	73,920	60,480
Laundry Room Income	8,700	8,700	8,700
Storage Units	4,500	4,695	4,381
Interest/Dividend Income	100	104	227
Miscellaneous Income	800	985	1,047
Total Receipts	<u>1,228,416</u>	<u>1,228,719</u>	<u>1,224,369</u>
EXPENDITURES			
ADMINISTRATIVE EXPENSES			
Management Fee	31,500	31,500	31,500
Legal Expense	4,000	2,946	6,575
Auditing	8,400	8,400	8,400
Telephone and Beeper	3,700	4,076	4,001
Office and Administrative Expenses	5,480	5,707	5,463
Total Administrative Expenses	<u>53,080</u>	<u>52,629</u>	<u>55,938</u>
MAINTENANCE EXPENSES			
Super and Maintenance Payroll	133,000	134,292	131,801
Supplies	15,000	13,803	13,318
Repairs and Maintenance(see schedule)	70,000	45,076	88,146
Exterminating/Bed Bugs	2,800	5,843	2,017
Landscaping and Grounds	16,000	17,553	16,483
Tree Services	6,000	3,073	6,013
Snow Removal	16,000	5,730	20,986
Total Maintenance Expenses	<u>258,800</u>	<u>225,369</u>	<u>278,765</u>
UTILITIES EXPENSES			
Fuel	199,000	179,291	192,336
Electricity and Gas	21,000	20,062	21,351
Water	16,000	17,695	16,256
Total Utilities Expenses	<u>236,000</u>	<u>217,048</u>	<u>229,943</u>

See auditors' report on supplementary information

WESTCHESTER GARDENS OWNERS INC.

Schedule of Budget with Actual Operating Amounts

	Budget	Actual	Actual
	Year Ended	Year Ended	Year Ended
	Dec. 31, 2012	Dec. 31, 2012	Dec. 31, 2011
	(Unaudited)		
TAXES AND INSURANCE			
Real Estate Taxes	325,000	327,671	313,791
Payroll Taxes	12,000	10,924	11,213
Licenses and Permits	500	0	617
Insurance	54,000	58,272	55,195
Union Welfare and Pension Fund	48,500	47,824	46,503
NYS Franchise Taxes	2,600	1,833	1,756
Total Taxes and Insurance	442,600	446,524	429,075
FINANCIAL EXPENSES			
Interest on Mortgage	187,226	187,650	189,049
Interest on Line of Credit	2,500	2,033	330
Total Financial Expenses	189,726	189,683	189,379
CONTRIBUTIONS TO EQUITY			
Amortization of Mortgage	48,210	48,046	45,629
Amortization of Credit Line	0	1,200	0
Total Contributions to Equity	48,210	49,246	45,629
Total Expenditures	1,228,416	1,180,501	1,228,729
NET SURPLUS (DEFICIT)			
FOR THE YEAR	0	48,218	(4,360)

See auditors' report on supplementary information

WESTCHESTER GARDENS OWNERS INC.

Detailed Schedule of Repairs

For the Year Ended December 31,

	<u>2012</u>	<u>2011</u>
REPAIRS		
Boiler and Burners	4,640	8,453
Plumbing and Pipes	5,552	28,253
Electrical	440	2,959
Painting, Plastering and Carpentry Work	10,988	12,958
Roofing and Waterproofing	3,035	0
Paving and Excavation	4,167	9,680
Masonry and Tile Work	3,904	7,794
Fencing and Gates	3,200	0
Window Repairs	1,387	4,497
Locks	779	0
Intercom	780	2,495
Engineers and Architects	0	4,035
Uniforms	1,133	289
Rubbish Removal	620	37
Truck Expenses	1,863	4,232
General	<u>2,590</u>	<u>2,464</u>
Total Repairs	<u>45,076</u>	<u>88,146</u>

See auditors' report on supplementary information

WESTCHESTER GARDENS OWNERS INC
APPROVED OPERATING BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2014

RECEIPTS

CARRYING CHARGES	1,186,384	
PARKING	74,000	
LAUNDRY ROOM INCOME	8,700	
STORAGE UNITS	4,400	
INTEREST INCOME	100	
MISCELLANEOUS INCOME	<u>1,200</u>	
TOTAL RECEIPTS		1,274,784

EXPENDITURES

ADMINISTRATIVE EXPENSES		
MANAGEMENT FEE	36,000	
LEGAL	5,000	
AUDITING	8,700	
TELECOMMUNICATIONS	3,900	
OFFICE AND ADMIN EXPENSES	<u>5,741</u>	
TOTAL ADMINISTRATIVE EXPENSES		59,341

MAINTENANCE EXPENSES

PAYROLL	137,500	
SUPPLIES	13,000	
REPAIRS AND MAINTENANCE	45,000	
EXTERMINATING EXPENSES	6,000	
LANDSCAPING AND GROUNDS	20,000	
TREE SERVICES	3,000	
SNOW REMOVAL AND SUPPLIES	<u>12,000</u>	
TOTAL MAINTENANCE EXPENSES		236,500

UTILITIES EXPENSES

FUEL	197,000	
ELECTRICITY AND GAS	21,000	
WATER	<u>19,500</u>	
TOTAL UTILITIES EXPENSES		237,500

WESTCHESTER GARDENS OWNERS INC

TAXES AND INSURANCE		
REAL ESTATE TAXES	343,000	
PAYROLL TAXES	11,500	
LICENSES AND PERMITS	500	
INSURANCE	63,000	
UNION WELFARE AND PENSION FUND	51,000	
FRANCHISE TAXES	1,900	
TOTAL TAXES AND INSURANCE	470,900	470,900
 FINANCIAL EXPENSES		
INTEREST ON MORTGAGE	180,092	
INTEREST ON CREDIT LINE	4,200	
TOTAL FINANCIAL EXPENSES	184,292	184,292
 CONTRIBUTIONS TO EQUITY/RESERVES		
AMORTIZATION OF MORTGAGE	55,051	
AMORTIZATION OF CREDIT LINE	1,200	
PAYBACK OF CREDIT LINE	30,000	
TOTAL CONTRIBUTIONS TO EQUITY/RESERVES	86,251	86,251
 TOTAL EXPENDITURES	 1,274,784	 1,274,784
 NET SURPLUS	 <u>0</u>	 <u>0</u>

NOTES

1. CARRYING CHARGES - INCREASE 2% JAN 2014
3. FUEL - 62,000 GALLONS @ \$3.05/GALLON PLUS TAX

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": SUTTON ESTATES, LLC

Prior names used by Seller:

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

S.S. No.: 13-3873041

1.1.2 "Purchaser":

Address:

S.S. No.:

1.2 The "Attorneys" are:

1.2.1 "Seller's Attorney"

Nancy R. Heller

Peck & Heller

Address: 805 Third Avenue

New York, New York 10022

Telephone: (212) 758-5230

Fax: (212) 758-5945

1.2.2 "Purchaser's Attorney"

Address:

Telephone:

Fax:

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

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

Address: 7 Bryant Crescent, #1C

White Plains, New York 10605

Telephone: (914) 328-6962

Fax: (914) 328-6993

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

Company Name:

1.6 The name of the cooperative housing corporation ("Corporation") is: Westchester Gardens Owners, Inc.

1.7 The "Unit" number is:

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

445 Gramatan Avenue

Mount Vernon, New York 10552

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

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

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

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

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

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

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

1.16 The "Purchase Price" is: \$

1.16.1 The "Contract Deposit" is: \$

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

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

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

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

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

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

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

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

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

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

1.23 All "Proposed Occupants" of the Unit are:

1.23.1 persons and relationship to Purchaser:

1.23.2 pets:

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

(See ¶27)

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

2 AGREEMENT TO SELL AND PURCHASE; PURCHASE PRICE; ESCROW

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

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

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

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

3 PERSONALTY

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

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

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

4 REPRESENTATIONS AND COVENANTS

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

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

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

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

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

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

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

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

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

4.1.9 at Closing in accordance with ¶15.2:

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

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

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

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

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

4.2 Purchaser represents and covenants that:

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

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

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

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

4.2.5 Purchaser shall not make any representations to the

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

5 CORPORATE DOCUMENTS

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

~~6 REQUIRED CONSENT AND REFERENCES~~

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

7 CONDITION OF UNIT AND PERSONALTY;

POSSESSION

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

8 RISK OF LOSS

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

9 CLOSING LOCATION

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

10 CLOSING

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

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

11 CLOSING FEES, TAXES AND APPORTIONMENTS

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

- day preceding the Closing, the Maintenance, any other periodic charges due the Corporation (other than Assessments) and STAR Tax Exemption (if the Unit is the beneficiary of same), based on the number of the days in the month of Closing.
- 11.5 Assessments, whether payable in a lump sum or installments, shall not be apportioned, but shall be paid by the Party who is the owner of the Shares on the date specified by the Corporation for payment. Purchaser shall pay any installments payable after Closing provided Seller had the right and elected to pay the Assessment in installments.
- 11.6 Each Party shall timely pay any transfer taxes for which it is primarily liable pursuant to law by cashier's, official bank, certified, or attorney's escrow check. This ¶11.6 shall survive Closing.
- 11.7 Any computational errors or omissions shall be corrected within 6 months after Closing. This ¶11.7 shall survive Closing.

12 BROKER

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

13 DEFAULTS, REMEDIES AND INDEMNITIES

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

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

14 ENTIRE AGREEMENT; MODIFICATION

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

15 REMOVAL OF LIENS AND JUDGMENTS

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

16 SELLER'S INABILITY

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

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

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

17 NOTICES AND CONTRACT DELIVERY

- 17.1 Any notice or demand ("Notice") shall be in writing and delivered either by hand, overnight delivery or certified or registered mail, return receipt requested, to the Party and simultaneously, in like manner, to such Party's Attorney, if any, and to Escrowee at their respective addresses or to such other address as shall hereafter be designated by Notice given pursuant to this ¶17.
- 17.2 The Contract may be delivered as provided in ¶17.1 or by ordinary mail.
- 17.3 The Contract or each Notice shall be deemed given and received:
- 17.3.1 on the day delivered by hand;
- 17.3.2 on the business day following the date sent by overnight delivery;
- 17.3.3 on the 5th business day following the date sent by certified or registered mail; or
- 17.3.4 as to the Contract only, 3 business days following the date of ordinary mailing.
- 17.4 A Notice to Escrowee shall be deemed given only upon actual receipt by Escrowee.
- 17.5 The Attorneys are authorized to give and receive any Notice on behalf of their respective clients.
- 17.6 Failure or refusal to accept a Notice shall not invalidate the Notice.
- 17.7 Notice pursuant to ¶¶2.2.2 and 13.4 may be delivered by confirmed facsimile to the Party's Attorney and shall be deemed given when transmission is confirmed by sender's facsimile machine.

18 FINANCING PROVISIONS

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

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

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

23 NO ASSIGNMENT BY PURCHASER; DEATH OF PURCHASER

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

24 COOPERATION OF PARTIES

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

25 FIRPTA

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

26 ADDITIONAL REQUIREMENTS

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

27 ESCROW TERMS

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

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

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

28 MARGIN HEADINGS

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

29 MISCELLANEOUS

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

30 LEAD PAINT

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

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

SELLER: SUTTON ESTATES, LLC

PURCHASER:

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

By: _____

ESCROWEE

Continued on addendum or rider attached hereto.

RIDER ANNEXED TO CONTRACT

Dated: _____, 20____

Seller: SUTTON ESTATES, LLC

Purchaser:

Premises: 445 Gramatan Avenue, Mount Vernon, New York

Unit No.:

Apartment Corporation: Westchester Gardens Owners, 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 Eighteenth Amendment to the Plan to be submitted to the Attorney General of the State of New York and is subject to the Escrow Rider annexed hereto as Exhibit A and made a part hereof. This Contract is conditioned upon, and shall not be deemed valid and binding until, execution and delivery of the annexed Escrow Rider by Seller, Purchaser and Escrow Agent.

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

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

37. The amount of the loan set forth in Paragraph 1.21.1 shall be the lesser of (i) the

amount set forth in the printed form of this Contract, (ii) 80.0% per cent of the value of the Unit as appraised by Purchaser's Institutional Lender or (iii) the maximum financing permitted by the Corporation.

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

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

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

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

42. [Intentionally Deleted.]

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

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

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

the Corporation.

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

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

(e) Purchaser may not commence work in the Unit unless and until it has delivered to the Managing Agent a Certificate of Insurance from its general contractor which names the Corporation and the Managing Agent and their employees as additional insured parties.

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

(g) The provisions of this Paragraph shall survive the closing and shall also be for the benefit of the Corporation and may be relied upon and enforced by it.

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

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

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

47. The balance of the Purchase Price payable pursuant to Paragraphs 1.12.2 and 2.2.2 shall be by check as specified made payable to the order of Estates Supervision.

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

SUTTON ESTATES, LLC, Seller

By: _____, Member

_____, Purchaser

**ESCROW RIDER TO
CONTRACT OF SALE**

AGREEMENT made this _____ day of _____, 20____, by and among _____
_____ ("PURCHASER"), SUTTON ESTATES, LLC, ("SELLER"), as
the sponsor of the Westchester Gardens, Inc. 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 445 Gramatan
Avenue, Mount Vernon, New York, subject to the terms and conditions set forth in the Plan; and

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

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

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

1. ESTABLISHMENT OF THE ESCROW ACCOUNT.

1.1. ESCROW AGENT has established or will establish an escrow account for the
purpose of holding the Deposit made by PURCHASER pursuant to that certain Contract of Sale
to which this Rider is annexed for the purchase and sale of shares in Westchester Gardens
Owners, Inc. (the "Contract of Sale") at JPMorgan Chase Bank located at its branch office
located at 360 Park Avenue, in the City and State of New York, a bank authorized to do business
in the State of New York. The escrow account is entitled Laura B. March Attorney Trust
Account IOLA ("Escrow Account"). The account number is 5310003072.

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

1.3 ESCROW AGENT and all authorized signatories hereby submit to the jurisdiction of the State of New York and its Courts for any cause of action arising out of this Agreement or otherwise concerning the maintenance of or release of the Deposit from escrow.

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

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

2. DEPOSITS INTO THE ESCROW ACCOUNT.

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

2.2 Within five (5) business days after the Purchase Agreement has been tendered to ESCROW AGENT along with the DEPOSIT, ESCROW AGENT shall place the DEPOSIT into the Escrow Account. Within ten (10) business days of placing the DEPOSIT in the Escrow Account, ESCROW AGENT shall provide written notice to Purchaser and Sponsor, confirming the Deposit. Such notice shall set forth the Bank and the account number. If the PURCHASER does not receive notice within fifteen (15) business days after tender of the Deposit, the PURCHASER may cancel the Purchase Agreement within ninety (90) days after tender of the Deposit. Complaints concerning the failure to honor such cancellation requests may be referred to the New York State Department of Law, Real Estate Finance Bureau, 120 Broadway, 23rd Floor, New York, N.Y. 10271. Rescission shall not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit was timely placed in the Escrow Account in accordance with the New York State Department of Law's regulations concerning 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 January 27, 1989 and a post-closing amendment dated July 12, 1989 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:

SUTTON ESTATES, LC

By: _____

Name:

Title: Member

Escrow Rider Form.wpd

**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: Sutton Estates, LLC by Robert Orlofsky, Member

Purchaser:

Agent: Robert Orlofsky Realty, Inc. by Robert Orlofsky

Purchaser:

WESTCHESTER GARDENS OWNERS, INC.

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. Ball playing, bike riding and roller blading are not permitted in the courtyard, parking lot or other areas of the property.
- (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 stereo 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 May 16, 1989. No pigeons or other birds or animals shall be fed from the window sills, terraces, balconies or in the yard, court spaces or other public portions of a building, or on the sidewalk or street adjacent to a building.

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

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

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

(17) The Lessee shall keep all floors covered with 80% carpeting and appropriate padding or the equivalent thereof excepting 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) No vehicle may be parked at Westchester Gardens unless it has been properly registered with the Lessor and displays a current Westchester Gardens parking sticker in the window of the vehicle. The parking sticker must be affixed to the rear, driver's side window.

(b) In order to qualify for Westchester Gardens parking registration, a vehicle must (i) be registered by New York State at a Westchester Gardens address, or (ii) if registered at a resident's place of employment, proof satisfactory to Lessor must be submitted from the employer indicating that the resident is entitled to utilize the vehicle for commutation or other purposes.

(c) Only "actively driven" vehicles shall be permitted to qualify for parking registration. "Actively driven" for purposes of this rule shall mean vehicles which are driven at least three days per week.

(d) No more than (2) cars shall be permitted to be registered for parking per licensed driver.

(e) Under appropriate circumstances, if an application is made, the

(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 (Westchester Gardens Owners, Inc.). 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 Westchester Gardens Owners, Inc. 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 \$450.00. (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.

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SEVENTEENTH AMENDMENT TO OFFERING PLAN
for
445 GRAMATAN AVENUE
MOUNT VERNON, 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 445 Gramatan Avenue, Mount Vernon, New York, dated July 26, 1988, 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 as of January 1, 2011 which sets forth the units to which unsold shares are allocated. All unsold shares are held by Sutton Estates ("Sponsor").

(b) As of January 1, 2011, the aggregate monthly maintenance payments for all shares owned by the Sponsor is approximately \$24,000.00.

(c) As of December 31, 2010, the aggregate monthly rents payable by tenants of all units owned by Sponsor is approximately \$24,500.00

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

(e) None of the unsold shares is subject to mortgages or financing commitments.

(f) The maintenance payments due from sponsor or holders of unsold shares are funded by the monthly rents received from tenants of units owned by sponsor or holders of unsold shares or if insufficient, from sales of units or other assets of Sponsor or holders of unsold shares.

(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:

31 Pondfield Road, Bronxville, New York
File No. C83-0117
27-47 North Central Avenue, Hartsdale, New York
File No. C81-0158
17 North Chatsworth Avenue, Larchmont, New York
File No. C81-0234
10 Franklin Avenue, White Plains, New York
File No. C82-0477
1-15 Bryant Crescent, White Plains, New York
File No. C79-0438
324 East 35th Street, New York, New York
File No. C85-0459
60 West 70th Street, New York, New York
File No. C80-0493
319 East 73rd Street, New York, New York
File No. C85-0758

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

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

(j) The Sponsor relinquished control of the Board of Directors on May 23, 1990. As of January 1, 2011, the total of unsold shares held by the Sponsor aggregates 25.05% of the outstanding shares of the Corporation.

3. Maintenance Charges and Budget.

By resolution of the Board of Directors of the Corporation adopted at a meeting duly held November 30, 2010, after reviewing a projected budget of building operations for the calendar year 2011, the per share monthly maintenance was fixed at \$1.781 for the calendar year 2011, representing an increase of 5% over the prior year. Monthly parking charges were increased from \$35.00 to \$45.00.

Attached hereto is the budget for the 2011 calendar year, prepared by the

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

4. Election of Officers and Directors.

At the annual meeting of the shareholders of the Corporation duly held on September 20, 2010, the following officers and directors of the Corporation were elected:

Lou Cirillo, President and Director
*Robert Orlofsky, Vice President and Director
*Jeffrey B. Sommers, Vice President and Director
Carl Grant, Vice President and Director
Kim A. Derbin, Vice President and Director
Michael Hughes, Secretary and Director
Nancy Saarinen, Treasurer and Director

*Sponsor Designee

5. Financial Statements.

The financial statement for Westchester Gardens Owners, Inc. for the years ended December 31, 2008 and December 31, 2009 prepared by Citrin Cooperman & Company,, LLP, Certified Public Accountants, is attached hereto.

6. No Other Material Changes in Plan.

There have been no material changes in the Plan, except as set forth in this 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: **JANUARY 14**, 2011

SUTTON ESTATES, LLC Sponsor



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

ERIC T. SCHNEIDERMAN
ATTORNEY GENERAL

DIVISION OF ECONOMIC JUSTICE
REAL ESTATE FINANCE BUREAU

(212) 416-8171

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

RE: 445 Gramatan Avenue (Westchester Gardens)
File Number: C 870246 Amendment No: 17
Date Amendment Filed: 01/14/2011 Filing Fee: \$225.00
Receipt Number: 111003

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 "Joseph Wilson / CS".

Joseph Wilson
Assistant Attorney General

445 Gramatan Avenue
Mount Vernon, New York
File No.: C87-0246

SCHEDULE OF UNSOLD SHARES

<u># APT.</u>		<u>NUMBER OF SHARES</u>	
AB2		415	
AC2		410	
AD3		405	
BD1		405	
CD1		480	
DC2		410	
DD1		480	
EA2		300	
EB1		455	
EB2		295	
EC3		485	
ED1		445	
FD2		480	
GA2		300	
GA3		460	
GB2		295	
HA1		420	
HD2		480	
IA1		420	
IA2		460	
IA3		495	
IB1		490	
IB3		490	
IC2		450	
ID3		480	
JA1		660	
JB2		415	
JC2		410	
KC3		540	
Total Building Units	29	Total Unsold Shares	12,730

**WESTCHESTER GARDENS OWNERS INC
 APPROVED OPERATING BUDGET
 FOR THE YEAR ENDED DECEMBER 31, 2011**

RECEIPTS

CARRYING CHARGES	1,086,015	
PARKING	60,500	
LAUNDRY ROOM INCOME	8,700	
STORAGE UNITS	4,000	
INTEREST INCOME	0	
MISCELLANEOUS INCOME	1,500	
TOTAL RECEIPTS		1,160,715

EXPENDITURES

ADMINISTRATIVE EXPENSES

MANAGEMENT FEE	31,500	
LEGAL	1,000	
AUDITING	8,400	
TELECOMMUNICATIONS	3,600	
OFFICE AND ADMIN EXPENSES	5,537	
TOTAL ADMINISTRATIVE EXPENSES		50,037

MAINTENANCE EXPENSES

PAYROLL	132,000	
SUPPLIES	11,000	
REPAIRS AND MAINTENANCE	66,000	
MAJOR REPAIRS/CONTINGENCY	7,000	
EXTERMINATING EXPENSES	2,500	
LANDSCAPING AND GROUNDS	20,000	
TREE SERVICES	7,000	
SNOW REMOVAL AND SUPPLIES	12,000	
TOTAL MAINTENANCE EXPENSES		257,500

UTILITIES EXPENSES

FUEL	155,000	
ELECTRICITY AND GAS	21,000	
WATER	16,000	
TOTAL UTILITIES EXPENSES		192,000

WESTCHESTER GARDENS OWNERS INC

TAXES AND INSURANCE		
REAL ESTATE TAXES	312,000	
PAYROLL TAXES	12,000	
LICENSES AND PERMITS	500	
INSURANCE	53,500	
UNION WELFARE AND PENSION FUND	45,500	
FRANCHISE TAXES	3,000	
TOTAL TAXES AND INSURANCE	<u>426,500</u>	
FINANCIAL EXPENSES		
INTEREST ON MORTGAGE		189,049
CONTRIBUTIONS TO EQUITY/RESERVES		
AMORTIZATION OF MORTGAGE		<u>45,629</u>
TOTAL EXPENDITURES		<u>1,160,715</u>
NET SURPLUS		<u><u>0</u></u>

NOTES

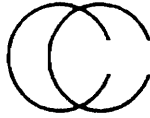
1. CARRYING CHARGES - INCREASE 5% JAN 2011
2. PARKING FROM 35 TO 45 PER MONTH AS OF JAN 2011
3. FUEL - 64,000 GALLONS @ \$2.35/GALLON PLUS TAX

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
YEARS ENDED DECEMBER 31, 2009 AND 2008

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
Westchester Gardens Owners, Inc.

We have audited the accompanying balance sheets of Westchester Gardens Owners, Inc. (a cooperative housing corporation) as of December 31, 2009 and 2008, and the related statements of revenues, expenses, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Westchester Gardens Owners, Inc. as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, effective January 1, 2009, the Corporation changed its method of accounting for uncertainty in income taxes.

As discussed in Note 2, the Corporation has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information on future major repairs and replacements that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 5, 2010

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
BALANCE SHEETS
DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 193,553	\$ 192,376
Tenant-shareholder receivables	4,410	3,445
Prepaid expenses	21,971	21,992
Deferred mortgage acquisition costs, net	30,846	35,473
Investment in stock - National Consumer Cooperative Bank	6,045	33,250
Property and improvements, net of accumulated depreciation	<u>5,913,832</u>	<u>6,028,231</u>
TOTAL ASSETS	\$ <u>6,170,657</u>	\$ <u>6,314,767</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:		
Accounts payable and accrued expenses	\$ 82,262	\$ 90,887
Star credits	59,392	52,509
Maintenance received in advance	136	2,664
Mortgage payable	3,078,300	3,118,543
Sublet security deposits	<u>5,914</u>	<u>5,164</u>
Total liabilities	<u>3,226,004</u>	<u>3,269,767</u>
Commitments and contingencies (Notes 4 and 5)		
Shareholders' equity:		
Common stock - \$1.00 par value; 50,815 shares authorized, issued and outstanding	50,815	50,815
Additional paid-in capital	4,864,060	4,864,060
Accumulated deficit	<u>(1,970,222)</u>	<u>(1,869,875)</u>
Total shareholders' equity	<u>2,944,653</u>	<u>3,045,000</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ <u>6,170,657</u>	\$ <u>6,314,767</u>

See accompanying notes to financial statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
STATEMENTS OF REVENUES, EXPENSES, AND ACCUMULATED DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Maintenance	\$ 930,174	\$ 911,935
Fuel surcharge	76,226	92,105
Parking	46,980	46,805
Laundry	8,700	8,700
Interest income	546	13,895
Other	<u>5,225</u>	<u>21,506</u>
Total revenues	<u>1,067,851</u>	<u>1,094,946</u>
Expenses (exclusive of depreciation and amortization):		
Operating	393,507	454,266
Maintenance	75,116	54,940
General building repairs	47,814	57,187
Administrative	50,055	51,562
Financial	194,979	197,980
Taxes	<u>282,836</u>	<u>260,735</u>
Total expenses	<u>1,044,307</u>	<u>1,076,670</u>
Excess of revenues over expenses before depreciation and amortization of deferred charges	23,544	18,276
Depreciation	119,264	110,639
Amortization of deferred charges	<u>4,627</u>	<u>4,627</u>
Deficiency of revenues over expenses	(100,347)	(96,990)
Accumulated deficit - beginning	<u>(1,869,875)</u>	<u>(1,772,885)</u>
ACCUMULATED DEFICIT - ENDING	<u>\$ (1,970,222)</u>	<u>\$ (1,869,875)</u>

See accompanying notes to financial statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Deficiency of revenues over expenses	\$ (100,347)	\$ (96,990)
Adjustments to reconcile deficiency of revenues over expenses to net cash provided by (used in) operating activities:		
Depreciation	119,264	110,639
Amortization of deferred charges	4,627	4,627
Changes in assets and liabilities:		
Tenant-shareholder receivables	(965)	873
Prepaid expenses	21	982
Accounts payable and accrued expenses	(8,625)	(42,241)
Maintenance received in advance	(2,528)	1,686
Sublet security deposits	750	-
Star credits	<u>6,883</u>	<u>5,540</u>
Net cash provided by (used in) operating activities	<u>19,080</u>	<u>(14,884)</u>
Cash flows from investing activities:		
Payments for property and improvements	(4,865)	(426,203)
Redemption of preferred shares - National Consumer Cooperative Bank	27,205	-
Sale of treasury bills	<u>-</u>	<u>331,794</u>
Net cash provided by (used in) investing activities	<u>22,340</u>	<u>(94,409)</u>
Cash used in financing activities:		
Repayments of mortgage payable	<u>(40,243)</u>	<u>(37,259)</u>
Net increase (decrease) in cash and cash equivalents	1,177	(146,552)
Cash and cash equivalents - beginning	<u>192,376</u>	<u>338,928</u>
CASH AND CASH EQUIVALENTS - ENDING	\$ <u>193,553</u>	\$ <u>192,376</u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ <u>195,194</u>	\$ <u>198,179</u>
Corporate taxes paid	\$ <u>4,310</u>	\$ <u>3,760</u>

See accompanying notes to financial statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1. NATURE OF ORGANIZATION

Westchester Gardens Owners, Inc. (the "Corporation"), a cooperative housing corporation, was organized on January 16, 1986, in order to acquire the property at 445 Gramatan Avenue, Mount Vernon, New York (the "Property"). The Corporation is a qualified cooperative housing corporation under Section 216(b)(1) of the Internal Revenue Code. The primary purpose of the Corporation is to manage the operations of the Property and maintain the common elements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently adopted accounting pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued authoritative guidance that established the FASB Accounting Standards Codification ("Codification" or "ASC") as the source of authoritative generally accepted accounting principles ("GAAP") recognized by the FASB to be applied to all nongovernmental entities. The Codification supersedes all of the existing accounting and reporting standards applicable to privately held companies upon its effective date and, subsequently, the FASB will not issue new standards in the form of FASB Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. The guidance is not intended to change or alter existing GAAP. The guidance became effective for the Company for the fiscal year ended December 31, 2009. The guidance did not have an impact on the Company's financial position, results of operations or cash flows. All references to previous numbering of FASB Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts have been removed from the financial statements and accompanying notes.

In September 2006, the FASB issued authoritative guidance for fair value measurements, which has been codified in FASB ASC 820, *Fair Value Measurements and Disclosures*. The new guidance enhances existing guidance for measuring assets and liabilities at fair value. The guidance defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value measurements. The Company adopted the standard as amended by subsequent FASB standards beginning January 1, 2008, on a prospective basis, with respect to fair value measurements of assets and liabilities that are measured at fair value on a recurring basis (at least annually) in periods subsequent to initial recognition. In February 2008, the FASB issued authoritative guidance that permits companies to partially defer the guidance for one year for nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. These remaining aspects of the fair value measurement standard were adopted prospectively beginning January 1, 2009, and did not have a material effect on the accompanying financial statements.

On January 1, 2009, the Company adopted the new standard regarding accounting for uncertainty in income taxes. The Company is required to apply the "more likely than not" threshold to the recognition and derecognition of tax positions. The standard also provides guidance on the measurement of tax positions, balance sheet classification, interest and penalties, accounting in interim periods, disclosures, and transition. Adoption of the standard did not have a material effect on the Company's financial statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently adopted accounting pronouncements (continued)

In May 2009, the FASB issued guidance related to subsequent events, which was primarily codified into FASB ASC 855, *Subsequent Events*. This guidance establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. In particular, the guidance sets forth: (1) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (2) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and (3) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date.

FASB ASC 855 is effective for interim or annual periods ending after June 15, 2009, and is to be applied prospectively. The Corporation adopted FASB ASC 855 as of December 31, 2009. The Corporation has evaluated all events or transactions that occurred after December 31, 2009, up through the date that the financial statements were available to be issued on March 5, 2010.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with GAAP.

Property and improvements

Property and improvements are stated at cost. The building is depreciated on the straight-line method over an estimated life of 35 years. Building improvements and equipment are depreciated on the straight-line method over estimated lives that range from 10 to 40 years. Maintenance and repairs that do not increase the useful life of an asset are expensed as incurred.

Revenue recognition

Tenant-shareholders are subject to monthly assessments to provide funds for the Corporation's operating expenses, future capital acquisitions, and major repairs and replacements. Tenant-shareholder receivables at the balance-sheet date represent maintenance fees due from tenant-shareholders. The Corporation's policy is to retain legal counsel and place liens on the shares of stock of tenant-shareholders whose assessments are 30 days or more delinquent. No maintenance fees receivable at December 31, 2009 and 2008, were considered uncollectible. Any excess assessments at year-end are retained by the Corporation for use in the succeeding year.

Deferred mortgage acquisition costs

Mortgage acquisition costs are being amortized over the life of the related mortgage using the straight-line method. Upon the refinancing of a mortgage, all remaining unamortized costs related to that mortgage are written off. Accumulated amortization amounted to \$15,423 and \$10,796 at December 31, 2009 and 2008, respectively.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates

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

Statement of cash flows

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

Concentration of risk

The Corporation places its cash, which may at times be in excess of FDIC insurance limits, with high credit quality financial institutions and limits the amount of credit exposure with any one institution.

Sponsor ownership

At both December 31, 2009 and 2008, Sutton Estates, LLC (the "Sponsor") owned 30 residential units, or approximately 26% of the total residential units. Common charges received from the Sponsor's residential units aggregated approximately \$242,000 and \$237,000 for the years ended December 31, 2009 and 2008, respectively.

Future major repairs and replacements

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

Income taxes

The Corporation is qualified to prepare its income tax returns pursuant to the provisions of Subchapter T of the Internal Revenue Code. Subchapter T provides that expenses attributable to the generation of patronage income, i.e., income from business done with or for patrons (tenant cooperators), are deductible only to the extent of patronage income. The Corporation believes that all of its income for the years ended December 31, 2009 and 2008, is patronage income within the meaning of Subchapter T.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Under the new standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 3. PROPERTY AND IMPROVEMENTS

Property and improvements consisted of the following at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Land	\$ 3,824,018	\$ 3,824,018
Building	3,086,857	3,086,857
Improvements and equipment	<u>1,074,438</u>	<u>1,069,573</u>
	7,985,313	7,980,448
Less: accumulated depreciation	<u>(2,071,481)</u>	<u>(1,952,217)</u>
Property and improvements, net	<u>\$ 5,913,832</u>	<u>\$ 6,028,231</u>

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 4. NET OPERATING LOSSES

The Corporation has federal and state tax loss carryforwards of approximately \$442,000, which if not utilized will expire as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2016	\$ 11,000
2017	23,000
2018	-
2019	-
2020-2026	<u>408,000</u>
Total	<u>\$ 442,000</u>

The net operating loss carryforwards give rise to a deferred tax asset of approximately \$150,000 and \$156,000 at December 31, 2009 and 2008, respectively, which are reduced by valuation allowances of \$150,000 and \$156,000 at December 31, 2009 and 2008, respectively.

NOTE 5. MORTGAGE PAYABLE

During 2006, the Corporation refinanced its mortgage from National Consumer Cooperative Bank ("NCCB") in the amount of \$3,200,000. In conjunction with the refinancing, the Corporation was required to purchase \$33,250 of NCCB's stock. The mortgage, which is secured by the Property, is payable in monthly installments of \$19,620 commencing October 1, 2006, including interest at the rate of 6.21% per annum and is based on a 30-year amortization period. The note matures on September 1, 2016, at which time a balloon payment of approximately \$2,731,000 is due.

The loan agreements also provide for a \$500,000 stand-by line of credit. The interest rate is 1% over the lender's base rate. As of December 31, 2009, the line of credit has not been used.

Principal payments required to be made for each of the next five years are as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2010	\$ 42,851
2011	45,629
2012	51,211
2013	54,483
2014	57,965

Interest expense was \$194,979 and \$197,980 for 2009 and 2008, respectively.

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

There were no patronage dividends paid during the years ended December 31, 2009 and 2008.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 5. MORTGAGE PAYABLE (CONTINUED)

At December 31, 2009 and 2008, the Corporation owned 60 and 333 Class B1 shares, respectively. At December 31, 2009 and 2008, the Corporation owned 307 and 300 Class B2 shares, respectively. The Corporation's management has not placed any value on Class B2 stock due to the attributes described above.

NOTE 6. SPECIAL ASSESSMENTS

The Corporation assessed the shareholders a fuel surcharge in 2009 and 2008.

NOTE 7. RELATED PARTY TRANSACTIONS

The Corporation is obligated to pay management fees to Robert Orlofsky Realty, Inc., a company related through common ownership. Management fees incurred for the years ended December 31, 2009 and 2008, amounted to \$31,675 and \$31,500, respectively.

NOTE 8. FAIR VALUE MEASUREMENTS

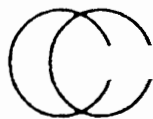
The following table summarizes the Corporation's financial assets and liabilities:

	Level 1	
	2009	2008
Schwab Money Market Funds	\$ 150,942	\$ 170,505
	Level 3	
	2009	2008
Preferred shares, National Consumer Cooperative Bank	\$ 6,045	\$ 33,250

The following table reconciles the change in the Corporation's Level 3 financial assets:

	2009	2008
Balance - beginning	\$ 33,250	\$ 33,250
Redeemed during the year	(27,205)	-
Balance - ending	\$ 6,045	\$ 33,250

ADDITIONAL INFORMATION



Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors and Shareholders
Westchester Gardens Owners, Inc.

Our report on our audits of the basic financial statements of Westchester Gardens Owners, Inc. (a cooperative housing corporation) for the years ended December 31, 2009 and 2008, appears on page one. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information contained in the accompanying Schedules I and II on pages 12 - 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the 2009 budget information marked "unaudited" on which we express no opinion, 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.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 5, 2010

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
SCHEDULE I - REVENUES AND EXPENSES - BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009		2008
	Budget (Unaudited)	Actual	Actual
Revenues:			
Maintenance	\$ 930,174	\$ 930,174	\$ 911,935
Fuel surcharge	76,222	76,226	92,105
Parking	47,000	46,980	46,805
Laundry	8,700	8,700	8,700
Interest income	6,000	546	13,895
Other	<u>2,800</u>	<u>5,225</u>	<u>21,506</u>
Total revenues	<u>1,070,896</u>	<u>1,067,851</u>	<u>1,094,946</u>
Expenses (exclusive of depreciation and amortization):			
Operating	377,500	393,507	454,266
Maintenance	55,700	75,116	54,940
General building repairs	76,439	47,814	57,187
Administrative	50,320	50,055	51,562
Financial	195,194	194,979	197,980
Taxes	<u>275,500</u>	<u>282,836</u>	<u>260,735</u>
Total expenses	<u>1,030,653</u>	<u>1,044,307</u>	<u>1,076,670</u>
Excess (deficiency) of revenues over expenses before depreciation and amortization of deferred charges	<u>\$ 40,243</u>	<u>\$ 23,544</u>	<u>\$ 18,276</u>
Amortization of mortgage	<u>\$ 40,243</u>	<u>\$ 40,243</u>	<u>\$ 36,823</u>

See independent auditors' report on additional information.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
SCHEDULE II - OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009		2008
	Budget	Actual	Actual
	(Unaudited)		
Operating expenses:			
Payroll	\$ 124,000	\$ 128,650	\$ 129,393
Employee benefits	36,500	42,208	38,561
Payroll taxes	9,500	10,322	10,240
Insurance - worker's compensation	6,000	4,076	3,889
Insurance - general	50,000	49,106	49,344
Fuel	115,000	130,262	187,950
Electricity and gas	20,500	16,230	20,474
Water charges	16,000	12,653	14,415
TOTAL OPERATING EXPENSES	\$ 377,500	\$ 393,507	\$ 454,266
Maintenance expenses:			
Exterminating	\$ 2,200	\$ 2,324	\$ 2,401
Plumbing	10,000	16,782	394
Gardening, landscaping and tree maintenance	22,500	26,806	25,922
Hardware and supplies	15,000	16,804	17,758
Snow removal	6,000	12,400	8,465
TOTAL MAINTENANCE EXPENSES	\$ 55,700	\$ 75,116	\$ 54,940
General building repairs:			
Blacktop	\$ 1,000	\$ -	\$ 558
Boiler and burner maintenance	9,500	17,752	9,796
Carpentry maintenance	8,500	7,455	5,459
Electric repairs	7,200	5,384	4,201
Garbage removal expense	3,000	2,665	-
Intercom maintenance	500	898	1,280
Paint maintenance	4,000	5,759	12,396
Roofing repair	6,500	-	-
Flooring and stair repair	-	342	6,328
Sewer and drain maintenance	500	340	463
Sign/stripping expense	1,500	-	2,090
Sprinkler	2,500	944	3,398
Tract/truck maintenance	3,000	2,202	4,996
Window/screen repair	1,000	455	293
Miscellaneous maintenance	3,000	3,090	5,764
Uniform expense	1,000	528	165
Contingency	23,739	-	-
TOTAL GENERAL BUILDING REPAIRS	\$ 76,439	\$ 47,814	\$ 57,187

See independent auditors' report on additional information.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
SCHEDULE II - OPERATING EXPENSES - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009		2008
	Budget	Actual	Actual
	(Unaudited)		
Administrative expenses:			
Management fees	\$ 32,500	\$ 31,675	\$ 31,500
Professional fees	10,000	9,466	9,966
Telephone and beeper	3,800	3,635	3,811
Miscellaneous	<u>4,020</u>	<u>5,279</u>	<u>6,285</u>
TOTAL ADMINISTRATIVE EXPENSES	\$ <u>50,320</u>	\$ <u>50,055</u>	\$ <u>51,562</u>
Financial expenses:			
Interest expense - mortgage	<u>\$ 195,194</u>	<u>\$ 194,979</u>	<u>\$ 197,980</u>
TOTAL FINANCIAL EXPENSES	\$ <u>195,194</u>	\$ <u>194,979</u>	\$ <u>197,980</u>
Taxes:			
Real estate taxes	\$ 272,500	\$ 278,526	\$ 256,975
New York State franchise tax	<u>3,000</u>	<u>4,310</u>	<u>3,760</u>
TOTAL TAXES	\$ <u>275,500</u>	\$ <u>282,836</u>	\$ <u>260,735</u>

See independent auditors' report on additional information.

SIXTEENTH AMENDMENT TO OFFERING PLAN
for
445 GRAMATAN AVENUE
MOUNT VERNON, 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 445 Gramatan Avenue, Mount Vernon, New York, dated July 26, 1988, 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 as of May 1, 2008 which sets forth the units to which unsold shares are allocated. All unsold shares are held by Sutton Estates ("Sponsor").

(b) As of May 1, 2008, the aggregate monthly maintenance payments for all shares owned by the Sponsor is approximately \$23,400.00.

(c) As of May 1, 2008, the aggregate monthly rents payable by tenants of all units owned by Sponsor is approximately \$26,100.00.

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

(e) None of the unsold shares is subject to mortgages or financing commitments.

(f) The maintenance payments due from sponsor or holders of unsold shares are funded by the monthly rents received from tenants of units owned by sponsor or holders of unsold shares or if insufficient, from sales of units or other assets of Sponsor or holders of unsold shares.

(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:

31 Pondfield Road, Bronxville, New York
File No. C83-0117
27-47 North Central Avenue, Hartsdale, New York
File No. C81-0158
17 North Chatsworth Avenue, Larchmont, New York
File No. C81-0234
10 Franklin Avenue, White Plains, New York
File No. C82-0477
1-15 Bryant Crescent, White Plains, New York
File No. C79-0438
324 East 35th Street, New York, New York
File No. C85-0459
60 West 70th Street, New York, New York
File No. C80-0493
319 East 73rd Street, New York, New York
File No. C85-0758

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

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

(j) The Sponsor relinquished control of the Board of Directors on May 23, 1990. As of May 1, 2008, the total of unsold shares held by the Sponsor, aggregates 26.98% of the outstanding shares of the Corporation.

3. Maintenance Charges and Budget.

By resolution of the Board of Directors of the Corporation adopted at a meeting duly held November 19, 2007, after reviewing a projected budget of building operations for the calendar year 2008, the per share monthly maintenance was fixed at \$1.4956 for the calendar year 2008, representing an increase of 8.75% over the prior year. In addition the Board adopted a fuel oil surcharge of \$1.50 per share for the year.

Attached hereto is the budget for the 2008 calendar year, prepared by the Building's managing agent and adopted by the Board of Directors. This budget is contained

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

4. Election of Officers and Directors.

At the annual meeting of the shareholders of the Corporation duly held on August 27, 2007, the following officers and directors of the Corporation were elected:

Lou Cirillo, President and Director
*Robert Orlofsky, Vice President and Director
*Jeffrey B. Sommers, Vice President and Director
Kim A. Derbin, Vice President and Director
John Gigante, Vice President and Director
Marisa Intile, Secretary and Director
Nancy Saarinen, Treasurer and Director
John Gigante, Secretary and Director

*Sponsor Designee

5. Financial Statements.

The financial statement for Westchester Gardens Owners, Inc. for the years ended December 31, 2006 and December 31, 2007 prepared by the Corporation's accountants, Citrin Cooperman & Company, LLP, Certified Public Accountants, is attached hereto.

6. No Other Material Changes in Plan.

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

Dated: **JULY 3** , 2008

SUTTON ESTATES, LLC Sponsor

445 Gramatan Avenue
Mount Vernon, New York
File No.: C87-0246

SCHEDULE OF UNSOLD SHARES

<u># APT.</u>	<u>NUMBER OF SHARES</u>
AB2	415
AC2	410
AD1	535
AD3	405
BD1	405
CD1	480
DC2	410
DD1	480
EA2	300
EB1	455
EB2	295
EC3	485
ED1	445
FD2	480
GA2	300
GA3	460
GB2	295
HA1	420
HD2	480
IA1	420
IA2	460
IA3	495
IB1	470
IB3	470
IC1	485
IC2	450
ID3	480
JA1	660
JB2	415
JC2	410
KC3	540
Total Building Units	31
Total Unsold Shares	13,710

WESTCHESTER GARDENS OWNERS CORP.

APPROVED OPERATING BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2008

PROJECTED INCOME

Maintenance Income	\$911,935
Fuel Surcharge	76,222
Laundry	8,400
Parking	47,040
Interest Income	14,000
Other	<u>2,800</u>

\$1,060,397

PROJECTED EXPENSES

Fuel – Oil	\$162,500
Electric and Gas	18,500
Payroll and Benefits	168,000
Insurance	56,000
Telephone	2,800
Gardening, Trees and Snow Removal	22,500
Plumbing	10,000
General Repairs	45,000
Snow Removal	6,000
Supplies	15,000
Interest – Mortgage	235,437
Franchise and Corp Taxes	2,600
Real Estate Taxes	253,000
Water and Sewer	18,000
Professional Fees	8,500
Management Fees	31,500
Miscellaneous	<u>5,060</u>

\$1,060,397

- Provides for a 8.75% increase in maintenance
- Provides for \$1.50 per share for a year

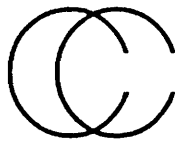
Approved November 19,2007

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
YEARS ENDED DECEMBER 31, 2007 AND 2006

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
Westchester Gardens Owners, Inc.

We have audited the accompanying balance sheets of Westchester Gardens Owners, Inc. (a cooperative housing corporation) as of December 31, 2007 and 2006, and the related statements of revenues, expenses, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Westchester Gardens Owners, Inc. as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the Corporation has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be part of, the basic financial statements.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 12, 2008

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
BALANCE SHEETS
DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 338,928	\$ 593,186
Treasury bills	331,794	248,071
Tenant-shareholder receivables	4,318	5,926
Prepaid expenses	22,974	22,177
Deferred mortgage acquisition costs	40,100	44,727
Investment in stock - National Consumer Cooperative Bank	33,250	33,250
Property and improvements, net of accumulated depreciation	<u>5,712,667</u>	<u>5,619,951</u>
TOTAL ASSETS	<u>\$ 6,484,031</u>	<u>\$ 6,567,288</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:		
Accounts payable and accrued expenses	\$ 133,128	\$ 58,292
Star credits	46,969	42,704
Maintenance received in advance	978	90
Mortgage payable	3,155,802	3,191,327
Sublet security deposits	<u>5,164</u>	<u>6,200</u>
Total liabilities	<u>3,342,041</u>	<u>3,298,613</u>
Shareholders' equity:		
Common stock - \$1.00 par value; 50,815 shares authorized, issued and outstanding	50,815	50,815
Additional paid-in capital	4,864,060	4,864,060
Accumulated deficit	<u>(1,772,885)</u>	<u>(1,646,200)</u>
Total shareholders' equity	<u>3,141,990</u>	<u>3,268,675</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 6,484,031</u>	<u>\$ 6,567,288</u>

See accompanying notes to financial statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
STATEMENTS OF REVENUES, EXPENSES, AND ACCUMULATED DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Maintenance	\$ 838,560	\$ 806,308
Fuel surcharge	38,113	38,113
Parking	46,530	46,440
Laundry	8,700	8,400
Interest income	52,899	11,054
Other	<u>5,018</u>	<u>6,062</u>
Total revenues	<u>989,820</u>	<u>916,377</u>
Expenses (exclusive of depreciation and amortization):		
Operating	390,303	344,222
Maintenance	64,854	71,879
General building repairs	63,103	35,602
Administrative	45,387	40,113
Financial	199,722	180,953
Taxes	<u>244,355</u>	<u>230,146</u>
Total expenses	<u>1,007,724</u>	<u>902,915</u>
Excess (deficiency) of revenues over expenses before depreciation and amortization of deferred charges	(17,904)	13,462
Depreciation	104,154	103,300
Amortization of deferred charges	<u>4,627</u>	<u>10,470</u>
Deficiency of revenues over expenses	(126,685)	(100,308)
Accumulated deficit - beginning	<u>(1,646,200)</u>	<u>(1,545,892)</u>
ACCUMULATED DEFICIT - ENDING	<u>\$ (1,772,885)</u>	<u>\$ (1,646,200)</u>

See accompanying notes to financial statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Deficiency of revenues over expenses	\$ (126,685)	\$ (100,308)
Adjustments to reconcile deficiency of revenues over expenses to net cash provided by operating activities:		
Depreciation	104,154	103,300
Amortization of deferred charges	4,627	10,470
Changes in assets and liabilities:		
Tenant-shareholder receivables	1,608	(3,152)
Other receivables	-	1,749
Prepaid expenses	(798)	(1,395)
Accounts payable and accrued expenses	74,837	(2,844)
Maintenance received in advance	888	(532)
Sublet security deposits	(1,036)	1,383
Star credits	<u>4,265</u>	<u>4,704</u>
Net cash provided by operating activities	<u>61,860</u>	<u>13,375</u>
Cash flows from investing activities:		
Payments for property and improvements	(196,870)	-
Purchase of treasury bills	<u>(83,723)</u>	<u>(248,071)</u>
Net cash used in investing activities	<u>(280,593)</u>	<u>(248,071)</u>
Cash flows from financing activities:		
Repayments of mortgage payable	(35,525)	(40,584)
Mortgage proceeds	<u>-</u>	<u>683,161</u>
Net cash provided by (used in) financing activities	<u>(35,525)</u>	<u>642,577</u>
Net increase (decrease) in cash and cash equivalents	(254,258)	407,881
Cash and cash equivalents - beginning	<u>593,186</u>	<u>185,305</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 338,928</u>	<u>\$ 593,186</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 199,912</u>	<u>\$ 177,518</u>
Corporate taxes paid	<u>\$ 2,885</u>	<u>\$ 3,320</u>
Supplemental disclosure of non-cash investing and financing activities:		
Refinancing of mortgage:		
Principal amount of new mortgage	\$ -	\$ 3,200,000
Repayment of prior mortgage	-	(2,437,320)
Closing costs	-	(46,269)
Purchase of National Consumer Cooperative Bank stock	<u>-</u>	<u>(33,250)</u>
Cash received	<u>\$ -</u>	<u>\$ 683,161</u>

See accompanying notes to financial statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 1. NATURE OF ORGANIZATION

Westchester Gardens Owners, Inc. (the "Corporation"), a cooperative housing corporation, was organized on January 16, 1986, in order to acquire the property at 445 Gramatan Avenue, Mount Vernon, New York (the "Property"). The Corporation is a qualified cooperative housing corporation under Section 216(b)(1) of the Internal Revenue Code. The primary purpose of the Corporation is to manage the operations of the Property and maintain the common elements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Property and improvements

Property and improvements are stated at cost. The building is depreciated on the straight-line method over an estimated life of 35 years. Building improvements and equipment are depreciated on the straight-line method over estimated lives that range from 10 to 40 years. Maintenance and repairs that do not increase the useful life of an asset are expensed as incurred.

Revenue recognition

Tenant-shareholders are subject to monthly assessments to provide funds for the Corporation's operating expenses, future capital acquisitions, and major repairs and replacements. Tenant-shareholder receivables at the balance-sheet date represent maintenance fees due from tenant-shareholders. The Corporation's policy is to retain legal counsel and place liens on the shares of stock of tenant-shareholders whose assessments are 30 days or more delinquent. No maintenance fees receivable at December 31, 2007 and 2006, were considered uncollectible. Any excess assessments at year-end are retained by the Corporation for use in the succeeding year.

Deferred mortgage acquisition costs

Mortgage acquisition costs are being amortized over the life of the related mortgage using the straight-line method. Upon the refinancing of a mortgage, all remaining unamortized costs related to that mortgage are written off. Accumulated amortization amounted to \$6,169 and \$1,542 at December 31, 2007 and 2006, respectively.

Use of estimates

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

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement of cash flows

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

Concentration of risk

The Corporation places its cash, which may at times be in excess of FDIC insurance limits, with high credit quality financial institutions and limits the amount of credit exposure with any one institution.

Future major repairs and replacements

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

Income taxes

The Corporation is qualified to prepare its income tax returns pursuant to the provisions of subchapter T of the Internal Revenue Code. Subchapter T provides that expenses attributable to the generation of patronage income, i.e., income from business done with or for patrons (tenant cooperators), are deductible only to the extent of patronage income. The Corporation believes that all of its income for the years ended December 31, 2007 and 2006, is patronage income within the meaning of subchapter T.

NOTE 3. PROPERTY AND IMPROVEMENTS

Property and improvements consist of the following at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Land	\$ 3,824,018	\$ 3,824,018
Building	3,086,857	3,086,857
Improvements and equipment	<u>643,370</u>	<u>446,500</u>
	7,554,245	7,357,375
Less: accumulated depreciation	<u>(1,841,578)</u>	<u>(1,737,424)</u>
Property and improvements, net	<u>\$ 5,712,667</u>	<u>\$ 5,619,951</u>

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 4. NET OPERATING LOSSES

The Corporation has federal and state tax loss carryforwards of approximately \$442,000, which if not utilized will expire as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2016	\$ 11,000
2017	23,000
2018	-
2019	-
2020-2026	<u>408,000</u>
Total	<u>\$ 442,000</u>

The net operating loss carryforwards give rise to a deferred tax asset of approximately \$150,000 and \$129,000 at December 31, 2007 and 2006, respectively, which are reduced by valuation allowances of \$150,000 and \$129,000 at December 31, 2007 and 2006, respectively.

NOTE 5. MORTGAGE PAYABLE

On September 1, 2006, the Corporation refinanced its mortgage from National Consumer Cooperative Bank ("NCCB") in the amount of \$3,200,000. In conjunction with the refinancing, the Corporation was required to purchase \$33,250 of NCCB's stock. The mortgage, which is secured by the Property, is payable in monthly installments of \$19,620 commencing October 1, 2006, including interest at the rate of 6.21% per annum and is based on a 30-year amortization period. The note matures on September 1, 2016, at which time a balloon payment of approximately \$2,731,000 is due.

The loan agreements also provide for a \$500,000 stand-by line of credit. The interest rate is 1% over the lender's base rate. As of December 31, 2007, the line of credit has not been used.

Principal payments required to be made for each of the next five years are as follows:

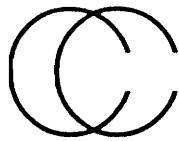
<u>Year ending December 31:</u>	<u>Amount</u>
2008	\$ 37,259
2009	40,243
2010	42,851
2011	45,629
2012	51,211

Interest expense was \$199,722 and \$180,953 for 2007 and 2006, respectively.

NOTE 6. SPECIAL ASSESSMENTS

The Corporation assessed the shareholders a fuel surcharge in 2007 and 2006.

ADDITIONAL INFORMATIONAL



Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors and Shareholders
Westchester Gardens Owners, Inc.

Our report on our audits of the basic financial statements of Westchester Gardens Owners, Inc. (a cooperative housing corporation) for the years ended December 31, 2007 and 2006, appears on page one. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information contained in the accompanying schedules on pages 9-11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the 2007 budget information marked "unaudited", on which we express no opinion, 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.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 12, 2008

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
SCHEDULE I - REVENUES AND EXPENSES - BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	Budget 2007 (Unaudited)	Actual 2007	Actual 2006
Revenues:			
Maintenance	\$ 838,561	\$ 838,560	\$ 806,308
Fuel surcharge	38,112	38,113	38,113
Parking	47,040	46,530	46,440
Laundry	8,400	8,700	8,400
Interest income	35,000	52,899	11,054
Other	<u>2,800</u>	<u>5,018</u>	<u>6,062</u>
Total revenues	<u>969,913</u>	<u>989,820</u>	<u>916,377</u>
Expenses (exclusive of depreciation and amortization):			
Operating	360,900	390,303	344,222
Maintenance	55,500	64,854	71,879
General building repairs	31,500	63,103	35,602
Administrative	43,976	45,387	40,113
Financial	199,912	199,722	180,953
Taxes	<u>242,600</u>	<u>244,355</u>	<u>230,146</u>
Total expenses	<u>934,388</u>	<u>1,007,724</u>	<u>902,915</u>
Excess (deficiency) of revenues over expenses before depreciation and amortization of deferred charges	<u>\$ 35,525</u>	<u>\$ (17,904)</u>	<u>\$ 13,462</u>
Amortization of mortgage	<u>\$ 35,525</u>	<u>\$ 36,823</u>	<u>\$ 59,389</u>

See independent auditors' report on additional information.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
SCHEDULE II - OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	Budget 2007 (Unaudited)	Actual 2007	Actual 2006
Operating expenses:			
Payroll	\$ 125,000	\$ 124,664	\$ 121,549
Employee benefits	30,000	36,230	30,945
Payroll taxes	10,000	9,882	9,870
Insurance - worker's compensation	3,000	6,147	3,548
Insurance - general	51,000	50,476	45,362
Fuel	105,400	125,141	98,819
Electricity and gas	18,500	17,545	16,756
Water charges	<u>18,000</u>	<u>20,218</u>	<u>17,373</u>
TOTAL OPERATING EXPENSES	<u>\$ 360,900</u>	<u>\$ 390,303</u>	<u>\$ 344,222</u>
Maintenance expenses:			
Exterminating	\$ 1,500	\$ 1,652	\$ 4,008
Plumbing	8,000	12,825	4,724
Gardening, landscaping and tree maintenance	23,000	23,151	31,100
Hardware and supplies	17,000	19,271	23,272
Snow removal	<u>6,000</u>	<u>7,955</u>	<u>8,775</u>
TOTAL MAINTENANCE EXPENSES	<u>\$ 55,500</u>	<u>\$ 64,854</u>	<u>\$ 71,879</u>
General building repairs:			
Blacktop	\$ 1,000	\$ 4,188	\$ -
Boiler and burner maintenance	3,500	14,293	3,424
Carpentry maintenance	4,500	21,410	11,197
Electric repairs	2,000	8,639	964
Garbage removal expense	1,500	3,336	2,899
Intercom maintenance	500	449	1,295
Paint maintenance	3,500	1,618	5,494
Roofing maintenance	5,000	-	3,157
Sewer & drain maintenance	500	-	267
Sign/stripping expense	1,500	1,385	1,780
Sprinkler	2,000	3,554	1,020
Tract/truck maintenance	1,500	1,475	1,601
Window/screen repair	1,000	597	580
Miscellaneous maintenance	3,000	700	1,750
Uniform expense	<u>500</u>	<u>1,459</u>	<u>174</u>
TOTAL GENERAL BUILDING REPAIRS	<u>\$ 31,500</u>	<u>\$ 63,103</u>	<u>\$ 35,602</u>

See independent auditors' report on additional information.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
SCHEDULE II - OPERATING EXPENSES - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	Budget 2007 (Unaudited)	Actual 2007	Actual 2006
Administrative expenses:			
Management fees	\$ 27,500	\$ 27,500	\$ 25,500
Professional fees	7,000	7,636	6,655
Telephone and beeper	2,800	3,162	2,681
Miscellaneous	<u>6,676</u>	<u>7,089</u>	<u>5,277</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 43,976</u>	<u>\$ 45,387</u>	<u>\$ 40,113</u>
Financial expenses:			
Interest expense - mortgage	<u>\$ 199,912</u>	<u>\$ 199,722</u>	<u>\$ 180,953</u>
TOTAL FINANCIAL EXPENSES	<u>\$ 199,912</u>	<u>\$ 199,722</u>	<u>\$ 180,953</u>
Taxes:			
Real estate taxes	\$ 240,000	\$ 241,470	\$ 226,826
New York State franchise tax	<u>2,600</u>	<u>2,885</u>	<u>3,320</u>
TOTAL TAXES	<u>\$ 242,600</u>	<u>\$ 244,355</u>	<u>\$ 230,146</u>

See independent auditors' report on additional information.



ANDREW M. CUOMO
Attorney General

STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

ERIC CORNGOLD
Executive Deputy Attorney General
Division of Economic Justice

KENNETH E. DEMARIO
Bureau Chief
Real Estate Finance Bureau

(212) 416-6384

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

RB: 445 Gramatan Avenue (Westchester Gardens)
File Number: C 870246 Amendment No: 16
Date Amendment Filed: 07/03/2008 Filing Fee: \$225.00
Receipt Number: 93720

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,

Lisa Wallace
Assistant Attorney General

FIFTEENTH AMENDMENT TO OFFERING PLAN
for
445 GRAMATAN AVENUE
MOUNT VERNON, 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 445 Gramatan Avenue, Mount Vernon, New York, dated July 26, 1988 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 as of July 1, 2006 which sets forth the units to which unsold shares are allocated. All unsold shares are held by Sutton Estates ("Sponsor").

(b) As of July 10, 2006, the aggregate monthly maintenance payments for all shares owned by the Sponsor is approximately \$21,900.00.

(c) As of July 10, 2006, the aggregate monthly rents payable by tenants of all units owned by Sponsor is approximately \$23,000.00.

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

(e) None of the unsold shares is subject to mortgages or financing commitments.

(f) The maintenance payments due from sponsor or holders of unsold shares are funded by the monthly rents received from tenants of units owned by sponsor or holders of unsold shares or if insufficient, from sales of units or other assets of Sponsor or holders of unsold shares.

(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:

31 Pondfield Road, Bronxville, New York
File No. C83-0117
27-47 North Central Avenue, Hartsdale, New York
File No. C81-0158
17 North Chatsworth Avenue, Larchmont, New York
File No. C81-0234
10 Franklin Avenue, White Plains, New York
File No. C82-0477
1-15 Bryant Crescent, White Plains, New York
File No. C79-0438
324 East 35th Street, New York, New York
File No. C85-0459
60 West 70th Street, New York, New York
File No. C80-0493
319 East 73rd Street, New York, New York
File No. C85-0758

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

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

(j) The Sponsor relinquished control of the Board of Directors on May 23, 1990. As of July 1, 2006, the total of unsold shares held by the Sponsor, aggregates 29.39% of the outstanding shares of the Corporation.

3. Maintenance Charges and Budget.

By resolution of the Board of Directors of the Corporation adopted at a meeting duly held December 19, 2005, after reviewing a projected budget of building operations for the calendar year 2006, the per share monthly maintenance was fixed at \$1.32228 for the calendar year 2006, representing a four and one-quarter (4.25%) percent increase over the prior year.

Attached hereto is the budget for the 2006 calendar year, prepared by the Building's managing agent and adopted by the Board of Directors. This budget is contained herein for informational purposes only and the Sponsor does not in any way adopt such budget as

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

4. Election of Officers and Directors.

At the annual meeting of the shareholders of the Corporation duly held on June 28, 2005, the following officers and directors of the Corporation were elected:

Lou Cirillo, President and Director
*Robert Orlofsky, Vice President and Director
*Jeffrey B. Sommers, Vice President and Director
John Martin, Vice President and Director
Marisa Intile, Treasurer and Director
John Gigante, Secretary and Director

*Sponsor Designee

5. Financial Statements.

The financial statement for Westchester Gardens Owners, Inc. for the years ended December 31, 2004 and December 31, 2005 prepared by the Corporation's accountants, Citrin Cooperman & Company, LLP, Certified Public Accountants, is attached hereto.

6. Price Changes. Effective upon the filing of this Fifteenth Amendment, the purchase price of the shares of the Apartment Corporation being offered pursuant to the Plan is hereby increased from \$350.00 per share to \$470.00 per share. The increase in the amount of the total offering price as a result of the foregoing is \$1,868,125. The foregoing asking prices are negotiable and subject to change in accordance with the Plan. The asking price does not include a purchaser's closing costs.

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: **AUGUST 1,** , 2006

SUTTON ESTATES, LLC Sponsor

445 Gramatan Avenue
Mount Vernon, New York
File No.: C87-0246

Schedule of Unsold Shares

# APT.	TENANT	NUMBER OF SHARES
AB2	UNSOLD SHARES	415
AC2	UNSOLD SHARES	410
AD1	UNSOLD SHARES	535
AD3	UNSOLD SHARES	405
BD1	UNSOLD SHARES	405
CD1	UNSOLD SHARES	480
DC2	UNSOLD SHARES	410
DD1	UNSOLD SHARES	480
EA2	UNSOLD SHARES	300
EB1	UNSOLD SHARES	455
EB2	UNSOLD SHARES	295
EC3	UNSOLD SHARES	485
ED1	UNSOLD SHARES	445
FD2	UNSOLD SHARES	480
GA2	UNSOLD SHARES	300
GA3	UNSOLD SHARES	460
GB2	UNSOLD SHARES	295
HA1	UNSOLD SHARES	420
HB1	UNSOLD SHARES	415
HD2	UNSOLD SHARES	480
IA1	UNSOLD SHARES	420
IA2	UNSOLD SHARES	460
IA3	UNSOLD SHARES	495
IB1	UNSOLD SHARES	470
IB3	UNSOLD SHARES	470
IC1	UNSOLD SHARES	485
IC2	UNSOLD SHARES	450
ID1	UNSOLD SHARES	480
ID3	UNSOLD SHARES	480
JA1	UNSOLD SHARES	660
JA2	UNSOLD SHARES	300
JB2	UNSOLD SHARES	415
JC2	UNSOLD SHARES	410
KC3	UNSOLD SHARES	540

TOTAL BUILDING UNITS 34

TOTAL SHARES 14,945

SchedUnsoldShares

WESTCHESTER GARDENS OWNERS CORP

APROVED OPERATING BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2006

PROJECTED INCOME

2006

Maintance Charges	\$806,309*
Fuel Surcharge	38,112**
Laundry	8,400
Parking	46,860
Interest and Misc. Income	2,000
Storage Rental	1,800

TOTAL \$903,481

PROJECTED EXPENSES

Fuel - Oil	\$113,000
Electric and Gas	17,500
Payroll and Benefits	160,000
Insurance	51,000
Telephone and Beeper	2,800
Gardening and Trees	18,500
Plumbing	8,000
General Repairs	25,000
Snow Removal	6,000
Supplies	12,000
Interest - Mortgage	217,776
Franchise and Corp Tax	1,800
Real Estate Taxes	220,000
Water and Sewer	17,500
Professional Fees	6,500
Management Fees	25,500
Miscellaneous	605

TOTAL \$903,481

* Provides for a 4.25% increase in maintance

**Provides for \$.75 per charge for a year



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

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

RE: 445 Gramatan Avenue (Westchester Gardens)
File Number: C 870246 Amendment No: 15
Date Amendment Filed: 08/01/2006 Filing Fee: \$225.00
Receipt Number: 80091

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,

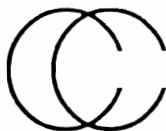
Derryl Zimmerman
Assistant Attorney General

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
YEARS ENDED DECEMBER 31, 2005 AND 2004

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

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Citricooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

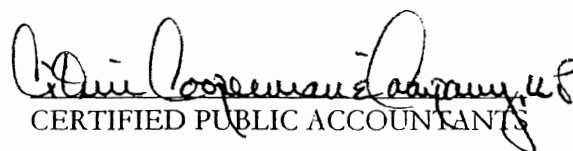
To the Board of Directors and Shareholders
Westchester Gardens Owners, Inc.
(A Cooperative Housing Corporation)

We have audited the accompanying balance sheets of Westchester Gardens Owners, Inc. (a cooperative housing corporation) as of December 31, 2005 and 2004, and the related statements of revenues, expenses, 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 audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westchester Gardens Owners, Inc. as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the Corporation has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be part of, the basic financial statements.


CITRICOOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 16, 2006

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
BALANCE SHEETS
DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash	\$ 185,305	\$ 212,969
Tenant-shareholder receivables	2,773	1,718
Prepaid expenses	20,782	22,088
Other receivables	1,749	-
Unamortized deferred charges	8,928	13,048
Property and improvements, net of accumulated depreciation	<u>5,723,251</u>	<u>5,819,388</u>
TOTAL ASSETS	<u>\$ 5,942,788</u>	<u>\$ 6,069,211</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:		
Accounts payable and accrued expenses	\$ 61,136	\$ 49,960
Stat credits	37,999	33,946
Maintenance received in advance	622	161
Mortgage payable	2,469,231	2,514,428
Sublet security deposits	<u>4,817</u>	<u>5,512</u>
Total liabilities	<u>2,573,805</u>	<u>2,604,007</u>
Shareholders' equity:		
Common stock - \$1.00 par value; 50,815 shares authorized, issued and outstanding	50,815	50,815
Additional paid-in capital	4,864,060	4,864,060
Accumulated deficit	<u>(1,545,892)</u>	<u>(1,449,671)</u>
Total shareholders' equity	<u>3,368,983</u>	<u>3,465,204</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 5,942,788</u>	<u>\$ 6,069,211</u>

See accompanying notes to financial statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
STATEMENTS OF REVENUES, EXPENSES, AND ACCUMULATED DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Revenues:		
Maintenance	\$ 773,438	\$ 734,857
Fuel surcharge	38,113	6,352
Parking	46,860	40,650
Laundry	8,400	8,400
Interest income	4,746	3,176
Sublet fees	-	573
Other	<u>2,156</u>	<u>1,078</u>
Total revenues	<u>873,713</u>	<u>795,086</u>
Expenses (exclusive of depreciation and amortization):		
Operating	359,743	318,541
Maintenance	75,111	67,508
Administrative	41,106	38,470
Financial	172,322	175,353
Taxes	<u>211,781</u>	<u>196,940</u>
Total expenses	<u>860,063</u>	<u>796,812</u>
Excess (deficiency) of revenues over expenses before depreciation and amortization	13,650	(1,726)
Depreciation	105,751	106,101
Amortization of deferred charges	<u>4,120</u>	<u>4,120</u>
Deficiency of revenues over expenses	(96,221)	(111,947)
Accumulated deficit - beginning	<u>(1,449,671)</u>	<u>(1,337,724)</u>
ACCUMULATED DEFICIT - ENDING	<u><u>\$ (1,545,892)</u></u>	<u><u>\$ (1,449,671)</u></u>

See accompanying notes to financial statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Deficiency of revenues over expenses	\$ (96,221)	\$ (111,947)
Adjustments to reconcile deficiency of revenues over expenses to net cash provided by (used in) operating activities:		
Depreciation	105,751	106,101
Amortization of deferred charges	4,120	4,120
Changes in assets and liabilities:		
Tenant-shareholder receivables	(1,055)	280
Other receivables	(1,749)	2,197
Prepaid expenses	1,306	(285)
Accounts payable and accrued expenses	11,173	963
Maintenance received in advance	461	28
Sublet security deposits	(695)	(4,968)
Star credits	<u>4,054</u>	<u>3,062</u>
Net cash provided by (used in) operating activities	27,145	(449)
Cash used in investing activities:		
Payments for building improvements	(9,612)	-
Cash used in financing activities:		
Repayment of mortgage payable	<u>(45,197)</u>	<u>(42,184)</u>
Net decrease in cash	(27,664)	(42,633)
Cash - beginning	<u>212,969</u>	<u>255,602</u>
CASH - ENDING	<u>\$ 185,305</u>	<u>\$ 212,969</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 172,583</u>	<u>\$ 175,596</u>
Corporate taxes paid	<u>\$ 2,254</u>	<u>\$ 1,926</u>

See accompanying notes to financial statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 1. NATURE OF ORGANIZATION

Westchester Gardens Owners, Inc. (the "Corporation"), a cooperative housing corporation, was organized on January 16, 1986, in order to acquire the property at 445 Gramatan Avenue, Mount Vernon, New York (the "Property"). The Corporation is a qualified cooperative housing corporation under Section 216(b)(1) of the Internal Revenue Code. The primary purpose of the Corporation is to manage the operations of the Property and maintain the common elements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Property and improvements

Property and improvements are stated at cost. The building is depreciated on the straight-line method over an estimated life of 35 years. Building improvements and equipment are depreciated on the straight-line method over estimated lives that range from 10 to 40 years. Maintenance and repairs that do not increase the useful life of an asset are expensed as incurred.

Revenue recognition

Tenant-shareholders are subject to monthly assessments to provide funds for the Corporation's operating expenses, future capital acquisitions, and major repairs and replacements. Tenant-shareholder receivables at the balance-sheet date represent maintenance fees due from tenant-shareholders. The Corporation's policy is to retain legal counsel and place liens on the shares of stock of tenant-shareholders whose assessments are 30 days or more delinquent. No maintenance fees receivable at December 31, 2005 and 2004, were considered uncollectible. Any excess assessments at year-end are retained by the Corporation for use in the succeeding year.

Mortgage acquisition costs

Mortgage acquisition costs are being amortized over the life of the related mortgage using the straight-line method. Accumulated amortization amounted to \$32,277 and \$28,156 at December 31, 2005 and 2004 respectively.

Use of estimates

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

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement of cash flows

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

Concentration of risk

The Corporation places its cash, which may at times be in excess of FDIC insurance limits, with high credit quality financial institutions and limits the amount of credit exposure with any one institution.

Future major repairs and replacements

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

Income taxes

The Corporation is qualified to prepare its income tax returns pursuant to the provisions of subchapter T of the Internal Revenue Code. Subchapter T provides that expenses attributable to the generation of patronage income, i.e., income from business done with or for patrons (tenant cooperators), are deductible only to the extent of patronage income. The Corporation believes that all of its income for the years ended December 31, 2005 and 2004, is patronage income within the meaning of subchapter T.

NOTE 3. PROPERTY AND IMPROVEMENTS

Property and improvements consist of the following at December 31, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Land	\$ 3,824,018	\$ 3,824,018
Building	3,086,857	3,086,857
Improvements and equipment	<u>446,500</u>	<u>436,887</u>
	7,357,375	7,347,762
Less: accumulated depreciation	<u>(1,634,124)</u>	<u>(1,528,374)</u>
Net property and improvements	<u>\$ 5,723,251</u>	<u>\$ 5,819,388</u>

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 4. MORTGAGE PAYABLE

On February 11, 1998, the Corporation obtained a mortgage note payable from National Cooperative Bank in the amount of \$2,750,000. The mortgage requires monthly payments of \$18,148, applicable first toward interest at the rate of 6.92% per annum and then to the reduction of principal based on a 30-year period. The mortgage note matures on March 1, 2008. Amortization payments required over the next three years in the connection with long-term debt are as follows:

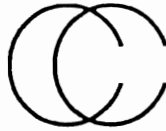
<u>Year ending December 31:</u>	<u>Amount</u>
2006	\$ 48,426
2007	51,885
2008	<u>2,368,920</u>
	<u>\$ 2,469,231</u>

Interest expense was \$172,322 and \$175,353 for 2005 and 2004, respectively.

NOTE 5. SPECIAL ASSESSMENTS

The Corporation assessed the shareholders for a fuel surcharge in 2005 and 2004.

ADDITIONAL INFORMATION



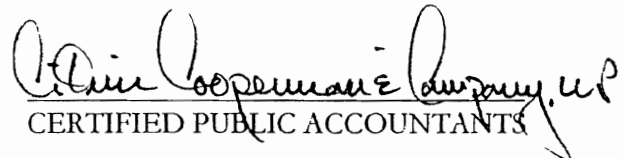
Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors and Shareholders
Westchester Gardens Owners, Inc.
(A Cooperative Housing Corporation)

Our report on our audits of the basic financial statements of Westchester Gardens Owners, Inc. (a cooperative housing corporation) for the years ended December 31, 2005 and 2004, appears on page one. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information contained in the accompanying schedules of expenses on page 9 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.


CITRIN COOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 16, 2006

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Housing Corporation)
SCHEDULES OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Schedule I - operating expenses:		
Payroll	\$ 121,287	\$ 114,938
Employee benefits	30,892	21,729
Payroll taxes	9,642	9,446
Insurance - worker's compensation	3,337	6,197
Insurance - general	49,335	50,337
Fuel	114,050	83,959
Electricity and gas	18,793	16,618
Water charges	<u>12,407</u>	<u>15,317</u>
TOTAL OPERATING EXPENSES	\$ <u>359,743</u>	\$ <u>318,541</u>
Schedule II - maintenance expenses:		
Exterminating and cleaning	\$ 1,504	\$ 1,365
Plumbing	1,940	10,989
Boiler maintenance	9,904	4,916
Gardening, landscaping and tree maintenance	24,179	19,300
General building repairs	16,792	14,178
Hardware and supplies	13,072	9,427
Snow removal	<u>7,720</u>	<u>7,333</u>
TOTAL MAINTENANCE EXPENSES	\$ <u>75,111</u>	\$ <u>67,508</u>
Schedule III - administrative expenses:		
Management fees	\$ 25,500	\$ 25,500
Professional fees	6,960	5,605
Telephone and beeper	2,408	2,629
Miscellaneous	<u>6,238</u>	<u>4,736</u>
TOTAL ADMINISTRATIVE EXPENSES	\$ <u>41,106</u>	\$ <u>38,470</u>
Schedule IV - financial expenses:		
Interest expense - mortgage	<u>\$ 172,322</u>	<u>\$ 175,353</u>
TOTAL FINANCIAL EXPENSES	\$ <u>172,322</u>	\$ <u>175,353</u>
Schedule V - taxes:		
Real estate taxes	\$ 209,527	\$ 195,014
New York State franchise tax	<u>2,254</u>	<u>1,926</u>
TOTAL TAXES	\$ <u>211,781</u>	\$ <u>196,940</u>

See independent auditors' report on additional information.

FOURTEENTH AMENDMENT TO OFFERING PLAN
for
445 GRAMATAN AVENUE
MOUNT VERNON, 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 445 Gramatan Avenue, Mount Vernon, New York, dated July 26, 1988 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 as of May 1, 2005 which sets forth the units to which unsold shares are allocated. All unsold shares are held by Sutton Estates ("Sponsor").

(b) As of May 1, 2005, the aggregate monthly maintenance payments for all shares owned by the Sponsor is approximately \$22,300.00.

(c) As of May 1, 2005, the aggregate monthly rents payable by tenants of all units owned by Sponsor is approximately \$24,000.00.

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

(e) None of the unsold shares is subject to mortgages or financing commitments.

(f) The maintenance payments due from sponsor or holders of unsold shares are funded by the monthly rents received from tenants of units owned by sponsor or holders of unsold shares or if insufficient, from sales of units or other assets of Sponsor or holders of unsold shares.

(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:

31 Pondfield Road, Bronxville, New York
File No. C83-0117
27-47 North Central Avenue, Hartsdale, New York
File No. C81-0158
17 North Chatsworth Avenue, Larchmont, New York
File No. C81-0234
10 Franklin Avenue, White Plains, New York
File No. C82-0477
1-15 Bryant Crescent, White Plains, New York
File No. C79-0438
324 East 35th Street, New York, New York
File No. C85-0459
60 West 70th Street, New York, New York
File No. C80-0493
319 East 73rd Street, New York, New York
File No. C85-0758

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

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

(j) The Sponsor relinquished control of the Board of Directors on May 23, 1990. As of May 1, 2005, the total of unsold shares held by the Sponsor, aggregates 31.11% of the outstanding shares of the Corporation.

3. Maintenance Charges and Budget.

By resolution of the Board of Directors of the Corporation adopted at a meeting duly held November 29, 2004, after reviewing a projected budget of building operations for the calendar year 2005, the per share annual maintenance was fixed at \$15.22 for the calendar year 2005, representing a three (5.25%) percent increase over the prior year. The monthly Parking Charge was increased by \$5.00 to \$35.00 per month. The budget also provides for a fuel oil annual surcharge of \$0.75 per share.

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

4. Election of Officers and Directors.

At the annual meeting of the shareholders of the Corporation duly held on June 28, 2004, the following officers and directors of the Corporation were elected:

Lou Cirillo, President and Director
*Robert Orlofsky, Vice President and Director
*Jeffrey B. Sommers, Vice President and Director
John Martin, Vice President and Director
Marisa Intile, Treasurer and Director
John Gigante, Secretary and Director

*Sponsor Designee

5. Financial Statements.

The financial statement for Westchester Gardens Owners, Inc. for the years ended December 31, 2003 and December 31, 2004 prepared by the Corporation's accountants, Citrin Cooperman & Company, LLP, Certified Public Accountants, is attached hereto.

6. Price Changes. Effective upon the filing of this Fourteenth Amendment, the purchase price of the shares of the Apartment Corporation being offered pursuant to the Plan is hereby increased from \$250.00 per share to \$350.00 per share. The increase in the amount of the total offering price as a result of the foregoing is \$1,581,000. The foregoing asking prices are negotiable and subject to change in accordance with the Plan. The asking price does not include a purchaser's closing costs.

7. 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.

8. Sponsor Filings. The Sponsor has not filed any amendments to the Plan since the Thirteenth Amendment, which was accepted for filing on April 10, 2002, because it has not been actively engaged in the sale of units for the period from one year following the acceptance of the Thirteenth Amendment to the filing of this Amendment.

9. 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: **JUNE 23** , 2005

SUTTON ESTATES, LLC Sponsor

PlanAm#14.wpd

445 Gramatan Avenue
Mount Vernon, New York
File No.: C87-0246

Schedule of Unsold Shares

# APT.	TENANT	NUMBER OF SHARES
AB2	UNSOLD SHARES	415
AC2	UNSOLD SHARES	410
AD1	UNSOLD SHARES	535
AD3	UNSOLD SHARES	405
BD1	UNSOLD SHARES	405
CD1	UNSOLD SHARES	480
DC2	UNSOLD SHARES	410
DD1	UNSOLD SHARES	480
DD2	UNSOLD SHARES	405
EA1	UNSOLD SHARES	460
EA2	UNSOLD SHARES	300
EB1	UNSOLD SHARES	455
EB2	UNSOLD SHARES	295
EC3	UNSOLD SHARES	485
ED1	UNSOLD SHARES	445
FD2	UNSOLD SHARES	480
GA2	UNSOLD SHARES	300
GA3	UNSOLD SHARES	460
GB2	UNSOLD SHARES	295
HA1	UNSOLD SHARES	420
HB1	UNSOLD SHARES	415
HD2	UNSOLD SHARES	480
IA1	UNSOLD SHARES	420
IA2	UNSOLD SHARES	460
IA3	UNSOLD SHARES	495
IB1	UNSOLD SHARES	470
IB3	UNSOLD SHARES	470
IC1	UNSOLD SHARES	485
IC2	UNSOLD SHARES	450
ID1	UNSOLD SHARES	480
ID3	UNSOLD SHARES	480
JA1	UNSOLD SHARES	660
JA2	UNSOLD SHARES	300
JB2	UNSOLD SHARES	415
JC2	UNSOLD SHARES	410
KC3	UNSOLD SHARES	540

TOTAL BUILDING UNITS 36

TOTAL SHARES 15,810

SchedUnsoldShares

WESTCHESTER GARDENS OWNERS CORP

APPROVED OPERATING BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2005

PROJECTED INCOME:

Maintenance Charges	\$ 773,437*
Fuel Surcharge	38,111**
Laundry	8,400
Parking	47,760***
Interest Income	3,000
Storage Rental	<u>1,200</u>
	<u>\$ 871,908</u>

PROJECTED EXPENSES:

Fuel – Oil	\$ 81,000
Electric and Gas	17,500
Payroll and Benefits	150,000
Insurance	56,000
Telephone and Beeper	2,400
Gardening and Trees	21,000
Plumbing	11,000
General Repairs	31,800
Snow Removal	4,800
Supplies	12,000
Interest - Mortgage	217,776
Franchise and Corp Tax	1,600
Real Estate Taxes	210,000
Water and Sewer	15,000
Professional Fees	6,000
Management Fees	30,000
Miscellaneous	<u>4,032</u>
	<u>\$ 871,908</u>

*Provides for a 5.25% increase in maintenance

** Provides for \$.75 per charge for a year

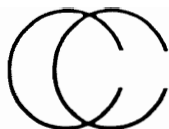
*** Provides for an additional \$5 per parking space

WESTCHESTER GARDENS OWNERS CORP.
(A Cooperative Housing Corporation)
FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
YEARS ENDED DECEMBER 31, 2004 AND 2003

WESTCHESTER GARDENS OWNERS CORP.
(A Cooperative Housing Corporation)
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

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Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
Westchester Gardens Owners Corp.

We have audited the accompanying balance sheets of Westchester Gardens Owners Corp. (a New York corporation) as of 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 Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Westchester Gardens Owners Corp. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the Company has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be part of, the basic financial statements.


CERTIFIED PUBLIC ACCOUNTANTS

February 11, 2005

WESTCHESTER GARDENS OWNERS CORP.
(A Cooperative Housing Corporation)
BALANCE SHEETS
DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash	\$ 212,969	\$ 255,602
Tenant-shareholder receivables	1,718	1,998
Other receivables	-	2,197
Prepaid expenses	22,088	21,803
Unamortized deferred charges	13,048	17,169
Property and improvement, net of accumulated depreciation	<u>5,819,388</u>	<u>5,925,490</u>
TOTAL ASSETS	<u>\$ 6,069,211</u>	<u>\$ 6,224,259</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 49,960	\$ 48,997
Star credits	33,946	30,885
Maintenance received in advance	161	134
Mortgage payable	2,514,428	2,556,612
Sublet security deposits	<u>5,512</u>	<u>10,480</u>
Total liabilities	<u>2,604,007</u>	<u>2,647,108</u>
Shareholders' equity:		
Common stock \$1.00 par value;		
50,815 shares authorized, issued and outstanding	50,815	50,815
Additional paid-in capital	4,864,060	4,864,060
Accumulated deficit	<u>(1,449,671)</u>	<u>(1,337,724)</u>
Total shareholders' equity	<u>3,465,204</u>	<u>3,577,151</u>
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	<u>\$ 6,069,211</u>	<u>\$ 6,224,259</u>

See accompanying notes to financial statements.

WESTCHESTER GARDENS OWNERS CORP.
(A Cooperative Housing Corporation)
STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Revenues:		
Maintenance charges to tenant-shareholders	\$ 734,857	\$ 686,779
Fuel surcharge	6,352	25,409
Parking	40,650	41,040
Laundry	8,400	8,400
Interest income	3,176	1,967
Sublet fees	573	1,743
Other	<u>1,078</u>	<u>446</u>
Total revenues	<u>795,086</u>	<u>765,784</u>
Expenses (exclusive of depreciation):		
Operating expenses	318,541	288,794
Maintenance expenses	67,508	88,410
Administrative expenses	38,470	37,408
Amortization of deferred mortgage expense	4,120	4,120
Financial expenses	175,353	178,181
Taxes	<u>196,940</u>	<u>177,056</u>
Total expenses (exclusive of depreciation)	<u>800,932</u>	<u>773,969</u>
Excess of expenses over revenues before depreciation	(5,846)	(8,185)
Depreciation	<u>(106,101)</u>	<u>(105,771)</u>
Excess of expenses over revenues	(111,947)	(113,956)
Accumulated deficit - beginning	<u>(1,337,724)</u>	<u>(1,223,768)</u>
ACCUMULATED DEFICIT – ENDING	<u>\$ (1,449,671)</u>	<u>\$ (1,337,724)</u>

See accompanying notes to financial statements.

WESTCHESTER GARDENS OWNERS CORP.
(A Cooperative Housing Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities		
Excess of expenses over revenues	\$ (111,947)	\$ (113,956)
Adjustments to reconcile excess of expenses over revenues to net cash used in operating activities:		
Depreciation	106,101	105,771
Amortization of deferred mortgage expense	4,120	4,120
Changes in assets and liabilities:		
Tenant-shareholder receivables	280	(1,401)
Other receivables	2,197	(2,197)
Prepaid expenses	(285)	(1,249)
Accounts payable	963	(3,282)
Maintenance received in advance	28	(441)
Sublet security deposits	(4,968)	1,450
Star credits	<u>3,062</u>	<u>6,820</u>
Net cash used in operating activities	(449)	(4,365)
 Cash used in investing activities:		
Payments for capital improvements	<u>—</u>	<u>(4,611)</u>
 Cash used in financing activities:		
Repayment of mortgage payable	<u>(42,184)</u>	<u>(39,371)</u>
 Net decrease in cash	(42,663)	(48,347)
 Cash – beginning	<u>255,602</u>	<u>303,949</u>
 CASH – ENDING	<u>\$ 212,962</u>	<u>\$ 255,602</u>
 Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 175,596</u>	<u>\$ 178,408</u>
Income taxes paid	<u>\$ 1,926</u>	<u>\$ 1,596</u>

See accompanying notes to financial statements.

WESTCHESTER GARDENS OWNERS CORP.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE 1. NATURE OF ORGANIZATION

Westchester Gardens Owners Corp. (the "Corporation") was organized on January 16, 1986, in order to acquire the property at 445 Gramatan Avenue, Mount Vernon, New York ("Property"). The Corporation is a qualified Cooperative Housing Corporation under Section 216 (b)(1) of the Internal Revenue Code. The primary purpose of the Corporation is to manage the operations of the property and maintain the common elements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Property and improvements

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

Revenue recognition

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

Mortgage acquisition costs

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

Use of estimates

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

WESTCHESTER GARDENS OWNERS CORP.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of risk

The Company places its cash, which may at times be in excess of FDIC insurance limits, with high quality financial institutions and limits the amount of credit exposure with any one institution.

Future major repairs and replacements

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

NOTE 3. PROPERTY AND IMPROVEMENTS

Property and improvements consist of the following at December 31, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Land	\$ 3,824,018	\$ 3,824,018
Building	3,086,857	3,086,857
Improvements and equipment	<u>436,887</u>	<u>436,887</u>
	7,347,762	7,347,762
Less: accumulated depreciation	<u>(1,528,374)</u>	<u>(1,422,272)</u>
	<u>\$ 5,819,388</u>	<u>\$ 5,925,490</u>

WESTCHESTER GARDENS OWNERS CORP.
(A Cooperative Housing Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE 4. MORTGAGE NOTE PAYABLE

On February 11, 1998 the Corporation obtained a mortgage note payable from National Cooperative Bank in the principal amount of \$2,750,000. The terms of the mortgage require monthly payments of \$18,148, applicable first to interest at the rate of 6.92% per annum and then to the reduction of principal based on the 30-year period. The mortgage note matures on March 1, 2008. Amortization payments required over the next four years in the connection with the note are as follows:

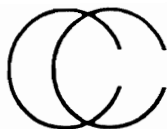
<u>Year ending December 31,</u>	
2005	\$ 45,197
2006	48,426
2007	51,885
2008	<u>2,368,920</u>
	<u>\$ 2,514,428</u>

Interest expense was \$175,353 and \$178,181 for 2004 and 2003, respectively.

NOTE 5. SPECIAL ASSESSMENT

The Corporation assessed the shareholders for a fuel surcharge in 2004 and 2003.

ADDITIONAL INFORMATION



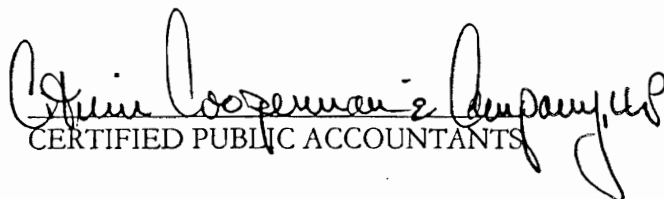
Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors and Shareholders
Westchester Gardens Owners Corp.

Our report on our audits of the basic financial statements of Westchester Gardens Owners Corp. for the years ended December 31, 2004 and 2003, appears on page one. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information presented in the accompanying schedules of expenses (page 9) 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 presented, in all material respects, in relation to the basic financial statements taken as a whole.


CERTIFIED PUBLIC ACCOUNTANTS

February 11, 2005

WESTCHESTER GARDENS OWNERS CORP.
(A Cooperative Housing Corporation)
SCHEDULES OF EXPENSES
DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Schedule I – operating expenses:		
Payroll	\$ 114,938	\$ 109,670
Employee benefits	21,729	23,108
Payroll taxes	9,446	8,921
Insurance–workers’ compensation	6,197	3,923
Insurance–general	50,337	46,434
Fuel	83,959	66,514
Electricity and gas	16,618	16,849
Water charges	<u>15,317</u>	<u>13,375</u>
TOTAL OPERATING EXPENSES	<u>\$ 318,541</u>	<u>\$ 288,794</u>
Schedule II – maintenance expenses:		
Exterminating and cleaning	\$ 1,365	\$ 1,250
Plumbing	10,989	8,693
Boiler maintenance	4,916	7,199
Gardening, landscaping and tree maintenance	19,300	17,458
General building repairs	14,178	28,806
Hardware and supplies	9,427	16,019
Snow removal	<u>7,333</u>	<u>8,985</u>
TOTAL MAINTENANCE EXPENSES	<u>\$ 67,508</u>	<u>\$ 88,410</u>
Schedule III – administrative expenses:		
Management fees	\$ 25,500	\$ 25,500
Professional fees	5,605	6,100
Telephone and beeper	2,629	2,626
Miscellaneous	<u>4,736</u>	<u>3,182</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 38,470</u>	<u>\$ 37,408</u>
Schedule IV– financial expenses:		
Interest expense – mortgage	<u>\$ 175,353</u>	<u>\$ 178,181</u>
TOTAL FINANCIAL EXPENSES	<u>\$ 175,353</u>	<u>\$ 178,181</u>
Schedule V– taxes:		
Real estate taxes	\$ 195,014	\$ 175,460
New York State franchise tax	<u>1,926</u>	<u>1,596</u>
TOTAL TAXES	<u>\$ 196,940</u>	<u>\$ 177,056</u>

See Independent Auditors’ Report on Additional Information.

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": **Sutton Estates, LLC**

Prior names used by Seller:

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

S.S. No.: **13-3873041**

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: **, New York**

Telephone:

Fax:

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

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

Address: **7 Bryant Crescent, #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.**

1.6 The name of the cooperative housing corporation
("Corporation") is: **Westchester Gardens Owners, Inc.**

1.7 The "Unit" number is:

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

445 Gramatan Avenue

Mount Vernon, New York 10552

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

(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:
Purchasers
- 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: **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 ¶8.1.2);
- 6.2.2 attend (and cause any Proposed Occupant to attend) one or more personal interviews, as requested by the Corporation; and
- 6.2.3 promptly submit to the Corporation such further references, data and documents reasonably requested by the Corporation.
- 6.3 Either Party, after learning of the Corporation's decision, shall promptly advise the other Party thereof. If the Corporation has not made a decision on or before the Scheduled Closing Date, the Closing shall be adjourned for 30 business days for the purpose of obtaining such consent. If such consent is not given by such adjourned date, either Party may cancel this Contract by Notice, provided that the Corporation's consent is not issued before such Notice of cancellation is given. If such consent is refused at any time, either Party may cancel this Contract by Notice. In the event of cancellation pursuant to this ¶6.3, the Escrowee shall refund the Contract Deposit to Purchaser.
- 6.4 If such consent is refused, or not given, due to Purchaser's bad faith conduct, Purchaser shall be in default and ¶13.1 shall govern.

7 CONDITION OF UNIT AND PERSONALTY;

POSSESSION

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

8 RISK OF LOSS

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

9 CLOSING LOCATION

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

10 CLOSING

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

- duly executed assignment thereof to Purchaser in the form required by the Corporation;
- 10.1.3 FIRPTA documents required by ¶25;
- 10.1.4 keys to the Unit, building entrance(s), and, if applicable, garage, mailbox, storage unit and any locks in the Unit;
- 10.1.5 if requested, an assignment to Purchaser of Seller's interest in the Personalty and Included Interests;
- 10.1.6 any documents and payments to comply with ¶15.2
- 10.1.7 If Seller is unable to deliver the documents required in ¶¶10.1.1 or 10.1.2 then Seller shall deliver or cause to be delivered all documents and payments required by the Corporation for the issuance of a new certificate for the Shares or a new Lease.
- 10.2 At Closing, Purchaser shall:
- 10.2.1 pay the Balance in accordance with ¶2.2.2;
- 10.2.2 execute and deliver to Seller and the Corporation an agreement assuming the Lease, in the form required by the Corporation; and
- 10.2.3 if requested by the Corporation, execute and deliver counterparts of a new lease substantially the same as the Lease, for the balance of the Lease term, in which case the Lease shall be canceled and surrendered to the Corporation together with Seller's assignment thereof to Purchaser.
- 10.3 At Closing, the Parties shall complete and execute all documents necessary:
- 10.3.1 for Internal Revenue Service ("IRS") form 1099-S or other similar requirements;
- 10.3.2 to comply with smoke detector requirements and any applicable transfer tax filings; and
- 10.3.3 to transfer Seller's interest, if any, in and to the Personalty and Included Interests.
- 10.4 Purchaser shall not be obligated to close unless, at Closing, the Corporation delivers:
- 10.4.1 to Purchaser a new certificate for the Shares in the name of Purchaser; and
- 10.4.2 a written statement by an officer or authorized agent of the Corporation consenting to the transfer of the Shares and Lease to Purchaser and setting forth the amounts of and payment status of all sums owed by Seller to the Corporation, including Maintenance and any Assessments, and the dates to which each has been paid.
- 11 CLOSING FEES, TAXES AND APPORTIONMENTS**
- 11.1 At or prior to Closing,
- 11.1.1 Seller shall pay, if applicable:
- 11.1.1.1 the cost of stock transfer stamps; and
- 11.1.1.2 transfer taxes, except as set forth in ¶11.1.2.2
- 11.1.2 Purchaser shall pay, if applicable:
- 11.1.2.1 any fee imposed by the Corporation relating to Purchaser's financing; and
- 11.1.2.2 transfer taxes imposed by statute primarily on Purchaser (e.g., the "mansion tax").
- 11.2 The Flip Tax, if any, shall be paid by the Party specified in ¶ 1.19.
- 11.3 Any fee imposed by the Corporation and not specified in this Contract shall be paid by the Party upon whom such fee is expressly imposed by the Corporation, and if no Party is specified by the Corporation, then such fee shall be paid by Seller.
- 11.4 The Parties shall apportion as of 11:59 P.M. of the day preceding the Closing, the Maintenance, any other periodic charges due the Corporation (other than Assessments) and STAR Tax Exemption (if the Unit is the beneficiary of same), based on the number of the days in the month of Closing.
- 11.5 Assessments, whether payable in a lump sum or installments, shall not be apportioned, but shall be paid by the Party who is the owner of the Shares on the date specified by the Corporation for payment. Purchaser shall pay any installments payable after Closing provided Seller had the right and elected to pay the Assessment in installments.
- 11.6 Each Party shall timely pay any transfer taxes for which it is primarily liable pursuant to law by cashier's, official bank, certified, or attorney's escrow check. This ¶11.6 shall survive Closing.
- 11.7 Any computational errors or omissions shall be corrected within 6 months after Closing. This ¶11.7 shall survive Closing.
- 12 BROKER**
- 12.1 Each Party represents that such Party has not dealt with any person acting as a broker, whether licensed or unlicensed, in connection with this transaction other than the Broker(s) named in ¶1.5.
- 12.2 Seller shall pay the Broker's commission pursuant to a separate agreement. The Broker(s) shall not be deemed to be a third-party beneficiary of this Contract.
- 12.3 This ¶12 shall survive Closing, cancellation or termination of this Contract.
- 13 DEFAULTS, REMEDIES AND INDEMNITIES**
- 13.1 In the event of a default or misrepresentation by Purchaser, Seller's sole and exclusive remedies shall be to cancel this Contract, retain the Contract Deposit as liquidated damages and, if applicable, Seller may enforce the indemnity in ¶13.3 as to brokerage commission or sue under ¶13.4. Purchaser prefers to limit Purchaser's exposure for actual damages to the amount of the Contract Deposit, which Purchaser agrees constitutes a fair and reasonable amount of compensation for Seller's damages under the circumstances and is not a penalty. The principles of real property law shall apply to this liquidated damages provision.
- 13.2 In the event of a default or misrepresentation by Seller, Purchaser shall have such remedies as Purchaser is entitled to at law or in equity, including specific performance, because the Unit and possession thereof cannot be duplicated.
- 13.3 Subject to the provisions of ¶4.3, each Party indemnifies and holds harmless the other against and from any claim, judgment, loss, liability, cost or expense resulting from the indemnitor's breach of any of its representations or covenants stated to survive Closing, cancellation or termination of this Contract. Purchaser indemnifies and holds harmless Seller against and from any claim, judgment, loss, liability, cost or expense resulting from the Lease obligations accruing from and after the Closing. Each indemnity includes, without limitation, reasonable attorneys' fees and disbursements, court costs and litigation expenses arising from the defense of any claim and enforcement or collection of a judgment under this indemnity, provided the indemnitee is given Notice and opportunity to defend the claim. This ¶13.3 shall survive Closing, cancellation or termination of this Contract.
- 13.4 In the event any instrument for the payment of the

- Contract Deposit fails of collection, Seller shall have the right to sue on the uncollected instrument. In addition, such failure of collection shall be a default under this Contract, provided Seller gives Purchaser Notice of such failure of collection and, within 3 business days after Notice is given, Escrowee does not receive from Purchaser an unendorsed good certified check, bank check or immediately available funds in the amount of the uncollected funds. Failure to cure such default shall entitle Seller to the remedies set forth in ¶13.1 and to retain all sums as may be collected and/or recovered.
- 14 ENTIRE AGREEMENT; MODIFICATION**
- 14.1 All prior oral or written representations, understandings and agreements had between the Parties with respect to the subject matter of this Contract, and with the Escrowee as to ¶27, are merged in this Contract, which alone fully and completely expresses the Parties' and Escrowee's agreement.
- 14.2 The Attorneys may extend in writing any of the time limitations stated in this Contract. Any other provision of this Contract may be changed or waived only in writing signed by the Party or Escrowee to be charged.
- 15 REMOVAL OF LIENS AND JUDGMENTS**
- 15.1 Purchaser shall deliver or cause to be delivered to Seller or Seller's Attorney, not less than 10 calendar days prior to the Scheduled Closing Date a Lien and Judgment search, except that Liens or Judgments first disclosed in a continuation search shall be reported to Seller within 2 business days after receipt thereof, but not later than the Closing. Seller shall have the right to adjourn the Closing pursuant to ¶16 to remove any such Liens and Judgments. Failure by Purchaser to timely deliver such search or continuation search shall not constitute a waiver of Seller's covenants in ¶4 as to Liens and Judgments. However, if the Closing is adjourned solely by reason of untimely delivery of the Lien and Judgment search, the apportionments under ¶11.3 shall be made as of 11:59 P.M. of the day preceding the Scheduled Closing Date in ¶1.15
- 15.2 Seller, at Seller's expense, shall obtain and deliver to the Purchaser the documents and payments necessary to secure the release, satisfaction, termination and discharge or removal of record of any Liens and Judgments. Seller may use any portion of the Purchase Price for such purposes.
- 15.3 This ¶15 shall survive Closing.
- 16 SELLER'S INABILITY**
- 16.1 If Seller shall be unable to transfer the items set forth in ¶2.1 in accordance with this Contract for any reason other than Seller's failure to make a required payment or other willful act or omission, then Seller shall have the right to adjourn the Closing for periods not exceeding 60 calendar days in the aggregate, but not extending beyond the expiration of Purchaser's Loan Commitment Letter, if ¶¶1.20.1 or 1.20.2 applies.
- 16.2 If Seller does not elect to adjourn the Closing or (if adjourned) on the adjourned date of Closing Seller is still unable to perform, then unless Purchaser elects to proceed with the Closing without abatement of the Purchase Price, either Party may cancel this Contract on Notice to the other Party given at any time thereafter.
- 16.3 In the event of such cancellation, the sole liability of Seller shall be to cause the Contract Deposit to be refunded to Purchaser and to reimburse Purchaser for the actual costs incurred for Purchase's lien and title search, if any.
- 17 NOTICES AND CONTRACT DELIVERY**
- 17.1 Any notice or demand ("Notice") shall be in writing and delivered either by hand, overnight delivery or certified or registered mail, return receipt requested, to the Party and simultaneously, in like manner, to such Party's Attorney, if any, and to Escrowee at their respective addresses or to such other address as shall hereafter be designated by Notice given pursuant to this ¶17.
- 17.2 The Contract may be delivered as provided in ¶17.1 or by ordinary mail.
- 17.3 The Contract or each Notice shall be deemed given and received:
- 17.3.1 on the day delivered by hand;
- 17.3.2 on the business day following the date sent by overnight delivery;
- 17.3.3 on the 5th business day following the date sent by certified or registered mail; or
- 17.3.4 as to the Contract only, 3 business days following the date of ordinary mailing.
- 17.4 A Notice to Escrowee shall be deemed given only upon actual receipt by Escrowee.
- 17.5 The Attorneys are authorized to give and receive any Notice on behalf of their respective clients.
- 17.6 Failure or refusal to accept a Notice shall not invalidate the Notice.
- 17.7 Notice pursuant to ¶¶2.2.2 and 13.4 may be delivered by confirmed facsimile to the Party's Attorney and shall be deemed given when transmission is confirmed by sender's facsimile machine.
- 18 FINANCING PROVISIONS**
- 18.1 The provisions of ¶¶18.1 and 18.2 are applicable only if ¶¶1.20.1 or 1.20.2 applies.
- 18.1.1 An "Institutional Lender" is any of the following that is authorized under Federal or New York State law to issue a loan secured by the Shares and Lease and is currently extending similarly secured loan commitments in the county in which the Unit is located: a bank, savings bank, savings and loan association, trust company, credit union of which Purchaser is a member, mortgage banker, insurance company or governmental entity.
- 18.1.2 A "Loan Commitment Letter" is a written offer from an Institutional Lender to make a loan on the Financing Terms (see ¶1.21) at prevailing fixed or adjustable interest rates and on other customary terms generally being offered by Institutional Lenders making cooperative share loans. An offer to make a loan conditional upon obtaining an appraisal satisfactory to the Institutional Lender shall not become a Loan Commitment Letter unless and until such condition is met. An offer conditional upon any factor concerning Purchaser (e.g. sale of current home, payment of outstanding debt, no material adverse change in Purchaser's financial condition, etc.) is a Loan Commitment Letter whether or not such condition is met. Purchaser accepts the risk that, and cannot cancel this Contract if, any condition concerning Purchaser is not met.

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

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

23 NO ASSIGNMENT BY PURCHASER; DEATH OF PURCHASER

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

24 COOPERATION OF PARTIES

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

25 FIRPTA

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

26 ADDITIONAL REQUIREMENTS

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

27 ESCROW TERMS

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

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

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

28 MARGIN HEADINGS

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

29 MISCELLANEOUS

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

30 LEAD PAINT

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

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

SELLER:

PURCHASER:

Robert Orlofsky, Member

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

By: _____

ESCROWEE

Continued on addendum or rider attached hereto.

RIDER ANNEXED TO CONTRACT

Dated:

Seller: SUTTON ESTATES, LLC

Purchaser:

Premises: 445 Gramatan Avenue, Mount Vernon, New York

Unit No.:

Apartment Corporation: Westchester Gardens Owners, 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 Nancy R. Heller, Esq. ("Escrow Agent"), in accordance with the provisions set forth in the Seventh Amendment to the Plan which was accepted for filing by the Attorney General of the State of New York on April 27, 1992.

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) 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.

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. 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 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 s/he has read and understands the House Rules of the Westchester Gardens Owners, Inc., 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 44 shall survive the closing and shall also be for the benefit of the Corporation.

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 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.

SUTTON ESTATES, LLC, Seller

By: _____

, Purchaser

, Purchaser

SuttonRiderAGForm.wpd



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

Lead Warning Statement

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

Seller's Disclosure

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

- (i) Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).
Given the age of the housing, it is possible that lead-based paint was used
over the years; however Seller has not tested the unit to determine whether
lead paint exists and has no actual
- (ii) ~~XXXXXX~~ knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the seller (Check (i) or (ii) below):

- (i) Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).

- (ii) Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser's Acknowledgment (initial)

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

Agent's Acknowledgment (initial)

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

Certification of Accuracy

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

SELLER	DATE	SELLER	DATE
PURCHASER	DATE	PURCHASER	DATE
AGENT	DATE	AGENT	



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)416-6384

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

RE: 445 Gramatan Avenue (Westchester Gardens)
File Number: C 870246 Amendment No: 14
Date Amendment Filed: 06/23/2005 Filing Fee: \$225.00
Receipt Number: 73305

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.

THIRTEENTH AMENDMENT TO OFFERING PLAN
for
445 GRAMATAN AVENUE
MOUNT VERNON, 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 445 Gramatan Avenue, Mount Vernon, New York, dated July 26, 1988 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 as of December 31, 2001 which sets forth the units to which unsold shares are allocated. All unsold shares are held by Sutton Estates ("Sponsor").

(b) As of January 1, 2002, the aggregate monthly maintenance payments for all shares owned by the Sponsor is approximately \$20,000.00.

(c) As of January 1, 2002, the aggregate monthly rents payable by tenants of all units owned by Sponsor is approximately \$25,425.00.

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

(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. 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:

31 Pondfield Road, Bronxville, New York
File No. C83-0117
27-47 North Central Avenue, Hartsdale, New York
File No. C81-0158
17 North Chatsworth Avenue, Larchmont, New York
File No. C81-0234
10 Franklin Avenue, White Plains, New York
File No. C82-0477
1-15 Bryant Crescent, White Plains, New York
File No. C79-0438
324 East 35th Street, New York, New York
File No. C85-0459
60 West 70th Street, New York, New York
File No. C80-0493
319 East 73rd Street, New York, New York
File No. C85-0758

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

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

(j) The Sponsor relinquished control of the Board of Directors on May 23, 1990. As of December 31, 2001, the total of unsold shares held by the Sponsor, aggregates 34.23% of the outstanding shares of the Corporation.

3. Maintenance Charges and Budget.

By resolution of the Board of Directors of the Corporation adopted at a meeting duly held December 17, 2001, after reviewing a projected budget of building operations for the calendar year 2002, the per share annual maintenance was fixed at \$13.00 for the calendar year 2002, representing a three (3.00%) percent increase over the prior year.

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 informational purposes only and the Sponsor does not in any way adopt such budget as its own or make any representation as to the adequacy, accuracy or completeness of same or any item shown therein and none should be implied. The Sponsor has reviewed the budget and has

no knowledge of any matter which would render the budget materially incorrect; however, the Sponsor has not prepared the budget and has not independently verified the information or estimates contained therein.

4. Election of Officers and Directors.

At the annual meeting of the shareholders of the Corporation duly held on June 25, 2001, the following officers and directors of the Corporation were elected:

Lou Cirillo, President and Director
*Robert Orlofsky, Vice President and Director
*Jeffrey B. Sommers, Vice President and Director
John C. Guttridge, Vice President and Director
Marisa Intile, Secretary and Director
Marilyn Jelinek, Treasurer and Director

*Sponsor Designee

5. Financial Statements.

The financial statement for Westchester Gardens Owners, Inc. for the years ended December 31, 1999 and December 31, 2000 prepared by Margold, Ersken, Wang & Lieb, LLP, Certified Public Accountants, is attached hereto.

6. 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, Sutton Estates. The principal amount of the NCB first mortgage is \$2,750,000.00. From each monthly installment in the amount of \$18,148.31 there will be applied interest at the fixed rate of 6.92% per annum and the balance in reduction of principal based on a 30-year amortization schedule. There is no escrow for real estate taxes or insurance premiums. The mortgage matures on March 1, 2008, at which time the principal balance due will be \$2,355,380.00. There is no assurance that refinancing will be available on the same or better terms at the time of maturity. The mortgage may not be prepaid prior to 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. As a condition of the mortgage, the Apartment Corporation was required to remove, encapsulate or otherwise contain selective asbestos and asbestos containing materials, and this work has been completed.

7. Changes in Statute.

Changes in General Business Law Section 352 and Real Property Law Section 339 since the filing of the Twelfth Amendment 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.

8. Change of Sponsor Entity.

Effective as of March 3, 1999 with the filing of a Certificate of Conversion with the Department of the State of New York, the Sponsor, Dale Estates, a New York general partnership, in accordance with Section 1006 of the Limited Liability Company Law of the State of New York, was duly converted to a limited liability company. In accordance with the Agreement of Conversion among the partners of the partnership, effective upon said filing, all of the property, real, personal, tangible, and intangible became vested in Sutton Estates Limited Liability Company.

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

(a) The interests of the Estate of Jacob Heller are now held by Alan and Herbert Heller as Trustees u/w/o Jacob Heller, c/o Peck & Heller, 60 East 42nd 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 42nd 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 42nd Street, New York, New York 10165.

(d) The address of Norman L. Peck has been changed to 31 East 79th 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 42nd Street, New York, New York 10165.

(g) The interests of the Cathy Robinowitz 1972 Trust, Susan R. Tull 1972 Trust, Richard H. Robinowitz 1972 Trust, Robert E. Robinowitz 1972 Trust and Jane Robinowitz 1972 Trust are now held by Stuart Robinowitz whose address is c/o Warner Brothers and Warner Music Group, 75 Rockefeller Plaza, New York, New York 10019.

(h) The interests of the Orlofsky Enterprises 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.

10. Price Changes.

The purchase price of the shares of the Apartment Corporation being offered pursuant to the Plan is hereby increased from \$200.00 per share to \$250.00 per share.

11. Sponsor Filings. The Sponsor has not filed any amendments to the Plan since the Twelfth Amendment, which was accepted for filing on January 16, 1997, because it has not been actively engaged in the sale of units for the period from one year following the acceptance of the Twelfth Amendment to the filing of this Amendment.

12. 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: **APRIL 10**, 2002

SUTTON ESTATES, Sponsor

445 Gramatan Avenue
Mount Vernon, New York
File No.: C87-0246

Schedule of Unsold Shares

# APT.	TENANT	NUMBER OF SHARES
AB2	UNSOLD SHARES	415
AC2	UNSOLD SHARES	410
AD1	UNSOLD SHARES	535
AD3	UNSOLD SHARES	405
BB2	UNSOLD SHARES	545
BD1	UNSOLD SHARES	405
CD1	UNSOLD SHARES	480
DC2	UNSOLD SHARES	410
DD1	UNSOLD SHARES	480
DD2	UNSOLD SHARES	405
EA1	UNSOLD SHARES	460
EA2	UNSOLD SHARES	300
EA3	UNSOLD SHARES	495
EB1	UNSOLD SHARES	455
EB2	UNSOLD SHARES	295
EC3	UNSOLD SHARES	485
ED1	UNSOLD SHARES	445
FD2	UNSOLD SHARES	480
GA2	UNSOLD SHARES	300
GA3	UNSOLD SHARES	460
GB2	UNSOLD SHARES	295
HA1	UNSOLD SHARES	420
HB1	UNSOLD SHARES	415
HD2	UNSOLD SHARES	480
IA1	UNSOLD SHARES	420
IA2	UNSOLD SHARES	460
IA3	UNSOLD SHARES	495
IB1	UNSOLD SHARES	470
IB3	UNSOLD SHARES	470
IC1	UNSOLD SHARES	485
IC2	UNSOLD SHARES	450
ID1	UNSOLD SHARES	480
ID3	UNSOLD SHARES	480
JA1	UNSOLD SHARES	660
JA2	UNSOLD SHARES	300
JB1	UNSOLD SHARES	545
JB2	UNSOLD SHARES	415
JC2	UNSOLD SHARES	410
KC3	UNSOLD SHARES	540

TOTAL BUILDING UNITS 39

TOTAL SHARES 17,395

WESTCHESTER GARDENS OWNERS CORP.

APPROVED OPERATING BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2002

PROJECTED INCOME

Maintenance Charges	\$ 660,367 *
Laundry	8,400
Parking	40,980
Interest Income	<u>11,000</u>
	<u>\$ 720,747</u>

PROJECTED EXPENSES

Fuel-oil	\$ 45,000
Electric and gas	17,500
Payroll and benefits	132,000
Insurance	30,000
Telephone	2,400
Snow Removal	2,500
Gardening, Trees	20,500
Plumbing	8,500
General repairs	25,000
Roofing and waterproofing	5,000
Supplies	12,000
Interest - mortgage	217,776
Real estate taxes	156,000
Water and sewer	11,500
Professional fees	5,200
Management fees	25,500
Franchise taxes	1,200
Miscellaneous	<u>3,171</u>
	<u>\$ 720,747</u>

*Provides for a 3% increase in maintenance budget approved December 17, 2001

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2000 AND 1999

MARGOLD ERSKEN WANG & LIEB, LLP
CERTIFIED PUBLIC ACCOUNTANTS

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

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MARGOLD ERSKEN WANG & LIEB, LLP

CERTIFIED PUBLIC ACCOUNTANTS

880 THIRD AVENUE
NEW YORK, N Y 10022-4730

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Westchester Gardens Owners, Inc. (A Cooperative Apartment Corporation):

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

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

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

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

Margold Erskan Wang & Lieb LLP

New York, New York

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

BALANCE SHEETS

	<u>December 31,</u>	
	<u>2000</u>	<u>1999</u>
<u>Assets:</u>		
Current Assets (Schedule A - I)	\$ 393,600	\$ 388,790
Fixed Assets (Schedule A - II) (Note 2)	6,228,606	6,304,312
Deferred Mortgage Expenses	<u>29,530</u>	<u>33,650</u>
	<u>\$6,651,736</u>	<u>\$6,726,752</u>
<u>Liabilities and Shareholders' Equity:</u>		
<u>Liabilities:</u>		
Current Liabilities (Schedule A - III)	\$ 71,084	\$ 65,258
Mortgage Note Payable (Note 4)	<u>2,667,024</u>	<u>2,699,033</u>
	<u>\$2,738,108</u>	<u>\$2,764,291</u>
<u>Shareholders' Equity:</u>		
Capital Stock - Issued and Outstanding 50,815 Shares With a Par Value of \$1.00 Per Share	\$ 50,815	\$ 50,815
Paid In Capital	4,864,060	4,864,060
Mortgage Amortization	<u>82,976</u>	<u>50,967</u>
	\$4,997,851	\$4,965,842
Less - Accumulated Deficit	<u>(1,084,223)</u>	<u>(1,003,381)</u>
	<u>\$3,913,628</u>	<u>\$3,962,461</u>
	<u>\$6,651,736</u>	<u>\$6,726,752</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>December 31,</u>	
	<u>2000</u>	<u>1999</u>
<u>Schedule A - I</u>		
<u>Current Assets:</u>		
Cash and Equivalents:		
Cash - Money Market	\$ 130,316	\$ 127,780
Cash - Operating Account	1,655	2,439
U.S. Treasury Bill	249,675	246,875
Total Cash and Equivalents	\$ 381,646	\$ 377,094
Prepaid Expenses	9,676	8,459
Due from Tenant - Shareholders	2,278	3,237
	<u>\$ 393,600</u>	<u>\$ 388,790</u>
<u>Schedule A - II</u>		
<u>Fixed Assets</u> , at Book Value: (Note 2)		
<u>Premises:</u> 445 Gramatan Ave., Mount Vernon, N.Y.		
Land	\$3,824,018	\$3,824,018
Building	3,086,857	3,086,857
Improvements and Equipment	423,464	395,127
	\$7,334,339	\$7,306,002
Less: Accumulated Depreciation	1,105,733	1,001,690
	<u>\$6,228,606</u>	<u>\$6,304,312</u>
<u>Schedule A - III</u>		
<u>Current Liabilities:</u>		
Accounts Payable - (Current Operations)	\$ 38,355	\$ 40,157
Prepaid Maintenance	1,242	1,162
Sublet Security Deposits	16,024	15,733
Star Credits	15,463	8,206
	<u>\$ 71,084</u>	<u>\$ 65,258</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

	Year Ended	
	December 31,	
	<u>2000</u>	<u>1999</u>
<u>Income:</u>		
Maintenance Charges to Tenant - Shareholders	\$ 628,562	\$ 611,744
Less: Amount Applicable to Principal Payment of Mortgages	<u>32,009</u>	<u>29,875</u>
	\$ 596,553	\$ 581,869
Fuel Surcharge	21,052	-0-
Laundry Room Commission	11,976	7,620
Interest Income	19,796	18,796
Parking	33,960	27,240
Sublet Fees	3,840	3,595
Miscellaneous	<u>2,152</u>	<u>1,440</u>
	<u>\$ 689,329</u>	<u>\$ 640,560</u>
<u>Expenses:</u>		
Operating Expenses (Schedule B - I)	\$ 227,596	\$ 199,567
Maintenance Expenses (Schedule B - II)	66,329	77,952
Administrative Expenses (Schedule B - III)	34,209	33,462
Financial Expenses (Schedule B - IV)	185,586	187,732
Taxes (Schedule B - V)	<u>148,288</u>	<u>144,360</u>
	<u>\$ 662,008</u>	<u>\$ 643,073</u>
<u>Excess (Deficit) of Income Over Expenses Before Depreciation and Amortization</u>	\$ 27,321	\$ (2,513)
Depreciation	104,043	100,369
Amortization of Mortgage Expense	<u>4,120</u>	<u>4,120</u>
<u>Deficit of Income Over Expenses</u>	\$ (80,842)	\$ (107,002)
<u>Accumulated Deficit - Beginning of Year</u>	<u>(1,003,381)</u>	<u>(896,379)</u>
<u>Accumulated Deficit - End of Year</u>	<u>\$ (1,084,223)</u>	<u>\$ (1,003,381)</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

	Year Ended December 31,	
	2000	1999
<u>Schedule B - I</u>		
<u>Operating Expenses:</u>		
Payroll	\$ 88,294	\$ 84,130
Employee Benefits	16,927	21,464
Payroll Taxes	7,101	6,757
Insurance - Compensation	2,730	3,963
Insurance - General	23,666	23,025
Fuel	62,996	40,006
Electricity and Gas	16,253	12,967
Water Charges	9,629	7,255
	<u>\$227,596</u>	<u>\$199,567</u>

Schedule B - II

Maintenance Expenses:

Painting and Plastering	\$ 1,800	\$ 2,550
Boiler Maintenance	3,040	6,286
Plumbing	3,851	6,762
General Building Repairs	26,122	21,329
Hardware and Supplies	11,581	12,551
Gardening, Landscaping and Tree Maintenance	14,354	24,842
Exterminating and Cleaning	1,364	1,840
Snow Removal	4,217	1,792
	<u>\$ 66,329</u>	<u>\$ 77,952</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

	Year Ended	
	December 31,	
	<u>2000</u>	<u>1999</u>
<u>Schedule B - III</u>		
<u>Administrative Expenses:</u>		
Management Fees	\$ 23,500	\$ 21,500
Accounting Fees	5,104	4,800
Telephone and Beeper	2,440	2,275
Miscellaneous	<u>3,165</u>	<u>4,887</u>
	<u>\$ 34,209</u>	<u>\$ 33,462</u>
 <u>Schedule B - IV</u>		
<u>Financial Expenses:</u>		
Mortgage Note Interest	<u>\$185,586</u>	<u>\$187,732</u>
 <u>Schedule B-V</u>		
<u>Taxes:</u>		
Real Estate Taxes	\$146,943	\$143,791
New York State Franchise Tax	<u>1,345</u>	<u>569</u>
	<u>\$148,288</u>	<u>\$144,360</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2000	1999
<u>Cash Flows From Operating Activities:</u>		
Deficit of Income over Expenses (Exhibit B)	\$ (80,842)	\$ (107,002)
Adjustments to Reconcile Excess (Deficit) of Income Over Expenses to Net Cash Provided (Used) by Operating Activities:		
Depreciation	104,043	100,369
Amortization of Mortgage Costs	4,120	4,121
(Increase) Decrease in Assets:		
Prepaid Expenses	(1,217)	100
Due from Tenant Shareholders	959	1,790
Increase (Decrease) in Liabilities:		
Accounts Payable	(1,802)	5,720
Prepaid Maintenance	80	452
Sublet Security Deposits	291	577
Star Credits	7,257	3,589
Net Cash Provided by Operating Activities	<u>\$ 32,889</u>	<u>\$ 9,716</u>
<u>Cash Flows From Investing Activities:</u>		
Additions to Fixed Assets	\$ (28,337)	\$ (113,076)
Net Cash Used By Investing Activities	<u>\$ (28,337)</u>	<u>\$ (113,076)</u>
<u>Cash Flows From Financing Activities:</u>		
Amortization of Mortgage	\$ (32,009)	\$ (29,875)
Income Allocated to Mortgage Principal Payments	32,009	29,875
Net Cash Used By Financing Activities	<u>\$ -0-</u>	<u>\$ -0-</u>
Net Increase (Decrease) In Cash and Equivalents	\$ 4,552	\$ (103,360)
<u>Cash and Equivalents At Beginning of Year</u>	<u>377,094</u>	<u>480,454</u>
<u>Cash and Equivalents At End of Year</u>	<u>\$ 381,646</u>	<u>\$ 377,094</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000 AND 1999

1. SIGNIFICANT ACCOUNTING POLICIES:

(A) ORGANIZATION:

The Corporation was organized on January 16, 1986, in order to acquire the property at 445 Gramatan Avenue, Mount Vernon, New York. It is a qualified Cooperative Housing Corporation under Section 216(b)(1) of the Internal Revenue Code.

(B) 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 of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. FIXED ASSETS:

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

For tax purposes, the acquisition of the Property is being reported as an exchange pursuant to Section 351 of the Internal Revenue Code.

3. MANAGEMENT AGREEMENT:

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

4. MORTGAGE PAYABLE:

On February 11, 1998 the Corporation obtained a first mortgage note payable from NCB Capital Corporation in the principal amount of \$2,750,000. Term of the mortgage require monthly payments of \$18,148 applicable first to interest at the rate of 6.92% per annum and the balance to be applied to the reduction of principal based on a thirty year period. Amortization payments required over the next five years in connection with the long term debt are as follows:

2001	\$ 34,296
2002	36,746
2003	39,371
2004	42,183
2005	45,197
	<u>\$197,793</u>

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000 AND 1999

5. DEFERRED CHARGES:

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

6. FUTURE MAJOR REPAIRS AND REPLACEMENTS:

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



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

ELIOT SPITZER
Attorney General

DIETRICH L. SNELL
Deputy Attorney General
Division of Public Advocacy

ERIC R. DINALLO
Bureau Chief
Investment Protection Bureau

(212) 416-6384

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

RE: 445 Gramatan Avenue (Westchester Gardens)
File Number: C 870246 Amendment No: 13
Date Amendment Filed: 04/10/2002 Filing Fee: \$150.00
Receipt Number: 57704

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,

Lisa Wallace
Assistant Attorney General

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TWELFTH AMENDMENT TO OFFERING PLAN
for
445 GRAMATAN AVENUE
MOUNT VERNON, 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 445 Gramatan Avenue, Mount Vernon, New York, dated July 26, 1988 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 as of December 31, 1995 which sets forth the units to which unsold shares are allocated. All unsold shares are held by Sutton Estates ("Sponsor").

(b) As of December 31, 1996 the aggregate monthly maintenance payments for all shares owned by the Sponsor is \$17,553.34.

(c) As of December 31, 1996 the aggregate monthly rents payable by tenants of all units owned by Sponsor is approximately \$21,049.59.

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

(e) None of the unsold shares is subject to mortgages or financing commitments.

(f) The maintenance payments and contribution to the Reserve Fund due from Sponsor 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 \$2,350,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the Apartment Corporation to Sponsor of \$17,625.00. Sponsor may also derive income from the sale of vacant units but does not rely on such sales to meet its

obligations to the Apartment Corporation.

(g) The Sponsor is current on all financial obligations under the Plan. Sponsor was current on all such obligations during the year prior to the filing of this amendment.

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

31 Pondfield Road, Bronxville, New York
File No. C83-0117
27-47 North Central Avenue, Hartsdale, New York
File No. C81-0158
17 North Chatsworth Avenue, Larchmont, New York
File No. C81-0234
10 Franklin Avenue, White Plains, New York
File No. C82-0477
1-15 Bryant Crescent, White Plains, New York
File No. C79-0438
324 East 35th Street, New York, New York
File No. C85-0459
60 West 70th Street, New York, New York
File No. C80-0493
319 East 73rd Street, New York, New York
File No. C85-0758

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

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

(j) The Sponsor relinquished control of the Board of Directors on May 23, 1990. As of December 30, 1996, the total of unsold shares held by the Sponsor, aggregates 34.23% of the outstanding shares of the Corporation.

3. Maintenance Charges and Budget.

By resolution of the Board of Directors of the Corporation adopted at a meeting duly held December 16, 1996, after reviewing a projected budget of building operations for the calendar year 1997, the per share annual maintenance was fixed at \$11.527 for the calendar year 1996, representing a two (2.00%) percent increase over the prior year.

Attached hereto is the budget for the 1997 calendar year, prepared by the Building's managing agent and adopted by the Board of Directors. This budget is contained herein for informational purposes only and the Sponsor does not in any way adopt such budget as its own or make any representation as to the adequacy, accuracy or completeness of same or any item shown therein and none should be implied. The Sponsor has reviewed the budget and has no knowledge of any matter which would render the budget materially incorrect; however, the Sponsor has not prepared the budget and has not independently verified the information or estimates contained therein.

4. Election of Officers and Directors.

At the annual meeting of the shareholders of the Corporation duly held on June 10, 1996, the following officers and directors of the Corporation were elected:

Frank Heller, President and Director
Robert Orlofsky, Vice President and Director
John J. O'Grady, Vice President and Director
Louis Cirillo, Treasurer and Director
John Guttridge, Secretary and Director
Marilyn Jelinek, Asst. Secretary and Director
Marisa Intile, Asst. Treasurer and Director

5. Financial Statements.

The financial statement for Westchester Gardens Owners, Inc. for the years ended December 31, 1994 and December 31, 1995 prepared by Margold, Ersken, Wang & Lieb, LLP, Certified Public Accountants, is attached hereto.

6. No Other Material Changes in Plan.

There have been no material changes in the Plan, except as set forth in this 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: January 16, 1997

SUTTON ESTATES, Sponsor

:010797.101

WESTCHESTER GARDENS OWNERS, INC.

OPERATING BUDGET

FOR YEAR ENIDNG DECEBER 31, 1997

PROJECTED INCOME

Maintenance Charges	\$587,994*
Interest Income	5,000
Laundry	7,620
Parking	<u>27,000</u>
TOTAL	<u>\$627,614</u>

PROJECTED EXPENSES

Payroll Benefits, Workers Comp. Utility	\$ 92,000
Heating	55,000
Utilities (Electricity and Gas)	13,000
Water Charges and Sewer Rents	6,500
General Repairs and Miscellaneous General/Phone	18,500
Plumbing	6,500
Landscaping and Trees	8,500
Plaster and Painting	2,400
Supplies	7,500
Roof/ Pointing	3,500
Service Contracts	15,000
Insurance	22,000
Management Fees	21,500
Legal Fees and Audit Fees	4,800
Franchise and Corporate Taxes	700
Real Estate taxes	135,000
Mortgage Payments	211,500
Miscellaneous	<u>3,714</u>
TOTAL	<u>\$627,614</u>

* Provides for 2% increase in maintenance.

Approved by Board of Directors December 16, 1996

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

REPORT ON EXAMINATIONS OF FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1995 AND 1994

MARGOLD ERSKEN WANG & LIEB, LLP
CERTIFIED PUBLIC ACCOUNTANTS

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

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MARGOLD ERSKEN WANG & LIEB, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Westchester Gardens Owners, Inc. (A Cooperative Apartment Corporation):

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

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

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

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

Margold Erskan Wang & Lieb LLP

New York, New York
February 2, 1996

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

BALANCE SHEETS

	<u>December 31,</u>	
	<u>1995</u>	<u>1994</u>
<u>Assets:</u>		
Current Assets (Schedule A - I)	\$ 210,957	\$ 190,648
Fixed Assets (Schedule A - II) (Note 2)	<u>6,440,659</u>	<u>6,534,165</u>
	<u>\$6,651,616</u>	<u>\$6,724,813</u>
<u>Liabilities and Shareholders' Equity:</u>		
Liabilities:		
Current Liabilities (Schedule A - III)	\$ 45,651	\$ 45,869
Mortgage Note Payable (Note 4)	<u>2,350,000</u>	<u>2,350,000</u>
	<u>\$2,395,651</u>	<u>\$2,395,869</u>
Shareholders' Equity:		
Capital Stock - Issued and Outstanding 50,815 Shares With a Par Value of \$1.00 Per Share	\$ 50,815	\$ 50,815
Paid In Capital	<u>4,864,060</u>	<u>4,864,060</u>
	\$4,914,875	\$4,914,875
Less - Accumulated Deficit	<u>(658,910)</u>	<u>(585,931)</u>
	<u>\$4,255,965</u>	<u>\$4,328,944</u>
	<u>\$6,651,616</u>	<u>\$6,724,813</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>December 31.</u>	
	<u>1995</u>	<u>1994</u>
<u>Schedule A - I</u>		
<u>Current Assets:</u>		
Cash and Equivalents:		
Cash - Money Market	\$ 81,371	\$ 66,919
Cash - Operating Account	1,071	2,020
U.S. Treasury Bill	<u>109,195</u>	<u>103,565</u>
Total Cash and Equivalents	\$ 191,637	\$ 172,504
Prepaid Expenses	13,098	11,783
Due from Tenant - Shareholders	6,063	6,361
Other Receivables	<u>159</u>	<u>-0-</u>
	<u>\$ 210,957</u>	<u>\$ 190,648</u>
 <u>Schedule A - II</u>		
<u>Fixed Assets, at Book Value: (Note 2)</u>		
<u>Premises:</u> 445 Gramatan Ave., Mount Vernon, N.Y.		
Land	\$3,824,018	\$3,824,018
Building	3,086,857	3,086,857
Improvements and Equipment	<u>146,835</u>	<u>146,835</u>
	\$7,057,710	\$7,057,710
Less: Accumulated Depreciation	<u>617,051</u>	<u>523,545</u>
	<u>\$6,440,659</u>	<u>\$6,534,165</u>
 <u>Schedule A - III</u>		
<u>Current Liabilities:</u>		
Sublet Security Deposits	\$ 11,435	\$ 10,817
Accounts Payable - (Current Operations)	33,041	34,599
Payroll and Other Taxes Payable	<u>1,175</u>	<u>453</u>
	<u>\$ 45,651</u>	<u>\$ 45,869</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

	Year Ended	
	<u>December 31,</u>	
	<u>1995</u>	<u>1994</u>
<u>Income:</u>		
Maintenance Charges to Tenant -		
Shareholders	\$ 562,394	\$ 540,765
Laundry Room Commission	7,620	7,620
Interest Income	7,395	4,459
Parking	27,240	27,240
Sublet Fees	<u>4,400</u>	<u>4,695</u>
	<u>\$ 609,049</u>	<u>\$ 584,779</u>
<u>Expenses:</u>		
Operating Expenses (Schedule B - I)	\$ 172,852	\$ 170,222
Maintenance Expenses (Schedule B - II)	45,540	54,222
Administrative Expenses (Schedule B - III)	35,934	29,050
Financial Expenses (Schedule B - IV)	212,321	212,476
Taxes (Schedule B - V)	<u>121,120</u>	<u>134,192</u>
	<u>\$ 587,767</u>	<u>\$ 600,162</u>
<u>Excess (Deficit) of Income Over Expenses Before</u>		
<u> Depreciation and Federal Income Tax</u>	<u>\$ 21,282</u>	<u>\$ (15,383)</u>
Depreciation	<u>93,506</u>	<u>93,067</u>
<u>Excess (Deficit) of Income Over Expenses</u>		
<u> Before Federal Income Tax</u>	<u>\$ (72,224)</u>	<u>\$ (108,450)</u>
Federal Income Tax	<u>755</u>	<u>375</u>
<u>Excess (Deficit) of Income Over Expenses</u>	<u>\$ (72,979)</u>	<u>\$ (108,825)</u>
<u>Accumulated Deficit - Beginning of Year</u>	<u>(585,931)</u>	<u>(477,106)</u>
<u>Accumulated Deficit - End of Year</u>	<u>\$ (658,910)</u>	<u>\$ (585,931)</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>Year Ended</u> <u>December 31,</u>	
	<u>1995</u>	<u>1994</u>
 <u>Schedule B - I</u>		
<u>Operating Expenses:</u>		
Payroll	\$ 62,207	\$ 59,486
Employee Benefits	15,137	12,782
Payroll Taxes	5,218	5,557
Insurance - Compensation	3,783	3,610
Insurance - General	36,037	35,984
Fuel	33,900	34,808
Electricity and Gas	11,125	12,128
Water Charges	<u>5,445</u>	<u>5,867</u>
	<u>\$172,852</u>	<u>\$170,222</u>

Schedule B - II

Maintenance Expenses:

Boiler Maintenance	\$ 7,466	\$ 5,364
Plumbing	2,396	3,293
General Building Repairs	14,348	14,367
Hardware and Supplies	5,762	8,223
Gardening, Landscaping and Tree Maintenance	10,093	13,103
Exterminating and Cleaning	1,332	2,298
Snow Removal	<u>4,143</u>	<u>7,574</u>
	<u>\$ 45,540</u>	<u>\$ 54,222</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

	Year Ended December 31,	
	<u>1995</u>	<u>1994</u>
 <u>Schedule B - III</u>		
<u>Administrative Expenses:</u>		
Management Fees	\$ 20,000	\$ 20,000
Accounting Fees	4,200	4,200
Professional Fees Regarding Real Estate Tax Reduction	6,587	-0-
Telephone and Beeper	2,520	2,697
Miscellaneous	<u>2,627</u>	<u>2,153</u>
	<u>\$ 35,934</u>	<u>\$ 29,050</u>
 <u>Schedule B - IV</u>		
<u>Financial Expenses:</u>		
Mortgage Note Interest	\$211,500	\$211,500
Interest - Other	<u>821</u>	<u>976</u>
	<u>\$212,321</u>	<u>\$212,476</u>
 <u>Schedule B-V</u>		
<u>Taxes:</u>		
Real Estate Taxes	\$119,965	\$133,442
New York State Franchise Tax	<u>1,155</u>	<u>750</u>
	<u>\$121,120</u>	<u>\$134,192</u>

See Notes to Financial Statements.

EXHIBIT C

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	<u>1995</u>	<u>1994</u>
<u>Cash Flows From Operating Activities:</u>		
Excess (Deficit) of Income over Expenses (Exhibit B)	\$ (72,979)	\$ (108,825)
Adjustments to Reconcile Excess (Deficit) of Income Over Expenses to Net Cash Provided (Used) by Operating Activities:		
Depreciation	93,506	93,067
(Increase) Decrease in Assets:		
Prepaid Expenses	298	366
Due from Tenant Shareholders	(1,315)	(562)
Other Receivables	(159)	-0-
Increase (Decrease) in Liabilities:		
Sublet Security Deposits	618	6,397
Accounts Payable	(1,558)	3,812
Taxes Payable	<u>722</u>	<u>267</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 19,133</u>	<u>\$ (5,478)</u>
<u>Cash Flows From Investing Activities:</u>		
Additions to Fixed Assets	\$ -0-	\$ (9,795)
Due from Sponsor - Reserve Fund	<u>-0-</u>	<u>30,000</u>
Net Cash Provided By Investing Activities	<u>\$ -0-</u>	<u>\$ 20,205</u>
Net Increase In Cash and Equivalents	\$ 19,133	\$ 14,727
<u>Cash and Equivalents At Beginning of Year</u>	<u>172,504</u>	<u>157,777</u>
<u>Cash and Equivalents At End of Year</u>	<u>\$ 191,637</u>	<u>\$ 172,504</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1995

1. SIGNIFICANT ACCOUNTING POLICIES:

The Corporation was organized on January 16, 1986, in order to acquire the property at 445 Gramatan Avenue, Mount Vernon, New York. It is a qualified Cooperative Housing Corporation under Section 216(b)(1) of the Internal Revenue Code.

2. FIXED ASSETS:

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

For tax purposes, the acquisition of the Property is being reported as an exchange pursuant to Section 351 of the Internal Revenue Code.

3. MANAGEMENT AGREEMENT:

The Corporation has reviewed its management agreement with Robert Orlofsky Realty Inc. from July 1, 1995 through May 31, 1998.

The Sponsor contributed \$175,000 at the closing. The remaining \$150,000 was paid in five equal installments of \$30,000 each on an annual basis commencing from the closing date. The last payment was received in 1994.

4. MORTGAGE PAYABLE:

On the closing date, the Apartment Corporation executed and delivered to Sponsor, a Purchase Money Mortgage ("Mortgage"), in the principal amount of \$2,350,000. Pursuant to the terms of the Plan, and in accordance with the terms of the Mortgage, the Mortgage will be a Wraparound Mortgage in the event Sponsor places a new prior mortgage on the Premises.

The Corporation has entered into an agreement with the Sponsor modifying the interest rate payable on the mortgage, to a constant rate of 9% per annum throughout the term of the loan which become dues and payable on April 4, 1999. All other terms and conditions of the mortgage remain unchanged and in full force and effect.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1995

5. FEDERAL INCOME TAXES:

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

6. REAL ESTATE TAX REDUCTION

During the year the Corporation received a refund of \$8,537 from the City of Mount Vernon, which is a result of the reduction in assessments for the years 1991, 1992 and 1994. This reduction in assessments also reduced the current years real estate taxes.

7. FUTURE MAJOR REPAIRS AND REPLACEMENTS:

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



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

DENNIS C. VACCO
Attorney General

PAMELA JONES HARBOUR
Deputy Attorney General

(212) 416-8134

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

RE: 445 Gramatan Avenue

File Number: C870246

Date Amendment Filed: 01/16/97

Receipt Number: 940611517

Amendment No: 12

Filing Fee: \$ 150.00

Dear Sponsor:

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

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

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

Very truly yours,

KENNETH DEMARIO

ASSISTANT ATTORNEY GENERAL *y.H.*

ELEVENTH AMENDMENT TO OFFERING PLAN
for
445 GRAMATAN AVENUE
MOUNT VERNON, 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 445 Gramatan Avenue, Mount Vernon, New York, dated July 26, 1988 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 as of December 18, 1995 which sets forth the units to which unsold shares are allocated. All unsold shares are held by Sutton Estates ("Sponsor").

(b) As of December 18, 1995 the aggregate monthly maintenance payments for all shares owned by the Sponsor is \$16,043.25.

(c) As of December 18, 1995 the aggregate monthly rents payable by tenants of all units owned by Sponsor is approximately \$20,428.92.

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

(e) None of the unsold shares is subject to mortgages or financing commitments.

(f) The maintenance payments and contribution to the Reserve Fund due from Sponsor 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 \$2,350,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the Apartment Corporation to Sponsor of \$17,625.00. Sponsor may also derive income from the sale of vacant units but does not rely on such sales to meet its

obligations to the Apartment Corporation.

(g) The Sponsor is current on all financial obligations under the Plan. Sponsor was current on all such obligations during the year prior to the filing of this amendment.

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

31 Pondfield Road, Bronxville, New York
File No. C83-0117
27-47 North Central Avenue, Hartsdale, New York
File No. C81-0158
17 North Chatsworth Avenue, Larchmont, New York
File No. C81-0234
10 Franklin Avenue, White Plains, New York
File No. C82-0477
1-15 Bryant Crescent, White Plains, New York
File No. C79-0438
324 East 35th Street, New York, New York
File No. C85-0459
60 West 70th Street, New York, New York
File No. C80-0493
319 East 73rd Street, New York, New York
File No. C85-0758

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

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

(j) The Sponsor relinquished control of the Board of Directors on May 23, 1990. As of December 18, 1995, the total of unsold shares held by the Sponsor, aggregates 34.23% of the outstanding shares of the Corporation.

3. Maintenance Charges and Budget.

By resolution of the Board of Directors of the Corporation adopted at a meeting duly held December 4, 1995, after reviewing a projected budget of building operations for the calendar year 1996, the per share annual maintenance was fixed at \$11.3443 for the calendar year 1996, representing a two and one-half (2.5) percent increase over the prior year.

Attached hereto is the budget for the 1996 calendar year, prepared by the Building's managing agent and adopted by the Board of Directors. This budget is contained herein for informational purposes only and the Sponsor does not in any way adopt such budget as its own or make any representation as to the adequacy, accuracy or completeness of same or any item shown therein and none should be implied. The Sponsor has reviewed the budget and has no knowledge of any matter which would render the budget materially incorrect; however, the Sponsor has not prepared the budget and has not independently verified the information or estimates contained therein.

4. Election of Officers and Directors.

At the annual meeting of the shareholders of the Corporation duly held on June 12, 1995, the following officers and directors of the Corporation were elected:

Frank Heller, President and Director
Robert Orlofsky, Vice President and Director
John J. O'Grady, Vice President and Director
Louis Cirillo, Treasurer and Director
John Guttridge, Secretary and Director
Marilyn Jelinek, Asst. Secretary and Director
Marisa Intile, Asst. Treasurer and Director

5. Financial Statements.

The financial statement for Westchester Gardens Owners, Inc. for the years ended December 31, 1993 and December 31, 1994 prepared by Margold, Ersken & Wang, Certified Public Accountants, is attached hereto.

6. No Other Material Changes in Plan.

There have been no material changes in the Plan, except as set forth in this 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: January 9, 1996

SUTTON ESTATES, Sponsor

:122095.101

WESTCHESTER GARDENS OWNERS, INC.

OPERATING BUDGET

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

PROJECTED INCOME

Maintenance Charges (<u>50,815</u> shares at <u>\$11,344</u> per share).	\$ <u>576,465</u>
Interest Income	\$ <u>5,000</u>
Laundry	\$ <u>7,620</u>
Parking	\$ <u>27,000</u>
TOTAL:	\$ <u>616,085</u>
=====	=====

PROJECTED EXPENSES

Payroll, Benefits, Workers Comp, Utility	\$ <u>91,000</u>
Heating	\$ <u>40,000</u>
Utilities (Electricity and gas).	\$ <u>13,000</u>
Water charges and sewer rents	\$ <u>6,500</u>
General repairs & Misc. General/Phone	\$ <u>18,000</u>
Elevator maintenance	\$ _____
Plumbing	\$ <u>6,500</u>
Landscaping & Trees	\$ <u>6,000</u>
Plaster & Painting	\$ <u>2,400</u>
Supplies	\$ <u>7,500</u>
Roof/Pointing	\$ <u>3,500</u>
Service contracts	\$ <u>12,550</u>
Insurance	\$ <u>36,500</u>
Management fees	\$ <u>21,500</u>
Legal fees and audit fees	\$ <u>4,800</u>
Franchise and corporate taxes	\$ <u>700</u>
Real estate taxes	\$ <u>134,135</u>
Mortgage payments	\$ <u>211,500</u>
Transfer Reserve	\$ _____
Contingency	\$ _____
TOTAL:	\$ <u>616,085</u>
=====	=====

ACT	APT#	SA	TENANT SHR/SIZE	MOVE-IN/EXP	RENT/MAIN	PARKING	MTH-RECUR	TOTAL
15	AB2	Z	SUTTON ESTATES		392.32	20.00		412.32
	3.5		415					
18	AC2	Z	SUTTON ESTATES		387.59	20.00		407.59
	3.5		410					
20	AD1	Z	SUTTON ESTATES		505.76	20.00		525.76
	5		535					
22	AD3	Z	SUTTON ESTATES		382.87	20.00		402.87
	3.5		405					
26	BB2	Z	SUTTON ESTATES		515.22	20.00		535.22
	5		545					
29	BD1	Z	SUTTON ESTATES		382.87	20.00		402.87
	3.5		405					
40	CD1	Z	SUTTON ESTATES		453.77	20.00		473.77
	4.5		480					
48	DC2	Z	SUTTON ESTATES		387.59	20.00		407.59
	3.5		410					
49	DD1	Z	SUTTON ESTATES		453.77	20.00		473.77
	4.5		480					
50	DD2	Z	SUTTON ESTATES		382.87	20.00		402.87
	3.5		405					
51	EA1	Z	SUTTON ESTATES		434.86	20.00		454.86
	4.0		460					
52	EA2	Z	SUTTON ESTATES		283.61	20.00		303.61
	2.5		300					
53	EA3	Z	SUTTON ESTATES		467.95	20.00		487.95
	4.5		495					
54	EB1	Z	SUTTON ESTATES		430.13	20.00		450.13
	4.0		455					
55	EB2	Z	SUTTON ESTATES		278.88	20.00		298.88
	2.5		295					
59	EC3	Z	SUTTON ESTATES		458.49	20.00		478.49
	4.5		485					
60	ED1	Z	SUTTON ESTATES		420.68	20.00		440.68
	4.0		445					
70	FD2	Z	SUTTON ESTATES		453.77	20.00		473.77
	4.5		480					
72	GA2	Z	SUTTON ESTATES		283.61	20.00		303.61
	2.5		300					
73	GA3	Z	SUTTON ESTATES		434.86	20.00		454.86
	4.0		460					
75	GB2	Z	SUTTON ESTATES		278.88	20.00		298.88
	2.5		295					
83	HA1	Z	SUTTON ESTATES		397.05	20.00		417.05
	3.5		420					
85	HB1	Z	SUTTON ESTATES		392.32	20.00		412.32
	3.5		415					
90	HD2	Z	SUTTON ESTATES		453.77	20.00		473.77
	4.5		480					
91	IA1	Z	SUTTON ESTATES		397.05	20.00		417.05
	3.5		420					
92	IA2	Z	SUTTON ESTATES		434.86	20.00		454.86
	4.0		460					
93	IA3	Z	SUTTON ESTATES		467.95	20.00		487.95
	4.5		495					

DATE: 01/26/96

** RENT ROLL **

PAGE: 2

BUILDING-34: 445 GRAMATAN AVENUE

* ONLY CODE/S: Z

ACT	APT#	SA	TENANT SHR/SIZE	MOVE-IN/EXP	RENT/MAIN	PARKING	MTH-RECUR	TOTAL
94	IB1	Z	SUTTON ESTATES		463.22	20.00		483.22
	4.5		490					
96	IB3	Z	SUTTON ESTATES		463.22	20.00		483.22
	4.5		490					
97	IC1	Z	SUTTON ESTATES		458.49	20.00		478.49
	4.5		485					
98	IC2	Z	SUTTON ESTATES		425.41	20.00		445.41
	4.0		450					
100	ID1	Z	SUTTON ESTATES		453.77	20.00		473.77
	4.5		480					
102	ID3	Z	SUTTON ESTATES		453.77	20.00		473.77
			480					
103	JA1	Z	SUTTON ESTATES		623.93	20.00		643.93
	6.0		660					
104	JA2	Z	SUTTON ESTATES		283.61	20.00		303.61
	2.5		300					
105	JB1	Z	SUTTON ESTATES		515.22	20.00		535.22
	5.0		545					
106	JB2	Z	SUTTON ESTATES		392.32	20.00		412.32
	3.5		415					
108	JC2	Z	SUTTON ESTATES		387.59	20.00		407.59
	3.5		410					
119	KC3	Z	SUTTON ESTATES		510.49	20.00		530.49
	5.0		540					
** TOTAL BUILDING **					39	16,444.39	0.00	
PARK: 39					17,395	780.00		17,224.39

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

REPORT ON EXAMINATIONS OF FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1994 AND 1993

MARGOLD ERSKEN & WANG
CERTIFIED PUBLIC ACCOUNTANTS

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Westchester Gardens Owners, Inc. (A Cooperative Apartment Corporation):

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

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

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

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



New York, New York
February 2, 1995

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

BALANCE SHEETS

	<u>December 31.</u>	
	<u>1994</u>	<u>1993</u>
<u>Assets:</u>		
Current Assets (Schedule A - I)	\$ 190,648	\$ 205,725
Fixed Assets (Schedule A - II) (Note 2)	<u>6,534,165</u>	<u>6,617,437</u>
	<u>\$6,724,813</u>	<u>\$6,823,162</u>
<u>Liabilities and Shareholders' Equity:</u>		
Liabilities:		
Current Liabilities (Schedule A - III)	\$ 45,869	\$ 35,393
Mortgage Note Payable (Note 4)	<u>2,350,000</u>	<u>2,350,000</u>
	<u>\$2,395,869</u>	<u>\$2,385,393</u>
Shareholders' Equity:		
Capital Stock - Issued and Outstanding 50,815 Shares With a Par Value of \$1.00 Per Share	\$ 50,815	\$ 50,815
Paid In Capital	<u>4,864,060</u>	<u>4,864,060</u>
	\$4,914,875	\$4,914,875
Less - Accumulated Deficit	<u>(585,931)</u>	<u>(477,106)</u>
	<u>\$4,328,944</u>	<u>\$4,437,769</u>
	<u>\$6,724,813</u>	<u>\$6,823,162</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>December 31.</u>	
	<u>1994</u>	<u>1993</u>
<u>Schedule A - I</u>		
<u>Current Assets:</u>		
Cash and Equivalents:		
Cash - Money Market	\$ 66,919	\$ 50,211
Cash - Operating Account	2,020	8,753
U.S. Treasury Bill	<u>103,565</u>	<u>98,813</u>
Total Cash and Equivalents	\$ 172,504	\$ 157,777
Prepaid Expenses	11,783	12,149
Due from Tenant - Shareholders	6,361	5,799
Due from Sponsor - Reserve Fund (Note 3)	<u>-0-</u>	<u>30,000</u>
	<u>\$ 190,648</u>	<u>\$ 205,725</u>
 <u>Schedule A - II</u>		
<u>Fixed Assets, at Book Value: (Note 2)</u>		
<u>Premises:</u> 445 Gramatan Ave., Mount Vernon, N.Y.		
Land	\$3,824,018	\$3,824,018
Building	3,086,857	3,086,857
Improvements and Equipment	<u>146,835</u>	<u>137,040</u>
	\$7,057,710	\$7,047,915
Less: Accumulated Depreciation	<u>523,545</u>	<u>430,478</u>
	<u>\$6,534,165</u>	<u>\$6,617,437</u>
 <u>Schedule A - III</u>		
<u>Current Liabilities:</u>		
Sublet Security Deposits	\$ 10,817	\$ 4,420
Accounts Payable - (Current Operations)	34,599	30,787
Payroll and Other Taxes Payable	<u>453</u>	<u>186</u>
	<u>\$ 45,869</u>	<u>\$ 35,393</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

	<u>Year Ended</u> <u>December 31.</u>	
	<u>1994</u>	<u>1993</u>
<u>Income:</u>		
Maintenance Charges to Tenant -		
Shareholders	\$ 540,765	\$ 515,020
Laundry Room Commission	7,620	7,620
Interest Income	4,459	3,592
Flip Tax	-0-	1,950
Parking	27,240	27,000
Sublet Fees	<u>4,695</u>	<u>1,845</u>
	<u>\$ 584,779</u>	<u>\$ 557,027</u>
<u>Expenses:</u>		
Operating Expenses (Schedule B - I)	\$ 170,222	\$ 172,719
Maintenance Expenses (Schedule B - II)	54,222	49,790
Administrative Expenses (Schedule B - III)	29,050	28,056
Financial Expenses (Schedule B - IV)	212,476	212,208
Taxes (Schedule B - V)	<u>134,192</u>	<u>127,288</u>
	<u>\$ 600,162</u>	<u>\$ 590,061</u>
<u>Excess (Deficit) of Income Over Expenses Before</u>		
<u> Depreciation and Federal Income Tax</u>	\$ (15,383)	\$ (33,034)
Depreciation	<u>93,067</u>	<u>92,043</u>
<u>Excess (Deficit) of Income Over Expenses</u>		
<u> Before Federal Income Tax</u>	\$ (108,450)	\$ (125,077)
Federal Income Tax	<u>375</u>	<u>332</u>
<u>Excess (Deficit) of Income Over Expenses</u>	\$ (108,825)	\$ (125,409)
<u>Accumulated Deficit - Beginning of Year</u>	<u>(477,106)</u>	<u>(351,697)</u>
<u>Accumulated Deficit - End of Year</u>	<u>\$ (585,931)</u>	<u>\$ (477,106)</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

	Year Ended December 31.	
	<u>1994</u>	<u>1993</u>
<u>Schedule B - I</u>		
<u>Operating Expenses:</u>		
Payroll	\$ 59,486	\$ 59,239
Employee Benefits	12,782	10,822
Payroll Taxes	5,557	5,540
Insurance - Compensation	3,610	3,600
Insurance - General	35,984	34,679
Fuel	34,808	42,105
Electricity and Gas	12,128	12,246
Water Charges	<u>5,867</u>	<u>4,488</u>
	<u>\$170,222</u>	<u>\$172,719</u>

Schedule B - II

Maintenance Expenses:

Boiler Maintenance	\$ 5,364	\$ 4,529
Plumbing	3,293	4,332
General Building Repairs	14,367	17,998
Hardware and Supplies	8,223	7,945
Gardening, Landscaping and Tree Maintenance	13,103	10,953
Exterminating and Cleaning	2,298	2,513
Snow Removal	<u>7,574</u>	<u>1,520</u>
	<u>\$ 54,222</u>	<u>\$ 49,790</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

	Year Ended December 31,	
	<u>1994</u>	<u>1993</u>
<u>Schedule B - III</u>		
<u>Administrative Expenses:</u>		
Management Fees	\$ 20,000	\$ 20,000
Accounting Fees	4,200	4,200
Telephone and Beeper	2,697	2,065
Miscellaneous	<u>2,153</u>	<u>1,791</u>
	<u>\$ 29,050</u>	<u>\$ 28,056</u>
 <u>Schedule B - IV</u>		
<u>Financial Expenses:</u>		
Mortgage Note Interest	\$211,500	\$211,500
Interest - Other	<u>976</u>	<u>708</u>
	<u>\$212,476</u>	<u>\$212,208</u>
 <u>Schedule B-V</u>		
<u>Taxes:</u>		
Real Estate Taxes	\$133,442	\$127,284
New York State Franchise Tax	<u>750</u>	<u>4</u>
	<u>\$134,192</u>	<u>\$127,288</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
 (A Cooperative Apartment Corporation)

STATEMENTS OF CASH FLOWS

	Year Ended December 31.	
	<u>1994</u>	<u>1993</u>
<u>Cash Flows From Operating Activities:</u>		
Excess (Deficit) of Income over Expenses (Exhibit B)	\$ (108,825)	\$ (125,409)
Adjustments to Reconcile Excess (Deficit) of Income Over Expenses to Net Cash Used by Operating Activities:		
Depreciation	93,067	92,043
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Prepaid Expenses	366	(858)
Due from Tenant Shareholders	(562)	899
Increase (Decrease) in:		
Renovation Deposits	6,397	3,045
Accounts Payable	3,812	(18,239)
Taxes Payable	<u>267</u>	<u>-0-</u>
Net Cash Used by Operating Activities	<u>\$ (5,478)</u>	<u>\$ (48,519)</u>
Cash Flows From Investing Activities:		
Additions to Fixed Assets	\$ (9,795)	\$ (22,543)
Due from Sponsor - Reserve Fund	<u>30,000</u>	<u>30,000</u>
Net Cash Provided By Investing Activities	<u>\$ 20,205</u>	<u>\$ 7,457</u>
Net Increase (Decrease) In Cash and Equivalents	\$ 14,727	\$ (41,062)
<u>Cash and Equivalents At Beginning of Year</u>	<u>157,777</u>	<u>198,839</u>
<u>Cash and Equivalents At End of Year</u>	<u>\$ 172,504</u>	<u>\$ 157,777</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994

1. SIGNIFICANT ACCOUNTING POLICIES:

The Corporation was organized on January 16, 1986, in order to acquire the property at 445 Gramatan Avenue, Mount Vernon, New York. It is a qualified Cooperative Housing Corporation under Section 216(b)(1) of the Internal Revenue Code.

2. FIXED ASSETS:

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

For tax purposes, the acquisition of the Property is being reported as an exchange pursuant to Section 351 of the Internal Revenue Code.

3. DUE FROM SPONSOR:

In accordance with the provision of the offering plan, the Sponsor was to set up a reserve fund of \$325,000.

The Sponsor contributed \$175,000 at the closing. The remaining \$150,000 was paid in five equal installments of \$30,000 each on an annual basis commencing from the closing date. The last payment was received in 1994.

4. MORTGAGE PAYABLE:

On the closing date, the Apartment Corporation executed and delivered to Sponsor, a Purchase Money Mortgage ("Mortgage"), in the principal amount of \$2,350,000. Pursuant to the terms of the Plan, and in accordance with the terms of the Mortgage, the Mortgage will be a Wraparound Mortgage in the event Sponsor places a new prior mortgage on the Premises.

The Corporation has entered into an agreement with the Sponsor modifying the interest rate payable on the mortgage, to a constant rate of 9% per annum throughout the term of the loan which become dues and payable on April 4, 1999. All other terms and conditions of the mortgage remain unchanged and in full force and effect.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994

5. FEDERAL INCOME TAXES:

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

6. FUTURE MAJOR REPAIRS AND REPLACEMENTS:

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



STATE OF NEW YORK
DEPARTMENT OF LAW

DENNIS C. VACCO
Attorney General

JOHN H. CARLEY
Deputy Attorney General

(212) 416-8134

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

RE: 445 Gramatan Avenue
File Number: C870246
Date Amendment Filed: 01/09/96
Receipt Number: 664711436
Amendment No: 11
Filing Fee: \$ 150.00

Dear Sponsor:

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

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

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

Very truly yours,

Kenneth Demario
KENNETH DEMARIO
ASSISTANT ATTORNEY GENERAL y.h.

TENTH AMENDMENT TO OFFERING PLAN
for
445 GRAMATAN AVENUE
MOUNT VERNON, 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 445 Gramatan Avenue, Mount Vernon, New York, dated July 26, 1988 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 Tenth 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 as of December 1, 1994 which sets forth the units to which unsold shares are allocated. All unsold shares are held by Sutton Estates ("Sponsor").

(b) As of December 1, 1994 the aggregate monthly maintenance payments for all shares owned by the Sponsor is \$17,115.32.

(c) As of December 1, 1994 the aggregate monthly rents payable by tenants of all units owned by Sponsor is approximately \$21,405.00.

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

(e) None of the unsold shares is subject to mortgages or financing commitments.

(f) The maintenance payments and contribution to the Reserve Fund due from Sponsor 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 \$2,350,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the Apartment Corporation to Sponsor of \$17,625.00. Sponsor may also derive income from the sale of vacant units but does not rely on such sales to meet its

obligations to the Apartment Corporation.

(g) The Sponsor is current on all financial obligations under the Plan. Sponsor was current on all such obligations during the year prior to the filing of this amendment.

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

31 Pondfield Road, Bronxville, New York
File No. C83-0117
27-47 North Central Avenue, Hartsdale, New York
File No. C81-0158
17 North Chatsworth Avenue, Larchmont, New York
File No. C81-0234
10 Franklin Avenue, White Plains, New York
File No. C82-0477
1-15 Bryant Crescent, White Plains, New York
File No. C79-0438
324 East 35th Street, New York, New York
File No. C85-0459
60 West 70th Street, New York, New York
File No. C80-0493
319 East 73rd Street, New York, New York
File No. C85-0758

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

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

(j) The Sponsor relinquished control of the Board of Directors on May 23, 1990. As of December 1, 1994, the total of unsold shares held by the Sponsor, aggregates 36.16% of the outstanding shares of the Corporation.

3. Maintenance Charges and Budget.

By resolution of the Board of Directors of the Corporation adopted at a meeting duly held November 14, 1994, after reviewing a projected budget of building operations for the calendar year 1995, the per share annual maintenance was fixed at \$11.0677 for the calendar year 1995, representing a four percent increase over the prior year.

Attached hereto is the budget for the 1995 calendar year, prepared by the Building's managing agent and adopted by the Board of Directors. This budget is contained herein for informational purposes only and the Sponsor does not in any way adopt such budget as its own or make any representation as to the adequacy, accuracy or completeness of same or any item shown therein and none should be implied. The Sponsor has reviewed the budget and has no knowledge of any matter which would render the budget materially incorrect; however, the Sponsor has not prepared the budget and has not independently verified the information or estimates contained therein.

4. Election of Officers and Directors.

At the annual meeting of the shareholders of the Corporation duly held on June 20, 1994, the following officers and directors of the Corporation were elected:

Frank Heller, President and Director
Robert Orlofsky, Vice President and Director
John J. O'Grady, Vice President and Director
Louis Cirillo, Treasurer and Director
John Guttridge, Secretary and Director
Marilyn Jelinek, Asst. Secretary and Director
Marisa Intile, Asst. Treasurer and Director

5. Financial Statements.

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

6. No Other Material Changes in Plan.

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

Dated: January 3, 1995

SUTTON ESTATES, Sponsor

121494.r6

Schedule of Unsold Shares

# APT.	TENANT	NUMBER OF SHARES
AB2	UNSOLD SHARES	415
AC2	UNSOLD SHARES	410
AD1	UNSOLD SHARES	535
AD3	UNSOLD SHARES	405
BB2	UNSOLD SHARES	545
BD1	UNSOLD SHARES	405
CD1	UNSOLD SHARES	480
DC2	UNSOLD SHARES	410
DD1	UNSOLD SHARES	480
DD2	UNSOLD SHARES	405
EA1	UNSOLD SHARES	460
EA2	UNSOLD SHARES	300
EA3	UNSOLD SHARES	495
EB1	UNSOLD SHARES	455
EB2	UNSOLD SHARES	295
EC3	UNSOLD SHARES	485
ED1	UNSOLD SHARES	445
FA2	UNSOLD SHARES	495
FD2	UNSOLD SHARES	480
GA2	UNSOLD SHARES	300
GA3	UNSOLD SHARES	460
GB2	UNSOLD SHARES	295
HA1	UNSOLD SHARES	420
HB1	UNSOLD SHARES	415
HC2	UNSOLD SHARES	485
HD2	UNSOLD SHARES	480
IA1	UNSOLD SHARES	420
IA2	UNSOLD SHARES	460
IA3	UNSOLD SHARES	495
IB1	UNSOLD SHARES	470
IB3	UNSOLD SHARES	470
IC1	UNSOLD SHARES	485
IC2	UNSOLD SHARES	450
ID1	UNSOLD SHARES	480
ID3	UNSOLD SHARES	480
JA1	UNSOLD SHARES	660
JA2	UNSOLD SHARES	300
JB1	UNSOLD SHARES	545
JB2	UNSOLD SHARES	415
JC2	UNSOLD SHARES	410
KC3	UNSOLD SHARES	540
TOTAL BUILDING UNITS 41		TOTAL SHARES 18,375

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

REPORT ON EXAMINATIONS OF FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1993 AND 1992

MARGOLD ERSKEN & WANG
CERTIFIED PUBLIC ACCOUNTANTS

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

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MARGOLD, ERSKEN & WANG

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITORS' REPORT

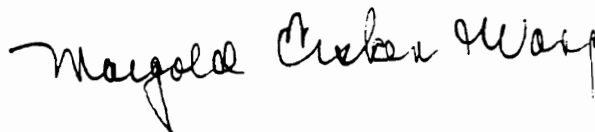
To the Board of Directors and Shareholders of
Westchester Gardens Owners, Inc. (A Cooperative Apartment Corporation):

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

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

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

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



New York, New York
January 24, 1994

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

BALANCE SHEETS

	December 31.	
	1993	1992
<u>Assets:</u>		
Current Assets (Schedule A - I)	\$ 205,725	\$ 276,828
Fixed Assets (Schedule A - II) (Note 2)	<u>6,617,437</u>	<u>6,686,937</u>
	<u>\$6,823,162</u>	<u>\$6,963,765</u>
<u>Liabilities and Shareholders' Equity:</u>		
<u>Liabilities:</u>		
Current Liabilities (Schedule A - III)	\$ 35,393	\$ 50,587
Mortgage Note Payable (Note 4)	<u>2,350,000</u>	<u>2,350,000</u>
	<u>\$2,385,393</u>	<u>\$2,400,587</u>
<u>Shareholders' Equity:</u>		
Capital Stock - Issued and Outstanding 50,815 Shares With a Par Value of \$1.00 Per Share	\$ 50,815	\$ 50,815
Paid In Capital	<u>4,864,060</u>	<u>4,864,060</u>
	\$4,914,875	\$4,914,875
Less - Accumulated Deficit	(<u>477,106</u>)	(<u>351,697</u>)
	<u>\$4,437,769</u>	<u>\$4,563,178</u>
	<u>\$6,823,162</u>	<u>\$6,963,765</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

	December 31,	
	1993	1992
<u>Schedule A - I</u>		
<u>Current Assets:</u>		
Cash and Equivalents:		
Certificates of Deposit	\$ -0-	\$ 56,270
Cash - Money Market	50,211	54,766
Cash - Operating Account	8,753	37,905
U.S. Treasury Bill	98,813	49,898
Total Cash and Equivalents	\$ 157,777	\$ 198,839
Prepaid Expenses	12,149	11,291
Due from Tenant - Shareholders	5,799	6,698
Due from Sponsor - Reserve Fund (Note 3)	30,000	60,000
	\$ 205,725	\$ 276,828

Schedule A - II

Fixed Assets, at Book Value: (Note 2)

Premises: 445 Gramatan Ave.,
Mount Vernon, N.Y.

Land	\$3,824,018	\$3,824,018
Building	3,086,857	3,086,857
Improvements and Equipment	137,040	114,497
	\$7,047,915	\$7,025,372
Less: Accumulated Depreciation	430,478	338,435
	\$6,617,437	\$6,686,937

Schedule A - III

Current Liabilities:

Sublet Security Deposits	\$ 4,420	\$ 1,375
Accounts Payable - (Current Operations)	30,787	49,026
Payroll and Other Taxes Payable	186	186
	\$ 35,393	\$ 50,587

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

	Year Ended December 31.	
	1993	1992
<u>Income:</u>		
Maintenance Charges to Tenant -		
Shareholders	\$ 515,020	\$ 500,020
Laundry Room Commission	7,620	7,262
Interest Income	3,592	6,616
Flip Tax	1,950	1,070
Parking	27,000	27,000
Sublet Fees	1,845	695
	\$ 557,027	\$ 542,663
<u>Expenses:</u>		
Operating Expenses (Schedule B - I)	\$ 172,719	\$ 165,031
Maintenance Expenses (Schedule B - II)	49,790	43,304
Administrative Expenses (Schedule B - III)	28,056	29,025
Financial Expenses (Schedule B - IV)	212,208	212,237
Taxes (Schedule B - V)	127,288	112,123
	\$ 590,061	\$ 561,720
<u>Excess (Deficit) of Income Over Expenses Before Depreciation and Federal Income Tax</u>	(\$ 33,034)	(\$ 19,057)
Depreciation	92,043	91,236
<u>Excess (Deficit) of Income Over Expenses Before Federal Income Tax</u>	(\$ 125,077)	(\$ 110,293)
Federal Income Tax	332	631
<u>Excess (Deficit) of Income Over Expenses</u>	(\$ 125,409)	(\$ 110,924)
<u>Accumulated Deficit - Beginning of Year</u>	(351,697)	(238,039)
Prior Year Fuel Adjustment	(-0-)	(2,734)
<u>Accumulated Deficit - End of Year</u>	(\$ 477,106)	(\$ 351,697)

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

	Year Ended December 31.	
	<u>1993</u>	<u>1992</u>
<u>Schedule B - I</u>		
<u>Operating Expenses:</u>		
Payroll	\$ 59,239	\$ 58,605
Employee Benefits	10,822	9,150
Payroll Taxes	5,540	5,260
Insurance - Compensation	3,600	3,634
Insurance - General	34,679	34,200
Fuel	42,105	38,526
Electricity and Gas	12,246	11,936
Water Charges	<u>4,488</u>	<u>3,720</u>
	<u>\$172,719</u>	<u>\$165,031</u>

Schedule B - II

Maintenance Expenses:

Boiler Maintenance	\$ 4,529	\$ 4,746
Plumbing	4,332	2,566
General Building Repairs	17,998	12,372
Hardware and Supplies	7,945	9,454
Gardening, Landscaping and Tree Maintenance	10,953	10,497
Exterminating and Cleaning	2,513	2,149
Snow Removal	<u>1,520</u>	<u>1,520</u>
	<u>\$ 49,790</u>	<u>\$ 43,304</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

	Year Ended	
	December 31,	
	<u>1993</u>	<u>1992</u>
<u>Schedule B - III</u>		
<u>Administrative Expenses:</u>		
Management Fees	\$ 20,000	\$ 20,000
Accounting Fees	4,200	4,200
Legal Fees	-0-	820
Telephone and Beeper	2,065	2,739
Miscellaneous	<u>1,791</u>	<u>1,266</u>
	<u>\$ 28,056</u>	<u>\$ 29,025</u>

Schedule B - IV

Financial Expenses:

Mortgage Note Interest	\$211,500	\$211,500
Interest - Other	<u>708</u>	<u>737</u>
	<u>\$212,208</u>	<u>\$212,237</u>

Schedule B-V

Taxes:

Real Estate Taxes	\$127,284	\$110,761
New York State Franchise Tax	<u>4</u>	<u>1,362</u>
	<u>\$127,288</u>	<u>\$112,123</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

STATEMENTS OF CASH FLOWS

	Year Ended December 31.	
	1993	1992
<u>Cash Flows From Operating Activities:</u>		
Excess (Deficit) of Income over Expenses (Exhibit B)	(\$ 125,409)	(\$ 110,924)
Adjustments to Reconcile Excess (Deficit) of Income Over Expenses to Net Cash Used by Operating Activities:		
Depreciation	92,043	91,236
Prior Year Fuel Adjustment	-0-	(2,734)
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Prepaid Expenses	(858)	(1,953)
Due from Tenant Shareholders	899	(2,422)
Increase (Decrease) in:		
Renovation Deposits	3,045	1,375
Accounts Payable	(18,239)	18,673
Taxes Payable	<u>-0-</u>	<u>(2,153)</u>
Net Cash Used by Operating Activities	<u>(\$ 48,519)</u>	<u>(\$ 8,902)</u>
<u>Cash Flows From Investing Activities:</u>		
Additions to Fixed Assets	(\$ 22,543)	(\$ 37,097)
Due from Sponsor - Reserve Fund	<u>30,000</u>	<u>30,000</u>
Net Cash Provided (Used) By Investing Activities	<u>\$ 7,457</u>	<u>(\$ 7,097)</u>
<u>Net Decrease In Cash and Equivalents</u>	(\$ 41,062)	(\$ 15,999)
<u>Cash and Equivalents At Beginning of Year</u>	<u>198,839</u>	<u>214,838</u>
<u>Cash and Equivalents At End of Year</u>	<u>\$ 157,777</u>	<u>\$ 198,839</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1993

1. SIGNIFICANT ACCOUNTING POLICIES:

The Corporation was organized on January 16, 1986, in order to acquire the property at 445 Gramatan Avenue, Mount Vernon, New York. It is a qualified Cooperative Housing Corporation under Section 216(b)(1) of the Internal Revenue Code.

2. FIXED ASSETS:

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

For tax purposes, the acquisition of the Property is being reported as an exchange pursuant to Section 351 of the Internal Revenue Code.

3. DUE FROM SPONSOR:

In accordance with the provision of the offering plan, the Sponsor was to set up a reserve fund of \$325,000.

The Sponsor contributed \$175,000 at the closing. The remaining \$150,000 will be paid in five equal installments of \$30,000 each on an annual basis commencing from the closing date.

4. MORTGAGE PAYABLE:

On the closing date, the Apartment Corporation executed and delivered to Sponsor, a Purchase Money Mortgage ("Mortgage"), in the principal amount of \$2,350,000. Pursuant to the terms of the Plan, and in accordance with the terms of the Mortgage, the Mortgage will be a Wraparound Mortgage in the event Sponsor places a new prior mortgage on the Premises.

The Corporation has entered into an agreement with the Sponsor modifying the interest rate payable on the mortgage (which rate was to increase to 10% per annum commencing April 4, 1994 and to 10-1/4% per annum commencing April 4, 1996), to a constant rate of 9% per annum throughout the term of the loan which become dues and payable on April 4, 1999. All other terms and conditions of the mortgage remain unchanged and in full force and effect.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1993

5. FEDERAL INCOME TAXES:

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

6. FUTURE MAJOR REPAIRS AND REPLACEMENTS:

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



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

DENNIS C. VACCO
Attorney General

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

(212) 416-8134

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

RE: 445 Gramatan Avenue
File Number: C870246 Amendment No: 10
Date Amendment Filed: 01/03/95 Filing Fee: \$ 150.00
Receipt Number: 342611365

Dear Sponsor:

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

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

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

Very truly yours,

KENNETH DEMARIO
ASSISTANT ATTORNEY GENERAL

y.H

NINTH AMENDMENT TO OFFERING PLAN
for
445 GRAMATAN AVENUE
MOUNT VERNON, 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 445 Gramatan Avenue, Mount Vernon, New York, dated July 26, 1988 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 Sutton Estates ("Sponsor").

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$16,762.48.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$18,993.00.

(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 and a fifth of five equal annual installments to the Reserve Fund in the amount of \$30,000 which is due April 4, 1994.

(e) None of the unsold shares is subject to mortgages or financing commitments.

(f) The maintenance payments and contribution to the Reserve Fund due from Sponsor 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 \$2,350,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the Apartment Corporation to Sponsor of \$17,625.00. Sponsor may also derive income from the sale of vacant units but does not rely on such sales to meet its obligations to the Apartment Corporation.

(g) The Sponsor is current on all financial obligations under the Plan. Sponsor was current on all such obligations during the year prior to the filing of this amendment.

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

31 Pondfield Road, Bronxville, New York
File No. C83-0117
27-47 North Central Avenue, Hartsdale, New York
File No. C81-0158
17 North Chatsworth Avenue, Larchmont, New York
File No. C81-0234
10 Franklin Avenue, White Plains, New York
File No. C82-0477
1-15 Bryant Crescent, White Plains, New York
File No. C79-0438
324 East 35th Street, New York, New York
File No. C85-0459
60 West 70th Street, New York, New York
File No. C80-0493
319 East 73rd Street, New York, New York
File No. C85-0758

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

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

(j) The Sponsor relinquished control of the Board of Directors on May 23, 1990. As of the date hereof, the total of unsold shares held by the Sponsor, aggregates 36.94% 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, 1993, after reviewing a projected budget of building operations for the calendar year 1994, the per share annual maintenance was fixed at \$10.642 for the calendar year 1994, representing a five percent increase over the prior year. A copy of the operating budget for the 1994 calendar year is attached hereto.

4. Election of Officers and Directors.

At the annual meeting of the shareholders of the Corporation duly held on June 9, 1993, the following officers and directors of the Corporation were elected:

Frank Heller, President and Director
Robert Orlofsky, Vice President and Director
John J. O'Grady, Vice President and Director
Louis Cirillo, Treasurer and Director
John Guttridge, Secretary and Director
Christopher Sullivan, Asst. Treasurer and Director
Marisa Intile, Asst. Secretary and Director

5. Financial Statements.

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

6. Modification of Mortgage.

The Corporation has entered into an agreement with Sponsor, which holds a \$2,350,000 wraparound mortgage on the Corporation's property, to modify the interest rate payable on the mortgage (which rate was to increase to 10% per annum commencing April 4, 1994 and to 10-1/4% per annum commencing April 4, 1996) to a constant rate of 9% per annum throughout the term of the loan which becomes due and payable on April 4, 1999. All other terms and conditions of the mortgage remain unchanged and in full force and effect.

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 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: December 21, 1993

SUTTON ESTATES, Sponsor

Schedule of Unsold Shares

# APT.	TENANT	NUMBER OF SHARES

B2	UNSOLD SHARES	395
AB2	UNSOLD SHARES	415
AC2	UNSOLD SHARES	410
AD1	UNSOLD SHARES	535
AD3	UNSOLD SHARES	405
BB2	UNSOLD SHARES	545
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GB2	UNSOLD SHARES	295
HA1	UNSOLD SHARES	420
HB1	UNSOLD SHARES	415
HC2	UNSOLD SHARES	485
HD2	UNSOLD SHARES	480
IA1	UNSOLD SHARES	420
IA2	UNSOLD SHARES	460
IA3	UNSOLD SHARES	495
IB1	UNSOLD SHARES	470
IB3	UNSOLD SHARES	470
IC1	UNSOLD SHARES	485
IC2	UNSOLD SHARES	450
ID1	UNSOLD SHARES	480
ID3	UNSOLD SHARES	480
JA1	UNSOLD SHARES	660
JA2	UNSOLD SHARES	300
JB1	UNSOLD SHARES	545
JB2	UNSOLD SHARES	415
JC2	UNSOLD SHARES	410
KC3	UNSOLD SHARES	540
TOTAL BUILDING UNITS 42		TOTAL SHARES 18,770

WESTCHESTER GARDENS OWNERS, INC.

OPERATING BUDGET

For Year of Co-operative Ownership Beginning January 1, 1994

PROJECTED INCOME

Maintenance Charges (<u>50,815</u> shares at <u>\$10.642</u> per share).	\$ <u>540,771</u>
Interest Income	\$ <u>5,000</u>
Laundry	\$ <u>7,620</u>
Parking	\$ <u>27,000</u>
TOTAL:	\$ <u>580,391</u>
=====	=====

PROJECTED EXPENSES

Payroll, Benefits, Workers Comp, Utility	\$ <u>77,500</u>
Heating	\$ <u>38,000</u>
Utilities (Electricity and gas).	\$ <u>12,000</u>
Water charges and sewer rents	\$ <u>4,300</u>
General repairs & Misc. General/Phone	\$ <u>11,291</u>
Elevator maintenance	\$ _____
Plumbing	\$ <u>4,000</u>
Landscaping & Trees	\$ <u>4,500</u>
Plaster & Painting	\$ <u>1,000</u>
Supplies	\$ <u>5,500</u>
Roof/Pointing	\$ _____
Service contracts	\$ <u>10,600</u>
Insurance	\$ <u>35,400</u>
Management fees	\$ <u>20,000</u>
Legal fees and audit fees	\$ <u>4,200</u>
Franchise and corporate taxes	\$ <u>600</u>
Real estate taxes	\$ <u>140,000</u>
Mortgage payments	\$ <u>211,500</u>
Transfer Reserve	\$ _____
Contingency	\$ _____
TOTAL:	\$ <u>580,391</u>
=====	=====

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

REPORT ON EXAMINATIONS OF FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1992 AND 1991

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

C O N T E N T S

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MARGOLD, ERSKEN & WANG

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Westchester Gardens Owners, Inc. (A Cooperative Apartment Corporation):

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

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

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

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



New York, New York
January 29, 1993

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

BALANCE SHEETS

	<u>December 31,</u>	
	<u>1992</u>	<u>1991</u>
<u>Assets:</u>		
Current Assets (Schedule A - I)	\$ 276,828	\$ 318,452
Fixed Assets (Schedule A - II) (Note 2)	<u>6,686,937</u>	<u>6,741,076</u>
	<u>\$6,963,765</u>	<u>\$7,059,528</u>
<u>Liabilities and Shareholders' Equity:</u>		
Liabilities:		
Current Liabilities (Schedule A - III)	\$ 50,587	\$ 32,692
Mortgage Note Payable (Note 4)	<u>2,350,000</u>	<u>2,350,000</u>
	<u>\$2,400,587</u>	<u>\$2,382,692</u>
Shareholders' Equity:		
Capital Stock - Issued and Outstanding 50,815 Shares With a Par Value of \$1.00 Per Share	\$ 50,815	\$ 50,815
Paid In Capital	<u>4,864,060</u>	<u>4,864,060</u>
	\$4,914,875	\$4,914,875
Less - Accumulated Deficit	(<u>351,697</u>)	(<u>238,039</u>)
	<u>\$4,563,178</u>	<u>\$4,676,836</u>
	<u>\$6,963,765</u>	<u>\$7,059,528</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>December 31.</u>	
	<u>1992</u>	<u>1991</u>
<u>Schedule A - I</u>		
<u>Current Assets:</u>		
Cash and Equivalents:		
Certificates of Deposit	\$ 56,270	\$ 174,850
Cash - Money Market	54,766	27,208
Cash - Operating Account	37,905	12,780
U.S. Treasury Bill	<u>49,898</u>	<u>-0-</u>
Total Cash and Equivalents	\$ 198,839	\$ 214,838
Prepaid Expenses	11,291	9,338
Due from Tenant - Shareholders	6,698	4,276
Due from Sponsor - Reserve Fund (Note 3)	<u>60,000</u>	<u>90,000</u>
	<u>\$ 276,828</u>	<u>\$ 318,452</u>
 <u>Schedule A - II</u>		
<u>Fixed Assets, at Book Value: (Note 2)</u>		
<u>Premises:</u> 445 Gramatan Ave., Mount Vernon, N.Y.		
Land	\$3,824,018	\$3,824,018
Building	3,086,857	3,086,857
Improvements and Equipment	<u>114,497</u>	<u>77,400</u>
	\$7,025,372	\$6,988,275
Less: Accumulated Depreciation	<u>338,435</u>	<u>247,199</u>
	<u>\$6,686,937</u>	<u>\$6,741,076</u>
 <u>Schedule A - III</u>		
<u>Current Liabilities:</u>		
Renovation Deposit	\$ 1,375	\$ -0-
Accounts Payable - (Current Operations)	49,026	30,353
Payroll and Other Taxes Payable	<u>186</u>	<u>2,339</u>
	<u>\$ 50,587</u>	<u>\$ 32,692</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

	<u>Year Ended</u>	
	<u>December 31.</u>	
	<u>1992</u>	<u>1991</u>
<u>Income:</u>		
Maintenance Charges to Tenant -		
Shareholders	\$ 500,020	\$ 500,020
Fuel Surcharge	-0-	4,573
Laundry Room Commission	7,262	2,400
Interest Income	6,616	15,395
Flip Tax	1,070	970
Parking	27,000	27,000
Sublet Fees	<u>695</u>	<u>-0-</u>
	<u>\$ 542,663</u>	<u>\$ 550,358</u>
<u>Expenses:</u>		
Operating Expenses (Schedule B - I)	\$ 165,031	\$ 158,133
Maintenance Expenses (Schedule B - II)	43,304	41,783
Administrative Expenses (Schedule B - III)	29,025	27,246
Financial Expenses (Schedule B - IV)	212,237	211,187
Taxes (Schedule B - V)	<u>112,123</u>	<u>98,732</u>
	<u>\$ 561,720</u>	<u>\$ 537,081</u>
<u>Excess (Deficit) of Income Over Expenses Before</u>		
<u> Depreciation and Federal Income Tax</u>	(\$ 19,057)	\$ 13,277
Depreciation	<u>91,236</u>	<u>90,309</u>
<u>Excess (Deficit) of Income Over Expenses</u>		
<u> Before Federal Income Tax</u>	(\$ 110,293)	(\$ 77,032)
Federal Income Tax	<u>631</u>	<u>1,542</u>
<u>Excess (Deficit) of Income Over Expenses</u>	(\$ 110,924)	(\$ 78,574)
<u>Accumulated Deficit - Beginning of Year</u>	(238,039)	(159,465)
Prior Year Fuel Adjustment	<u>(2,734)</u>	<u>-0-</u>
<u>Accumulated Deficit - End of Year</u>	<u>(\$ 351,697)</u>	<u>(\$ 238,039)</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

	Year Ended December 31	
	<u>1992</u>	<u>1991</u>
<u>Schedule B - I</u>		
<u>Operating Expenses:</u>		
Payroll	\$ 58,605	\$ 59,738
Employee Benefits	9,150	6,987
Payroll Taxes	5,260	5,541
Insurance - Compensation	3,634	3,835
Insurance - General	34,200	35,992
Fuel	38,526	30,239
Electricity and Gas	11,936	10,774
Water Charges	<u>3,720</u>	<u>5,027</u>
	<u>\$165,031</u>	<u>\$158,133</u>

Schedule B - II

Maintenance Expenses:

Boiler Maintenance	\$ 4,746	\$ 2,592
Plumbing	2,566	2,084
General Building Repairs	12,372	13,871
Hardware and Supplies	9,454	5,884
Gardening, Landscaping and Tree Maintenance	10,497	13,191
Exterminating and Cleaning	2,149	2,641
Snow Removal	<u>1,520</u>	<u>1,520</u>
	<u>\$ 43,304</u>	<u>\$ 41,783</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
 (A Cooperative Apartment Corporation)

SCHEDULES

	Year Ended	
	<u>December 31,</u>	
	<u>1992</u>	<u>1991</u>
 <u>Schedule B - III</u>		
<u>Administrative Expenses:</u>		
Management Fees	\$ 20,000	\$ 20,000
Accounting Fees	4,200	4,000
Legal Fees	820	-0-
Telephone and Beeper	2,739	1,902
Miscellaneous	<u>1,266</u>	<u>1,344</u>
	<u>\$ 29,025</u>	<u>\$ 27,246</u>

Schedule B - IV

Financial Expenses:

Mortgage Note Interest	\$211,500	\$210,521
Interest - Other	<u>737</u>	<u>666</u>
	<u>\$212,237</u>	<u>\$211,187</u>

Schedule B-V

Taxes:

Real Estate Taxes	\$110,761	\$ 96,905
New York State Franchise Tax	<u>1,362</u>	<u>1,827</u>
	<u>\$112,123</u>	<u>\$ 98,732</u>

See Notes to Financial Statements.

EXHIBIT C

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	<u>1992</u>	<u>1991</u>
<u>Cash Flows From Operating Activities:</u>		
Excess (Deficit) of Income over Expenses (Exhibit B)	(\$ 110,924)	(\$ 78,574)
Adjustments to Reconcile Excess (Deficit) of Income Over Expenses to Net Cash Used by Operating Activities:		
Depreciation	91,236	90,309
Prior Year Fuel Adjustment	(2,734)	-0-
Changes in Assets and Liabilities:		
Increase in Prepaid Expenses	(1,953)	(1,039)
Increase in Due from Tenant Shareholders	(2,422)	(642)
Increase in Renovation Deposits	1,375	-0-
Decrease in Notes Payable	-0-	(5,866)
(Decrease) Increase in Accounts Payable	18,673	(10,027)
Decrease in Taxes Payable	(2,153)	(3,428)
Net Cash Used by Operating Activities	(\$ 8,902)	(\$ 9,267)
<u>Cash Flows From Investing Activities:</u>		
Additions to Fixed Assets	(\$ 37,097)	(\$ 16,536)
Due from Sponsor - Reserve Fund	<u>30,000</u>	<u>30,000</u>
Net Cash Provided (Used) By Investing Activities	(\$ 7,097)	\$ 13,464
<u>Net Increase (Decrease) In Cash and Equivalents</u>	(\$ 15,999)	\$ 4,197
<u>Cash and Equivalents At Beginning of Year</u>	<u>214,838</u>	<u>210,641</u>
<u>Cash and Equivalents At End of Year</u>	<u>\$ 198,839</u>	<u>\$ 214,838</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1992

1. SIGNIFICANT ACCOUNTING POLICIES:

The Corporation was organized on January 16, 1986 in order to acquire the property at 445 Gramatan Avenue, Mount Vernon, New York. It is a qualified Cooperative Housing Corporation under Section 216(b)(1) of the Internal Revenue Code.

2. FIXED ASSETS:

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

For tax purposes, the acquisition of the Property is being reported as an exchange pursuant to Section 351 of the Internal Revenue Code.

3. DUE FROM SPONSOR:

In accordance with the provision of the offering plan, the Sponsor was to set up a reserve fund of \$325,000.

The Sponsor contributed \$175,000 at the closing. The remaining \$150,000 will be paid in five equal installments of \$30,000 each on an annual basis commencing from the closing date.

4. MORTGAGE PAYABLE:

On the closing date, the Apartment Corporation executed and delivered to Sponsor, a Purchase Money Mortgage ("Mortgage"), in the principal amount of \$2,350,000. Pursuant to the terms of the Plan, and in accordance with the terms of the Mortgage, the Mortgage will be a Wraparound Mortgage in the event Sponsor places a new prior mortgage on the Premises.

The Mortgage provides for constant monthly installments of interest only due on the first day of each month commencing May 4, 1989, at the rate of 8-3/4% per annum through and including April 3, 1991, with constant monthly interest installments of \$17,135.42; commencing April 4, 1991, at the rate of 9% per annum through and including April 3, 1994, with constant monthly interest installments of \$17,625.00; commencing April 4, 1994, at the rate of 10% per annum through and including April 3, 1996, with constant monthly interest installments of \$19,583.33 and commencing April 4, 1996, at the rate of 10-1/4% per annum through and including April 4, 1999, with constant monthly interest installments of \$20,072.92. On April 4, 1999, the entire unpaid balance and accrued interest shall be due and payable.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1992

5. FEDERAL INCOME TAXES:

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

6. REQUIRED SUPPLEMENTARY INFORMATION: FUTURE MAJOR REPAIRS AND REPLACEMENTS:

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



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

ROBERT ABRAMS
Attorney General

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

(212) 416-8134

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

RE: 445 Gramatan Avenue

File Number: C870246

Date Amendment Filed: 12/21/93

Receipt Number: 907622513

Amendment No: 9

Filing Fee: \$ 150.00

Dear Sponsor:

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

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

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

Very truly yours,

KENNETH DEMARIO

ASSISTANT ATTORNEY GENERAL y.H.

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EIGHTH AMENDMENT TO OFFERING PLAN
for
445 GRAMATAN AVENUE
MOUNT VERNON, 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 445 Gramatan Avenue, Mount Vernon, New York, dated July 26, 1988 as amended by the filing of seven 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 Eighth 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 Sutton Estates ("Sponsor").

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$17,099.60.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$15,130.00.

(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 and a fourth of five equal annual installments to the Reserve Fund in the amount of \$30,000 which is due April 4, 1993.

(e) None of the unsold shares is subject to mortgages or financing commitments.

(f) The maintenance payments and contribution to the Reserve Fund due from Sponsor 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 through April 3, 1994, on a wraparound mortgage in the principal amount of \$2,350,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the

Apartment Corporation to Sponsor of \$17,625.00. Sponsor may also derive income from the sale of vacant units but does not rely on such sales to meet its obligations to the Apartment Corporation.

(g) The Sponsor is current on all financial obligations under the Plan. Sponsor was current on all such obligations during the year prior to the filing of this amendment.

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

31 Pondfield Road, Bronxville, 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 May 23, 1990. As of the date hereof, the total of unsold shares held by the Sponsor, aggregates 38.93% 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 10, 1991, after reviewing a projected budget of building operations for the calendar year 1992, the per share annual maintenance was fixed at \$9.84 for the calendar year 1992, without increase over the prior year. A copy of the operating budget for the 1992 calendar year is attached hereto.

4. Election of Officers and Directors.

At the annual meeting of the shareholders of the Corporation duly held on June 30, 1992, the following officers and directors of the Corporation were elected:

Frank Heller, President and Director
Diane M. Iozzo, Vice President and Director
Robert Orlofsky, Vice President and Director
John J. O'Grady, Vice President and Director
Christopher Sullivan, Vice President and Director
Louis Civillo, Treasurer and Director
John J. O'Grady, Secretary and Director
John Guttridge, Secretary and Director

5. Financial Statements.

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

6. No Other Material Changes in Plan.

There have been no material changes in the Plan, except as set forth in this 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: DECEMBER 16, 1992

SUTTON ESTATES

By: /s/
Frank Heller, Partner

Schedule of Unsold Shares

# APT.	TENANT	NUMBER OF SHARES
B2	UNSOLD SHARES	395
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DC2	UNSOLD SHARES	410
DD1	UNSOLD SHARES	480
DD2	UNSOLD SHARES	405
EA1	UNSOLD SHARES	460
EA2	UNSOLD SHARES	300
EA3	UNSOLD SHARES	495
EB1	UNSOLD SHARES	455
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IB1	UNSOLD SHARES	470
IB3	UNSOLD SHARES	470
IC1	UNSOLD SHARES	485
IC2	UNSOLD SHARES	450
ID1	UNSOLD SHARES	480
ID3	UNSOLD SHARES	480
JA1	UNSOLD SHARES	660
JA2	UNSOLD SHARES	300
JB1	UNSOLD SHARES	545
JB2	UNSOLD SHARES	415
JC2	UNSOLD SHARES	410
KA3	UNSOLD SHARES	550
KC3	UNSOLD SHARES	540

TOTAL BUILDING 44 19,780

WESTCHESTER GARDENS OWNERS, INC.

APPROVED OPERATING BUDGET

FOR THE YEAR ENDING DECEMBER 31, 1992

PROJECTED INCOME

Maintenance Charges (50,815 shares at \$9.84 per share)	\$ 500,020
Interest Income	12,500
Laundry	7,620
Parking	<u>27,000</u>
	\$ <u>547,140</u>

PROJECTED EXPENSES

Payroll and Benefits, Workers Comp. and Utility	\$ 74,000
Heating	39,000
Utilities (Electricity and Gas)	10,900
Water Charges and Sewer Rents	3,900
General Repairs and Misc. General Plumbing	14,840
Landscaping and Trees	4,000
Plaster and Painting	4,500
Supplies	1,000
Service Contracts	5,500
Insurance	12,000
Management Fees	37,000
Legal and Auditing Fees	20,000
Franchise and Corporate Taxes	4,200
Real Estate Taxes	3,800
Mortgage Payments	101,000
	<u>211,500</u>
	\$ <u>547,140</u>

Approved by Board of Directors December 10, 1991

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

REPORT ON EXAMINATIONS OF FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1991 AND 1990

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Westchester Gardens Owners, Inc. (A Cooperative Apartment Corporation):

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

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

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

Margold Erskens Wang

New York, New York

January 31, 1992

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

BALANCE SHEETS

	<u>December 31.</u>	
	<u>1991</u>	<u>1990</u>
Assets:		
Current Assets (Schedule A - I)	\$ 318,452	\$ 342,574
Fixed Assets (Schedule A - II) (Note 2)	<u>6,741,076</u>	<u>6,814,849</u>
	<u>\$7,059,528</u>	<u>\$7,157,423</u>
 <u>Liabilities and Shareholders' Equity:</u>		
Liabilities:		
Current Liabilities (Schedule A - III)	\$ 32,692	\$ 52,013
Mortgage Note Payable (Note 4)	<u>2,350,000</u>	<u>2,350,000</u>
	<u>\$2,382,692</u>	<u>\$2,402,013</u>
 Shareholders' Equity:		
Capital Stock - Issued and Outstanding 50,815 Shares With a Par Value of \$1.00 Per Share	\$ 50,815	\$ 50,815
Paid In Capital	<u>4,864,060</u>	<u>4,864,060</u>
	\$4,914,875	\$4,914,875
Less - Accumulated Deficit	<u>(238,039)</u>	<u>(159,465)</u>
	<u>\$4,676,836</u>	<u>\$4,755,410</u>
	<u>\$7,059,528</u>	<u>\$7,157,423</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

	<u>December 31,</u>	
	<u>1991</u>	<u>1990</u>
<u>Schedule A - I</u>		
<u>Current Assets:</u>		
Cash and Equivalents:		
Certificates of Deposit	\$ 174,850	\$ 196,330
Cash - Money Market	27,208	9,333
Cash - Managing Agent	<u>12,780</u>	<u>4,978</u>
Total Cash and Equivalents	\$ 214,838	\$ 210,641
Prepaid Expenses	9,338	8,299
Due from Tenant - Shareholders	4,276	3,634
Due from Sponsor - Reserve Fund (Note 3)	<u>90,000</u>	<u>120,000</u>
	<u>\$ 318,452</u>	<u>\$ 342,574</u>
 <u>Schedule A - II</u>		
<u>Fixed Assets, at Book Value: (Note 2)</u>		
<u>Premises:</u> 445 Gramatan Ave., Mount Vernon, N.Y.		
Land	\$3,824,018	\$3,824,018
Building	3,086,857	3,086,857
Improvements and Equipment	<u>77,400</u>	<u>60,864</u>
	\$6,988,275	\$6,971,739
Less: Accumulated Depreciation	<u>247,199</u>	<u>156,890</u>
	<u>\$6,741,076</u>	<u>\$6,814,849</u>
 <u>Schedule A - III</u>		
<u>Current Liabilities:</u>		
Note Payable	\$ -0-	\$ 5,866
Accounts Payable - (Current Operations)	30,353	40,380
Payroll and Other Taxes Payable	<u>2,339</u>	<u>5,767</u>
	<u>\$ 32,692</u>	<u>\$ 52,013</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

	Year Ended	
	<u>December 31.</u>	
	<u>1991</u>	<u>1990</u>
<u>Income:</u>		
Maintenance Charges to Tenant - Shareholders	\$ 500,020	\$ 500,020
Fuel Surcharge	4,573	-0-
Laundry Room Commission	2,400	2,400
Interest Income	15,395	16,897
Flip Tax	970	1,260
Parking	<u>27,000</u>	<u>27,000</u>
	<u>\$ 550,358</u>	<u>\$ 547,577</u>
<u>Expenses:</u>		
Operating Expenses (Schedule B - I)	\$ 158,133	\$ 176,618
Maintenance Expenses (Schedule B - II)	41,783	71,823
Administrative Expenses (Schedule B - III)	27,246	28,370
Financial Expenses (Schedule B - IV)	211,187	206,687
Taxes (Schedule B - V)	<u>98,732</u>	<u>80,827</u>
	<u>\$ 537,081</u>	<u>\$ 564,325</u>
Excess (Deficit) of Income Over Expenses Before Depreciation and Federal Income Tax	\$ 13,277	(\$ 16,748)
Depreciation	<u>90,309</u>	<u>89,736</u>
Excess (Deficit) of Income Over Expenses Before Federal Income Tax	(\$ 77,032)	(\$ 106,484)
Federal Income Tax	<u>1,542</u>	<u>3,500</u>
<u>Excess (Deficit) of Income Over Expenses</u>	(\$ 78,574)	(\$ 109,984)
<u>Accumulated Deficit - Beginning of Year</u>	(<u>159,465</u>)	(<u>49,481</u>)
<u>Accumulated Deficit - End of Year</u>	(<u>\$ 238,039</u>)	(<u>\$ 159,465</u>)

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

	Year Ended December 31,	
	<u>1991</u>	<u>1990</u>
<u>Schedule B - I</u>		
<u>Operating Expenses:</u>		
Payroll	\$ 59,738	\$ 60,658
Employee Benefits	6,987	3,214
Payroll Taxes	5,541	5,353
Insurance - Compensation	3,835	2,041
Insurance - General	35,992	40,238
Fuel	30,239	52,011
Electricity and Gas	10,774	10,048
Water Charges	<u>5,027</u>	<u>3,055</u>
	<u>\$158,133</u>	<u>\$176,618</u>

Schedule B - II

Maintenance Expenses:

Plumbing	\$ 2,084	\$ 9,539
General Building Repairs	17,983	25,048
Hardware and Supplies	5,884	6,482
Gardening and Landscaping	13,191	28,935
Exterminating and Cleaning	<u>2,641</u>	<u>1,819</u>
	<u>\$ 41,783</u>	<u>\$ 71,823</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

	Year Ended December 31,	
	<u>1991</u>	<u>1990</u>
<u>Schedule B - III</u>		
<u>Administrative Expenses:</u>		
Management Fees	\$ 20,000	\$ 20,000
Professional Fees	4,000	4,000
Telephone	1,902	2,441
Miscellaneous	<u>1,344</u>	<u>1,929</u>
	<u>\$ 27,246</u>	<u>\$ 28,370</u>
 <u>Schedule B - IV</u>		
<u>Financial Expenses:</u>		
Mortgage Note Interest	\$210,521	\$205,625
Interest - Other	<u>666</u>	<u>1,062</u>
	<u>\$211,187</u>	<u>\$206,687</u>
 <u>Schedule B-V</u>		
<u>Taxes:</u>		
Real Estate Taxes	\$ 96,905	\$ 79,105
New York State Franchise Tax	<u>1,827</u>	<u>1,722</u>
	<u>\$ 98,732</u>	<u>\$ 80,827</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

STATEMENTS OF CASH FLOWS

	Year Ended December 31.	
	1991	1990
<u>Cash Flows From Operating Activities:</u>		
Excess (Deficit) of Income over Expenses (Exhibit B)	(\$ 78,574)	(\$ 109,984)
Adjustments to Reconcile Excess (Deficit) of Income Over Expenses to Net Cash Provided by Operating Activities:		
Depreciation	90,309	89,736
Changes in Assets and Liabilities:		
Increase in Prepaid Expenses	(1,039)	(2)
Increase in Due from Tenant Shareholders	(642)	(968)
Decrease in Other Receivables	-0-	433
Decrease in Notes Payable	(5,866)	(14,080)
Decrease in Accounts Payable	(10,027)	(10,866)
Increase (Decrease) in Taxes Payable	(3,428)	3,897
Net Cash Used by Operating Activities	(\$ 9,267)	(\$ 41,834)
<u>Cash Flows From Investing Activities:</u>		
Additions to Fixed Assets	(\$ 16,536)	(\$ 13,882)
Due from Sponsor - Reserve Fund	30,000	30,000
Net Cash Provided By Investing Activities	\$ 13,464	\$ 16,118
<u>Cash Flows From Financing Activities:</u>		
Additions to Paid in Capital	\$ -0-	\$ 4,000
Net Cash Provided by Financing Activities	\$ -0-	\$ 4,000
<u>Net Increase (Decrease) In Cash and Equivalents</u>	\$ 4,197	(\$ 21,716)
<u>Cash and Equivalents At Beginning of Year</u>	210,641	232,357
<u>Cash and Equivalents At End of Year</u>	\$ 214,838	\$ 210,641

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1991

1. SIGNIFICANT ACCOUNTING POLICIES:

The Corporation was organized on January 16, 1986 in order to acquire the property at 445 Gramatan Avenue, Mount Vernon, New York. It is a qualified Cooperative Housing Corporation under Section 216(b)(1) of the Internal Revenue Code.

2. FIXED ASSETS:

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

For tax purposes, the acquisition of the Property is being reported as an exchange pursuant to Section 351 of the Internal Revenue Code.

3. DUE FROM SPONSOR:

In accordance with the provision of the offering plan, the Sponsor was to set up a reserve fund of \$325,000.

The Sponsor contributed \$175,000 at the closing. The remaining \$150,000 will be paid in five equal installments of \$30,000 each on an annual basis commencing from the closing date.

4. MORTGAGE PAYABLE:

On the closing date, the Apartment Corporation executed and delivered to Sponsor, a Purchase Money Mortgage ("Mortgage"), in the principal amount of \$2,350,000. Pursuant to the terms of the Plan, and in accordance with the terms of the Mortgage, the Mortgage will be a Wraparound Mortgage in the event Sponsor places a new prior mortgage on the Premises.

The Mortgage provides for constant monthly installments of interest only due on the first day of each month commencing May 4, 1989, at the rate of 8-3/4% per annum through and including April 3, 1991, with constant monthly interest installments of \$17,135.42; commencing April 4, 1991, at the rate of 9% per annum through and including April 3, 1994, with constant monthly interest installments of \$17,625.00; commencing April 4, 1994, at the rate of 10% per annum through and including April 3, 1996, with constant monthly interest installments of \$19,583.33 and commencing April 4, 1996, at the rate of 10-1/4% per annum through and including April 4, 1999, with constant monthly interest installments of \$20,072.92. On April 4, 1999, the entire unpaid balance and accrued interest shall be due and payable.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1991

5. FEDERAL INCOME TAXES:

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

SEVENTH AMENDMENT TO OFFERING PLAN
for
445 GRAMATAN AVENUE
MOUNT VERNON, 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 445 Gramatan Avenue, Mount Vernon, New York, dated July 26, 1988 as amended by the filing of six prior amendments.

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

Escrow Provision.

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

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

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

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

address is as stated above. The name of the account is "Nancy R. Heller, Esq., IOLA Escrow Account," and it is located in Chase Manhattan Bank, N.A. at 60 East 42nd Street, New York, New York 10165. The bank is covered by federal bank deposit insurance to a maximum of \$100,000 per individual deposit. If an individual makes a downpayment 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

SUTTON ESTATES
SPONSOR

By: _____

PLANAM.7

ESCROW AGREEMENT

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

WHEREAS, Sutton Estates is the sponsor of an offering plan to convert to cooperative ownership the premises located at 445 Gramatan Avenue, Mount Vernon, New York, which premises are known as Westchester Gardens; and

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

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

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

1. ESTABLISHMENT OF THE ESCROW ACCOUNT.
 - 1.1 Sponsor and Escrow Agent hereby establish an escrow account with Escrow Agent for the purpose of holding deposits or payments made by purchasers or subscribers. The escrow account has been opened with Chase Manhattan Bank, N.A. at its branch located at 60 East 42nd Street, New York, New York 10165. The account number is 195-1-127057.
 - 1.2 The name of the account is Nancy R. Heller, Esq. IOLA Escrow Account.
 - 1.3 Escrow Agent is the sole signatory on the account.
 - 1.4 The escrow account shall be an interest-bearing account as disclosed in the offering plan.
 - 1.5 The escrow account is an IOLA established pursuant to Judiciary Law Section 497.
2. DEPOSITS INTO THE ESCROW ACCOUNT.
 - 2.1 All funds received from prospective purchasers or subscribers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other

instruments which identify the payor, shall be deposited in the escrow account. All instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser or subscriber to the order of Nancy R. Heller, Esq. as escrow agent for Sutton 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:

Sutton 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: _____

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SIXTH AMENDMENT TO OFFERING PLAN
for
445 GRAMATAN AVENUE
MOUNT VERNON, 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 445 Gramatan Avenue, Mount Vernon, New York, dated July 26, 1988 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. 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 Sutton Estates ("Sponsor").

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$19,040.50.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$16,058.69.

(d) The Sponsor has no financial obligations to the Apartment Corporation which will become due within twelve months from the date of this amendment, other than payment of maintenance and a third of five equal annual installments to the Reserve Fund in the amount of \$30,000 which is due April 4, 1992.

(e) None of the unsold shares is subject to mortgages or financing commitments.

(f) The maintenance payments and contribution to the Reserve Fund due from Sponsor are funded by the monthly rents received from tenants of units owned by Sponsor, and also from the interest paid, at the rate of 9.00% per annum through April 1, 1994, on a wraparound mortgage in the principal amount of \$2,350,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the

Apartment Corporation to Sponsor of \$17,625.00. Sponsor may also derive income from the sale of vacant units but does not rely on such sales to meet its obligations to the Apartment Corporation.

(g) The Sponsor is current on all financial obligations under the Plan. Sponsor was current on all such obligations during the year prior to the filing of this amendment.

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

31 Pondfield Road, Bronxville, 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 May 23, 1990. As of the date hereof, the total of unsold shares held by the Sponsor, aggregates 43.28% 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 12, 1990, after reviewing a projected budget of building operations for the calendar year 1991, the per share annual maintenance was fixed at \$9.84 for the calendar year 1991. A copy of the operating budget for the 1991 calendar year is attached hereto.

4. Election of Officers and Directors.

At the annual meeting of the shareholders of the

Corporation duly held on June 26, 1991, the following officers and directors of the Corporation were elected:

Frank Heller, President and Director
Diane M. Iozzo, Vice President and Director
Robert Orlofsky, Vice President and Director
John O'Grady, Vice President and Director
Louis Cirillo, Vice President and Director
Christopher Sullivan, Treasurer and Director
John Guttridge, Secretary and Director

5. Financial Statements.

The financial statement for Westchester Gardens Owners, Inc. for the year ended December 31, 1990 prepared by Margold, Ersken & Wang, Certified Public Accountants, is attached hereto.

6. 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.

7. No Other Material Changes in 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: December 13, 1991

SUTTON ESTATES

By: /s/
Frank Heller, Partner

PLANAM.6

Schedule of Unsold Shares

# APT	TENANT	Number of Shares
B2	UNSOLD SHARES	395
AB2	UNSOLD SHARES	415
AC2	UNSOLD SHARES	410
AD1	UNSOLD SHARES	535
AD3	UNSOLD SHARES	405
BB2	UNSOLD SHARES	545
BD1	UNSOLD SHARES	405
CA2	UNSOLD SHARES	460
CD1	UNSOLD SHARES	480
DC2	UNSOLD SHARES	410
DD1	UNSOLD SHARES	480
DD2	UNSOLD SHARES	405
EA1	UNSOLD SHARES	460
EA2	UNSOLD SHARES	300
EA3	UNSOLD SHARES	495
EB1	UNSOLD SHARES	455
EB2	UNSOLD SHARES	295
EC3	UNSOLD SHARES	485
ED1	UNSOLD SHARES	445
FA2	UNSOLD SHARES	495
FB1	UNSOLD SHARES	560
FD2	UNSOLD SHARES	480
GA2	UNSOLD SHARES	300
GA3	UNSOLD SHARES	460
GB2	UNSOLD SHARES	295
GD2	UNSOLD SHARES	285
HA1	UNSOLD SHARES	420
HA2	UNSOLD SHARES	565
HB1	UNSOLD SHARES	415
HC2	UNSOLD SHARES	485
HD2	UNSOLD SHARES	480
IA1	UNSOLD SHARES	420
IA2	UNSOLD SHARES	460
IA3	UNSOLD SHARES	495
IB1	UNSOLD SHARES	470
IB3	UNSOLD SHARES	470
IC1	UNSOLD SHARES	485
IC2	UNSOLD SHARES	450
ID1	UNSOLD SHARES	480
ID3	UNSOLD SHARES	480
JA1	UNSOLD SHARES	660
JA2	UNSOLD SHARES	300
JB1	UNSOLD SHARES	545
JB2	UNSOLD SHARES	415
JC2	UNSOLD SHARES	410
KA1	UNSOLD SHARES	420
KA3	UNSOLD SHARES	550
KB1	UNSOLD SHARES	415
KC3	UNSOLD SHARES	540

TOTAL BUILDING 49

22,025

WESTCHESTER GARDENS OWNERS, INC.
 APPROVED OPERATING BUDGET
 FOR THE YEAR ENDING DECEMBER 31, 1991

PROJECTED INCOME

Maintenance Charges (<u>50,815</u> shares at <u>\$9.84</u> per share)	\$ <u>500,020</u>
Interest Income	\$ <u>15,000</u>
Laundry	\$ <u>2,400</u>
Parking	\$ <u>27,000</u>
TOTAL:	\$ <u>544,420</u>
=====	=====

PROJECTED EXPENSES

Payroll, Benefits, Payroll Taxes	\$ <u>70,000</u>
Heating	\$ <u>46,800 *</u>
Utilities (Electricity and gas).	\$ <u>11,900</u>
Water charges and sewer rents	\$ <u>3,200</u>
General repairs & Misc. General	\$ <u>15,000</u>
Elevator maintenance	\$ _____
Plumbing	\$ <u>8,000</u>
Landscaping & Trees	\$ <u>4,500</u>
Plaster & Paint	\$ <u>2,000</u>
Supplies	\$ <u>5,500</u>
Roof/Pointing	\$ _____
Service contracts	\$ <u>11,500</u>
Insurance	\$ <u>40,000</u>
Management fees	\$ <u>20,000</u>
Legal fees and audit fees	\$ <u>4,000</u>
Franchise and corporate taxes	\$ <u>2,000</u>
Real estate taxes	\$ <u>94,395</u>
Mortgage payments	\$ <u>205,625</u>
Transfer Reserve	\$ _____
Contingency	\$ _____
TOTAL:	\$ <u>544,420</u>
=====	=====

*Note: For budget purposes, heating costs are based on an annual consumption of 65,000 gallons at 72¢ per gallon. Any additional fuel oil costs for 1991 as a result of the Persian Gulf crisis will be offset by the fuel oil surcharge.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1990 AND 1989

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

C O N T E N T S

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<u>SCHEDULE A - II - Fixed Assets</u>	3
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MARGOLD, ERSKEN & WANG

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Westchester Gardens Owners, Inc. (A Cooperative Apartment Corporation):

We have audited the accompanying balance sheet of Westchester Gardens Owners, Inc. (A Cooperative Apartment Corporation) as of December 31, 1990 and 1989, and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

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



New York, New York
March 11, 1991

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

BALANCE SHEET

	<u>DECEMBER 31,</u>	
	<u>1990</u>	<u>1989</u>
Assets:		
<u>Current Assets</u> (Schedule A - I)	\$ 342,574	\$ 393,753
<u>Fixed Assets</u> (Schedule A - II) (Notes 1 and 2)	<u>6,814,849</u>	<u>6,890,703</u>
	<u>\$ 7,157,423</u>	<u>\$7,284,456</u>
Liabilities and Shareholders' Equity:		
Liabilities:		
<u>Current Liabilities</u> (Schedule A - III)	\$ 52,013	\$ 73,062
<u>Mortgage Note Payable</u> (Note 4)	<u>2,350,000</u>	<u>2,350,000</u>
	<u>\$2,402,013</u>	<u>\$2,423,062</u>
Shareholders' Equity:		
Capital Stock - issued and outstanding 50,815 shares with a par value of \$1.00 per share	\$ 50,815	\$ 50,815
Paid In Capital	<u>4,864,060</u>	<u>4,860,060</u>
	\$4,914,875	\$4,910,875
Less - Excess (Deficit) of Income over Expenses	(<u>159,465</u>)	(<u>49,481</u>)
	<u>\$4,755,410</u>	<u>\$4,861,394</u>
	<u>\$7,157,423</u>	<u>\$7,284,456</u>

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

DECEMBER 31,

1 9 9 0 1 9 8 9

Schedule A - I

Current Assets:

Cash and Equivalents:

Certificates of Deposit	\$ 196,330	\$ 155,911
Cash - Money Market	9,333	63,096
Cash - Managing Agent	<u>4,978</u>	<u>13,350</u>

	\$ 210,641	\$ 232,357
--	------------	------------

Prepaid Insurance	8,299	8,297
Due from Tenant - Shareholders	3,634	2,666
Other Receivable	- 0 -	433
Due from Sponsor - Reserve Fund (Note 3)	<u>120,000</u>	<u>150,000</u>

	<u>\$ 342,574</u>	<u>\$ 393,753</u>
--	-------------------	-------------------

Schedule A - II

Fixed Assets - at book value: (Notes 1 and 2)

Premises: 445 Gramatan Ave.,
Mount Vernon, N. Y.

Land	\$3,824,018	\$3,824,018
Building	3,086,857	3,086,857
Improvements	<u>60,864</u>	<u>46,982</u>

	\$6,971,739	\$6,957,857
--	-------------	-------------

Less: Accumulated Depreciation	<u>156,890</u>	<u>67,154</u>
--------------------------------	----------------	---------------

	<u>\$6,814,849</u>	<u>\$6,890,703</u>
--	--------------------	--------------------

Schedule A - III

Current Liabilities:

Note Payable	\$ 5,866	\$ 19,946
Accounts Payable - (Current Operations)	40,380	51,246
Payroll and Other Taxes Payable	<u>5,767</u>	<u>1,870</u>

	<u>\$ 52,013</u>	<u>\$ 73,062</u>
--	------------------	------------------

See Notes to Financial Statements.

EXHIBIT B

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

STATEMENTS OF INCOME AND EXPENSES

	YEAR ENDED DECEMBER 31.	
	1990	* 1989
Income:		
Maintenance Charges to Tenant - Shareholders	\$ 500,020	\$ 370,847
Laundry Room Commission	2,400	1,600
Interest Income	16,897	8,232
Flip Tax	1,260	7,035
Parking	27,000	20,020
	<u>\$ 547,577</u>	<u>\$ 407,734</u>
Expenses:		
Operating Expenses (Schedule B - I)	\$ 176,618	\$ 106,351
Maintenance Expenses (Schedule B - II)	71,823	54,039
Administrative Expenses (Schedule B - III)	28,370	21,567
Financial Expenses (Schedule B - IV)	206,687	153,804
Taxes (Schedule B - V)	80,827	54,300
	<u>\$ 564,325</u>	<u>\$ 390,061</u>
<u>Excess (Deficit) of Income Over Expenses Before Depreciation and Federal Income Tax</u>	(\$ 16,748)	\$ 17,673
<u>Depreciation</u>	89,736	67,154
<u>Excess (Deficit) Of Income Over Expenses Before Federal Income Tax</u>	(\$ 106,484)	(\$ 49,481)
<u>Federal Income Tax 1989</u>	1,100	- 0 -
<u>Federal Income Tax 1990</u>	2,400	- 0 -
<u>Excess (Deficit) of Income Over Expenses</u>	(\$ 109,984)	(\$ 49,481)
<u>Excess (Deficit) of Income Over Expenses Beginning of Year</u>	(49,481)	- 0 -
<u>Excess (Deficit) of Income Over Expenses End of Year</u>	<u>(\$ 159,465)</u>	<u>\$ 49,481</u>

* Operations commenced on April 4, 1989

See Notes to Financial Statements

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

YEAR ENDED
DECEMBER 31.

1 9 9 0 * 1 9 8 9

Schedule B - I

Operating Expenses:

Payroll	\$ 60,658	\$ 36,841
Employee Benefits	3,214	2,022
Payroll Taxes	5,353	2,998
Insurance - Compensation	2,041	1,023
Insurance - General	40,238	23,867
Fuel	52,011	32,888
Electricity and Gas	10,048	5,063
Water Charges	<u>3,055</u>	<u>1,649</u>
	<u>\$ 176,618</u>	<u>\$ 106,351</u>

Schedule B - II

Maintenance Expenses:

Plumbing	\$ 9,539	\$ 2,604
General Building Repairs	25,048	13,889
Hardware and Supplies	6,482	6,953
Gardening and Landscaping	28,935	27,512
Exterminating and Cleaning	<u>1,819</u>	<u>3,081</u>
	<u>\$ 71,823</u>	<u>\$ 54,039</u>

* Operations commenced on April 4, 1989

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

SCHEDULES

YEAR ENDED
DECEMBER 31.

1990 * 1989

Schedule B - III

Administrative Expenses:

Management Fees	\$ 20,000	\$ 14,833
Professional Fees	4,000	3,500
Telephone	2,441	1,863
Miscellaneous	<u>1,929</u>	<u>1,371</u>
	<u>\$ 28,370</u>	<u>\$ 21,567</u>

Schedule B - IV

Financial Expenses:

Mortgage Note Interest	\$ 205,625	\$ 152,505
Interest - Other	<u>1,062</u>	<u>1,299</u>
	<u>\$ 206,687</u>	<u>\$ 153,804</u>

Schedule B - V

Taxes:

Real Estate Taxes	\$ 79,105	\$ 53,900
New York State Franchise Tax	<u>1,722</u>	<u>400</u>
	<u>\$ 80,827</u>	<u>\$ 54,300</u>

* Operations commenced on April 4, 1989

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

STATEMENT OF CASH FLOWS

	YEAR ENDED DECEMBER 31,	
	1990	*1989
<u>Cash Flows From Operating Activities:</u>		
Excess (Deficiency) of Income Over Expenses (Exhibit B)	(\$ 109,984)	(\$ 49,481)
Adjustments to Reconcile Excess (Deficiency) of Income Over Expenses to Net Cash Provided by Operating Activities:		
Depreciation	89,736	67,154
<u>Changes in Assets and Liabilities:</u>		
(Increase) in Prepaid Insurance	(2)	(8,297)
(Increase) in Due from Tenant Shareholders	(968)	(2,666)
(Increase) Decrease in Other Receivables	433	(433)
(Increase) Decrease in Notes Payable	(14,080)	19,946
(Increase) Decrease in Accounts Payable	(10,866)	51,246
Increase in Taxes Payable	<u>3,897</u>	<u>1,870</u>
<u>Net Cash Provided (Used) By Operating Activities</u>	<u>(\$ 41,834)</u>	<u>\$ 79,339</u>
<u>Cash Flows From Investing Activities:</u>		
Additions to Fixed Assets	(\$ 13,882)	(\$6,957,857)
Due from Sponsor - Reserve Fund	<u>30,000</u>	<u>(150,000)</u>
<u>Net Cash Provided (Used) By Investing Activities</u>	<u>\$ 16,118</u>	<u>(\$7,107,857)</u>
<u>Cash Flows From Financing Activities:</u>		
Proceeds of Mortgage	\$ - 0 -	\$2,350,000
Issuance of Common Stock	- 0 -	50,815
Additions to Paid In Capital	<u>4,000</u>	<u>4,860,060</u>
<u>Net Cash Provided By Financing Activities</u>	<u>\$ 4,000</u>	<u>\$7,260,875</u>
<u>Net Increase (Decrease) in Cash</u>	(\$ 21,716)	\$ 232,357
<u>Cash and Equivalents at Beginning of Year</u>	<u>232,357</u>	<u>- 0 -</u>
<u>Cash and Equivalents at End of Year</u>	<u>\$210,641</u>	<u>\$ 232,357</u>

* Operations commenced on April 4, 1989

See Notes to Financial Statements.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

1. THE CORPORATION:

Westchester Gardens Owners Inc. (The Apartment Corporation) was formed on January 16, 1986 in order to acquire the property at 445 Gramatan Avenue, Mount Vernon, New York. It is a qualified Cooperative Housing Corporation under Section 216(b)(1) of the Internal Revenue Code and its shares are allocated to 112 apartment units.

The Apartment Corporation acquired the land and building for \$6,910,875 as follows:

Purchase money mortgage	\$2,350,000
Common stock	50,815
Capital in excess of par value	<u>4,860,060</u>
	7,260,875
Less: Reserve fund	325,000
Working capital fund	<u>25,000</u>
Land and Building	<u>\$6,910,875</u>

The closing adjustments were in favor of Sponsor in the sum of \$28,159.

The Apartment Corporation executed a Promissory Note in favor of Sponsor in the amount of \$28,159. The Note is to be paid without interest, in twenty-four (24) equal monthly installments of \$1,173, commencing on June 1, 1989 and ending on May 31, 1991, the maturity date.

2. PROPERTY:

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

For tax purposes, the acquisition of the Property is being reported as an exchange pursuant to Section 351 of the Internal Revenue Code.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

NOTES TO FINANCIAL STATEMENTS

2. PROPERTY: (cont'd)

In accordance with the provisions of Section 351, the tax basis of the Property is \$2,383,472 which is the carryover basis of the Sponsor at the date of the transfer plus the gain recognized by the Sponsor. Depreciation for tax purposes is recorded on the straight-line method over an estimated life of forty years.

3. DUE FROM SPONSOR:

In accordance with the provisions of the offering plan, the Sponsor was to set up a reserve fund of \$325,000.

The Sponsor contributed \$175,000 at the closing. The remaining \$150,000 will be paid in five equal installments of \$30,000 each on an annual basis commencing from the closing date.

4. MORTGAGE PAYABLE:

On the closing date the Apartment Corporation executed and delivered to Sponsor a Purchase Money Mortgage ("Mortgage"), in the principal amount of \$2,350,000. Pursuant to the terms of the Plan, and in accordance with the terms of the Mortgage, the Mortgage will be a Wraparound Mortgage in the event Sponsor places a new prior mortgage on the Premises.

WESTCHESTER GARDENS OWNERS, INC.
(A Cooperative Apartment Corporation)

4. MORTGAGE PAYABLE: (cont'd)

The Mortgage provides for constant monthly installments of interest only due on the first day of each month commencing May 4, 1989, at the rate of 8-3/4% per annum through and including April 3, 1991, with a constant monthly interest installments of \$17,135.42; commencing April 4, 1991, at the rate of 9% per annum through and including April 3, 1994, with constant monthly interest installments of \$17,625.00; commencing April 4, 1994, at the rate of 10% per annum through and including April 3, 1996, with constant monthly interest installments of \$19,583.33 and commencing April 4, 1996, at the rate of 10-1/4% per annum through and including April 4, 1999, with constant monthly interest installments of \$20,072.92. On April 4, 1999, the entire unpaid balance and accrued interest shall be due and payable.

5. FEDERAL INCOME TAXES:

The Internal Revenue Service has taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue code. Section 277 provides that a membership organization that is operated to provide service to members is permitted to deduct expenses attributable to the furnishing of services to the members only to 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 rental, professional apartment rental, etc. in excess of expenses properly attributable thereto, are subject to federal tax.

STATE OF NEW YORK

~~7503~~
Chapter 594, Laws 1991 Cal. No. 650

1991-1992 Regular Sessions

IN ASSEMBLY

~~March 26, 1991~~
effective July 23, 1991

Introduced by M. of A. ZALESKI, GRANNIS, MATERSOHN, CLARK, SILVER —
Multi-Sponsored by — M. of A. BOYLAND, CATAPANO, COOK, CROWLEY,
DANTZLS, DAVIS, BARZBERG, EIKIND, ELLMAN, JOEN, KAUFMAN, MORELLE,
NOLAN, RAMIREZ, SANDERS, WEISEBERG — (at request of the Department
of Law) — read once and referred to the Committee on Housing —
reported from committee, advanced to a third reading, amended and or-
dered reprinted, retaining its place on the order of third reading

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 Assem-
bly, do enact as follows:

- 1 Section 1. Section 352-e of the general business law is amended by
2 adding a new subdivision 2-d to read as follows:
3 2-d. (a) "Non-occupying owner" shall mean the owner of shares in a
4 cooperative corporation who does not reside in the apartment assigned to
5 its shares, when the apartment is occupied by a non-purchasing tenant;
6 or the owner of a unit in a condominium who does not reside in the unit,
7 when the unit is occupied by a non-purchasing tenant. "Non-purchasing
8 tenant" shall have the same meaning as that term is defined in paragraph
9 (e) of subdivision one of sections three hundred fifty-two-eee and three
10 hundred fifty-two-eee of this chapter.
11 (b) The attorney general shall also refuse to issue a letter stating
12 that the offering has been filed, or in the case of a plan already ac-
13 cepted for filing, shall refuse to accept an amendment to the plan un-
14 less the offering statement, prospectus, plan or amendment provides that
15 when a non-occupying owner fails to make all payments due on such shares
16 or units, including but not limited to maintenance payments, common
17 charges, assessments or late fees, within thirty days after they are

EXPLANATION—Matter in italics (underscored) is new; matter in brackets
() is old law to be omitted.

LBD01812-04-1

1 due, upon notice in accordance with paragraph (c) of this subdivision,
2 all rental payments from the non-purchasing tenant residing in such
3 apartment or unit shall be directly payable to the apartment corporation
4 or condominium association. The offeror shall provide each non-
5 purchasing tenant with irrevocable notice of the provisions of this
6 subdivision.

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

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

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

34 § 2. This act shall take effect immediately and shall apply to all of-
35 fering plans not yet accepted for filing; and to all plans already ac-
36 cepted for filing except those plans where all of the shares or units
37 have been sold.



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

ROBERT ABRAMS
Attorney General

FREDERICK K. MEHLMAN
Assistant Attorney General in Charge
Real Estate Financing Bureau

(212) 341-2134

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

RE: 445 Gramatan Avenue

File Number: C870246

Date Amendment Filed: 12/13/91

Receipt Number: 103922501

Amendment No: 6

Filing Fee: \$ 150.00

Dear Sponsor:

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

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

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

Very truly yours,

Kenneth DeMario

KENNETH DEMARIO
ASSISTANT ATTORNEY GENERAL

/c.l.

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FIFTH AMENDMENT TO OFFERING PLAN
for
445 GRAMATAN AVENUE
MOUNT VERNON, 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 445 Gramatan Avenue, Mount Vernon, New York, dated July 26, 1988 as amended by the filing of four 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 Fifth 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 Sutton Estates ("Sponsor").

(b) The aggregate monthly maintenance payments for all shares owned by the Sponsor is \$19,384.90.

(c) The aggregate monthly rents received from tenants of all units owned by Sponsor is approximately \$16,575.00.

(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 and a second of five equal annual installments to the Reserve Fund in the amount of \$30,000 which is due April 4, 1991.

(e) None of the unsold shares is subject to mortgages or financing commitments.

(f) The maintenance payments and contribution to the Reserve Fund due from Sponsor are funded by the monthly rents received from tenants of units owned by Sponsor, and also from

4. Election of Officers and Directors.

At the annual meeting of the shareholders of the Corporation duly held on May 23, 1990, the following officers and directors of the Corporation were elected:

Frank Heller, President and Director
Diane M. Iozzo, Vice President and Director
Robert Orlofsky, Vice President and Director
George Schepp, Vice President and Director
Barbara Vitetta, Vice President and Director
Louis Civillo, Treasurer and Director
John J. O'Grady, Secretary and Director

5. Financial Statements.

The financial statement for Westchester Gardens Owners, Inc. for the year ended December 31, 1989 prepared by Margold, Erskine & Wang, Certified Public Accountants, is attached hereto.

6. Counsel for Sponsor.

Sponsor has retained Peck & Heller to prepare this amendment to the Plan and to represent it in connection with all further legal matters relating to this Plan. The address of the firm is 4519 Lincoln Building, 60 East 42nd Street, New York, New York 10165. Frank Heller, a partner of Peck & Heller, is a partner of Sponsor.

7. No Other Material Changes in 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: May 29, 1990

SUTTON ESTATES

By: /s/

Frank Heller, Partner

Schedule of Unsold Shares

# APT	TENANT	Number of Shares
B2	UNSOLD SHARES	395
AA3	UNSOLD SHARES	420
AB2	UNSOLD SHARES	415
AC2	UNSOLD SHARES	410
AD1	UNSOLD SHARES	535
AD3	UNSOLD SHARES	405
BB2	UNSOLD SHARES	545
BD1	UNSOLD SHARES	405
CA2	UNSOLD SHARES	460
CD1	UNSOLD SHARES	480
DC2	UNSOLD SHARES	410
DD1	UNSOLD SHARES	480
DD2	UNSOLD SHARES	405
EA1	UNSOLD SHARES	460
EA2	UNSOLD SHARES	300
EA3	UNSOLD SHARES	495
EB1	UNSOLD SHARES	455
EB2	UNSOLD SHARES	295
EC3	UNSOLD SHARES	485
ED1	UNSOLD SHARES	445
FA2	UNSOLD SHARES	495
FB1	UNSOLD SHARES	560
FD2	UNSOLD SHARES	480
GA2	UNSOLD SHARES	300
GA3	UNSOLD SHARES	460
GB2	UNSOLD SHARES	295
GD2	UNSOLD SHARES	285
HA1	UNSOLD SHARES	420
HA2	UNSOLD SHARES	565
HB1	UNSOLD SHARES	415
HC2	UNSOLD SHARES	485
HD2	UNSOLD SHARES	480
IA1	UNSOLD SHARES	420
IA2	UNSOLD SHARES	460
IA3	UNSOLD SHARES	495
IB1	UNSOLD SHARES	470
IB3	UNSOLD SHARES	470
IC1	UNSOLD SHARES	485
IC2	UNSOLD SHARES	450
ID1	UNSOLD SHARES	480
ID3	UNSOLD SHARES	480
JA1	UNSOLD SHARES	660
JA2	UNSOLD SHARES	300
JB1	UNSOLD SHARES	545
JB2	UNSOLD SHARES	415
JC2	UNSOLD SHARES	410
KA1	UNSOLD SHARES	420
KA3	UNSOLD SHARES	550
KB1	UNSOLD SHARES	415
KC3	UNSOLD SHARES	540

TOTAL BUILDING 50

22,445

WESTCHESTER GARDENS OWNERS, INC.

OPERATING BUDGET
JANUARY 1, 1990 - DECEMBER 31, 1990

PROJECTED INCOME:

Annual Maintenance charges:	\$500,020	
50,815 shares at \$9.84 per share (1)		
Income From Other Sources		
Laundry (2).....	2,400	
Parking (3).....	15,000	
Interest Income earned on Reserve Fund and Working Capital Fund (4).....	10,000	
TOTAL.....		<u>\$527,420</u>

PROJECTED EXPENSES:

Labor (5).....	\$ 51,750
Heating and Hot water (6).....	60,830
Utilities (Electricity and gas) (7).....	10,000
Water Charges & Sewer Rents (8).....	3,250
Repairs, Maintenance and Supplies (9).....	40,000
Service Contracts (10).....	15,000
Insurance (11).....	37,500
Management Fees (12).....	20,000
Legal Fees and Audit Fees (13).....	3,000
Franchise and Corporate Taxes (14).....	2,500
Real Estate Taxes (15).....	70,500
Mortgage Payments (16).....	205,625
Other (17).....	1,500
Contingencies (18).....	4,105
Tax on Income (19).....	1,860

TOTAL..... \$527,420

the interest paid, at the rate of 8.75% per annum through April 1, 1991, on a wraparound mortgage in the principal amount of \$2,350,000.00 given by the Apartment Corporation to Sponsor. Such interest payments result in monthly payments from the Apartment Corporation to Sponsor of \$17,135.42. 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:

31 Pondfield Road, Bronxville, 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 May 23, 1990. As of the date hereof, the total of unsold shares held by the Sponsor, aggregates 44.11% 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 13, 1989, after reviewing a projected budget of building operations for the calendar year 1990, the per share annual maintenance was fixed at \$10.20 for the calendar year 1990, without increase over the prior year. A copy of the operating budget for the 1990 calendar year is attached hereto.

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**FOURTH AMENDMENT
TO COOPERATIVE OFFERING PLAN:**

**445 GRAMATAN AVENUE
MOUNT VERNON, NEW YORK**

The Cooperative Offering Plan for the Premises 445 Gramatan Avenue, Mount Vernon, New York (the "Plan") dated July 26, 1988 is hereby amended as follows:

1. Purchase Price Increase

The purchase price of the shares of the Apartment Corporation being offered pursuant to the Plan is hereby increased from \$165.00 to \$200.00 per share.

2. The Closing

On April 4, 1989, the Apartment Corporation acquired fee title to the premises. The Closing took place at the offices of Hall, Dickler, Lawler, Kent & Friedman, 460 Park Avenue, New York, New York 10022.

The Closing adjustments were in favor of Sponsor in the sum of \$28,158.94. The Apartment Corporation executed a Promissory Note (the "Note") in favor of Sponsor in the amount of \$28,158.94. The Note is to be paid without interest, in twenty-four (24) equal monthly installments of \$1,173.29, commencing on June 1, 1989 and ending on May 31, 1991, the maturity date.

On the Closing Date the Sponsor entered into an agreement with the Apartment Corporation regarding the violations at the Premises on the Closing Date. The Sponsor undertook to do the work necessary to cure the violations within ninety (90) days of the Closing Date, except those violations relating to fire damage in apartment GCI, which shall be completed within 180 days from the Closing Date.

At the closing the Sponsor made the initial contribution to the Reserve Fund in the amount of \$175,000 and funded the Working Capital Fund, in full, in the amount of \$25,000. These funds are on deposit in segregated accounts at Chase Manhattan Bank, 31 Mamaroneck Avenue, White Plains, New York.

3. Unsold Shares

Of the 50,815 issued and outstanding shares of the Apartment Corporation, 26,255 are currently "Unsold Shares" held by Sponsor. The shares allocable to all apartments held by Sponsor as holder of Unsold Shares are offered pursuant to the

Plan. Annexed hereto as "Exhibit A" is the list of such shares and apartments. Annexed "Exhibit B" is the form of Contract of Sale to be used in connection with sales of the Unsold Shares.

4. Mortgage Lien

At the Closing, the Apartment Corporation executed a Purchase Money Mortgage in favor of Sponsor in the principal sum of Two Million Three Hundred Fifty and 00/100 (\$2,350,000.00) Dollars.

5. Certified Financial Statements

Annexed hereto as "Exhibit C" is the Statement of Expenses pertaining to the Premises for the year ending 1988.

6. Incorporation of Plan

The Plan, as modified and supplemented hereby, is incorporated herein by reference with the same effect as if set forth at length. All provisions of the Plan which are consistent with this amendment shall remain in effect.

7. No Other Material Changes

Except as set forth in this amendment, there have been no material changes in the Plan.

Dated: July 12, 1989
New York, New York

SUTTON ESTATES,
Sponsor

445 Gramatan Avenue
Mount Vernon, New York

Unsold Apartments

<u>Apt. No.</u>	<u>No. of Shares</u>
AA2	300
AA3	420
AB2	415
AC2	410
AD1	535
AD3	405
BB2	545
BD1	405
CA2	460
CB2	455
CD1	480
DC2	410
DD1	480
DD2	405
EA1	460
EA2	300
EA3	495
EB1	455
EB2	295
EC3	485
IB3	490
IC1	485
IC2	450
ID1	480
ID2	445
ID3	480
JA1	660
JA2	300
JB1	545
JB2	415
JC2	410
KA1	420
KA2	420
KA3	550
KB1	415
KC3	540
KD1	405
ED1	445
ED2	285
FA2	495
FB1	560
FC2	485
FD2	480

"EXHIBIT A"

<u>Apt. No.</u>	<u>No. of Shares</u>
GA2	300
GA3	460
GB2	295
GC1	485
GD1	480
GD2	285
GD3	445
HA1	420
HA2	565
HB1	415
HC2	485
HD2	480
IA1	420
IA2	460
IA3	495
IB1	490
	<u>26,255</u>



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

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

1. Certain Definitions and Information

1.1 The "Parties" are:

Seller: SUTTON ESTATES, a New York co-partnership

Address: c/o Seymour Orlofsky, Inc.
199 Main Street
White Plains, NY 10601
914-328-1800

Prior names used by Seller:

Soc. Sec. No. 13-1361623

Purchaser:

Address:

Soc. Sec. No.

1.2. The "Attorneys" are (name, address and telephone):

For Seller:

Peck & Heller
60 East 42nd Street, Suite 4519
New York, NY 10165
(212) 682-5675

For Purchaser:

1.3 The "Escrowee" is (name, address and telephone)

Peck & Heller
60 East 42nd Street, Suite 4519
New York, NY 10165
(212) 682-5675

1.4 The "Managing Agent" is (name, address and telephone)

Seymour Orlofsky, Inc.
199 Main Street
White Plains, NY- 10601
(914) 328-1800

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

Westchester Gardens Owners, Inc.

1.6 The "Unit" number is

1.7 The Unit is located in "Premises" known as

445 Gramatan Avenue
Mount Vernon, New York

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

1.9 The "Lease" is the proprietary lease for the Unit given by the Corporation.

1.10 The "Broker" (see Par. 12) is

1.11 The "Closing" is the transfer of ownership of the Shares and Lease, which is scheduled to occur on

19 at M. (see Pars. 9 and 10)

1.12 The "Purchase Price" is \$

1.12.1 The "Current Due" is \$
1.12.2 The "Balance" of the Purchase Price due at Closing is \$ (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 in 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

3.2 is specifically excluded from the sale and is not included in Par. 3.1 and

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

3.4 No consideration is being paid for the Property. Seller makes no representation as to the condition of the Property. Purchaser shall take the Property "as is" on the date of this Contract, except for reasonable wear and tear, and except further, the appliances shall be in working order at Closing.

3.5 At or prior to the time of Closing, Seller shall remove from the Unit all the furniture, furnishings and other personalty not included in this sale, and repair any damage caused by such removal.

4. Representations and Covenants

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

4.1.1 Seller is and shall at Closing be the sole owner of the Shares and Lease with the full right and power to sell and assign them;

4.1.2 the Shares and Lease will at Closing be free and clear of liens (other than the Corporation's general lien on the Shares, for which no monies shall be owed), encumbrances and adverse interests ("Liens"); or Seller will deliver to Purchaser at Closing all requisite terminations, releases and/or satisfactions executed in form suitable for filing and/or recording, so as to remove of record, at Seller's expense, any such Liens;

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

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

4.1.5 the Maintenance and Assessments payable as of the date hereof are as specified in Pars. 1.13 and 1.14. All sums due to the Corporation will be fully paid by Seller to the end of the payment period immediately preceding the date of Closing;

4.1.6 as of this date, Seller neither has actual knowledge nor has received any written notice of (a) any increase in Maintenance or (b) any proposed Assessment which has been ~~either~~ adopted ~~and~~ ~~by~~ the Board of Directors of the Corporation and not reflected in the amounts set forth in Pars. 1.13 and 1.14;

4.1.7 Seller will not at Closing be indebted for labor or material which might result in the filing of a notice of mechanic's lien against the Unit or the Premises;

4.1.8 there are and at closing will be no violations of record which the owner of the Shares and Lease would be obligated to remedy under the terms of the Lease;

4.1.9 Seller has not made any alterations or additions to the Unit, without any required consent of the Corporation;

4.1.10 Seller has not entered and will not enter into, and has no actual knowledge of, any agreement (other than the Lease) affecting the use and/or occupancy of the Unit which would be binding on or adversely affect Purchaser; and

4.1.11 Seller has been known by no other name for the past 10 years except as set forth in Par. 1.1.

4.2 Purchaser represents and covenants that Purchaser is acquiring the Shares and Lease solely for residential occupancy of the Unit by the Proposed Occupants only and will so represent to the Corporation in connection with Purchaser's application to the Corporation for approval of this transaction by the Corporation.

4.3 The representations and covenants contained in Par. 4.1 shall survive Closing, but any action based thereon must be instituted within 1 year from Closing.

5. Corporate Documents

Purchaser has examined and is satisfied with or has waived the examination of the Lease, and the Corporation's certificate of incorporation, bylaws, house rules, most recent audited financial statement and most recent statement of tax deductions available to the Corporation's shareholders under Internal Revenue Code ("IRC") § 216 (or any successor statute).

6. Required Approval and References

~~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 or its Managing Agent, within 10 business days after the receipt of a fully executed counterpart of this Contract, an application for approval of this sale in 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 5 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 prior to the date set for Closing, the Closing shall be adjourned for 30 business days for the purpose of obtaining such approval unless otherwise agreed to by the Parties. If the approval of this sale is not obtained by said adjourned date, either Party may cancel this Contract on Notice to the other provided that the Corporation's approval is not issued before Notice of cancellation is given. In the event of a denial other than for Purchaser's bad faith

~~Contract Deposit to Purchaser. In case of a denial or lack of approval due to Purchaser's bad faith conduct, Purchaser shall be, or~~

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 setting forth the amounts and payment status of the Maintenance and any Assessments;

10.1.5 keys to the Unit, building entrances, garage, mailbox and any locks in the Unit;

10.1.6 if requested, an assignment to Purchaser of Seller's interest in the Property;

10.1.7 Net Insurance Proceeds and/or assignment of any uncollected Net Insurance Proceeds, if applicable; and

10.1.8 instruments or other documents required under Par. 4.1.2, if any.

10.2 At Closing, Purchaser shall:

10.2.1 pay the Balance in accordance with Par. 2.2.2;

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

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

10.3 At Closing, the Parties shall provide the information necessary for Internal Revenue Service ("IRS") Form 1099-S or other similar form required.

10.4 At Closing, Seller shall provide, and the Parties shall execute, all documents necessary to comply with any applicable transfer and/or gains tax filings.

11. Closing Fees, Taxes and Apportionments

11.1 At Closing, Seller shall pay, if applicable:

~~11.1.1 the processing fee(s) of the Corporation, its attorneys, and/or agents, except as set forth in Par. 11.2.3;~~

~~11.1.2 the cost of stock transfer stamps;~~

~~11.1.3 the transfer tax and transfer gains tax.~~

11.2 At Closing, Purchaser shall pay: ~~including the stock~~

11.2.1 the sales taxes, if any, on this sale, ~~including the transfer stamps as provided for in Par. 11.1.3;~~

11.2.2 the cost of any title search; and

11.2.3 any fee to the Corporation or its agents and, or attorneys relating to Purchaser's financing, and the processing fee of the Corporation, its attorneys and/or agents

11.3 At Closing, the Flip Tax, if any, shall be paid by the Party specified in Par. 1.15.

11.4 At Closing, the Parties shall apportion as of 11:59 P.M. of the day preceding the Closing, the Maintenance and any other periodic charges due the Corporation (other than Assessments).

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

11.6 Each party covenants to the other that it will timely pay any taxes for which it is primarily liable pursuant to law. This Par. 11.6 shall survive Closing.

12. Broker

12.1 Each Party represents to the other that such Party has not dealt with any other person acting as a broker, whether licensed or unlicensed, in connection with this transaction other than the Broker named in Par. 1.10.

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

12.3 This Par. 12 shall survive the Closing.

13. Defaults, Remedies and Indemnities

13.1 In the event of a default or misrepresentation by Purchaser, Seller's sole remedy shall be to terminate this Contract and retain the Contract Deposit as liquidated damages, except there shall be no limitation on Seller's remedies for a breach of Par. 12.1. In case of Purchaser's misrepresentation or default, Seller's damages would be impossible to ascertain and the Contract Deposit constitutes a fair and reasonable amount of compensation.

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

13.3 Each Party indemnifies and holds harmless the other against and from any claim, judgment, loss, liability, cost or expense resulting from the indemnitor's breach of any of the representations or covenants stated to survive Closing. This indemnity includes, without limitation, reasonable attorneys' fees and disbursements, court costs and litigation expenses. This Par. 13.3 shall survive the Closing.

13.4 Purchaser indemnifies and holds harmless Seller against and from any claim, judgment, loss, cost or expense resulting from the lease obligations assumed by Purchaser. This indemnity includes, without limitation, reasonable attorneys' fees and disbursements, court costs and litigation expenses. This indemnity does not include or excuse a breach of a type for which the Contract Deposit is not intended.

4.1. This Par. 13.4 shall survive the Closing.

13.5 In the event any instrument for the payment of the Contract Deposit fails of collection, Seller shall have the right to sue on the uncollected instrument. In addition, such failure of collection shall be a default under this Contract, provided Seller gives Purchaser Notice of such failure of collection and, within 3 business days after

the above-mentioned instrument is presented with the funds in the amount of the uncollected funds. Failure to cure such default shall entitle Seller to the remedy in Par. 13.1 and to retain all sums as may be collected and/or recovered.

14. Entire Agreement; Modification

14.1 All prior oral or written representations, understandings and agreements had between the Parties with respect to the subject matter of this Contract, and with the Escrowee as to Par. 28, are merged in this Contract, which alone fully and completely expresses their agreement.

14.2 A provision of this Contract may be changed or waived only in writing signed by the Party (or Escrowee) to be changed.

14.3 The Attorneys may extend in writing any of the time limitations stated in this Contract.

15. No Assignment by Purchaser

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

15.2 This Contract shall bind and inure to the benefit of the Parties hereto and their respective heirs, personal and legal representatives and successors in interest.

16. Cancellation for Other than Default or Misrepresentation

If Seller shall be unable to transfer the Lease and the Shares in accordance with this Contract for any reason not due to Seller's willful acts or omissions, then the sole obligation of Seller shall be to refund to Purchaser the Contract Deposit and reimburse Purchaser for the actual costs incurred for Purchaser's title or abstract search. Upon making such refund, this Contract shall be cancelled and neither Party shall have any further claim against the other hereunder.

17. Notices

17.1 Any notice or demand ("Notice") shall be in writing and either delivered by hand or overnight delivery or sent by certified or registered mail to the Party and simultaneously, in like manner, to such Party's Attorney, if any, and to Escrowee at the addresses set forth in Par. 1, or to such other address as shall hereafter be designated by Notice given pursuant to this Par. 17.

17.2 Each Notice shall be deemed given on the same day if delivered by hand or on the following business day if sent by overnight delivery, or the second business day following the date of mailing.

17.3 The Attorneys are authorized to give any Notice specified in this Contract on behalf of their respective clients.

17.4 Failure to accept a Notice does not invalidate the Notice.

18. Margin Headings

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

19. Financing Contingency (delete if inapplicable)

19.1 Purchaser may cancel this Contract and recover the Contract Deposit by following the procedure in Par. 19.4 if after complying with Purchaser's "Financing Obligations" in Par. 19.2 below and Purchaser's other obligations under this Contract:

19.1.1 Purchaser fails through no fault of Purchaser to obtain from an "Institutional Lender" (defined in Par. 19.5.1) a "Loan Commitment Letter" (defined in Par. 19.5.2) for financing on the Loan Terms and within the time period stated in Par. 1.16 (the "Loan"); or

19.1.2 the Institutional Lender and the Corporation cannot agree on the terms of an agreement for the protection of the Institutional Lender (commonly called a recognition agreement), if required by the Institutional Lender.

19.2 Purchaser's right to cancel under Par. 19.1 and recover the Contract Deposit is conditioned upon Purchaser's diligent compliance with all of the following "Financing Obligations":

19.2.1 Purchaser must apply in good faith for the Loan from an Institutional Lender within 7 business days after a fully executed counterpart of this Contract is given to Purchaser;

19.2.2 the Loan application must contain truthful, accurate and complete information as required by the Institutional Lender; and

19.2.3 Purchaser must comply with all requirements of the Institutional Lender to obtain the Loan Commitment Letter and to close the Loan.

19.3 Purchaser may also cancel this Contract and recover the Contract Deposit in accordance with the procedure in Par. 19.4 if:

19.3.1 the Closing is adjourned by Seller or the Corporation for more than 30 business days from the date set for Closing in Par. 1.11; and

19.3.2 the Loan Commitment Letter expires on a date more than 30 business days after the date set for Closing in Par. 1.11 and before the new date set for Closing pursuant to Par. 19.3.1; and

19.3.3 Purchaser is unable in good faith to obtain from the Institutional Lender an extension or a new Loan Commitment Letter for the Amount Financed stated in Par. 1.16 or the same principal amount stated in the expired Loan Commitment Letter, whichever is lower, without paying any additional fees to the Institutional Lender (unless Seller, within 5 business days after receipt of Notice of such fees, gives Notice that Seller will pay such fees and pass them when such all other financing alternatives may be materially less favorable than in the expired Loan Commitment Letter.

19.4 In order to cancel pursuant to Par. 19.1 or 19.3, Purchaser shall give Notice of cancellation to Seller within 7 business days after the right to cancel arises. Purchaser's failure to timely give such Notice of cancellation will be deemed a conclusive waiver of such right to cancel. In case of cancellation pursuant to Par. 19.1, a copy of any

the same may be issued by the Institutional Lender shall accompany the Notice of cancellation, if available, or if not then available, shall be provided promptly after receipt. In case of cancellation pursuant to Par. 19.3, a copy of all written communications between the Institutional Lender and Purchaser concerning the extension or new loan commitment shall accompany the Notice of cancellation (or a copy of any letter refusing to extend the loan commitment or make a new loan commitment received by Purchaser after sending the cancellation Notice shall be sent to Seller promptly after receipt). Purchaser's obligation under this Par. 19.4 shall survive the cancellation of this Contract.

19.5 The definitions for certain terms used in this Par. 19 are:

19.5.1 an "Institutional Lender" is any bank, savings bank, savings and loan association, trust company, credit union of which Purchaser is a member, insurance company or governmental entity which is duly authorized to issue a loan secured by the Shares and Lease in the state where the Unit is located and is then currently extending similarly secured loan commitments; and

19.5.2 a "Loan Commitment Letter" is a written offer to make the Loan with or without recourse, and whether or not conditional upon any factor other than an appraisal satisfactory to the Institutional Lender. An offer to make the Loan which is conditional on obtaining a satisfactory appraisal shall only become a Loan Commitment Letter upon such condition being met.

20. Singular/Plural and Joint/Several

The use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires. If more than one entity is selling or purchasing the Unit, their obligations shall be joint and several.

21. No Survival

No representation and/or covenant contained herein shall survive Closing except as expressly provided. Computational errors shall survive and be corrected after Closing.

22. Inspections

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

23. Governing Law

This Contract shall be governed by the laws of the State of New York. Any action or proceeding arising out of this Contract shall be brought in the county where the Unit is located and the Parties hereby consent to said venue.

24. Removal of Liens

24.1 Purchaser shall deliver or cause to be delivered to Seller or Seller's Attorney, not less than 10 calendar days prior to Closing, a list of Liens, if any, which may violate Par. 4.1.

24.2 Seller shall have a reasonable period of time to remove any such Lien.

25. Cooperation of Parties

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

25.2 The Parties shall timely file or pre-file all required documents in connection with all governmental filings that are required by law. Each Party represents to the other that its statements in such filings will be true and complete. This Par. 25.2 shall survive the Closing.

26. FIRPTA and Gains Tax

26.1 The Parties shall comply with IRC §§ 897, 1445 and related provisions, as amended, and any substitute provisions of any successor statute and the regulations thereunder ("FIRPTA"). The Seller shall furnish to the Purchaser at or prior to Closing a Certification of Nonforeign Status in accordance with FIRPTA. If the Seller fails to deliver such certification by Closing, the Purchaser shall deduct and withhold from the Purchase Price such sum required by law and remit such amount to the IRS. In the event of such withholding by Purchaser, Seller's obligations hereunder, including (but not limited to) the transfer of ownership of the Shares and Lease, shall not be excused or otherwise affected. In the event of any claimed over-withholding, Seller shall be limited solely to an

action against the IRS on account of such withholding. This Par. 26.1 shall survive the Closing.

26.2 If a Real Property Transfer Gains Tax pre-filing is required by law, Purchaser shall simultaneously herewith deliver to Seller a completed and executed Transferee Questionnaire or the equivalent thereof.

27. Additional Conditions

27.1 Purchaser shall not be obligated to close unless at the time of the Closing:

27.1.1 the Corporation is duly incorporated and in good standing; and

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

27.1.3 there is no pending *in rem* action or foreclosure action of any underlying mortgage affecting the Premises.

27.2 Purchaser shall give Seller Notice of any failure of any of the conditions in Par. 27.1. If any condition in Par. 27.1 is not true and is not cured within a reasonable period of time after giving said Notice, then either Seller or Purchaser shall have the option to cancel this Contract pursuant to Par. 16.

28. Escrow Terms

28.1 Escrowee acknowledges receipt of the check for the Contract Deposit, subject to collection.

28.2 The check for the Contract Deposit shall be deposited by Escrowee in a ~~non-interest bearing~~ escrow account and the proceeds held and disbursed in accordance with the terms of this Contract. Upon Closing, Escrowee shall deliver the Contract Deposit to Seller

In all other cases, if either Party makes a demand upon Escrowee for delivery of the Contract Deposit, Escrowee shall give Notice to the other Party of such demand. If a Notice of objection to the proposed payment is not received from the other Party within 7 business days after the giving of Notice by Escrowee, time being of the essence, Escrowee is hereby authorized to deliver the Contract Deposit to the Party who made the demand. If Escrowee receives a Notice of objection within said period, or if for any other reason Escrowee in good faith elects not to deliver the Contract Deposit, then Escrowee shall continue to hold the Contract Deposit and thereafter pay it to the Party entitled when Escrowee receives (a) a Notice from the objecting Party withdrawing the objection, or (b) a Notice signed by both Parties directing disposition of the Contract Deposit or (c) a judgment or order of a court of competent jurisdiction.

28.3 In the event of any dispute or doubt as to the genuineness of any document or signature, or uncertainty as to Escrowee's duties, then Escrowee shall have the right either to continue to hold the Contract Deposit in escrow or to pay the Contract Deposit into court pursuant to relevant statute.

28.4 The parties agree jointly to defend (by attorneys selected by Escrowee), indemnify and hold harmless Escrowee against and from any claim, judgment, loss, liability, cost or expense resulting from any dispute or litigation arising out of or concerning Escrowee's duties or services hereunder. This indemnity includes, without limitation, disbursements and reasonable attorneys' fees either paid to retain attorneys or representing the fair value of legal services rendered by Escrowee to itself.

28.5 Escrowee shall not be liable for any error in judgment or for any act done or step taken or omitted in good faith, or for any mistake of fact or law, except for Escrowee's own gross negligence or willful misconduct.

28.6 The Parties acknowledge that Escrowee is merely a stakeholder. Upon payment of the Contract Deposit pursuant to Par. 28.2 or 28.3, Escrowee shall be fully released from all liability and obligations with respect to the Contract Deposit.

28.7 In the event Escrowee is the attorney for either Party, Escrowee shall be entitled to represent such Party in any lawsuit.

28.8 Escrowee shall serve without compensation.

28.9 The signing of this Contract by Escrowee is only to evidence Escrowee's acceptance of the terms and conditions of this Par. 28.

29. Binding Effect

This Contract shall not be binding unless a fully executed counterpart thereof has been delivered to each of the Parties.

SEE RIDER ANNEXED HERETO.

In Witness Whereof, the Parties hereto have duly executed this Contract as of the date first above written.

ESCROW TERMS AGREED TO:
PECK & HELLER
By: _____
Escrowee

SELLER: _____
SUTTON ESTATES
By: _____
Partner

RIDER ANNEXED TO CONTRACT

Dated:

Seller: SUTTON ESTATES

Purchaser:

Premises: 445 Gramatan Avenue, Mount Vernon, New York

Unit No.:

Apartment Corporation: Westchester Gardens Owners, Inc.

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

greater or less than the proprietary rent established from time to time under the Lease) and the obligation to repair, maintain and paint the Apartment (including its equipment and appliances) for the benefit of the existing tenant or occupant. I will assume the obligation to become a member of the Rent Stabilization Association (or other agency as required by the law).

C. I will appoint the Apartment Corporation's Managing Agent and its successors as my agent to provide to the tenant or occupant all services and facilities required by law, and I will bear the cost thereof myself. I agree to deposit with the Apartment Corporation's Managing Agent at the Closing an amount not less than two months' maintenance charges to be used as working capital to furnish services required under the tenant's lease and under any applicable law or regulation. My failure to replenish the fund in a timely fashion shall result in the Apartment Corporation having a lien against the shares appurtenant to the dwelling unit. Interest, if any, earned on the fund shall be my property.

D. Paragraphs 3.5 and 7.2 of the printed form to which this Rider is annexed shall be deleted, and the following phrase shall be deleted from Paragraph 3.4: "except for reasonable wear and tear, and except further, the appliances shall be in working order at Closing."

SUTTON ESTATES, Seller

By: _____, General Partner

_____, Purchaser

_____, Purchaser

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.

See Instructions (TP-581-1), 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.

<small>PLEASE PRINT</small>	<small>Name</small>	<small>Social Security Number</small>	
Transferee)	<small>Address</small>	<small>Zip Code</small>	<small>Federal Employer Identification Number</small>
Transferor)	<small>Name</small>	<small>Social Security Number</small>	
	SUTTON ESTATES	13 1361623	
	<small>Address</small>	<small>Zip Code</small>	<small>Federal Employer Identification Number</small>
	c/o Seymour Orlofsky, Inc., 199 Main Street, White Plains, New York 10601		
Transferee's Att'y)	<small>Name</small>		
	<small>Address</small>	<small>Zip Code</small>	

DESCRIPTION OF PROPERTY TO BE TRANSFERRED (List each lot separately)

DATE OF ANTICIPATED TRANSFER

	Address	County	Month	Day	Year
Unit	445 Gramatan Avenue Mount Vernon, New York	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.

I have read and subscribed to before me this _____ day of _____, 19____

	_____ Name(s) of Transferee(s)
	_____ Signature(s) of owner(s), partner, officer of corporation, etc.
_____ Signature of officer administering oath	_____ Title

MARGOLD, ERSKEN & WANG

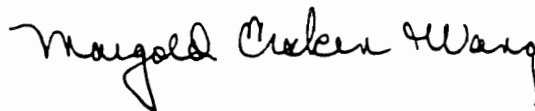
CERTIFIED PUBLIC ACCOUNTANTS

25 WEST 43RD STREET
NEW YORK

To the Partners of Sutton Estates:

We have examined the statements of revenues and expenses exclusive of any charges for interest and depreciation relating to the property located at 445 Gramatan Avenue, Mount Vernon, New York for the years ended December 31, 1988, 1987 and 1986. 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 revenues and expenses exclusive of any charges for interest and depreciation present fairly the result of operation, before such charges, incurred in the operation of premises 445 Gramatan Avenue, Mount Vernon, New York for each of the years ended December 31, 1988, 1987 and 1986 in conformity with generally accepted accounting principles consistently applied.



New York, New York
April 20, 1989

445 GRAMATAN AVENUE, MOUNT VERNON, N.Y.

STATEMENTS OF REVENUES AND EXPENSES
(EXCLUSIVE OF INTEREST AND DEPRECIATION)

(NOTE 1)

	YEARS ENDED DECEMBER 31,		
	<u>1 9 8 8</u>	<u>1 9 8 7</u>	<u>1 9 8 6</u>
<u>INCOME:</u>			
Apartment Rentals (Net of Vacancies)	\$418,521	\$432,974	\$436,631
Interest Income	<u>100</u>	<u>181</u>	<u>266</u>
<u>TOTAL INCOME</u>	<u>\$418,621</u>	<u>\$433,155</u>	<u>\$436,897</u>
<u>OPERATING EXPENSES:</u>			
Payroll and Related Costs	\$ 40,388	\$ 39,946	\$ 36,620
Fuel	44,828	43,916	49,320
Light and Power	11,370	9,209	9,921
Water and Sewer	2,774	2,862	3,005
Painting - Apartments	- 0 -	7,150	7,220
Painting - Building	- 0 -	- 0 -	1,480
General Repairs - Apartments	- 0 -	13,858	12,735
General Repairs - Building	6,528	18,474	14,733
Plumbing	7,270	1,297	4,004
Boiler Repairs	3,304	9,176	2,615
Roofing	2,805	2,865	4,861
Landscaping and Gardening	1,511	6,898	11,647
Hardware and Supplies	19,632	27,038	21,950
Rubbish Removal	- 0 -	330	- 0 -
Management Commissions	20,786	21,649	21,860
Professional Fees	6,656	5,340	2,435
Insurance	45,428	48,668	55,269
Telephone	2,381	988	878
Exterminating and Sundries	4,024	7,049	3,695
Real Estate Taxes	<u>65,895</u>	<u>64,102</u>	<u>61,292</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>\$285,580</u>	<u>\$330,815</u>	<u>\$325,540</u>
EXCESS OF REVENUES OVER EXPENSES (EXCLUSIVE OF INTEREST AND DEPRECIATION)	<u>\$133,041</u>	<u>\$102,340</u>	<u>\$111,357</u>

NOTE TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES:

(A) EXPENSES:

Expenses are fully written off in the year incurred.

Costs incurred in connection with capital improvements are not included in the foregoing Statements of Expenses.

During 1987 and 1986, the company expended \$100,000 to fix a gas leak.

(B) TAXES ON INCOME:

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.



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

ROBERT ABRAMS
Attorney General

FREDERICK K. MEHLMAN
Assistant Attorney General in Charge
Real Estate Financing Bureau

(212) 341-2115

Sutton Estates
c/o Hall, Dickler, et al.
Attn: Joni Walaski
460 Park Avenue
New York, NY 10022

RE: 445 Gramatan Avenue

File Number: C870246

Date Amendment Filed: 07/12/89

Receipt Number: 104717469

Amendment No: 4

Filing Fee: \$ 150.00

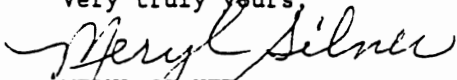

Dear Sponsor:

The referenced amendment to the offering plan for the subject premises is hereby accepted and filed. This filing is effective for the greater of six months from the date of filing this amendment or twelve months from the acceptance of the original offering literature. However, any material change of fact or circumstance affecting the property or offering requires an immediate amendment.

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,


MERYL SILVER
ASSISTANT ATTORNEY GENERAL 

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**THIRD AMENDMENT TO
COOPERATIVE OFFERING PLAN**

**445 GRAMATAN AVENUE,
MOUNT VERNON, NEW YORK**

Cooperative Offering Plan for the premises 445 Gramatan Avenue, Mount Vernon, New York dated July 26, 1988, as amended (the "Plan"), is hereby further amended as follows:

1. Plan Declared Effective

In accordance with the terms of the Plan, the Plan was declared effective by notice dated January 27, 1989. As of January 27, 1989, Subscription Agreements had been executed and delivered by more than 15% of the bona fide tenants in occupancy. Annexed hereto as Exhibit A is an Affidavit of Frank Heller, a partner of Sponsor, in support of declaring the Plan effective.

2. Budget for First Year of Cooperative Operation

Annexed hereto as Exhibit B is an updated Budget for First Year of Cooperative Operation commencing April 1, 1989.

3. Schedule A of the Plan

Annexed hereto as Exhibit C is a revised Schedule A reflecting the change in maintenance charges and income tax deductions per share.

4. Certification of Adequacy of Budget

Annexed hereto as Exhibit D is a Certification of Adequacy of Budget prepared by Diversified Property Group, Ltd.

5. Incorporation of Plan

The Plan, as modified and extended hereby, is incorporated herein by reference with the same effect as if set forth at length. All provisions of the Plan which are consistent with this Amendment shall remain in effect.

6. No Other Material Changes

Except as set forth in this Amendment, there have been no material changes in the Plan.

Dated: New York, New York
April 3, 1989

SUTTON ESTATES
Sponsor

EXHIBIT A

Affidavit in Support of Declaring the Plan Effective

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

FRANK HELLER, being duly sworn, deposes and says:

I am a principal of Sutton Estates, the Sponsor under that certain Offering Plan (the "Plan") for the cooperative conversion of 445 Gramatan Avenue, Mount Vernon, New York (the "Premises"), and I am authorized to make the following statements:

1. The Plan was accepted for filing by the Attorney General of the State of New York on July 26, 1988 (the "Filing Date") and was thereafter presented to the tenants on August 18, 1988.

2. Shares have been allocated to 112 apartments offered for sale under the Plan.

3. As of January 27, 1989 the date the Plan was declared effective Subscription Agreements had been accepted and delivered for 43 apartments.

4. The 43 apartments subscribed for represent approximately 40.18% of all apartments offered for sale under the Plan, which percentage is sufficient to declare the Plan effective in accordance with the GBL.

5. As to tenants who were in occupancy on the Filing Date, the Subscription Agreement have been executed and delivered pursuant to the an offering made without discriminatory repurchase agreements or other discriminatory inducement.

6. Set forth in Exhibit "B" to this Affidavit is the following information with respect to the 43 apartments subscribed for and counted towards effectiveness: Apartment Name, Number of Subscriber(s), Date the Subscription Agreement, Status of each Tenant Under Applicable Rent Laws and Date of First Occupancy, if less than 3 years.

7. All subscribers counted toward effectiveness (i) are bona fide tenants in occupancy (ii) are not purchasing as an accommodation for, to or for the account or benefit of the Sponsor or Sponsor's principals and (iii) have duly executed Subscription Agreements and have duly paid the full down payments as reflected in the "Procedure to Purchase" section of the Plan.

8. As of the date hereof, to the best knowledge of Sponsor, none of the Subscribers counted towards declaring the Plan effective, have assigned or transferred his or her Subscription Agreement.

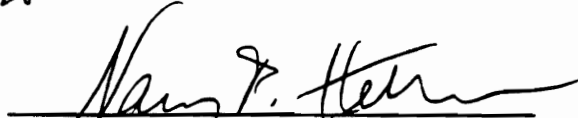
9. To the best knowledge of Sponsor, none of the Subscribers counted toward effectiveness are related (by blood, marriage or adoption) to, or are principals, employees, shareholders, partners, or business associates of Sponsor or the Selling Agent.

10. I submit this Affidavit for the Attorney General in connection with that certain Third Amendment disclosing that the Plan was declared effective.



Frank Heller

Sworn to before me this
28th day of March, 1989



Notary Public

NANCY R. HELLER
NOTARY PUBLIC, State of New York
No. 31-4834246
Qualified in New York County
Commission Expires March 30, 1991

"EXHIBIT I"

WESTCHESTER GARDENS
445 GRAMATAN AVENUE
MOUNT VERNON, NEW YORK 10552

List of Tenant Purchasers
Counted Toward Requisite Percentage
for Declaration of Effectiveness

<u>Subscriber</u>	<u>Apartment</u>	<u>Date of Subscription Agreement</u>	<u>Status of Each Tenant Sub. Under Applic. Rent Laws</u>	<u>Date of First Occupancy if Less Than Three Years</u>
Turkin	AA1	1/23/89	ETPA	
Amato	AB3	1/16/89	ETPA	1/1/89
Cirillo	AC1	1/23/89	ETPA	
Quattropani	AC2	1/23/89	ETPA	
Frustaglio	AC3	12/20/88	ETPA	12/15/88
Cusack/LaPadula	BA1	1/16/89	ETPA	1/1/89
Schwuchow	BA2	1/3/89	ETPA	
Murphy/Martin	BB1	1/4/89	ETPA	1/1/89
Piazza	BC1	12/20/88	ETPA	12/15/88
Kinhead	BC2	1/9/89	ETPA	
LaBanca	BD2	1/19/89	ETPA	
Midurski	CA1	1/23/89	Controlled	
Montetta	CA3	1/9/89	ETPA	
Santoro	CB1	1/11/89	ETPA	
Hughes	CB3	12/13/88	ETPA	12/15/88
Lanzetta	CC1	1/23/89	ETPA	
Turkin	CC2	1/16/89	ETPA	
Intile	CC3	1/23/89	Controlled	
Iozzo	CD3	1/23/89	ETPA	
Giannico/Voight	DA1	1/17/89	ETPA	1/1/89
Punto	DA2	12/12/88	ETPA	1/1/89
Egan	DB1	1/18/89	ETPA	
Piazza	DB2	12/20/88	Controlled	
LaSorsa	EB3	12/29/88	Controlled	
Maggio	EC1	12/13/88	ETPA	12/15/88
Zeitelhack	EC2	1/23/89	Controlled	
Panza	ED3	1/23/89	ETPA	
O'Grady	FA1	1/16/89	ETPA	
Figliuzzi	FD1	1/19/89	ETPA	
Brennan	GB1	1/17/89	Controlled	
O'Grady	GB3	1/16/89	ETPA	
DiMarzo	HB2	12/21/88	Controlled	
Mele	HC1	1/16/89	ETPA	

<u>Subscriber</u>	<u>Apartment</u>	<u>Date of Subscription Agreement</u>	<u>Status of Each Tenant Sub. Under Applic. Rent Laws</u>	<u>Date of Fir Occupancy i Less Than Three Years</u>
Shute	IB2	1/23/89	ETPA	
Hammond	IC3	1/3/89	ETPA	
Jelinek	JC1	1/19/89	ETPA	
Foley	JD1	1/23/89	Controlled	
Brace	JD2	1/17/89	ETPA	
McKevitt	KB2	12/13/88	Controlled	
Sullivan/De la Torre	KC1	1/9/89	ETPA	1/15/89
DeSimone	KC2	1/23/89	ETPA	
Franzese	KD2	12/13/88	ETPA	
Dorman	KD3	1/23/89	ETPA	

NOTE:

1. All tenant-subscribers have paid the deposit required by the Plan.
2. The purchase price to be paid by each tenant-subscriber is the price stated in the Offering Plan, as amended.

EXHIBIT B

**PROJECTED BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION, SCHEDULE B
ESTIMATED TO COMMENCE ON APRIL 1, 1989**

PROJECTED INCOME:

Annual Maintenance charges:	\$500,020	
50,815 shares at \$9.84 per share (1)		
Income From Other Sources		
Laundry (2).....	2,400	
Parking (3).....	15,000	
Interest Income earned on Reserve Fund and Working Capital Fund (4).....	10,000	
	TOTAL.....	<u>\$527,420</u>

PROJECTED EXPENSES:

Labor (5).....	\$ 51,750	
Heating and Hot water (6).....	60,830	
Utilities (Electricity and gas) (7).....	10,000	
Water Charges & Sewer Rents (8).....	3,250	
Repairs, Maintenance and Supplies (9).....	40,000	
Service Contracts (10).....	15,000	
Insurance (11).....	37,500	
Management Fees (12).....	20,000	
Legal Fees and Audit Fees (13).....	3,000	
Franchise and Corporate Taxes (14).....	2,500	
Real Estate Taxes (15).....	70,500	
Mortgage Payments (16).....	205,625	
Other (17).....	1,500	
Contingencies (18).....	4,105	
Tax on Income (19).....	1,860	
	TOTAL.....	<u>\$527,420</u>

FOOTNOTES TO SCHEDULE B

(1) Annual Maintenance (Budget: \$520,020)

Based on 50,815 shares at \$9.84 per share assuming the first year of cooperative operation to be from April 1, 1989 through March 31, 1990.

(2) Laundry - (Budget: \$2,400)

Based upon a proposed contract with Gorthom Distributors, Inc. providing for the installation and maintenance of laundry equipment to be supplied by Gorthom to the Building. Gorthom would pay a monthly fee of \$200 for the right to collect rent for the use of such equipment by the tenants. The cost of gas, electricity and hot and cold water supplied to the laundry would be paid by the Apartment Corporation.

(3) Parking - (Budget: \$15,000)

The Building contains 112 outdoor parking facilities. Present rentals, which are subject to Applicable Rent Laws, range between \$0 and \$20 per month. Tenant-purchasers who currently rent space will be entitled to continue to rent the space at rents set by the Apartment Corporation. Both tenant-purchasers and non-tenant purchasers who currently do not rent a space may rent one at a rate set by the Apartment Corporation, subject to availability. Non-purchasing tenants in occupancy currently renting a space may continue to rent the space at the maximum rent permitted under the applicable rent laws. Holders of Unsold Shares and Purchasers for investment shall not be charged a rent in excess of the maximum allowable under the Applicable Rent Laws for the applicable parking space.

(4) Interest Income earned on Reserve Fund and Working Capital Fund

Based on the average combined balance of both funds in the aggregate of \$125,000 with interest at the rate of approximately 8% per annum.

(5) Labor (Budget: \$51,750)

The building is and will continue to be staffed by a full time superintendent and two porters. The superintendent is provided with apartment GA-1 rent and utility free and one parking space rent free. At 4/1/89 the superintendent's salary will be \$350.00 weekly, and the porters' salaries will be \$230.00 each, weekly.

The budgeted figure is based on current salaries and includes the following:

Wages	\$45,000.00
Medical (Supt. only)	1,100.00
FICA	3,380.00
Federal & State Unemployment	1,350.00
Disability	150.00
Worker's Compensation	770.00
	<u>\$51,750.00</u>

(6) Heating and Hot Water (Budget: \$60,830)

This figure is based on the projected consumption of 80,039 gallons of Number 6 heating oil at an estimated cost of \$.76 per gallon including sales tax. The consumption and cost for prior years follows. As of March 1, 1989, the cost of Number 6 fuel oil was approximately \$.56 per gallon, including sales tax. A new burner and boiler were installed in December, 1984.

This expense may fluctuate due to many factors, including the availability of fuel oil, international, national and other governmental policies, weather conditions and the effectiveness of any conservation measures that might be adopted by the Board of Directors.

It is impossible to predict with certainty the future cost or consumption of fuel at the premises since such matters cannot be controlled by the Sponsor or the Apartment Corporation. It is believed, however, that the budgeted figure is reasonable for the first year of cooperative operation. The approximate consumption and cost of fuel oil for three prior years was as follows:

<u>Calendar Year</u>	<u>Consumption in Gallons</u>	<u>Average Cost Per Gallon</u>	<u>Aggregate Cost (Including Sales Tax)</u>
1988	82,366	\$.544	\$44,828
1987	75,815	\$.579	\$43,916
1986	81,938	\$.601	\$49,320

(7) Utilities - Electricity and Gas (Budget: \$10,000)

The Apartment Corporation will be responsible for the cost of utilities used in the public areas, including the resident superintendent's apartment, and the laundry room. The budget figure is based on the average rate for the period 7/1/88-12/31/88 plus a ten percent increase, applied to the average consumption for three prior years:

<u>Year</u>	<u>Electricity</u>		<u>Cubic Footage/100</u>	<u>Gas</u>	
	<u>Consumption</u>	<u>Cost</u>		<u>Cost</u>	<u>Total Cost</u>
1988	71,051 KWH	\$8,187	1,140	\$ 363	\$ 8,550
1987	81,095 KWH	\$8,888	1,250	\$ 321	\$ 9,209
1986	77,119 KWH	\$9,517	2,120	\$ 404	\$ 9,921

Consolidated Edison is now rendering bills for natural gas based upon therms, which is the heat content of cubic feet of natural gas. It is anticipated that the actual consumption will not vary to any significant degree because of the change by the utility from cubic feet to therms.

All apartments are individually metered for electricity and each tenant-shareholder will be responsible for his individual bill to the utility company.

Prospective purchasers should be aware that the costs of electricity and gas may be affected by the same factors regarding energy and fuel discussed above in footnote 5. It is again emphasized that such costs cannot be predicted with certainty and that matters affecting the cost of utility service are beyond the control of Sponsor or the Apartment Corporation.

(8) Water Charges and Sewer Rents (Budget: \$3,250)

The budgeted item is based on the average consumption for three prior years at current rates increased by 10%. The metered water and sewer charges for three prior years were as follows:

<u>Calendar Year</u>	<u>Consumption</u>	<u>Water and Sewer Charges</u>
1988	5,182	\$2,755
1987	5,475	\$2,862
1986	6,179	\$3,005

(9) Repairs, Building Maintenance and Supplies (Budget: \$40,000)

This figure represents estimated costs of normal maintenance and repairs to the building and common areas including building interior repairs, roofing, building exterior repairs (including walls, foundations, windows, boiler, pipes, radiators, plumbing, electrical work, etc.). It also includes costs of supplies such as cleaning materials, bulbs, lubricants, public fixtures, general and hardware supplies and painting of public halls and common areas. Tenant-shareholders will be responsible for the cost of interior apartment repairs including

appliances and supplies (such as bulbs and hardware) as well as the cost of the decoration and painting of their apartments [as set forth in the Proprietary Lease].

(10) Service Contracts (Budget: \$15,000)

The cost for the following service contracts are included in the budget at present costs plus approximately 5%:

<u>Contractor</u>	<u>Service</u>	<u>Cost</u>	<u>Term(s)</u>
Beacon Bonded	Exterminating	\$1,680	month-to-month
Castle Petroleum	Oil burner	945	proposed
Michael Gianelli	Gardening	6,000	month-to-month

(11) Insurance (Budget: \$37,500)

The following insurance has been recommended for the Property by Leonard Newman Agency, L.P., licensed insurance brokers, 199 Main Street, White Plains, N.Y. 10601, for the first year of cooperative operation:

Buildings: "All-Risk" including seepage and back-up; replacement cost, agreed amount	\$6,736,250** @ 90% coinsurance
Rental Value Insurance	\$500,000 @ 100% co-insurance
Comprehensive General Liability (including personal injury)	1,000,000
Elevator Collision	100,000
Boiler and Machinery	1,000,000
Officers' and Directors' Liability	1,000,000/1,000,000
Managing Agent's Fidelity Bond	100,000
Umbrella liability	4,000,000

\$1,000 deductible per occurrence on all insurance coverage.

The foregoing insurance coverage does not cover such risks as fire and casualty losses to Unit contents, replacements, additions, upgraded fixtures and improvements or liabilities for occurrences within a Unit. Shareholders are encouraged to seek such coverage at their own expense. **Coverage bears no relationship to the amount sought to be raised by this offering, and

no representation is made that such coverage is adequate to replace the building in the event of total loss. The coverage does, however, provide for "agreed amount" and "replacement cost" coverage, whereby the insurer agrees to reimburse the insured for losses up to the full amount of the policy, regardless of the actual replacement value of the building. Insurance proceeds may be applied by the mortgagee to reduce the outstanding mortgage indebtedness rather than to restore the property. The policy will not be cancelled without notice to the Board of Directors and it allows waiver of subrogation rights against another party provided such waiver is in writing prior to a loss. The insurance coverage satisfies requirements of the mortgagee.

(12) Management Fees (Budget: \$20,000)

At the closing, the Apartment Corporation will enter into a Management Agreement with Seymour Orlofsky, Inc. for an initial term of two years at an annual fee of \$20,000. The annual management fee is approximately \$180 per apartment. Said 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.
- (b) Commissions for leasing or subleasing space in the Building.
- (c) Services in connection with supervision of alterations or capital improvements to the Building outside the scope of ordinary repairs.

Reference is made to Section entitled, "Management Agreement and Service Contracts," for further details of the management agreement.

(13) Legal Fees and Audit Fee (Budget: \$3,000)

Estimate includes fees in connection with the preparation of the Apartment Corporation's first year's audited financial statements and its income tax returns, and minor, incidental legal services only. This figure does not include legal fees for reductions obtained by application or tax certiorari proceeding in the assessed valuation of the premises for real estate tax purposes.

(14) Franchise and Corporate Taxes (Budget \$2,500)

The budgeted item includes an estimated New York State Corporation Franchise tax of \$2,500 based on a projected capital of \$6,250,000 times the tax rate of .0004. The actual amount of State Corporation Franchise taxes will vary depending on factors such as the number of tenants and non-tenants purchasing apartments, the aggregate reduction or increase in the price of the shares and any increase to or reduction of the Reserve and/or Working Capital Fund(s).

(15) Real Estate Taxes (Budget: \$70,500)

Real estate taxes have been estimated based on tax rates and assessed valuations currently in effect, plus an allowance of approximately 7% to cover a possible increase in current tax rates and/or property assessment. There are no certiorari proceedings pending.

The assessed valuations and tax rates for three prior years are as follows:

<u>Tax</u>	<u>Assessed Valuation</u>	<u>Tax Rate/\$1,000</u>	<u>Total Tax</u>
<u>State/County tax</u>			
<u>Calendar Year</u>			
1989	240,000	53.04	12,729.60
1988	240,000	53.19	12,765.00
1987	240,000	52.07	12,496.80
<u>City Tax</u>			
<u>Calendar Year</u>			
1989	240,000	81.50	19,560.00
1988	240,000	76.60	18,384.00
1987	240,000	75.60	18,144.00
<u>School Tax</u>			
<u>7/1-6/30 Fiscal Year</u>			
88/89	240,000	149.14	35,793.60
87/88	240,000	140.41	33,698.40
86/87	240,000	134.04	32,169.60

The tax assessment of cooperative apartment buildings are governed by Real Property Law §581 adopted in November 1981. This law requires the tax assessor to disregard the cooperative form of ownership in valuing such properties and to value the

buildings in the same manner as similar but non-cooperatively owned rental buildings. However, no representation can be made as to whether or not there will be an increase in the assessed valuation of the Property by reason of the sale 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 (Budget: \$205,625)

At Closing, the Property will be encumbered by a mortgage due ten (10) years from the Closing in the principal amount of \$2,350,000. The mortgage is payable in monthly installments of \$17,135.42, interest only, at the rate of 8.75% for the first year. The annual interest payments under such mortgage will be \$205,625.

See section of Plan entitled "Terms of Mortgage(s)".

(17) Other Expenses (Budget: \$1,500)

This item provides for possible association dues, licenses, fees, permits, telephone and other miscellaneous incidental expenses.

(18) Contingencies (Budget: \$4,105)

This item is intended to provide for possible unforeseen expenses or increases in one or more items of operating expense above the amount projected herein. The 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 increase one or more items of operating expense. The funds for such modifications may be provided by decreasing the reserve for contingencies or decreasing one or more items of expense, or both. The reserve for contingencies does not include a reserve for capital replacements or repairs for which no provision is made under this budget. It is to be applied at the discretion of the Board of Directors.

IN THE OPINION OF THE SPONSOR, BASED ON THE CERTIFICATION OF DIVERSIFIED PROPERTY GROUP, LTD., THE PROJECTED INCOME IS ADEQUATE TO MEET THE ESTIMATED EXPENSES FOR THE APARTMENT CORPORATION'S FIRST YEAR OF OPERATING ASSUMING SUCH FIRST YEAR TO BE THE YEAR COMMENCING APRIL 1, 1989.

(19) Tax on Income (Budget: \$1,869)

If the Income from Other Sources detailed in Footnotes 2 and 4 to Schedule B exceeds the aggregate of (a) expenses attributable to earning such income and (b) depreciation of the nonresidential areas of the Building from which this income is derived,

such excess income may be taxable to the Apartment Corporation. The figure shown is the projected tax that may be due on such other income at the approximate tax rate of 15%. As a result, if the cash on hand is insufficient to pay the resulting taxes, it may be necessary to increase the maintenance charges.

In the opinion of the Sponsor, the projected receipts are adequate to meet the estimated expenses for the first fiscal year of operation projected to commence on April 1, 1989, If such projected commencement date differs by six months or more from the anticipated closing date, the Plan will be amended to disclose then current budget projections. Should such amended projections exceed the original projections by 25% or more, purchasers will be offered a fifteen (15) day option to rescind their offer to purchase and have their deposit and interest, if any, refunded on account of such change.

THE FOREGOING SCHEDULE, HOWEVER, IS NOT INTENDED AND SHOULD NOT BE TAKEN AS A GUARANTEE OR WARRANTY BY ANYONE THAT THE ANNUAL RENT (MAINTENANCE CHARGES) OR OTHER INCOME OR EXPENSES FOR SUCH FISCAL YEAR OR ANY SUBSEQUENT YEAR OF OPERATION OF THE PROPERTY BY THE APARTMENT CORPORATION WILL BE AS SET FORTH IN SAID SCHEDULE, OR THAT THE FIRST YEAR OF COOPERATIVE OWNERSHIP SHALL COMMENCE ON APRIL 1, 1989.

Sponsor has reserved the right to modify, terminate, renew and/or 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 on the Closing Date, provided that if the terms of such agreements are substantially different from those set forth herein, the Plan shall be duly amended to reflect same.

SCHEDULE A

WESTCHESTER GARDENS
445 GRAMATAN AVENUE
MT VERNON, NEW YORK

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

See page 14 for conditions applicable to these prices.

PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS
ESTIMATED MAINTENANCE CHARGES AND ESTIMATED INCOME

SCHEDULED TO COMMENCE ON APRIL 1, 1989

TAX DEDUCTIONS FOR THE FIRST YEAR OF COOPERATIVE OPERATION (1)

Apt. No.	Rooms and Baths (2)	Share Allocations (3)	Tenants' Purchase Price @ \$85 Per Share (4)	Non-Tenants' Purchase Price @ \$165 Per Share (5)	Amount of Mortgage Applicable to shares @ \$46.24619 Per Share (6)		Estimated Income Tax Deduction @ \$5.15 Per Shr. (7)
					Annual	Monthly	
B2*	4.5/1	395	33,575.00	65,175.00	18,267.25	3,886.80	2,034.25
AA1	6.0/1	660	56,100.00	108,900.00	30,522.49	6,494.40	3,399.00
AA2*	2.0/1	300	25,500.00	49,500.00	13,873.86	2,952.00	1,545.00
AA3††	3.5/1	420	35,700.00	69,300.00	19,423.40	4,132.80	2,163.00
AB1*	5.0/1	545	46,325.00	89,925.00	25,204.17	5,362.80	2,806.75
AB2	3.5/1	415	35,275.00	68,475.00	19,192.17	4,083.60	2,137.25
AB3	3.5/1V	415	35,275.00	68,475.00	19,192.17	4,083.60	2,137.25
AC1	5.0/1	540	45,900.00	89,100.00	24,972.94	5,313.60	2,781.00
AC2	3.5/1	410	34,850.00	67,650.00	18,960.94	4,034.40	2,111.50
AC3	3.5/1V	410	34,850.00	67,650.00	18,960.94	4,034.40	2,111.50
AD1	5.0/1	535	45,475.00	88,275.00	24,741.71	5,264.40	2,755.25
AD2	3.5/1	405	34,425.00	66,825.00	18,729.71	3,985.20	2,085.75
AD3*	3.5/1	405	34,425.00	66,825.00	18,729.71	3,985.20	2,085.75
BA1	3.5/1V	420	35,700.00	69,300.00	19,423.40	4,132.80	2,163.00
BA2	5.0/1	550	46,750.00	90,750.00	25,435.40	5,412.00	2,832.50

† SUPERINTENDENT'S APARTMENT NOT OFFERED FOR SALE

** DENOTES RENT-CONTROLLED

†† APARTMENT NOT OFFERED FOR SALE TO OCCUPANT

FOOTNOTES APPEAR AT END OF SCHEDULE A.

V - VACANT AS OF JUNE 22, 1988

Apt. No.	Rooms and Baths (2)	Share Allocations (3)	Tenants' Purchase Price @ \$85 Per Share (4)	Non-Tenants' Purchase Price @ \$165 Per Share (5)	Amount of Mortgage Applicable to shares @ \$46,24619 Per Share (5)	Estimated Maintenance Charges (6)		Estimated Income Tax Deduction @ \$5.15 Per Shr. (7)
						Annual @ \$9.84 Per Share	Monthly @ \$0.82 Per Share	
BB1	3.5/1V	415	35,275.00	68,475.00	19,192.17	4,083.60	340.30	2,137.25
BB2*	5.0/1	545	46,325.00	89,925.00	25,204.17	5,362.80	446.90	2,806.75
BC1	3.5/1V	410	34,850.00	67,650.00	18,960.94	4,034.40	336.20	2,111.50
BC2	5.0/1	540	45,900.00	89,100.00	24,972.94	5,313.60	442.80	2,781.00
BD1	3.5/1	405	34,425.00	66,825.00	18,729.71	3,985.20	332.10	2,085.75
BD2	5.0/1	535	45,475.00	88,275.00	24,741.71	5,264.40	424.70	2,755.25
CA1*	4.5/1	495	42,075.00	81,675.00	22,891.86	4,870.80	405.90	2,549.25
CA2	4.0/1V	460	39,100.00	75,900.00	21,273.25	4,526.40	377.20	2,369.00
CA3	4.5/1	495	42,075.00	81,675.00	22,891.86	4,870.80	405.90	2,549.25
CB1	4.5/1	490	41,650.00	80,850.00	22,660.63	4,821.60	401.80	2,523.50
CB2	4.0/1V	455	38,675.00	75,075.00	21,042.02	4,477.20	373.10	2,343.25
CB3	4.0/1V	490	41,650.00	80,850.00	22,660.63	4,821.60	401.80	2,523.50
CC1	4.0/1	485	41,225.00	80,025.00	22,429.40	4,772.40	397.70	2,497.75
CC2	4.0/1	450	38,250.00	74,250.00	20,810.79	4,428.00	369.00	2,317.50
CC3*	4.5/1	485	41,225.00	80,025.00	22,429.40	4,772.40	397.70	2,497.75
CD1	4.5/1	480	40,800.00	79,200.00	22,198.17	4,723.20	393.60	2,472.00
CD2	4.0/1	445	37,825.00	73,425.00	20,579.55	4,378.80	364.90	2,291.75
CD3	4.5/1	480	40,800.00	79,200.00	22,198.17	4,723.20	393.60	2,472.00
DA1	4.5/1V	495	42,075.00	81,675.00	22,891.86	4,870.80	405.90	2,549.25
DA2	3.5/1V	420	35,700.00	69,300.00	19,423.40	4,132.80	344.40	2,163.00
DB1	4.5/1	490	41,650.00	80,850.00	22,660.63	4,821.60	401.80	2,523.50
DB2*	3.5/0	415	35,275.00	68,475.00	19,192.17	4,083.60	340.30	2,137.25
DC1	4.5/0V	485	41,225.00	80,025.00	22,429.40	4,772.40	397.70	2,497.75
DC2	3.5/0	410	34,850.00	67,650.00	18,960.94	4,034.40	336.20	2,111.50
DD1*	4.5/0	480	40,800.00	79,200.00	22,198.17	4,723.20	393.60	2,472.00
DD2*	3.5/1	405	34,425.00	66,825.00	18,729.71	3,985.20	332.10	2,085.75
EA1	4.0/1	460	39,100.00	75,900.00	21,273.25	4,526.40	377.20	2,369.00
EA2	2.5/1	300	25,500.00	49,500.00	13,873.86	2,952.00	246.00	1,545.00
EA3	4.5/1	495	42,075.00	81,675.00	22,891.86	4,870.80	405.90	2,549.25
EB1	4.0/1	455	38,675.00	75,075.00	21,042.02	4,477.20	373.10	2,343.25
EB2	2.5/1	295	25,075.00	48,675.00	13,642.63	2,902.80	241.90	1,519.25
EB3*	3.5/1	420	35,700.00	69,300.00	19,423.40	4,132.80	344.40	2,163.00
EC1	4.0/1V	430	36,550.00	70,950.00	19,885.86	4,231.20	352.60	2,214.50
EC2*	2.5/0	290	24,650.00	47,850.00	13,411.40	2,853.60	237.80	1,493.50
EC3*	4.5/1	485	41,225.00	80,025.00	22,429.40	4,772.40	397.70	2,497.75

† SUPERINTENDENT'S APARTMENT NOT OFFERED FOR SALE

** DENOTES RENT-CONTROLLED

†† APARTMENT NOT OFFERED FOR SALE TO OCCUPANT

FOOTNOTES APPEAR AT END OF SCHEDULE A.

V = VACANT AS OF JUNE 22, 1988

Apt. No.	Rooms and Baths (2)	Share Allocations (3)	Tenants' Purchase Price		Non-Tenants' Purchase Price @ \$165 Per Share	Mortgage Applicable to shares @ \$46.24619 Per Share (5)	Estimated Maintenance Charges (6)		Estimated Income Tax Deduction @ \$5.15 Per Shr. (7)
			@ \$85 Per Share (4)	Per Share			Annual @ \$9.84 Per Share	Monthly @ \$0.82 Per Share	
DI*	4.0/1	445	37,825.00	73,425.00	20,579.55	4,378.80	364.90	2,291.75	
ED2	2.5/0	285	24,225.00	47,025.00	13,180.16	2,804.40	233.70	1,467.75	
ED3	4.5/0	480	40,800.00	79,200.00	22,198.17	4,723.20	393.60	2,472.00	
FA1	4.5/1	495	42,075.00	81,675.00	22,891.86	4,870.80	405.90	2,549.25	
FA2*	4.5/1	495	42,075.00	81,675.00	22,891.86	4,870.80	405.90	2,549.25	
FBI*	5.5/1	560	47,600.00	92,400.00	25,897.87	5,510.40	459.20	2,884.00	
FB2	4.5/1V	490	41,650.00	80,850.00	22,660.63	4,821.60	401.80	2,523.50	
FC1	4.5/1V	485	41,225.00	80,025.00	22,429.40	4,772.40	397.70	2,497.75	
FC2	4.5/1	485	41,225.00	80,025.00	22,429.40	4,772.40	397.70	2,497.75	
FD1	4.5/1	480	40,800.00	79,200.00	22,198.17	4,723.20	393.60	2,472.00	
FD2	4.5/1	480	40,800.00	79,200.00	22,198.17	4,723.20	393.60	2,472.00	
GA1†	4.5/1	0	0.00	0.00	0.00	0.00	0.00	0.00	
GA2	2.5/1	300	25,500.00	49,500.00	13,873.86	2,952.00	246.00	1,545.00	
GA3	4.0/1	460	39,100.00	75,900.00	21,273.25	4,526.40	377.20	2,369.00	
GB1*	4.5/1	490	41,650.00	80,850.00	22,660.63	4,821.60	401.80	2,523.50	
GB2	2.5/1	295	25,075.00	48,675.00	13,642.63	2,902.80	241.90	1,519.25	
GB3	4.0/1	455	38,675.00	75,075.00	21,042.02	4,477.20	373.10	2,343.25	
GC1	4.5/1V	485	41,225.00	80,025.00	22,429.40	4,772.40	397.70	2,497.75	
GC2	2.5/1V	290	24,650.00	47,850.00	13,411.40	2,853.60	237.80	1,493.50	
GC3	4.0/1V	450	38,250.00	74,250.00	20,810.79	4,428.00	369.00	2,317.50	
GD1	4.5/1V	480	40,800.00	79,200.00	22,198.17	4,723.20	393.60	2,472.00	
GD2	2.5/1	285	24,225.00	47,025.00	13,180.16	2,804.40	233.70	1,467.75	
GD3	4.0/1	445	37,825.00	73,425.00	20,579.55	4,378.80	364.90	2,291.75	
HA1	3.5/1	420	35,700.00	69,300.00	19,423.40	4,132.80	344.40	2,163.00	
HA2*	5.5/1	565	48,025.00	93,225.00	26,129.10	5,559.60	463.30	2,909.75	
HB1*	3.5/1	415	35,275.00	68,475.00	19,192.17	4,083.60	340.30	2,137.25	
HB2*	4.5/1	490	41,650.00	80,850.00	22,660.63	4,821.60	401.80	2,523.50	
HC1	3.5/1	410	34,850.00	67,650.00	18,960.94	4,034.40	336.20	2,111.50	
HC2*	4.5/1	485	41,225.00	80,025.00	22,429.40	4,772.40	397.70	2,497.75	
HD1	3.5/1V	405	34,425.00	66,825.00	18,729.71	3,985.20	332.10	2,085.75	
HD2*	4.5/1	480	40,800.00	79,200.00	22,198.17	4,723.20	393.60	2,472.00	
IA1*	3.5/1	420	35,700.00	69,300.00	19,423.40	4,132.80	344.40	2,163.00	
IA2	4.0/1	460	39,100.00	75,900.00	21,273.25	4,526.40	377.20	2,369.00	
IA3	4.5/1	495	42,075.00	81,675.00	22,891.86	4,870.80	405.90	2,549.25	

† SUPERINTENDENT'S APARTMENT NOT OFFERED FOR SALE
 †† APARTMENT NOT OFFERED FOR SALE TO OCCUPANT
 ** DENOTES RENT-CONTROLLED
 FOOTNOTES APPEAR AT END OF SCHEDULE A.

V = VACANT AS OF JUNE 22, 1988

Apt. No.	Rooms and Baths (2)	Share Allocations (3)	Tenants' Purchase Price @ \$85 Per Share (4)	Non-Tenants' Purchase Price @ \$165 Per Share	Amount of Mortgage Applicable to shares @ \$46,24619 Per Share (5)	Estimated Maintenance Charges (6)		Estimated Income Tax Deduction @ \$5.15 Per Shr. (7)
						Annual Per Share @ \$9.84	Monthly Per Share @ \$.82	
IB1	4.5/1	490	41,650.00	80,850.00	22,660.63	4,821.60	401.80	2,523.50
IB2	4.0/1	455	38,675.00	75,075.00	21,042.02	4,477.20	373.10	2,343.25
IB3	4.5/1	490	41,650.00	80,850.00	22,660.63	4,821.60	401.80	2,523.50
IC1	4.5/1	485	41,225.00	80,025.00	22,429.40	4,772.40	397.70	2,497.75
IC2	4.0/1	450	38,250.00	74,250.00	20,810.79	4,428.00	369.00	2,317.50
IC3	4.5/1	485	41,225.00	80,025.00	22,429.40	4,772.40	397.70	2,497.75
ID1*	4.5/1	480	40,800.00	79,200.00	22,198.17	4,723.20	393.60	2,472.00
ID2	4.0/1	445	37,825.00	73,425.00	20,579.55	4,378.80	364.90	2,291.75
ID3*	4.5/1	480	40,800.00	79,200.00	22,198.17	4,723.20	393.60	2,472.00
JA1*	6.0/1	660	56,100.00	108,900.00	30,522.49	6,494.40	541.20	3,399.00
JA2*	2.5/1	300	25,500.00	49,500.00	13,873.86	2,952.00	246.00	1,545.00
JB1*	5.0/1	545	46,325.00	89,925.00	25,204.17	5,362.80	446.90	2,806.75
JB2	3.5/1	415	35,275.00	68,475.00	19,192.17	4,083.60	340.30	2,137.25
JC1	5.0/1	540	45,900.00	89,100.00	24,972.94	5,313.60	442.80	2,781.00
JC2	3.5/1	410	34,850.00	67,650.00	18,960.94	4,034.40	336.20	2,111.50
JD1*	5.0/1	535	45,475.00	88,275.00	24,741.71	5,264.40	438.70	2,755.25
JD2	3.5/1	405	34,425.00	66,825.00	18,729.71	3,985.20	332.10	2,085.75
KA1*	3.5/1	420	35,700.00	69,300.00	19,423.40	4,132.80	344.40	2,163.00
KA2	3.5/1	420	35,700.00	69,300.00	19,423.40	4,132.80	344.40	2,163.00
KA3*	5.0/1	550	46,750.00	90,750.00	25,435.40	5,412.00	451.00	2,832.50
KB1*	3.5/1	415	35,275.00	68,475.00	19,192.17	4,083.60	340.30	2,137.25
KB2*	3.5/1	415	35,275.00	68,475.00	19,192.17	4,083.60	340.30	2,137.25
KB3*	5.0/1	545	46,325.00	89,925.00	25,204.17	5,362.80	446.90	2,806.75
KC1	3.5/1V	410	34,850.00	67,650.00	18,960.94	4,034.40	336.20	2,111.50
KC2	3.5/1	410	34,850.00	67,650.00	18,960.94	4,034.40	336.20	2,111.50
KC3	5.0/1	540	45,900.00	89,100.00	24,972.94	5,313.60	442.80	2,781.00
KD1*	3.5/1	405	34,425.00	66,825.00	18,729.71	3,985.20	332.10	2,085.75
KD2	3.5/1	405	34,425.00	66,825.00	18,729.71	3,985.20	332.10	2,085.75
KD3	5.0/1	535	45,475.00	88,275.00	24,741.71	5,264.40	438.70	2,755.25
TOTALS		50,815	\$4,319,275.00	\$8,377,275.00	\$2,350,000.13	\$500,019.60	\$41,668.30	\$261,697.25

† SUPERINTENDENT'S APARTMENT NOT OFFERED FOR SALE ** DENOTES RENT-CONTROLLED

†† APARTMENT NOT OFFERED FOR SALE TO OCCUPANT FOOTNOTES APPEAR AT END OF SCHEDULE A.

V - VACANT AS OF JUNE 22, 1988

diversified property group, ltd.

235 east 49th street • new york, new york 10017 • (212) 593-4702

April 4, 1989

New York State Department of Law
Two World Trade Center
New York, NY 10047

Re: 445 Gramatan Avenue
Mt. Vernon, New York

The undersigned, Diversified Property Group, Ltd., a licensed real estate broker, certifies as follows:

The sponsor of the offering plan of cooperative conversion of the above captioned property retained our firm to review Schedule B, containing projections of income and expenses for the first year of cooperative operation. Our experience includes acting as Managing Agent for cooperative and rental apartments in the metropolitan area. In addition, we have been engaged in the real estate management business for over 7 years.

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 judgement concerning the first year of cooperative operation;

- (iii) does not omit any material fact;
- (iv) does not contain any untrue statement of a material fact;
- (v) does not contain any fraud, deception, concealment, or suppression;
- (vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (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 statements 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.

DIVERSIFIED PROPERTY GROUP, LTD.

By: 

Regina Deutsch
President

Sworn to before me this
17 day of April, 1987


Notary Public

MIRIAM ZARAGOZA
Notary Public, State of New York
No. 31-482308
Qualified in New York County,
Commission Expires April 4, 1988



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

ROBERT ABRAMS
Attorney General

FREDERICK K. MEHLMAN
Assistant Attorney General in Charge
Real Estate Financing Bureau

(212) 341-2115

Sutton Estates
c/o Hall, Dickler, et al.
Attn: Joni Walaski
460 Park Avenue
New York, NY 10022

RE: 445 Gramatan Avenue
File Number: C870246
Date Amendment Filed: 04/03/89
Receipt Number: 745514319

Amendment No: 3
Filing Fee: \$ 75.00

Dear Sponsor:

The referenced amendment to the offering plan for the subject premises is hereby accepted and filed. This filing is effective for the greater of six months from the date of filing this amendment or twelve months from the acceptance of the original offering literature. However, any material change of fact or circumstance affecting the property or offering requires an immediate amendment.

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,

Meryl Silver
MERYL SILVER

ASSISTANT ATTORNEY GENERAL *JW*

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**SECOND AMENDMENT
TO COOPERATIVE OFFERING PLAN:**

**445 GRAMATAN AVENUE,
MOUNT VERNON, NEW YORK**

Cooperative Offering Plan: 445 Gramatan Avenue, Mount Vernon, New York dated July 26, 1988, as amended (the "Plan"), is hereby further amended as follows:

1. Paragraph 7 of the First Amendment to the Plan is hereby deleted and the following is inserted in its place:

7. Subscription Agreement to be
Contingent on Financing

Subscription Agreements executed by tenant-purchasers shall be contingent upon said tenant-purchasers obtaining within thirty (30) days of the date the Plan is declared effective, or, within forty (40) days of the date the Sponsor accepts the Agreement, whichever is later, a satisfactory loan commitment in an amount of not less than eighty percent (80%) of the Total Cash Payment. Tenant-purchasers shall apply for such commitment within five (5) days after service of a Notice stating that the Plan has been declared effective, or if the Plan has already been declared effective, within five (5) days after receipt of a Subscription Agreement which has been accepted by the Sponsor.

Tenant-purchasers should note that financing commitments for purchase of apartments may have expiration dates prior to which closing of title will occur, unless the commitment is extended. If such extension is granted, or another commitment issued, no guarantee can be made that the terms will be the same as those of the expired commitment. If such commitment expires prior to closing and no extension is obtained, the tenant-purchaser is nevertheless bound by his Subscription Agreement, unless the tenant-purchaser has made a good faith effort to extend the commitment, in which case the tenant-purchaser shall have a limited right to rescind his Subscription Agreement. Sponsor or Apartment Corporation must be in actual receipt of tenant-purchaser's written notice of rescission within five (5) days of the expiration of the commitment.

2. Purchase Price Increase

The purchase of the shares of the Apartment Corporation being offered to non-tenant purchasers pursuant to the Plan is hereby increased from \$150.00 per share to \$165.00 per share.

3. Incorporation of Plan

The Plan, as modified and extended hereby, is incorporated herein by reference with the same effect as if set forth at length.

4. No Material Changes

Except as set forth in this Amendment, there have been no material changes in the Plan.

Dated: December 16, 1988
New York, New York

SPONSOR

FIRST AMENDMENT
TO COOPERATIVE OFFERING PLAN:
445 GRAMATAN AVENUE, MOUNT VERNON, NEW YORK

Cooperative Offering Plan: 445 Gramatan Avenue, Mount Vernon, New York (the "Premises") dated July 26, 1988 (the "Plan"), is hereby amended as follows:

1. New Exclusive Period

For a period of ninety (90) days from the Date of Presentation of this Amendment ("New Exclusive Period") the purchase price offered to tenants in occupancy shall be the sum of \$85.00 per share. A revised Schedule A setting forth the new Tenants' Purchase Price has been annexed hereto as Exhibit D.

2. Switching Apartments

(a) Vacant Apartments

Sponsor has agreed that any bona fide tenant in occupancy on the date the Plan was accepted for filing shall have the right to purchase any of the then vacant apartments in the Building ("Vacant Apartment"), for which no Subscription Agreements have been accepted by Sponsor, and subject to availability, in lieu of purchasing his or her own apartment as herein provided. Only one apartment (either the tenant's own apartment or a Vacant Apartment) may be purchased at the price being offered to tenants as set forth in paragraph 1 of this Amendment. However, the down payment to be tendered for a Vacant Apartment shall be ten (10%) percent of the Total Cash Payment. Should Sponsor offer tenants in occupancy the right to purchase an additional apartment, the price to such tenant for said additional apartment shall be the price then being offered to non-tenants.

Tenant's right to purchase his or her own apartment shall, as hereinbefore set forth, be for a period of ninety (90) days. Tenant's right to purchase a Vacant Apartment, shall only be for a period of thirty (30) days following the Date of Presentation of this Amendment, during which time Sponsor will not offer the Vacant Apartments for sale to outside purchasers.

The Selling Agent will maintain at its office a list of all Vacant Apartments so that both tenants and non-tenants will know of their availability. A list of the Vacant Apartments as of the date hereof is annexed hereto as Exhibit A. Tenants who wish to purchase a Vacant Apartment must elect to do so by completing the form set forth on Exhibit B. This form must be delivered to the Selling Agent no later than ten (10) days prior to the expiration of the thirty (30) day period. The names of those tenants submitting the aforementioned form shall be placed

in a pool from which counsel for the Apartment Corporation shall draw names five (5) days prior to the expiration of the thirty (30) day period. Those tenants whose names are drawn will be entitled to select a Vacant Apartment which they wish to purchase. Thereafter a Subscription Agreement must be executed by the prospective purchaser and returned to the Selling Agent within four (4) days together with a check in the amount of 10% of the subscription price drawn to the order of "Westchester Gardens, Special" representing the downpayment to be applied to the purchase of the Vacant Apartment.

In the event that a tenant in occupancy on the date of filing whose name is selected in the name lottery, elects to purchase a Vacant Apartment rather than his or her own apartment, the acceptance of the Subscription Agreement for the Vacant Apartment shall be conditioned upon (1) the tenant entering into an Interim Lease for such Vacant Apartment, such Lease to commence on the first day of the next succeeding month following the close of the month in which such Subscription Agreement was accepted; (2) the tenant agreeing to the cancellation of any existing lease for the apartment then being occupied or leased by the tenant and tenant surrendering possession of such apartment at or prior to the commencement of the Interim Lease for the Vacant Apartment. The rent payable under the Interim Lease shall not exceed the maximum amount permissible by law. The Interim Lease shall provide that tenant's default thereunder shall constitute a default under the Subscription Agreement. The Subscription Agreement shall provide that tenant's default thereunder shall constitute a default under the Interim Lease. Therefore, the aforementioned defaults shall result in the loss of all rights of the subscriber/occupant under both the Subscription Agreement and the Interim Lease and thus the tenant/occupant will be subject to eviction.

Tenants in occupancy who elect to purchase a Vacant Apartment at the "Tenants' Purchase Price" per share, shall purchase same in its then "as is" condition. Sponsor is under no obligation to make any improvements or repairs, except as otherwise set forth herein. However, in the event that prior to such election, Sponsor has incurred costs in connection with improvements, alterations or other renovation of the apartment or has otherwise, installed appliances, equipment or furnishings therein, the Purchase Price to such tenant in occupancy is increased to the extent of Sponsor's costs, but in no event more than \$12,059 for a 2-1/2-room apartment, \$14,704 for a 3-room apartment, \$15,294 for a 3-1/2-room apartment, \$15,875 for a 4-room apartment, and \$17,213 for a 4-1/2-room apartment.

(b) Occupied Apartments - by bona-fide Tenants in Occupancy

Sponsor has agreed that any bona-fide tenant in occupancy, on the date the Plan was accepted for filing, shall have the right to purchase an apartment occupied by another bona fide tenant in occupancy, on the date the Plan was accepted for filing, provided that such tenants have agreed to switch apartments between themselves and provided, further that said tenants simultaneously present the appropriate Subscription Agreements (reflecting Total Cash Price, etc. for the Apartment to be switched into) and other necessary documentation required in the Plan. The acceptance of the Subscription Agreements shall be conditioned upon (1) each tenant entering into an Interim Lease for the apartment for which the shares subscribed for are allocated and (2) the tenant agreeing to the termination of his or her occupancy and/or cancellation of any existing lease for the apartment then being occupied or leased by that tenant entering into a Surrender of Lease Agreement and (3) the Tenant surrendering possession of said Unit at or prior to the Commencement date of the Interim Lease. The rent payable under the Interim Lease shall not exceed the maximum amount permissible by law.

The foregoing paragraph applies only to in kind switches between tenants in occupancy on the date the Plan was accepted for filing, and is separate and distinct from those provisions of the Plan applicable to switching into a Vacant Apartment.

3. Reserve Fund

The total amount of the Reserve Fund is hereby increased to the sum \$325,000. The Sponsor will contribute the sum of \$175,00 to the Reserve Fund on the Closing Date. The balance of the Reserve Fund in the sum of \$150,000.00 will be paid by Sponsor in five (5) equal installments in the amount of \$30,000 to be paid to the Apartment Corporation on an annual basis commencing one (1) year from the closing date.

4. Working Capital Fund

The total amount of the Working Capital Fund is hereby increased to the sum of \$25,000. The Working Capital Fund may not be depleted by closing adjustments in favor of Sponsor.

The net closing adjustments, if any, in favor of Sponsor shall be paid to Sponsor without interest, in twenty-four (24) equal monthly installments commencing on the second calendar month after the Closing Date.

5. Professional Fees

On the Closing Date the Sponsor shall reimburse the Tenants' Association for the costs of legal, engineering and other professional services rendered to or on behalf of the Tenants' Association in the amount of \$15,000. In addition Sponsor shall pay the sum of \$5,000 to Rothschild, Esposito Himmelfarb, Sher & Pearl to represent the Apartment Corporation on the Closing Date and at the First Annual Meeting of Shareholders.

6. Work To Be Performed by Sponsor

The Sponsor agrees to perform the following repairs to the Premises on a building-wide basis within ninety (90) days from the Closing Date:

- a) Install a new roof with a ten (10) year guaranty to be provided by the installer;
- b) Replace the windows with aluminum thermal double hung windows;
- c) Install new exterior doors;
- d) Spot point the building;
- e) Repave the parking areas and walkways;
- f) Install new mail boxes;
- g) Redecorate the entrance vestibules and repaint the hallways exclusive of the basement; and
- h) Landscape the property and install railings around buildings A, B, J & K.

7. Subscription Agreement to be Contingent on Financing

The Subscription Agreement is contingent on the Purchaser obtaining within thirty (30) days of the date the Plan is declared effective, or, within forty (40) days of the date the Sponsor accepts the Agreement, whichever is later, a satisfactory loan commitment in an amount of not less than eighty percent (80%) of the Total Cash Payment. Purchasers shall apply for such commitment within five (5) days after service of a Notice stating that the Plan has been declared effective, or if the Plan has already been declared effective, within five (5) days after receipt of a Subscription Agreement which has been accepted by the Sponsor.

A copy of the Subscription Agreement, as amended, has been appended hereto as Exhibit C.

8. By-Laws

a. Article III Section 1 of the By-Laws ("Number") is amended to provide that the number of Directors to be elected at the First Annual Meeting of Shareholders is fixed at seven (7).

b. Article VI of the By-Laws is hereby amended by adding a new section (9) as follows:

At or prior to the closing, the assigning or transferring Lessee shall pay to the Lessor by certified or bank check, payable to the Lessor, a transfer fee. The amount of the transfer fee provided for herein shall be three (3) dollars per share transferred, for the first two years of cooperative ownership, and thereafter two (2) dollars per share transferred.

The transfer of shares fee set forth herein shall not be payable with respect to:

- (1) transfers by holders of Unsold Shares;
- (2) transfers from one spouse to another;
- (3) transfers to an executor or administrator on the death of a Lessee;
- (4) transfers from one joint tenant, tenant in common or tenant by the entirety to another such tenant;
- (5) transfers from an executor or administrator to a member of the "immediate family", as such term is hereinafter defined, of deceased Lessee; and
- (6) transfers between tenants in the building who are switching apartments.
- (7) transfers to a member of the "immediate family" as such term is hereinafter defined.

The term "immediate family," as used herein, shall mean spouses, adult children (whether by blood or adoption), grand parents, adult grandchildren, adult siblings, parents or step-parents.

Any written consent given by Lessor to the assignment of a Lease and the transfer of shares shall, if not so expressly stated, be deemed conditional upon receipt of such check.

9. Parking Spaces

On the Closing Date available parking spaces ("Available Parking Spaces") in an amount not to exceed the number of apartments vacant on the Closing Date shall be assigned to Sponsor. Sponsor shall thereafter have the right to designate Available Parking Spaces to a Purchaser of Unsold Shares. Sponsor shall offer the Purchaser of the Unsold Shares the right to use the Available Parking Space and assume the rental obligations therefor. If the Purchaser does not accept this offer then, at the option of Sponsor, the use of the Available Parking Space shall revert to the Apartment Corporation to use as it sees fit. Sponsor shall be relieved of any further liabilities or obligations with respect to the Available Parking Spaces which so revert to the Apartment Corporation.

The designation of an Available Parking Space to a Purchaser of Unsold Shares shall terminate upon the subsequent transfer by the Purchaser of Unsold Shares to a third party. Such Available Parking Space shall thereafter revert to the Apartment Corporation to use as it sees fit. As modified by the foregoing, the provisions of the Plan, as amended, pertaining to parking spaces shall remain in full force and effect.

10. Flip Tax

The Proprietary Lease is hereby amended by adding a new subparagraph (vii) to Paragraph 16 in the section entitled "Assignment", as follows:

At or prior to the closing, the assigning or transferring Lessee shall pay to the Lessor by certified or bank check, payable to the Lessor, a transfer fee. The amount of the transfer fee provided for herein shall be three (3) dollars per share transferred, for the first two years of cooperative ownership and two (2) dollars per share thereafter.

The transfer fee set forth herein shall not be payable with respect to:

- (1) transfers of shares by holders of Unsold Shares;
- (2) transfers from one spouse to another;
- (3) transfers to an executor or administrator on the death of a Lessee;
- (4) transfers from one joint tenant, tenant in common or tenant by the entirety to another such tenant;
- (5) transfers from an executor or administrator to a member of the "immediate family", as such term is hereinafter defined, of deceased Lessee; and

(6) transfers between tenants in the building who are switching apartments.

(7) transfer to a member of the "immediate family" as such terms is hereinafter defined.

The term "immediate family," as used herein, shall mean spouses, adult children (whether by blood or adoption), grandparents, adult grandchildren, adult siblings, parents or step-parents.

Any written consent given by Lessor to the assignment of a Lease and the transfer of shares shall, if not so expressly stated, be deemed conditional upon receipt of such check.

11. Sponsor Restrictions on Voting Rights

While the Unsold Shares constitute 50% or more of the issued and outstanding shares of the Apartment Corporation, the Sponsor or its designees serving on the Board of Directors shall not exercise voting rights with respect to the approval or disapproval of applications submitted by tenant-shareholders for resale or sublet of their apartment, or the election of minority seats. Once the Unsold Shares constitute less than 50% of the issued and outstanding shares of the Apartment Corporation, the Sponsor shall have full voting rights and none of the aforementioned restrictions shall apply.

12. Unsold Shares

Notwithstanding anything contained in the Plan to the contrary, so long as the Unsold Shares constitute 25% or more of the issued and outstanding shares and three (3) years have not elapsed since the Closing Date, The Board of Directors shall not take any of the actions as set forth as subparagraphs (1), (2), (3) and (4) on page 70 of the Plan.

13. Terms of Mortgages

With respect to the Wraparound Mortgage held by Sponsor that shall encumber the Property on the Closing Date the Plan is hereby amended as follows:

a) Prepayment

So long as there are no new prior mortgages encumbering the Property the Wrap Mortgage may be prepaid after the first year in whole or in part on sixty (60) days prior written notice to the holder of the Wrap Mortgage. In the event the holder of the Wrap Mortgage elects to place a new prior mortgage on the

Property the Wrap Mortgage may be prepaid on the same terms and conditions as provided in the new prior mortgages including the payment of any prepayment penalty.

b) Escrow

So long as the Sponsor is the holder of the Wrap Mortgage, the escrow provisions provided for in the Wrap Mortgage shall not be enforced unless and until the Apartment Corporation is delinquent in the payment of amounts for which funds would otherwise be escrowed. In the event the Sponsor sells the mortgage, or Sponsor or other holder of the Wrap Mortgage places a new prior mortgage on the property at any time during the first two (2) years from the closing date and the new holder of the Wrap Mortgage elects to enforce the escrow provisions, or the holder of the new prior mortgage requires an escrow, the escrow required shall be paid for by Sponsor, and such payments shall be treated as additional closing adjustments in favor of Sponsor and repaid by the Apartment Corporation, to Sponsor, in equal monthly installments in an amount equal to the amount of the required escrow divided by the number of payments remaining on the promissory note executed at the closing. Such payments shall be made in addition to, and in the same manner as, the monthly payments required pursuant to the promissory note executed at the closing.

In the event that there are no closing adjustments in favor of Sponsor, and Sponsor is required to fund the escrow as described above, the Apartment Corporation shall repay the Sponsor for such escrow pursuant to a negotiable unsecured promissory note as follows:

- (1) payments to be made in equal monthly installments in an amount equal to the amount of the required escrow divided by the number of months remaining until the second anniversary of Closing Date;
- (2) payments to commence one month after the date Sponsor is required to fund the escrow and continuing until the second anniversary of the Closing Date.

14. Decrease in Shares of the Apartment Corporation.

A revised Schedule A of the Plan is annexed hereto as Exhibit D. It provides that Apartment EB3 has a total of 3 1/2 rooms and not 4 1/2 rooms as set forth in Schedule A of the Plan. Accordingly, the number of shares allocated to Apartment EB3 is reduced from 490 to 420 and the total number of shares for the Apartment corporation being offered for sale pursuant to the Plan is reduced from 50,885 to 50,815. Revised Schedule A also sets

forth the changes in the amount of mortgage and income tax deductions applicable per share as a result of the reduction of shares.

Schedule B of the Plan and the Footnotes thereto are hereby amended to reflect the reduction in income from maintenance changes in the amount of \$714.00 for the first year of cooperative operation. The reserve for contingency has been correspondingly reduced by \$714.00. Accordingly the annual and monthly per share maintenance charges shall remain the same as set forth in Schedule A of the Plan. Attached hereto as Exhibit E is a revised Schedule B.

15. Proprietary Lease

Notwithstanding anything in the Plan or Proprietary Lease to the contrary, Paragraph 38(a) of the Proprietary Lease "Unsold Shares" is hereby amended to provide that Unsold Shares shall retain their character as such (regardless of transfer) until an individual designated by Sponsor purchases same and actually occupies (by himself or a person related to him by blood or marriage) the apartment. The remainder of said paragraph shall remain in full force and effect.

16. Incorporation of Plan

The Plan, as modified and extended hereby, is incorporated herein by reference with the same effect as if set forth at length.

17. No Material Changes

Except as set forth in this Amendment, there have been no material changes in the Plan.

Dated: October 5, 1988
New York, New York

SUTTON ESTATES
SPONSOR

EXHIBIT A

September 23, 1988

WESTCHESTER GARDENS
445 GRAMATAN AVENUE
MT. VERNON, NEW YORK 10550

SCHEDULE OF VACANT APARTMENTS

<u>APT #</u>	<u># OF ROOMS</u>
AA2	2
AB3	3 1/2
AC3	3 1/2
BA1	3
BB1	3 1/2
BC1	3 1/2
CA2	4
CB2	4
CB3	4
DA1	4 1/2
DA2	3 1/2
DC1	4 1/2
EC1	4
FC1	4 1/2
GC2	2 1/2
GC3	4
GD1	4 1/2
HD1	3 1/2
KC1	3 1/2

EXHIBIT B

ELECTION TO PURCHASE UNOCCUPIED APARTMENT

Sutton Estates
Seymour Orlofsky, Inc.
199 Main Street,
White Plains, New York

Gentlemen:

I hereby elect to purchase an unoccupied apartment at the premises known as 445 Gramatan Avenue, Mount Vernon, New York in accordance with the provisions of Paragraph 2 of the First Amendment to the Plan.

I currently occupy and will surrender possession of:

Apartment Number: _____

Number of Shares: _____

Tenant Price: _____
(number of shares times current
tenant per share price)

Very truly yours,

PURCHASER

PURCHASER

Certified Mail - Return Receipt Requested or Personal Delivery -
Please Specify

EXHIBIT C

SUBSCRIPTION AGREEMENT

WESTCHESTER GARDENS OWNERS, INC.

Name of Purchaser: _____
Apartment Purchased: _____ No. of Shares: _____
Apartment Occupied (if different than above): _____
Total Cash Payment: _____
Improvements: _____
*Down Payment (herewith): _____
Balance: _____

1. Plan If I am a Tenant Purchaser, I have received and have had three full business days to read the Cooperative Offering Plan (the "Plan") with respect to premises 445 Gramatan Avenue, Mount Vernon, New York, dated _____, 198 , as amended, including the Proprietary Lease and By-Laws, all of which documents are made a part hereof. If I am a Non-tenant Purchaser, I have not less than seven (7) days after delivering an executed Subscription Agreement together with the required deposit to rescind the Subscription Agreement and have the full deposit refunded promptly. I must either personally deliver a written notice of rescission to Sponsor or Selling Agent within the seven (7) day period or mail the notice of rescission to Sponsor or Selling Agent and have the mailing post-marked within the seven (7) day period. I agree that my failure to rescind this Subscription Agreement in accordance with the above shall constitute my representation that I have read the Plan. I was aware of my right to have such materials reviewed by independent counsel of my choice. I hereby adopt the Plan and agree to be bound by the terms and conditions thereof.

2. Agreement to Purchase I hereby agree to purchase the above-stated number of shares (the "Shares") of WESTCHESTER GARDENS OWNERS, INC. ("Apartment Corporation"), allocated to the above-described space, for the "Total Cash Payment" stated above and to become the proprietary lessee of the said unit in said premises.

3. Payment of Total Cash Payment Herewith is my check to the order of "Westchester Gardens, Special," for the amount of the above-stated Down Payment. I agree that, if and after the Plan becomes effective, as herein provided, I will pay

*If a Purchaser is a tenant in occupancy, the down payment is equal to \$1,000.00. If the Purchaser is an individual other than a tenant in occupancy, the down payment is equal to ten (10%) percent of the total cash payment.

the above-stated Balance of said Total Cash Payment within fifteen (15) days after written notice and demand, such payment to be by personal certified check or official check drawn on a New York bank to the order of "Westchester Gardens, Special," delivered to you, provided a closing date is scheduled for no more than ninety (90) days after such payment is due, and that I will sign the Proprietary Lease for said unit promptly upon presentation to me substantially in the form contained in the Offering Plan. I will be given prompt written notice thereof when the Plan either becomes effective or is abandoned. In the event, however, that any portion of the Total Cash Payment will be financed by a bank or other lending institution, it is agreed that such financed portion may be paid on the closing date provided that within the foregoing fifteen (15) day period, I provide you with a copy of a written commitment from a lending institution together with copies of all documents that the lending institution shall require the Apartment Corporation to execute. I will deliver with the Balance a check in the amount of \$200 payable to the Selling Agent, for services in connection with the closing and any pledge of my shares and Proprietary Lease.

Notwithstanding the foregoing, if this Subscription Agreement is signed after the Plan is declared effective and the Closing Date has been fixed, then the entire unfinanced Total Cash Payment shall be due within fifteen (15) days after a fully executed counterpart of this Agreement is mailed or delivered to me, and the remainder (the financed portion) shall be due at closing in accordance with the preceding paragraph.

4. Proprietary Lease 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 by either you or the Apartment Corporation, shall be the date when it acquires title to said 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, I am to receive the certificate for the aforesaid shares, together with my executed copy of said Proprietary Lease, promptly after the Apartment Corporation acquires such title. At closing, I shall become the tenant of the apartment pursuant to the Lease. I agree that my present lease or occupancy agreement (if any) shall be deemed terminated and cancelled as of such date.

5. Trust Fund You will hold all monies received by you, or through your agents or employees, in trust until the Plan is abandoned or the property is transferred to the Apartment Corporation. All such monies will be deposited in escrow at Chase Manhattan Bank, NBW Division, 31 Mamaroneck Avenue, White Plains, New York, and will be held in trust in a special segregated escrow account under the name "Westchester Gardens, Special," until actually employed in connection with the consummation of the transaction as described in the Plan. The funds so deposited will be disbursed only upon the signature of an attorney of the firm of

Hall, Dickler, Lawler, Kent & Friedman (who has no participating interest in Sponsor) and only in accordance with this Agreement and the Plan.

In the event the Plan is abandoned or withdrawn, such funds will be returned to me together with interest, if any, earned thereon, except as otherwise provided in the next sentence. If at the time the Plan is abandoned or withdrawn or I shall be in default hereunder and shall have failed to cure such default within the applicable grace period (or if this Agreement had previously been cancelled due to my uncured default), then the Apartment Corporation shall retain as and for liquidated damages ten (10%) percent of the Total Cash Payment (or if less monies in all shall have been deposited hereunder, then only such lesser sum shall be retained) plus any additional sums deposited on account of any special work in the apartment ordered by me, together with any interest earned thereon, and any sums in excess thereof (together with the interest earned thereon) shall be returned to me within ten (10) days after the date of such abandonment or withdrawal. Upon the transfer of title to the apartment to me and the payment and performance by me of all my obligations hereunder, the Apartment Corporation will instruct the Bank to pay me any and all interest earned on monies deposited hereunder, if any, or same shall be credited to me. All funds received under this Subscription Agreement will be handled in accordance with Sections 352-e(2-b) and 352-h of the New York General Business Law.

6. New York State Real Property Transfer Gains Tax Questionnaire. I agree to submit with this Subscription Agreement a completed, executed and notarized New York State Real Property Gains Tax Transferee Questionnaire. I also authorize the Sponsor or Sponsor's attorneys to fill in a closing date when same has been determined.

7. Closing Contingent upon Plan Being Declared Effective. It is agreed that this contract is contingent upon the Plan being declared effective and that the Plan shall not be declared effective except as provided in the Plan, as same may be amended.

A. The Plan may be abandoned by the Sponsor at any time prior to its being declared effective, or thereafter, in certain limited cases (See section "Effective Date and Closing Date") and shall be deemed abandoned if it has not been declared effective within the time limits prescribed by the Plan. I shall be notified when the Plan becomes effective or is abandoned.

B. If the Plan is abandoned or does not become effective within 15 months from the date of its filing, or, if after being declared effective, the Plan shall not be consummated for any reason within 6 months thereafter, this agreement shall be deemed cancelled and I am to receive back, not later than ten (10) days thereafter, in full, all monies paid by me hereunder,

together with interest, if any, earned thereon. Upon such repayment no party shall have any claim against any other party or person, the Sponsor, or the agent, or their attorneys in connection with this Agreement or the Plan, and all parties shall be released from all liabilities and obligations hereunder.

8. Closing

A. The Closing shall occur on the date and at the time and place designated by Sponsor pursuant to the Plan, which shall not be earlier than thirty (30) days, nor later than approximately 90 days, after the Plan has been declared effective, unless adjourned by Sponsor. I will be given at least thirty (30) days' prior written notice of the Closing Date which notice may be waived by me in writing. On the Closing Date, I shall become the owner of the Shares and shall be entitled to occupy the apartment pursuant to the Lease (subject to the rights of existing tenants, if any, as provided in Paragraph 13) provided I shall have paid the balance of the Total Cash Payment and shall have otherwise complied with all my obligations hereunder. A certificate for the Shares will be issued to me, dated as of the Closing Date, and will be sent to me, together with a fully executed counterpart of the Lease, promptly thereafter.

B. As a tenant in occupancy, I understand that I will be responsible to pay at the time of Closing all rent and other charges due up to and including the date of Closing on the said apartment. I understand that Closing will not take place until such charges are paid.

C. As a non-tenant purchaser of an occupied apartment, I understand that I will be responsible to pay at the time of Closing, rent and any other charges due on the sold apartment up to and including the date of Closing. Payment of such charges are a condition of Closing.

9. Events of Default

A. The following shall constitute Events of Default hereunder:

(i) The failure to pay the Balance within fifteen (15) days after written notice, as required under Paragraph 3 above;

(ii) If a portion of the Balance is being financed and payment thereof has been deferred as permitted under Paragraph 3, my failure for any reason to pay such financed amount at closing;

(iii) The failure to duly sign before a notary and return the Lease, in duplicate, within ten (10) days after the Leases are sent to me pursuant to Paragraph 4 above;

(iv) If I am or I become a tenant of the Building, failure to comply with obligations under my lease or occupancy agreement, which results in my eviction or removal from the apartment (either by voluntary removal or by court order); or

(v) The failure to perform any of my other obligations hereunder, which is not cured within fifteen (15) days after the mailing of written notice specifying the nature of such default.

B. Upon the occurrence of an Event of Default, the Apartment Corporation's sole right shall be to cancel this Agreement by sending me fifteen (15) days' prior written notice of its intention so to do. If the Apartment Corporation elects to cancel, I shall have fifteen (15) days from the giving of the cancellation notice within which I must cure the specified default, and if said default shall not have been cured within such time, this Agreement shall be automatically cancelled without further notice, and I shall be required to vacate the apartment immediately upon such cancellation. If the default is not timely cured, then the Apartment Corporation shall have the right to retain, as and for liquidated damages, ten (10%) percent of the Total Cash Payment (or if less monies in all shall have been deposited hereunder, then only such lesser sum shall be retained) plus the cost incurred for any special work in the Apartment ordered by me (not including the costs of renovations which have already been added to the purchase price), together with any interest earned thereon, and any sums in excess thereof shall be returned to me promptly thereafter, together with any interest earned thereon. Upon cancellation of this Agreement and making such refund to me (if any), Apartment Corporation, Sponsor, Selling Agent (if any), and I will be released and discharged of all further rights, liabilities, and obligations hereunder and under the Plan. Thereafter, the Shares (and related Lease) may be sold to another as though this Agreement had never been made, and without accounting to me for the proceeds of such sale.

C. If I am or become a tenant/occupant of the Building and I fail to comply with my lease or occupancy agreement, such failure will constitute a default hereunder. However, this Agreement will remain in effect unless and until either (1) Sponsor obtains an order of eviction or other judgment or order from a court or agency of competent jurisdiction against me, or (2) I have vacated the dwelling unit. If I am not evicted or removed as herein provided, Sponsor nevertheless shall have a lien on the Shares and accompanying Lease as security for the payment of all rent arrears or other sums due Sponsor on account of such default. In such case, I hereby irrevocably authorize and direct the Apartment Corporation to deliver my certificate for the shares and duplicate original Lease directly to Sponsor in order to perfect such security interest. Sponsor will hold same pending payment of all sums owing to it, whereupon the certificate for the Shares and duplicate original lease will be promptly delivered to me. I understand and agree that Sponsor shall have the right to

apply any rent security against rent arrearage and, in addition, to sue me to the extent such rent security is insufficient. If the rent arrearage is paid by the Apartment Corporation to Sponsor at closing, I shall reimburse the Apartment Corporation for the amount so paid by it.

10. Appliances and Equipment

At closing, the apartment will contain only those appliances, countertops, cabinets, sinks, vanities (if any), air conditioning units (if any), hardware and other fixtures and equipment currently installed therein that are owned by Sponsor. The Apartment is being sold unfurnished. Any appliances, air conditioning units, furnishings, equipment, fixtures and other personal property owned by tenant or occupant of the apartment are not included in this sale. However, if the apartment is presently occupied by other than Purchaser and the existing occupant removes a stove or refrigerator belonging to him, then Sponsor has agreed under the Plan to supply a replacement, which may not be new, but will be in working order and similar in size and quantity to the stoves and refrigerators owned by Sponsor that are contained in comparable apartments in the Building on the date of presentation of the Plan, if any.

Furniture, wall coverings, furnishings, decorations and the like in or about any model apartment are for display purposes only and are not included in the sale. Any floor plans or sketches shown to me are only approximations of the apartment's dimensions and arrangements, and I should not rely thereon.

There will be no modifications, alterations or additions unless agreed to in writing by the parties. All modifications, alterations and additions to the apartment must be approved by Sponsor in writing and, if approved, shall be performed by Sponsor at my expense (payable in the manner set forth in an addendum to this Agreement or separate agreement).

11. Acceptance of Condition of Building and Apartment

My signing of this Subscription Agreement shall constitute my acceptance of said unit "as is" in the condition in which it shall be at the time of closing. I acknowledge having read the report describing the condition of the Building set forth in the Plan.

12. Possession; Risk of Loss

A. Unless I now reside in the apartment, I shall not be entitled to occupy the apartment until the Shares and Lease are transferred to me at closing. Sponsor may, in its discretion, grant me possession of the apartment prior to the closing under an Interim Lease, if the apartment is currently, or hereafter becomes vacant.

B. If I am the existing tenant or occupant of the apartment, or if I am given possession of the apartment prior to closing under such an Interim Lease or otherwise, then I shall be solely responsible for any damage to, or loss or other condition in, the apartment resulting from my use or occupancy, and neither Sponsor nor the Apartment Corporation shall be obligated to make any repairs to the apartment or its appliances, fixtures and equipment. However, Sponsor will remain responsible to make those repairs required of it as landlord under any existing lease and, after closing, the Apartment Corporation will be responsible to make those repairs required of it as landlord under the Lease.

C. If during my occupancy of the apartment it is damaged by casualty or otherwise, then I shall assume the risk of loss and the obligation to repair the damage, unless the cause thereof originated outside the apartment and did not result from my acts or acts of other occupants of the apartment or my guests, invitees or workers. Except as provided in the preceding sentence, all other risk of loss prior to closing has been assumed by Sponsor to the extent indicated in the Plan. However, Sponsor will not be obligated to repair the damage except as set forth in the Plan, and in particular, under the section entitled "Contract of Sale and Exchange". If the apartment is not repaired, then all monies deposited hereunder will be refunded to me together with any interest earned thereon, provided this Agreement is still in effect and I am not then in default hereunder beyond the applicable grace period. Under no circumstance will the Apartment Corporation be obligated to repair any damage occurring prior to the closing.

D. If I am obligated to repair the damage to the apartment pursuant to the foregoing, then my failure to make such repair shall not excuse me from paying the Balance and accepting title to the Shares and Lease. If I am not obligated to make the repair, then I shall not be required to pay the Balance unless and until (i) the apartment has been substantially repaired to as near as reasonably possible its condition immediately prior to the casualty, and (ii) its essential services (such as gas, electricity, and heat) and a reasonable means of ingress and egress to the street have been restored.

13. Sale Subject to Existing Occupancy

The following provisions are applicable only if, at the time of signing this Subscription Agreement, the apartment is occupied by, or under lease to, a tenant or other occupant other than Purchaser (as indicated on the first page of this Subscription Agreement):

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 Rent Stabilization Law and Code ("RSL"). 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 Date, I will assume the rights and obligations of landlord to such tenant or occupant, including the right to collect rent or occupancy charges (whether the same be greater or less than the proprietary rent established from time to time under the Lease) and the obligation to repair, maintain and paint the apartment (including its equipment and appliances) for the benefit of the existing tenant or occupant.

C. If this Subscription Agreement is outstanding during any period in which the existing tenant or occupant has the exclusive right to purchase the apartment pursuant to the Plan (or any Amendment thereto) or any applicable law or judicial interpretation thereof, then the Apartment Corporation's acceptance of this Agreement is expressly made subject to such right to purchase. In the event the tenant or occupant exercises his exclusive right to purchase, then this Agreement shall be deemed cancelled and, within thirty (30) days thereafter, all monies deposited hereunder shall be returned to me without interest, unless earned. Upon such refund being made, Apartment Corporation, Sponsor, Selling Agent, myself, and all other persons involved in the Plan shall be (and hereby are) released and discharged of all liabilities and obligations hereunder and under the Plan.

D. I will appoint the Apartment Corporation's Managing Agent and its successors as my agent to provide to the tenant or occupant all services and facilities required by law, and I will bear the cost thereof myself. I agree to deposit with the Apartment Corporation's Managing Agent at the Closing an amount not less than two-months' maintenance charges to be used as working capital to furnish services required under the tenant's

lease and under any applicable law or regulation. Upon notice by the Managing Agent that the deposit has been diminished, the fund shall be replenished by me within ten days. My failure to replenish the fund in a timely fashion shall result in the Apartment Corporation having a lien against the shares appurtenant to the dwelling unit. Interest, if any, earned on the fund shall be my property.

14. No Lien; Subordination

This agreement and all sums paid hereunder do not constitute a lien against the Property and shall be subject and subordinate to any and all mortgages now or hereafter on the Property and to any expenses, payments and advances already or hereafter made thereunder.

15. Notices

Notices hereunder shall be delivered or mailed as follows: to the respective parties at the addresses set forth below. Unless otherwise provided herein, all notices shall be deemed given when personal delivery is effected or when deposited in any depository maintained by the U.S. Postal Service, except that a notice of a new address shall be deemed given when actually received.

16. Governing Law

The law of the State of New York shall govern this transaction.

17. Broker

The Apartment Corporation agrees to pay any commission due to the Selling Agent in connection with this Subscription Agreement pursuant to separate agreement. Purchaser agrees that should any claim be made against the Apartment Corporation or the Sponsor for commissions by any broker, other than the Selling Agent, on account of any acts of Purchaser or of Purchaser's representatives, Purchaser will indemnify and hold the Apartment Corporation and Sponsor free and harmless from any and all liabilities and expenses in connection therewith, including (without limitation) reasonable legal fees and disbursements. The provisions of this Paragraph shall survive the closing.

18. Assignability - Binding Effect

This agreement is not assignable or transferable by me without the prior written consent of the Apartment Corporation and Sponsor, which may be withheld for any reason or no reason, and shall bind and apply to the parties hereto and their personal and legal representatives, successors and assigns.

19. Entire Agreement

The entire contract between the parties hereto is set forth herein and in the Plan. The only representations made to me are those contained herein and in the Plan. I have not relied upon any representations, statements or warranties, written or oral, as to any manner or estimate, that are not set forth herein and 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.

20. Modification

This agreement cannot be amended or modified orally, but only in writing signed by or on behalf of the party against whom same is sought to be enforced.

21. Conflicts with the Plan

Any conflicts between this agreement and the Plan shall be resolved in favor of the Plan, unless such conflict is the result of individual negotiation. Nonetheless, this Subscription Agreement may not be modified to waive my rights or abrogate Sponsor's obligations which are required by GBL Art. 23-A or any other rights conferred by law.

22. Acceptance of Subscription Agreement

A. If I am currently a bona fide residential tenant in occupancy of the apartment, this Agreement shall be accepted by the Apartment Corporation, provided I sign and return this Agreement, together with the requisite Down Payment, during the period(s) within which I have the exclusive right to purchase as stated in the Plan.

B. If I am a bona fide current residential tenant in occupancy of the Apartment but fail to sign and return this Agreement during such 90 day exclusive period, or if I reside in another apartment in the Building or am not a resident of the Building, this Agreement shall not be binding upon the Apartment Corporation until a duplicate hereof, executed by the Apartment Corporation or its duly authorized agent, is delivered to me. If such executed duplicate of this Agreement is not sent or delivered to me within twenty (20) days after receipt of my executed copy and down payment, it shall be deemed rejected, cancelled and all monies paid by me shall be refunded within 10 days thereafter, together with interest thereon, if any. Upon such refund being made, neither party shall have any further rights or obligations hereunder with respect to the other. The Apartment Corporation shall have the right to reject this Agreement without cause or explanation to me. However, this Agreement may not be rejected due to my sex, race, creed, color, marital status, national origin, ancestry or other ground proscribed by law.

23. (Delete if inapplicable) Loan Contingency

This Agreement is subject to my obtaining a loan commitment from any institutional lender in the amount of not less than Seventy-Five (75%) Percent of the Total Cash Payment at the prevailing rate of interest on prevailing terms. I shall have thirty (30) days from the acceptance of this Agreement (or the delivery of this Agreement to Sponsor or Selling Agent, in the case of a tenant/occupant) to obtain said loan commitment by making application to at least two (2) reputable lending institutions. My failure to provide information to the lender promptly upon request therefor (including the completion of applications in compliance with the lending institutions' requirements within five days after acceptance of the Subscription Agreement (or the delivery of this Agreement to Sponsor or Selling Agent, in the case of a tenant/occupant), or to accept a commitment issued to me by lender on terms set forth herein, shall constitute a default by me under this Agreement. In the event that I notify Sponsor by no later than five (5) days after the said thirty (30) day period by certified mail of my inability to obtain said loan commitment from either lending institution, this contract shall be null and void and my down payment shall be returned to me with interest earned thereon, if any. Failure to provide such notification shall be deemed a waiver of this paragraph by me. In such event, this agreement shall be deemed binding and I shall be subject to liability or loss, as herein provided, for failure to proceed with the purchase. In the event that a commitment has been obtained and such commitment expires prior to closing and no extension is obtained, I am nevertheless bound by my Subscription Agreement, unless I have made a good faith effort to extend the commitment, in which case I shall have a limited right to rescind my Subscription Agreement. Sponsor or Apartment Corporation must be in actual receipt of my written notice of rescission within five (5) days of the expiration of the commitment.

24. Purchaser's Representations

A. I represent that I am a person, and if an individual, over 18 years of age. The term "I" shall read as "we" and "Purchaser" shall be read as "Purchasers" if more than one person are subscribers, in which case our obligations shall be deemed joint and several.

B. I represent that I am not purchasing for the purpose of resale, subletting, assigning, or as an accommodation to, or solely for the account or benefit of Sponsor or its principals. I certify that (a) I have agreed in good faith to purchase the shares allocated to the apartment with no discriminatory repurchase agreement or other discriminatory inducement as to tenants who were in occupancy on the date the Plan was filed, and that I am a bona fide residential tenant in occupancy, or that (b) I am a bona fide purchaser and I or a member of my immediate family intends to occupy the apartment when

it becomes vacant.

C. If I am a tenant and I have received consent from Sponsor to assign or transfer this Subscription Agreement prior to closing to a member of my immediate family, I shall provide to Sponsor or the Apartment Corporation a notarized affidavit of the assignee in the form set forth in Part II of the Plan.

25. No representations of the parties contained herein shall survive the issuance of the shares, Proprietary Lease and the Closing unless otherwise expressly stated herein to the contrary.

PURCHASER(S)

Principal Residence Address

APPROVED AND ACCEPTED:

WESTCHESTER GARDENS OWNERS, INC.

Date: _____

By _____ Date: _____

SCHEDULE A

WESTCHESTER GARDENS
445 GRAMATAN AVENUE
MT VERNON, NEW YORK

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

See page 14 for conditions applicable to these prices.

PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS
ESTIMATED MAINTENANCE CHARGES AND ESTIMATED INCOME

SCHEDULED TO COMMENCE ON SEPTEMBER 1, 1988

TAX DEDUCTIONS FOR THE FIRST YEAR OF COOPERATIVE OPERATION (1)

EXHIBIT D

Apt. No.	Rooms and Baths (2)	Share Allocations (3)	Tenants' Purchase Price @ \$85	Non-Tenants' Purchase Price @ \$150	Amount of Mortgage Applicable to shares @ \$46.24619	Estimated Maintenance Charges (6)		Estimated Income Tax Deduction @ \$5.39632
						Per Share (4)	Per Share (5)	
B2*	4.5/1	395	33,575.00	59,250.00	18,267.25	4,029.00	335.75	2,131.55
AA1	6.0/1	660	56,100.00	99,000.00	30,522.49	6,732.00	561.00	3,561.57
AA2*	2.0/1	300	25,500.00	45,000.00	13,873.86	3,060.00	255.00	1,618.90
AA3††	3.5/1	420	35,700.00	63,000.00	19,423.40	4,284.00	357.00	2,266.45
AB1*	5.0/1	545	46,325.00	81,750.00	25,204.17	5,559.00	463.25	2,940.99
AB2	3.5/1	415	35,275.00	62,250.00	19,192.17	4,233.00	352.75	2,239.47
AB3	3.5/1V	415	35,275.00	62,250.00	19,192.17	4,233.00	352.75	2,239.47
AC1	5.0/1	540	45,900.00	81,000.00	24,972.94	5,508.00	459.00	2,914.01
AC2	3.5/1	410	34,850.00	61,500.00	18,960.94	4,182.00	348.50	2,212.49
AC3	3.5/1V	410	34,850.00	61,500.00	18,960.94	4,182.00	348.50	2,212.49
AD1	5.0/1	535	45,475.00	80,250.00	24,741.71	5,457.00	454.75	2,887.03
AD2	3.5/1	405	34,425.00	60,750.00	18,729.71	4,131.00	344.25	2,185.51
AD3*	3.5/1	405	34,425.00	60,750.00	18,729.71	4,131.00	344.25	2,185.51
BA1	3.5/1V	420	35,700.00	63,000.00	19,423.40	4,284.00	357.00	2,266.45
BA2	5.0/1	550	46,750.00	82,500.00	25,435.40	5,610.00	467.50	2,967.98

* SUPERINTENDENT'S APARTMENT NOT OFFERED FOR SALE

** DENOTES RENT-CONTROLLED

†† APARTMENT NOT OFFERED FOR SALE TO OCCUPANT

FOOTNOTES APPEAR AT END OF SCHEDULE A.

Apt. No.	Rooms and Baths (2)	Share Allocation (3)	Tenants' Purchase Price		Non-Tenants' Purchase Price	Amount of Mortgage Applicable to shares		Estimated Maintenance Charges (6)		Estimated Income Tax Deduction @ \$5.39532 Per Shr. (7)
			@ \$85	Per Share (4)		@ \$46.24619	Per Share (5)	Annual @ \$10.20	Monthly @ \$.85	
BB1	3.5/1V	415	35,275.00		62,250.00	19,192.17	4,233.00	352.75	2,239.47	
BB2*	5.0/1	545	46,325.00		81,750.00	25,204.17	5,559.00	463.25	2,940.99	
BC1	3.5/1V	410	34,850.00		61,500.00	18,960.94	4,182.00	348.50	2,212.49	
BC2	5.0/1	540	45,900.00		81,000.00	24,972.94	5,508.00	459.00	2,914.01	
BD1	3.5/1	405	34,425.00		60,750.00	18,729.71	4,131.00	344.25	2,185.51	
BD2	5.0/1	535	45,475.00		80,250.00	24,741.71	5,457.00	454.75	2,887.03	
CA1*	4.5/1	495	42,075.00		74,250.00	22,891.86	5,049.00	420.75	2,671.18	
CA2	4.0/1V	460	39,100.00		69,000.00	21,273.25	4,692.00	391.00	2,482.31	
CA3	4.5/1	495	42,075.00		74,250.00	22,891.86	5,049.00	420.75	2,671.18	
CB1	4.5/1	490	41,650.00		73,500.00	22,660.63	4,998.00	416.50	2,644.20	
CB2	4.0/1V	455	38,675.00		68,250.00	21,042.02	4,641.00	386.75	2,455.33	
CB3	4.0/1V	490	41,650.00		73,500.00	22,660.63	4,998.00	416.50	2,644.20	
CC1	4.0/1	485	41,225.00		72,750.00	22,429.40	4,947.00	412.25	2,617.22	
CC2	4.0/1	450	38,250.00		67,500.00	20,810.79	4,590.00	382.50	2,428.34	
CC3*	4.5/1	485	41,225.00		72,750.00	22,429.40	4,947.00	412.25	2,617.22	
CD1	4.5/1	480	40,800.00		72,000.00	22,198.17	4,896.00	408.00	2,590.23	
CD2	4.0/1	445	37,825.00		66,750.00	20,579.55	4,539.00	378.25	2,401.36	
CD3	4.5/1	480	40,800.00		72,000.00	22,198.17	4,896.00	408.00	2,590.23	
DA1	4.5/1V	495	42,075.00		74,250.00	22,891.86	5,049.00	420.75	2,671.18	
DA2	3.5/1V	420	35,700.00		63,000.00	19,423.40	4,284.00	357.00	2,266.45	
DB1	4.5/1	490	41,650.00		73,500.00	22,660.63	4,998.00	416.50	2,644.20	
DB2*	3.5/0	415	35,275.00		62,250.00	19,192.17	4,233.00	352.75	2,239.47	
DC1	4.5/0V	485	41,225.00		72,750.00	22,429.40	4,947.00	412.25	2,617.22	
DC2	3.5/0	410	34,850.00		61,500.00	18,960.94	4,182.00	348.50	2,212.49	
DD1*	4.5/0	480	40,800.00		72,000.00	22,198.17	4,896.00	408.00	2,590.23	
DD2*	3.5/1	405	34,425.00		60,750.00	18,729.71	4,131.00	344.25	2,185.51	
EA1	4.0/1	460	39,100.00		69,000.00	21,273.25	4,692.00	391.00	2,482.31	
EA2	2.5/1	300	25,500.00		45,000.00	13,873.86	3,060.00	255.00	1,618.90	
EA3	4.5/1	495	42,075.00		74,250.00	22,891.86	5,049.00	420.75	2,671.18	
EB1	4.0/1	455	38,675.00		68,250.00	21,042.02	4,641.00	386.75	2,455.33	
EB2	2.5/1	295	25,075.00		44,250.00	13,642.63	3,009.00	250.75	1,591.91	
EB3*	3.5/1	420	35,700.00		63,000.00	19,423.40	4,284.00	357.00	2,266.45	
EC1	4.0/1V	430	36,550.00		64,500.00	19,885.86	4,386.00	365.50	2,320.42	
EC2*	2.5/0	290	24,650.00		43,500.00	13,411.40	2,958.00	246.50	1,564.93	
EC3*	4.5/1	485	41,225.00		72,750.00	22,429.40	4,947.00	412.25	2,617.22	

* SUPERINTENDENT'S APARTMENT NOT OFFERED FOR SALE ** DENOTES RENT-CONTROLLED

† APARTMENT NOT OFFERED FOR SALE TO OCCUPANT

FOOTNOTES APPEAR AT END OF SUPPLEMENT A

Apt. Rooms and No. Baths (2)	Share Alloca- tions (3)	Tenants' Purchase Price @ \$85	Non-Tenants' Purchase Price @ \$150	Amount of Mortgage Applicable to shares @ \$46.24619	Estimated Maintenance Charges (6)		Estimated Income Tax Deduction @ \$5.39632
					Per Share (4)	Per Share (5)	
ED1*	4.0/1	37,825.00	66,750.00	20,579.55	4,539.00	378.25	2,401.36
ED2	2.5/0	24,225.00	42,750.00	13,180.16	2,907.00	242.25	1,537.95
ED3	4.5/0	40,800.00	72,000.00	22,198.17	4,896.00	408.00	2,590.23
FA1	4.5/1	42,075.00	74,250.00	22,891.86	5,049.00	420.75	2,671.18
FA2*	4.5/1	42,075.00	74,250.00	22,891.86	5,049.00	420.75	2,671.18
FB1*	5.5/1	47,600.00	84,000.00	25,897.87	5,712.00	476.00	3,021.94
FB2	4.5/1V	41,650.00	73,500.00	22,660.63	4,998.00	416.50	2,644.20
FC1	4.5/1V	41,225.00	72,750.00	22,429.40	4,947.00	412.25	2,617.22
FC2	4.5/1	41,225.00	72,750.00	22,429.40	4,947.00	412.25	2,617.22
FD1	4.5/1	40,800.00	72,000.00	22,198.17	4,896.00	408.00	2,590.23
FD2	4.5/1	40,800.00	72,000.00	22,198.17	4,896.00	408.00	2,590.23
GA1†	4.5/1	0.00	0.00	0.00	0.00	0.00	0.00
GA2	2.5/1	25,500.00	45,000.00	13,873.86	3,060.00	255.00	1,618.90
GA3	4.0/1	39,100.00	69,000.00	21,273.25	4,692.00	391.00	2,482.31
GB1*	4.5/1	41,650.00	73,500.00	22,660.63	4,998.00	416.50	2,644.20
GB2	2.5/1	25,075.00	44,250.00	13,642.63	3,009.00	250.75	1,591.91
GB3	4.0/1	38,675.00	68,250.00	21,042.02	4,641.00	386.75	2,455.33
GC1	4.5/1V	41,225.00	72,750.00	22,429.40	4,947.00	412.25	2,617.22
GC2	2.5/1V	24,650.00	43,500.00	13,411.40	2,950.00	246.50	1,564.93
GC3	4.0/1V	38,250.00	67,500.00	20,810.79	4,590.00	382.50	2,428.34
GD1	4.5/1V	40,800.00	72,000.00	22,198.17	4,896.00	408.00	2,590.23
GD2	2.5/1	24,225.00	42,750.00	13,180.16	2,907.00	242.25	1,537.95
GD3	4.0/1	37,825.00	66,750.00	20,579.55	4,539.00	378.25	2,401.36
HA1	3.5/1	35,700.00	63,000.00	19,423.40	4,284.00	357.00	2,266.45
HA2*	5.5/1	48,025.00	84,750.00	26,129.10	5,763.00	480.25	3,048.92
HB1*	3.5/1	35,275.00	62,250.00	19,192.17	4,233.00	352.75	2,239.47
HB2*	4.5/1	41,650.00	73,500.00	22,660.63	4,998.00	416.50	2,644.20
HC1	3.5/1	34,850.00	61,500.00	18,960.94	4,182.00	348.50	2,212.49
HC2*	4.5/1	41,225.00	72,750.00	22,429.40	4,947.00	412.25	2,617.22
HD1	3.5/1V	34,425.00	60,750.00	18,729.71	4,131.00	344.25	2,185.51
HD2*	4.5/1	40,800.00	72,000.00	22,198.17	4,896.00	408.00	2,590.23
IA1*	3.5/1	35,700.00	63,000.00	19,423.40	4,284.00	357.00	2,266.45
IA2	4.0/1	39,100.00	69,000.00	21,273.25	4,692.00	391.00	2,482.31
IA3	4.5/1	42,075.00	74,250.00	22,891.86	5,049.00	420.75	2,671.18
IB1	4.5/1	41,650.00	73,500.00	22,660.63	4,998.00	416.50	2,644.20

† SUPERINTENDENT'S APARTMENT NOT OFFERED FOR SALE

** DENOTES RENT-CONTROLLED

†† APARTMENT NOT OFFERED FOR SALE TO OCCUPANT

FOOTNOTES APPEAR AT END OF SCHEDULE F. A.

EXHIBIT E

PROJECTED BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION, SCHEDULE B
ESTIMATED TO COMMENCE ON DECEMBER 1, 1988

PROJECTED INCOME:

Annual Maintenance charges: \$518,313
50,815 shares at \$10.20 per share (1)

Income From Other Sources

Laundry (2)..... 2,400
Parking (3)..... 5,000
Interest Income earned on Reserve Fund (18) ...

TOTAL..... \$525,713

PROJECTED EXPENSES:

Labor (4)..... \$ 43,040
Heating and Hot water (5)..... 66,330
Utilities (Electricity and gas) (6)..... 11,000
Water Charges & Sewer Rents (7)..... 3,250
Repairs, Maintenance and Supplies (8)..... 40,000
Service Contracts (9)..... 9,000
Insurance (10)..... 45,000
Management Fees (11)..... 20,000
Legal Fees and Audit Fees (12)..... 3,000
Franchise and Corporate Taxes (13)..... 2,500
Real Estate Taxes (14)..... 72,500
Mortgage Payments (15)..... 205,625
Other (16)..... 1,500
Contingencies (17)..... 2,468
Tax on Income (18)..... 500

TOTAL..... \$525,713

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SPECIAL RISKS

1. At closing, a purchase money mortgage (the "wrap-around mortgage") shall be entered into by the Apartment Corporation in the principal amount of \$2,350,000.00. The Mortgage to be held by Sponsor or assigns shall be due on the tenth anniversary of the Closing Date at which time the principal balance of \$2,350,000.00 shall be due, assuming all regular installments shall have been paid. It shall provide for constant monthly installments during the first year in the sum of \$17,135.42 due and payable on the first day of each calendar month following the Closing Date, which installments shall be applied to the payment of interest only at the rate of 8.75% per annum. See "Terms of Mortgage(s)".

Tenant-shareholders will not be personally liable to the mortgagee to pay monthly installments of mortgage payments or the unpaid principal balance at its maturity. However, to preserve its equity in the Property, the Apartment Corporation may endeavor to refinance or extend the Mortgage at maturity. Arranging such refinancing or extension is a common practice in the real estate industry, including properties owned by cooperative apartment corporations. However, the availability, terms and cost of such refinancing or extension will vary from time to time depending upon then existing market conditions, the credit-worthiness of the borrower, the financial and physical condition of the Property and other factors. If the Apartment Corporation were unable to arrange such refinancing or extension and had no other funds available, it would be necessary to assess each tenant-shareholder in order to pay the principal balance then due.

No representation is made as to the availability of funds for refinancing, the interest rate, or the cost of refinancing at the time the mortgage becomes due, except as set forth herein. See "Terms of Mortgage."

2. The shares of the Apartment Corporation are being offered to all persons, including corporations, partnerships, trusts and estates, who represent that the apartment will be used for residential purposes.

3. The premises offered pursuant to this Offering Plan are sold "as is." Neither Sponsor, its agents and successors nor any other offeror hereunder makes any warranty whatsoever regarding materials, workmanship or any other aspect of the building, except as set forth in the Offering Plan.

Purchasers are advised that the present electrical system is deemed adequate for a normal compliment of appliances, however high energy consuming devices should not be added to present electrical provisions. The window units in the building

are in various stages of repair. Certain window units require somewhat extensive restoration efforts. Tenants are advised that the use of lamp cords may cause overfusing. Fire escape structures display areas of blistering and peeling paint and oxidation. Refinishing upon proper preparation of metal irons should be performed.

4. Sponsor has agreed to contribute the Premises to the Apartment Corporation in exchange for the Unsold Shares, a portion of the Cash Proceeds received by the Apartment Corporation for the sale of shares pursuant to this Offering Plan, and the Mortgage. The Apartment Corporation's basis in the Premises will be less than its basis would have been had the Apartment Corporation purchased the Premises. As a result, the Apartment Corporation may incur adverse tax consequences upon the sale or other taxable disposition of the Premises; depreciation deductions otherwise available to the Apartment Corporation would be lowered and tenant-stockholders using their apartments in their trades or businesses or for the production of income would be entitled to lower depreciation deductions in the earlier years. See "Special Tax Consequences of Contract of Exchange."

5. Subscription Agreements are not conditioned on financing. Failure to obtain financing will not relieve a purchaser from his obligations under his Subscription Agreement. A purchaser who desires to finance his purchase, but does not obtain a loan, will still have the obligation to pay the balance of the Total Purchase Price when due and, if payment is not made when due, the Downpayment under his Subscription Agreement will not be refunded to him. Purchasers are advised to inquire about financing arrangements before signing a Subscription Agreement and should be aware that a loan commitment, if obtained, may be for a fixed term which could expire before the Closing Date. Purchasers should also be advised that some lending institutions may not consider loan applications or issue commitments unless an executed Purchase Agreement is first submitted (see section "Financing for Qualified Purchasers").

6. The Wraparound Mortgage may not be prepaid without mortgagee's prior written consent which may be withheld for any reason or no reason.

INTRODUCTION

SUTTON ESTATES (the "Sponsor") invites your attention to a well located building in Mount Vernon, New York. The Sponsor acquired fee title to the premises on March 17, 1942. The corporation (the "Apartment Corporation") which will acquire from the Sponsor the land and the building located at 445 Gramatan Avenue, Mount Vernon, New York is offering 50,885 shares for sale to all persons, including corporations, partnerships, trusts and estates who represent that the apartment will be used for residential purposes.

The purpose of this Offering Plan is to set forth all the material terms of the offer. The Plan may be amended from time to time when an amendment is filed with the New York State Department of Law. Amendments shall be served on offerees.

While every effort has been made to describe the existing building, there can be no substitute for a thorough inspection by prospective purchasers. You are therefore invited to arrange for an inspection of the building and the apartment of special interest to you, by contacting the Selling Agent.

The purchaser of a cooperative apartment buys shares of the Apartment Corporation which owns the building in which his apartment is located. Ownership of the shares entitles the purchaser to a special lease of his apartment commonly known as a "Proprietary Lease." As a shareholder, he will have the right to vote annually for the Board of Directors who will conduct the affairs of the Apartment Corporation and supervise the operation of the building. As a lessee, he will pay rent (customarily known as "Maintenance Charges"), representing a proportionate share of the Apartment Corporation's cash requirements for the operation and maintenance of the building and creation of such reserve for contingencies as the Board of Directors may deem proper; and he will pay his proportionate share of assessments which may be levied by the Board of Directors from time to time.

The prices for the blocks of shares allocated to the various apartments in the building are set forth in Schedule A. THESE PRICES ARE NOT SUBJECT TO APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENT AGENCY. The estimated annual maintenance charges for each apartment for the first year of cooperative ownership are also set forth in Schedule A.

A tenant in occupancy (see "Definitions") at the date of presentation of the Plan will have the exclusive right for a period of ninety (90) days from such presentation date to purchase the shares allocated to his apartment for the reduced Total Cash Payment set forth in Schedule A column captioned "Tenants' Purchase Price". There will be no increase in prices during this

exclusive period for tenant purchasers, however, after such period, the prices shown for non-tenants shall apply, without any amendment to such effect. Sponsor will not accept Subscription Agreements from non-tenant purchasers for occupied units during such exclusive period.

In the opinion of counsel, if this Plan is declared effective in accordance with its terms, each tenant-shareholder will have the right to deduct for income tax purposes his proportionate share of real estate taxes assessed against the property and mortgage interest paid by the Apartment Corporation. See Attorney's Income Tax Opinion.

The agreement to purchase the Apartment Corporation's shares is known as a Subscription Agreement, and may be found in Part II.

A summary of the principal provisions of the Proprietary Lease may be found in Part I of this Offering Plan and a copy of the Lease may be found in Part II.

The building is a Class A multiple dwelling consisting of four stories and a basement level. A total of 111 residential apartments are offered for sale at this time, of which on December, 1986, 35 were subject to the New York State Emergency Housing Rent Control Law ("RCL") and the Rent and Eviction Regulations promulgated by the State Division of Housing and Community Renewal, and 76 were subject to the provisions of the Emergency Tenant Protection Act of 1974 and the Tenant Protection Regulations pursuant thereto. Such laws shall hereinafter be referred to as the Applicable Rent Laws. The Building contains two additional apartments. One is occupied by the superintendent and no shares are allocated thereto (Apartment GA-1). The Apartment Corporation will own such apartment and all common areas of the building. The superintendent will occupy Apartment GA-1 rent free. The Apartment Corporation will receive no maintenance from such apartment and will pay the expenses of maintaining it.

There is one (1) apartment (Apartment AA-3) presently used by a doctor for professional offices on a month-to-month basis. The Certificate of Occupancy lists Apartment AA-3 as a residential apartment. The shares allocated to that apartment are not presently offered for sale to the public or to tenants in

occupancy and are to be held by Sponsor at this time. Sponsor reserves the right to offer such shares to the public or to tenants in occupancy at a later date. Such shares shall be excluded entirely from all computations made for purposes of determining whether this Plan may be declared effective. The Sponsor will not transfer title to the Apartment Corporation until the use of the apartments to which shares have been allocated complies with the Certificate of Occupancy.

There are 86 outside parking spaces. The parking spaces shall be owned by the Apartment Corporation. Tenant-purchasers who currently rent a space will be entitled to continue to rent the space 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 rents set by the Apartment Corporation if a vacant space is available. Non-purchasing tenants in occupancy, currently renting a space, may continue to rent the space at the maximum rent permitted under the Applicable Rent Laws. Holders of Unsold Shares, purchasers for investment and other owners of shares allocated to an apartment which is occupied by a tenant who is entitled to the protection of the Applicable Rent Laws shall not be charged rent in excess of the maximum rent chargeable to the tenant in occupancy under the Applicable Rent Laws for the parking space.

Sponsor has elected not to present this Plan in accordance with the regulatory requirements for eviction plans for cooperative conversion. Therefore, a bona fide residential tenant in occupancy who does not wish to purchase will not be subject to eviction 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. In addition, the rent of such non-purchasing tenants will not be increased, except as specified in their existing leases or pursuant to the Applicable Rent Laws. The leases of tenants in occupancy, and the rights to renewals thereof, if any, will not be affected by the conversion of the property to cooperative form of ownership, and their apartments will continue to be subject to the Applicable Rent Laws. Non-purchasing residential tenants of non-regulated apartments will not be subject to unconscionable rent increases upon the expiration of their leases. See "Rights of Existing Tenants."

Present tenants in occupancy are under no obligation to purchase the shares of the Apartment Corporation allocated to their apartments. The applicable portions of the Omnibus Housing Act are summarized on pages 44-45 and the General Business Law ("GBL") Section 352-eee is set forth in Part II.

Section II of this Plan also contains a detailed description of the property which should be carefully reviewed by prospective purchasers. Prospective purchasers should also note that an Engineering Inspection and Report was issued by Inspect America at the request of the tenants' association formed in connection with this Offering. Same is available for review and copying (at prospective purchasers' expense) during normal business hours at the office of the Selling Agent.

Parts I & II together constitute the entire Offering Plan. All the documents referred to in this Offering Plan are important. The Offering Plan delivered to tenants and prospective purchasers contains all of the detailed terms of the transaction. The Plan and Parts A, B, and C of the Exhibits delivered to the Department of Law contain all of the documents referred to in the Plan. Copies of the Offering Plan and all Exhibits submitted to the Department of Law in connection with the filing of the Plan will be available for inspection without charge and for copying at a reasonable charge to prospective Purchasers and their attorneys at the offices of the Selling Agent.

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

DEFINITIONS

These definitions should be read in conjunction with technical definitions appearing in the Proprietary Lease and By-Laws. (See Part II).

Apartment or Unit - The dwelling space allocated to a particular block of shares evidenced by a Proprietary Lease.

Apartment Corporation or Cooperative Corporation - The legal entity which is created pursuant to the Business Corporation Law of the State of New York to own property as a cooperative. Individuals acquiring an interest in specific apartments become shareholders in the corporation.

Assessed Value - The value placed on the property by the taxing authority, which, when multiplied by the tax rate, determines the real estate tax on the property.

Assessment - A determination made by the Board of Directors that some cash requirement be imposed upon tenant-shareholders beyond the ordinary maintenance charges and the amount of such additional imposition on a pro rata basis.

By-Laws - The framework of regulations adopted by a corporation governing its meetings and internal operations, and defining the authority of its Board of Directors and officers.

Cash Proceeds - See section entitled "Contract of Exchange".

Closing Date, or Closing - The date fee title to the property is acquired by the Apartment Corporation, subsequent to the Effective Date.

Effective Date - The date when purchasers are formally notified that Sponsor has received the requisite Subscription Agreements (pursuant to applicable law) to schedule a Closing Date.

Filing, or Acceptance for Filing - Formal notification by the New York State Department of Law that Sponsor's submitted Plan may be used as an offering document.

Maintenance Charges - The charges fixed by the Board of Directors to cover the Apartment Corporation's cash requirements for the following year. Each lessee pays such charges in the proportion that the number of shares allocated to his apartment bears to the total number of shares outstanding.

Offeree - Any person entitled to service of any document pursuant to NYCRR Part 18 including (i) one residential tenant per unit, (ii) subscribers or purchasers who have executed and delivered Subscription Agreements or Purchase Agreements to Sponsor, Apartment Corporation or Selling Agent, and are not in default, (iii) shareholders of the Apartment Corporation, and (iv) any other person entitled to service pursuant to local law or regulation.

Offering Plan, or Plan - A statement which has been accepted for filing, and any amendments thereto, designed to provide disclosure of all material facts concerning the offering shares of the Apartment Corporation, in order to aid a prospective purchaser in making an informed decision regarding his purchase.

Presentation, or Date of Presentation - The date a copy of the Offering Plan is personally delivered or five (5) days after a copy is mailed to the tenants of the building.

Proprietary Lease - The agreement between the Apartment Corporation, as Landlord, and the Purchaser, as Tenant, defining their respective rights and obligations with regard to the occupancy of the Apartment allocated to the shares acquired by said purchaser.

Purchase of, or Subscription for, a block of shares and appurtenant Proprietary Lease under a Subscription Agreement is sometimes referred to as the "purchase of an apartment;" and the apartment to which it relates is sometimes referred to as "his apartment", the "apartment purchased", or the "apartment owned."

Purchaser(s), or Subscriber(s) - Persons(s) so named in a Subscription (or Purchase) Agreement which is still in effect or person(s) who have purchased an apartment as hereinabove defined.

Selling Agent - the entity which has been designated by the Apartment Corporation to originate and supervise sales. See Identity of Parties.

Sponsor, or Sponsor-Selling Agent - The entity conveying interests in the property to the Apartment Corporation. See Identity of Parties.

Subscription Agreement or Purchase Agreement - The contract made between the Apartment Corporation and a Subscriber or Purchaser to respectively sell and purchase shares of stock in the Apartment Corporation entitling the Purchaser to a Proprietary Lease for a specific apartment.

Tenant in Occupancy - a bona fide residential tenant in occupancy of an apartment at the premises on the Date of Presentation of the Plan entitled to the exclusive right to purchase said apartment as determined by the General Business Law, Applicable Rent Laws, and applicable case law.

Tenant-Purchaser - a bona fide tenant in occupancy on the date of Presentation of the Plan or who is otherwise entitled to purchase during any exclusive purchase period, who has subscribed to purchase the shares allocated to his apartment.

Tenant-Shareholder - The Purchaser of shares of stock in the Apartment Corporation who has executed a Proprietary Lease for the apartment unit allocated thereto.

Unsold Shares - Shares of the Apartment Corporation not subscribed to and fully paid for by the Closing Date that are acquired by Sponsor, individuals who are members of the Sponsor, or individuals designated by the Sponsor. Such shares retain their character as "Unsold Shares" regardless of transfer, until:

(a) they become the property of a Purchaser for bona fide occupancy (by said Purchaser, or a person related to him by blood or marriage) of the apartment to which such shares are allocated; or

(b) the holder of such shares (or a person related to him by blood or marriage) becomes a bona fide occupant of the apartment.

SCHEDULE A

WESTCHESTER GARDENS
445 GRAMATAN AVENUE
MT VERNON, NEW YORK

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

See page 14 for conditions applicable to these prices.

PURCHASE PRICES, SHARE ALLOCATIONS, MORTGAGE ALLOCATIONS
ESTIMATED MAINTENANCE CHARGES AND ESTIMATED INCOME

SCHEDULED TO COMMENCE ON SEPTEMBER 1, 1988

TAX DEDUCTIONS FOR THE FIRST YEAR OF COOPERATIVE OPERATION (1)

Apt. Rooms and No. Baths (2)	Share Allocations (3)	Tenants' Purchase Price @ \$92	Non-Tenants' Purchase Price @ \$150	Amount of Mortgage Applicable to shares @ \$46.183	Estimated Maintenance Charges (6)		Estimated Income Tax Deduction @ \$5.3889
					Per Share (4)	Per Share (5)	
B2*	4-5/1	395	36,340.00	18,242.29	4,029.00	335.75	2,128.62
AA1	6-0/1	660	60,720.00	30,480.78	6,732.00	561.00	3,556.67
AA2*	2-0/1	300	27,600.00	13,854.90	3,060.00	255.00	1,616.67
AA3††	3-5/1	420	38,640.00	19,396.86	4,284.00	357.00	2,263.34
AB1*	5-0/1	545	50,140.00	25,169.74	5,559.00	463.25	2,936.95
AB2	3-5/1	415	38,180.00	19,165.95	4,233.00	352.75	2,236.39
AB3	3-5/1V	415	38,180.00	19,165.95	4,233.00	352.75	2,236.39
AC1	5-0/1	540	49,680.00	24,938.82	5,508.00	459.00	2,910.01
AC2	3-5/1	410	37,720.00	18,935.03	4,182.00	348.50	2,209.45
AC3	3-5/1V	410	37,720.00	18,935.03	4,182.00	348.50	2,209.45
AD1	5-0/1	535	49,220.00	24,707.91	5,457.00	454.75	2,883.06
AD2	3-5/1	405	37,260.00	18,704.12	4,131.00	344.25	2,182.50
AD3*	3-5/1	405	37,260.00	18,704.12	4,131.00	344.25	2,182.50
BA1	3-5/1V	420	38,640.00	19,396.86	4,284.00	357.00	2,263.34
BA2	5-0/1	550	50,600.00	25,400.65	5,610.00	467.50	2,963.90

* SUPERINTENDENT'S APARTMENT NOT OFFERED FOR SALE

†† APARTMENT NOT OFFERED FOR SALE TO OCCUPANT

V VACANT AS OF JUNE 22, 1988

*** DENOTES RENT-CONTROLLED

FOOTNOTES APPEAR AT END OF SCHEDULE A.

Apt. Rooms and No. Baths (2)	Share Alloca- tions (3)	Tenants'		Non-Tenants'		Amount of		Estimated		Estimated Income Tax Deduction @ \$5.3889 Per Shr. (7)
		Purchase Price @ \$92 Per Share (4)	Purchase Price @ \$150 Per Share	Purchase Price @ \$150 Per Share	Mortgage Applicable to shares @ \$46.183 Per Share (5)	Annual Charges (6) @ \$10.20 Per Share	Monthly Charges (6) @ \$.85 Per Share			
BB1 3.5/1V	415	38,180.00	62,250.00	19,165.95	4,233.00	352.75	2,236.39			
BB2* 5.0/1	545	50,140.00	81,750.00	25,169.74	5,559.00	463.25	2,936.95			
BC1 3.5/1V	410	37,720.00	61,500.00	18,935.03	4,182.00	348.50	2,209.45			
BC2 5.0/1	540	49,680.00	81,000.00	24,938.82	5,508.00	459.00	2,910.01			
BD1 3.5/1	405	37,260.00	60,750.00	18,704.12	4,131.00	344.25	2,182.50			
BD2 5.0/1	535	49,220.00	80,250.00	24,707.91	5,457.00	454.75	2,883.06			
CA1* 4.5/1	495	45,540.00	74,250.00	22,860.59	5,049.00	420.75	2,667.51			
CA2 4.0/1V	460	42,320.00	69,000.00	21,244.18	4,692.00	391.00	2,478.89			
CA3 4.5/1	495	45,540.00	74,250.00	22,860.59	5,049.00	420.75	2,667.51			
CB1 4.5/1	490	45,080.00	73,500.00	22,629.67	4,998.00	416.50	2,640.56			
CB2 4.0/1V	455	41,860.00	68,250.00	21,013.27	4,641.00	386.75	2,451.95			
CB3 4.0/1V	490	45,080.00	73,500.00	22,629.67	4,998.00	416.50	2,640.56			
CC1 4.0/1	485	44,620.00	72,750.00	22,398.76	4,947.00	412.25	2,613.62			
CC2 4.0/1	450	41,400.00	67,500.00	20,782.35	4,590.00	382.50	2,425.01			
CC3* 4.5/1	485	44,620.00	72,750.00	22,398.76	4,947.00	412.25	2,613.62			
CD1 4.5/1	480	44,160.00	72,000.00	22,167.84	4,896.00	408.00	2,586.67			
CD2 4.0/1	445	40,940.00	66,750.00	20,551.44	4,539.00	378.25	2,398.06			
CD3 4.5/1	480	44,160.00	72,000.00	22,167.84	4,896.00	408.00	2,586.67			
DA1 4.5/1V	495	45,540.00	74,250.00	22,860.59	5,049.00	420.75	2,667.51			
DA2 3.5/1V	420	38,640.00	63,000.00	19,396.86	4,284.00	357.00	2,263.34			
DB1 4.5/1	490	45,080.00	73,500.00	22,629.67	4,998.00	416.50	2,640.56			
DB2* 3.5/0	415	38,180.00	62,250.00	19,165.95	4,233.00	352.75	2,236.39			
DC1 4.5/0V	485	44,620.00	72,750.00	22,398.76	4,947.00	412.25	2,613.62			
DC2 3.5/0	410	37,720.00	61,500.00	18,935.03	4,182.00	348.50	2,209.45			
DD1* 4.5/0	480	44,160.00	72,000.00	22,167.84	4,896.00	408.00	2,586.67			
DD2* 3.5/1	405	37,260.00	60,750.00	18,704.12	4,131.00	344.25	2,182.50			
EA1 4.0/1	460	42,320.00	69,000.00	21,244.18	4,692.00	391.00	2,478.89			
EA2 2.5/1	300	27,600.00	45,000.00	13,854.90	3,060.00	255.00	1,616.67			
EA3 4.5/1	495	45,540.00	74,250.00	22,860.59	5,049.00	420.75	2,667.51			
EB1 4.0/1	455	41,860.00	68,250.00	21,013.27	4,641.00	386.75	2,451.95			
EB2 2.5/1	295	27,140.00	44,250.00	13,623.99	3,009.00	250.75	1,589.73			
EB3* 4.5/1	490	45,080.00	73,500.00	22,629.67	4,998.00	416.50	2,640.56			
EC1 4.0/1V	430	39,560.00	64,500.00	19,858.69	4,386.00	365.50	2,317.23			
EC2* 2.5/0	290	26,680.00	43,500.00	13,393.07	2,958.00	246.50	1,562.78			
EC3* 4.5/1	485	44,620.00	72,750.00	22,398.76	4,947.00	412.25	2,613.62			

*" DENOTES RENT-CONTROLLED

* SUPERINTENDENT'S APARTMENT NOT OFFERED FOR SALE

++ APARTMENT NOT OFFERED FOR SALE TO OCCUPANT

FOOTNOTES APPEAR AT END OF SCHEDULE A.

V = VACANT AS OF JUNE 22, 1988

Apt. No.	Rooms and Baths (2)	Share Allocations (3)	Tenants' Purchase Price @ \$92 Per Share (4)	Non-Tenants' Purchase Price @ \$150 Per Share	Amount of Mortgage Applied to shares @ \$46.183 Per Share (5)	Estimated Maintenance Charges (6)		Estimated Income Tax Deduction @ \$5.3889 Per Shr. (7)
						Annual @ \$10.20 Per Share	Monthly @ \$.85 Per Share	
ED1*	4.0/1	445	40,940.00	66,750.00	20,551.44	4,539.00	378.25	2,398.06
ED2	2.5/0	285	26,220.00	42,750.00	13,162.16	2,907.00	242.25	1,535.84
ED3	4.5/0	480	44,160.00	72,000.00	22,167.84	4,896.00	408.00	2,586.67
FA1	4.5/1	495	45,540.00	74,250.00	22,860.59	5,049.00	420.75	2,667.51
FA2*	4.5/1	495	45,540.00	74,250.00	22,860.59	5,049.00	420.75	2,667.51
FB1*	5.5/1	560	51,520.00	84,000.00	25,862.48	5,712.00	476.00	3,017.78
FB2	4.5/1V	490	45,080.00	73,500.00	22,629.67	4,998.00	416.50	2,640.56
FC1	4.5/1V	485	44,620.00	72,750.00	22,398.76	4,947.00	412.25	2,613.62
FC2	4.5/1	485	44,620.00	72,750.00	22,398.76	4,947.00	412.25	2,613.62
FD1	4.5/1	480	44,160.00	72,000.00	22,167.84	4,896.00	408.00	2,586.67
FD2	4.5/1	480	44,160.00	72,000.00	22,167.84	4,896.00	408.00	2,586.67
GAL†	4.5/1	0	0.00	0.00	0.00	0.00	0.00	0.00
GA2	2.5/1	300	27,600.00	45,000.00	13,854.90	3,060.00	255.00	1,616.67
GA3	4.0/1	460	42,320.00	69,000.00	21,244.18	4,692.00	391.00	2,478.89
GB1*	4.5/1	490	45,080.00	73,500.00	22,629.67	4,998.00	416.50	2,640.56
GB2	2.5/1	295	27,140.00	44,250.00	13,623.99	3,009.00	250.75	1,589.73
GB3	4.0/1	455	41,860.00	68,250.00	21,013.27	4,641.00	386.75	2,451.95
GC1	4.5/1V	485	44,620.00	72,750.00	22,398.76	4,947.00	412.25	2,613.62
GC2	2.5/1V	290	26,680.00	43,500.00	13,393.07	2,958.00	246.50	1,562.78
GC3	4.0/1V	450	41,400.00	67,500.00	20,782.35	4,590.00	382.50	2,425.01
GD1	4.5/1V	480	44,160.00	72,000.00	22,167.84	4,896.00	408.00	2,586.67
GD2	2.5/1	285	26,220.00	42,750.00	13,162.16	2,907.00	242.25	1,535.84
GD3	4.0/1	445	40,940.00	66,750.00	20,551.44	4,539.00	378.25	2,398.06
HA1	3.5/1	420	38,640.00	63,000.00	19,396.86	4,284.00	357.00	2,263.34
HA2*	5.5/1	565	51,980.00	84,750.00	26,093.40	5,763.00	480.25	3,044.73
HB1*	3.5/1	415	38,180.00	62,250.00	19,165.95	4,233.00	352.75	2,236.39
HB2*	4.5/1	490	45,080.00	73,500.00	22,629.67	4,998.00	416.50	2,640.56
HC1	3.5/1	410	37,720.00	61,500.00	18,935.03	4,182.00	348.50	2,209.45
HC2*	4.5/1	485	44,620.00	72,750.00	22,398.76	4,947.00	412.25	2,613.62
HD1	3.5/1V	405	37,260.00	60,750.00	18,704.12	4,131.00	344.25	2,182.50
HD2*	4.5/1	480	44,160.00	72,000.00	22,167.84	4,896.00	408.00	2,586.67
IA1*	3.5/1	420	38,640.00	63,000.00	19,396.86	4,284.00	357.00	2,263.34
IA2	4.0/1	460	42,320.00	69,000.00	21,244.18	4,692.00	391.00	2,478.89
IA3	4.5/1	495	45,540.00	74,250.00	22,860.59	5,049.00	420.75	2,667.51
IB1	4.5/1	490	45,080.00	73,500.00	22,629.67	4,998.00	416.50	2,640.56

** DENOTES RENT-CONTROLLED

† SUPERINTENDENT'S APARTMENT NOT OFFERED FOR SALE

†† APARTMENT NOT OFFERED FOR SALE TO OCCUPANT

FOOTNOTES APPEAR AT END OF SCHEDULE A.

FOOTNOTES TO SCHEDULE A

- (1) Projected charges are for a 12-month period commencing on December 1, 1988. As of June 22, 1988 there were twenty (20) vacant apartments.
- (2) 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. Some of the apartments may have been altered and may not conform exactly to the standard layouts. Each apartment should be inspected prior to purchase to determine its actual dimensions, present layout, and physical condition.

Apartment GA1 shall not be offered for sale, but shall be owned by the Apartment Corporation and reserved for the resident superintendent. Apartment AA3 is not offered for sale at this time.

- (3) The share allocation was designed to attribute values proportionate to a particular apartment, taking into account various factors, including size, layout, light, view, special features, location and overall appeal.
- (4) The Total Cash Payment of \$92.00 per share is offered only to tenants in occupancy on the date of presentation of the Plan who sign a Subscription Agreement within ninety (90) days of such presentation date. The prices set forth in this schedule must be changed by a duly filed amendment to the plan when the change in price is an across the board increase or decrease affecting one or more lines of units, or is to be advertised or is a price increase to an individual purchaser. HOWEVER, AFTER THE EXPIRATION OF THE 90-DAY PERIOD THE PRICE TO TENANTS SHALL BE \$150.00 PER SHARE, WITHOUT AMENDMENT TO THE PLAN. Unless it would constitute a prohibited discriminatory inducement, prices are negotiable. Sponsor, therefore, may enter into an agreement with an individual purchaser to sell one or more units at prices lower than those set forth in this section without filing an Amendment. See "Changes in Prices and Units".

Purchasers are advised to consult with their attorney with respect to any closing costs they may have. Such costs may include: attorneys' fees, a cooperative apartment search, if desired, and costs attributable to cooperative apartment loan financing. The charges imposed for such individual financing, which may include commitment fees, origination fees (points), and bank attorneys' fees, may vary substantially from lender to lender. See the section of the Plan entitled "Procedure to Purchase" for a discussion of the closing costs to be paid by Purchasers to the Sponsor.

- (5) Tenant shareholders will have no personal liability on the mortgage, which will be an obligation solely of the Apartment Corporation. Leases are subordinate to the said mortgage. Interest and amortization payments, if any, are included in monthly maintenance charges. The failure of a certain number of tenants to make the maintenance payments may result in a foreclosure and the loss of each individual's equity in his apartment. See "Terms of Mortgage(s)".
- (6) Maintenance charges will amount to estimated net common expenses, divided by the total number of issued shares to equal maintenance per share. These estimates are for the first year only and may vary because of changes in the cost of fuel, gas, electricity, labor and other operating expenses. Estimated maintenance charges do not include electricity and domestic gas for individual apartments, which will be separately metered to each apartment, repairs to the interior of the unit, air conditioning or cable television service. If a purchaser obtains financing, debt service will be an additional expense not included in projected maintenance charges.
- (7) These amounts are estimated for the first year. They may vary due to changes in the amount of (a) interest on the Apartment Corporation's mortgage indebtedness (due to changes in the interest rate on a refinanced mortgage, or the allocation of constant debt service payments to interest and principal) and (b) real estate taxes assessed against the Property (due to the expiration of real estate tax benefits, if any, changes in assessed value, the tax rate or the method of assessing real property) and (c) issuance of additional shares. This schedule assumes interest payments on the mortgage of \$205,625.00 and real estate taxes of \$72,500.00 in the first year of cooperative operation. This schedule does not include interest paid by a Purchaser on account of the financing of his individual apartment. Tax credits, if any, received due to Senior Citizens' rent abatements may reduce the tax deduction available to holders of Unsold Shares and purchasers of units occupied by a senior citizen qualified for such rent abatements, but will not affect the deductions available to other shareholders.

**PROJECTED BUDGET FOR FIRST YEAR OF COOPERATIVE OPERATION, SCHEDULE B
ESTIMATED TO COMMENCE ON DECEMBER 1, 1988**

PROJECTED INCOME:

Annual Maintenance charges:	\$519,027	
50,885 shares at \$10.20 per share (1)		
Income From Other Sources		
Laundry (2).....	2,400	
Parking (3).....	5,000	
Interest Income earned on Reserve Fund (18) ...		
		TOTAL..... <u>\$526,427</u>

PROJECTED EXPENSES:

Labor (4).....	\$ 43,040	
Heating and Hot water (5).....	66,330	
Utilities (Electricity and gas) (6).....	11,000	
Water Charges & Sewer Rents (7).....	3,250	
Repairs, Maintenance and Supplies (8).....	40,000	
Service Contracts (9).....	9,000	
Insurance (10).....	45,000	
Management Fees (11).....	20,000	
Legal Fees and Audit Fees (12).....	3,000	
Franchise and Corporate Taxes (13).....	2,500	
Real Estate Taxes (14).....	72,500	
Mortgage Payments (15).....	205,625	
Other (16).....	1,500	
Contingencies (17).....	3,182	
Tax on Income (18).....	500	
		TOTAL..... <u>\$526,427</u>

FOOTNOTES TO SCHEDULE B

(1) Annual Maintenance (Budget: \$519,027)

Based on 50,885 shares at \$10.20 per share assuming the first year of cooperative operation to be from December 1, 1988 through November 30, 1989.

(2) Laundry - (Budget: \$2,400)

Based upon a proposed contract with Gorthom Distributors, Inc. providing for the installation and maintenance of laundry equipment to be supplied by Gorthom to the Building. Gorthom would pay a monthly fee of \$200 for the right to collect rent for the use of such equipment by the tenants. The cost of gas, electricity and hot and cold water supplied to the laundry would be paid by the Apartment Corporation.

(3) Parking - (Budget: \$5,000)

The Building contains 86 outdoor parking facilities. Present rentals, which are subject to Applicable Rent Laws, range between \$0 and \$20 per month. Tenant-purchasers who currently rent space will be entitled to continue to rent the space at rents set by the Apartment Corporation. Both tenant-purchasers and non-tenant purchasers who currently do not rent a space may rent one at a rate set by the Apartment Corporation, subject to availability. Non-purchasing tenants in occupancy currently renting a space may continue to rent the space at the maximum rent permitted under the applicable rent laws. Holders of Unsold Shares and Purchasers for investment shall not be charged a rent in excess of the maximum allowable under the Applicable Rent Laws for the applicable parking space.

(4) Labor (Budget: \$43,040)

The building is and will continue to be staffed by a full time superintendent and two porters. The superintendent is provided with apartment GA-1 rent and utility free and one parking space rent free. As of 1/1/88 the superintendent's salary is \$275.00 weekly, and the porters' salaries are \$175.00 each, weekly.

The budgeted figure is based on a 10% increase over the 1/1/88 wage rate and includes the following:

Wages	\$37,125.00
Medical (Supt. only)	1,100.00
FICA	2,790.00
Federal & State Unemployment	1,150.00
Disability	150.00
Worker's Compensation	725.00
	<u>\$43,040.00</u>

(5) Heating and Hot Water (Budget: \$66,330)

This figure is based on the projected consumption of 73,700.00 gallons of Number 6 heating oil at an estimated cost of \$.90 per gallon including sales tax. The consumption and cost for prior years follows. As of January 1988, the cost of Number 6 fuel oil was approximately \$.54 per gallon, including sales tax. A new burner and boiler were installed in December, 1984.

This expense may fluctuate due to many factors, including the availability of fuel oil, international, national and other governmental policies, weather conditions and the effectiveness of any conservation measures that might be adopted by the Board of Directors.

It is impossible to predict with certainty the future cost or consumption of fuel at the premises since such matters cannot be controlled by the Sponsor or the Apartment Corporation. It is believed, however, that the budgeted figure is reasonable for the first year of cooperative operation. The approximate consumption and cost of fuel oil for three prior years was as follows:

<u>Calendar Year</u>	<u>Consumption in Gallons</u>	<u>Average Cost Per Gallon</u>	<u>Aggregate Cost (Including Sales Tax)</u>
1987	75,815	\$.579	\$43,916
1986	81,938	\$.601	\$49,320
1985	63,340	\$.825	\$52,231

(6) Utilities - Electricity and Gas (Budget: \$11,000)

The Apartment Corporation will be responsible for the cost of utilities used in the public areas, including the resident superintendent's apartment, and the laundry room. The budget figure is based on the average rate for the period 7/1/87-12/31/87 plus a ten percent increase, applied to the average consumption for three prior years:

<u>Electricity</u>			<u>Gas</u>		
<u>Year</u>	<u>Consumption</u>	<u>Cost</u>	<u>Cubic Footage/100</u>	<u>Cost</u>	<u>Total Cost</u>
1987	81,095 KWH	\$8,888	1,250	\$ 321	\$ 9,209
1986	77,119 KWH	\$9,517	2,120	\$ 404	\$ 9,921
1985	73,024 KWH	\$9,707	2,440	\$ 422	\$10,129

Consolidated Edison is now rendering bills for natural gas based upon therms, which is the heat content of cubic feet of natural gas. It is anticipated that the actual consumption will not vary to any significant degree because of the change by the utility from cubic feet to therms.

All apartments are individually metered for electricity and each tenant-shareholder will be responsible for his individual bill to the utility company.

Prospective purchasers should be aware that the costs of electricity and gas may be affected by the same factors regarding energy and fuel discussed above in footnote 5. It is again emphasized that such costs cannot be predicted with certainty and that matters affecting the cost of utility service are beyond the control of Sponsor or the Apartment Corporation.

(7) Water Charges and Sewer Rents (Budget: \$3,250)

The budgeted item is based on the average consumption for three prior years at current rates increased by 10%. The metered water and sewer charges for three prior years were as follows:

<u>Calendar Year</u>	<u>Consumption</u>	<u>Water and Sewer Charges</u>
1987	5,475	\$2,862
1986	6,179	\$3,005
1985	5,234	\$2,617

(8) Repairs, Building Maintenance and Supplies (Budget: \$40,000)

This figure represents estimated costs of normal maintenance and repairs to the building and common areas including building interior repairs, roofing, building exterior repairs (including walls, foundations, windows, boiler, pipes, radiators, plumbing, electrical work, etc.). It also includes costs of supplies such as cleaning materials, bulbs, lubricants, public fixtures, general and hardware supplies and painting of public halls and common areas. Tenant-shareholders will be responsible for the cost of interior apartment repairs including appliances and supplies (such as bulbs and hardware) as well as the cost of the decoration and painting of their apartments [as set forth in the Proprietary Lease].

(9) Service Contracts (Budget: \$9,000)

The cost for the following service contracts are included in the budget at present costs plus approximately 5%:

<u>Contractor</u>	<u>Service</u>	<u>Cost</u>	<u>Term(s)</u>
Beacon Bonded	Exterminating	\$1,680	month-to-month
Castle Petroleum	Oil burner	945	proposed
Michael Gianelli	Gardening	6,000	month-to-month

(10) Insurance (Budget: \$45,000)

The following insurance has been recommended for the Property by Leonard Newman Agency, L.P., licensed insurance brokers, 199 Main Street, White Plains, N.Y. 10601, for the first year of cooperative operation:

Buildings: "All-Risk" including seepage and back-up; replacement cost, agreed amount	\$6,736,250** @ 90% coinsurance
Rental Value Insurance	\$500,000 @ 100% co-insurance
Comprehensive General Liability (including personal injury)	1,000,000
Elevator Collision	100,000
Boiler and Machinery	1,000,000
Officers' and Directors' Liability	1,000,000/1,000,000
Managing Agent's Fidelity Bond	100,000
Umbrella liability	4,000,000

\$1,000 deductible per occurrence on all insurance coverage.

The foregoing insurance coverage does not cover such risks as fire and casualty losses to Unit contents, replacements, additions, upgraded fixtures and improvements or liabilities for occurrences within a Unit. Shareholders are encouraged to seek such coverage at their own expense. **Coverage bears no relationship to the amount sought to be raised by this offering, and no representation is made that such coverage is adequate to replace the building in the event of total loss. The coverage does, however, provide for "agreed amount" and "replacement cost" coverage, whereby the insurer agrees to reimburse the insured for losses up to the full amount of the policy, regardless of the

actual replacement value of the building. Insurance proceeds may be applied by the mortgagee to reduce the outstanding mortgage indebtedness rather than to restore the property. The policy will not be cancelled without notice to the Board of Directors and it allows waiver of subrogation rights against another party provided such waiver is in writing prior to a loss. The insurance coverage satisfies requirements of the mortgagee.

(11) Management Fees (Budget: \$20,000)

At the closing, the Apartment Corporation will enter into a Management Agreement with Seymour Orlofsky, Inc. for an initial term of two years at an annual fee of \$20,000. The annual management fee is approximately \$180 per apartment. Said 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.
- (b) Commissions for leasing or subleasing space in the Building.
- (c) Services in connection with supervision of alterations or capital improvements to the Building outside the scope of ordinary repairs.

Reference is made to Section entitled, "Management Agreement and Service Contracts," for further details of the management agreement.

(12) Legal Fees and Audit Fee (Budget: \$3,000)

Estimate includes fees in connection with the preparation of the Apartment Corporation's first year's audited financial statements and its income tax returns, and minor, incidental legal services only. This figure does not include legal fees for reductions obtained by application or tax certiorari proceeding in the assessed valuation of the premises for real estate tax purposes.

(13) Franchise and Corporate Taxes (Budget \$2,500)

The budgeted item includes an estimated New York State Corporation Franchise tax of \$2,500 based on a projected capital of \$6,250,000 times the tax rate of .0004. The actual amount of State Corporation Franchise taxes will vary depending on factors such as the number of tenants and non-tenants purchasing apart-

ments, the aggregate reduction or increase in the price of the shares and any increase to or reduction of the Reserve and/or Working Capital Fund(s).

(14) Real Estate Taxes (Budget: \$72,500)

Real estate taxes have been estimated based on tax rates and assessed valuations currently in effect, plus an allowance of approximately 12.5% to cover a possible increase in current tax rates and/or property assessment. There are no certiorari proceedings pending.

The assessed valuations and tax rates for three prior years are as follows:

<u>Tax</u>	<u>Assessed Valuation</u>	<u>Tax Rate/\$1,000</u>	<u>Total Tax</u>
<u>State/County tax</u>			
<u>Calendar Year</u>			
1988	240,000	53.19	12,765.00
1987	240,000	52.07	12,496.80
1986	240,000	48.82	11,716.80
1985	240,000	43.96	10,550.40
<u>City Tax</u>			
<u>Calendar Year</u>			
1988	240,000	76.60	18,384.00
1987	240,000	75.60	18,144.00
1986	240,000	76.40	18,336.00
<u>School Tax</u>			
<u>7/1-6/30 Fiscal Year</u>			
87/88	240,000	140.41	33,698.40
86/87	240,000	134.04	32,169.60
85/86	240,000	126.29	30,309.60

The tax assessment of cooperative apartment buildings are governed by Real Property Law §581 adopted in November 1981. This law requires the tax assessor to disregard the cooperative form of ownership in valuing such properties and to value the buildings in the same manner as similar but non-cooperatively owned rental buildings. However, no representation can be made as to whether or not there will be an increase in the assessed valuation of the Property by reason of the sale 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.

(15) Mortgage Payments (Budget: \$205,625)

At Closing, the Property will be encumbered by a mortgage due ten (10) years from the Closing in the principal amount of \$2,350,000. The mortgage is payable in monthly installments of \$17,135.42, interest only, at the rate of 8.75% for the first year. The annual interest payments under such mortgage will be \$205,625.

See section of Plan entitled "Terms of Mortgage(s)".

(16) Other Expenses (Budget: \$1,500)

This item provides for possible association dues, licenses, fees, permits, telephone and other miscellaneous incidental expenses.

(17) Contingencies (Budget: \$3,182)

This item is intended to provide for possible unforeseen expenses or increases in one or more items of operating expense above the amount projected herein. The 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 increase one or more items of operating expense. The funds for such modifications may be provided by decreasing the reserve for contingencies or decreasing one or more items of expense, or both. The reserve for contingencies does not include a reserve for capital replacements or repairs for which no provision is made under this budget. It is to be applied at the discretion of the Board of Directors.

IN THE OPINION OF THE SPONSOR, BASED ON THE CERTIFICATION OF DIVERSIFIED PROPERTY GROUP, LTD., THE PROJECTED INCOME IS ADEQUATE TO MEET THE ESTIMATED EXPENSES FOR THE APARTMENT CORPORATION'S FIRST YEAR OF OPERATING ASSUMING SUCH FIRST YEAR TO BE THE YEAR COMMENCING DECEMBER 1, 1988.

(18) Tax on Income (Budget: \$500)

If the Income from Other Sources detailed in Footnotes 2 and 3 to Schedule B exceeds the aggregate of (a) expenses attributable to earning such income and (b) depreciation of the nonresidential areas of the Building from which this income is derived, such excess income probably will be taxable to the Apartment Corporation. It is possible that income may be realized from investment of the Reserve Fund retained by the Apartment Corporation, which income is subject to taxation. The amount of such income is too speculative to determine. The figure shown is, therefore, only a rough projection, not to be relied upon. As a result, if the cash on hand is insufficient to pay the resulting taxes, it may be necessary to increase the maintenance charges

payable by tenant-stockholders to cover such tax payment. A taxing authority might also contend that any such excess income should be treated, for income tax purposes, as a dividend to tenant-stockholders to the extent such excess income is used for the operation, maintenance or improvement of the Property, even though such excess income is not distributed to the tenant-stockholders. See "Counsel's Income Tax Opinion" with reference to IRC §277.

(19) Closing Adjustments

If the net closing adjustments shall be in favor of the Sponsor and the Working Capital Fund is insufficient to pay Sponsor such sum, then payment of the amount shall be deferred, and then paid to Sponsor, with interest at the Federal applicable rate under Section 1274 of the Internal Revenue Code for short-term obligations in effect on the Closing Date, in twelve (12) equal monthly installments commencing one month after the Closing Date, pursuant to a negotiable unsecured promissory note executed by the Apartment Corporation and delivered to Sponsor at Closing. Although this note is not directly included in the budget for the first year of cooperative operation, payment of the principal amount of the note represents payment of certain expenses reflected in such budget that have been prepaid by Sponsor.

In the opinion of the Sponsor, the projected receipts are adequate to meet the estimated expenses for the first fiscal year of operation projected to commence on December 1, 1988, If such projected commencement date differs by six months or more from the anticipated closing date, the Plan will be amended to disclose then current budget projections. Should such amended projections exceed the original projections by 25% or more, purchasers will be offered a fifteen (15) day option to rescind their offer to purchase and have their deposit and interest, if any, refunded on account of such change.

THE FOREGOING SCHEDULE, HOWEVER, IS NOT INTENDED AND SHOULD NOT BE TAKEN AS A GUARANTEE OR WARRANTY BY ANYONE THAT THE ANNUAL RENT (MAINTENANCE CHARGES) OR OTHER INCOME OR EXPENSES FOR SUCH FISCAL YEAR OR ANY SUBSEQUENT YEAR OF OPERATION OF THE PROPERTY BY THE APARTMENT CORPORATION WILL BE AS SET FORTH IN SAID SCHEDULE, OR THAT THE FIRST YEAR OF COOPERATIVE OWNERSHIP SHALL COMMENCE ON DECEMBER 1, 1988.

Sponsor has reserved the right to modify, terminate, renew and/or 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 on the Closing Date, provided that if the terms of such agreements are substantially different from those set forth herein, the Plan shall be duly amended to reflect same.

CHANGES IN PRICES AND UNITS

The shares are being offered under this Plan at a price of \$1.00 per share (the "Share Purchase Price"). Each Subscriber will be required to make an Additional Cash Payment as its contribution to the Apartment Corporation's capital in order to provide the funds necessary to acquire the Property. The Share Purchase Price and the Additional Cash Payment are herein referred to as the Total Cash Payments or Purchase Price.

The Total Cash Payment of \$92.00 per share is offered only to tenants in occupancy on the date of presentation of the Plan who sign a Subscription Agreement within ninety (90) days of presentation of the Plan. After the expiration of said ninety (90) day period, said reductions in price to such tenants are no longer being offered and the price shall be \$150.00 per share without amendment to the Plan, and may thereafter be changed.

The Apartment Corporation reserves the right at any time to change the Total Cash Payment required for the shares allocated to some or all of the apartments shown on the foregoing schedules, the terms of sale and the manner of payment. No such change, however, will be made in respect of any apartment for which a Subscription Agreement shall have been accepted. Notwithstanding the foregoing, the Apartment Corporation shall not have the right to change the Total Cash Payment of any apartment unless (i) Sponsor shall consent thereto and (ii) a licensed real estate broker or appraiser shall give its opinion prior to closing that the new Total Cash Payment is not less than an amount that bears a reasonable relationship to the portion of the value of the Apartment Corporation's equity to be acquired in the property attributable to such apartment.

The Total Cash Payments for tenants in occupancy during the original 90-day exclusive purchase period may not be increased during such period and are subject to change only by a duly filed amendment to the Plan. Any across-the-board price change affecting one or more lines of units or unit models, or discrepancy from advertised prices, or price increase for an individual Subscriber, shall similarly be by duly filed amendment. Unless it would constitute a prohibited discriminatory inducement, Sponsor may enter into an agreement with an individual purchaser to sell one or more units at prices lower than those set forth in this section without filing an amendment.

If a change in the Total Cash Payment for the block of shares allocated to any apartment is made, a subscriber for the affected shares may pay more or less than other Subscribers under

this Plan for the same number of shares allocated to a similar apartment, but this shall not affect any prior or later sale of shares allocated to such similar (or other) apartment.

In order to meet the possible varying demands for size and type of apartments or to meet particular requirements of prospective Subscribers, or for any other reason, Sponsor reserves the right at any time prior to closing to (A) change the size, layout, internal partitioning and number of apartments; (B) subdivide one or more apartments into separate apartments; and (C) combine separate apartments into one or more apartments; provided only that the consent of all governmental authorities having jurisdiction is first obtained (if such approval is required by law). If the size or layout of an apartment is changed, the number of shares allocated to such apartment may be increased or decreased; however, no such reallocation of shares will have the effect of increasing or decreasing the total number of shares allocated to all apartments nor shall any shares be reallocated unless a licensed real estate broker familiar with cooperative offerings of this kind gives a further opinion before the closing that such "reasonable relationship", has been preserved. Any reallocation of shares will vary the estimated maintenance charges, the mortgage allocations and the estimated amounts deductible for income tax purposes from the amounts set forth in Schedule "A". No such change, however, will affect the proportion or amount of maintenance charges, proportion of taxes and interest deductible for income tax purposes in respect of any apartment which was not the subject of such change.

After the closing, the holders of Unsold Shares will have the same right as the Sponsor to change the size, layout and partitioning of any apartment owned by them and to reallocate shares in connection with such change, provided that the total number of shares allocated to all apartments will not vary and provided that such alterations do not unreasonably encroach on public areas commonly used as such. In addition, the holders of Unsold Shares may resell the apartments held by them for any price, and they may change such price from time to time without prior notice or approval of any other person.

The total authorized and issued shares may be increased by a duly filed amendment if an existing apartment is enlarged by using space in the building to which no shares of the Apartment Corporation were previously allocated or such space is converted into a new residential apartment. Such increase in shares, however, will require an opinion from a licensed real estate broker familiar with cooperative offerings of this kind that such "reasonable relationship", as determined as of the date when the new shares are issued, is maintained. If it shall be necessary to increase the total number of authorized shares which the Apartment Corporation may issue solely by reason of the foregoing, the Apartment Corporation will cooperate with the holders of Unsold Shares in amending the Certificate of Incorporation for that

purpose. An increase in the total number of shares issued after a duly filed amendment will result in reducing the proportion that the number of shares owned by each shareholder bears to the total number of shares outstanding, with a concomitant decrease in the amount of the estimated deduction for income tax purposes available to each shareholder. Such decrease may possibly not result in reducing the maintenance charges fixed by the Board of Directors and payable by each shareholder.

No material change in the cash purchase price, size, layout or share allocation of an apartment will be made with respect to any apartment for which a Subscription Agreement has been accepted and under which the Subscriber is not then in default, unless the affected Subscriber consents thereto. No change will be made by Sponsor or by holders of Unsold Shares in the size or number of units, the share allocations, the total number of shares or in the size or quality of public areas, except by amendment to the Plan. No material change will be made in the total number of shares or in the size or quality of public areas unless Subscribers whose Subscription Agreements have been accepted and are not in default receive an offer to rescind for a fifteen day period.

diversified property group, ltd.

235 east 49th street • new york, new york 10017 • (212) 593-4702

January 13, 1988

Westchester Gardens Owners, Inc.
c/o Hall, Dickler, Lawler, Kent & Friedman
460 Park Avenue
New York, New York

Re: Cooperative Offering Plan ("the plan")
445 Gramatan Avenue
Mt. Vernon, New York

Gentlemen:

The undersigned has reviewed the allocation of shares, Total Cash Payment for each apartment and other estimates contained in the schedule entitled "Purchase Prices and Share Allocation" for inclusion in the Plan.

In our opinion, at the date of this letter, the Total Cash Payment 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 you will acquire on consummation of the Plan 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 Total Cash Payment paid for each block of shares meets such reasonable relationship standard.

We are aware that under the Plan you will have the right to change the Total Cash Payments 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 purchase 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 Total Cash Payments in accordance with the foregoing. It is our further opinion that such reasonable relationship exists even though blocks of shares may be sold to tenants of the building, for Total Cash Payments lower than that provided by non-tenants, as provided in the aforesaid schedule.

Westchester Gardens Owners, Inc.
January 13, 1988
Page two

The undersigned is an independent company and is not affiliated with the Sponsor or any affiliate of Sponsor, and the undersigned has no interest in the proceeds of the Plan. The service performed and compensation to be received by the undersigned in connection with the Plan has not affected the undersigned's work or statement made in connection with this letter.


The share allocation for each apartment is based on the value of the equity of the property attributable to each apartment, taking into account such factors as square footage, layout, number of rooms and bathrooms, plus location.

The undersigned, a licensed real estate broker, has acted as Selling Agent for the conversion of apartment complexes containing over 600 residential units to cooperative ownership, and is presently Managing Agent of approximately 400 Cooperative and Rental units. Its principal has been engaged in real estate management, sales and the conversion of rental apartments to cooperatives for over five years.

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,

DIVERSIFIED PROPERTY GROUP, LTD.


Regina Deutsch
President

SUTTON ESTATES

STATEMENTS OF EXPENSES
(EXCLUSIVE OF INTEREST AND DEPRECIATION)

YEARS ENDED DECEMBER 31, 1987, 1986 AND 1985

o

MARGOLD, ERSKEN & WANG

CERTIFIED PUBLIC ACCOUNTANTS

25 WEST 43RD STREET
NEW YORK

To the Partners of Sutton Estates:

We have examined the statements of expenses exclusive of any charges for interest and depreciation relating to the property located at 445 Gramatan Avenue, Mount Vernon, New York for the years ended December 31, 1987, 1986, and 1985. 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 445 Gramatan Avenue, Mount Vernon, New York for each of the years ended December 31, 1987, 1986, and 1985 in conformity with generally accepted accounting principles, consistently applied.

Margold Erskens Wang

New York, New York
May 10, 1988

445 GRAMATAN AVENUE, MOUNT VERNON, N.Y.

STATEMENTS OF REVENUE AND EXPENSES
(EXCLUSIVE OF INTEREST AND DEPRECIATION)

(NOTE 1)

	YEARS ENDED		
	DECEMBER 31,		
	<u>1 9 8 7</u>	<u>1 9 8 6</u>	<u>1 9 8 5</u>
<u>OPERATING EXPENSES:</u>			
Payroll and Related Costs	\$ 39,946	\$ 36,620	\$ 34,999
Fuel	43,916	49,320	52,231
Light and Power	9,209	9,921	10,129
Water and Sewer	2,862	3,005	2,617
Painting - Apartments	7,150	7,220	3,662
Painting - Building	- 0 -	1,480	675
General Repairs - Apartments	13,858	12,735	11,146
General Repairs - Building	18,474	14,733	5,678
Plumbing	1,297	4,004	3,890
Boiler Repairs	9,176	2,615	945
Roofing	2,865	4,861	855
Landscaping and Gardening	6,898	11,647	10,868
Hardware and Supplies	27,038	21,950	22,638
Rubbish Removal	330	- 0 -	309
Management Commissions	21,649	21,860	21,931
Professional Fees	5,340	2,435	1,970
Insurance	48,668	55,269	19,086
Telephone	988	878	760
Exterminating and Sundries	7,049	3,695	2,315
Real Estate Taxes	64,102	61,292	56,133
<u>TOTAL OPERATING EXPENSES (*)</u>	<u>\$330,815</u>	<u>\$325,540</u>	<u>\$262,837</u>

NOTE TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES:

(A) EXPENSES:

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.

During 1987 and 1986, the company expended \$100,000 to fix a gas leak.

(B) TAXES ON INCOME:

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.

LAW OFFICES

HALL, DICKLER, LAWLER, KENT & FRIEDMAN

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

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HELEN J. WILLIAMSON
ALICE YAKER

ATTORNEY'S INCOME TAX OPINION

June 30, 1988

WESTCHESTER GARDENS OWNERS, INC.
c/o Hall, Dickler, Lawler, Kent
& Friedman
460 Park Avenue
New York, New York 10022

Re: Cooperative Offering Plan:
445 Gramatan Avenue
Mount Vernon, New York

Gentlemen:

You have requested our opinion as to whether WESTCHESTER GARDENS OWNERS, INC. (the "Apartment Corporation"), organized under the laws of the State of New York on January 16, 1986, pursuant to Cooperative Offering Plan: 445 Gramatan Avenue, Mount Vernon, New York (the "Plan"), in which SUTTON ESTATES is referred to as the "Sponsor", will qualify as a cooperative housing corporation for Federal and New York State income tax purposes after consummation of the Plan. You have advised us of your intention to incorporate our opinion in the Plan and we consent thereto.

A cooperative housing corporation is defined in Section 216(b) of the Internal Revenue Code ("Code") as a corporation --

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 a house, or 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. Eighty (80%) percent or more of the gross income of which for the taxable year in which the taxes and interest described in subsection (a) are paid or incurred is derived from tenant-stockholders.

We have prepared the Certificate of Incorporation and By-Laws of the Apartment Corporation. We have reviewed the Plan and are familiar with the contract pursuant to which the Apartment Corporation will acquire from the Sponsor the premises known as 445 Gramatan Avenue, Mount Vernon, New York ("Premises").

The opinions expressed herein are based solely upon the foregoing documents and on the following assumptions:

A. The terms of the Plan are strictly observed.

B. The substantial accuracy of a written opinion of a licensed real estate broker or appraiser (the "Consultant") that on the date of the Closing of the Plan and issuance of all the capital stock of the Apartment Corporation the subscription price for each block of stock allocated to each dwelling unit constituting an apartment in the Premises and paid to you in cash or by contribution of the premises is not less than an amount that bears a reasonable relationship to the portion of the fair market value of your equity in the Premises attributable to such apartment. You have pledged in the Plan not to change the Total Cash Payment of any block of shares prior to the Closing date unless the Consultant also opines that the new Total Cash Payment preserves such a reasonable relationship requirement.

C. The substantial accuracy of the "Projected Budget For First Year of Operation."

D. The Sponsor's representation that the Plan contains no omission of fact or misstatement of fact which is a material element upon which the opinion set forth herein is premised.

Based solely on the Plan and the schedules and documents set forth therein, as well as the assumptions set forth above, if you acquire title to the Property and contemporaneously duly issue your shares only to purchasers and the Sponsor under the Plan, with each such shareholder simultaneously executing a proprietary lease for the apartment to which the shares pertain, all strictly in accordance with the terms of the Plan, it is our opinion that in any taxable year in which at least eighty (80%) percent of your gross income is derived from qualified tenant-stockholders:

A. You will, under the present provisions of Code §216(b)(1), qualify as a cooperative housing corporation, notwithstanding that different apartments of the same size may be sold at different prices, provided that on the date of the closing under the Plan and the issuance of the capital stock of the

Apartment Corporation, the subscription price for each block of stock allocated to each dwelling unit constituting an apartment in the Premises and paid to you in cash is not less than an amount that bears a reasonable relationship to the portion of the fair market value of your equity in the Premises attributable to such apartment.

B. Each tenant-stockholder will be entitled, under Code §216(a) and New York State Tax Law §615 as presently in effect, to deduct from his adjusted gross income, for Federal and New York State income tax purposes, his proportionate share of (a) real estate taxes paid or incurred by the Apartment Corporation (before the close of the taxable year of such tenant-stockholder) with respect to the Premises, and (b) interest paid or incurred by the Apartment Corporation (before the close of the taxable year of such tenant-stockholder) on the mortgage loan secured by the Premises, to the extent that such tenant-stockholder has paid or accrued to the Apartment Corporation within his taxable year, an amount equal to such proportionate share of taxes and interest paid or incurred by the Apartment Corporation.

To the extent that the transaction by which you acquire the Premises constitutes a transaction qualifying under the non-recognition of gain or loss provisions of Code §351, your tax basis for the Premises on the date of acquisition will equal Sponsor's basis for the undivided interest in the Premises transferred in accordance with Code §351, increased as provided in Code §362 by any gain recognized by Sponsor in connection with the Code §351 transfer. Regardless of the extent to which your acquisition of the Premises is treated as a Code §351 transaction, your basis for the Premises will not include any premium paid to Sponsor or to holders of Unsold Shares by purchasers of shares of stock in the Apartment Corporation over the subscription price which said purchasers pay to you for such shares.

If less than eighty (80%) percent of the gross income of the Apartment Corporation for any taxable year is derived from tenant-stockholders, the Apartment Corporation will not qualify as a cooperative housing corporation under Code §216 for such year and the tenant-stockholders will not be entitled to such deductions. For this purpose, interest earned on amounts maintained in the Reserve Fund will not be income derived from tenant-stockholders. A cooperative housing corporation is subject to income tax in essentially the same manner as a regular business corporation. However, Code §277 provides that a membership organization which is operated primarily to furnish services to members may use deductions attributable to the furnishing of services to members only to offset the income derived from its members. If this section is applicable to cooperative housing corporations, you could not reduce the tax on interest income derived from the Reserve Fund by providing services to your tenant-stockholders for an amount less than the cost thereof to

the Apartment Corporation. Hence, you might have to pay income taxes even though, on an overall basis, you made no profit, or even lost money. Although it is not entirely clear whether Code §277 is applicable to cooperative housing corporations, there is some legislative history which indicates its applicability and we understand the Internal Revenue Service is asserting this position.

No warranties are made that the tax and other laws upon which our opinion is predicated may not change. 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.

The above constitutes our opinion on the availability of the deductions to purchasers in this Offering. It is suggested, however, that prospective purchasers discuss their own individual and respective tax situations with counsel of their choice in order to best evaluate their own present and future tax position.

Very truly yours,

HALL, DICKLER, LAWLER, KENT & FRIEDMAN

IN NO EVENT WILL SPONSOR, SPONSOR'S COUNSEL, THE APARTMENT CORPORATION, COUNSEL TO THE APARTMENT CORPORATION, THE SELLING AGENT, THE CONSULTANT, OR ANY OTHER PERSON BE LIABLE IF THE APARTMENT CORPORATION CEASES TO MEET THE REQUIREMENTS OF THE INTERNAL REVENUE CODE OR THE NEW YORK STATE TAX LAW IF THERE ARE CHANGES IN THE FACTS ON WHICH COUNSEL RELIED IN ISSUING THIS OPINION OR IF THERE ARE CHANGES IN THE APPLICABLE STATUTES, REGULATIONS, DECISIONAL LAW OR INTERNAL REVENUE SERVICE RULINGS ON WHICH COUNSEL RELIED.

RIGHTS OF EXISTING TENANTS

The Plan is being presented pursuant to the "non-eviction" provisions of §352-eee of the General Business Law which relate to the conversion of buildings from rental to cooperative status. If there is any inconsistency between this summary and the provisions of §352-eee of the General Business Law set forth in Part II hereof, the law itself shall control as if set forth herein verbatim. General Business Law Section 352-eee defines a non-eviction plan as:

"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."

The summaries of the rights of tenants in occupancy set forth in this Section are based upon the laws in effect on the date of presentation of the Plan. Such rights may change if any of the laws summarized herein expire or are modified or repealed during this offering, and Sponsor reserves the right to amend the provisions of this Plan relating to the rights of tenants in order to reflect such change. A copy of each amendment to this Plan reflecting a change in the law relating to the rights of tenants will be furnished to all tenants after filing.

It is 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 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 from proceeding with the plan of conversion on account of same. The tenant may apply on his own behalf for similar relief.

All bona fide residential tenants in occupancy on the date the Plan is accepted for filing will have the exclusive right to subscribe to purchase the shares allocated to their dwelling units for ninety days after the Plan is presented. Any bona fide

residential tenant in occupancy who has the right to continued occupancy on the date the Plan is accepted for filing has the right to subscribe as a tenant in occupancy during the exclusive period. Any bona fide residential tenant in occupancy on the date the Plan is accepted for filing has the right to subscribe during the exclusive period for the Total Cash Payment set forth in Schedule A column captioned "Tenants' Purchase Price". During such ninety day period, a tenant's dwelling unit shall not be shown to a third party unless the tenant has, in writing, waived his right to purchase.

For the purpose of determining who has the right to subscribe during the exclusive period, a bona fide residential tenant of record with an unexpired lease on the date the Plan is accepted for filing shall be presumed to be a "tenant in occupancy" even though the tenant has sublet his or her dwelling unit or the dwelling unit is not the tenant's primary residence. A bona fide residential sublessee in occupancy on the date the Plan is accepted for filing has the right to subscribe during the exclusive period if he or she (i) sublets from a non-bona fide tenant, or (ii) has obtained written permission to purchase shares allocated to his or her dwelling unit from a bona fide tenant of record. Nothing herein shall be construed to deprive an owner of any legal remedy for illegal occupancy.

If prior to the expiration of any exclusive purchase period which begins prior to closing, the Sponsor amends the terms and conditions of the offering to be more favorable to Tenant-Purchasers, tenants who were tenants in occupancy on the presentation date and who executed and submitted Subscription Agreements before any such amendment may benefit from the more favorable terms and conditions.

The Subscription Agreement is not assignable or transferable prior to the declaration of effectiveness without the prior written consent of the Apartment Corporation. The Sponsor will grant permission to assign or transfer prior to the declaration of effectiveness provided all of the following conditions are complied with:

(i) the persons to whom the Subscription Agreement is to be assigned ("Assignee") must be a member of the immediate family of the Tenant who is assigning such Subscription Agreement ("Assignor"). Immediate family is defined as Assignor's spouse, adult children, partnets, grandparents, partents-in-law, adult brothers and adult sisters. An assignment to a spouse may be accomplished by adding the spouse's name to the Subscription

Agreement; no other form shall be required. Adequate proof of such relationship must be provided to the Selling Agent by Assignor and Assignee;

(ii) the Assignor and Assignee must each complete, execute and deliver to the Selling Agent an "Assignment and Assumption Agreement" (in the form printed in full in Part II) pursuant to which the Assignor assigns to Assignee all or part of Assignor's interest in the Subscription Agreement (including the Downpayment and interest earned thereon, if any) and the Assignee assumes the payment and performance of all of the Assignor's obligations under the Subscription Agreement;

(iii) assignee shall represent in the Assignment and Assumption Agreement that (a) Assignee or a specified member of his immediate family intends to reside in the apartment and (b) Assignee has not been procured by, and is not purchasing for, the benefit of Sponsor;

(iv) upon the delivery to the Selling Agent of the "Assignment and Assumption Agreement". Assignor is to deliver a check made payable to the Selling Agent, in the sum of \$300.00 for services rendered in connection with the assignment;

(v) if a Subscription Agreement which is assigned covers an apartment which is vacant, Assignee must, at Sponsor's request, sign and deliver to Selling Agent an "Interim Lease" for the Apartment (in the form required by Sponsor) and comply with the terms of said Interim Lease. Failure to do so will be an event of default entitling the Apartment Corporation to cancel the Subscription Agreement and retain as liquidated damages all monies deposited thereunder (but in no event to exceed 10% of the Total Cash Payment) plus interest earned thereon, if any, unless such default is cured within thirty days from the sending of the cancellation notice;

(vi) Assignor is a tenant in good standing under his lease or tenancy with all rent paid through the effective date of the Assignment; and

(vii) No more than one assignment per apartment shall be permitted.

Prior to signing a Subscription Agreement, tenants or their representatives will be allowed to physically inspect the building during normal business hours upon written request to the Sponsor or Selling Agent, provided tenants' representatives are registered architects or professional engineers licensed to practice in the State of New York.

The term "non-purchasing tenant" in this section shall mean a person who has not purchased under the Plan and who is a tenant entitled to possession of a dwelling unit 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."

A bona fide tenant in occupancy of a residential apartment on the Presentation Date shall be entitled to remain in possession thereof (unless he fails to pay rent or otherwise defaults in his obligations so as to permit a termination of his tenancy and eviction in accordance with the applicable law.)

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 shares allocated to the dwelling unit; and provided further that an owner 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. See section "Obligations of Holders of Shares of Dwelling Units Occupied by Non-Purchasing Tenants".

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. Complaints of unconscionable rent increases proscribed by law may be referred to the Department of Law, Real Estate Financing Bureau, 120 Broadway, New York, New York 10271.

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

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 GBL §352eee.

Sponsor shall post written statements in the lobby of the premises setting forth the percentage of apartments for which he has received signed Subscription Agreements from tenants in occupancy after the filing date as detailed in the section "Effective Date and Closing Date."

A Purchaser of shares allocated to an occupied apartment will purchase subject to the terms and conditions of the existing lease or tenancy. No representation is made that the apartment shall be voluntarily vacated by such a tenant. Copies of applicable leases in effect on the date of presentation of the Plan are on file at the Sponsor's office and are available for examination by prospective purchasers.

A Purchaser of shares allocated to an apartment which is occupied by someone other than the Purchaser may be required to institute summary dispossess proceedings at his own expense to obtain possession. Such proceedings may be commenced only for justifiable cause permitted by law. No representation can be made as to the length of time which may elapse before possession is obtained.

A non-occupant purchaser will be required to pay the maintenance charges for his apartment, whether such maintenance charges are greater or lesser than the rent received from the tenant in occupancy, and will be entitled to receive all rent payable by the occupant. Such purchaser will also be responsible for all the obligations of the landlord under the lease or tenancy of the tenant and under the Applicable Rent Laws. The purchaser will have the further obligations of repair, replacement and maintenance of the plumbing fixtures, refrigerator, range, light fixtures and other appliances and equipment in the apartment, as well as painting of the apartment. The purchaser will be required to designate the Managing Agent as his or her agent to provide to such non-purchasing tenant all painting, repairs, maintenance and other physical services and facilities required by law on a nondiscriminatory basis, and to agree to reimburse the Managing Agent for the cost of any such services and facilities the provision of which is not customarily the obligation of a Managing Agent of a cooperative apartment building.

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. Such managing agent shall provide to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. Sponsor shall guarantee the obligation of the Managing Agent to provide all such physical services and facilities until such time as Sponsor surrenders control to the Board of Directors. The By-Laws provide that non-purchasing tenants shall be notified promptly in writing upon any change made in the ownership of shares for the dwelling units they occupy.

The Purchaser will be entitled to receive the unapplied portion of any security deposit held by the Sponsor under the terms of a lease. Such security must be held by Purchaser, in trust, in an interest bearing account in accordance with Section 7-103 of the New York General Obligations Law.

Purchasers of shares allocated to apartments occupied by tenants should consult their attorneys with respect to their rights and obligations.

OMNIBUS HOUSING ACT OF 1983

Certain changes to the Emergency Tenant Protection Act were made by the Omnibus Housing Act (Chapter 403 of the Laws of 1983). A summary of several of such provisions follow. The tenancy of each non-purchasing tenant shall be governed by the changes which apply either to rent controlled or rent stabilized tenants, as the case may be.

Lease Term. Landlords are now required to offer only one or two-year renewal leases to tenants of rent stabilized apartments entitled thereto.

Right to Assign. A tenant may not assign its lease without the prior written consent of its landlord. If the landlord reasonably withholds its consent to the assignment, there can be no assignment and the tenant is not released from the lease. If the landlord unreasonably withholds its consent to such assignment, the tenant may request to be released from the lease.

Right to Sublet. A tenant with a lease then currently in effect must obtain its landlord's prior written consent to sublet. The sublet request must meet the following requirements: the tenant must give its landlord written notification of its intent to sublet; the notification must be mailed certified mail, return receipt requested; the notification must state the term of the proposed sublease, the name of the proposed subtenant, the business and permanent home address of the proposed subtenant, the tenant's reason for subletting, and the tenant's address for the term of the sublet; the written consent of any co-tenant or guarantor of the lease and a copy of the proposed sublease must be included. The landlord may request additional information within ten (10) days of the mailing of the tenant's request to sublet. The landlord must respond to the tenant's request within thirty (30) days after the tenant's request was mailed or, if the owner requested additional information, within thirty (30) days after the additional information was mailed by the tenant. The landlord's consent to the subletting may not be unreasonably withheld. If the landlord withholds consent on reasonable grounds, the tenant cannot sublet. Rent stabilized tenants may sublet no more than two years in a four-year period and may sublet for a term that extends beyond a term of its lease. To be able to sublet, a tenant must establish that at all times he/she has maintained the apartment as his/her primary residence and intends to reoccupy it as such at the expiration of the sublease.

Occupants of Apartment. Tenants have a limited right to share their apartments with additional occupants not named in the lease. The apartment, if leased to one tenant, may be

occupied by the tenant, the immediate family of the tenant, one additional occupant, and the dependent children of the additional occupant. If the apartment is leased to two or more tenants, it may be occupied by the tenants, the immediate family of the tenants, occupants (but only if to replace a departing tenant who signed the lease), and the dependent children of permitted occupants. The total number of tenants and occupants (not counting the immediate family of tenants or dependent children of an occupant) cannot exceed the total number of tenants specified in the lease and at least one tenant who signed the lease or a tenant's spouse must occupy the apartment as his/her primary residence. This law also provides that a landlord may restrict occupancy in order to comply with federal, state or local laws, regulations, ordinances or codes in order to prevent overcrowding. A tenant must notify his landlord of the name of any permitted additional occupant within thirty (30) days after the occupancy begins.

Court Proceedings. Certain applications that had been made to an administrative agency will now be brought in court in the first instance, including a landlord's attempt to evict a tenant who is not using his apartment as his primary residence.

**OBLIGATIONS OF HOLDERS OF SHARES OF
DWELLING UNITS OCCUPIED BY NON-PURCHASING TENANTS**

All of the apartments are covered either by the Emergency Tenant Protection Act (ETPA) and the Regulations promulgated thereunder or the New York State Emergency Housing Rent Control Law (RCL) and the Rent and Eviction Regulations promulgated thereunder, and the tenants are entitled to those rights and subject to those regulations, as applicable. If the shares allocated to an apartment are purchased by someone other than the tenant thereof, the tenant or occupant will become the purchaser's tenant on the Closing Date and the purchaser will become his landlord.

Holders of shares of occupied apartments are obligated to adhere to all laws and rent regulations contained in the Omnibus Housing Act of 1983, as amended, and any other Applicable Rent Laws, regulations and rules limiting or controlling rent and occupancy terms and the right to evict tenants or other occupants.

A purchaser of an apartment of which he is not the tenant will obtain the Proprietary Lease for the apartment subject (a) to the lease for the apartment then in effect and any renewal of the term thereof, (b) to any existing occupancy of the apartment, (c) to the right of any existing tenant (who has not purchased the shares allocated to his apartment) to remain in possession of the apartment in accordance with Applicable Rent Laws, including the right to renewal leases and riders as required by law, and (d) to all other rights of any existing tenant under Applicable Rent Laws.

Section 352-eee of the GBL provides that no eviction proceedings against any non-purchasing tenant shall be commenced for failure to purchase or any other reason applicable to expiration of tenancy. However, 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 apartment or of the shares allocated thereto. An owner of the apartment or of the shares allocated thereto may not commence an action to recover possession of an apartment from a non-purchasing tenant on the grounds that he desires to occupy the apartment for his use or that of his family. All litigation costs, fees and any dues related to the tenancy are the sole responsibility of the purchaser.

**NO PURCHASER CAN OBTAIN POSSESSION OF AN OCCUPIED,
LEASED APARTMENT AS LONG AS THE TENANT IS NOT IN DEFAULT OF HIS
LEASE.**

The purchaser of an apartment occupied by a tenant will be required to pay to the Apartment Corporation the maintenance charges for such apartment, whether such maintenance charges are greater or less than the rent received from the tenant in occupancy, and will be required to pay all litigation costs, fees and any dues related to the tenancy. By reason of the terms of the purchaser's Proprietary Lease and Applicable Rent Laws, the purchaser will also be responsible for the due performance of all of the obligations of the landlord which are not the responsibility of the Apartment Corporation under the Proprietary Lease, including obligations to maintain, repair and replace interior wiring and plumbing fixtures, the refrigerator, range, lighting fixtures and other equipment in the apartment, and to paint the apartment.

A prospective purchaser of an occupied apartment is urged to examine carefully the lease pertaining to such apartment, if any, so as to confirm the rent payable thereunder and the expiration date and any renewals. The rent payable under the apartment lease may be greater or less than the maintenance charges which will be payable after the transfer of title to the Apartment Corporation.

No representation or warranty is made that the Applicable Rent Laws will or will not continue to apply to any apartments or that there will or will not be any further amendments thereto. In the event of any amendment to Section 352-eee of the General Business Law and the regulations promulgated thereunder, the Plan will be amended to conform therewith. Purchasers should consult their own attorney regarding their obligations under the Applicable Rent Laws. In addition, purchasers should note that the New York State Division of Housing and Community Renewal takes the position that vacant apartments remain subject to the Emergency Tenant Protection Act of 1974 and the Tenant Regulations promulgated thereunder.

A purchaser of an apartment subject to a lease will be entitled to receive the unapplied portion of any security deposit held by Sponsor under the terms of the 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.

The purchaser of an apartment occupied by a non-purchasing tenant shall irrevocably appoint the Managing Agent for the Apartment Corporation as his or her agent to perform for the account and at the expense of the purchaser all physical services required to be furnished and performed by the Landlord under the non-purchasing tenant's lease and the Applicable Rent Laws. Such services shall be provided by the Managing Agent on a nondiscriminatory basis. Such purchaser (unless he shall be a holder of Unsold Shares as herein provided) shall also deposit

with the Managing Agent at closing a sum not less than two months' maintenance charges to be used as working capital to furnish the aforesaid services. Upon notice by the Managing Agent that said deposit has been diminished, the funds shall be replenished by the purchaser within a specified period of time. The failure of any shareholder to replenish the fund in a timely fashion shall result in the Apartment Corporation having a lien against the shares appurtenant to the dwelling unit. Interest, if any, earned on the fund shall be the property of the shareholder. The obligation to fund the two months' maintenance deposit shall not apply to holders of Unsold Shares.

Apartments are being purchased in their current "as is" condition subject to reasonable wear and tear. By signing a Subscription Agreement, a Purchaser acknowledges (1) that he has read and is familiar with the Building Inspection Report, which is included in Part II of this Plan; (2) that Sponsor and the Apartment Corporation have no obligation to make any repairs, improvements or decorations in or to the Property, the buildings and the Apartment except as shall be required by applicable laws and municipal ordinances which address the operation of multiple dwellings in Mount Vernon and (3) agrees to be bound by the terms and conditions of the Subscription Agreement which are incorporated herein by reference.

INTERIM LEASES

Any prospective purchaser (and non-occupant at the time of presentation of the Plan) who signs a Subscription Agreement which is accepted by the Sponsor prior to the Closing under this Plan for an apartment then vacant, or which will become vacant, may be required to enter into a lease ("Interim Lease") for the particular apartment on the terms set forth below and take occupancy pursuant thereto prior to the Closing. Such Purchaser ("Lessee") shall accept the apartment in its "as is" condition at the time that he takes possession thereof.

The Interim Lease may be prepared on a form of apartment lease mutually agreed upon, and shall be subject to the Emergency Tenant Protection Act (the "ETPA"). The rent payable thereunder shall be as negotiated by Sponsor and Purchaser, but in no event shall exceed the maximum legally collectible rent. No part of the rent paid under any Interim Lease will inure to the benefit of the purchaser-tenant if such tenant purchases the leased apartment or any other apartment in the building. The term of the Interim Lease will expire on the Closing Date if this Plan is declared effective, notwithstanding any longer term contained in the Interim Lease. If this Plan is abandoned and the Purchaser is formally notified thereof, the purchaser-tenant under the Interim Lease may at any time, at his or her sole option, cancel the Interim Lease upon ninety (90) days' prior written notice to the Sponsor. The charges herein provided for shall be due and payable to Sponsor for the entire period until Purchaser has vacated the Premises.

It will be a default under the Interim Lease if the purchaser-tenant thereunder fails to comply with all of the obligations under the Subscription Agreement signed by the purchaser-tenant. A default under the Interim Lease will also be a default under the Subscription Agreement and will permit the Sponsor to cancel the Subscription Agreement in accordance with its terms and retain the 10% down payment. Before the Apartment Corporation or Sponsor may utilize the default under the Lease to declare a default under the Subscription Agreement, either (1) the Apartment Corporation or Sponsor must obtain an order of eviction or other judgment or order from a court or agency of competent jurisdiction against the Lessee or (2) the Lessee must have vacated the unit. The Lease shall provide that the Lessee shall, from the occupancy date set forth in the Lease, have such responsibilities (except "Maintenance Charges") as a tenant-shareholder would have under the Proprietary Lease (e.g. pay utilities, make repairs, etc.) of the Apartment Corporation. The purchaser-tenant shall be required to vacate the apartment within

thirty (30) days after notice of cancellation of the Subscription Agreement or rescission of the Subscription Agreement by the purchaser-tenant.

Until the Apartment Corporation acquires title to the property, Lessees of apartments in the building will not be able to claim the income tax deduction described in the introduction to this Plan. Such deductions may become available only (a) when and if this Plan is declared effective and there is a closing hereunder, and (b) when and if the conditions set forth in the Attorney's Income Tax Opinion included herein have been met, and then and only for the period subsequent to the Closing Date. Charges due under any Lease shall belong to the Sponsor as payment for the use and occupancy of the apartment prior to the Closing, and shall be adjusted as of the Closing Date between Sponsor and the Purchaser.

Should the Sponsor offer any purchaser a right to rescind a signed and accepted Subscription Agreement, Purchaser's right to rescind shall be conditioned upon his or her surrendering possession of the apartment, leaving the same vacant, in good condition and broom clean within 30 days, and paying any rent due under the Interim Lease until the date on which he shall have surrendered possession.

Nothing contained herein shall relieve any purchaser of liability for damage caused to the apartment.

If the Plan is abandoned, the Sponsor shall offer any rights of occupancy as required by the ETPA. If the Lessee does not execute a lease with the Sponsor, he shall be entitled to possession only until the expiration or termination of his Interim Lease in accordance with the ETPA, and shall be a trespasser thereafter except if such lessee and the landlord enter into a written agreement to the contrary.

PROCEDURE TO PURCHASE

The form of the Subscription Agreement is contained in Part II. Any person who desires to purchase shares in the Apartment Corporation and the attendant right to a Proprietary Lease will be required to execute a Subscription Agreement in substantially such form. An executed Subscription Agreement shall be delivered to Selling Agent together with a check drawn to the order of "Westchester Gardens, Special" in an amount equal to One Thousand (\$1,000) Dollars (for a bona fide residential tenant in occupancy purchasing during an exclusive period) or in an amount equal to ten (10%) percent of the Total Cash Payment. However, such down payment may be increased for special work or materials (if offered) ordered by the purchaser and itemized in the Subscription Agreement. A Purchaser shall also submit an executed and notarized New York State Real Property Transfer Gains Tax Transferee Questionnaire and shall authorize Sponsor or Sponsor's attorneys to fill in a closing date when same has been determined. A Subscription Agreement executed by a non-occupant will not be binding upon the Apartment Corporation until a fully executed copy is delivered to the Purchaser. Sponsor reserves the right to request thorough identification and financial information concerning any prospective Purchaser, subject to any limitations and requirements imposed by law. If a Subscription Agreement is not accepted and sent or delivered within thirty (30) days after receipt of Purchaser's executed copy and down payment, it shall be deemed rejected, cancelled, and the down payment shall be refunded, with interest, if any, within ten (10) days thereafter. Sponsor reserves the right at any time and without the consent of the Board of Directors, to refuse to approve and execute (a) a Subscription Agreement for any apartment, except as prohibited by law; and (b) a Subscription Agreement or Subscription Agreements, as the case may be, for more than one apartment to any one person or entity.

In the event the Plan is declared effective as provided herein, the balance of the Total Cash Payment shall be due in full within fifteen (15) days after receipt of written notice and demand by Sponsor or Selling Agent plus a check in the amount of \$200 to "Selling Agent" for services in connection with the closing and any pledge of purchaser's shares and Proprietary Lease, provided a Closing Date is scheduled for no more than ninety (90) days after payment is due. Each Purchaser shall be required to deliver two copies of the Proprietary Lease (signed by him before a notary public) within ten (10) days after the leases are sent to him. Failure to deliver such Proprietary Lease may be deemed an event of default under the Subscription Agreement, at the option of the Apartment Corporation. Any portion of the Total Cash Payment to be financed by a bank or other lending institution may, however, be paid on the Closing Date, provided that the purchaser has furnished a copy of a written commitment from a lending institution and copies of all documents the lending institution shall require the Apartment

Corporation to execute within the time period during which the balance of the Total Cash Payment must otherwise be paid.

Purchasers should note that financing commitments for purchase of apartments may have expiration dates prior to which closing of title will occur, unless the commitment is extended. If such extension is granted, or another commitment issued, no guarantee can be made that the terms will be the same as those of the expired commitment.

Purchasers will be given written notice of the Closing Date at least thirty (30) days in advance of the closing of title to the Apartment Corporation.

Sponsor will hold all monies received by it, or through its agents or employees, if any, in trust, in a special segregated escrow account at Chase Manhattan Bank, NBW Division, 31 Mamaroneck Avenue, White Plains, New York, entitled "Westchester Gardens, Special." Such monies shall be disbursed only upon the signature of an attorney who shall be a member of the firm of Hall, Dickler, Lawler, Kent & Friedman (who has no participating interest in Sponsor) in accordance with the provisions set forth below. Interest earned, if any, on a Purchaser's deposit shall be returned or credited to such Purchaser. However, it is not anticipated that any interest will be earned.

As an alternative to depositing down payments in escrow, Sponsor may post a bond or indemnity contract written by a licensed surety company satisfactory in form to the Department of Law, ensuring return of such monies, which bond or contract is to be delivered to the Purchaser. Before Sponsor elects to post a bond in compliance with the aforesaid escrow and trust provisions, the Plan shall be amended to disclose same.

Down payments will be retained in escrow or bonded as set forth above until: (i) the Plan is abandoned; or (ii) Purchaser rescinds or defaults in performance; or (iii) upon transfer of title to the Apartment Corporation.

In the event of an uncured default by Purchaser in his obligations under the Subscription Agreement, no more than ten (10%) percent of the Total Cash Payment plus any interest earned thereon, may be retained as liquidated damages solely on account of the default under the Subscription Agreement, in which event all rights, obligations and liabilities of Sponsor and Purchaser solely under the Subscription Agreement shall wholly cease and terminate. Notwithstanding the above, the actual cost incurred for any special work in the apartment ordered by Purchaser may also be retained as liquidated damages. Both Apartment Corporation and Sponsor agree not to seek the remedy of specific performance in connection with Subscription Agreements as to which there has been a default by Purchaser. Sponsor must make written demand for payment 30 days before a forfeiture of the Subscription Agreement shall be declared.

Risk of loss by fire or other casualty shall remain with Sponsor until legal title to the property has been conveyed to the Apartment Corporation, unless such loss results from the acts of the Purchaser or other occupants of the apartment, or Purchaser's guests, invitees or workmen.

The unapplied security deposit, if any, of a tenant or occupant who purchases will be refunded to him after the closing of title, provided he is not in default under his lease, tenancy or occupancy agreement. Sponsor will have the right to deduct from any tenant's or occupant's security deposit the amount of any rent arrearage, occupancy charge, or the cost of replacement or repair of damage to the apartment as a result of the tenancy or occupancy, due to Sponsor from such tenant or occupant. IT WILL BE A CONDITION OF CLOSING OF TITLE TO ANY APARTMENT WITH A TENANT IN OCCUPANCY THAT HE HAS PAID ALL RENTS AND OTHER CHARGES UP TO AND INCLUDING THE CLOSING DATE.

The unapplied security deposit of a non-purchasing tenant will be transferred after the closing of title to the Purchaser of shares allocated to the apartment. Such security must be held by Purchaser, in trust, in an interest-bearing account in accordance with Section 7-103 of the New York General Obligations Law. ANY PROSPECTIVE NON-TENANT PURCHASER WHO PURCHASES THE SHARES TO A TENANTED APARTMENT WILL BE RESPONSIBLE FOR ALL UNPAID RENTS AND/OR ANY ARREARS ON THE APARTMENT HE WISHES TO PURCHASE. THIS AMOUNT MUST BE PAID AT THE TIME OF CLOSING.

Non-tenant Purchasers shall be afforded either: (a) not less than 7 days after delivering an executed Subscription Agreement together with the required deposit to rescind the Subscription Agreement and have the full deposit refunded promptly; the Purchaser must either personally deliver a written notice of rescission to Sponsor or Selling Agent within the 7 day period or mail the notice of rescission to Sponsor or Selling Agent and have the mailing post-marked within the 7 day period; or (b) not less than 3 business days to review the Offering Plan and all filed amendments prior to executing a Subscription Agreement. Tenant Purchasers shall be afforded not less than 3 days to review the Offering Plan and all filed amendments prior to executing a Subscription Agreement.

A Purchaser of a block of shares allocated to an apartment in which he does not reside purchases subject to the terms and conditions of any existing lease, tenancy or occupancy agreement, and subject to the rights and obligations set forth in any applicable rent law or regulation. Such Purchaser, his successors and assigns shall continue to be bound by the respective terms, conditions and laws so long as they are applicable.

In the event insufficient funds are raised through the offering, or if the Plan is abandoned or withdrawn for any reason, or if title to the property is not acquired by the Apartment Corporation on or before twenty-four (24) months from the date of presentation of this Plan for any reason whatsoever, then such monies shall be fully returned to the Purchasers with interest, if any, within ten (10) days of such abandonment or withdrawal. The amounts paid by the said Purchasers will be handled in accordance with the escrow and trust fund provisions of Section 352-h and Section 352-e(2-b) of the GBL.

Any conflict(s) between the Subscription Agreement and the Plan shall be resolved in favor of the Plan, unless such conflict is the result of individual negotiation. Nonetheless, the Subscription Agreement may not be modified to contain a provision waiving Purchaser's rights or abrogating Sponsor's obligations which are required by GBL Article 23-A or any other rights conferred by law.

The Subscription Agreement used by tenant purchasers who purchase during the ninety (90) day exclusive period may not be modified except by duly filed amendment.

ASSIGNMENT OF SUBSCRIPTION AGREEMENTS

The Subscription Agreement is not assignable or transferable prior to the declaration of effectiveness without the prior written consent of the Apartment Corporation. The Sponsor will grant permission to assign or transfer prior to the declaration of effectiveness provided all of the following conditions are complied with:

(i) the persons to whom the Subscription Agreement is to be assigned ("Assignee") must be a member of the immediate family of the Tenant who is assigning such Subscription Agreement ("Assignor"). Immediate family is defined as Assignor's spouse, adult children, partnets, grandparents, partents-in-law, adult brothers and adult sisters. An assignment to a spouse may be accomplished by adding the spouse's name to the Subscription Agreement; no other form shall be required. Adequate proof of such relationship must be provided to the Selling Agent by Assignor and Assignee;

(ii) the Assignor and Assignee must each complete, execute and deliver to the Selling Agent an "Assignment and Assumption Agreement" (in the form printed in full in Part II) pursuant to which the Assignor assigns to Assignee all or part of Assignor's interest in the Subscription Agrteement (including the Downpayment and interest earned thereon, if any) and the Assignee assumes the payment and performance of all of the Assignor's obligations under the Subscription Agreement;

(iii) assignee shall represent in the Assignment and Assumption Agreement that (a) Assignee or a specified member of his immediate family intends to reside in the apartment and (b) Assignee has not been procured by, and is not purchasing for, the benefit of Sponsor;

(iv) upon the delivery to the Selling Agent of the "Assignment and Assumption Agreement". Assignor is to deliver a check made payable to the Selling Agent, in the sum of \$300.00 for services rendered in connection with the assignment;

(v) if a Subscription Agreement which is assigned covers an apartment which is vacant, Assignee must, at Sponsor's request, sign and deliver to Selling Agent an "Interim Lease" for the Apartment (in the form required by Sponsor) and comply with the terms of said Interim Lease. Failure to do so will be an event of default entitling the Apartment Corporation to cancel the Subscription Agreement and retain as liquidated damages all monies deposited

thereunder (but in no event to exceed 10% of the Total Cash Payment) plus interest earned thereon, if any, unless such default is cured within thirty days from the sending of the cancellation notice;

(vi) Assignor is a tenant in good standing under his lease or tenancy with all rent paid through the effective date of the Assignment; and

(vii) No more than one assignment per apartment shall be permitted.

EFFECTIVE DATE AND CLOSING DATE

Sponsor's offer to sell hereunder is contingent upon the Plan being declared effective in accordance with relevant conditions and time periods described in this Plan. All Subscription Agreements are contingent upon such effectiveness.

A non-purchasing residential tenant in occupancy of an apartment on the Presentation Date shall be entitled to remain in possession thereof (unless he fails to pay rent or otherwise defaults in his obligations so as to permit a termination of his tenancy and eviction in accordance with the RCL, or ETPA, as the case may be). 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.

The Plan may be declared effective at the option of Sponsor when Subscription Agreements are executed and delivered for at least 15% of all dwelling units in the building by bona fide tenants in occupancy on the date of declaration of effectiveness of the Plan. In calculating that percentage, no more than one Subscription Agreement by the tenant or tenants of a particular dwelling unit will be counted, and only one Subscription Agreement from any tenant who leases or occupies more than one dwelling unit shall be counted. As to tenants who were in occupancy on the date the Plan was accepted for filing, the Subscription Agreement shall be executed and delivered pursuant to an offering made in good faith without fraud and discriminatory repurchase agreements or other discriminatory inducements. This Plan may not become an "Eviction" Plan at any time.

The Plan will not be declared effective based on the following: (1) Subscription Agreements signed by subscribers who have been granted a right of rescission that has not yet expired or been waived; (2) Subscription Agreements assigned or transferred without compliance with the terms described in the Plan; (3) Subscription Agreements conditioned upon an amendment to the Plan that has not been served in compliance with the procedures described in the "Procedure to Purchase" section of this Plan; and (4) Subscription Agreements with any subscriber who is Sponsor or Selling Agent or is a principal of Sponsor or Selling Agent, or is related to Sponsor or Selling Agent or to any principal of Sponsor or Selling Agent by blood, marriage, or adoption or as a business associate, an employee, a shareholder or a limited partner; except that such a subscriber other than Sponsor or a principal of Sponsor may be included in the count if Sponsor has submitted proof satisfactory to the Department of Law establishing that the subscriber is either a bona fide tenant or a

bona fide purchaser who represents that he intends that he or a specified member of his immediate family personally occupy the dwelling unit.

When Subscription Agreements have been executed and accepted for the sale of at least 80 percent of the units offered, the Plan must be declared effective by Sponsor.

If the Plan has not been declared effective within twelve (12) months from the date of filing, it will be deemed abandoned, void and of no effect, and all monies will be returned to purchasers in full, with interest earned thereon, if any, within ten days of such abandonment. In such event, Sponsor shall promptly submit for filing a formal notice of abandonment, and no new plan for the conversion of such building shall be submitted to the Attorney General for at least fifteen (15) months after such abandonment.

Sponsor shall, on the 30th, 60th, 88th and 90th day after the date of presentation of the Plan and every 30th day thereafter, and on the tenth and second day before the expiration of any exclusive purchase period(s) provided in substantial amendment(s) to the plan, until and including the day the Plan is declared effective, or abandoned, file a written statement, under oath, setting forth the percentage of dwelling units in the building subscribed for by bona fide tenants in occupancy or bona fide purchasers. The percentage shall be computed in the same manner as the Sponsor shall compute the minimum percentage needed to declare the Plan effective. Sponsor shall, before noon of the day that such sworn statement is filed, post a copy of said statement in the lobby of the premises. Such statement shall remain posted until the next statement must be posted. Such statement shall be available for inspection or copying at the offices of the Sponsor and at the Department of Law.

The Plan will be declared effective by written notice to all Purchasers and one residential tenant per unit by delivery or mail (regular, registered or certified), and an appropriate amendment to the Plan shall be submitted to the Department of Law within 5 business days thereafter together with an affidavit of service of the aforesaid notice. No closing shall be held until such amendment is filed. Sponsor agrees that copies of all Subscription Agreements, as modified, will be delivered to the Department of Law within 5 days of a request for inspection by the Department.

On the Closing Date, fee title to the Property will be transferred to the Apartment Corporation and each Purchaser will thereupon become obligated for the payment of maintenance charges under his Proprietary Lease, whether or not he has taken possession of his apartment. Certificates for the shares of the Apartment Corporation and the accompanying Proprietary Lease will be

issued as of the Closing Date and will be delivered promptly thereafter to each Purchaser who has paid the cash purchase price and has complied with all of the Purchaser's obligations under the Subscription Agreement.

Sponsor may, at its option, declare the Plan abandoned for any reason whatsoever before it is declared effective. Once the Plan has been declared effective, it may not be abandoned for any reason other than 1) defects in title which cannot be cured without litigation or for less than one-half of one percent of the Total Purchase Price in the aggregate; 2) substantial damage or destruction of the building by fire or other casualty which cannot be cured for less than one-half of one percent of the Total Purchase Price; 3) the taking of any material portion of the property by condemnation or eminent domain, or 4) work orders of any mortgagee which cannot be cured or complied with for less than one-half of one percent of the Total Purchase Price in the aggregate (as reasonably estimated by Sponsor). The amount of one-half of one percent of the Total Purchase Price must exclude the cost of curing any such title defects, violations, work orders or determinations of any authority or regulatory association which exist on the date of presentation of the Plan and either are known to Sponsor or are a matter of public record.

If the Plan is abandoned before it is declared effective, all monies paid by subscribers shall be refunded to them in full, with interest earned thereon, if any. It is not anticipated that any interest will be earned.

TERMS OF MORTGAGE(S)

On the Closing Date, the Apartment Corporation shall execute and deliver a purchase money note and mortgage (the "wraparound mortgage") to be held by the Sponsor or assigns in the sum of \$2,350,000.00. The interest shall be at the rate of (1) 8-3/4% per annum for the first two years with constant monthly installments of \$17,135.42; (2) 9% for years three through five with constant monthly installments of \$17,625; (3) 10% for years six through seven with constant monthly installments of \$19,583.33 and (4) 10-1/4% until maturity with constant monthly installments of \$20,072.92. Although this mortgage is nominally referred to as a wraparound mortgage, there are presently no other mortgages on the premises.

The mortgage shall mature on the tenth anniversary of the Closing Date, at which time the principal balance of \$2,350,000.00 will be due, assuming all regular installments shall have been paid.

The mortgage will include the following terms and conditions:

A. At the option of the holder of the mortgage, the Apartment Corporation shall be obligated to make an initial and then a monthly escrow deposit to the holder of the mortgage, in sufficient amounts, to be determined by such holder based upon current and estimated future requirements, to be accumulated and utilized to pay real estate taxes, water/sewer charges, assessments and insurance premiums.

B. The Apartment Corporation shall be obligated to provide the holder of the mortgage with a copy of the audited financial statement of the Apartment Corporation, which statement is to be provided to all shareholders as discussed in the section of this Plan entitled Reports to Shareholders.

C. The mortgage may not be prepaid without mortgagee's prior written consent, which may be withheld for any reason or no reason.

D. The Apartment Corporation shall bear all expenses with respect to the enforcement of the mortgage.

E. If any payment pursuant to the mortgage is overdue for a period in excess of 10 days, a late charge of \$.04 for each dollar so overdue shall become immediately due at the option of the holder of the mortgage.

F. If the principal balance of the mortgage is not repaid when due, interest shall accrue at the maximum rate permissible by law.

G. The holder of the mortgage may execute and file financial statements on the Apartment Corporation's behalf with respect to the personal property or fixtures covered by the mortgage.

H. The premises may not be sold without the prior written consent of the holder of the mortgage, which consent may be withheld in the mortgagee's sole discretion.

I. There may be no further mortgage with respect to the premises without prior written consent of mortgagee.

J. In the event of the condemnation of all or a material part of the premises, then the entire unpaid principal due shall be due and payable at the option of the mortgagee.

K. If the Apartment Corporation defaults in complying with any term of the mortgage, the mortgagee may comply on the Apartment Corporation's behalf at the Apartment Corporation's expense.

L. The Apartment Corporation shall carry the following insurance for the benefit of the mortgagee: fire, (with usual extended coverage endorsement) and insurance against any other hazard reasonably required by mortgagee.

M. Failure to comply with the following mortgage terms shall constitute a default under said mortgage whereupon the lender may be entitled to accelerate the entire mortgage indebtedness: default in the payment of any installment of interest for fifteen days; default in the payment of any tax, water rate, sewer rent or assessment for thirty days after notice and demand; default after notice and demand either in assigning and delivering the policies insuring the buildings against loss by fire or in reimbursing the mortgagee for premiums paid on such insurance; default upon request in furnishing a statement of the amount due on the mortgage and whether any offsets or defenses exist against the mortgage debt; failure to exhibit to the mortgagee, within ten days after demand, receipts showing payment of all taxes, water rates, sewer rents and assessments; the actual or threatened alteration, demolition or removal of any building on the premises without the written consent of the mortgagee; if the buildings on said premises are not maintained in reasonably good repair; failure to comply with any requirement or order or notice of violation of law or ordinance issued by any governmental department claiming jurisdiction over the premises within three months from the issuance thereof; if on application of the mortgagee two or more fire insurance companies lawfully doing

business in the State of New York refuse to issue policies insuring the buildings on the premises; in the event of the removal, demolition or destruction in whole or in part of any of the fixtures, chattels and articles of personal property covered unless the same are promptly replaced by similar fixtures, chattels and articles of personal property at least equal in quality and condition to those replaced, free from chattel mortgages or other encumbrances thereon and free from any reservation of title thereto; after thirty days' notice to the mortgagor, in the event of the passage of any law deducting from the value of land for the purposes of taxation any lien thereon, or changing in any way the taxation of mortgages or debts secured thereby for state or local purposes; if the mortgagor fails to keep, observe and perform any of the other covenants, conditions or agreements contained in the mortgage.

The holder of the wraparound mortgage reserves the right to place on the property one or more additional mortgages (collectively the "new prior mortgage") in any manner it deems appropriate. The balance of the new prior mortgage would actually be included in the principal balance of the wraparound mortgage. Pursuant to the wraparound mortgage, the mortgagee would assume certain obligations with respect to the lien of the new prior mortgage. The holder of the wraparound mortgage would be obligated to pay all payments of principal and interest due to the holder of the new prior mortgage, including all such payments due at the maturity thereof, provided mortgagor makes all requisite payments and meets all other obligations of the mortgage. The wraparound mortgagor must, however, comply with all the terms of the new prior mortgage.

In the event the wraparound mortgagee fails to make any required payments due under the new prior mortgage and such failure results in a default of said new prior mortgage which remains uncured, the Apartment Corporation shall have the right to cure such default and to deduct any and all costs in connection therewith from the payments next becoming due under the wraparound mortgage.

Sponsor's right to place a new prior mortgage on the premises is subject to the following conditions:

1. The new prior mortgage must amortize in a manner so that its unpaid principal balance is never greater than the unpaid principal balance of the wraparound mortgage.
2. The maturity date of the new prior mortgage may not be later than the maturity date of the wraparound mortgage.

3. The holder of the wraparound mortgage must pay all expenses necessary to consummate the closing of the new prior mortgage.
4. The aggregate unpaid principal amount of the new prior mortgage may not exceed the then unpaid principal amount of the wraparound mortgage.
5. The aggregate regular monthly installments of principal and interest payable under the new prior mortgage may not exceed the regular monthly installments of principal and interest payable under the wraparound mortgage.
6. If the holder of the wraparound mortgage shall obtain additional funds as the result of the aforescribed refinancing or restructuring, such funds shall not in any way inure to the benefit of the Apartment Corporation, but shall be the sole property of the holder of the wraparound mortgage.

The Apartment Corporation shall at all times be obligated to promptly execute, acknowledge and deliver any and all commitments, notes, mortgages, modification agreements, and other documents which the holder of the wraparound mortgage shall deem necessary to effectuate any extension, modification or refinancing as described, and the Apartment Corporation irrevocably appoints the holder of the wraparound mortgage as its attorney-in-fact (for such purpose only) and grants such holder the right to execute all of such documents. In the event that the Sponsor, or then holder of the wraparound mortgage, does not pay or refinance any new prior mortgage (despite its obligation to do so), the Apartment Corporation will be required to pay the amount secured by the said new prior mortgage at maturity, in which event, it may be necessary to increase maintenance charges to tenant-shareholders in order to meet any increased expense in paying this indebtedness.

Tenant-shareholders will not be personally liable to the mortgagee to pay such monthly installments or the unpaid principal at maturity. However, to preserve its equity in the Property, the Apartment Corporation must endeavor to refinance or extend the mortgage at maturity. Arranging such refinancing or extension is a common practice in the real estate industry, including properties owned by cooperative corporations. However, the availability, terms and cost of such refinancing or extension will vary from time to time depending upon then existing market conditions, the credit-worthiness of the borrower, the financial and physical condition of the Property and other factors. If the Apartment Corporation is unable to arrange such refinancing or extension, or if the terms thereof are considered unfavorable, and assuming it could not obtain an interim loan and had no other

funds available, then it would be necessary to assess each tenant-shareholder approximately \$46.183 per share in order to pay the principal balance then due.

No representation is made as to the availability of funds for refinancing, the interest rate, or the cost of refinancing at the time the mortgage becomes due.

FINANCING FOR QUALIFIED PURCHASERS

Availability of Financing from Institutional Lenders

Generally, savings and commercial banks, as well as savings and loan associations, are authorized to finance the purchase of cooperative apartments. If a loan commitment is issued, the interest rate will be the customary rate for this type loan charged by the bank or other lending institution at the time of closing of the loan. Each institution has its own lending policies, terms and credit requirements. Purchasers who may be interested in obtaining such financing should communicate directly with the lender of their choice. Subscription Agreements are not contingent upon obtaining financing from institutional lenders.

Responsibility of Purchaser to Obtain Financing

Neither the Apartment Corporation, the Selling Agent nor the Sponsor are obligated to obtain financing on behalf of any Purchaser. Such parties shall not at any time act as agent for any lender which may extend financing for the purchase of any apartment. Consequently, each person who desires to finance the purchase of an apartment is solely responsible for obtaining a commitment for such financing in his favor from his preferred lender. (See Procedure to Purchase in Part I and Subscription Agreement in Part II.)

NO REPRESENTATION OR WARRANTY IS MADE THAT BANK FINANCING WILL BE AVAILABLE TO ANYONE WHO SUBSCRIBES FOR SHARES OF THE APARTMENT CORPORATION UNDER THE PLAN OR AS TO THE TERMS, COSTS AND CONDITIONS UPON WHICH SUCH FINANCING MAY BE GRANTED OR THE COST TO OBTAIN SAME.

**SUMMARY OF PRINCIPAL TERMS
OF PROPRIETARY LEASE**

The Proprietary Lease will be for a term ending on December 31, 2080, but may be extended by vote of the shareholders. As a lessee, every shareholder of the Apartment Corporation will be obligated to pay the maintenance charges for his space. Such charges are fixed by the Board of Directors to cover the Apartment Corporation's cash requirements for the following year. Each Lessee pays in the proportion that the number of shares allocated to his apartment bears to the total number of shares outstanding. In the event he defaults in payment of the maintenance charges or any assessment, the Apartment Corporation shall have the right to regain possession of the apartment and sell it. The Apartment Corporation will notify a lender of a shareholder's default under the Proprietary Lease. See Proprietary Lease in Part II for other events of default. He will also have the following rights and obligations:

1. He may use the apartment as a private dwelling as described in Para. 14 of the Proprietary Lease.

2. He may, if not in default under the Proprietary Lease, cancel his Lease and surrender his shares and possession of the apartment to the Apartment Corporation (without receiving any compensation) effective as of the first September 30th date after the third anniversary of the consummation of this Plan, or as of any September 30th thereafter, on at least six (6) months' prior notice to the Apartment Corporation, and if he elects to cancel, he will have no liability for payment of maintenance charges after the effective date of the cancellation but will remain liable for any indebtedness owing prior to such effective date. See Para. 35. A lessee who is the holder of a block of Unsold Shares may only avail himself of this right under certain restricted circumstances. See Para. 38(d) of the Proprietary Lease.

3. He will have the right to sell his shares and assign his Proprietary Lease, and/or sublet his space, at any time, subject to and in compliance with the provisions of the Proprietary Lease and the Apartment Corporation's By-Laws (as same may be amended from time to time), 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 affirmative vote or written consent of shareholders owning at least 66 2/3 percent of the Apartment Corporation's then issued and outstanding shares. In the case of an assignment, see additional requirements set forth in Para. 16 of Proprietary Lease. With respect to a subletting, the Board or shareholders may impose additional conditions. In addition, a charge

determined by the Board of Directors may be collected to cover reasonable legal fees and other expenses of the Apartment Corporation (including charges of the managing agent) in connection with such assignment or subletting. The foregoing provisions are not applicable to purchasers of Unsold Shares, who may freely sell the Unsold Shares and appurtenant Proprietary Leases and freely sublet their apartments, without the consent of the Board of Directors or payment of any charges.

4. He will be entirely responsible for the cost of interior repairs, internal maintenance (including window areas and doors, according to the Proprietary Lease) and the decorating of his space. The consent of the Apartment Corporation is required for alterations, as described in Para. 21.

5. The Sponsor and/or holder of Unsold Shares designated by Sponsor may sublet or sell any apartment for which it holds the shares and Lease, without limitation and without any consent.

In addition, the Sponsor and/or holder of Unsold Shares may make alterations in or to his apartment without consent of the Apartment Corporation. See entire Para. 38 of the Lease.

6. The Proprietary Lease and related shares may be pledged in accordance with Para. 17 of Lease. The Apartment Corporation agrees to notify a Secured Party of a shareholder's default under the Lease. See Para. 39.

7. The terms of the Proprietary Lease may be changed only by the approval of lessees owning at least two-thirds of the Apartment Corporation's then issued and outstanding shares, except no change shall be made which affects the rights of a holder of Unsold Shares without his consent.

8. See Para. 46 of Lease regarding the power of the Board of Directors to establish needed reserves for capital purposes.

9. The Proprietary Lease shall state that the 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 occupancy of himself or his family. Such non-purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy shall continue to be subject thereto. Rentals of any such 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 rentals and

continued occupancy is eliminated or becomes inapplicable after the Plan has become effective shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy. However, eviction proceedings may be commenced for nonpayment of rent, illegal use or occupancy of the premises, refusal of access to the owner or a similar breach by the non-purchasing tenant of his obligations to the landlord. The section of the lease concerning non-purchasing tenants may not be subsequently amended or deleted.

SEE THE FORM OF PROPRIETARY LEASE IN PART II FOR ITS FULL DETAILS.

APARTMENT CORPORATION

The Apartment Corporation was formed on January 16, 1986 under the Business Corporation Law of the State of New York. It has an authorized capital of 60,000 shares of the par value of \$1.00 each, of which 50,885 shares are allocated to apartments presently offered hereunder, and the balance of which shall be maintained as capital stock unless issuance is hereafter authorized.

The By-Laws may be found in Part II. They provide that the shareholders are entitled to elect a Board of Directors consisting of five (5) directors, who are at least 18 years old and who need not be shareholders of the Corporation. The present directors are: Frank Heller, Andrew Orlofsky, and Robert Orlofsky. The present officers are: Frank Heller, President, Andrew Orlofsky, Vice President, Robert Orlofsky, Treasurer, and Gertrude Kallor, Secretary. The three directors are principals of Sponsor or have been designated by the Sponsor and will resign in favor of directors to be elected by the shareholders at the first annual meeting which is to be held within 30 days after the Closing Date. Shareholders will be entitled to one vote per share. Shareholders may cumulate their votes in favor of any one or more directors to be elected.

After the Closing Date, Sponsor may continue to control the Board of Directors and through such entity, control the maintenance and operation of the Corporation. Notwithstanding the foregoing, however, Sponsor as a holder of Unsold Shares and other holders of Unsold Shares shall agree that, after the fifth anniversary of the Closing Date, or whenever the Unsold Shares constitute less than fifty (50%) percent of the issued and outstanding shares whichever event first occurs, they shall not exercise voting control over the Board of Directors.

Directors and officers shall serve without compensation. The Board of Directors shall be responsible for the day-to-day operation of the Apartment Corporation. Directors, officers and employees have certain rights of indemnification by the Corporation, as set forth in Article X of the By-Laws, however, such rights do not extend to a breach of duty to the Corporation.

The Apartment Corporation shall have a lien on each shareholder's shares to secure payment of maintenance charges and other indebtedness under the Proprietary Lease, to replenish the two-months' maintenance fund described in the "Obligations of Holders of Shares of Dwelling Units Occupied by Non-Purchasing Tenants" section of the Plan, as well as the faithful performance of all other terms of the Proprietary Lease. Such lien may be

foreclosed and the shares including the attendant right to a Proprietary Lease may be sold to satisfy such lien. See Corporation's Lien, Art. VI, Sec. 6 of the By-Laws. The Board of Directors may refuse to consent to the transfer of the shares until any indebtedness of the shareholder to the corporation is paid. In addition, it may fix a nondiscriminatory reasonable fee to cover expenses in connection with the assignment of shares (see Art. VI, Sec. 4).

So long as the Unsold Shares constitute 25% or more of the issued and outstanding shares and five (5) years have not elapsed since the Closing Date, the Board of Directors shall not take any of the following actions unless shareholders owning at least 75% of the shares duly approve such action:

- (1) increase the number or change the type of employees from that described in the "Projected Budget for First Year of Operation";
- (2) provide for new or additional services from those indicated in the "Projected Budget for First Year of Operation", unless the annual cost of such new or additional services, when added to the annual cost of all other services being provided, is no greater than that provided therein;
- (3) impose any rent, maintenance, assessment or other charge (regular or special) against tenant-shareholders for the purpose of making any capital or major improvement or addition, unless required by law; or
- (4) establish any reserves, including (without limitation) a reserve for contingencies, repairs, improvements or replacements, other than a twelve (12) month reserve for contingencies not exceeding five (5%) percent of the budgeted operating expenses (exclusive of mortgage debt service) for the ensuing twelve (12) months of cooperative operation.

Notwithstanding the foregoing, the Apartment Corporation may take any of the actions enumerated in clauses (i) through (iv) above if (a) the cost of such actions, when added to all other budgeted expenses of the Corporation, shall not require an aggregate increase in the maintenance charges (including any assessments) for any year of operation by more than 5% above the previous year's maintenance charges (including any assessments), or if required to comply with applicable laws or regulations, or (b) to remedy any notice of violation, or (c) to remedy any work order by a mortgagee or an insurer, or (d) to remedy a notice of default from a mortgagee.

As a condition to the transfer of title to the Apartment Corporation at the Closing, the Apartment Corporation must covenant and agree that if any senior citizens eligible for rental exemptions who have not purchased the shares allocated to their Apartments have applied for and received Senior Citizen Exemptions, the Apartment Corporation shall apply for and receive the abatement in real property taxes to which it is entitled pursuant to Applicable Rent Laws as a result of persons claiming Senior Citizens Exemptions. The Apartment Corporation further covenants and agrees that within 10 days after each payment of taxes, it will account for and pay over to Sponsor and/or other holder(s) of Unsold Shares and/or purchasers of Units occupied by such Senior Citizens, the full amount of any tax reduction or abatement which the Apartment Corporation receives because of such Senior Citizen Exemptions.

The Certificate of Incorporation may be amended only if authorized by the Board of Directors followed by the affirmative vote of the holders of two-thirds of the shares of the Corporation issued and outstanding. The By-Laws of the Corporation may be amended by the affirmative vote of the holders of two-thirds of the issued and outstanding shares provided consent of holders of Unsold Shares has been granted where such amendment would materially affect their rights; or by the affirmative vote of a majority of the total number of directors of the corporation, other than Art. I, §3, Art. II, §5, Art. III, §§1, 8, and 9, Art. IV, §7, Art V, §1, 6 and Art. XI.

See Reports to Shareholders, and Documents on File for certain rights of shareholders.

Within 30 days after the termination of all Proprietary Leases for space in the Building, a determination shall be made by the holders of a majority of the then issued and outstanding shares whether to (a) continue to operate the building as a residential apartment building, (b) alter, demolish or rebuild, or (c) sell the building and liquidate the assets of the Apartment Corporation. The Directors shall carry out such determination. (Paragraph 37 of Proprietary Lease.)

The Board of Directors has the power to establish reserves for capital purposes (Art. III, §9 of the By Laws).

All expenses of the Apartment Corporation accruing up to and including the Closing Date will be paid by the Apartment Corporation from the proceeds of the sale of its shares.

The Apartment Corporation shall cause to be repaired/replaced (after notice) the Building, the apartments, and the means of access thereto, (but not equipment, fixtures, furniture, furnishing or decorations installed by any Lessee), if same are damaged by fire or other casualty. Under certain circumstances,

however, a vote of 66 2/3% of the tenant-shareholders may vote against such repair/replacement. See Paragraph 4 of the Proprietary Lease and footnote to Schedule B regarding insurance.

The Sponsor and/or holder of Unsold Shares designated by Sponsor may sublet or sell any apartment for which it holds the shares and Lease, without limitation and without any consent.

In addition, the Sponsor and/or holder of Unsold Shares may make alterations in or to his apartment without consent of the Apartment Corporation. See entire Para. 38 of the Lease.

The Apartment Corporation may not discriminate against any person for a reason proscribed by civil rights laws.

UNSOLD SHARES

Unsold Shares shall be any shares of the Apartment Corporation not subscribed to and fully paid for prior to closing that are acquired by Sponsor, individuals who are members of Sponsor, or financially responsible individuals designated by Sponsor. The consideration for the Unsold Shares at Closing shall be approved by a qualified expert as meeting the "reasonable relationship" standard of I.R.C. §216.

Sponsor has agreed that if a holder of Unsold Shares fails to fulfill his obligations under his Proprietary Lease, including the payment of all maintenance charges and assessments thereunder, then and in that event Sponsor will become liable for such obligations as a guarantor notwithstanding that the Apartment Corporation also will have a lien upon the shares to secure the payment of all obligations of such holder of Unsold Shares. Sponsor has no reason to doubt it shall have the financial resources to meet its obligations with respect to Unsold Shares. However, no bond or other security has been furnished by Sponsor, and Sponsor's ability to perform will depend solely upon his financial condition, if and when called upon to perform. Any Unsold Shares and Leases acquired by a holder of Unsold Shares may be sold or assigned by him, or his unit may be sublet by him, without any prior consent from the Apartment Corporation, Managing Agent, Board of Directors, or representatives thereof, irrespective of the then By-laws or other documents. The Apartment Corporation is obligated to sign a consent to such transfer (and a recognition agreement where required by lenders) but such consent shall not be a condition for such transfer. The Apartment Corporation may not impose fees on the Holders of Unsold Shares for such transfer.

The holder of Unsold Shares may use units as models or offices and may make alterations or additions to a unit, in compliance with building codes and related law, without the consent of the Apartment Corporation.

A holder of Unsold Shares may elect to become the occupant of the space covered by his Proprietary Lease. From the time that a holder of Unsold Shares or a person related to him by blood or marriage becomes the occupant of such unit, or whenever "Unsold Shares" become the property of a purchaser for bona fide occupancy of the apartment, such shares lose their character as "Unsold Shares." From such time, Sponsor shall be relieved of further obligations with respect thereto.

Holders of Unsold Shares and Sponsor have certain special rights and obligations. They shall comply with the trust fund and escrow provisions of GBL §352-h and §352-e(2-b). See

Para. 38 of the Proprietary Lease and Article III of By-Laws. A holder of Unsold Shares must register as a broker/dealer pursuant to GBL Section 359-e unless he or she is already registered as a principal of Sponsor or otherwise. He or she must furnish to the Department of Law all information required to be submitted by a principal of Sponsor as an Exhibit D to an offering plan for cooperative conversion. Additionally, as necessary, a holder of Unsold Shares shall amend the plan to provide current and accurate information about the offering, including the same information concerning all holders of Unsold Shares as is required for principals of Sponsor to be set forth in the "Identity of Parties" section of the Plan, until the shares allocated to units of such holder of Unsold Shares have been sold to bona fide purchasers. Such a holder of Unsold Shares also shall provide prospective purchasers with a copy of the Offering Plan and all filed amendments.

PURCHASERS FOR INVESTMENT OR RESALE

A purchaser for investment or resale ("PIR") is a purchaser who purchases shares allocated to three (3) or more units which units are not for occupancy by such purchaser or persons related by blood, marriage or adoption to such purchaser. In connection with the sale of such units, a PIR shall register as a broker-dealer pursuant to GBL §359-e and shall comply with the trust fund and escrow provisions of GBL §352-h and §352-e (2-b). A PIR shall provide the following documents to a prospective purchaser, provided they are available to such holder, at no cost to the purchaser, three (3) business days before entering a Purchase Agreement:

(a) Copy of the most recent financial statement of the Apartment Corporation, if any; and copy of the most recent budget of projected expenses, if any.

(b) 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, seller's capacity to perform all of its obligations under the Purchase Agreement or the rights of an existing tenant, if any.

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

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

(g) Copy of notice of uncured violations of record in the unit that are the responsibility of the proprietary lessee to cure, if any.

WORKING CAPITAL FUND AND 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 ("Working Capital Fund") which will be used first to pay closing adjustments, and the balance may be held for working capital, repairs, improvements, and other appropriate corporate purposes, including reserves, as determined by the Board of Directors.

Notwithstanding the foregoing, if the net closing adjustments shall be in favor of the Sponsor so as to reduce the Apartment Corporation's Working Capital Fund below \$5,000, then, at Sponsor's option, payment of such amount as shall enable the Apartment Corporation to retain \$5,000 in its Working Capital Fund shall be deferred, and then paid to Sponsor, with interest at the Federal applicable rate under Section 1274 of the Internal Revenue Code for short-term obligations in effect on the Closing Date, in twelve (12) equal monthly installments commencing one month after the Closing Date, pursuant to a negotiable unsecured promissory note executed by the Apartment Corporation and delivered to Sponsor at Closing. Although this note is not directly included in the budget for the first year of cooperative operation, payment of the principal amount of the note represents payment of certain expenses reflected in such budget that have been prepaid by Sponsor.

On the Closing Date, from the amount of cash raised by this Offering, the Apartment Corporation will additionally retain \$10,000 (the "Reserve Fund") which will be used for making capital repairs, replacements and improvements as determined by the Board of Directors.

While Sponsor is in control of the Board of Directors, these Funds may not be used to reduce projected maintenance charges set forth in Schedule B of the Plan.

Closing costs shall not be deducted from the above mentioned Funds, but shall be paid by the Apartment Corporation from the proceeds of the sale of shares. See Section "Contract of Exchange".

No representation is made that such fund(s) will be adequate to cover any current or future expenses, whether anticipated or not, including ordinary or capital repairs or replacements, and, if additional funds are required over and above the funds, it may be necessary to increase maintenance charges or to levy a special assessment. No provision has been made for any working capital fund or reserve fund other than the above.

THE PROPERTY IS OFFERED IN ITS CURRENT "AS IS" CONDITION.
NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENT AGENCY HAS
PASSED UPON THE ADEQUACY OF THE ABOVE FUND(S) OR IN THE PHYSICAL
CONDITION OF THE BUILDING.

CONTRACT OF EXCHANGE

By agreement made February 17, 1986, Sponsor has agreed to contribute the Property to the Apartment Corporation in exchange for (i) such of the Apartment Corporation's shares of capital stock being offered as have not been subscribed to and fully paid for as of the Closing Date, (ii) the \$2,350,000.00 Mortgage, and (iii) the Cash Proceeds received from the Apartment Corporation pursuant to this Plan. The transfer of ownership of the Property to the Apartment Corporation shall be subject only to the following:

1. All of the terms and conditions of the Offering Plan as set forth herein;

2. The property will be transferred subject only to the encumbrances ("Permitted Encumbrances") hereinafter set forth:

A. State of facts shown on an accurate survey by Charles A. Hollister dated 11/3/23 and redated last on 2/4/28 and survey by Mont M. Mathes, dated 8/17/56 and redated last on 10/10/56, and changes since those dates that an accurate survey or inspection may show, provided that such changes do not render title unmarketable if the building remains standing;

B. The mortgage(s) described in the Offering Plan;

C. All leases, tenancies, occupancies and rights of tenants of the Property in effect on the Closing Date (Leases of tenants who purchase the shares allocated to their apartments will be terminated as of the Closing Date);

D. Revocability of the right to maintain street vaults and other areas, if any, under sidewalks;

E. Building, zoning and environmental restrictions, laws, ordinances and regulations, and any amendments thereto, adopted by any governmental authority having jurisdiction thereover, affecting the Property at the date hereof and on the date of closing of title, provided that they do not prevent the present use of the Building or render title uninsurable if the Building remains standing;

F. Consents by any owner of the Property for the erection of any structure or structures on, under or above any street or streets on which the Property may abut;

G. Any easement or right of use created in favor of any public utility company for electricity, steam, gas, telephone, water or other service, and the right to install, use, maintain, repair and replace wires, cables, terminal boxes, lines, service connections, poles, mains, facilities and the like upon, under and across the property;

H. Service, maintenance, employment, union and concessionaire contracts and agreements in effect on the Closing Date;

I. Projections and encroachments of shrubbery, stoops, areas, steps, doors, ledges, window sills, bay windows, trim, coping, cornices, vaults, chutes, fuel oil lines, drainage pipes, stand pipes, sewerage pipes, foundations, footings, retaining walls, fences, fire escapes, air conditioning units, canopies, ramps and similar projections, if any, on, over, or under the Property or the streets or sidewalks or property abutting the Property;

J. All covenants, restrictions, reservations, agreements and easements of record, if any, which are still in force and effect on the Closing Date, provided that they are not violated and do not prevent the present use of the Property nor the present structure;

K. The lien of any unpaid real estate or vault tax, water charges or sewer rents, provided that the amounts thereof are apportioned between Sponsor and the Apartment Corporation as of the Closing Date;

L. The lien for any unpaid assessment payable in installments, except Sponsor will pay all such assessments due and payable prior to the Closing Date and the Apartment Corporation will be obligated to pay all installments due on or subsequent to said closing (however, the then current installment shall be adjusted at the closing);

M. The lien of any unpaid franchise or corporation tax or estate tax with respect to any corporation or individual in the chain of title, provided the title insurance company insuring the Apartment Corporation's title to the Property shall insure against the collection thereof out of the Property;

N. Any chattel mortgage and/or Uniform Commercial Code financing statement affecting the personal property and fixtures in the Building and similar security (if any) to be given in connection with the mortgage(s) described in the Offering Plan;

O. Violations caused by acts or omissions of tenants of the building in their own units; all other violations that are noted or issued by any governmental authority having jurisdiction subsequent to the date this Plan is presented and work orders issued by any mortgagees or insurance carriers after such presentation date which cost in the aggregate in excess of the total sum of one-half of one percent of the Total Purchase Price to cure, or other title defects, and any condition that may constitute a violation, although not so noted or issued; and further provided that such violations and/or conditions are not hazardous and dangerous conditions of which Sponsor has notice;

P. Standard printed exceptions contained in the form or title insurance policy then issued by said title insurance company insuring the Apartment Corporation's title to the Property;

Q. Any other lien or encumbrance which does not render title unmarketable, including mechanic's liens, if any, provided that the title insurance company insuring the Apartment Corporation's title to the Property agrees to insure the Apartment Corporation against the collection thereof out of the Property; and

R. Variation, if any, between tax lot and lines of record title.

3. A. In the event of the existence of any lien or encumbrance other than the Permitted Encumbrances, the sole remedy of the Apartment Corporation will be to rescind the Contract of Exchange. Sponsor will be under no obligation to institute any action or proceeding, or expend any sum of money (except to the extent of the total sum of one-half of one percent of the Total Purchase Price to cure violations as herein mentioned), to make title marketable, or to eliminate any encumbrances.

B. Subject to the limitations set forth on page 98, Sponsor will cure by the Closing Date or within a reasonable period of time thereafter, all violations of record and proper work orders of mortgagees or insurance carriers noted or issued by the Closing Date (except violations caused by acts or omissions of tenants of the building in their own units). However, the Plan may be withdrawn if the cost of curing those violations noted after the presentation of the Plan and said work orders exceeds a total of one-half of one percent of the Total Purchase Price, (excluding any such title defects, violations, work orders, or determinations of any authority or regulatory association which exist on the date of presentation of the Plan and either are known to the Sponsors or are a matter of public

record). Should Sponsor opt to proceed with the Plan, the cost of said curing shall be paid by the Sponsor, subject to the limitations set forth on page 100.

4. The Apartment Corporation's title to the Property will be insured by a title insurance company licensed to do business in the State of New York, which is a member of the New York Board of Title Underwriters, in an amount not less than the purchase price of the property at Closing. The Apartment Corporation will pay for the insurance from the proceeds of the sale of shares.

5. The conveyance includes all fixtures and articles of personal property owned by Sponsor which are attached to or used in connection with the operation of the Property on the date the Contract of Exchange is signed, unless specifically excepted in the Plan. Such fixtures and articles of personal property (including kitchen appliances, building equipment and lobby and hallway furnishings and furniture, if any) are to be acquired by the Apartment Corporation in the condition in which they exist on the Closing Date, without any obligation of Sponsor to make any repairs or improvements thereto. All kitchen appliances and air conditioning units, if any, in the Property owned by the Sponsor will become the property of the Apartment Corporation on the Closing Date (subject to the lien of the mortgage(s) described in "Terms of Mortgage(s)" section of the Plan, but may be used by tenant-shareholders without charge. If a non-purchasing occupant vacates an apartment prior to the Closing Date and removes a stove or refrigerator belonging to him, Sponsor, at its own expense, will supply a replacement which may not be new, but will be in good working order and will be similar in size and quality to the stoves and refrigerators contained in comparable apartments in the Building on the presentation date of the Plan. Fixtures, appliances, and articles of personal property owned by occupants of the Building are not included in the sale. No portion of the purchase price described in this Plan shall be attributable to the items described in this paragraph.

6. The following items will be apportioned between Sponsor and the Apartment Corporation as of the Closing Date:
(A) Rents and other income of the property as and when collected;
(B) Interest (if any) on the aforescribed mortgage indebtedness; (C) Real estate taxes, sewer rents, water charges and vault charges (if any) on the basis of the fiscal or calendar year for which assessed; (D) Wages and payroll expenses and benefits, including vacation pay; (E) Charges and receipts in connection with service and maintenance contracts and concessionaire agreements (F) Monies paid into the Building Service Welfare and Building Employee's Pension Fund, if any; (G) Cost of fuel on hand (plus sales tax) and utility charges; (H) Deposits with utility companies and fees for assignable permits and licenses; (I) Realty Advisory Board charges (if any); (J)

Premiums on then existing transferable insurance policies or renewals of those expiring prior to the closing; (K) Accrued senior citizen exemptions; and (L) any other expenses that the parties mutually agree shall be apportioned. Rent prepaid by tenant-purchasers will be paid to the Apartment Corporation (and may be credited against the first monthly maintenance charges due from the appropriate purchasers of apartments to which such prepayment relates), or at Sponsor's option, same will be reimbursed to the tenant-purchasers who have paid such rent (in which case, such tenant-purchasers will then be obligated to pay the entire first month's maintenance charges to the Apartment Corporation).

7. The Apartment Corporation shall reimburse Sponsor for building supplies on hand at closing at Sponsor's cost plus sales tax. Such reimbursement shall be considered an item of adjustment.

8. The Apartment Corporation shall deliver to Sponsor at closing an agreement assuming the payment and performance of all obligations of Sponsor which arise from and after the Closing Date under the service, maintenance and concessionaire agreements in effect on the Closing Date and indemnifying Sponsor against any and all claims and liability thereunder which relate to matters and events occurring on or after the closing of title.

9. The Apartment Corporation covenants and agrees that if any eligible senior citizens who have not elected to purchase the shares allocated to their apartments have applied for and received Senior Citizen Exemptions, the Apartment Corporation shall apply for and receive the abatement in real property taxes to which it is entitled pursuant to the Applicable Rent Laws as a result of persons claiming Senior Citizens Exemptions. The Apartment Corporation further covenants and agrees that within ten (10) days after each payment of taxes, it will account for and pay over to Sponsor and/or other holder(s) of Unsold Shares and/or purchasers of Units occupied by such senior citizens, the full amount of any tax reduction or abatement which the Apartment Corporation receives because of such Senior Citizen Exemptions.

10. The unapplied security deposit, if any, of a tenant or occupant who purchases will be refunded to him after the closing of title, provided he is not in default under his lease, tenancy, or occupancy agreement. The unapplied security deposit of a non-purchasing tenant will be transferred after the closing of title to the Purchaser of shares allocated to the apartment. Such security must be held by Purchaser, in trust, in an interest bearing account in accordance with Section 7-103 of the New York General Obligations Law. Sponsor will have the right to deduct from any tenant's or occupant's security deposit the amount of any rent arrearage, occupancy charge, or the cost of replacement or repair of damage to the apartment as a result

of the tenancy or occupancy, due to Sponsor from such tenant or occupant. The Apartment Corporation will, in writing, acknowledge receipt of same at the closing and agree to indemnify the Sponsor from all liability in connection with the deposits so transferred.

11. Conflicts between the provisions of the Contract of Exchange and the Plan shall be resolved in favor of the Plan.

12. A. Sponsor reserves the right to renew, extend and modify existing leases and to enter into new leases or occupancy agreements prior to the Closing Date, on such terms (but not to exceed the maximum legal rent, if any) as Sponsor deems desirable, for any residential or non-residential space (including any space vacant on the Contract Date or which becomes vacant thereafter), except an apartment for which a Subscription Agreement is in force and effect (unless entered into with the purchaser of such apartment). However, Sponsor will not be obligated to rent any residential or non-residential space which is vacant on the Contract Date or which becomes vacant thereafter. Sponsor also reserves the right to evict any tenant/occupant who defaults under his lease, tenancy or occupancy agreement, subject to, and in accordance with applicable rent laws and regulations. A current rent roll is available for inspection by prospective Purchasers and their representatives at Sponsor's office.

B. Sponsor reserves the right, prior to the Closing Date, to renew, extend or modify the existing service, maintenance and concessionaire contracts, and to enter into new service, maintenance and concessionaire contracts in place of present contracts on such terms as it deems desirable. However, if the terms of the service, maintenance and concessionaire agreements to be assumed by the Apartment Corporation at closing are substantially different from that set forth in "Projected Budget for First Year of Operation" section of the Plan, the Plan will be amended accordingly to reflect such difference. No service or maintenance contract will be made after the Plan is presented which will substantially raise the estimated maintenance charges for the first year of cooperative operation.

13. If proceedings are pending for the reduction of real estate taxes on the Property for the tax year in which the closing occurs, the Apartment Corporation will continue such proceedings with the attorney previously retained by the Sponsor, who shall have the sole right to negotiate and settle all claims in connection with said proceedings. The cost of such proceedings, including legal fees, and (in the event taxes are reduced) any refund shall be apportioned between Sponsor and the Apartment Corporation according to the respective portions of the tax year that each holds title to the property. Any refund

covering a period prior to the closing of title, and all expenses incurred in connection with obtaining such refund, shall belong to and be incurred by Sponsor alone.

14. In the event the Property is damaged by fire or other casualty prior to the Closing, Sponsor will repair the damage if the cost of repairs is not more than the proceeds of insurance collected and retained by Sponsor. In the event the retained insurance proceeds will be insufficient to pay for the cost of repairs, then Sponsor shall have the right, but will not be obligated, to repair the damage. If Sponsor elects not to repair the damage, the Plan will be abandoned, in which case all Subscription Agreements will be deemed automatically cancelled and purchasers in good standing will be refunded their deposits with any interest earned thereon. Upon such refund being made, the Apartment Corporation and Sponsor will be relieved and discharged of all liability under the Plan and Subscription Agreements.

With regard to any damage that Sponsor is obligated or has elected to repair, (i) the expense of the repair will be borne entirely by Sponsor, who shall retain all insurance proceeds resulting from the casualty, (ii) the Property shall be substantially repaired prior to the Closing Date to as near as reasonably possible to its former condition and (iii) the period from the presentation date of this Plan within which title is to be transferred to the Apartment Corporation shall be tolled pending completion of the repair, but not longer than nine (9) months. Sponsor will in no event be liable to the Apartment Corporation or Purchasers under this Plan in the event of any delay in repairing the damage.

Under no circumstances shall a Purchaser of an "Affected Apartment" (defined below) be required to pay the balance due under his Subscription Agreement unless and until (i) the Affected Apartment has been substantially repaired to as near as reasonably possible its condition immediately prior to the casualty and (ii) the Apartment's essential services (such as gas, electricity and heat) and a reasonable means of ingress and egress to the street have been restored. If the Affected Apartment is not substantially repaired within nine (9) months from the later of the occurrence of the casualty or the date the Plan is declared effective, then the sole remedy of the Purchaser thereof shall be to rescind his or her Subscription Agreement. However, notice of exercise of such rescission is required to be mailed to Sponsor by regular or registered mail prior to Purchaser's receipt of Sponsor's notice of completion of the repair.

The term "Affected Apartment" means an apartment that has been directly and substantially damaged in the casualty (other than minor damage not rendering the apartment

uninhabitable), or is without essential services (such as gas, electricity or heat), or is without a reasonable means of ingress and egress to the street.

Notwithstanding the foregoing, if the Purchaser is the tenant of the damaged apartment, or is given possession of the apartment under an occupancy agreement or otherwise prior to the casualty, such Purchaser shall assume the risk of loss to the apartment and the obligation to repair the damage, if such loss results from the acts of the Purchaser or other occupants of the apartment or Purchaser's guests, invitees or workmen. If the Purchaser is obligated to repair the damage in accordance with the foregoing, then his failure to repair the damage shall not excuse him from paying the balance due under his Subscription Agreement and accepting title to the shares allocated to the apartment and related Proprietary Lease.

15. The deed to be delivered at closing shall be the usual Bargain and Sale Deed With Covenants Against Grantor's Acts.

16. The Apartment Corporation will defend, indemnify and hold harmless the holders of Unsold Shares against any and all claims, actions, judgments, losses, liabilities and expenses (including, without limitation, reasonable attorneys' fees and litigation expenses) incurred or required to be paid as the result of the Apartment Corporation's failure either (i) to operate the Building at the same level of services as those supplied on the Closing Date pursuant to Applicable Rent Laws and the GBL, except for those services which under the terms of the Proprietary Lease are the obligation of the lessee, or (ii) to perform any obligation to be performed by it as lessor under the Proprietary Lease; however, such indemnity shall not be applicable during any period that a majority of the Board of Directors consists of members elected by holders of Unsold Shares. Except for those services and obligations which the Apartment Corporation has agreed to provide and perform under the Proprietary Lease and in this Plan, all other obligations imposed by law with respect to such tenant (such as painting the apartment), shall be provided and performed by the appropriate holder of Unsold Shares.

17. Sponsor will maintain the Property until the Closing in substantially the same condition and manner as on the date of presentation, normal wear and tear excepted.

18. No representations of the parties contained herein shall survive the Closing unless expressly stated herein to the contrary. However, all representations made under the Plan, all obligations of the General Business Law and such additional obligations under the Plan which are to be performed subsequent to Closing shall survive delivery of the deed.

19. Sponsor shall convey the Property to the Apartment Corporation in exchange for (i) all the Unsold Shares, (ii) the \$2,350,000.00 Mortgage and (iii) an amount equal to the net proceeds realized from those shares sold at the time of conveyance after deducting therefrom the Working Capital Fund and Reserve Fund (the "Cash Proceeds"). The Cash Proceeds shall be subject to the following adjustments:

(a) The Cash Proceeds shall be reduced by an amount equal to all costs and expenses incurred by the Apartment Corporation on or prior to the Closing Date in connection with the promulgation of the Plan and consummation of the offering (hereinafter collectively called "Offering Expenses"), including, but not limited to, selling expenses and commissions; the cost of a fee title insurance policy in the amount of the total consideration paid to Sponsor for the Property and mortgagee's title insurance, if obtained; printing, advertising and organizational costs; legal and consulting fees and disbursements; engineering/architectural fees; governmental filing fees; New York State and local real property transfer taxes; Mortgage Tax; prepayment and commitment fees; working capital and Reserve Fund(s); and recording fees and charges. All sums advanced by Sponsor on behalf of the Apartment Corporation in payment of the foregoing expenses, or in payment of any other Offering Expenses, shall reduce the Cash Proceeds herein provided. All unpaid Offering Expenses shall be paid by the Apartment Corporation on the Closing Date. The Cash Proceeds, after closing adjustments as herein described, shall, therefore, be reduced by an amount equal to the combination of the sums advanced by Sponsor on behalf of the Apartment Corporation at or prior to the Closing Date, and the total of Offering Expenses paid by the Apartment Corporation on or prior to the Closing Date.

The Offering Expenses do not include customary items of closing adjustments to be apportioned between Sponsor and the Apartment Corporation. The foregoing Offering Expenses shall be paid solely from the proceeds of the offering.

If any Offering Expenses are not paid on the Closing Date and are paid by the Apartment Corporation thereafter, then to the extent of such payments, Sponsor shall reimburse the Apartment Corporation in full and the Cash Proceeds shall be deemed to have been reduced accordingly. If such payments are made directly by Sponsor on behalf of the Apartment Corporation, the Cash Proceeds shall similarly be deemed to have been reduced accordingly. The obligation of Sponsor to reimburse the Apartment Corporation herein provided shall survive the closing of title.

(b) If the Total Cash Payment for any block of shares sold pursuant to a Subscription Agreement entered into prior to the Closing Date is changed pursuant to the right

reserved to the Apartment Corporation to change same, the Cash Proceeds of the Property shall be increased or decreased, as the case may be, by the net difference resulting from all such changes in Total Cash Payments; and

(c) The Cash Proceeds will be increased by a sum equal to all monies (inclusive of interest) forfeited by defaulting Purchasers under their respective Subscription Agreements.

The Cash Proceeds, as adjusted in accordance with the foregoing, will be paid to Sponsor at Closing by (a) transferring to Sponsor all monies then being held by the escrowee as deposits under Subscription Agreements in effect on the Closing Date (exclusive of interest thereon, if any, which shall be paid over or credited to the respective purchasers) and as deposits forfeited by defaulting Purchasers (inclusive of interest, if any), and (b) as to the balance of the said Cash Proceeds, by good certified check of the Apartment Corporation or by official cashier's check, drawn against a bank maintaining a branch in New York City.

**SPECIAL TAX CONSEQUENCES OF
CONTRACT OF EXCHANGE**

Sponsor has agreed to contribute the Premises to the Apartment Corporation in exchange for (i) the Unsold Shares, (ii) the \$2,350,000.00 Mortgage, and (iii) the Cash Proceeds received by the Apartment Corporation for the sale of its shares pursuant to this Plan.

Under Sections 351 and 362 of the Internal Revenue Code of 1954, as amended, ("Code"), the Apartment Corporation's basis for the Premises will be the same as Sponsor's basis for such property, increased by any gain recognized by Sponsor in connection with such transfer.

Since Sponsor's basis for the Premises is less than the purchase price for such property, the Apartment Corporation's basis will be less than the basis would have been had the Apartment Corporation purchased the Premises.

The Apartment Corporation's initial adjusted basis for the Premises will be the sum of (i) the Cash Proceeds paid by the Apartment Corporation to Sponsor and (ii) Sponsor's adjusted basis for the Premises.

In determining the amount realized in the sale, exchange or other disposition of the Premises, including a foreclosure of a mortgage on the Premises, the Apartment Corporation must include the amount of any liability to which the Premises are subject. The gain will be the difference between the amount realized over the adjusted basis for the premises at the time of such sale and disposition. Gain on sale of such property may exceed the cash proceeds of such sale, if the adjusted tax basis of the property at the time of the sale is less than the mortgage. In such case, the income tax payable by the Apartment Corporation with respect to such gain may exceed the cash proceeds received by the Apartment Corporation and will exceed the gain that would have been realized if the Apartment Corporation purchased the Premises.

The Apartment Corporation will be entitled to depreciate the building over its useful life. Since the Apartment Corporation's basis is the same as the Sponsor's basis for the Premises, increased by the gain recognized by the Sponsor on the exchange, the Apartment Corporation's annual depreciation will be less than the depreciation would have been had the Premises been sold to the Apartment Corporation by the Sponsor. In addition, depreciation deductions otherwise available to tenant-

stockholders using their apartments in their trades or businesses or for the production of income would be lower in the earlier years.

Sponsor shall indemnify the Apartment Corporation and purchasers against any liability incurred after title is transferred to the Apartment Corporation and before the stock certificates and proprietary leases are delivered to purchasers under the Offering Plan, unless the shares are issued to purchasers simultaneously with the transfer of title to the Apartment Corporation. Sponsor must update the title search before the first closing to a purchaser and if there are any judgments or liens or if litigation has been commenced, Sponsor must amend the plan before the first closing to a purchaser. The Apartment Corporation must have public liability insurance after it takes title to the property and before the first closing to a purchaser.

**MANAGEMENT AGREEMENT,
CONTRACTS AND LEASES**

A. MANAGEMENT AGREEMENT

The Apartment Corporation will enter into an agreement with Seymour Orlofsky, Inc. of 199 Main Street, White Plains, New York 10601 to act as Managing Agent of the property, effective as of the Closing Date, for a three year period, and unless terminated by either party on 60 days' prior written notice, from month-to-month thereafter. The agreement may be terminated by the Apartment Corporation at any time after the second year after the Closing Date on at least sixty (60) days' prior written notice. Such Managing Agent shall receive an annual fee of \$20,000 a year. The fees of the Managing Agent will be payable monthly out of maintenance charges collected. The agreement will not be assignable by the Managing Agent except to its principals or to a subsidiary or other related entity without the consent of the Apartment Corporation. It will not be unilaterally cancellable by the Apartment Corporation before the end of the second year, except if the Managing Agent shall be in default under the terms of the agreement, or shall fail or refuse, after thirty (30) days' prior written notice to reasonably comply with or abide by any rule, order, determination, ordinance or law of any federal, state or municipal authority, in which event the contract will be cancellable by the Apartment Corporation upon five (5) days' prior written notice.

The services to be rendered by the Managing Agent will include billing and collection of maintenance charges, hiring and discharging of employees and filing of all employment tax returns and other employment data, supervision of routine building maintenance and repairs, purchase of supplies for the building (which will be paid for or reimbursed by the Apartment Corporation), certain bookkeeping and payroll responsibilities, attendance at directors' (maximum of twelve per year) and shareholders' meetings (when and as requested), and facilitating the transfer of shares of the Apartment Corporation. Services do not include income tax deduction calculation.

The Managing Agent may receive additional compensation from the Apartment Corporation for the following: (a) Commissions upon agreed terms for reselling shares of stock; (b) Commissions for leasing or subleasing space in the building; (c) Costs inherent in preparation for all shareholders' meetings, including cost of postage; and (d) Services in connection with supervision of alterations or capital improvements to the building outside the scope of ordinary repairs, agreed fees.

The Managing Agent shall provide to non-purchasing tenants all services and facilities required by law on a nondiscriminatory basis in accordance with GBL §352-eee(3). For as long as the Sponsor controls the Board of Directors, the Sponsor will, through such control, indirectly have control of management. Sponsor shall guarantee the obligation of the Managing Agent to provide all such services and facilities until such time as Sponsor surrenders control to the Board of Directors. The owner of the shares allocated to an apartment occupied by a non-purchasing tenant shall be obligated to reimburse the Managing Agent for any such services and facilities the provision of which is not customarily the duty of a Managing Agent of a cooperative apartment building.

The Managing Agent shall be indemnified and held harmless against any claims, expenses, obligations or liabilities arising from acts properly performed by it pursuant to this agreement.

The Apartment Corporation, at its own expense, will retain a certified public accountant or public accountant to maintain its corporate books and records and to prepare annual financial reports and tax statements, copies of which are to be furnished to its shareholders.

B. CONTRACTS AND LEASES

See Footnotes to Schedule B.

Certain services have historically been performed by building personnel or under oral month to month agreements and will continue to be so performed unless and until the Apartment Corporation determines otherwise.

Sponsor reserves the right, prior to the Closing Date, to renew, extend or modify any existing service, maintenance and concessionaire contracts, and to enter into new service, maintenance and concessionaire contracts in place of present contracts on such terms as it deems desirable. However, if the terms of the service, maintenance and concessionaire agreements to be assumed by the Apartment Corporation at closing are substantially different from that set forth above in "Projected Budget for First Year of Cooperative Operation", the Plan will be amended accordingly to reflect such difference.

IDENTITY OF PARTIES

A. Sponsor is a Partnership which acquired the property on March 17, 1942. Its office is located at c/o Seymour Orlofsky, Inc., 199 Main Street, White Plains, New York 10601. The following are the partners of Sutton Estates and their addresses:

Estate of Jacob Heller c/o Frank Heller, Executor (see below)
Heller
(deceased 12/20/86)
Michael Heller 300 Martine Avenue, White Plains, N.Y. 10603
Frank Heller 22 Oxford Road, White Plains, N.Y. 10605
Norman L. Peck 31 East 79th Street, New York, N.Y. 10028
Roberta S. Sommers 120 Park Avenue, New York, N.Y. 10128
Milton Peck 9 Ogden Road, Scarsdale, N.Y. 10583

Cathy G. Robinowitz 1972 Trust; Susan R. Tull 1972 Trust;
Richard H. Robinowitz 1972 Trust; Robert E. Robinowitz 1972
Trust; Jane Robinowitz 1972 Trust.
All 1972 trusts c/o Ernest Rubenstein, Esq., Trustee,
1285 Avenue of the Americas, N.Y., N.Y. 10019

Orlofsky Enterprises 199 Main Street, White Plains, N.Y. 10601
(partners are Blanche Orlofsky 50%, Andrew Orlofsky 25% and
Robert Orlofsky 25%)

Residuary Trust under Will of Myron Orlofsky: Trustees, Leonard
Newman, 199 Main Street, White Plains, N.Y. 10601; Patricia
Orlofsky, Main Street, South Salem, New York; and Stuart
Robinowitz, 1285 Avenue of the Americas, New York, N.Y. 10019.

W.S.P. Co. c/o Leonard Newman Agency, 199 Main Street,
White Plains, N.Y. 10601 (partners are Wendy
B. Newman, Scott David Newman, and Peter Ross
Newman).

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
Bryant Gardens 1-15 Bryant Crescent White Plains, New York	1981
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
31 Pondfield Road West Bronxville, New York	1985
319 East 73rd Street New York, New York	1986
324 East 35th Street, New York, New York	1985
10 Franklin Avenue White Plains, New York	1983

B. Counsel for Sponsor.

Sponsor has retained Hall, Dickler, Lawler, Kent & Friedman to prepare this Plan and underlying documents, and to represent it in legal matters in connection with this Plan. The address of the firm is 460 Park Avenue, New York, New York 10022. The firm of Hall, Dickler, Lawler, Kent & Friedman has not undertaken any responsibility for the business terms of this Plan and has made no representations with respect to this Plan, except as herein specifically set forth.

C. Apartment Corporation.

Sponsor has caused the Apartment Corporation to be formed. The officers and directors of the Apartment Corporation, who will serve until the first meeting of the tenant-shareholders and directors, to be held after the Closing Date, have been designated by Sponsor. The terms and provisions of this Plan have been established solely by Sponsor and have not been determined by arm's-length negotiations.

Sponsor will cause the Apartment Corporation to retain a law firm to represent the Apartment Corporation in legal matters at the closing under this Plan and to advise the Apartment Corporation at the first meeting of the tenant-shareholders. The fees of such law firm for the aforementioned services shall be paid from the proceeds of the sale of the shares.

The law firm designated to represent the Apartment Corporation will not undertake any responsibility for the terms and provisions of this Plan, the Contract of Exchange, the Proprietary Lease, or any other document or instrument referred to herein. Such firm shall not make any representations or warranties, or state any opinions, with respect to the legality or fairness of such terms and provisions, the accuracy or completeness of this Plan, or any other matter or thing whatsoever pertaining to this Plan.

D. Selling Agent/Managing Agent.

Seymour Orlofsky, Inc., 199 Main Street, White Plains, New York, has been engaged as the Selling Agent and Managing Agent. It is a licensed real estate brokerage and management company in business for more than twenty-five years. Seymour Orlofsky, Inc. is presently Managing Agent of approximately 2,600 residential units of which 1500 are under cooperative ownership including Bryant Gardens, White Plains, New York; Larchmont Hills Owners Corp., Larchmont, New York; Hartsdale Gardens Owners Corp., Hartsdale, New York; and Tudor Arms Owners Corp., Bronxville, New York. The principals of Seymour Orlofsky, Inc. are principals of Orlofsky Enterprises, a general partner of Sponsor.

E. Insurance Broker.

Leonard Newman is president of the Leonard Newman Agency, Inc., insurance brokers, 199 Main Street, White Plains, New York. The Leonard Newman Agency, Inc., has placed current insurance covering the building and shall place the insurance coverage initially required pursuant to this plan. Leonard Newman is co-trustee of Residuary Trust under the will of Myron Orlofsky.

F. The Independent Real Estate Consultant.

Sponsor has engaged Diversified Property Group, Ltd., Licensed Real Estate Broker, 235 East 49th Street, New York, New York 10017 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, and to issue a certification as to the adequacy of the Projected Budget for First Year of Operation. Diversified Property Group, Ltd. has been a licensed

real estate broker for more than a year. Regina Deutsch, a principal of the Company, has been an active real estate broker for more than five years. Diversified Property Group, Ltd. has issued several opinions of reasonable relationship and certifications as to the adequacy of the projected budget for the first year of operation in connection with cooperatives and condominiums in the New York area. Sponsor does not own, control or have any beneficial interest in the firm.

G. Architectural and Engineering Consultants.

The Engineer's Report contained in this Plan was prepared by Frederick R. Hatem, A.I.A., 132 Larchmont Avenue, New York 10538. Mr. Hatem has been involved in inspection of multiple dwellings in New York for several years, and is independent of Sponsor and its principals.

SPONSOR'S PROFIT

The exact profit to be realized by Sponsor upon the conveyance of the Property to the Apartment Corporation cannot now be determined and may be increased or decreased depending upon such variable factors as future market conditions, losses which may be sustained by reason of the Sponsor's responsibility for performance of Proprietary Leases acquired by Sponsor and/or any holders of Unsold Shares designated by Sponsor, and the length of time required to sell all the shares offered under this Plan.

REPORTS TO SHAREHOLDERS

All shareholders of the Apartment Corporation will be entitled to receive annually from the Apartment Corporation, at its expense, copies of the following:

A. An income tax deduction statement prepared by the accountant for the Apartment Corporation, to be received on or before March 15th.

B. A financial statement prepared by a certified public accountant or public accountant, to be received within four months after the end of the Apartment Corporation's fiscal year.

C. Notice of the holding of an annual shareholders' meeting for the purpose of electing a Board of Directors, to be received not less than ten (10) days prior to the meeting.

The above dates may be changed pursuant to the By-Laws and the Proprietary Lease.

DOCUMENTS ON FILE

In accordance with Section 352-e(9) of the General Business Law, copies of this Cooperative Offering Plan, all Exhibits and documents referred to herein shall be available for inspection without charge and copying at a reasonable charge at the offices of Sponsor, and shall remain available for such inspection for a period of six years from the Closing Date.

GENERAL

This Plan contains a fair summary of the material provisions of the documents referred to herein, however, statements made as to the provisions of such documents are qualified in all respects by the contents of such documents.

There are no law suits or other proceedings now pending, or any judgments outstanding, either against the Sponsor or the Apartment Corporation the outcome of which may materially affect this offering, the Property, the rights of existing tenants, Sponsor's capacity to perform its obligations under the Plan, the Apartment Corporation or the operation of the cooperative except as may be expressly set forth in this Plan.

This Plan is offered only to persons over 18 years of age. Each purchaser shall be obligated to represent, in the Subscription Agreement, that each is purchasing the shares for his own account (beneficial and of record).

Neither the Sponsor (including its Agents or as holder of Unsold Shares), nor the Selling Agent, nor the Apartment Corporation will discriminate against any person on any basis prohibited by civil rights laws in the sale of the shares offered or in the leasing of any apartment in the Building.

As of the date of the first presentation of this Offering Plan, neither the Sponsor, nor any agent or representative thereof, has raised funds from or made any preliminary binding agreements with prospective Purchasers with respect to apartments in the Building except in accordance with the laws of the State of New York or the regulations of the Department of Law. Sponsor knows of no prior cooperative or condominium offerings with respect to the Property.

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

If there is a substantial amendment to the Plan that adversely affects the purchasers, Sponsor must grant subscribers a right of rescission and a reasonable period of time that is not less than fifteen (15) days after the date of presentation to exercise the right.

This offer is made only in those jurisdictions in which the making thereof would be in compliance with the securities or blue sky laws of such jurisdictions.

**SPONSOR'S STATEMENT OF PRESENT BUILDING CONDITION,
INCLUDING AGE AND DESCRIPTION OF
BUILDING, APARTMENTS AND EQUIPMENT**

The Sponsor represents that to the best of its knowledge the report which follows accurately states the condition of the building and its equipment. Such report ("Engineer's Report") was prepared by Frederick R. Hatem, A.I.A.

The Building is offered in its current "as is" condition at the presentation date, wear and tear excepted. Neither the Sponsor nor the Apartment Corporation will have any obligation to make repairs or improvements except as set forth in this Plan. Sponsor will, however, maintain and operate the building until the Closing Date in substantially the same manner and condition as on the Date of Presentation.

Sponsor intends to (1) replace all the windows in the building (2) waterproof or otherwise rectify the water seepage problem located in Section "C" at the front slab as suggested in the Engineer's Report and (3) repair the bulkheads. Sponsor further represents that it has no knowledge of any material defects or need for major repairs to the Property except as set forth in the Engineer's Report.

Sponsor shall have all work done by the Closing Date or within a reasonable period of time thereafter to have cured, (1) all violations of record against the property and proper work orders of mortgagees or insurance carriers noted or issued by the Closing Date (except violations caused by acts or omissions of tenants of the building in their own units); and (2) all dangerous or hazardous conditions of which Sponsor has notice, provided the cost to accomplish the above shall not exceed the total sum of one-half of one percent of the Total Purchase Price. In lieu thereof, Sponsor may elect to pay to the Apartment Corporation, or its attorneys, in escrow, an amount equal to the cost of curing such violations as estimated by the Sponsor's engineer as more fully described in "Contract of Exchange" and "Effective Date of Plan." In addition, Sponsor shall cause updated inspection certificates and permits to be provided prior to closing, including, if applicable, oil storage, air resources certificate (or equivalent) for incinerator, and boiler safety inspection.

Recent litigation regarding the validity of the Attorney General's regulations pertaining to the aforementioned representations (that Sponsor will cure all violations prior to the Closing) resulted in a court decision which held that the Attorney General is without the authority to require Sponsor to make such representations. Council for Owner Occupied Housing, Inc., et al. v. Robert Abrams, Supreme Court, Albany, New York, Index Number 1695-87. The Attorney General's office has appealed this decision and has obtained a stay on the execution of same pending said appeal. If,

prior to the Closing hereunder, the Attorney General's appeal is unsuccessful, Sponsor reserves the right to withdraw its representations regarding the curing of violations and will exercise same in conjunction with offering a right of rescission to those affected by the exercise of said option.

The proposed use of the apartments currently for sale offered herein complies with the Certificate of Occupancy. See the Section of the Plan entitled "Introduction" for a discussion of apartment AA-3.

PART II

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SUBSCRIPTION AGREEMENT

WESTCHESTER GARDENS OWNERS, INC.

Name of Purchaser: _____
Apartment Purchased: _____ No. of Shares: _____
Apartment Occupied (if different than above): _____
Total Cash Payment: _____
Improvements: _____
*Down Payment (herewith): _____
Balance: _____

1. Plan If I am a Tenant Purchaser, I have received and have had three full business days to read the Cooperative Offering Plan (the "Plan") with respect to premises 445 Gramatan Avenue, Mount Vernon, New York, dated _____, 198 , as amended, including the Proprietary Lease and By-Laws, all of which documents are made a part hereof. If I am a Non-tenant Purchaser, I have not less than seven (7) days after delivering an executed Subscription Agreement together with the required deposit to rescind the Subscription Agreement and have the full deposit refunded promptly. I must either personally deliver a written notice of rescission to Sponsor or Selling Agent within the seven (7) day period or mail the notice of rescission to Sponsor or Selling Agent and have the mailing post-marked within the seven (7) day period. I agree that my failure to rescind this Subscription Agreement in accordance with the above shall constitute my representation that I have read the Plan. I was aware of my right to have such materials reviewed by independent counsel of my choice. I hereby adopt the Plan and agree to be bound by the terms and conditions thereof.

2. Agreement to Purchase I hereby agree to purchase the above-stated number of shares (the "Shares") of WESTCHESTER GARDENS OWNERS, INC. ("Apartment Corporation"), allocated to the above-described space, for the "Total Cash Payment" stated above and to become the proprietary lessee of the said unit in said premises.

3. Payment of Total Cash Payment Herewith is my check to the order of "Westchester Gardens, Special," for the amount of the above-stated Down Payment. I agree that, if and after the Plan becomes effective, as herein provided, I will pay

*If a Purchaser is a tenant in occupancy, the down payment is equal to \$1,000.00. If the Purchaser is an individual other than a tenant in occupancy, the down payment is equal to ten (10%) percent of the total cash payment.

the above-stated Balance of said Total Cash Payment within fifteen (15) days after written notice and demand, such payment to be by personal certified check or official check drawn on a New York bank to the order of "Westchester Gardens, Special," delivered to you, provided a closing date is scheduled for no more than ninety (90) days after such payment is due, and that I will sign the Proprietary Lease for said unit promptly upon presentation to me substantially in the form contained in the Offering Plan. I will be given prompt written notice thereof when the Plan either becomes effective or is abandoned. In the event, however, that any portion of the Total Cash Payment will be financed by a bank or other lending institution, it is agreed that such financed portion may be paid on the closing date provided that within the foregoing fifteen (15) day period, I provide you with a copy of a written commitment from a lending institution together with copies of all documents that the lending institution shall require the Apartment Corporation to execute. I will deliver with the Balance a check in the amount of \$200 payable to the Selling Agent, for services in connection with the closing and any pledge of my shares and Proprietary Lease.

Notwithstanding the foregoing, if this Subscription Agreement is signed after the Plan is declared effective and the Closing Date has been fixed, then the entire unfinanced Total Cash Payment shall be due within fifteen (15) days after a fully executed counterpart of this Agreement is mailed or delivered to me, and the remainder (the financed portion) shall be due at closing in accordance with the preceding paragraph.

4. Proprietary Lease 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 by either you or the Apartment Corporation, shall be the date when it acquires title to said 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, I am to receive the certificate for the aforesaid shares, together with my executed copy of said Proprietary Lease, promptly after the Apartment Corporation acquires such title. At closing, I shall become the tenant of the apartment pursuant to the Lease. I agree that my present lease or occupancy agreement (if any) shall be deemed terminated and cancelled as of such date.

5. Trust Fund You will hold all monies received by you, or through your agents or employees, in trust until the Plan is abandoned or the property is transferred to the Apartment Corporation. All such monies will be deposited in escrow at Chase Manhattan Bank, NBW Division, 31 Mamaroneck Avenue, White Plains, New York, and will be held in trust in a special segregated escrow account under the name "Westchester Gardens, Special," until actually employed in connection with the consummation of the transaction as described in the Plan. The funds so deposited will be disbursed only upon the signature of an attorney of the firm of

Hall, Dickler, Lawler, Kent & Friedman (who has no participating interest in Sponsor) and only in accordance with this Agreement and the Plan.

In the event the Plan is abandoned or withdrawn, such funds will be returned to me together with interest, if any, earned thereon, except as otherwise provided in the next sentence. If at the time the Plan is abandoned or withdrawn or I shall be in default hereunder and shall have failed to cure such default within the applicable grace period (or if this Agreement had previously been cancelled due to my uncured default), then the Apartment Corporation shall retain as and for liquidated damages ten (10%) percent of the Total Cash Payment (or if less monies in all shall have been deposited hereunder, then only such lesser sum shall be retained) plus any additional sums deposited on account of any special work in the apartment ordered by me, together with any interest earned thereon, and any sums in excess thereof (together with the interest earned thereon) shall be returned to me within ten (10) days after the date of such abandonment or withdrawal. Upon the transfer of title to the apartment to me and the payment and performance by me of all my obligations hereunder, the Apartment Corporation will instruct the Bank to pay me any and all interest earned on monies deposited hereunder, if any, or same shall be credited to me. All funds received under this Subscription Agreement will be handled in accordance with Sections 352-e(2-b) and 352-h of the New York General Business Law.

6. New York State Real Property Transfer Gains Tax Questionnaire. I agree to submit with this Subscription Agreement a completed, executed and notarized New York State Real Property Gains Tax Transferee Questionnaire. I also authorize the Sponsor or Sponsor's attorneys to fill in a closing date when same has been determined.

7. Closing Contingent upon Plan Being Declared Effective. It is agreed that this contract is contingent upon the Plan being declared effective and that the Plan shall not be declared effective except as provided in the Plan, as same may be amended.

A. The Plan may be abandoned by the Sponsor at any time prior to its being declared effective, or thereafter, in certain limited cases (See section "Effective Date and Closing Date") and shall be deemed abandoned if it has not been declared effective within the time limits prescribed by the Plan. I shall be notified when the Plan becomes effective or is abandoned.

B. If the Plan is abandoned or does not become effective within 15 months from the date of its filing, or, if after being declared effective, the Plan shall not be consummated for any reason within 6 months thereafter, this agreement shall be deemed cancelled and I am to receive back, not later than ten (10) days thereafter, in full, all monies paid by me hereunder,

together with interest, if any, earned thereon. Upon such repayment no party shall have any claim against any other party or person, the Sponsor, or the agent, or their attorneys in connection with this Agreement or the Plan, and all parties shall be released from all liabilities and obligations hereunder.

8. Closing

A. The Closing shall occur on the date and at the time and place designated by Sponsor pursuant to the Plan, which shall not be earlier than thirty (30) days, nor later than approximately 90 days, after the Plan has been declared effective, unless adjourned by Sponsor. I will be given at least thirty (30) days' prior written notice of the Closing Date which notice may be waived by me in writing. On the Closing Date, I shall become the owner of the Shares and shall be entitled to occupy the apartment pursuant to the Lease (subject to the rights of existing tenants, if any, as provided in Paragraph 13) provided I shall have paid the balance of the Total Cash Payment and shall have otherwise complied with all my obligations hereunder. A certificate for the Shares will be issued to me, dated as of the Closing Date, and will be sent to me, together with a fully executed counterpart of the Lease, promptly thereafter.

B. As a tenant in occupancy, I understand that I will be responsible to pay at the time of Closing all rent and other charges due up to and including the date of Closing on the said apartment. I understand that Closing will not take place until such charges are paid.

C. As a non-tenant purchaser of an occupied apartment, I understand that I will be responsible to pay at the time of Closing, rent and any other charges due on the sold apartment up to and including the date of Closing. Payment of such charges are a condition of Closing.

9. Events of Default

A. The following shall constitute Events of Default hereunder:

(i) The failure to pay the Balance within fifteen (15) days after written notice, as required under Paragraph 3 above;

(ii) If a portion of the Balance is being financed and payment thereof has been deferred as permitted under Paragraph 3, my failure for any reason to pay such financed amount at closing;

(iii) The failure to duly sign before a notary and return the Lease, in duplicate, within ten (10) days after the Leases are sent to me pursuant to Paragraph 4 above;

(iv) If I am or I become a tenant of the Building, failure to comply with obligations under my lease or occupancy agreement, which results in my eviction or removal from the apartment (either by voluntary removal or by court order); or

(v) The failure to perform any of my other obligations hereunder, which is not cured within fifteen (15) days after the mailing of written notice specifying the nature of such default.

B. Upon the occurrence of an Event of Default, the Apartment Corporation's sole right shall be to cancel this Agreement by sending me fifteen (15) days' prior written notice of its intention so to do. If the Apartment Corporation elects to cancel, I shall have fifteen (15) days from the giving of the cancellation notice within which I must cure the specified default, and if said default shall not have been cured within such time, this Agreement shall be automatically cancelled without further notice, and I shall be required to vacate the apartment immediately upon such cancellation. If the default is not timely cured, then the Apartment Corporation shall have the right to retain, as and for liquidated damages, ten (10%) percent of the Total Cash Payment (or if less monies in all shall have been deposited hereunder, then only such lesser sum shall be retained) plus the cost incurred for any special work in the Apartment ordered by me, together with any interest earned thereon, and any sums in excess thereof shall be returned to me promptly thereafter, together with any interest earned thereon. Upon cancellation of this Agreement and making such refund to me (if any), Apartment Corporation, Sponsor, Selling Agent (if any), and I will be released and discharged of all further rights, liabilities, and obligations hereunder and under the Plan. Thereafter, the Shares (and related Lease) may be sold to another as though this Agreement had never been made, and without accounting to me for the proceeds of such sale.

C. If I am or become a tenant/occupant of the Building and I fail to comply with my lease or occupancy agreement, such failure will constitute a default hereunder. However, this Agreement will remain in effect unless and until either (1) Sponsor obtains an order of eviction or other judgment or order from a court or agency of competent jurisdiction against me, or (2) I have vacated the dwelling unit. If I am not evicted or removed as herein provided, Sponsor nevertheless shall have a lien on the Shares and accompanying Lease as security for the payment of all rent arrears or other sums due Sponsor on account of such default. In such case, I hereby irrevocably authorize and direct the Apartment Corporation to deliver my certificate for the shares and duplicate original Lease directly to Sponsor in order to perfect such security interest. Sponsor will hold same pending payment of all sums owing to it, whereupon the certificate for the Shares and duplicate original lease will be promptly delivered to me. I understand and agree that Sponsor shall have the right to

apply any rent security against rent arrearage and, in addition, to sue me to the extent such rent security is insufficient. If the rent arrearage is paid by the Apartment Corporation to Sponsor at closing, I shall reimburse the Apartment Corporation for the amount so paid by it.

10. Appliances and Equipment

At closing, the apartment will contain only those appliances, countertops, cabinets, sinks, vanities (if any), air conditioning units (if any), hardware and other fixtures and equipment currently installed therein that are owned by Sponsor. The Apartment is being sold unfurnished. Any appliances, air conditioning units, furnishings, equipment, fixtures and other personal property owned by tenant or occupant of the apartment are not included in this sale. However, if the apartment is presently occupied by other than Purchaser and the existing occupant removes a stove or refrigerator belonging to him, then Sponsor has agreed under the Plan to supply a replacement, which may not be new, but will be in working order and similar in size and quantity to the stoves and refrigerators owned by Sponsor that are contained in comparable apartments in the Building on the date of presentation of the Plan, if any.

Furniture, wall coverings, furnishings, decorations and the like in or about any model apartment are for display purposes only and are not included in the sale. Any floor plans or sketches shown to me are only approximations of the apartment's dimensions and arrangements, and I should not rely thereon.

There will be no modifications, alterations or additions unless agreed to in writing by the parties. All modifications, alterations and additions to the apartment must be approved by Sponsor in writing and, if approved, shall be performed by Sponsor at my expense (payable in the manner set forth in an addendum to this Agreement or separate agreement).

11. Acceptance of Condition of Building and Apartment

My signing of this Subscription Agreement shall constitute my acceptance of said unit "as is" in the condition in which it shall be at the time of closing. I acknowledge having read the report describing the condition of the Building set forth in the Plan.

12. Possession; Risk of Loss

A. Unless I now reside in the apartment, I shall not be entitled to occupy the apartment until the Shares and Lease are transferred to me at closing. Sponsor may, in its discretion, grant me possession of the apartment prior to the closing under an Interim Lease, if the apartment is currently, or hereafter becomes vacant.

B. If I am the existing tenant or occupant of the apartment, or if I am given possession of the apartment prior to closing under such an Interim Lease or otherwise, then I shall be solely responsible for any damage to, or loss or other condition in, the apartment resulting from my use or occupancy, and neither Sponsor nor the Apartment Corporation shall be obligated to make any repairs to the apartment or its appliances, fixtures and equipment. However, Sponsor will remain responsible to make those repairs required of it as landlord under any existing lease and, after closing, the Apartment Corporation will be responsible to make those repairs required of it as landlord under the Lease.

C. If during my occupancy of the apartment it is damaged by casualty or otherwise, then I shall assume the risk of loss and the obligation to repair the damage, unless the cause thereof originated outside the apartment and did not result from my acts or acts of other occupants of the apartment or my guests, invitees or workers. Except as provided in the preceding sentence, all other risk of loss prior to closing has been assumed by Sponsor to the extent indicated in the Plan. However, Sponsor will not be obligated to repair the damage except as set forth in the Plan, and in particular, under the section entitled "Contract of Sale and Exchange". If the apartment is not repaired, then all monies deposited hereunder will be refunded to me together with any interest earned thereon, provided this Agreement is still in effect and I am not then in default hereunder beyond the applicable grace period. Under no circumstance will the Apartment Corporation be obligated to repair any damage occurring prior to the closing.

D. If I am obligated to repair the damage to the apartment pursuant to the foregoing, then my failure to make such repair shall not excuse me from paying the Balance and accepting title to the Shares and Lease. If I am not obligated to make the repair, then I shall not be required to pay the Balance unless and until (i) the apartment has been substantially repaired to as near as reasonably possible its condition immediately prior to the casualty, and (ii) its essential services (such as gas, electricity, and heat) and a reasonable means of ingress and egress to the street have been restored.

13. Sale Subject to Existing Occupancy

The following provisions are applicable only if, at the time of signing this Subscription Agreement, the apartment is occupied by, or under lease to, a tenant or other occupant other than Purchaser (as indicated on the first page of this Subscription Agreement):

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 Rent Stabilization Law and Code ("RSL"). 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 Date, I will assume the rights and obligations of landlord to such tenant or occupant, including the right to collect rent or occupancy charges (whether the same be greater or less than the proprietary rent established from time to time under the Lease) and the obligation to repair, maintain and paint the apartment (including its equipment and appliances) for the benefit of the existing tenant or occupant.

C. If this Subscription Agreement is outstanding during any period in which the existing tenant or occupant has the exclusive right to purchase the apartment pursuant to the Plan (or any Amendment thereto) or any applicable law or judicial interpretation thereof, then the Apartment Corporation's acceptance of this Agreement is expressly made subject to such right to purchase. In the event the tenant or occupant exercises his exclusive right to purchase, then this Agreement shall be deemed cancelled and, within thirty (30) days thereafter, all monies deposited hereunder shall be returned to me without interest, unless earned. Upon such refund being made, Apartment Corporation, Sponsor, Selling Agent, myself, and all other persons involved in the Plan shall be (and hereby are) released and discharged of all liabilities and obligations hereunder and under the Plan.

D. I will appoint the Apartment Corporation's Managing Agent and its successors as my agent to provide to the tenant or occupant all services and facilities required by law, and I will bear the cost thereof myself. I agree to deposit with the Apartment Corporation's Managing Agent at the Closing an

amount not less than two-months' maintenance charges to be used as working capital to furnish services required under the tenant's lease and under any applicable law or regulation. Upon notice by the Managing Agent that the deposit has been diminished, the fund shall be replenished by me within ten days. My failure to replenish the fund in a timely fashion shall result in the Apartment Corporation having a lien against the shares appurtenant to the dwelling unit. Interest, if any, earned on the fund shall be my property.

14. No Lien; Subordination

This agreement and all sums paid hereunder do not constitute a lien against the Property and shall be subject and subordinate to any and all mortgages now or hereafter on the Property and to any expenses, payments and advances already or hereafter made thereunder.

15. Notices

Notices hereunder shall be delivered or mailed as follows: to the respective parties at the addresses set forth below. Unless otherwise provided herein, all notices shall be deemed given when personal delivery is effected or when deposited in any depository maintained by the U.S. Postal Service, except that a notice of a new address shall be deemed given when actually received.

16. Governing Law

The law of the State of New York shall govern this transaction.

17. Broker

The Apartment Corporation agrees to pay any commission due to the Selling Agent in connection with this Subscription Agreement pursuant to separate agreement. Purchaser agrees that should any claim be made against the Apartment Corporation or the Sponsor for commissions by any broker, other than the Selling Agent, on account of any acts of Purchaser or of Purchaser's representatives, Purchaser will indemnify and hold the Apartment Corporation and Sponsor free and harmless from any and all liabilities and expenses in connection therewith, including (without limitation) reasonable legal fees and disbursements. The provisions of this Paragraph shall survive the closing.

18. Assignability - Binding Effect

This agreement is not assignable or transferable by me without the prior written consent of the Apartment Corporation and Sponsor, which may be withheld for any reason or no reason, and shall bind and apply to the parties hereto and their personal and legal representatives, successors and assigns.

19. Entire Agreement

The entire contract between the parties hereto is set forth herein and in the Plan. The only representations made to me are those contained herein and in the Plan. I have not relied upon any representations, statements or warranties, written or oral, as to any manner or estimate, that are not set forth herein and 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.

20. Modification

This agreement cannot be amended or modified orally, but only in writing signed by or on behalf of the party against whom same is sought to be enforced.

21. Conflicts with the Plan

Any conflicts between this agreement and the Plan shall be resolved in favor of the Plan, unless such conflict is the result of individual negotiation. Nonetheless, this Subscription Agreement may not be modified to waive my rights or abrogate Sponsor's obligations which are required by GBL Art. 23-A or any other rights conferred by law.

22. Acceptance of Subscription Agreement

A. If I am currently a bona fide residential tenant in occupancy of the apartment, this Agreement shall be accepted by the Apartment Corporation, provided I sign and return this Agreement, together with the requisite Down Payment, during the period(s) within which I have the exclusive right to purchase as stated in the Plan.

B. If I am a bona fide current residential tenant in occupancy of the Apartment but fail to sign and return this Agreement during such 90 day exclusive period, or if I reside in another apartment in the Building or am not a resident of the Building, this Agreement shall not be binding upon the Apartment Corporation until a duplicate hereof, executed by the Apartment Corporation or its duly authorized agent, is delivered to me. If such executed duplicate of this Agreement is not sent or delivered to me within twenty (20) days after receipt of my executed copy and down payment, it shall be deemed rejected, cancelled and all monies paid by me shall be refunded within 10 days thereafter, together with interest thereon, if any. Upon such refund being made, neither party shall have any further rights or obligations hereunder with respect to the other. The Apartment Corporation shall have the right to reject this Agreement without cause or

explanation to me. However, this Agreement may not be rejected due to my sex, race, creed, color, marital status, national origin, ancestry or other ground proscribed by law.

23. (Delete if inapplicable) Loan Contingency

This Agreement is subject to my obtaining a loan commitment from any institutional lender in the amount of not less than Seventy-Five (75%) Percent of the Total Cash Payment at the prevailing rate of interest on prevailing terms. I shall have thirty (30) days from the acceptance of this Agreement (or the delivery of this Agreement to Sponsor or Selling Agent, in the case of a tenant/occupant) to obtain said loan commitment by making application to at least two (2) reputable lending institutions. My failure to provide information to the lender promptly upon request therefor (including the completion of applications in compliance with the lending institutions' requirements within five days after acceptance of the Subscription Agreement (or the delivery of this Agreement to Sponsor or Selling Agent, in the case of a tenant/occupant), or to accept a commitment issued to me by lender on terms set forth herein, shall constitute a default by me under this Agreement. In the event that I notify Sponsor by no later than five (5) days after the said thirty (30) day period by certified mail of my inability to obtain said loan commitment from either lending institution, this contract shall be null and void and my down payment shall be returned to me with interest earned thereon, if any. Failure to provide such notification shall be deemed a waiver of this paragraph by me. In such event, this agreement shall be deemed binding and I shall be subject to liability or loss, as herein provided, for failure to proceed with the purchase. In the event that a commitment has been obtained and such commitment expires prior to closing and no extension is obtained, I am nevertheless bound by my Subscription Agreement, unless I have made a good faith effort to extend the commitment, in which case I shall have a limited right to rescind my Subscription Agreement. Sponsor or Apartment Corporation must be in actual receipt of my written notice of rescission within five (5) days of the expiration of the commitment.

24. Purchaser's Representations

A. I represent that I am a person, and if an individual, over 18 years of age. The term "I" shall read as "we" and "Purchaser" shall be read as "Purchasers" if more than one person are subscribers, in which case our obligations shall be deemed joint and several.

B. I represent that I am not purchasing for the purpose of resale, subletting, assigning, or as an accommodation to, or solely for the account or benefit of Sponsor or its principals. I certify that (a) I have agreed in good faith to purchase the shares allocated to the apartment with no discriminatory repurchase agreement or other discriminatory inducement as to tenants who were in occupancy on the date the Plan was filed, and that I am a bona fide residential tenant in occupancy, or that (b) I am a bona fide purchaser and I or a member of my immediate family intends to occupy the apartment when it becomes vacant.

C. If I am a tenant seeking to assign or transfer this Subscription Agreement prior to closing, I shall provide to Sponsor or the Apartment Corporation a notarized affidavit of the assignee in the form set forth in Part II of the Plan.

25. No representations of the parties contained herein shall survive the issuance of the shares, Proprietary Lease and the Closing unless otherwise expressly stated herein to the contrary.

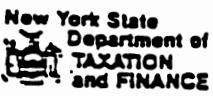
PURCHASER(S)

Principal Residence Address

APPROVED AND ACCEPTED:
WESTCHESTER GARDENS OWNERS, INC.

Date: _____

By _____ Date: _____



New York State
REAL PROPERTY TRANSFER GAINS TAX

Questionnaire
TRANSFeree

For Departmental Use Only

NOTE: See Instructions (TP-581-I), Section B before completing this form.

PLEASE PRINT		Name	Social Security Number
(Transferee)		Address	Federal Employer Identification Number
		Name	Social Security Number
(Transferor)		Address	Federal Employer Identification Number

Sutton Estates c/o Hall, Dickler, Lawler,
Kent & Friedman
460 Park Avenue, New York, New York 10022

- Type of Interest to be Acquired (Check Applicable Box)
 - Fee
 - Leasehold Grant
 - Leasehold Assignment or Surrender
 - Stock in Co-op
 - Option Grant
 - Option Assignment or Surrender
 - Development Right
 - Controlling Interest
 - Contract Assignment
 - Other (attach explanation)
- Date of Anticipated Transfer: _____ Day Month Year
- Percentage of Interest to be Acquired: _____ %

LOCATION OF PROPERTY TO BE TRANSFERRED (List each lot separately)

Address	County
445 Gramatan Avenue, Mount Vernon, NY	Westchester

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 _____, 19____

Signature of officer administering oath

Name(s) of Transferee(s)

Signature(s) of owner(s), partner, officer of corporation, etc.

Title

INSTRUCTIONS FOR TRANSFEREE

A. This Questionnaire must be attached to and filed with the TRANSFEROR'S Questionnaire (Form TP-580) at least 20 days prior to the date of transfer.

B. If any of the conditions in items (a) through (g) below are met the questionnaires need not be filed. However, an Affidavit (see types below), affirming that the transfer of real property meets one of the conditions, must be filed by either the TRANSFEROR or the TRANSFEREE.

(a) The consideration for the transfer is less than \$500,000 and the transfer is not pursuant to a cooperative or condominium plan or other partial or successive transfer plan or agreement.

*(b) The transfer of real property consists only of premises actually occupied and used by the transferor as his residence; including a cooperative apartment or condominium actually occupied and used by the transferor as a residence.

NOTE: If only part of the premises is actually occupied and used by the transferor as his residence (e.g. 2-family house) and if the consideration for the entire property is \$500,000 or more, the questionnaires must be filed.

* ONLY the TRANSFEROR may file such Affidavit under this condition.

(c) The transfer is a transfer of real property by tenants in common, joint tenants or tenants by the entirety where the aggregate consideration is less than \$500,000.

(d) The transferor is the State of New York, or any of its agencies, instrumentalities, political subdivisions, or public corporations, including a public corporation created pursuant to an agreement or compact with another state or Canada.

(e) The transferor is the United Nations or any other international organization of which the United States is a member, the United States of America or any of its agencies or instrumentalities.

** (f) The transfer of real property consists of the execution of a contract to sell real property without the use or occupancy of such property or the granting of an option to purchase real property without the use or occupancy of such property.

** (g) The conveyance is not a transfer of real property within the meaning of Section 1440.7 of Article 31-B of the Tax Law.

** An Affidavit is required to be filed in these two circumstances ((f) and (g)) only if the documents are to be recorded in the County Clerk's office.

The Affidavits which must be used to affirm that the transfer of real property meets any of the conditions in items (a) through (g) above are:

- (i) Form TP-584-Affidavit of Individuals
- (ii) Form TP-584-C-Affidavit of Corporation, Partnership, Estate or Trust.
- (iii) Form TP-584-G-Affidavit of Governmental Entity.
- (iv) Form TP-584-U-Addidavit of a Public Utility Corporation.

Such Affidavit must be filed on the date of transfer with the recording officer of the county wherein the real property transferred is located or if the transfer is not recorded, directly with: New York State Department of Taxation and Finance, P.O. Box 5045, Albany, NY 12205.

C. Following receipt of the completed TRANSFEROR'S and TRANSFEREE'S Questionnaires, and any other information or documentation required by the Department of Taxation and Finance, a statement of tentative assessment on Form TP-582 or a statement of no tax due on Form TP-585 will be issued by the Department of Taxation and Finance. The tentative assessment will not, however, be deemed a determination of the actual tax due.

D. (1). Whenever the transferor or transferee fails to submit the questionnaires and other required information and documentation to the Department of Taxation and Finance, or whenever the Department of Taxation and Finance informs the transferee that a tentative assessment of tax exists, any sums of money, property or other consideration which the transferee is required to transfer over to the transferor will be subject to a first priority right for any tax stated to be due from the transferor to New York State in the tentative assessment, and (except as provided in Section 5 below) the transferee is forbidden to transfer to the transferor any such sums of money, property or consideration to the extent of the amount of New York State's claim stated in the tentative assessment, whether or not the transferor has represented to, or informed the transferee that, the transferor owes any tax, and whether or not the transferee has knowledge that the tax is owing, and whether any tax is in fact owing.

(2). Whenever the Department of Taxation and Finance fails to give the statement of tentative assessment of the tax to the transferor and the transferee, within 20 days from receipt of the questionnaires and the other required information and documentation, such failure will release the transferee from any further obligation to withhold any sums of money, property or other consideration which the transferee is required to transfer over to the transferor.

(3). For the transferee's failure to comply with these provisions, the transferee (except as provided in Section 5 below) will be personally liable for the payment to New York State of any tax stated in the tentative assessment to be due New York State from the transferor; provided, however in a case where no tentative assessment has been issued because the transferee did not file the required questionnaire, or the transferee supplies willfully false or fraudulent information, the transferee shall be personally liable for the taxes stated to be due in a notice of determination, except that the liability of the transferee will be further limited to the sums of money, property or other consideration which the transferee is required to transfer over to the transferor. The transferee's liability may be assessed and enforced in the same manner as the transferor's liability for tax.

(4). Upon receipt of the statement of tentative assessment from the Department of Taxation and Finance stating the amount of New York State's claim, the transferee may make payment of such claim to New York State from any sums of money, property or consideration withheld in accordance with the above provisions, except that the payment is limited to the sums of money, property or other consideration which the transferee is required to transfer over to the transferor, and upon making the payment, the transferee will be relieved of all liability for such amounts to the transferor, and such amounts paid to New York State will be deemed satisfaction of the tax liability of the transferor, to the extent of the amount of the payment.

(5). Exceptions: (a) The transferee is not forbidden to transfer the consideration to the transferor and the transferee will be released from personal liability where a bond issued by a surety company approved by the Superintendent of Insurance as to solvency and responsibility, authorized to transact business in New York State and acceptable to the State Tax Commission, is filed with the Department of Taxation and Finance, conditioned upon payment of the balance of tax due for which the transferee is liable.

(b) The transferee in an action to foreclose a mortgage is not forbidden to transfer the consideration to the officer conducting the sale, and the transferee shall be released from personal liability for the gains tax determined to be due from the mortgagor.

(6). Where the liability of a transferee for payment to New York State of the tax determined to be due from the transferor has been wholly paid or satisfied or no longer exists, the Department of Taxation and Finance will mail to the transferee a notice stating that the liability has been wholly paid or satisfied or no longer exists.

E. On page 1, line 1, enter the consideration to be paid by the transferee to the transferor for the transfer. Do not include brokerage fees paid by the transferee to the transferor or to a broker. These amounts must be entered on lines 2 or 3.

"Consideration"

(a) includes any price paid or required to be paid for real property or any interest therein (including payment for an option or contract to purchase or use real property), whether expressed in a deed and whether paid or required to be paid by money, property, or any other thing of value and including the amount of any mortgage, purchase money mortgage, lien or other encumbrance, whether the underlying indebtedness is assumed or taken subject to. Consideration includes the cancellation or discharge of an indebtedness or obligation.

(b) In the case of (i) the granting of an option with use and occupancy of real property or (ii) the creation of a leasehold or sublease that is a transfer of real property (as defined in section 1440.7 of the Tax Law), consideration shall also include the value of the rental and other payments attributable to the use and occupancy of the real property or interest therein and the value of any option to purchase or renew included in such transfer.

(c) In the case of a transfer which includes other assets which are in addition to real property or an interest therein and for which there is no reasonable apportionment of the consideration for such real property or interest, consideration means that portion of the total consideration which represents the fair market value of such real property or interest. In the case of a transfer of a controlling interest in an entity with an interest in real property, there shall be an apportionment of the fair market value of the interest in real property to the controlling interest for the purpose of ascertaining the consideration for the transfer of such controlling interest.

F. Privacy Act

The Federal Privacy Act of 1974, as amended, requires all agencies requesting identifying numbers to inform individuals from whom they seek information why the request is being made and how the information is used.

The disclosure of identifying numbers, including social security numbers, is required pursuant to Section 1448 of the Tax Law. Such numbers are used for tax administration purposes and when the taxpayer gives written authorization to this department for another department, person, agency or entity to have access, limited or otherwise, to information contained in his return.

G. Affidavit of Transferee

The questionnaire must be acknowledged before a notary public.

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Description of Property and Building Conditions

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frederick r. hatem, aia

10 April 1987

Hall, Dickler, Lawler, Kent & Friedman
460 Park Avenue
New York, New York 10022

Reference: 445 Gramatan Avenue
Mount Vernon, New York

Gentlemen:

The information listed below was obtained from municipal agencies, the building management personnel and a visual on-site inspection executed on 02 April 1987.

Listed below are our findings and comments.

LOCATION AND USE OF PROPERTY

The address of the property is 445 Gramatan Avenue, City of Mount Vernon, County of Westchester, New York. It is located north of Primrose Avenue, west of Westchester Avenue, at the east side of Gramatan. The site is described as Block 1035, Lots 8 and 11. Zoning Classification is "A-2". Certificate of Occupancy #12 was issued on 04 January 1941. Present use includes 112 Residential Apartments, including the super's unit, and one Professional Use Apartment. The Professional unit is not listed on the Certificate of Occupancy.

STATUS OF CONSTRUCTION

The age of the structure is about 46 years. Actual construction of the building reportedly commenced in 1939. Certificate of Occupancy [#12], was issued on 04 January 1941. There were no apparent alterations seen that may have substantially altered the original configuration.

132 larchmont avenue, larchmont, new york 10538
914.833.0631

445 Gramatan Avenue
Mount Vernon, New York
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SITE

The site measurements are unknown. A site survey has not been obtained for areas take-off. The building is a four story nonfireproof structure, arranged basically in a "U" shape with a central courtyard. There are 11 separate building section entrances present. The central courtyard and building entrances are accessed from Gramatan Avenue. Access to parking fields is also obtained from the Gramatan Avenue elevation. The streets are owned and maintained by the City of Mount Vernon. They are concrete paved and in functional condition. There are catch basins present at curb inlets; which conduct flow of drainage by gravity into the City storm drains located beneath the street. Street lighting consists of high intensity luminaires with metal extension arms, on metal posts. Lamping for evening traffic appears sufficient. The sidewalks consist of concrete. Curbing is stone. Conditions appeared good at the sidewalks and curbing sections.

UTILITIES

Electricity and gas are provided by Consolidated Edison. The mains are located underground at Gramatan Avenue. There are individual electric meters for apartments and for building use [114 electric meters total] which are located throughout the basement level. There are individual gas meters present for apartments and for buildings use [115 gas meter total]. The storm, sanitary and water systems are owned and maintained by the City of Mount Vernon. The water usage for the building is paid for by the building and charged to the tenants through the rental system. Sewer taxes are paid by the building to the City of Mount Vernon.

SUB-SOIL CONDITIONS

There were no signs of seepage or flooding conditions at the time of the inspection. There were no apparent structural displacements seen which would be deemed attributable to soil conditions during the inspection.

LANDSCAPING AND ENCLOSURES

There is a variety of grass covered surfaces, shrubs, plantings and an assortment of deciduous and coniferous trees. Springtime maintenance of landscaping features will soon be required; including pruning tree branches that are in close proximity to building components. Condition overall is deemed good given present seasonal elements. There are many areaways present at the building's periphery. These allow natural air and light for basement level windows. Areaways are enclosed with metal pipe rails [posts and rails]. These displayed refinishing requirements at several areas. This work should be performed accordingly upon preparation of metalwork. Portions of the property are enclosed with chain link fencing sections. These appeared generally uniform and in overall good condition, except at several portions of finishes. These too have needs for refinishing accordingly. The central courtyard and front set back areas at the Gramatan Avenue elevation are open for pedestrians.

BUILDING SIZE

The height of the building is four stories. Parapet height is about 18 inches throughout, above the roof membrane. The total number of floors at the superstructure is four. The substructure consists of the basement level; which is continuous below individual building sections. At the exterior, the facades are veneered in brick. Brickwork appeared in generally uniform and good condition throughout. Bulkheads are present above the roof level. Portions of these are comprised of shingles. The roof surfaces are flat. The roof and rooftop components are described herein under respective sections. Present at the basement are the main electrical disconnect switches, boiler room, laundry room, apartment # "B-2", superintendent's shop, "Meeting Room", and a variety of tenants and building's storage rooms. Overall building height from Certificate of Occupancy #12 is denoted as basement plus four stories.

STRUCTURAL SYSTEM

The foundation walls consist of stone and brick. Steel beams, girders, and columns are present at the lower level. The floors above the lower level are wood framed. The building's rating is nonfireproof. Slabs at the lower level are poured concrete. Portions of the slabs are heaved, and are damaged. Hydrostatic pressure and age appear to be causing the displacements. Leveling and patching of these sections should be executed as soon as practical. The exterior walls are veneered with brick. Brickwork appeared generally uniform and in good condition. Decorative masonry sections also appeared in good condition during inspection. At the parapets, there are precast concrete copings atop. Please see description under following section. Windows are single glazed, framed in wood, and are double hung. These generally appeared in good condition, with needs for refinishing at some units. Storm units are partially at windows. These should be installed throughout for greater efficiency, and to reduce loss factors. Sills are brick and/or stone throughout at facades. These also appeared in overall good condition during inspection. Sealing is required periodically to avoid water penetration.

PARAPETS AND COPINGS

Parapet height is approximately 18 inches above the roof membrane. The height is consistent throughout. Precast concrete copings are atop the parapet walls. Flashings are tarred over. Conditions at these elements appeared good throughout at the time of the inspection.

CHIMNEYS AND CAPS

There is one boiler chimney present. It consists mainly of brick which displayed overall minor brickwork needs. These should be performed and as soon as practical to avoid accelerated rates of deterioration. The condition overall is deemed good, exclusive of the above noted. There is a second chimney unit present. It was utilized by the former incineration system. This system was shut-down and reportedly future use is not anticipated. The chimney flue should be permanently sealed should this be the case. A screened cap should be installed at boiler chimney flue. There are no other chimney units present at the roof.

BALCONIES AND TERRACES

There are no balconies, terraces or other exterior areas at the units.

EXTERIOR ENTRANCES

As noted, there are 11 entrances to respective building sections. They are identical in components. Main entrances have a single glazed panel wood door, set in a wood frame. The vestibule doors [to the respective first floor halls and stairtowers] are as the main entrance doors. The vestibule doors are controlled by interlock systems with intercoms. At the vestibules, there are switchboard panels. The voice communications systems are wired to each dwelling respectively. The systems appeared in good overall condition and were functional where tested during the inspection. Mailboxes are built-in at vestibule walls. These appeared in fair to good condition overall. There are incandescent fixtures at vestibule and at main entries for lighting. Illumination levels appear adequate. There are 6 basement level entrances for convenient entry to the building from parking fields. These are also utilized for service entrances as well. The boiler room has a pair of metal doors [outward-swinging], set in metal frames. These are apparently utilized for service purposes exclusively. The boiler room has a second service entry door [metal with metal frame] which access the front of the building. Other basement level entrances are utilized by tenants. The conditions at secondary entrances are deemed fair to good. Refinishing should be considered for aesthetic purposes.

ROOF AND ROOF STRUCTURES

The roof consists of built-up membranes. Membrane surface appeared in generally good condition throughout. Miscellaneous patching has been performed on an as-needed basis. Additionally, the membranes have been reportedly refinished within the past 4 years. All roofs are flat. The cavity has vents present. There is no readily available access to roof cavity space. Parapets and copings are as previously described herein. There are 11 bulkheads present for respective building section stairs. These consist of brick with shingles. The bulkhead at section "G" was in generally poor condition. Deterioration of the flashings, gutters, leaders and shingle was noted. Roof doors are metal. These appeared in good condition. There are skylights present at the bulkheads. Skylight units are also present at interior shafts at select unit lines. These appeared in generally good condition throughout. The interior shafts provide ventilation from the basement level to the roof. Certain lines

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have openings from interior spaces to shafts. Shaftways measure about 12' x 20' respectively. There are no other bulkheads, water towers, or additional equipment penthouses, or similar roof structures. Metalwork at roof appeared in good condition, except as noted. The roof surfaces contain drains, which are piped to the City storm system and/or spill to exterior parking fields. Exterior parking fields drain to the storm system or spill to grass covered areas at grade. The systems appeared in good condition throughout.

FIRE ESCAPES

There are 11 fire escape structures present at exterior facades. These are framed and bolted to the superstructure. Nine fire escapes access the roof level to the first floor level. Two fire escapes access the fourth floor level to the first floor level. Each unit accesses grade via drop ladders. Fire escapes appeared in good condition at each unit respectively, including finishes. Refinishing was reportedly performed within about a three year period. Each apartment is reportedly outfitted with a smoke detector. These appeared in good overall condition at units inspected.

YARDS AND COURTS

There is a large courtyard present at the Gramatan Avenue [front] side of the building. As noted, the building's configuration is basically a "U" shape. There are also front setback areas at this side. These are planted as previously noted. Concrete and asphalt walks are present at the central courtyard space. These access the entries for the building sections. Walkways appeared in good to very good condition during the inspection. The northwest side and rear yards are mostly asphalt paved for parking. There are numerous holes and uneven sections at asphalt. Resurfacing and seal coating should be performed. These locations also contain landscaping features as the front yard. The southeast sector has a former playground space; which is presently not utilized nor is there any equipment present. The area is asphalt paved. Paving appears in poor condition. This side also contains landscaping features which are consistent with the balance of the site. Overall conditions at the yards, courts, exterior areas, etc. are deemed good, except as noted.

INTERIOR STAIRS

There is one stair tower present at each building section respectively [11 in total]. These are access stair systems. All stair towers access the basement level to the roof; and each are identically constructed. Stair members consist of steel throughout with rubber, non-skid tread covers. Handrails are wood. Walls and ceilings finish at stairways are painted plaster or plasterboard surfaces. Illumination levels appeared good throughout. There are wire reinforced glazing at windows at stair landings. These appeared in generally good condition; consistent with the remainder of the glazing system. Overall conditions at stair tower units are deemed good throughout. Note that roof doors are alarmed and panic hardware is present. These appear recently installed and in very good condition.

INTERIOR DOORS AND FRAMES

Doors and frames at the lower level are mostly wood. Boiler room doors are metal, set in metal frames. Apartment doors are steel. At interior apartment doors, wood units are utilized. Overall conditions appeared good at doors throughout.

ELEVATORS

There are no elevators present within the building.

AUXILIARY FACILITIES

The laundry room is located at the basement level below sections "D" + "E". It contains 5 washers and 3 dryers. The washers outlet to a piped outflow to the City system. The dryers have ducts which exhaust to the exterior through a portion of a window at this room. The costs for the washers and dryers are \$1.00 and \$.25 respectively, for each cyclical interval. The machines are owned and maintained by an outside vendor, reportedly under formal contract. Lighting and ventilation provisions were sufficient during inspection. A slop sink and drain at the floor slab are present. Finishes, where present, are painted throughout. The overall conditions at the laundry room throughout are deemed good.

REFUSE DISPOSAL

Refuse is handled by tenants who deposit it into dumpsters located at the parking fields; or deposit into dumbwaiters at specific times upon call from the superintendent. There are 8, two yard dumpsters present at the parking lots. Not all dumbwaiters are functional. The refuse in dumbwaiters is collected by the porter and deposited into the dumpster units by same. Refuse is collected by the City of Mount Vernon 2 times a week, and is paid for by the building. Systems appeared good overall where present. An incineration system was present at one time, however it is no longer functional and/or utilized.

PLUMBING AND DRAINAGE

The water mains are underground, below the streets. There is one water meter present quantifying usage for the building. The water pressure, where tested, was adequate during inspection. The costs for water are paid for by the building to the City of Mount Vernon and is charged to the tenants through the rental system. Sewerage system is owned and is maintained by the City of Mount Vernon. It is paid for by the building through taxation. Systems conditions appeared functional and to be in good overall condition, at visible components, during inspection.

STORM DRAINAGE SYSTEM

The drainage outflow uses City storm drains mostly. Portions of runoff spill to grass covered grade areas. Roof and yard drains are cast iron at exposed elements. These systems appear fully functional and in good condition at visible portions.

HEATING

Heating is provided by steam radiation from one, Federal boiler, Model FST 200. The boiler utilizes #6 grade fuel oil, which is preheated. An oil tank is present. The reported fuel tank capacity is 15,000 gallons maximum. The burner is an S.T. Johnson unit type FD 68 CAHM. Burner is rated with a maximum of 67 gph/hr. A "Heat Timer" automatic control is present and utilized. The domestic hot water heating system is a tankless coil system built into the boiler. The domestic hot water heating system was fully functional where tested during inspection. Boiler and water heating controls are fully automatic. A "Heat Timer", automatic shut-down Model MLS-A, a "Heat Timer Visu-Larm", a McDowell low water cut-off and a Honeywell Pressuretrol are present. There are three sump

pumps present at the boiler room slab. These were operational during a test and appeared in good overall condition. Lamping and venting were sufficient at the time of the inspection. There are dedicated circuits for boiler room and systems electrical demands. Boiler and systems are functional and appear adequately maintained plus in good condition. It should be noted that the boiler and systems were installed on or about November of 1984. There is the former boiler present within the boiler room. This unit and systems are no longer utilized and are permanently shut-down.

GAS SUPPLY

Gas is supplied from Consolidated Edison from underground mains below the streets. There are individual gas meters present for apartments, plus meters for building's usage [115 gas meters in total]. The gas is used for cooking at the apartments and is paid for by individual users respectively. Piping consists of black iron and it appeared to be good at visible portions inspected.

AIR CONDITIONING

There are individually controlled air conditioners present placed into windows at apartments. These are owned and maintained by tenants. None are supplied by the building. There are no dedicated circuits present for air conditioner usage.

VENTILATION

The building is vented by windows. As noted, certain apartments have a window type opening to interior shafts for venting purposes. There are no mechanical ventilation systems present for interior spaces. Window conditions are as noted herein.

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Mount Vernon, New York
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ELECTRICAL SYSTEM

The electrical service was reportedly upgraded in 1969. The main disconnect panels are located at the basement level. There are two, 300 amp rated, three phase main service panels present. House panel is 250 amp rated and contains a variety of disconnects for building use. The apartment mains are dual, 40 amp rated, breaker disconnects. Apartment distribution panels vary depending upon unit size. Generally these are provided with 4+, 15 and 20 amp rated fuses. The electric meters locations are throughout the lower level. Public area lighting is 24 hour, on timers, or on photocells, depending upon location. There are individual electric meters present for apartments, plus building's use [114 electric meters total]. Service is deemed adequate for present usage, which includes a normal compliment of appliances. It appears it would not be advisable to impose heavy demand requirements upon the system. Overall conditions appeared good at visible components of the systems.

LIGHTING AND FIXTURES

Generally, breakdown for these services is as noted, with individual variations depending upon unit size and tenant installed features. At all rooms, there are incandescent overhead fixtures, except at living rooms. Bathrooms mainly have both overhead and wall mounted fixtures. The common and utility space lamping consists of both incandescent and fluorescent fixtures. Depending upon size there are generally 4 duplex receptacles at living rooms, 2 at kitchens and bedrooms and 1 at bathrooms. Visible elements of the system appeared in good condition where visible and inspected.

INTERCOMMUNICATION/DOOR SIGNAL SYSTEM

There are voice communications systems with interlocks present at the main entrances. These are wired to each apartment in respective sections. These were functional where tested and appeared in overall good condition. There are electric doorbells and/or manual doorbells at the apartment doors. Peepholes are present at some apartment doors. There are no peepholes at certain apartment doors. Systems were functional, where present and tested and conditions appeared good where inspected.

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TELEVISION

There are no cable television provisions present. There is no central antenna system present. There are individual, tenant owned antennas at the roof.

PUBLIC AREA LIGHTING

Sidewalks have conventional street lighting. There are incandescent fixtures present at entrances. Incandescent and low sodium lamping is utilized as site lighting. Exterior lamping is controlled by photocell sensors. Intensity of illumination appears generally adequate. Overall conditions appear good.

GARAGE AND PARKING AREAS

There are no garage facilities present on-site. There are two exterior parking fields present at the north and east [rear] of the building. The parking fields are accessed by a driveway off Gramatan Avenue. The parking fields and driveway are asphalt paved. Conditions are as noted which can be quantified by poor to fair. Upgrade is advisable. Parking for 82 cars is reportedly available at on-site fields. The majority of the asphalt surfaces spill surface runoff to grass covered grade areas adjacent on-site. Portions spill by gravity into the City system which is as previously described.

RECREATIONAL FACILITIES

There is an unoccupied and unused playground area located at the south [rear] east sector. The area is asphalt paved. The condition of the asphalt is poor. There are essentially no recreational facilities on-site.

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VIOLATIONS

Violation searches have been performed through this office with the City of Mount Vernon Department of Buildings. The results of our work indicate that there are no outstanding violations on record when our search was performed.

PEST CONTROL

The pest control function is reportedly provided by a regular service vendor, specializing in such work. A formal contract for monthly servicing is reportedly present.

OCCUPANCY AND UNIT INFORMATION

<u>Designation</u>	<u>Quantity</u>
2.0 rooms	01
2.5 rooms	09
3.5 rooms	31
4.0 rooms	18
4.5 rooms	36
5.0 rooms	14
5.5 rooms	02
6.0 rooms	02

Total Apartments.....	113

Certificate of Occupancy #12 was issued on 04 January 1941. It covers Block 1035, Lots 8 and 11, for a 4 Story, Brick, Apartment House. The Construction Classification is Nonfireproof. The premises is located in an "A-2" Zone [Residential]. Please note that the information contained in the apartment schedule is provided to us by others and reportedly in accordance with standards of the industry such as the Real Estate Board of New York Method. Apartment checks are based on random sampling.

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APARTMENTS

The kitchen cabinets are comprised of either wood, metal, or composite veneer [pressboard]. Counter tops are plastic laminate. Sinks are porcelainized cast iron or stainless steel. Stoves are mainly 30" to 36" units with four burners and combination oven/broiler compartments. The units are provided with refrigerators which have about a 12 cubic foot capacity. Flooring in all rooms is generally hardwood, except kitchens which are resilient covered. Bathrooms have ceramic tiled floors and walls. Ceramic tiles at walls are about a 4' wainscot, plus about a 6' wainscot at bathtub peripheries. Bathrooms generally contain ceramic water closets. Lavatories are ceramic or porcelainized iron. Bathtubs are porcelainized cast iron. Walls and ceilings at apartments are finished mainly with painted plaster. Several ceiling surfaces have been provided with acoustical tiles. Many areas displayed tenant installed features and finishes. Overall condition of systems and unit finishes is deemed good.

SPACES OTHER THAN APARTMENTS

Finishes at common spaces, including main entries, are painted plaster at walls and ceilings throughout. Flooring is generally resilient tile throughout. Mailboxes are located at vestibules. Incandescent lamping and fluorescent fixtures are utilized at common areas. The public area lighting is on 24 hour operation at halls. Conditions at common spaces is deemed overall good, or as articulated herein.

SUMMARY OF PHYSICAL CONDITION

Overall condition of the premises is deemed good, except as noted here under respective section. Extended life for present systems is expectable, given regular monitoring and maintenance.

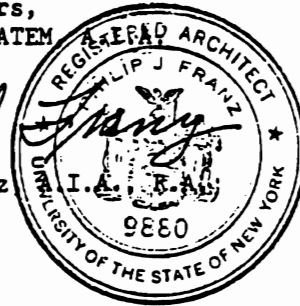
445 Gramatan Avenue
Mount Vernon, New York
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Please do not hesitate to contact this office if we may be of further assistance regarding this matter.

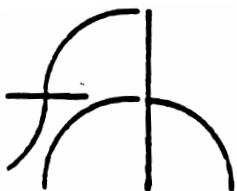
Very truly yours,
FREDERICK R. HATEM



Philip J. Franz
Architect



FRH/PJF/mm .



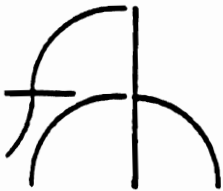
frederick r. hatem, aia

ASBESTOS REPORT AND INFORMATION
PURSUANT TO REGULATION 18.7 [aa]

445 Gramatan Avenue
Mount Vernon, New York

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914.833.0631

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frederick r. hatem, aia

10 April 1987

Hall, Dickler, Lawler, Kent & Friedman
460 Park Avenue
New York, New York 10022

re: 445 Gramatan Avenue
Mount Vernon, New York

Gentlemen:

The above referenced premises was inspected on 02 April 1987. The purpose of the inspection was to determine the presence of Asbestos Containing Materials [A.C.M.]. Lower level areas, common spaces plus a random sampling of apartment interiors was performed. Outlined below is a listing of enclosed documents, with brief descriptions, of which, together should satisfy Regulation 18.7 [aa].

As follows:

1]. Laboratory Report prepared by Allentown Testing Laboratories, Inc. [a division of Certified Testing Laboratories, Inc.]. Laboratory Reports are based on inspections by persons authorized by Allentown Testing Laboratories, Inc. Resumes of both the laboratory and persons actually performing work are included herewith. Laboratory Reports do include: inventory, locations, concentrations, the type and physical condition of the A.C.M. present within the subject premises. Exposure assessments and exposure ranges are also included; as well as other pertinent information. Please refer to these.

2]. Outline of "Regulation, Codes and Standards Concerning Asbestos" plus a Summary of Pertinent Provisions - N.Y.C. Local Law 76; prepared by the Asbestos Corporation of America. Please refer to these.

3]. Appendix C. USEPA National Emission Standards for Hazardous Air Pollutants [NESHAPS] Asbestos Regulations [40 CFR 61, Subpart M]; for information purposes. Please refer to same.

continued next page

132 larchmont avenue, larchmont, new york 10538

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4]. OSHA Regulations Part 1926 [Amended]; 1926.58 [Construction Standard] as applicable and defined in 29 CFR 1910.12 [b]; for purpose of information. Please refer to enclosed.

5]. Appendix A: U.S. Environmental Protection Agency. Guidance for Controlling Friable Asbestos Containing Materials in Buildings. Office of Pesticides and Toxic Substances. Washington D.C. EPA 560/5-83-002. March 1983.

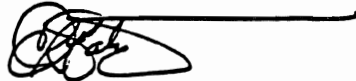
6]. Appendix B: U.S. Environmental Protection Agency. Guidance for Controlling Asbestos Containing Materials in Buildings. Office of Pesticides and Toxic Substances. Washington D.C. EPA 560/5-85-024. June 1985.

7]. A recommended protocol [O and M Program] for handling asbestos in buildings is included herewith. Same has been reprinted from E.P.A. Publication "Guidance for Controlling Asbestos Containing Materials in Buildings" [EPA 560/5-85-024, June 1985].

8]. Schedule of apartment interiors inspected is included herewith with respect to Attorney General's office requirements.

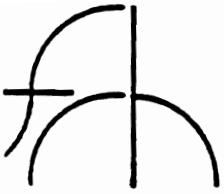
Please study the enclosed data and reports for further information and guidance regarding this premises. Please do not hesitate to contact this office for further assistance relative to this matter.

Very truly yours,



Frederick R. Hatem, A.I.A.

FRH/mm/enclosures



frederick r. hatem, aia

SCHEDULE OF APARTMENT INTERIORS INSPECTED

1]. "KA3"	2]. "JB1"
3]. "JB2"	4]. "DB1"
5]. "CB2"	6]. "CA1"
7]. "BC1"	8]. "AC3"
9]. "BA2"	10]. "BA1"
11]. "HD1"	12]. "FC1"

132 larchmont avenue, larchmont, new york 10538
914.833.0631

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Inspecting • Testing • Research • Chemical Analysis • Industrial Radiology • Soils • X-Ray • Water • Steel

Client: Frederick R. Hatem, AIA Date of Sampling: 4/2/87
Project: 445 Gramaton, Mt. Vernon, NY Lab No: A 815-1
Subject: Laboratory Analysis of Bulk Sample Report No: ETA- 400
Sample No: 445- 1 DER #48-194
Sampled by: A.T.L. (B. Mugione) PA Lab No: II-100B

Location: Supt. office/Workshop
Description: Pipe Lagging
Friable: yes
Amount Examined: 2 mg
Appearance: Gray, Corrugated
Asbestos Present and Percent: 35% Chrysotile
Other Fibrous Material: Cellulose
Non-Fibrous: Binder, Paint
Analytical Method: PLM**

*All percentages within 5%
**Polarized Light Microscopy

Report to: 2 above

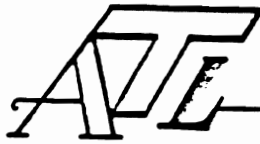
Respectfully submitted,

ALLENTOWN TESTING LABORATORIES, INC.


Robert W. Ruff
Vice President

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Client: Frederick R. Hatem, AIA
 Project: 445 Gramaton, Mt. Vernon, NY
 Subject: Asbestos Field Survey
 Date Sampled: 4/2/87
 Sampled By: A.T.L. (B. Mugione)

Lab No: A 815-1
 Report No: ETA- 400
 Sample No: 445-1
 DER #48-194
 PA Lab No: IJ-100B

ASBESTOS EXPOSURE ASSESSMENT	SCORE	
FACTOR 1 - Condition of Material		
A No Damage - 0		
B Moderate - 2		
C Severe - 5	5	
FACTOR 2 - Water Damage		
A No Damage - 0		
B Minor < 10% - 1		
C Moderate to Major - 2	2	
FACTOR 3 - Exposed Surface Area		
A No Material is Exposed - 0		
B 10% or Less is Exposed - 1		
C More than 10% is Exposed - 4	4	
FACTOR 4 - Accessibility		
A Not Accessible - 0		
B Rarely Accessible - 1		
C Accessible - 4	4	
FACTOR 5 - Activity and Movement		
A Little or No Activity - 0		
B Moderate Activity - 1		
C High Activity - 2	1	
FACTOR 6 - Direct Air Stream		Sum
A No Air Plenum or Direct Air - 0		add 1-6
B Air Plenum or Direct Air - 1	1	17
FACTOR 7 - Friability		
A Low Friability - 1		
B Moderate Friability - 2		
C High Friability - 3	3	
FACTOR 8 - Asbestos Content		Product
A Trace Amounts up to 1% - 0		mult. 7&8
B 1% to 50% - 2		
C More than 50% - 3	2	6

EXPOSURE NUMBER = SUM x PRODUCT = 102

EXPOSURE RANGE

Deferred Action = 10 - 12
 Encapsulation = 10 - 50
 Enclosure = 10 - 50
 Removal = 50+



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Client: Frederick R. Hatem, AIA Lab No: A 815-1
 Project: 445 Gramaton, Mt. Vernon, NY Report No: ETA- 400
 Subject: Asbestos Field Survey DER #48-194
 Date of Sampling: 4/2/87 PA Lab No: II-100B
 Sampled by: A.T.L. (B. Mugione) Sample No: 445- 1

Room: Supt. office/Workshop Address: 445 Gramaton, Mt. Vernon, NY
 Building: _____ Phone No: _____
 Coated Area: Ceiling Wall(s) Structural Members Above Suspended Ceiling
 Pipe Lagging Boiler Insulation Other: Air Cell/4" Cold Water
 Type of Ceiling: Concrete 3 Coat Plaster System Suspended Metal Lath
 Concrete Joists & Beams Tile Suspended Lay-In Panels
 Metal Deck Corrugated Steel Steel Beam or Bar Joists
 Ceiling Height: 10 ft.
 Ceiling Shape: Flat Dome Other: _____
 Folded Plate Barrel (draw): _____
 Type of Wall (If Coated): Smooth Concrete Rough Concrete Masonry
 Plasterboard Other: _____
 Amount of Friable Material in Area being Evaluated: +175 lin.ft. sq.ft.
 Description of Coating: Fibrous (high friable) Granular/Cementitious (soft) Concrete Like (hard)
 Thickness: _____ inch(es) Is thickness uniform: Yes No
 Coating debris on Floor/Furniture/Work Surfaces: Yes No
 Curtains, expandable partition, etc. being pulled across coating: Yes No
 Type of Lighting: Surface Mounted Suspended Recessed
 No. of Lights: _____ Type of Heating/Cooling Systems: _____
 Type of Floor: Concrete Tile Wood Carpet Other: _____
 What is above the room being evaluated: _____

Comments: Storage H - 325 lin. ft. Air cell/Storage I - +275 A.C.



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Client: Frederick R. Hatem, AIA

Date of Sampling: 4/2/87

Project: 445 Gramaton, Mt. Vernon, NY

Lab No: A 815-1

Subject: Laboratory Analysis of Bulk Sample

Report No: ETA- 401

Sample No: 445- 2

DER #48-194

Sampled by: A.T.L. (B. Mugione)

PA Lab No: II-100B

Location: Shop/Supt. Workshop

Description: Pipe Lagging

Friable: yes

Amount Examined: 2 mg

Appearance: Gray, Fibrous

Asbestos Present and Percent: 45% Chrysotile

Other Fibrous Material:

Non-Fibrous: Binder

Analytical Method: PLM**

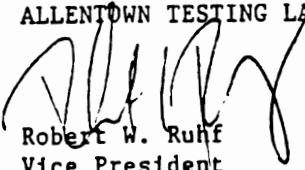
*All percentages within 5%

**Polarized Light Microscopy

Report to: 2 above

Respectfully submitted,

ALLENTOWN TESTING LABORATORIES, INC.


Robert W. Ruhf
Vice President

th



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Client: Frederick R. Hatem, AIA
 Project: 445 Gramaton, Mt. Vernon, NY
 Subject: Asbestos Field Survey
 Date Sampled: 4/2/87
 Sampled By: A.T.L. (B. Mugione)

Lab No: A 815-1
 Report No: ETA-401
 Sample No: 445-2
 DER #48-194
 PA Lab No: II-100B

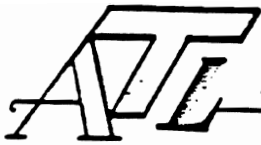
ASBESTOS EXPOSURE ASSESSMENT	SCORE	
FACTOR 1 - Condition of Material		
A No Damage - 0		
B Moderate - 2		
C Severe - 5	5	
FACTOR 2 - Water Damage		
A No Damage - 0		
B Minor < 10% - 1		
C Moderate to Major - 2	2	
FACTOR 3 - Exposed Surface Area		
A No Material is Exposed - 0		
B 10% or Less is Exposed - 1		
C More than 10% is Exposed - 4	4	
FACTOR 4 - Accessibility		
A Not Accessible - 0		
B Rarely Accessible - 1		
C Accessible - 4	4	
FACTOR 5 - Activity and Movement		
A Little or No Activity - 0		
B Moderate Activity - 1		
C High Activity - 2	1	
FACTOR 6 - Direct Air Stream		Sum
A No Air Plenum or Direct Air - 0		add 1-6
B Air Plenum or Direct Air - 1	1	17
FACTOR 7 - Friability		
A Low Friability - 1		
B Moderate Friability - 2		
C High Friability - 3	3	
FACTOR 8 - Asbestos Content		Product
A Trace Amounts up to 1% - 0		mult. 7 & 8
B 1% to 50% - 2	2	6
C More than 50% - 3		
	=	102

EXPOSURE NUMBER = SUM x PRODUCT

EXPOSURE RANGE

Deferred Action = 10 - 12
 Encapsulation = 10 - 50
 Enclosure = 10 - 50
 Removal = 50+

AR-12



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Client: Frederick R. Hatem, AIA

Lab No: A 815-1

Project: 445 Gramaton, Mt. Vernon, NY

Report No: ETA-401

Subject: Asbestos Field Survey

DER #48-194

Date of Sampling: 4/2/87

PA Lab No: II-100B

Sampled by: A.T.L. (B. Mugione)

Sample No: 445-2

Room: Shop/Supt. Workshop Address: 445 Gramaton, Mt. Vernon, NY

Building: _____ Phone No: _____

Coated Area: Ceiling Wall(s) Structural Members Above Suspended Ceiling

Pipe Lagging Boiler Insulation Other: 6" steam pipe



Type of Ceiling: Concrete 3 Coat Plaster System Suspended Metal Lath

Concrete Joists & Beams Tile Suspended Lay-In Panels

Metal Deck Corrugated Steel Steel Beam or Bar Joists

Ceiling Height: 10 ft.

Ceiling Shape: Flat Dome Other: _____

Folded Plate  Barrel  (draw): _____

Type of Wall (If Coated): Smooth Concrete Rough Concrete Masonry

Plasterboard

Other: _____

Amount of Friable Material in Area being Evaluated: 50 sq. ft.

Description of Coating: Fibrous (high friable) Granular/Cementitious (soft) Concrete Like (hard)

Thickness: 1/2 inch(es) Is thickness uniform: Yes No

Coating debris on Floor/Furniture/Work Surfaces: Yes No

Curtains, expandable partition, etc. being pulled across coating: Yes No

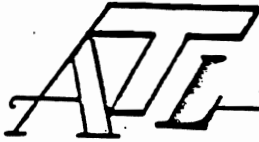
Type of Lighting: Surface Mounted Suspended Recessed

No. of Lights: _____ Type of Heating/Cooling Systems: _____

Type of Floor: Concrete Tile Wood Carpet Other: _____

What is above the room being evaluated: _____

Comments: Store room B 150'/Storage Room ±150'



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Client: Frederick R. Hatem, AIA
 Project: 445 Gramaton, Mt. Vernon, NY
 Subject: Asbestos Field Survey
 Date Sampled: 4/2/87
 Sampled By: A.T.L. (B. Mugione)

Lab No: A 815-1
 Report No: ETA-402
 Sample No: 445-3
 DER #48-194
 PA Lab No: IJ-100B

ASBESTOS EXPOSURE ASSESSMENT	SCORE	
FACTOR 1 - Condition of Material		
A No Damage - 0		
B Moderate - 2		
C Severe - 5	2	
FACTOR 2 - Water Damage		
A No Damage - 0		
B Minor < 10% - 1		
C Moderate to Major - 2	0	
FACTOR 3 - Exposed Surface Area		
A No Material is Exposed - 0		
B 10% or Less is Exposed - 1		
C More than 10% is Exposed - 4	4	
FACTOR 4 - Accessibility		
A Not Accessible - 0		
B Rarely Accessible - 1		
C Accessible - 4	4	
FACTOR 5 - Activity and Movement		
A Little or No Activity - 0		
B Moderate Activity - 1		
C High Activity - 2	2	
FACTOR 6 - Direct Air Stream		Sum
A No Air Plenum or Direct Air - 0		add 1-6
B Air Plenum or Direct Air - 1	1	13
FACTOR 7 - Friability		
A Low Friability - 1		
B Moderate Friability - 2		
C High Friability - 3	3	
FACTOR 8 - Asbestos Content		Product
A Trace Amounts up to 1% - 0		mult. 7&8
B 1% to 50% - 2	2	6
C More than 50% - 3		

EXPOSURE NUMBER = SUM x PRODUCT =

78

EXPOSURE RANGE

Deferred Action = 10 - 12
 Encapsulation = 10 - 50
 Enclosure = 10 - 50
 Removal = 50+

AR-15



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Client: Frederick R. Hatem, AIA Date of Sampling: 4/2/87
Project: 445 Gramaton, Mt. Vernon, NY Lab No: A 815-1
Subject: Laboratory Analysis of Bulk Sample Report No: ETA-403
Sample No: 445- 4 DER #48-194
Sampled by: A.T.L. (B. Mugione) PA Lab No: II-100B

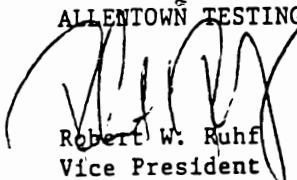
Location: Laundry Room
Description: Pipe Lagging
Friable: yes
Amount Examined: 2 mg
Appearance: Gray, Fibrous
Asbestos Present and Percent: 30% Chrysotile
Other Fibrous Material: Cellulose
Non-Fibrous: Binder, Paint
Analytical Method: PLM**

*All percentages within 5%
**Polarized Light Microscopy

Report to: 2 above

Respectfully submitted,

ALLENTOWN TESTING LABORATORIES, INC.


Robert W. Ruhf
Vice President

th



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Client: Frederick R. Hatem, AIA
 Project: 445 Gramaton, Mt. Vernon, NY
 Subject: Asbestos Field Survey
 Date Sampled: 4/2/87
 Sampled By: A.T.L. (B. Mugione)

Lab No: A 815-1
 Report No: ETA- 403
 Sample No: 445-4
 DER #48-194
 PA Lab No: II-100B

ASBESTOS EXPOSURE ASSESSMENT	SCORE	
FACTOR 1 - Condition of Material		
A No Damage - 0		
B Moderate - 2		
C Severe - 5	5	
FACTOR 2 - Water Damage		
A No Damage - 0		
B Minor < 10% - 1		
C Moderate to Major - 2	2	
FACTOR 3 - Exposed Surface Area		
A No Material is Exposed - 0		
B 10% or Less is Exposed - 1		
C More than 10% is Exposed - 4	4	
FACTOR 4 - Accessibility		
A Not Accessible - 0		
B Rarely Accessible - 1		
C Accessible - 4	4	
FACTOR 5 - Activity and Movement		
A Little or No Activity - 0		
B Moderate Activity - 1		
C High Activity - 2	2	
FACTOR 6 - Direct Air Stream		Sum
A No Air Plenum or Direct Air - 0		add 1-6
B Air Plenum or Direct Air - 1	1	18
FACTOR 7 - Friability		
A Low Friability - 1		
B Moderate Friability - 2		
C High Friability - 3	3	
FACTOR 8 - Asbestos Content		Product
A Trace Amounts up to 1% - 0		mult. 7 & 8
B 1% to 50% - 2	2	6
C More than 50% - 3		

EXPOSURE NUMBER = SUM x PRODUCT

EXPOSURE RANGE

Deferred Action = 10 - 12

Encapsulation = 10 - 50

Removal = 10 - 50

AR-18



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Client: Frederick R. Hatem, AIA

Lab No: A 815-1

Project: 445 Gramaton, Mt. Vernon, NY

Report No: ETA-403

Subject: Asbestos Field Survey

DER #48-194

Date of Sampling: 4/2/87

PA Lab No: II-100B

Sampled by: A.T.L. (B. Mugione)

Sample No: 445-4

Room: Laundry Room Address: 445 Gramaton, Mt. Vernon, NY

Building: _____ Phone No: _____

Coated Area: Ceiling Wall(s) Structural Members Above Suspended Ceiling

Pipe Lagging Boiler Insulation Other: Air Cell 4"

Type of Ceiling: Concrete 3 Coat Plaster System Suspended Metal Lath

Concrete Joists & Beams Tile Suspended Lay-In Panels

Metal Deck Corrugated Steel Steel Beam or Bar Joists

Ceiling Height: 10 ft.

Ceiling Shape: Flat Dome Other: _____

Folded Plate  Barrel  (draw): _____

Type of Wall (If Coated): Smooth Concrete Rough Concrete Masonry

Plasterboard Other: _____

Amount of Friable Material in Area being Evaluated: ±200 lin. ft. ~~sXXXX~~

Description of Coating: Fibrous (high friable) Granular/Cementitious (soft) Concrete Like (hard)

Thickness: 1 inch(es) Is thickness uniform: Yes No

Coating debris on Floor/Furniture/Work Surfaces: Yes No

Curtains, expandable partition, etc. being pulled across coating: Yes No

Type of Lighting: Surface Mounted Suspended Recessed

No. of Lights: _____ Type of Heating/Cooling Systems: _____

Type of Floor: Concrete Tile Wood Carpet Other: _____

What is above the room being evaluated: _____

Comments: _____



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Client: Frederick R. Hatem, AIA Date of Sampling: 4/2/87
Project: 445 Gramaton, Mt. Vernon, NY Lab No: A 815-1
Subject: Laboratory Analysis of Bulk Sample Report No: ETA-404
Sample No: 445- 5 DER #48-194
Sampled by: A.T.L. (B. Mugione) PA Lab No: II-100B

Location: Hallway
Description: Pipe Lagging
Friable: yes
Amount Examined: 2 mg
Appearance: Gray, Corrugated
Asbestos Present and Percent: 30% Chrysotile
Other Fibrous Material: Cellulose
Non-Fibrous: Binder, Paint
Analytical Method: PLM**

*All percentages within 5%
**Polarized Light Microscopy

Report to: 2 above

Respectfully submitted,

ALLENTOWN TESTING LABORATORIES, INC.


Robert W. Ruhf
Vice President

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Client: Frederick R. Hatem, AIA
 Project: 445 Gramaton, Mt. Vernon, NY
 Subject: Asbestos Field Survey
 Date Sampled: 4/2/87
 Sampled By: A.T.L. (B. Mugione)

Lab No: A 815-1
 Report No: ETA-404
 Sample No: 445-5
 DER #48-194
 PA Lab No: IJ-100B

ASBESTOS EXPOSURE ASSESSMENT	SCORE	
FACTOR 1 - Condition of Material		
A No Damage - 0		
B Moderate - 2		
C Severe - 5	5	
FACTOR 2 - Water Damage		
A No Damage - 0		
B Minor < 10% - 1		
C Moderate to Major - 2	2	
FACTOR 3 - Exposed Surface Area		
A No Material is Exposed - 0		
B 10% or Less is Exposed - 1	4	
C More than 10% is Exposed - 4		
FACTOR 4 - Accessibility		
A Not Accessible - 0		
B Rarely Accessible - 1	4	
C Accessible - 4		
FACTOR 5 - Activity and Movement		
A Little or No Activity - 0		
B Moderate Activity - 1	1	
C High Activity - 2		
FACTOR 6 - Direct Air Stream		Sum
A No Air Plenum or Direct Air - 0	1	add 1-6
B Air Plenum or Direct Air - 1		17
FACTOR 7 - Friability		
A Low Friability - 1		
B Moderate Friability - 2		
C High Friability - 3	3	
FACTOR 8 - Asbestos Content		Product
A Trace Amounts up to 1% - 0		mult. 7 & 8
B 1% to 50% - 2	2	
C More than 50% - 3		6

EXPOSURE NUMBER = SUM x PRODUCT

=

102

EXPOSURE RANGE

Deferred Action = 10 - 12
 Encapsulation = 10 - 50
 Enclosure = 10 - 50
 Removal = 50+

AR-21



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Client: Frederick R. Hatem, AIA

Date of Sampling: 4/2/87

Project: 445 Gramaton, Mt. Vernon, NY

Lab No: A 815-1

Subject: Laboratory Analysis of Bulk Sample

Report No: ETA- 405

Sample No: 445- 6

DER #48-194

Sampled by: A.T.L. (B. Mugione)

PA Lab No: II-100B

Location: BoilerRoom

Description: Boiler Insulation

Friable: yes

Amount Examined: 2 mg

Appearance: Gray, Cementitious

Asbestos Present and Percent: 5% Chrysotile

Other Fibrous Material:

Non-Fibrous: Binder, Paint, Gypsum

Analytical Method: PLM**

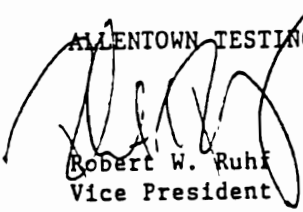
*All percentages within 5%

**Polarized Light Microscopy

Report to: 2 above

Respectfully submitted,

ALLENTOWN TESTING LABORATORIES, INC.


Robert W. Ruhf
Vice President

th



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Inspecting • Testing • Research • Chemical Analysis • Industrial Radiology • Soils • X-Ray • Water • Steel

Client: Frederick R. Hatem, AIA
 Project: 445 Gramaton, Mt. Vernon, NY
 Subject: Asbestos Field Survey
 Date Sampled: 4/2/87
 Sampled By: A.T.L. (B. Mugione)

Lab No: A 815-1
 Report No: ETA-405
 Sample No: 445-6
 DER #48-194
 PA Lab No: II-100B

ASBESTOS EXPOSURE ASSESSMENT	SCORE	
FACTOR 1 - Condition of Material		
A No Damage - 0		
B Moderate - 2		
C Severe - 5	5	
FACTOR 2 - Water Damage		
A No Damage - 0		
B Minor < 10% - 1		
C Moderate to Major - 2	2	
FACTOR 3 - Exposed Surface Area		
A No Material is Exposed - 0		
B 10% or Less is Exposed - 1		
C More than 10% is Exposed - 4	4	
FACTOR 4 - Accessibility		
A Not Accessible - 0		
B Rarely Accessible - 1		
C Accessible - 4	1	
FACTOR 5 - Activity and Movement		
A Little or No Activity - 0		
B Moderate Activity - 1		
C High Activity - 2	1	
FACTOR 6 - Direct Air Stream		Sum
A No Air Plenum or Direct Air - 0		add 1-6
B Air Plenum or Direct Air - 1	1	14
FACTOR 7 - Friability		
A Low Friability - 1		
B Moderate Friability - 2		
C High Friability - 3	3	
FACTOR 8 - Asbestos Content		Product
A Trace Amounts up to 1% - 0		mult. 7 & 8
B 1% to 50% - 2	2	6
C More than 50% - 3		

EXPOSURE NUMBER = SUM x PRODUCT =

EXPOSURE RANGE

- Deferred Action = 10 - 12
- Encapsulation = 10 - 50
- Enclosure = 10 - 50
- Removal = 50+

AR-24



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Inspecting • Testing • Research • Chemical Analysis • Industrial Radiology • Soils • X-Ray • Water • Steel

Client: Frederick R. Hatem, AIA

Lab No: A 815-1

Project: 445 Gramaton, Mt. Vernon, NY

Report No: ETA-405

Subject: Asbestos Field Survey

DER #48-194

Date of Sampling: 4/2/87

PA Lab No: II-100B

Sampled by: A.T.L. (B. Mugione)

Sample No: 445-6

Room: Boiler Room Address: 445 Gramaton, Mt. Vernon, NY

Building: _____ Phone No: _____

Coated Area: Ceiling Wall(s) Structural Members Above Suspended Ceiling


Pipe Lagging Boiler Insulation Other: Old Boiler & Flue



Type of Ceiling: Concrete 3 Coat Plaster System Suspended Metal Lath

Concrete Joists & Beams Tile Suspended Lay-In Panels

Metal Deck Corrugated Steel Steel Beam or Bar Joists

Ceiling Height: _____ ft.

Ceiling Shape: Flat _____ Dome  Other: _____

Folded Plate  Barrel  (draw): _____

Type of Wall (If Coated): Smooth Concrete Rough Concrete Masonry

Plasterboard Other: _____

Amount of Friable Material in Area being Evaluated: 1200 sq. ft.

Description of Coating: Fibrous (high friable) Granular/Cementitious (soft) Concrete Like (hard)

Thickness: 1 1/2 inch(es) Is thickness uniform: Yes No

Coating debris on Floor/Furniture/Work Surfaces: Yes No

Curtains, expandable partition, etc. being pulled across coating: Yes No

Type of Lighting: Surface Mounted Suspended Recessed

No. of Lights: _____ Type of Heating/Cooling Systems: _____

Type of Floor: Concrete Tile Wood Carpet Other: _____

What is above the room being evaluated: _____

Comments: _____



ALLENTOWN TESTING LABORATORIES, INC.

DIVISION OF CERTIFIED TESTING LABORATORIES, INC.

754 E. Fairview Street, P.O. Box 627, Bethlehem, PA 18016-0627 / (215) 865-2674

Inspecting • Testing • Research • Chemical Analysis • Industrial Radiology • Soils • X-Ray • Water • Steel

Client: Frederick R. Hatem, AIA Date of Sampling: 4/2/87
Project: 445 Gramaton, Mt. Vernon, NY Lab No: A 815-1
Subject: Laboratory Analysis of Bulk Sample Report No: ETA- 406
Sample No: 445- 7 DER #48-194
Sampled by: A.T.L. (B. Mugione) PA Lab No: II-100B

Location: Boiler Room
Description: Pipe Lagging
Friable: yes
Amount Examined: 2 mg
Appearance: Gray, Corrugated
Asbestos Present and Percent: 35% chrysotile
Other Fibrous Material: Cellulose
Non-Fibrous: Binder, Paint
Analytical Method: PLM**

*All percentages within 5%
**Polarized Light Microscopy

Report to: 2 above

Respectfully submitted,

ALLENTOWN TESTING LABORATORIES, INC.


Robert W. Bahf
Vice President

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Client: Frederick R. Hatem, AIA
 Project: 445 Gramaton, Mt. Vernon, NY
 Subject: Asbestos Field Survey
 Date Sampled: 4/2/87
 Sampled By: A.T.L. (B. Mugione)

Lab No: A 815-1
 Report No: ETA-406
 Sample No: 445-7
 DER #48-194
 PA Lab No: IJ-100B

ASBESTOS EXPOSURE ASSESSMENT	SCORE	
FACTOR 1 - Condition of Material		
A No Damage - 0		
B Moderate - 2		
C Severe - 5	5	
FACTOR 2 - Water Damage		
A No Damage - 0		
B Minor < 10% - 1		
C Moderate to Major - 2	2	
FACTOR 3 - Exposed Surface Area		
A No Material is Exposed - 0		
B 10% or Less is Exposed - 1		
C More than 10% is Exposed - 4	4	
FACTOR 4 - Accessibility		
A Not Accessible - 0		
B Rarely Accessible - 1		
C Accessible - 4	1	
FACTOR 5 - Activity and Movement		
A Little or No Activity - 0		
B Moderate Activity - 1		
C High Activity - 2	1	
FACTOR 6 - Direct Air Stream		Sum
A No Air Plenum or Direct Air - 0		add 1-6
B Air Plenum or Direct Air - 1	1	14
FACTOR 7 - Friability		
A Low Friability - 1		
B Moderate Friability - 2		
C High Friability - 3	3	
FACTOR 8 - Asbestos Content		Product
A Trace Amounts up to 1% - 0		mult. 7 & 8
B 1% to 50% - 2	2	6
C More than 50% - 3		

EXPOSURE NUMBER = SUM x PRODUCT

=

84

EXPOSURE RANGE

Deferred Action = 10 - 12
 Encapsulation = 10 - 50
 Enclosure = 10 - 50
 Removal = 50+



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Client: Frederick R. Hatem, AIA Lab No: A 815-1
Project: 445 Gramaton, Mt. Vernon, NY Report No: ETA- 406
Subject: Asbestos Field Survey DER #48-194
Date of Sampling: 4/2/87 PA Lab No: II-100B
Sampled by: A.T.L. (B. Mugione) Sample No: 445-7

Room: Boiler Room Address: 445 Gramaton, Mt. Vernon, NY

Building: Phone No:

Coated Area: Ceiling Wall(s) Structural Members Above Suspended Ceiling
Pipe Lagging Boiler Insulation Other: Air Cell

Type of Ceiling: Concrete 3 Coat Plaster System Suspended Metal Lath
Concrete Joists & Beams Tile Suspended Lay-In Panels
Metal Deck Corrugated Steel Steel Beam or Bar Joists

Ceiling Height: ft.

Ceiling Shape: Flat Dome Other:
Folded Plate Barrel (draw):

Type of Wall (If Coated): Smooth Concrete Rough Concrete Masonry
Plasterboard Other:

Amount of Friable Material in Area being Evaluated: ± 500 lin. ft. sq. ft.

Description of Coating: Fibrous (high friable) Granular/Cementitious (soft) Concrete Like (hard)

Thickness: 1 inch(es) Is thickness uniform: Yes No

Coating debris on Floor/Furniture/Work Surfaces: Yes No

Curtains, expandable partition, etc. being pulled across coating: Yes No

Type of Lighting: Surface Mounted Suspended Recessed

No. of Lights: Type of Heating/Cooling Systems:

Type of Floor: Concrete Tile Wood Carpet Other:

What is above the room being evaluated:

Comments: Very Poor condition, Storage G - ±400 lin. ft. Air Cell/
Election Room ±175 lin. ft. Storage K ±400'



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Inspecting • Testing • Research • Chemical Analysis • Industrial Radiology • Soils • X-Ray • Water • Steel

December 12, 1986

Frederick E. Hatem, AIA
132 Larchmont Avenue
Larchmont, PA 10538

Attn: Mr. Frederick Hatem:

RE: Information Packet

Dear Mr. Hatem:

Allentown Testing Laboratories, Inc., since 1959 is a professional firm offering Engineer Consultant/Design Services, and Resident Inspection, as well as related support functions such as in-house Laboratory Research/Testing Analysis and an array of field services.

Your consideration of our laboratory services for the performance of such testing and inspection as may be required, during the construction, and related phase work would be appreciated.

Our services for testing and inspection of construction materials include, but are not limited to:

ASBESTOS	MASONRY
ASPHALT	NON-DESTRUCTIVE TESTING
CAISSONS/PILINGS	ROOF SURVEY/INSPECTION
CHEMICAL ANALYSIS	SEISMOGRAPHIC SURVEY/ANALYSIS
CONCRETE	SOIL MECHANICS
ENVIRONMENTAL SURVEYS	STEEL/WELDING
FIREPROOFING	SUBSURFACE EXPLORATIONS
FORENSIC ENGINEERING	X-RAY/GAMMA RAY

The services include the furnishing of labor, transportation, equipment, materials, supplies, and supervision to perform the required material testing and inspection, together with submission of test and inspection reports, all in accordance with applicable ASTM codes and standards.

Allentown Testing Laboratories, Inc., will provide, implement, and maintain a quality control program derived, incorporated, and adapted in compliance with project designated testing agency services. The quality control program will adhere to the directives enumerated in the corporate procedure manual.

Page 2

December 12, 1986

Frederick E. Hatem, AIA

Allentown Testing Laboratories, Inc., can provide a group of management, engineering, and inspection personnel, individually selected in conformance with your requirements. All personnel to be assigned to this project are, presently, on our staff, have had multiple years of experience, and have coordinated quality control operations on other projects.

Allentown Testing Laboratories, Inc. is capable of furnishing all required services "in-house" without the need for subcontracting or joint venturing. Please be assured that all resources of Allentown Testing Laboratories, Inc., will be made available in support of your project.

Allentown Testing Laboratories, Inc., is qualified, staffed, and equipped, in compliance with ASTM E329-70, "Recommended Practice for Inspection and Testing Agencies for Masonry, Concrete, Soil, Asphalt, and Steel used in Construction."


All Testing and Inspection performed by Allentown Testing Laboratories, Inc., will be in accordance with all pertinent codes and regulations within selected standards of the American Society of Testing and Materials, and in full compliance with governing plans and specifications.

If you require any additional information, please contact the undersigned.

Trusting that we may be of service to you, we remain,

Very truly yours,

ALLENTOWN TESTING LABORATORIES, INC. A
DIVISION OF CERTIFIED TESTING LABORATORIES, INC.



Robert W. Ruhf
Vice President

RWR/tlh

ADDITIONAL PROJECT EXPERIENCE

1. The Pottsville Hospital & Warne Clinic
Pottsville, PA
2. Reading Area School District
Reading, PA
3. Gilbertsville Elementary School
Gilbertsville, PA
4. Misericordia College
Dallas, PA
5. Carbondale Area School District
Carbondale, PA
6. Easton Hospital
Easton, PA
7. Community General Hospital
Reading, PA
8. Family Court Building
Project 74-001-2-089
9. Delaware River Joint Toll Bridge Commission
 - a) Milford Montague Toll Bridge
 - b) Portland Columbia Toll Bridge
 - c) Delaware Water Gap Toll Bridge
10. Fort Dix - Various throughout base
Kagan & Stewart AIA - New York, NY
11. Brooklyn Naval Base - Various throughout base
Syska & Hennessey - New York, NY
12. Medical College of Pennsylvania - Various
Philadelphia, PA

REMOVAL CONTRACTORS/CLIENTS

1. Areco
PO Box 194
Jim Thorpe, PA 18229
2. Asbestos Removal & Hazards Control
RD #1
Box 263A
Drums, PA 18222
3. Fra-Mi Developers
PO Box 98
Bethlehem, PA 18016
4. Trataros Construction Corporation
664 64th Street
Brooklyn, NY 11220

LIST OF ASBESTOS EQUIPMENT

1. Bausch & Lomb
Polarized Light Microscope with camera
(B & L Balphlan - 31-57-86, Serial #B-19251-ZN)
2. Air Monitors
18 Mine Safety Apparatus
Model # Fix-T-Flo Pump - Model #4
3. Air Monitor Cassettes
Millipore - Disposable with Gelman Filters
(6N-4-0.8 mm)
4. Various Safety Equipment including:
Respirators
Glass slides
Chemicals
Knives
Counters

ROBERT HORVATH

Department: Chemical/Environmental

Education: Liberty High School
Bethlehem, PA

Kutztown State University
Kutztown, PA

Professional Experience:

Bethlehem Steel Corporation
Environmental Laboratory Technician
1973 - 1984

Allentown Testing Laboratories, Inc.
Senior Laboratory Technician
1986 - Present

CHRIS B. CHARMAN

Department: Chemical/Environmental

Education: Freedom High School
Bethlehem, PA

Temple University; Philadelphia, PA
Kutztown University; Kutztown, PA
Wallops ISLN. Marine Science Consortium

Professional Experience:

Allentown Testing Laboratories, Inc.
Field/Laboratory Technician
August 1983 to October 1985

Crown Environmental
Founder - November 1985 to Present

BRYAN MUGIONE

Department: Chemical/Environmental

Education: Freedom High School
Bethlehem, PA

Northampton Area Community College
Environmental Science

Professional Experience:

Allentown Testing Laboratories, Inc.
Field/Laboratory Technician
September 1983 to Present

JODI DAVIES

Department: Chemical/Environmental

Education: Freedom High School
Bethlehem, PA

Pennsylvania State University
Environmental Science/Microbiology

Professional Experience:

Allentown Testing Laboratories, Inc.
Field/Laboratory Technician
1986 to Present

JAMES EMERICK

Department: Chemical/Environmental

Education: Whitehall High School
Whitehall, PA

Kutztown University
Chemistry/Natural Science

Professional Experience:

Allentown Testing Laboratories, Inc.
Field/Laboratory Technician
September 1985 to Present



ESTOS CORPORATION OF AMERICA
794 NEPPERHAN AVENUE YONKERS, NEW YORK 10703

914-965 5829

REGULATIONS, CODES AND STANDARDS
CONCERNING ASBESTOS

Codes of Federal Regulation (CFR) Publications

EPA 560/5-83-002	Guidance for controlling friable asbestos-containing materials in buildings.
29 CFR 1910.1001	Asbestos
29 CFR 1910.134	Respiratory Protection
40 CFR 61, subpart A	General provisions
40 CFR 61, subpart B	National emissions standard for asbestos

American National Standard Institute (ANSI) Publications

Z9.279	Fundamentals governing the design and operation of local exhaust systems.
Z88.280	Practices for respiratory protection

National Institute for Occupational Safety and Health (NIOSH)

77-173	Occupational Exposure Sampling Strategy Manual
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Environmental Protection Agency (EPA) (212) 264-3059

Occupational Safety & Health Administration (OSHA) (212) 944-3432



BESTOS CORPORATION OF AMERICA
791 NEPPERHAN AVENUE, YONKERS, NY 10703

(914) 965-5829
ASBESTOS ABATEMENT

SUMMARY

PERTINENT PROVISIONS

LOCAL LAW 76

(effective: December 3, 1986)

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BESTOS CORPORATION OF AMERICA
791 NEPPERMAN AVENUE, YONKERS, NY 10703

(914) 965-5829
ASBESTOS ABATEMENT

LOCAL LAW 76

NEW YORK CITY'S ASBESTOS CONTROL LEGISLATION

Harvey W. Schultz
Commissioner

New York City Department of Environmental Protection

Introduction

- a) Enacted 12/2/85: Purpose:
 - 1) Control asbestos emissions from construction activities (renovations, alterations, demolitions) in all types of buildings.
 - 2) Conduct risk assessment study of undisturbed in-place asbestos.
- b) Background
The number of asbestos complaints and inquiries has been increasing as the public has become more aware of asbestos hazards. Building demolitions and interior renovations such as fire sprinkler installation or office automation, can produce exposure of the public and workers to asbestos.

I Principal Mechanisms of Emissions Control

- a) Training & certification for asbestos workers, supervisors, & asbestos investigators.
- b) Broad authority for DEP to develop regulations to protect public & workers near an asbestos project.
- c) Tie-in with the Buildings Dept. permit/plan approval process for alterations and demolitions. Prior to commencing project, applicant must determine if activity could disturb asbestos, and take appropriate measures (including notification to DEP).
- d) Strong enforcement provisions include civil penalties (minimum \$1000 for most violations) and issuance of "Stop Work Orders".

II Training & Certification Programs: Effective this December

- a) All Asbestos Handlers (workers) on an asbestos project must receive appropriate training & be certified by DEP.
- b) Large Asbestos Projects - Certified Asbestos Handler Supervisor required. Additional training required for Supervisor certification.
- c) Special training & certification required for Asbestos Investigator. Purpose of Asbestos Investigator: to determine whether alteration/renovation/demolition qualifies as Asbestos Project (i.e., whether asbestos could be disturbed in the course of the work). Only Certified Investigator can verify that a project is "not an asbestos project".



- e) The Certification procedures for the Asbestos Investigators, Handlers and Supervisors.
- f) Key definitions: e.g., asbestos projects -- which includes Large, Small, and Minor projects:
 - Large Projects involve removal or disturbance of more than 160 ft² or 260 linear feet or more of friable asbestos containing material (ACM) (Federal, NESHAPS level).
 - Small Projects involve removal or disturbance of between 10 and 160 ft², or 25 and 260 linear feet of friable ACM.
 - Minor projects involve removal or disturbance (usually repair) of less than 10 ft² or 25 linear feet of friable ACM. (Note: Minor projects do not require Buildings Dept. or DEP notification)

I Enforcement provisions

- a) The Asbestos Control Program is driven by its Enforcement aspects:
 - 1) Stop-Work Orders for up to 3 days
 - 2) Penalties ranging from \$1000 - \$10,000/violation
- b) Enforcement Unit will schedule compliance inspections of asbestos projects based upon Technical Review/Prioritization of the Asbestos Removal Plans & Inspection Reports received via the Buildings Dept. notification process.
- c) Enforcement unit will audit non-asbestos project statements (i.e., alleged asbestos-free projects) and handle complaints and inquiries.

II Status of program

- a) Early program development: Initially staff conducted literature search of regulatory programs including Maryland, New Jersey, Illinois, California, and several New England States. Compared various aspects of program and adapted most appropriate regulations.
- b) Public meeting on preliminary draft of the Worker Protection, Training and Certification requirements was held in mid-June. Public Hearing on the finalized proposals planned for (late) September, or October 1986.
- c) Public meeting on a preliminary draft of the Work Site Practices requirements held July 31, 1986. Public Hearing on the final proposals planned for late September, or October 1986.

Appendix A: U.S. Environmental Protection Agency. Guidance for Controlling Friable Asbestos-Containing Materials in Buildings. Office of Pesticides and Toxic Substances. Washington, D.C. EPA 560/5-83-002. March 1983.

Comparison of Asbestos Control Alternatives

Method	Advantages	Disadvantages	Appropriate applications	Inappropriate applications	General comments
Removal	Eliminates asbestos source Eliminates need for special operations and maintenance program	Replacement with substitute material may be necessary Porous surfaces also may require encapsulation Improper removal may raise fiber levels	Always	Never	Containment barriers needed Worker protection required Wet removal is required for all types of asbestos. (materials will not absorb water or water with traditional wetting agents) Disposal may be a problem in some areas Unusual circumstances, complex surfaces, and the presence of utilities may require special removal techniques
Enclosure	Reduces exposure in the area outside the enclosure Initial costs may be lower than removal unless utilities need reconfiguring or major changes Usually does not require replacement of material	Asbestos source remains and must be removed eventually Fiber release continues behind enclosure Special operations program required to control access to enclosure for maintenance and renovation Periodic reinspection required to check for damage Repair of damaged enclosure necessary Fibers released in dry form during construction of enclosure Long-term costs could be higher than removal	When materials need to be isolated from building occupants (e.g., exposed pipe) Disturbance or entry into enclosed area unlikely	Damaged or deteriorating materials causing rapid fiber release Water damage evident Damage or entry into enclosure likely Ceiling to be enclosed is low	Containment barriers needed Use of tools with HEPA-filtered vacuum attachments advisable Worker protection needed

Appendix B: U.S. Environmental Protection Agency. Guidance for Controlling Asbestos-Containing Materials in Buildings. Office of Pesticides and Toxic Substances. Washington, D.C. EPA 560/5-85-024. June 1985.

Assessment Table for Pipe and Boiler Insulation

		Current Condition of ACM		
Potential for Future Damage, Disturbance, or Erosion	Low	Good*	Minor Damage or Deterioration	Poor
	High			
		<p>No Further Action Beyond a Special O&M Program</p>	<p>Patching or a New Jacket as Soon as Possible</p>	<p>Removal and Replacement as Soon as Possible</p>
		<p>Removal Integrated With Other Building Activities</p>	<p>Patching or a New Jacket as Soon as Possible. Removal Integrated with Other Building Activities</p>	

*Good condition means that the wrapping is intact and there is no water damage, physical damage, or deterioration. High potential means the ACM is exposed or accessible, or in an air plenum.

Toxic Substances



Guidance for Controlling Asbestos-Containing Materials in Buildings



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CHAPTER 3. ESTABLISHING A SPECIAL OPERATIONS AND MAINTENANCE (O&M) PROGRAM

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.

SUMMARY

Purpose of a Special O&M Program: The program is designed to (1) clean up asbestos fibers previously released, (2) prevent future release by minimizing ACM disturbance or damage, and (3) monitor the condition of ACM. The program should continue until all ACM is removed or the building is demolished.

Who Should Participate: The asbestos program manager, the manager of building maintenance, and the supervisor of the custodial staff are key participants in the O&M program.

Program Elements: The program should alert workers and building occupants to the location of ACM, train custodial and maintenance personnel in proper cleaning and maintenance, implement initial and periodic cleaning using special methods (for surfacing materials and pipe and boiler insulation only), establish a process that assures ACM is not disturbed during building repairs and renovations, and periodically re-inspect areas with ACM.

3.1 The Purpose of a Special O&M Program

The discovery of ACM in buildings raises two concerns: (1) how to clean up asbestos fibers previously released, and (2) how to avoid ACM disturbance or damage. The special O&M program addresses both of these issues, with procedures tailored to each of the three types of ACM.

3.2 Who Should Participate

The asbestos program manager develops and implements the special O&M program. He or she may serve as coordinator or delegate that responsibility to the facilities manager or other appropriate employee.

The manager of building maintenance and the custodial staff supervisor are the other key participants. Both must support the program and must generate the same sense of commitment in their staff. A special O&M program will increase cleaning and maintenance work; staff dedication is necessary for an effective program.

Trained building inspectors also participate in all special O&M programs. These inspectors may be the ones who made the initial inspection for ACM. They may or may not be members of the in-house custodial or maintenance staff. In the O&M program, they will be inspecting the condition and other characteristics of the ACM as described in Section 4.1.

3.3 Program Elements

Several aspects of a special O&M program are the same for all three types of ACM. For clarity and completeness, these steps are repeated in the description of each program.

3.3.1 Special Practices for Sprayed- and Troweled-on Surfacing Materials

ACM that is sprayed or troweled on ceilings and walls is often the main source of airborne asbestos fibers in the building. Areas covered by ACM tend to be large. If the material is friable, fibers are slowly released as the material ages.

To reduce the level of released fibers and to guard against disturbing or damaging the ACM, the following measures should be taken:

Documentation, Education, and Training

The O&M program coordinator should:

- Record the exact location of ACM on building documents (plans, specifications, and drawings).
- Inform all building occupants and maintenance and custodial workers about the location of ACM and caution them against disturbing or damaging the ACM (e.g., by hanging plants or mobiles from the ceiling, or pushing furniture against walls). Be sure to give this information to new occupants and employees.
- Require all maintenance and custodial personnel to wear a half-face respirator with disposable cartridge filters or a more substantial respirator (see Section 5.1) during the initial cleaning and whenever they come in contact with ACM.
- Train custodial workers to clean properly and maintenance workers to handle ACM safely. (As noted in Chapter 2, EPA is sponsoring three pilot training programs. Contact the RAC for information on these and other training programs.)

Initial Cleaning

Custodial staff should:

- Steam-clean all carpets throughout the building or vacuum them with a High Efficiency Particulate Air (HEPA)-filtered vacuum cleaner, but never with a conventional vacuum cleaner. Spray vacuum cleaner bags with water before removal and discard in sealed plastic bags according to EPA regulations for removal and disposal of asbestos (see Section 5.1 and USEPA 1985a). Discard vacuum filters in a similar manner.
- HEPA-vacuum all curtains and books. Discard vacuum bags and filters in sealed plastic bags according to EPA regulations for disposal of asbestos waste.
- Mop all noncarpeted floors with wet mops. 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 disposal of asbestos waste.

Monthly Cleaning

Custodial staff should:

- Spray with water any debris found near surfacing ACM and place the debris in plastic bags using a dust pan. Rinse the pan with water in a utility sink. Report presence of debris immediately to the O&M program coordinator.

- HEPA-vacuum all carpets.
- Wet-mop all other floors and wipe all other horizontal surfaces with damp cloths.
- Dispose of all debris, filters, mopheads, and cloths in plastic bags according to EPA regulations for disposal of asbestos waste.

Building Maintenance

The special O&M program coordinator should:

- Ensure that recommended procedures and safety precautions will be followed before authorizing construction and maintenance work involving surfacing ACM (see Section 5.1). Specifically, containment barriers should be erected around the work area and workers should wear coveralls as well as respirators.

Maintenance staff should:

- Clear all construction, renovation, maintenance, or equipment repair work with the O&M program coordinator in advance.
- Avoid patching or repairing any damaged surfacing ACM until the ACM has been assessed by the asbestos program manager.
- Mist filters in a central air ventilation system with water from a spray bottle as the filters are removed. Place the filters in plastic bags and dispose of them according to EPA regulations.

Periodic Inspection

Building inspectors should:

- Inspect all ACM materials for damage or deterioration at least twice a year and report findings to the O&M program coordinator. (See Chapter 4 for detailed information on assessing ACM.)
- Investigate the source of debris found by the custodial staff.

Custodial and maintenance staff should:

- Inform the O&M program coordinator when damage to ACM is observed or when debris is cleaned up.

An illustrated EPA pamphlet, "Asbestos in Buildings—Guidance for Service and Maintenance Personnel" (USEPA 1985a), may be especially useful in publicizing and initiating the special O&M program. Contact the RAC or call the EPA toll-free line for copies of the pamphlet (see Appendix E for telephone numbers).

The special O&M program should continue until all surfacing ACM is removed. Over time, the special O&M program may need to be altered if the ACM is enclosed or encapsulated (refer to Section 5.1).

3.3.2 Special Practices for Pipe and Boiler Insulation

Asbestos-containing pipe and boiler insulation typically is a less significant source of airborne asbestos fibers than surfacing ACM. Unless damaged, protective jackets around such insulation prevent fiber release.

Thus, 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.
- 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 (see Section 5.1) 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. (As noted in Chapter 2, EPA is sponsoring three pilot training programs. Contact the RAC for more information on these and other programs.)

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.

Maintenance

The special O&M program coordinator should:

- Ensure that recommended procedures and safety precautions will be followed before authorizing construction and maintenance work involving pipe and boiler insulation (see Section 5.2). Specifically, containment barriers or bags should be positioned around the work area and workers should wear coveralls and respirators. Insulation damaged during construction and maintenance activities should be repaired with non-asbestos mastic, new protective jackets, and/or replacement insulation.
- Authorize repair of minor insulation damage with non-asbestos mastic, new protective jackets, and/or non-asbestos insulation following recommended repair techniques and precautions (see Section 5.2).
- Authorize large-scale abatement only after a complete assessment of the asbestos-containing insulation (see Section 5.2).

The maintenance staff should:

- Clear all construction, renovation, maintenance, or equipment repair work with the O&M program coordinator in advance.
- Avoid patching and repair work on insulation until the ACM has been assessed by the asbestos program manager.

Periodic Inspection

Building inspectors should:

- Inspect all insulation for damage or deterioration at least twice a year and report findings to the O&M program coordinator. (See Chapter 4 for detailed information on assessing ACM.)
- Investigate the source of debris found by the custodial staff.

Custodial and maintenance staff should:

- Inform the O&M program coordinator when damage to the insulation is observed or when debris is cleaned up.

The illustrated EPA pamphlet, "Asbestos in Buildings—Guidance for Service and Maintenance Personnel" (USEPA 1985a), may be useful for the special O&M program for pipe and boiler insulation. The O&M program should continue until all asbestos-containing insulation (including materials on pipe joints and elbows) is removed and replaced with another type of insulation.

3.3.3 Special Practices for Other ACM

Most ACM that is neither surfacing material nor pipe and boiler insulation is hard and nonfriable. This type of ACM releases fibers only when manipulated (e.g., cut, drilled, sawed) or damaged. The special O&M program is designed to alert workers to the location of ACM, and to avoid its disturbance or damage.

Documentation, Education, and Training

The O&M program coordinator should:

- Record the exact location of these types of ACM on building documents (plans, specifications, and drawings).
- Inform maintenance and custodial workers about the location of ACM and caution them about disturbance or damage.
- Train maintenance workers to handle ACM safely. (As noted in Chapter 2, EPA is sponsoring three pilot training programs. Contact the RAC for information on these and other programs.)

Maintenance

The O&M program coordinator should:

- Ensure that recommended procedures and safety precautions will be followed before authorizing construction or maintenance work involving ACM. Specifically, containment barriers should be erected around the construction and maintenance work area and workers should wear coveralls as well as respirators. All tools should be equipped with HEPA-filtered vacuum devices.

The maintenance staff should:

- Clear all construction, renovation, maintenance, or equipment repair work with the O&M program coordinator in advance.
- Avoid removing, sanding, or stripping floor tiles containing asbestos. If tiles are removed, do not sand asbestos backing material remaining on the floor.

Periodic Inspection

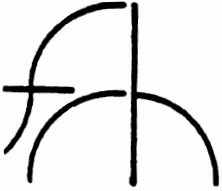
Building inspectors should:

- Inspect all ACM for damage or deterioration at least twice a year, and report findings to the O&M program coordinator.

Custodial and maintenance staff should:

- Report any ACM damage to the O&M program coordinator.

The special O&M program for miscellaneous ACM should continue until all ACM is removed.



frederick r. hatem, aia

18 December 1987

Joni L. Walaski, Esquire
Hall, Dickler, Lawler, et.al.
460 Park Avenue
New York, New York 10022

Reference: 445 Gramatan Avenue
Mount Vernon, New York

Dear Ms. Walaski:

This shall address the Comments articulated in the Memorandum from the Attorney General's Office regarding the above referenced premises, and how they relate to the Engineering Report and Asbestos Report prepared through our office previously.

As follows:

1]. The masonry at the cellar floor [concrete slabs at grade] displayed hydrostatic lumps at certain areas. These do not appear to be a condition deemed dangerous structurally; however tripping hazards may become a consideration. These hydrostatic lumps should be "cut-out" at affected areas and reset with adequate concrete patches.

2]. The incinerator chimney in question [at the rear facade center section] has recently been "cut-down" and permanently capped. The unit was reduced by several brick courses which reportedly had deteriorated beyond economical repair. Patching and tuckpointing work also appeared performed during such work. The boiler chimney was rebuilt at the top-most brick courses. This unit also appeared to have been tuckpointed and patched. Conditions at the chimneys during reinspection appeared good.

3]. The G-line bulkhead, alike each bulkhead, is clad with asphalt shingles mostly. These appear somewhat aged and in fair to poor overall condition. Warped and loose shingles, and reduced mineral content were among conditions noted. Other portions of bulkheads have tarred surfaces. Tarred areas displayed spalled and blistered sections. Bulkheads should be stripped fully and reclad; for the present system is deemed beyond practical repair. Re-working of bulkhead drainage provisions would also be advisable.

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4]. A reinspection of exposed pipes indicated that hot water pipes consist of copper and galvanized steel; waste pipes consist of galvanized steel and cast iron; vent pipes consist of cast iron; and drains [storms] consist of cast iron piping.

5]. Electrical provisions were reportedly upgraded in 1969; which reportedly included replacement feed-lines to apartments. The kitchens typically have two, 20 amp circuits present. #14 wire was reported to be present inside apartment walls. Conditions at exposed components at the lower level appeared good. Overall electrical provisions appear to be sufficient for modern appliances; however the exclusive usage of high efficiency appliances is recommended. These require less consumption of energy and pose less demand requirement on wiring. Some tenant complaints regarding distribution outlets were received. Certain units have a minimal amount of convenience outlets. One tenant interviewed owns and operates a personal computer system in her apartment. She has reported no problems in utilizing same including during air conditioning season. Varied demand requirements may be a factor within the subject premises.

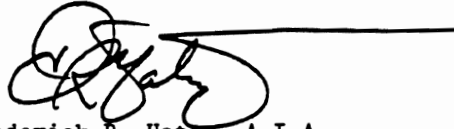
6]. The parking areas remain in varied stages of repair with many areas in need for servicing. The Sponsor reports that the driveway and parking surfaces shall be repaved. Proposals for such work are reportedly in the Sponsor's possession. Additionally, site landscaping work shall reportedly be incorporated into the above described exterior upgrade.

7]. Within the apartment interiors inspected for Asbestos Containing Materials [ACM], no such materials were seen that may be deemed as questionable as to the containment of asbestos and/or asbestos product [ie. fireproofings, insulations, etc.], except as noted at the cellar level dwelling. Please refer to the original Report for same details. The hallway referred to in the original Report is that of the cellar. All lower level rooms were inspected during the field work for the Asbestos Report production. Room denotations [ie. "Meeting Room"] may vary between Reports by others. The number of apartments inspected was 12 [utilizing 10% as minimum criteria].


445 Gramatan Avenue
Mount Vernon, New York
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Thank you for your attention hereto. Please do not hesitate to contact
this office if we may be of further assistance regarding this matter.

Very truly yours,
FREDERICK R. HATEM, A.I.A.

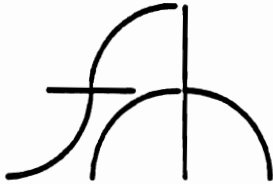


Frederick R. Hatem, A.I.A.


Philip J. Franz, A.E.A., A.A.A.



FRH/PJF/mm



frederick r. hatem, aia

14 March 1988

Joni L. Walaski, Esquire
Hall, Dickler, Lawler, et.al.
460 Park Avenue
New York, New York 10022

Reference: 445 Gramatan Avenue
Mount Vernon, New York

Dear Ms. Walaski:

This shall address the Comments articulated in the Memorandums from the Attorney General's Office regarding the above noted premises. The Memorandums are dated 24 February 1988 and 20 November 1987. On-site reinspection was performed on 09 March 1988.

As follows:

- 1]. Updated Inspection Certificates, Permits, etc. should be obtained directly from the Sponsor.
- 2]. As previously noted, the bulkheads are clad with shingling of asphalt, not unlike that of conventional sloped roofing material. The bulkhead cladding displays defects such as loose and warped shingles, reduced mineral content, deterioration at tarred surfaces, and drains should be re-worked to ensure proper functionability. Also as noted in our previous Reports, the bulkheads should be stripped fully and reclad for the present system is beyond practical repair; including drainage provisions.
- 3]. The Sponsor informs this office that matters concerning Certificate of Occupancy compliance shall be handled through the Sponsor's office. We have not been authorized to handle such matters.
- 4]. To the best of our knowledge, the cellar level apartment is a legal dwelling unit [per Building Department telephone inquiries].

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5]. As noted, the cellar floor displays areas where hydrostatic lumps are present. These lumps should be "cut-out" at affected areas and reset with adequate concrete patches. Uneven settlement at cellar floor slabs appears mainly due to floor areas that follow sub-surface contours. Cellar floor settlement that has occurred in proximity of the heaved areas [lumps] should also be repaired, utilizing safe patch and contour meetings to avoid possible tripping hazards.

6]. Exterior wall brickwork and masonry sections displayed needs for tuckpointing and sealing at joints at certain areas. The area that displayed worst conditions appeared at the south section, east wall at upper courses. As noted previously, a variety of recent pointing work has been performed; however additional spot pointing is required. Such work should be considered as "expectable" for structures comprised of brick veneer of this age category. Pointing at brickwork mortar joints as well as associated repairs should be addressed on an "as-needed" basis, incorporated into routine building maintenance programs. Facade surface areas should be regularly monitored for such work items.

7]. Tarred areas at inward facing parapet wall sections are in the process of receiving needed repairs throughout. This work was on-going during our reinspection, including parapet flashings. No loose coping stones were found during the reinspection; however the workmen on-site were performing sealing at top joints and inside seams. Loose copings referred to by Others may have been repaired prior to our visit.

8]. Deteriorated wood members present at skylights previously have been removed. Debris removal of same was not yet complete at the time of our reinspection. The skylight bases and flashings were refinished as part of the upgrade work. Conditions appeared good at this work. Metalwork at skylights displayed refinishing requirements. This work is reported scheduled pursuant to our discussion with the construction foreman present on-site. Bulkheads are as previously noted herein.

9]. The window units appeared in various stages of repair. Certain units require somewhat extensive restoration efforts. A small crew from "Ecker Window Company" was present on-site performing measurement take-off for a replacement system. The first phase of replacement windows will reportedly be performed on a selective basis [19 apartments total]. Contract[s] and/or proposals for this work may be available through the office of the Sponsor. We have not been informed as to whether the entire premises shall receive replacement windows. Windows that are existing require repair as noted.

10]. There were signs of active leakage through the roof membrane seen during our reinspection. Roof membrane repairs were on-going at the time of our visit on-site. Large sections were receiving replacement cap sheeting, cut-outs at bubbled areas and patching at same were being executed, and seam refinishing where needed. Parapet, skylight, and flashing repairs were also on-going as previously noted. The work performed up to our inspection appeared very good. Specific attention to tenant complaints of certain areas was being paid by the workman. A list of same was provided to the roofers so that they can be addressed adequately throughout.

11]. There were no active plumbing leaks present at inspected areas during our reinspection. A variety of replacement piping was present throughout the lower level. Leaks, stoppages, or any such problems are reportedly repaired on an as-needed basis. Such problems should be reported to building management for immediate repairs when necessary.

12]. There is a variety of electrical system lines present at the lower level of the building. Many of these are run across the ceiling areas. Certain of these are reportedly no longer in use. We have been informed that wire runs that were replaced during upgrade were not removed at the cellar. These appear to be the older wiring runs. These should be removed however; even though the wiring is not "live". The wiring utilized throughout the cellar floor level appeared in general to be good overall. The majority of incandescent fixtures previously utilized have been replaced with fluorescent lamping. Wiring and/or connections at these appeared good during our reinspection. Exposed conductors present at common halls are reportedly due to installation of replacement fixtures. The superintendent was advised to expedite this work and eliminate the temporary condition as soon as possible. Lamp cords and overfusing at apartment distribution panel boxes pose potentially severe dangers to residents of the premises. All tenants engaging in this activity must cease immediately; including handiwork at apartment interiors. Any "improper wiring" is not likely to have been performed by a Licensed Electrician in our judgement. Conditions that may be deemed "improper" must be corrected immediately by only Licensed and qualified Electricians. Tenants must maintain their individual fuse box capacity according to labeled specification. As is noted in our previous Reports, the amount of convenience outlets is deemed minimal in our opinion. Varied demand requirements may also be a factor within the subject premises. The present system is deemed adequate for a normal compliment of appliances, except at convenience outlets [noted above]. High energy consuming devices should not be added to present electrical provisions [ie. oversized/over-rated air conditioners and microwave ovens]. Levels of illumination at both the interior common areas and exterior site lamping is deemed sufficient

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Mount Vernon, New York
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throughout. The installation of additional and replacement fixtures, inside and outside, is on-going. The work performed to date appears to be good and appears to increase lamping provisions. Additional light fixtures at the cellar level, as well as paint finish in a "light" color, would improve user convenience and aesthetics throughout this floor.

13]. Vent pipes atop the roof membrane displayed oxidized areas that should be properly prepared and refinished to protect metalwork. Damage, holes, etc. were not noted during our reinspection; however if same does exist, repairs should be performed accordingly. It should be noted that although most flat or slightly pitched roof surfaces are "accessible and walkable", the vent pipe height over the roof membrane should not pose dangerous conditions given general access and use by tenants is prohibited and not likely in many cases. Extending piping height should be considered if roof-top traffic warrants such concern.

14]. Fire escape structures displayed areas of blistering and peeling paint, as well as oxidation. Refinishing upon proper preparation of metalwork should be performed. The gooseneck ladder to the roof at building section "C" was loose during the reinspection, as noted in the Tenants' Engineer Report by Others. Repair and sealing at facade penetrations, where needed throughout, should be performed as soon as practicable.

15]. Sidewalk and walkway surfaces on-site are in generally good condition at portions covered with bituminous material. Sealing at these areas would be advisable however as seasonal conditions allow. Concrete walkways adjacent to building section "J", as throughout the entire streetside runs, are reportedly earmarked for leveling, filling and resurfacing. Reportedly this work shall be incorporated into the site landscaping upgrade planned by the Sponsor.

16]. Apartment entrance doors appeared in generally good condition throughout the units, and in fair to good condition at finishes. All units tested during our reinspection were fully functional. It should be noted that this office is in agreement with Others that refinishing of the apartment entrance doors would improve overall aesthetic values throughout common halls.

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Mount Vernon, New York
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17]. Signs of flooding or seepage conditions were not seen during our reinspection. The superintendent informed us on-site that building section "C" receives some water build-up after heavy rains at the floor slab. The water reportedly enters from negative drainage at the exterior. Regrading and waterproofing throughout this area at the exterior foundation wall should be performed; possibly during landscaping programs planned. Providing positive runoff and drainage at the exterior should solve the problem in our judgement. A drainage system with a sump pump should be considered as a secondary solution to exterior work. Water problems are best solved at the exterior, at a more direct source of the problem, than allowing the water to enter the building and remove it with pumps.

18]. Patching, sanding and refinishing at common halls would indeed improve overall aesthetic qualities throughout these spaces; although conditions seen during our reinspection are deemed overall fair to good.


19]. Water seepage into apartments should be solved upon completion of roofing efforts and the associated repairs on-going; as described herein previously. Same should be applicable at areas where plumbing repairs are executed.

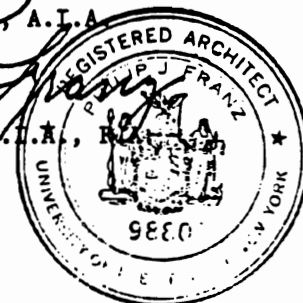
20]. The apartments noted in the Tenants' Engineer Report by Others were inaccessible during our reinspection. Other units seen appeared in generally fair or average condition at interiors. Refinishing at several areas would enhance any apartment interior, including those at the subject premises. It should be noted that the conditions at the apartment interiors varied substantially depending upon individual housekeeping techniques or lack thereof.

Thank you for your attention hereto. Please do not hesitate to contact this office if we may of further assistance regarding this matter.

Very truly yours,
FREDERICK R. HATEM, A.I.A.


Frederick R. Hatem, A.I.A.


Philip J. Franz, A.I.A.,
Architect





diversified building consultants, inc.

fredenck r. hatem
james w. hiscock

15 April 1988

Joni L. Walaski, Esquire
Hall, Dickler, Lawler, et.al.
460 Park Avenue
New York, New York 10022

Reference: 445 Gramatan Avenue
Mount Vernon, New York

Dear Ms. Walaski:

This shall address the additional Memorandum dated 31 March 1988 from the Attorney General's office regarding the above referenced premises.

As follows:

1]. An updated and valid boiler/burner certificate, if any, should be forwarded directly from the Sponsor. It should be noted however not all Westchester County Municipalities have such requirements as an Air Resources Certificate or its equivalent. We are uncertain if such a document exists for the subject premises.

2]. There are masonry defects present at the basement floor slab as previously noted in our past Reports. Also as previously described, all such areas should be repaired throughout. It is our judgement that the existing conditions noted do not necessarily constitute dangerous or hazardous violations or conditions; except as articulated where the affected areas may create tripping hazards. This is further reason for expeditious repairs in our opinion. Serious consideration should be given for immediate repair-work to eliminate this obvious, continuous concern.

3]. Matters concerning "Special Risks" plus similar legal issues should be handled accordingly by Attorneys involved in this project.

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4]. In our judgement "rusted" lintels do not constitute dangerous or hazardous violations; except in cases where severe deterioration is present. Although such a condition may not be deemed dangerous, this should not negate the value of such work or reasons for performing any repair-work. We feel that all oxidized lintels should be properly prepared and refinished accordingly to protect metalwork from exposure to climatic elements that may cause advanced rates of deterioration.



5]. "C" building section "Storage Room" floor should be repaired as noted in the Memorandum. Same is applicable for bulkheads.

Thank you for your attention hereto. Please do not hesitate to contact this office if we may be further assistance regarding this matter.

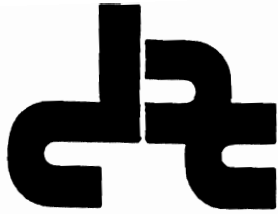
Very truly yours,
DIVERSIFIED BUILDING CONSULTANTS, INC.



By: _____
Frederick R. Hatem, A.A.I.A.
President


Philip J. Franz, A.I.A., F.R.A.
Architect


/mm



diversified building consultants, inc.

frederick r. hatem
james w. hiscock

10 June 1988

Joni L. Walaski, Esquire
Hall, Dickler, Lawler, et.al.
460 Park Avenue
New York, New York 10022

Reference: 445 Gramatan Avenue
Mount Vernon, New York

Dear Ms. Walaski:

This shall address the additional Memorandum dated 05 May 1988, which has been confirmed and modified by telephone conversations with Mr. Stephen Sansone, Reviewing Engineer, Office of the Attorney General regarding the above referenced premises. There are three [3] concerns to be addressed; each outlined below.

As follows:

1]. Ours of 15 April 1988 [page 2, Item #4] relative to "rusted" lintels at window fenestration, apparently implies to some degree that conditions seen during on-site inspections at lintels display in some cases "severe deterioration". Such conditions were not seen at any time during our many on-site visits. Instead, the previous wording had intended to qualify when conditions may or may not be deemed dangerous for any building in reference to window lintels. We trust that this shall clarify the previous wording satisfactorily.

2]. Several attempts were made to gain access to units "IA3", "FD1" and "FD2" to examine the areas where settlement has occurred. An evening inspection was again performed on 09 June 1988 [+/- 8:00pm]. The tenant residing at unit "IA3" [Collins'] refused us entry into the apartment for reasons unknown to us. Unit "FD1" was inspected at the bedroom wall [party wall] between this unit and unit "FD2". Occupants of "FD1" [Figliuzzi's] were in the process of performing plaster repairs and painting throughout their apartment; including the subject wall surface displaying settlement cracking. The subject wall surface had reportedly been repaired previously, however upon examining the work performed, Mr. Figliuzzi reported that this most recent patching

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work was performed with joint taping and professional quality joint compound. Other repair efforts did not utilize taping; which could easily account for the recurring problem. Joint compounds alone are insufficient for such work. The adjacent apartment "FD2" was not accessed. Apparently no one was at home during our visit. A similar repair effort should be performed at that unit, if same has not already been executed. The basement partition and ceiling area below were visually inspected for any signs of distress or unusual displacement. The partition in this area consists of masonry and stone, and the ceiling surfaces at each side are concrete. This partition is one that separates the rear access hallway from the boiler room. There were no signs of distress or structural displacement seen during our inspection. Same is applicable at exterior facade surfaces adjacent to the area in question. It is our judgement that the plaster damage is due to routine and expectable settlement; and that previous repairs were unworkmanlike to correct the nuisance.

3]. An Architectural Site Plan has been ordered through our office by a local, Licensed Land Surveyor. Same illustrates existing site improvements, recreation area, boundaries, parking fields, etc. Please refer to same which is annexed hereto.

Thank you for your attention hereto. Please do not hesitate to contact this office if we may be of further assistance in this matter.

Very truly yours,
DIVERSIFIED BUILDING CONSULTANTS, INC.

By: 

Frederick R. Haten, A.A.I.A.
President


Philip J. Franz,
Architect



/mm/attachment

PROPRIETARY LEASE

SHARES:

APARTMENT NUMBER:

WESTCHESTER GARDENS OWNERS, INC., LESSOR

TO:

_____, LESSEE

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PROPRIETARY LEASE, made as of _____, 19____, by and between WESTCHESTER GARDENS OWNERS, INC., a New York corporation, having offices at c/o Hall, Dickler, Lawler, Kent & Friedman, New York, 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 Borough of Mount Vernon, New York, known as and by the street number 445 Gramatan Avenue, (hereinafter called the "Building"); and

WHEREAS, the Lessee is the owner of _____ shares of the Lessor to which this lease is appurtenant and which have been allocated to Apartment ___ in the Building;

Demised Premises 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, 2080 (unless sooner terminated as hereinafter provided). As used herein "the apartment" means the rooms of 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, balconies, roof, or portion thereof outside of said partitioned rooms, which are allocated exclusively to the occupant of the apartment.

1. Rent (Maintenance) How Fixed

(a) The rent (sometimes called "maintenance") payable by the Lessee for each year, or portion of a year, during the term shall equal that proportion of the Lessor's cash requirements for such year, or portion of a year, which the number of shares of the Lessor allocated to the apartment bears to the total number of shares of the Lessor issued and outstanding on the date of the determination of such cash requirements. Such maintenance shall be payable, without notice or demand, in equal monthly installments, 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 rent as may be provided for herein when due.

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

(c) Cash Requirements Defined "Cash requirements" whenever used herein shall mean the estimated amount in cash which the Directors shall from time to time in its judgment determine to be necessary or proper, subject to the provisions of the by laws of the Lessor, 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 (other than rent from the proprietary lessees) and (ii) cash on hand which the Directors in its discretion may choose to apply. The Directors may from time to time modify its prior determination and increase or decrease the amount previously determined as cash requirements of the corporation for a year or portion thereof. No determination of cash requirements shall have any retroactive effect on the amount of the rent payable by the lessee for any period prior to the date of such determination. All determinations of cash requirements shall be conclusive as to all lessees.

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

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

(f) Paid-In Surplus 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.

(g) Failure to Fix Cash Requirements 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 installment 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.

2. Lessor's Repairs The Lessor shall at its expense keep in good repair all of the Building including all of the apartments, sidewalks and courts surrounding same, and its equipment and apparatus except those portions of the maintenance and repair of which are expressly stated to be the responsibility of the Lessee pursuant to Paragraph 18 hereof.

3. Services by Lessor The Lessor shall maintain and manage the Building as a first-class apartment building, and shall keep the elevators and 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 5 years and all such wallpapered public portions shall be re-wallpapered not less frequently than every 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. Notwithstanding the foregoing, in the event the Apartment is occupied by a tenant covered by the provisions of the RSL or the Control Regulations (as such terms are defined in the Plan), Lessor shall provide all services and facilities to which such tenant is entitled pursuant to the RSL or the Control Regulations, as the case may be, and which are not required to be provided by Lessee under the provisions of this Lease.

4. Damage to Apartment or Building

(a) If the apartment or the means of access thereto or the Building shall be damaged by fire or other cause covered by multiperil policies commonly carried by corporations owning "cooperative apartment buildings" in New York (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.

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

(c) Rent Abatement 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 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 66 2/3% of the issued and outstanding shares, at a shareholders' meeting duly called for that purpose held within 120 days after the determination by the Directors, shall not vote to repair, restore or rebuild, then upon giving of notice pursuant to Paragraph 31 hereof, this Lease and all other proprietary leases and all right, title and interest of the parties thereunder and the tenancies thereby created, shall thereupon wholly cease and expire and rent shall be paid to the date of such destruction or damage. The Lessee hereby waives any and all rights under Section 227 of the Real Property Law and in no event shall the Lessee have any option or right to terminate this Lease except as provided herein.

(d) Waiver of Subrogation 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.

5. Inspection of Books of Account 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.

Annual Report 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.

6. Amendments of Proprietary Leases 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, as hereinafter provided, 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 rent or cash requirements payable by any lessee may not be increased, (ii) the right of any lessee to cancel his lease under the conditions set forth in Paragraph 35 may not be eliminated or impaired, and (iii)

the rights, privileges and obligations of the holder of Unsold Shares (as defined in Paragraph 38(a)), as provided for in Paragraph 38 of this lease, may not be affected, modified or eliminated without, in each of the foregoing instances, the express consent of the lessee affected. Approval by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose.

7. Penthouses, Terraces and Balconies If the apartment includes a terrace, balcony, or a portion of the roof adjoining a penthouse, the Lessee shall have and enjoy the exclusive use of the terrace or balcony or that portion of the roof appurtenant to the penthouse, subject to the applicable provisions of the lease and to the use of the terrace, balcony, 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, balcony, 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, balconies, or roof of the Building without the prior written approval of the Lessor. No cooking shall be permitted on any terraces, balconies 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. Assignment of Lessor's Rights Against Occupant 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. See Paragraph 52 of this Lease.

9. Cancellation of Prior Agreements 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.

10. Quiet Enjoyment The Lessee, upon paying the rent and performing the covenants and complying with the conditions on the part of the Lessee to be performed as herein set forth shall, at all times during the term hereby granted, quietly have, hold and enjoy the apartment without any 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.

11. Indemnity 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.

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

13. House Rules 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.

14. Use of Premises 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 or friend, their children, grandchildren, parents, grandparents, brothers and sisters and domestic employees, and in no event shall more than one 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.

15. Subletting 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 66 2/3% of the then issued and outstanding shares of the Lessor. Consent by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose. Any consent to subletting may be subject to such conditions as the Directors or lessees, as the case may be, may impose. There shall be no limitation on the right of the Directors to grant or withhold consent, for any reason or no reason, to a subletting.

16. Assignment 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 canceled 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 parents or 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 30 days after submission of references to them or the Lessor's managing agent, then by lessees owning of record at least 66 2/3% of the then issued and outstanding shares of the Lessor. Consent by leases 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) Consents: On Death of Lessee 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).

(c) Consents Generally: Stockholders' and Directors' Obligation 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.

(d) Release of Lessee Upon Assignment 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.

(e) Further Assignment or Subletting 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, constitute special consideration and inducement for the granting of this lease by the Lessor to the Lessee. No demand or acceptance of rent from any assignee hereof shall constitute or be deemed to constitute a consent to or approval of any assignment.

(f) Statement by Lessor 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.

17. Pledge of Shares and Lease 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 rent or additional rent 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.

18. Repairs by Lessee (a) The Lessee shall take possession of the apartment and its appurtenances and fixtures "as is" as of the commencement of the terms 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 be at all times be painted by the Lessee in a standard color which the Lessor may select for the Building. Lessee shall be solely responsible for the maintenance, repair, and replacement of doors leading from the apartment to any maid's room, terrace, penthouse or balcony.

(b) Odors and Noises 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 hallways or stairways.

(c) Equipment and Appliances 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 other service to the Building, or of 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.

(d) Rules and Regulations and Requirements of Mortgage 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.

19. Lessor's Right to Remedy Lessee's Defaults If the Lessee shall fail for 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 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 therefore 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 5 days), then the Lessor may, but shall not be obligated to comply therewith, and for such purpose may enter upon the apartment of the Lessee. The Lessor shall be entitled to recover from the Lessee all expenses incurred or for which it has contracted hereunder, such expenses to be payable by the Lessee on demand as additional rent.

20. Increase in Rate of Fire Insurance 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 30 days after written notice from the Lessor specifying the objectionable occupancy or use) become personally liable for the additional insurance premiums incurred by the Lessor or any lessee or lessees of apartments in the Building on all policies so affected, and the Lessor shall have the right to collect the same for its benefit or the benefit of any such lessees as additional rent for the apartment due on the first day of the calendar month following written demand therefor by lessor.

21. Alterations

(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, terrace or balcony appurtenant thereto, any alteration, enclosure or addition or any alteration of or addition to the water, gas, or steam risers or pipes, heating or air-conditioning system or units, electrical conduits, wiring or outlets, plumbing fixtures, intercommunication or alarm system, or any other installation or facility in the apartment or Building, or except as hereinafter authorized, remove any additions, improvements or fixtures from the apartment. The performance by Lessee of any work in the apartment shall be in accordance with any applicable rules and regulations of the Lessor and governmental agencies having jurisdiction thereof. The Lessee shall not in any case install any appliances which will overload the existing wires or equipment in the Building. Anything contained herein or in subparagraph (b) hereinbelow to the contrary notwithstanding, the written consent of the Lessor shall not be required for any of the foregoing alterations, enclosures, additions made by, or the removal of any additions, improvements or fixtures from the apartment by, a holder of "Unsold Shares."

(b) Removal of Fixtures Without the Lessor's written consent, the Lessee shall not remove any fixtures, appliances, additions or improvements from the apartment except as hereinafter provided. If the Lessee, or a prior Lessee, shall have heretofore placed, or the Lessee shall hereafter place in the apartment, at the Lessee's own expense, any additions, improvements, appliances or fixtures, including but not limited to fireplace mantels, lighting fixtures, refrigerators, air-conditioners, dishwashers, washing machines, ranges, woodwork, wall paneling, ceilings, special doors or decorations, special cabinet work, special stair railings or other built-in ornamental items, which can be removed without structural alterations or permanent damage to the apartment, then title thereto shall remain in the Lessee and the Lessee shall have the right, prior to the termination of this lease, to remove the same at the Lessee's own expense, provided: (i) that the Lessee at the time of such removal shall not be in default

in the payment of rent or in the performance or observance of any other covenants or conditions of this lease; (ii) that prior to any such removal, the Lessee shall give written notice thereof to the Lessor; (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 an dissatisfactory 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) Surrender on Expiration of Term 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.

22. Lease Subordinate to Mortgages and Ground Lease Rights of Existing Tenants 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.

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 bene-

fit 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 who shall qualify as an "eligible senior citizen" or as an "eligible handicapped person" as such terms are defined in Section 352-eeee of the General Business Law of the State of New York, 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) notwithstanding any provision to the contrary contained in the RSL or Rent Control Law, as such terms are defined in the Plan.

23. Mechanic's Lien 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 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 any offsets or defenses thereto, and shall have the right to collect, as additional rent, all amounts so paid and all costs and expenses paid or incurred in connection therewith, including reasonable attorneys' fees and disbursements, together with interest thereon from the time or times of payment.

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

25. Right of Entry 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 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 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 to 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.

26. Waivers 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 rent, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach, and no waiver by the Lessor of any provision hereof shall be deemed to have been made unless in a writing expressly approved by the Directors.

27. Notices 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.

28. Reimbursement of Lessor's Expenses 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, fees and disbursements, shall be paid by the Lessee to the Lessor, on demand, as additional rent.

29. (a) Lessor's Immunities 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 rent or other compensation or claim of eviction shall be made or allowed because of the making or failure to make or delay in making any repairs, alterations or decorations to the 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.

(b) Storage Space and Laundry 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 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.

(c) Automobiles and Other Property 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 or damage to any property within or without the apartment by theft or otherwise.

30. Window Cleaning 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. Termination of Lease by Lessor 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 5 days thereafter, the term of this lease shall expire on the date so fixed in such notice as fully and completely as if it were the date herein definitely fixed for the expiration of the term, and all right, title and interest of the Lessee hereunder shall thereupon wholly cease and expire, and the Lessee shall thereupon quit and surrender the apartment to the Lessor, it being the intention of the parties hereto to create hereby a conditional limitation, and thereupon the Lessor shall have the right to re-enter the apartment and to remove all persons and personal property therefrom, either by summary dispossession proceedings, or by any suitable action or proceeding at law or in equity, or by force or otherwise, and to repossess the apartment in its former estate as if this lease had not been made, and no liability whatsoever shall attach to the Lessor by reason of the exercise of the right of re-entry, repossession and removal herein granted and reserved.

(a) Lessee Ceasing to Own Accompanying Shares 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;

(b) Lessee Becoming a Bankrupt; Appointment of Receiver; Assignment for Creditors; Levy on Shares; Transfer by Operation of Law; Transfer Pursuant to Pledge, Mortgage or Security Agreement 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 other 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 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 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 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;

(c) Assignment, Subletting or Unauthorized Occupancy Subject to the provisions of Paragraphs 38 and 39 hereof, if there be an assignment of this lease, or any subletting hereunder, without full compliance with the requirements of paragraphs 15 or 16 hereof; or if any person not authorized by Paragraph 14 shall be permitted to use or occupy the apartment, and the Lessee shall fail to cause such unauthorized person to vacate the apartment within 10 days after written notice from the Lessor;

(d) Default in Rent If the Lessee shall be in default for a period of one month in the payment of any rent or additional rent or of any installment thereof and shall fail to cure such default within 10 days after written notice from the Lessor;

(e) Default in Other Covenants If the Lessee shall be in default in the performance of any covenant or provision hereof, other than the covenant to pay rent, and such default shall continue for 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 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:

(f) Objectionable Conduct 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);

(g) Termination of All Proprietary Leases 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;

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

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

32. (a) Lessor's Rights After Lessee's Default In the event the Lessor resumes possession of the apartment, either by summary proceedings, action of ejectment or otherwise, because of default by the Lessee in the payment of any rent or additional rent due hereunder, or on the expiration of the term pursuant to a notice given as provided in Paragraph 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 rent which would have become due hereunder and shall pay the same in installments at the time such rent would be due hereunder. No suit brought to recover any installment of such rent or additional rent shall prejudice the right of the Lessor to recover any subsequent installment. After resuming possession, the Lessor may, at its option, from time to time (i) relet the apartment for its own account, or (ii) relet the apartment as the agent of the Lessee, in the name of the Lessee or in its own name, for a term or terms which may be less than or greater than the period which would otherwise have constituted the balance of the term of this lease, and may grant concessions or free rent, in its discretion. Any reletting of the apartment shall be deemed for the account of the Lessee, unless within 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) Collection of Rent from Subtenants If the Lessee shall at any time sublet the apartment and shall default in the payment of rent or additional rent, the Lessor may, at its option, so long as such default shall continue, demand and receive from the subtenant the rent due or becoming due from such subtenant to the Lessee, and apply the amount to pay sums due and to become due from the Lessee to the Lessor. Any payment by a subtenant to the Lessor shall constitute a discharge of the obligation of such subtenant to the Lessee, to the extent of the amount so paid. The acceptance of rent from any subtenant shall not be deemed a consent to or approval of any subletting or assignment by the Lessee, or a release or discharge of any of the obligations of the Lessee hereunder.

(c) Sale of Shares Upon the termination of this lease under the provisions of subdivisions (a) to (f) inclusive of Paragraph 31, the Lessee shall surrender to the Lessor the certificate for the shares of the Lessor 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 owing, of record, at least a majority of the shares of the Lessor accompanying proprietary leases then in force. Upon such issuance the certificate owned or held by the Lessee shall be automatically canceled 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, attorney's fees and other expenses incurred by the Lessor, and, if the proceeds are sufficient to pay the same, the Lessor shall pay over any surplus to the Lessee, but, if insufficient, the Lessee shall remain liable for the balance of the indebtedness. Upon the issuance of any such new proprietary lease and certificate, the Lessee's liability hereunder shall cease and the Lessee shall only be liable for rent and expenses 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.

33. Waiver of Right of Redemption 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.

34. Surrender of Possession 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 rent, additional rent and other charges due or accrued and to perform all covenants and agreements of the Lessee up to the date of such termination. On or before any such termination the Lessee shall vacate the apartment and surrender possession thereof to the Lessor or its assigns, and upon demand of

the Lessor or its assigns, shall execute, acknowledge and deliver to the Lessor or its assigns any instrument which may reasonably be required to evidence the surrendering of all estate and interest of the Lessee in the apartment, or in the building of which it is a part.

35. (a) Lessee's Option to Cancel Subject to the provisions of Paragraph 38(d) hereof, this lease may be canceled by the Lessee effective as of the first September 30th after the third anniversary of the consummation of the Offering Plan or on any September 30th thereafter, upon complying with all the provisions hereinafter set forth. Irrevocable written notice of intention to cancel must be given by the Lessee to the Lessor on or before April 1 in the calendar year in which such cancellation is to occur. At the time of the giving of such notice of intention to cancel there must be deposited with the Lessor by the Lessee:

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

(ii) Deposits Required 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) Removal of Fixtures 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 31 of the year of cancellation, and on or before said August 31 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 changes (except as aforesaid) and pay to the Lessor all rent and other charges which shall be payable under this lease up to and including the following September 30th.

(c) Permission to Show and Occupy Premises The Lessor and its agents may show the apartment to prospective lessees, contractors and architects at reasonable times after notice of the Lessee's intention to cancel. After August 31st or the earlier vacating of the apartment, the Lessor and its agents, employees and lessees may enter the apartment, occupy the same and make such alterations and additions therein as the Lessor may deem necessary or desirable without diminution or abatement of the rent due hereunder.

(d) Effective Date of Cancellation 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 canceled 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.

(e) Rights on Lessee's Default 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 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 canceled 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.

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

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

37. Continuance of Cooperative Management of Building After all Leases Terminated No later than 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 the title to real estate.

38. (a) Unsold Shares The term "Unsold Shares" means and refers to shares of the Lessor which have been issued or transferred either to the Sponsor or individuals designated by the Sponsor pursuant to the Plan of cooperative organization of Lessor 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 person related to him by blood or marriage) the apartment to which shares are allocated.

(b) Subletting Apartment and Sale of Shares Neither the subletting of the apartment from time to time nor the sale or assignment of this lease or any shares of the Lessor by the holder of Unsold Shares allocated to the apartment shall require the consent of the Lessor, Directors, shareholders or any other person or entity. At the request of the holder of Unsold Shares, the Lessor shall consent in writing to any such subletting, sale or assignment and shall execute a recognition agreement in connection therewith, but such consent shall not be required in order for any such subletting, sale or assignment to be effective.

(c) Change in Form of Lease 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 leased hereby to sublet the apartment or to assign this lease, as hereinbefore provided in this Paragraph 38, or (2) eliminate or modify any other rights, privileges or obligations of such holder of Unsold Shares.

(d) Limitation on Option to Cancel A holder of Unsold Shares shall not be entitled to cancel this lease pursuant to Paragraph 35 unless (i) lessees owning a majority of Lessor's outstanding shares (other than Unsold Shares) shall have given notice of intention to cancel pursuant to Paragraph 35 or 36 or (ii) all Unsold Shares constitute 15% or less of Lessor's outstanding shares, at least five (5) years shall have elapsed since Lessor acquired title to the building and on the effective date of cancellation Lessee shall have paid to Lessor a sum equal to the product of the then current monthly rent (maintenance charges) payable under this lease multiplied by 24.

(e) Alterations, Additions The written consent of the Lessor shall not be required for alterations, enclosures, additions made by, or the removal of any additions, improvements or fixtures from the apartment by, a holder of Unsold Shares, as hereinbefore provided by Paragraph 21.

(f) Credit for Tax Benefits The holder of Unsold Shares shall receive as a credit against the rent payable hereunder an amount equal to the amount of the senior citizen tax abatement or exemption pursuant to Chapter 51 of the NYC Administrative Code, as amended (or any similar law) available to Lessor by reason of the occupancy by a qualified senior citizen of the apartment attributable to Unsold Shares.

39. (a) Rights of a Secured Party 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 the lease or mortgagee of this lease ("Secured Party"), who so requests in writing, 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 or cause same to be cured as aforesaid, shall have elapsed, and the default shall not have been cured.

(b) If the lease is terminated by the Lessor as provided in Paragraph 31 or 35 of this lease, or by the Lessee as provided in Paragraphs 35 or 36 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 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 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 rent, additional rent and other sums owned 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 Lessee notwithstanding the provisions of Paragraph 32(c) to the contrary.

(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 savings or commercial bank, savings and loan association, trust company or life insurance company) or is security for a loan at any time made or held by or for any other indebtedness or obligation to an institution, the Sponsor of the Plan or any partner(s) or principal thereof, and a default or an event of default shall have occurred under the terms of the security agreement-leasehold mortgage or either of them entered into between the Lessee and the Secured Party, and if all of the following conditions are complied with: (1) notice of said default or event of defaults shall have been given to the Lessor, (2) an individual designated by the Secured Party, or the individual nominee of the individual so designated by the Secured Party, shall be entitled to become the owner of the shares and the lessee under this lease pursuant to the terms of said security agreement-leasehold mortgage, or either of them, (3) not less than 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 rent, additional rent and other sums owned by the Lessee to the Lessor under this lease for the period ending on the date of transfer of the aforementioned shares as hereinafter provided, and (5) the Lessor shall be furnished with such affidavits, certificates, and opinions of counsel, in form and substance reasonably satisfactory to the Lessor, indicating that the foregoing conditions (1)-(4) have been met, then (a) a transfer of the shares and the proprietary lease shall be made to such individual, upon request, and without the consent of the Directors or the shareholders to which reference is made in Paragraph 16, provided such transfer is approved by the Lessor's then managing

agent (such approval not to be unreasonably withheld or delayed) and (b) the individual to whom such transfer is made (if and as long as such individual, by himself or a member of his family, does not actually occupy the apartment) shall have all of the rights provided for in Paragraphs 15,16, 21, and 38 of this lease as if he were a holder of Unsold Shares.

(d) Without the prior written consent of any Secured Party who has requested a copy of any notice of default as hereinbefore provided in subparagraph (a) of this Paragraph 39, (a) the Lessor and the Lessee will not enter into any agreement modifying or canceling this lease, (b) no change in the form, terms or conditions of this lease, as permitted by Paragraph 6, shall eliminate or modify any rights, privileges or obligations of a Secured Party as set forth in this Paragraph 39,(c) the Lessor will not terminate or accept a surrender of this lease, except as provided in Paragraphs 31 or 35 of this lease and in subparagraph (a) of this Paragraph 39, (d) the Lessee will not assign this lease or sublet the apartment, (e) any modification, cancellation, surrender, termination or assignment of this lease or any sublease of the apartment not made in accordance with the provisions hereof shall be void and of no effect, (f) the Lessor will not consent to any further mortgage on this lease or security interest created in the shares, (g) the Lessee will not make any further mortgage or create any further security interest in the shares or this lease, and (h) any such further mortgage or security interest shall be void and of no effect.

(e) Any designee of the Secured Party to whom a transfer of a lease shall have been made pursuant to the terms of subparagraphs (b) except hereof may cancel this lease under the terms of Paragraph 35 hereof; except that such designee(a) may cancel this lease at any time after the designee acquires this lease and the shares appurtenant hereto due to foreclosure of the security agreement-leasehold mortgage; (b) need give only 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, which holds a security interest in the Unsold Shares, a recognition agreement in form and substance acceptable to such institution.

(g) The provisions of Paragraph 17 are expressly made subject to the provisions of this Paragraph 39.

40. Foreclosure - Receiver of Rents Notwithstanding anything to the contrary contained in this lease, if any action shall be instituted to foreclose any mortgage on the land or the Building or the leasehold of the land or Building, the Lessee shall, on demand, pay to the receiver of the rents appointed in such action rent, if any, owing hereunder on the date of such appointment and shall pay thereafter to such receiver in advance, on the first day of each month during the pendency of such action, as rent hereunder, the rent for the apartment as last determined and established by the Directors prior to the commencement of said action, and such rent shall be paid during the period of such receivership, whether or not the Directors shall have determined and established the rent payable hereunder for any part of the period during which such receivership may continue. The provisions of this Paragraph are intended for the benefit of

present and future mortgagees of the land or the 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.

41. To Whom Covenants Apply 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.

42. Waiver of Trial by Jury 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.

43. Lessor's Additional Remedies In the event of a breach or threatened breach by Lessee of any provision hereof, the Lessor shall have the right of injunction and the right to invoke any remedy at law or in equity, as if re-entry, summary proceedings and other remedies were not herein provided for, and the election of one or more remedies shall not preclude the Lessor from any other remedy.

44. Lessee More Than One Person 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 30 days after the giving of written notice thereof by the Lessee to the Lessor.

46. The Board of Directors has the power to establish any needed reserves for capital purposes, including (without limitation) reserves for capital improvements, capital repairs or alterations or modifications to the building structure and components, and including a reserve for mortgage amortization, payments to which reserves shall be treated on the corporate books as capital contributions and not as income.

47. 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; unless transferred in connection with the regrouping of space pursuant to the By-Laws; and

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

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

49. 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.

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

51. This Lease shall be governed and construed in accordance with the internal laws of the State of New York, without regard to principles or conflicts of law.

52. Rights of "Non-Purchasing Tenant(s)" - Non-Eviction Plan (a) A "Non-purchasing tenant" is 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.

(b) No eviction proceedings will be commenced at any time against 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 or 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.

(c) 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 ownership shall continue to be subject thereto.

(d) The rentals of non-purchasing tenants who reside in dwelling 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.

(e) This paragraph may not be amended or deleted. However, it shall have no applicability to conversions to cooperative ownership pursuant to an "Eviction Plan", as defined in the General Business Law.

IN WITNESS WHEREOF, the parties have executed this lease as of the date and year first above written.

Lessor
WESTCHESTER GARDENS OWNERS, INC.

By _____
(Vice) President

(L.S.)

(L.S.)
Lessee

State of New York)
) ss.:
County of New York)

On the _____ day of _____, in the year 198____, 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 of WESTCHESTER GARDENS OWNERS, INC., the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

State of New York)
) ss.:
County of _____)

On the _____ day of _____ in the year 198____, before me personally appeared _____, to me personally known and known to me to be the individual(s) 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, client, customer or invitee of any doctor or other person who has offices or other commercial space 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 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 the 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 his 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 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) The following rules shall be observed with respect to incinerator equipment.

(i) All wet debris to be securely wrapped or bagged in small package size to fit easily into the hopper panel.

(ii) Debris should be completely drip-free before it leaves the apartment and carried to the incinerator closet in a careful manner and in a drip-proof container; then placed into the flue hopper so it will drop into the flue for disposal.

(iii) No bottles or cans shall be dropped down the flue before 10:00 a.m. or after 5:00 p.m., but shall be left in a neat manner in the incinerator closet, if such items must be disposed of before 10:00 a.m. or after 5:00 p.m.

(iv) Cartons, boxes, crates, sticks of wood or other solid matter shall not be stuffed into hopper opening. Small items of this nature may be left in a neat manner on the incinerator closet floor. Bulky items should be left at service elevator area between 10:00 a.m. and 6:00 p.m. and service employee summoned to dispose of them by way of the service elevator.

(v) Under no circumstances should carpet sweepings containing naphthalene, camphor balls or flakes, floor scrapings, plastic wrappings or covers, oil soaked rags, empty paint or aerosol cans or any other inflammable, explosive, highly combustible substances or lighted cigarettes or cigar stubs be thrown into the incinerator flue.

(vi) Vacuum cleaner bags must never be emptied into the flue. Such dust, dirt, etc. should be wrapped in a securely tied bag or package and then be placed through hopper door panel into flue.

(29) 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.

(30) 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.

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

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BY-LAWS
OF
WESTCHESTER GARDENS OWNERS, INC.

ARTICLE I
Purpose and Place of Business

Section 1. Purpose: The primary purpose of the corporation is to provide residences to shareholders who shall be entitled, solely by reason of their ownership of shares, to proprietary leases for apartments in the building owned by the corporation.

Section 2. Location of Office: The principal office and place of business of the corporation shall be in the County of Westchester, City 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 30 days after the closing under the Offering Plan: 445 Gramatan Avenue, Mount Vernon, New York, and subsequent annual meetings shall be held in May of each year, commencing with the year following the year in which the annual meeting is held. Such meetings shall be at a place in the County of Westchester, City 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 signed by the president, a vice-president, the secretary or an assistant secretary and 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, or personally or mailed to each such shareholder, not less than ten nor more than fifty 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 25% 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 to each shareholder entitled to vote at such meeting not less than ten nor more than

fifty 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 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 at 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 or the certificate of incorporation, except as provided elsewhere in these bylaws. At each meeting of shareholders each shareholder present in person or by proxy shall be entitled to one vote for each share registered in his name at the time notice of such meeting was given to him, or at such time, not more than fifty days before such meeting, as may be designated by the Board of Directors as the record date for such meeting, which designation may also direct the closing of the corporate share transfer books from such time to time of the meeting. Proxies shall be in writing duly signed by the shareholder but need not be acknowledged or witnessed, and the person named as proxy by any shareholder need not himself be a shareholder of the corporation. Voting by shareholders shall be viva voce unless any shareholder present at the meeting, in person or by proxy, demands a vote by written ballot, in which case the voting shall be by ballot, and each ballot shall state the name of the shareholder voting and the number of shares owned by him, and in addition, the name of the proxy of such ballot if cast by a proxy.

Section 6. Inspectors of Election: The Board of Directors in advance of any meeting of shareholders may appoint one or more inspectors of election to act at the meeting or any adjournment thereof, If inspectors are not so appointed, the person presiding at a shareholders' meeting may and on the request of any shareholder entitled to vote thereat shall, appoint one or more inspectors. In case any person appointed as inspector fails to appear or act, the vacancy may be filled by the Board in advance of 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, or at any other meeting if so requested, 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 until the first annual meeting of the shareholders at which time the number of directors of the corporation shall automatically be fixed at five. 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 eighteen 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, or at a special meeting called for that purpose.

At all elections of directors, each shareholder shall be entitled to as many votes as shall equal the number of votes which (except for the provisions of this Section 2 of Article III) he would be entitled to cast for the election of directors with respect to his shares multiplied by the number of directors to be elected, and each shareholder may cast all such votes for a single director or may distribute them among the number of directors to be voted for, or any two or more of them, as such shareholder may see fit. 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. Rights of Holders of Unsold Shares: The Sponsor shall have the right to pledge the Unsold Shares to a lending institution. Holders of unsold Shares shall have such rights as are granted to holders of Unsold Shares under Section 9 of Article III, Section 6 of Article V, and Article XII.

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. In the event that the Board of Directors shall not have filled any such vacancy, a special meeting of shareholders to fill such vacancy may be called in the manner generally provided for calling of special meetings of shareholders. 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 at the principal office of the corporation or elsewhere within the State of New York as provided in the notice calling the meeting. 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 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 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 any two directors then holding office. 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 vote. Any one or more of the directors may participate in meetings of the Board of Directors by means of a conference telephone or other similar communications equipment allowing all persons participating in the meeting to hear each other at the same time and participation by such means shall constitute presence in persons at such meeting. Notwithstanding anything to the contrary contained herein, any action required or permitted to be taken by the Board of Directors or any committee thereof, including, without limitation, the Executive Committee referred to in Section 11 of this

Article III, may be taken without a meeting if all of the members of the Board of Directors or the Committee, as the case may be, consent in writing to the adoption of a resolution authorizing the action.

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.

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.

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 in accordance with the Certificate of Incorporation. Notwithstanding the foregoing, no director may be removed when the votes cast against his removal would be sufficient to elect him if voted cumulatively at an election at which the same total number of votes were cast and the entire Board of Directors or the entire class of directors of which he is a member, were then being elected.

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 rent (maintenance charges) under the corporation 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 case 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 may be the corporation 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 has the power to established any needed reserves for capital purposes, including (without limitation) reserves for capital improvements, capital repairs or alterations or modifications to the

building structure and components, and including a reserve for mortgage amortization, payments to which reserves shall be treated on the corporate books as capital contributions and not as income.

Sponsor, as a holder of Unsold Shares, and other holders of Unsold Shares, shall not exercise voting control over the Board of Directors after the fifth anniversary of the Closing Date, or whenever the Unsold Shares constitute less than fifty percent (50%) of the issued and outstanding shares, whichever event shall first occur.

Notwithstanding the foregoing, so long as the Unsold Shares constitute twenty-five (25%) percent or more of the issued and outstanding shares of the Corporation and five (5) years have not elapsed since the Closing Date, the Board of Directors shall not take any of the following actions unless shareholders owning at least seventy-five (75%) percent of the shares of the Corporation approve same in writing or by vote, in person or by proxy, at a duly constituted meeting called for such purposes:

(a) increase the number or change the type of employees from that described in the "Projected Budget for First Year of Operation";

(b) provide for new or additional services from those indicated in the "Projected Budget for First Year of Operation", unless the annual cost of such new or additional services, when added to the annual cost of all other services being provided, is no greater than that provided therein;

(c) impose any rent, maintenance, assessment or other charge (regular or special) against tenant-shareholders for the purpose of making any capital or major improvement or addition, unless required by law; or

(d) establish any reserves including (without limitation) a reserve for contingencies, repairs, improvements or replacements, other than a twelve (12) month reserve for contingencies not exceeding five (5%) percent of the budgeted operating expenses (exclusive of mortgage debt service) for the ensuing twelve (12) months of cooperative operation.

Notwithstanding the foregoing, the Corporation may take any of the actions enumerated in clauses (a) through (d) above if the cost of such actions, when added to all other budgeted expenses of the Corporation, shall not result in increasing the maintenance charges for any year of operation by more than 5% above the previous year's maintenance charges, or if required: (i) to comply with applicable law or regulation; (ii) to remedy any notice of violation; or (iii) to remedy any work order by a mortgagee or an insurer; or (iv) to remedy a notice of default from a mortgagee.

Section 10. House Rules: The Board of Directors may, from time to time, adopt and amend such reasonable house rules as it may reasonably deem necessary or desirable in respect to the premises owned or leased by the corporation for the health, safety and convenience of the tenant-shareholders, in addition to, or in substitution for those house

rules set forth in the form of proprietary lease used by the corporation. Copies thereof and of changes therein shall be furnished to each tenant-shareholder. Such rules shall be binding upon all tenant-shareholders.

Section 11. Executive Committee: The Board of Directors may, by resolution approved by a majority of the number of directors fixed by Section 1 of this Article III, appoint an Executive Committee consisting of three or more directors of the corporation. The Executive Committee, to the extent provided in the resolution that creates it, shall have and may exercise all of the powers of the Board of Directors in the management of the business affairs of the corporation during the intervals between meetings of the Board of Directors, so far as may be permitted by law, except that the Executive Committee shall not have the power to determine the cash requirements defined in the proprietary leases made by the corporation, or to fix the amount of rent 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. Any one or more of the members of the Executive Committee may participate in meetings of the Executive Committee by means of a conference telephone or other similar communications equipment allowing all person participating in the meeting to hear each other at the same time and participation by such means shall constitute presence in person at such meeting.

ARTICLE IV

Officers

Section 1. Number and Election: The officers of the corporation shall be a president, one or more vice presidents, a secretary and a treasurer. Such officers shall be elected at the first meeting of the Board of Directors after these By-Laws become effective, and thereafter at the regular meeting of the Board of Directors following each annual meeting of shareholders, and shall serve until the meeting of the Board of Directors following the next annual meeting of shareholders and until their successors shall have been elected and qualify.

Section 2. Assistants: The Board of Directors may at any time or from time to time appoint one or more assistant secretaries and one or more assistant treasurers to hold office at the pleasure of the Board. Such assistants, if any, in order of their seniority or in any other order determined by the Board of Directors shall, in the absence or disability of the secretary or treasurer, as the case may be, perform the duties and exercise the powers of the secretary or treasurer, as the case may be, and shall perform such other duties as the Board of Directors or the secretary or treasurer, as the case may be, shall prescribe.

Section 3. Qualifications: Removal and Vacancies: None of the officers need be a member of the Board of Directors. One person may hold two offices at the same time, except that the same person may not hold the offices of president and secretary. Any officer appointed by the Board of

Directors pursuant to the provisions of Section 1 and 2 of the 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 in the name of the corporation 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 City of Mount Vernon 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 Board of 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, but in no event later than March 15th after the close of such 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, allocated on a per share basis, of rental 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.

Within four months after the end of each fiscal year of the corporation, the treasurer shall cause to be transmitted to each tenant-shareholder whose proprietary lease is then in effect, an annual report of operations, including a balance sheet and profit and loss statement, of the corporation certified by an independent certified public accountant.

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 date when they respectively become the owners of record thereof, the amount paid therefor 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 and the date of the commencement of the term), unless varied in accordance with the terms thereof.

Section 2. Assignment: Proprietary leases shall be assigned or transferred only in compliance with, and shall never be assigned or transferred in violation of, the terms, conditions or provisions of such proprietary leases. A duplicate original of each proprietary lease shall always be kept on file in the principal office of the corporation or with the managing agent of the 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 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 on the date of issuance of the shares.

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 credit or 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 the Space: The Board of Directors, upon the written request of the owner or owners of the shares appurtenant to one or more proprietary leases covering one or more apartments in the apartment building may, in its discretion, at any time, permit such owner or 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 one or more servant's rooms or other 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.

The holders of Unsold Shares, however, shall have the absolute right, without payment of any fee or charge, to change the size and layout of any apartment including the right to subdivide any apartment owned by any of them into two or more apartments, or to combine all or any portion of such apartments into any desired number of apartments, provided such alterations do not unreasonably encroach on public areas commonly used as such.

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.

ARTICLE VI

Capital Shares

Section 1. Authorization and Rights: No shares hereafter issued or acquired by the corporation shall be issued or reissued except in connection with the execution by the purchaser and delivery by the corporation of a proprietary lease of an apartment. 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 same 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 apartment 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. 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 purposes 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 direct to the attorneys.

Section 5. Units of Issuance: Except as otherwise provided in Article V, Section 6, 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 rental 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 shareholders 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: 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 WESTCHESTER GARDENS OWNERS, INC. and to all the terms, covenants, conditions, provisions and agreements contained in a certain proprietary lease made between WESTCHESTER GARDENS OWNERS, INC. as lessor, and the person in whose name this certificate is issued, as lessee, for an apartment in the premises known as 445 Gramatan Avenue, Mount Vernon, 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 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."

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 Westchester", and the year of incorporation.

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: Endorsement 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 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 director or officer may be lawfully entitled either (a) apart from the provisions of Sections 722 and 723 by virtue of Section 725 of the Business Corporation

Law. Any amount payable by way of identity 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 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 determination 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. By the Shareholders. These By-Laws may be amended, altered, repealed or added to at any shareholders' meeting by vote of shareholders of record, present in person or by proxy, of at least two-thirds (2/3) of the then issued and outstanding capital shares, provided that the proposed amendment or the substance thereof has been inserted in the notice of meeting or that all of the shareholders are present in person or by proxy. The consent of all holders of Unsold Shares shall be required where such amendment, alteration, repeal or addition would materially affect the rights of holders of Unsold Shares.

Section 2. By the Directors: The Board of Directors may, by a vote of the majority of the then authorized total number of directors at any meeting (regular or special) of the board, make, alter, amend, or repeal these By-Laws, other than Article I Section 3, Article II Section 5, Article III Sections 8 and 9, Article IV Section 7, Article V Sections 1 and 6; provided, however, that the proposed amendment or the substance thereof shall have been contained in the notice of said meeting or that all directors shall be present in person and, provided further, that the Board may not repeal or modify an amendment to these By-Laws adopted by the shareholders pursuant to Section 1 of this Article XII.

Section 3. General. Anything herein contained to the contrary notwithstanding, these By-Laws and any provision hereof may not be altered, amended or repealed in such a manner as would adversely affect the rights or interests of the Sponsor under said Offering Plan (or its successors and assigns) in any shares and accompanying proprietary leases that may have been pledged with the Sponsor in connection with financing the purchase of apartments in the building.

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§ 352-eee. Conversions to cooperative or condominium ownership in certain cities, towns and villages located in the counties of Nassau, Westchester and Rockland

1. As used in this section, the following words and terms shall have the following meanings:

(a) "Plan". Every offering statement or prospectus submitted to the department of law pursuant to section three hundred fifty-two-e of this article for the conversion of a building or group of buildings or development from residential rental status to cooperative or condominium ownership or other form of cooperative interest in realty, other than an offering statement or prospectus for such conversion pursuant to article two, eight or eleven of the private housing finance law.

(b) "Non-eviction plan". A plan which may not be declared effective until at least fifteen percent of those bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the plan is declared effective shall have executed and delivered written agreements to purchase under the plan. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made in good faith without fraud and discriminatory repurchase agreements or other discriminatory inducements.

(c) "Eviction plan". A plan which, pursuant to the provisions of this section, can result in the eviction of a non-purchasing tenant by reason of the tenant failing to purchase pursuant thereto, and which may not be declared effective until written agreements to purchase under the plan pursuant to an offering made in good faith without fraud and with no discriminatory repurchase agreements or other discriminatory inducements shall have been executed and delivered by: (i) at least fifty-one percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general excluding, for the purposes of determining the number of bona fide tenants in occupancy on such date, eligible senior citizens and eligible disabled persons; and (ii) at least thirty-five percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general including, for the purposes of determining the number of bona fide tenants in occupancy on such date eligible senior citizens and eligible disabled persons.

(d) "Purchaser under the plan". A person who owns the shares allocated to a dwelling unit or who owns such dwelling unit itself.

(e) "Non-purchasing tenant". A person who has not purchased under the plan and who is a tenant entitled to possession at the time the plan is declared effective or a person to whom a dwelling unit is rented subsequent to the effective date. A person who sublets a

dwelling unit from a purchaser under the plan shall not be deemed a non-purchasing tenant.

(f) "Eligible senior citizens". Non-purchasing tenants who are sixty-two years of age or older on the date the plan is declared effective and the spouses of any such tenants on such date; provided that such tenant shall not be precluded from subsequently purchasing the dwelling unit on the terms then offered to tenants in occupancy.

(g) "Eligible disabled persons". Non-purchasing tenants who have an impairment which results from anatomical, physiological or psychological conditions, other than addiction to alcohol, gambling, or any controlled substance, which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques, and which are expected to be permanent and which prevent the tenant from engaging in any substantial gainful employment on the date the attorney general has accepted the plan for filing, and the spouses of any such tenants on such date, and who have elected, within sixty days of the date the attorney general has accepted the plan for filing, on forms promulgated by the attorney general and presented to such tenants by the offeror, to become non-purchasing tenants under the provisions of this section; provided, however, that if the disability first occurs after acceptance of the plan for filing, then such election may be made within sixty days following the onset of such disability unless during the period subsequent to sixty days following the acceptance of the plan for filing but prior to such election, the offeror accepts a written agreement to purchase the apartment from a bona fide purchaser; and provided further that such election shall not preclude any such tenant from subsequently purchasing the dwelling unit or the shares allocated thereto on the terms then offered to tenants in occupancy.

2. The attorney general shall refuse to issue a letter stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this chapter has been filed whenever it appears that the offering statement or prospectus offers for sale residential cooperative apartments or condominium units pursuant to a plan unless:

(a) The plan provides that it will be deemed abandoned, void and of no effect if it does not become effective within twelve months from the date of issue of the letter of the attorney general stating that the offering statement or prospectus has been accepted for filing and, in the event of such abandonment, no new plan for the conversion of such building or group of buildings or development shall be submitted to the attorney general for at least fifteen months after such abandonment.

(b) The plan provides either that it is an eviction plan or that it is a non-eviction plan.

(c) The plan provides, if it is a non-eviction plan, as follows:

(i) The plan may not be declared effective until at least fifteen percent of those bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the plan is declared effective shall have executed and delivered written agreements to purchase under the plan. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made in good faith without fraud and discriminatory repurchase agreements or other discriminatory inducements.

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

(iii) Non-purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy prior to the conversion of the building or group of buildings or development to cooperative or condominium ownership shall continue to be subject thereto.

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

(v) The plan may not be amended at any time to provide that it shall be an eviction plan.

(vi) The rights granted under the plan to purchasers under the plan and to non-purchasing tenants may not be abrogated or reduced notwithstanding any expiration of, or amendment to, this section.

(vii) After the issuance of the letter from the attorney general stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this article has been filed, the offeror shall, on the thirtieth, sixtieth, eighty-eighth and ninetieth day after such date and at least once every thirty days until the plan is declared effective or is abandoned, as the case may be, and on the second day before the expiration of any exclusive purchase period provided in a substantial amendment to the plan, (1) file with the attorney general a written statement, under oath, setting forth the percentage of bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development who have executed and delivered written agreements to purchase under the plan as of the date of such statement, (2) before noon on the day such statement is filed post a copy of such statement in a prominent place accessible to all tenants in each building covered by the plan.

(d) The plan provides, if it is an eviction plan, as follows:

(i) The plan may not be declared effective unless: (1) at least fifty-one percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general excluding, for the purposes of determining the number of bona fide tenants in occupancy on such date, eligible senior citizens and eligible disabled persons; and (2) at least thirty-five percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general including, for the purposes of determining the number of bona fide tenants in occupancy on such date eligible senior citizens and eligible disabled persons; shall have executed and delivered written agreements to purchase under the plan pursuant to an offering made in good faith without fraud and with no discriminatory repurchase agreements or other discriminatory inducements.

(ii) No eviction proceedings will be commenced against a non-purchasing tenant for failure to purchase or any other reason applicable to expiration of tenancy until the later to occur of (1) the date which is the expiration date provided in such non-purchasing tenant's lease or rental agreement, and (2) the date which is three years after the date on which the plan is declared effective. Non-

purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy prior to conversion shall continue to be subject thereto during the period of occupancy provided in this paragraph. Thereafter, if a tenant has not purchased, he may be removed by the owner of the dwelling unit or the shares allocated to such dwelling unit.

(iii) No eviction proceedings will be commenced, except as hereinafter provided, at any time against either eligible senior citizens or eligible disabled persons. The rentals of eligible senior citizens and eligible disabled persons who reside in dwelling units not subject to government regulation as to rentals and continued occupancy and eligible senior citizens and eligible disabled persons who reside in dwelling units with respect to which government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the plan has been accepted for filing shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy considering, in determining comparability, such factors as building services, level of maintenance and operating expenses; provided that such proceedings may be commenced against such tenants for non-payment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the owner or a similar breach by the tenant of his obligations to the owner of the dwelling unit or the shares allocated thereto; and provided further than an owner of a unit or of the shares allocated thereto may not commence an action to recover possession of a dwelling unit from a non-purchasing tenant on the grounds that he seeks the dwelling unit for the use and occupancy of himself or his family.

(iv) Eligible senior citizens and eligible disabled persons who reside in dwelling units subject to government regulation as to rentals and continued occupancy shall continue to be subject thereto.

(v) The rights granted under the plan to eligible senior citizens and eligible disabled persons may not be abrogated or reduced notwithstanding any expiration of, or amendment to, this section.

(vi) Any offeror who disputes the election by a person to be an eligible senior citizen or an eligible disabled person must apply to the attorney general within thirty days of the receipt of the election forms for a determination by the attorney general of such person's eligibility. The attorney general shall, within thirty days thereafter, issue his determination of eligibility. The foregoing shall, in the absence of fraud, be the sole method for determining a dispute as to whether a person is an eligible senior citizen or an eligible disabled person. The determination of the attorney general shall be

reviewable only through a proceeding under article seventy-eight of the civil practice law and rules, which proceeding must be commenced within thirty days after such determination by the attorney general becomes final.

(vii) After the issuance of the letter from the attorney general stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this article has been accepted for filing, the offeror shall, on the thirtieth, sixtieth, eighty-eighth and ninetieth days after such date and at least once every thirty days until the plan is declared effective or abandoned, as the case may be, and on the second day before the expiration of any exclusive purchase period provided in a substantial amendment to the plan, (1) file with the attorney general a written statement, under oath, setting forth the percentage of bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general who have executed and delivered written agreements to purchase under the plan as of the date of such statement, and (2) before noon on the day such statement is filed post a copy of such statement in a prominent place accessible to all tenants in each building covered by the plan.

(viii) If the plan is amended before it is declared effective to provide that it shall be a non-eviction plan, any person who has agreed to purchase under the plan prior to such amendment shall have a period of thirty days after receiving written notice of such amendment to revoke his agreement to purchase under the plan.

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

(e) The attorney general finds that an excessive number of long-term vacancies did not exist on the date that the offering statement

or prospectus was first submitted to the department of law. "Long-term vacancies" shall mean dwelling units not leased or occupied by bona fide tenants for more than five months prior to the date of such submission to the department of law. "Excessive" shall mean a vacancy rate in excess of the greater of (i) ten percent and (ii) a percentage that is double the normal average vacancy rate for the building or group of buildings or development for two years prior to the January preceding the date the offering statement or prospectus was first submitted to the department of law.

(f) The attorney general finds that, following the submission of the offering statement or prospectus to the department of law, each tenant in the building or group of buildings or development was provided with a written notice stating that such offering statement or prospectus has been submitted to the department of law for filing. Such notice shall be accompanied by a copy of the offering statement or prospectus and a statement that the statements submitted pursuant to subparagraph (vii) of paragraph (c) or subparagraph (vii) of paragraph (d) of this subdivision, whichever is applicable, will be available for inspection and copying at the office of the department of law where the submission was made and at the office of the offeror or a selling agent of the offeror. Such notice shall also be accompanied by a statement that tenants or their representatives may physically inspect the premises at any time subsequent to the submission of the plan to the department of law, during normal business hours, upon written request made by them to the offeror, provided such representatives are registered architects or professional engineers licensed to practice in the state of New York. Such notice shall be sent to each tenant in occupancy on the date the plan is first submitted to the department of law and to the clerk of the municipality wherein such building or group of buildings or development is located.

3. All dwelling units occupied by non-purchasing tenants shall be managed by the same managing agent who manages all other dwelling units in the building or group of buildings or development. Such managing agent shall provide to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. The offeror shall guarantee the obligation of the managing agent to provide all such services and facilities until such time as the offeror surrenders control to the board of directors or board of managers.

4. It shall be unlawful for any person to engage in any course of conduct, including, but not limited to, interruption or discontinuance of essential services, which substantially interferes with or disturbs the comfort, repose, peace or quiet of any tenant in his use or occupancy of his dwelling unit or the facilities related thereto. The

attorney general may apply to a court of competent jurisdiction for an order restraining such conduct and, if he deems it appropriate, an order restraining the owner from selling the shares allocated to the dwelling unit or the dwelling unit itself or from proceeding with the plan of conversion; provided that nothing contained herein shall be deemed to preclude the tenant from applying on his own behalf for similar relief.

5. Any local legislative body may adopt local laws and any agency, officer or public body may prescribe rules and regulations with respect to the continued occupancy by tenants of dwelling units which are subject to regulation as to rentals and continued occupancy pursuant to law, provided that in the event that any such local law, rule or regulation shall be inconsistent with the provisions of this section, the provisions of this section shall control.

6. Any provision of a lease or other rental agreement which purports to waive a tenant's rights under this section or rules and regulations promulgated pursuant hereto shall be void as contrary to public policy.

7. The provisions of this section shall only be applicable in the cities, towns and villages located in the counties of Nassau, Westchester and Rockland which by resolution adopted by the respective local legislative body of such city, town or village, elect that the provisions hereof shall be applicable therein. A certified copy of such resolution shall be filed in the office of the attorney general at Albany and shall become effective on the date of such filing.
(Added L.1983, c. 402, § 1.)

STATE OF NEW YORK
DIVISION OF HOUSING AND COMMUNITY RENEWAL

EMERGENCY TENANT PROTECTION ACT OF 1974

EFFECTIVE MAY 29, 1974

TENANT PROTECTION REGULATIONS

(INCLUDES AMENDMENTS NOS. 1 through 7)

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Numbers in parentheses refer to the designation of these Regulations as published in the State of New York Official Compilation of Codes, Rules and Regulations, Vol. 9, Executive (C), Subtitle S Housing, Chapter 8, Part 2500.

TENANT PROTECTION OFFICES

Two World Trade Center, 58th Floor, New York, N.Y. 10047
Telephone: 212-488-3217

Nassau County: 30 Clinton St., 2nd Floor, Hempstead, N.Y. 11550
Telephone: 516-481-9494

Westchester - Rockland Counties: 99 Church St., 4th Floor, White Plains, N.Y. 10601
Telephone: 914-948-4434

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EMERGENCY TENANT PROTECTION ACT OF 1974

TENANT PROTECTION REGULATIONS

(INCLUDES AMENDMENTS NOS. 1 through 7)

1. (2500.0) Statutory authority.¹

These Regulations are adopted and promulgated pursuant to the powers granted to the State Division of Housing and Community Renewal by the Emergency Tenant Protection Act of Nineteen Seventy-four, Chapter 576 of the Laws of New York for the year 1974, as amended by Chapter 486, Laws of 1976 and Chapter 203, Laws of 1977. As used in these Regulations the term 'Act' shall mean the Emergency Tenant Protection Act of Nineteen Seventy-four.

2. (2500.2) Definitions. When used in these Regulations, unless a different meaning clearly appears from the context, the following terms shall mean and include:

1. "Division." The State Division of Housing and Community Renewal.

2. "County Rent Guidelines Board." The board created in each county pursuant to the Emergency Tenant Protection Act of 1974 to establish annually guidelines for rent adjustments under the Act and these Regulations.

3. "Housing accommodation." Any building or structure, permanent or temporary, or any part thereof, occupied or intended to be occupied by one or more individuals as a residence, home, sleeping place, boarding house, lodging house or hotel, together with the land and buildings appurtenant thereto, and all services, privileges, furnishings, furniture and facilities supplied in connection with the occupation thereof.

4. "Rent." Consideration, including any bonus, benefit or gratuity demanded or received for or in connection with the use or occupancy of housing accommodations or the transfer of a lease of such housing accommodations.

5. "Legal regulated rent." The lawful rent for the use of housing accommodations. Under the Emergency Tenant Protection Act of 1974 rents may be formulated in terms of rents and other charges and allowances.

6. "Person." An individual, corporation, partnership, association, or any other organized group of individuals or the legal successor or representative of any of the foregoing.

7. "Landlord." An owner, lessor, sublessor, assignee, proprietary lessee of a housing accommodation in a structure or premises owned by a cooperative corporation or association, or other person receiving or entitled to receive rent for the use or occupancy of any housing accommodation or an agent of any of the foregoing.

8. "Tenant." A tenant, sub-tenant, lessee, sub-lessee, or other person entitled to the possession or to the use or occupancy of any housing accommodation.

9. "Documents." Records, books, accounts, correspondence, memoranda and other documents, and drafts and copies of any of the foregoing.

10. "Municipality." A city, town or village.

1 - See Amendment No. 6, February 15, 1979

11. "Local legislative body."

- a. In the case of a city, the council, common council or board of aldermen and the board of estimate, board of estimate and apportionment or board of estimate and contract, if there be one.
- b. In the case of a town, the town board.
- c. In the case of a village, the board of trustees.

12. "Final order." An order shall be deemed to be final on the date of its issuance.

13. (2500.3) Additional definitions.

1. "Commissioner." The Commissioner of Housing and Community Renewal.

2. "Office of Rent Administration." The office of the Division of Housing and Community Renewal designated by the Commissioner of Housing and Community Renewal to administer the Emergency Tenant Protection Act of 1974 under these Regulations.

"State Rent Administrator of the Office of Rent Administration of the Division of Housing and Community Renewal." The person designated by the Commissioner of Housing and Community Renewal to administer the Emergency Tenant Protection Act of 1974 under these Regulations and carry out any of the duties delegated to him by the Commissioner of Housing and Community Renewal.

"Director of Litigation and Review of the Office of Rent Administration of the Division of Housing and Community Renewal." The person designated to carry out the duties related to hearings, judicial review, appeals, and enforcement of these Regulations and the Act.

"Director of Operations of the Office of Rent Administration of the Division of Housing and Community Renewal." The person designated to supervise the operations of the local rent offices in the administration of these regulations and the Act.

"Director of Tenant Protection of the Office of Rent Administration of the Division of Housing and Community Renewal." The person designated to supervise the operations of tenant protection proceedings under these Regulations and the Act.

3. "Local Rent Administration Office." The office of the Division for a particular rent area as set forth in Section 8.

4. "Essential services." Those services which the landlord was maintaining, or which he was obligated to maintain, on May 29, 1974. These may include, for example, any or all of the following: repairs, decorating and maintenance, the furnishing of light, heat, hot and cold telephone, elevator service, janitor service, removal of refuse, and garage and parking facilities.

5. "Apartment." A room or rooms providing facilities commonly regarded in the community necessary for a self-contained family unit but not including housing accommodations located in a rooming house or hotel.

§ 4. (2500.4) Effective date and local effective date.

1. These Regulations shall become effective May 29, 1974, the effective date of the Act.

2. These Regulations shall apply to housing accommodations on the local effective date of the city, town, or village wherein the housing accommodations are situated. Such local effective date shall be the first day of the month, or the first rent payment date following the declaration of an emergency by the local legislative body of the city, town or village wherein the housing accommodations are situated.

5. (2500.5) Amendment or revocation. Any provision of these Regulations may be amended or revoked at any time by the Division.

6. (2500.6) Filing of amendments. Such amendment or revocation shall be filed with the Secretary of State and shall take effect upon the date of filing unless otherwise specified therein.

7. (2500.7) Separability. If any provision of these Regulations or the application of such provisions to any persons or circumstances shall be held invalid, the validity of the remainder of these Regulations and the applicability of such provisions to other persons or circumstances shall not be affected thereby.

8. (2500.8) Local areas subject to control. Except as hereinafter provided in Section 9 of these Regulations, these Regulations shall apply to housing accommodations located in the counties of Nassau, Rockland and Westchester, which are subject to the Emergency Tenant Protection Act of 1974 pursuant to a determination of the existence of an emergency thereunder by the local legislative body of the city, town or village wherein the accommodations are situated.

9. (2500.9) Housing accommodations subject to regulation. These Regulations shall apply to all or any class or classes of housing accommodations in a city, town or village for which a declaration of emergency has been made except the following:

1. housing accommodations subject to the emergency housing rent control law;

2. housing accommodations owned or operated by the United States, the state of New York, any political subdivision, agency or instrumentality thereof, any municipality or any public housing authority;

3. housing accommodations in buildings in which rentals are fixed by or subject to the supervision of the state division of housing and community renewal under other provisions of law or the New York state urban development corporation, or, to the extent that regulation under this Act is inconsistent therewith aided by government insurance under any provision of the National Housing Act;

4. (a) housing accommodations in a building containing fewer than six dwelling units;

(b) for purposes of this paragraph four, a building shall be deemed to contain six or more dwelling units if it is part of a multiple family garden-type maisonette dwelling complex containing six or more dwelling units having common facilities such as a sewer line, water main or heating plant and operated as a unit under common ownership, notwithstanding that certificates of occupancy were issued for portions thereof as one- or two-family dwellings.

5. housing accommodations in buildings completed or buildings substantially rehabilitated family units on or after January first, nineteen hundred seventy-four;

6. housing accommodations owned or operated by a hospital, convent, monastery, asylum, public institution, or college or school dormitory or any institution operated exclusively for charitable or educational purposes on a non-profit basis;

7. rooms or other housing accommodations in hotels;

8. any motor court, or any part thereof, any trailer, or trailer space used exclusively for transient occupancy or any part thereof; or any tourist home serving transient guests exclusively or any part thereof;

The term "motor court" shall mean an establishment renting rooms, cottages or cabins, supplying parking or storage facilities for motor vehicles in connection with such renting and other services and facilities customarily supplied by such establishments, and commonly known as motor, auto or tourist court in the community.

The term "tourist home" shall mean a rooming house which caters primarily to transient guests and is known as a tourist home in the community.

9. non-housekeeping, furnished housing accommodations, located within a single dwelling unit not used as a rooming or boarding house, but only if:

a. no more than two tenants for whom rent is paid (husband and wife being considered one tenant for this purpose), not members of the landlord's immediate family, live in such dwelling unit, and

b. the remaining portion of such dwelling unit is occupied by the landlord or his immediate family.

10. housing accommodations in buildings operated exclusively for charitable purposes on a non-profit basis;

11. housing accommodations which are not occupied by the tenant in possession as his primary residence.

§ 10. (2500.10) Effect of these Regulations on leases and other rental agreements. The provision of any lease or other rental agreement shall remain in force pursuant to the terms thereof, except insofar as those provisions are inconsistent with the Act or the Regulations.

§ 11. (2500.11) Receipt for rent paid. No payment of rent need be made unless the landlord tenders a receipt for the amount to be paid when so requested by a tenant.

§ 12. (2500.12) Waiver of benefit void. An agreement by the tenant to waive the benefit of any provision of the Act or these Regulations is void.

PART II. LEGAL REGULATED RENTS

§ 21. (2501.1) Initial legal regulated rents for housing accommodations.

1. For housing accommodations which on the local effective date of the Act were under rent control pursuant to the Emergency Housing Rent Control Law, and on or after that date become vacant and are no longer under rent control, and which are rented thereafter and subject to the Act, the initial legal regulated rent shall be the rent agreed to by the landlord and the tenant and reserved in a lease or provided for in a rental agreement.

2. For all other housing accommodations subject to the Act, the initial legal regulated rent shall be the rent reserved in the last effective lease or other rental agreement prior to the local effective date of the Act.

§ 22. (2501.2) Legal regulated rents for housing accommodations. The legal regulated rent shall be the initial legal regulated rent first established pursuant to section 21, and thereafter shall be the said initial legal regulated rent as it may be adjusted pursuant to the Act and these Regulations.

§ 23. (2501.3) Redetermination of initial legal regulated rent which includes payments reserved under a tax escalation clause for housing accommodations located in a property becoming subject to reduction of real property taxes.²

Where the initial legal regulated rent for a housing accommodation includes payments reserved in the lease or other rental agreement under a tax escalation clause, whenever there is a reduction in the amounts of increases in the real property taxes which were previously in effect, the initial legal regulated rent shall be subject to redetermination to exclude such payments or such part thereof as is warranted, as provided for in section 2503.9 (§49) and 2503.10 (§50) of these Regulations. (NOTE: Added by Amendment No. 5 effective June 1, 1976).

PART III. ADJUSTMENTS

§ 31. (2502.1) Legal regulated rents. Legal regulated rents may be increased or decreased only as hereinafter specified.

§ 32. (2502.2) Effective date of adjustment of rents. The legal regulated rent shall be adjusted effective the date of issuance of an order by the Division, unless otherwise set forth in the order, or on the effective date of a lease or other rental agreement providing for the Rent Guidelines Board annual rate of adjustment as filed with the Division and as provided for in section 35.

§ 33. (2502.3) Application for adjustment of initial legal regulated rent.³

1. Fair market rent. The tenant of a housing accommodation for which the initial legal regulated rent was established under section 21-2 based upon the rent reserved in a lease or other rental agreement which became effective on or after January 1, 1974 may file within ninety days after notice has been received pursuant to section 41 an application on forms prescribed by the Division for adjustment of the initial legal regulated rent on the allegation that such rent is in excess of the fair market rent and presenting facts which to the best of his information and belief support such allegation.

The Division shall be guided by guidelines promulgated by the Rent Guidelines Board for the determination of fair market rents and upon a determination that the initial legal regulated rent is in excess of the fair market rent, shall establish by order a new legal regulated rent and further order a refund of any excess rent paid since January 1, 1974 or the date of the commencement of the tenancy, whichever is later, provided that no refund order shall relate to a period more than two years prior to the local effective date as defined in section 4. The order shall direct the landlord to make the refund of any excess rent to the tenant in cash or as a credit against future rents over a period not in excess of six months, and that if the landlord does not make the refund, that the order may be enforced or the rent offset by the tenant in the same manner as a Division order awarding penalties pursuant to section 71-5.

2. Unique or peculiar circumstances. The landlord or tenant of a housing accommodation described in section 21-1 and 21-2 may, within 60 days of the local effective date of the Act or the commencement of the first tenancy thereafter, file an application on forms prescribed by the Division to adjust the initial legal regulated rent on the grounds that the presence of unique or peculiar circumstances materially affecting the legal regulated rent has resulted in a rent which is substantially different from the rents generally prevailing in the same area for substantially similar housing accommodations.

2. See Amendment No. 5, June 1, 1976.

3. See Amendment No. 6, February 15, 1979.

The Division may grant an appropriate adjustment of the initial legal regulated rent upon finding that such grounds do exist, provided that the adjustment shall not result in a legal regulated rent substantially different from the rents generally prevailing in the same area for substantially similar housing accommodations.

§ 34. (2502.4) Applications for adjustment of legal regulated rent.⁴

1. Any landlord may file an application to increase the legal regulated rent otherwise allowable, on forms prescribed by the Division, on one or more of the following grounds:

Increased service or facilities, substantial rehabilitation, or major capital improvements.

The Division may grant an appropriate adjustment of a legal regulated rent where it finds that:

a. the landlord and tenant by mutual voluntary agreement, subject to approval by the Division, agree to a substantial increase of dwelling space or an increase in the services, furniture, furnishings or equipment provided in the housing accommodations; which agreement may be established by the signatures of landlord and tenant on the prescribed application form or by corroborative proof of such earlier agreement.

b. there has been since January 1, 1974, an increase in the rental value of the housing accommodations as a result of a substantial rehabilitation of the building or housing accommodations therein which materially adds to the value of the property or appreciably prolongs its life, excluding ordinary repairs, maintenance and replacements; and that the legal regulated rent has not been adjusted prior to the application based in whole or part upon the grounds set forth in the application; or

c. there has been since January 1, 1974 a major capital improvement required for the operation, preservation or maintenance of the structure; and that the legal regulated rent has not been adjusted prior to the application based in whole or part upon the grounds set forth in the application.

The Division, in determining the amount or rate of appropriate adjustment of a legal regulated rent shall take into consideration all factors bearing on the equities involved, subject to the general limitation that the adjustment can be put into effect without dislocation and hardship inconsistent with the purposes of the Act, and including as a factor a return of the actual cost to the landlord, exclusive of interest or other carrying charges, and the increase in the rental value of the housing accommodations.

No adjustment of a legal regulated rent shall be granted for the replacement of equipment required to be maintained in the housing accommodations under the Act or these Regulations unless the landlord has entered a mutual voluntary agreement to such an adjustment with the tenant as provided for in paragraph a. of this section.

2. Any landlord may file an application to decrease the legal regulated rent on forms prescribed by the Division on the ground that the landlord and tenant by mutual voluntary agreement, subject to the approval of the Division, agree to a substantial decrease in dwelling space, or a decrease in the services, furniture, furnishings or equipment provided in the housing accommodations, or that such decrease is required for the operation of the building in accordance with the requirements of law.

4. See Amendment No. 6, February 15, 1979.

3. Hardship. The Division may grant an appropriate adjustment of the legal regulated rent where the landlord by application for increases in rents in excess of the rent adjustment authorized by the Rent Guidelines Board under the Act and as provided for in section 35 establishes a hardship, and the Division finds that the rate of such rent adjustment is not sufficient to enable the owner to maintain approximately the same ratio between operating expenses (including taxes, and labor costs but excluding debt service, financing costs, and management fees and gross rents which prevailed on the average over the immediate preceding five year period, or for the entire life of the building if less than five years.

§ 35. (2502.5) 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.⁵ 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:

a. the legal regulated rent immediately prior to the effective date of the lease may be increased by the appropriate rate of rent adjustment as last filed with the Division by the Rent Guidelines Board for the county wherein the housing accommodation is located, and if the said rate has not been filed by the commencement date of the lease term, the lease may make provision for the rent increase, if any, pursuant to the said rate to become effective when filed as of the commencement date of the lease term, unless the Rent Guidelines Board shall have fixed a later effective date for the said rate, in which event the increase may only be effective as of that later date.

b. where a lease is entered into after the local effective date, but before the effective date of the first applicable guidelines as provided in section 4 subdivision b of the Act the lease may provide for an adjustment of rent pursuant to such guidelines, to be effective on the first day of the month next succeeding the effective date of such guidelines.

c. pursuant to an order of the Division, where the lease recites that

(1) an application for a rent increase pursuant to sections 34-1a, b, or c, is pending before the Division.

(2) a rent increase shall be payable in the amount authorized by the Division in the event an application is filed pursuant to section 34-1b or c, based upon work having been completed to comply with new or additional requirements of law.

(3) a rent increase shall be payable in the amount, if any, authorized by the Division in the event an application is filed to establish a hardship pursuant to section 34-1

5. See Amendment No. 6, February 15, 1979.

4. Escalator clauses.⁶ Regardless of whether an escalator clause was contained in the last effective lease or other rental agreement prior to the local effective date of the Act, no renewal lease or vacancy lease becoming effective on or after the local effective date shall provide for any escalator clause except as authorized in paragraph 3b. of this section. (NOTE: Added by Amendment No. 1 effective July 1, 1974).

5. Prior executed lease.⁷

a. Where a lease for a one, two or three year term was executed before the local effective date and the term commences on or after the local effective date, the lease shall not be effective to increase the initial legal regulated rent, except that effective on the first day of the month next succeeding the date of filing of guidelines with the Division by the Rent Guidelines Board for the county wherein the property is located, which guidelines are applicable to the class of housing accommodations within the building, the initial legal regulated rent may be increased to the lower of the following rents:

- (1) the rent reserved in the lease, or
- (2) the initial legal regulated rent increased by the applicable rate of rent adjustment for the lease term pursuant to the guidelines.

provided the landlord first serves on the tenant a written notice setting forth the new legal regulated rent and the method of computation thereof pursuant to this section.

b. Where a lease was executed before the local effective date for a term of one, two or three years commencing before the local effective date but providing for one or more rent increases to commence on or after the local effective date, no such increases shall be effective to increase the initial legal regulated rent, except that effective on or after the first day of the month next succeeding the date of filing of the guidelines with the Division by the Rent Guidelines Board for the county wherein the property is located, which guidelines are applicable to the class of housing accommodations within the building, the initial legal regulated rent may then be increased commencing on the date or dates provided for in the lease or on the first of the month next succeeding the date of filing of the guidelines, whichever is the later date, to the lower of the following rents:

- (1) the rent in the increased amount provided for in the lease, or
- (2) the initial legal regulated rent increased by the applicable rate of rent adjustment for the lease term pursuant to the guidelines,

provided the landlord first serves on the tenant a written notice setting forth the new legal regulated rent and the method of computation thereof pursuant to this section. (NOTE: Added by Amendment No. 2 effective March 14, 1975).

6. Lease upon vacancy prior to expiration of prior lease term.⁸ Where a lease for a one two or three year term commenced on or after the local effective date, and the tenant vacates prior to the expiration of the one, two or three year term, the legal regulated rent in effect under the lease shall continue in effect for the remainder of the lease term. Upon the rental to a new tenant, the landlord shall provide to the tenant and execute a valid written lease for a one, two or three year term, except that where the unexpired term of the prior lease is less than one year, the new lease term may also include that additional period, and

6. See Amendment No. 1, July 1, 1974.

7. See Amendment No. 2, March 14, 1975.

8. See Amendment No. 3, August 1, 1975.

a. Where the lease with the new tenant is for a one year term, the legal regulated rent in effect under the prior lease shall not be increased under the new lease, and

b. Where the lease with the new tenant is for more than a one year term, the legal regulated rent in effect under the prior lease shall not be increased for the remainder of that prior lease term, and

c. Where the balance of the new lease term is one year the legal regulated rent for that period may be increased in an amount not to exceed the appropriate rate of rent adjustment on file by the Rent Guidelines Board for one year leases, or

d. Where the balance of the new lease term is two years, the legal regulated rent for that period may be increased in an amount not to exceed the appropriate rate of rent adjustment on file by the Rent Guidelines Board for two year leases, or

e. Where the balance of the new lease term is three years, the legal regulated rent for that period may be increased in an amount not to exceed the appropriate rate of rent adjustment on file by the Rent Guidelines Board for three year leases. (NOTE: Added by Amendment No. 3, effective August, 1975,)

7. Same Terms and Conditions.⁹

The lease provided to the tenant by the landlord pursuant to both paragraphs 1 and 2 of this section shall be on the same terms and conditions as the last lease prior to the local effective date except where a change is required or authorized by a law applicable to the building or to leases for housing accommodations subject to the Act. Where there was no prior lease for the housing accommodations, the lease shall be on the same terms and conditions as the last leases for the other housing accommodations in the building subject to the Act, and shall otherwise provide for the maintenance by the landlord of all services and facilities required by the laws applicable to the building and housing accommodations.

8. 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.⁹

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-

1. 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;

2. 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;

3. 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.

4. Where the rented apartment is located in a city, town or village which has filed a resolution with the Attorney General electing to have Section 352-ee of the General Business Law (Chapter 544, Laws of 1978) apply to cooperative and condominium conversion plans, and the plan has been accepted for filing by the attorney General subject to the requirements of Section 352-ee:

- a. That the plan for conversion to cooperative or condominium ownership is an "Eviction Plan" as defined in Section 352-ee.
- b. That no eviction proceedings shall be commenced against the tenant for a period of two years after the plan is declared effective as an "Eviction Plan" as defined in Section 352-ee (when at least 35% 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 sixty-two years of age or older on the date the plan is declared effective under the requirements of Section 352-ee (when at least 35% of the tenants in occupancy of all dwelling units have consented to purchase).

§ 36. (2502.6) Orders where the legal regulated rent or other facts are in dispute, in doubt or not known, or where legal regulated rent must be fixed. Where the legal regulated rent or any fact necessary to the determination of the legal regulated rent, or the dwelling space, essential services, furniture, furnishings or equipment required to be provided with the accommodation, is in dispute between the landlord and the tenant, or is in doubt, or is not known, the Division at any time upon written request of either party, or on its own initiative, may issue an order determining the facts including the legal regulated rent, the dwelling space, essential services, furniture, furnishings and equipment, required to be provided with the accommodations.

Such order shall determine such facts or establish the legal regulated rent as of the local effective date or the date of commencement of the tenancy, whichever is later. Where such order establishes the legal regulated rent it may contain a directive that all rent collected by the landlord in excess of the legal regulated rent established under this paragraph for a period commencing with the local effective date or the date of the commencement of the tenancy, if later, be refunded to the tenant in cash or as a credit to the rent thereafter payable, and upon the failure to comply with the directive, that the order may be enforced in the same manner as prescribed in section 71-5.⁹

PART IV. NOTICES AND RECORDS

§ 41. (2503.1) Notice of initial legal regulated rents. Every landlord of housing accommodations subject to these Regulations, which are rented to a tenant on the local effective date shall within 30 days after the local effective date give notice in writing by certified mail to the tenant of each such housing accommodations on a form provided by the Division for the purpose, reciting the initial legal regulated rent for the housing accommodation and the tenant's right to file an application for adjustment of the initial legal regulated rent within 90 days after receipt of the notice.

§ 42. (2503.2) Certification of service. Every owner of housing accommodations subject to these Regulations shall file with the Division on a form which it shall provide for that purpose, a written certification that he is maintaining and will continue to maintain all services furnished on May 29, 1974, the effective date of the Act, or required to be furnished by any law, ordinance, or regulation applicable to the premises.

9. See Amendment No. 6, February 15, 1979.

§ 43. (2503.3) Failure to file a certification of service. No landlord shall be entitled to collect a Rent Guidelines Board rent adjustment authorized under section 35 until the owner has filed a proper certification as required by section 42.

§ 44. (2503.4) Failure to maintain services as certified. A tenant may apply to the Division for a reduction of the legal regulated rent to the level in effect prior to the most recent adjustment under section 35-3 a and b, and the Division may so reduce the rent where it is found that the owner has failed to maintain the service. If the Division further finds that the owner has knowingly filed a false certification, it shall, in addition to abating the rent, assess the owner with the reasonable costs of the proceeding including reasonable attorney's fees, and impose a penalty not in excess of \$250.00 for each false certification.

§ 45. (2503.5) Notice for renewal of lease. On a form prescribed by the Division, every landlord shall notify the tenant in occupancy not more than 90 days and not less than 60 days prior to the end of the tenant's lease term, by certified mail, of such termination of the lease term and offer to renew the lease at the legal regulated rent permitted for such renewal lease and otherwise on the same conditions as the expiring lease and shall give such tenant a period of 30 days from the date of mailing of such notice to renew such lease and accept the offer, provided that as to any lease which expires less than 60 days from the local effective date of the Act, the notice shall be deemed complied with so long as the tenant is provided the 30 day period within which to renew after notice is mailed of his options of renewal. The tenant's acceptance of such offer shall be entered on the designated part of the prescribed form, and returned to the landlord by certified mail.

§ 46. (2503.6) Notices to attorneys at law.

1. Whenever a person is involved in a proceeding before the Division and an attorney at law has filed a Notice of Appearance in such proceeding, all subsequent written communications or notices to such person (other than subpoenas) shall be sent to such attorney at law at the address designated in such Notice of Appearance.

The Notice of Appearance to be filed by an attorney at law who represents a party in a proceeding before the Division shall be on a form prescribed unless proceedings are instituted before the Division by formal application pursuant to these Regulations and the representation of such attorney at law and his mailing address are stated in such application in the space allotted for the mailing address of the represented party. The service of written communications and notices upon such attorney at law shall be deemed full and proper service upon the party or parties so represented.

2. Whenever an attorney at law shall represent the same party or parties in more than one proceeding before the Division, separate Notices of Appearance shall be filed in each proceeding.

3. This section shall not apply to preliminary investigations.

§ 47 (2503.7) Records and record-keeping.

1. Every landlord subject to these Regulations, shall keep, preserve, and make available for examination, records showing the rents received for each housing accommodation, the particular term and number of occupants for which such rents were charged, and the name and address of each occupant.

2. Every landlord shall also keep, preserve, and make available for examination, records of the same kind as he has customarily kept relating to the rents received for housing accommodations.

48. (2503.8) Notice of legal regulated rent for a vacant housing accommodation previously regulated under the Act.¹⁰ A landlord of a vacant housing accommodation for lease shall make available to prospective tenants a notice in writing of the monthly rent under the offered lease, and of the prior legal regulated rent, if any, which was in effect immediately prior to the vacancy, and that any increase in the prior legal regulated rent under the offered lease does not exceed the applicable rate of rent adjustment in effect pursuant to the guidelines filed with the Division by the Rent Guidelines Board for the county wherein the housing accommodation is located, or as otherwise authorized by the Act.

At the time of renting the vacant housing accommodation, the landlord shall attach this notice in writing to the executed written lease, and deliver a copy of the notice to the tenant with a copy of the lease, or include a written provision in the lease setting forth the prior legal regulated rent, the amount of any rent increase under the lease and showing that such increase does not exceed the applicable rate of rent adjustment in effect pursuant to the Guidelines filed by the Rent Guidelines Board or as otherwise authorized by the Act. In the event the landlord does not comply with this requirement, the lease shall not be effective to increase the prior legal regulated rent; however, at such time thereafter that the landlord does provide the notice to the tenant with the required information in writing, the otherwise authorized monthly rent increase shall be collectible commencing with the first rent payment date thereafter. (NOTE: Added by Amendment No. 4 issued September 10, 1975, effective October 1, 1975).

§ 49. (2503.9) Notice of redetermination of initial legal regulated rent which includes payments reserved under a tax escalation clause, based upon reduction of real property tax increases.¹⁰ Every landlord of housing accommodations subject to these Regulations, for which the initial legal regulated rent includes payments reserved under a tax escalation clause in the lease or other rental agreement shall, whenever there is a reduction in the amounts of increases in the real property taxes which were previously in effect, on or before July 31, 1976 or within 60 days after notice of such reduction and receipt of rebates from the taxing authority, whichever is later, give notice in writing by certified mail to the tenant of each such housing accommodation on a form provided by the Division for that purpose, reciting the redetermined initial legal regulated rent for the housing accommodation, and the amount of the payments previously included in the initial legal regulated rent, which are excluded therefrom based upon the reduction of real property tax increases, and that all refunds of excess rent paid since the local effective date will be made in cash to the tenant or as a credit against future rents over a period not in excess of six months. In the event the initial legal regulated rent has been adjusted by the applicable Rent Guidelines Board rate in a one, two or three year lease, the legal regulated rent provided in such lease shall also be redetermined to exclude the tax increase payments, and shall also be recited in the notice. Where the real property tax increases have been reduced as a result of a legal proceeding commenced by the landlord to reduce the assessed valuation of the property, the landlord may offset the amount of rent reduction by such exact amount as is necessary to recoup the expense of reasonable attorney's fees, costs and expenses, if any, actually incurred in said proceeding. (NOTE: Added by Amendment No. 3 effective June 1, 1976).

§ 50. (2503.10) Failure to serve notice of redetermination of initial legal regulated rent based upon reduction of real property tax increases.¹⁰ A tenant may apply to the Division for a redetermination of the initial legal regulated rent, and the legal regulated rent if there has been an adjustment by the applicable Rent Guidelines Board rate in a one, two or three year lease, when the landlord has failed to serve the notice required under section 49 of these Regulations. In determining such application, the Division may direct the refund by the landlord to the tenant of excess rent paid since the local effective date, and may further order the landlord to pay to the tenant such penalty as may be found under section 71 of these Regulations. (NOTE: Added by Amendment No. 3 effective June 1, 1976).

10. See Amendment No. 5, June 1, 1976.

PART V. EVICTIONS

51. (2504.1) Restrictions on removal of tenant.

1. So long as the tenant continues to pay the rent to which the landlord is entitled, no tenant shall be removed from any housing accommodations by action to evict or to recover possession, by exclusion from possession, or otherwise, nor shall any person attempt such removal or exclusion from possession, except on one or more of the grounds specified in these regulations.

2. It shall be unlawful for any person to remove or attempt to remove any tenant or occupant from any housing accommodations or to refuse to renew the lease or agreement for the use of such accommodations, because such tenant or occupant has taken, or proposes to take, action authorized or required by the Act or any regulation, order or requirement thereunder.

3. No tenant of any housing accommodation shall be removed or evicted unless and until such removal or eviction has been authorized by a court of competent jurisdiction.

§ 52. (2504.2) Proceedings for eviction - wrongful acts of tenant. An action or proceeding to recover possession of any housing accommodation shall be maintainable after service and filing of the notice required by section 53 only upon one or more of the following grounds wherein wrongful acts of the tenants are established.

1. The tenant is violating a substantial obligation of his tenancy other than the obligation to surrender possession of such housing accommodation and has failed to cure such violation after written demand by the landlord that the violation cease within ten days; or within the three month period immediately prior to the commencement of the proceeding the tenant has willfully violated such an obligation inflicting serious and substantial injury to the landlord.

2. The tenant is committing or permitting a nuisance in such housing accommodations; or is maliciously or by reason of gross negligence substantially damaging the housing accommodations; or his conduct is such as to interfere substantially with the comfort or safety of the landlord or of other tenants or occupants of the same or other adjacent building or structure.

3. Occupancy of the housing accommodations by the tenant is illegal because of the requirements of law, and the landlord is subject to civil or criminal penalties therefor, or both

4. The tenant is using or permitting such housing accommodation to be used for an immoral or illegal purpose.

5. The tenant has unreasonably refused the landlord access to the housing accommodations for the purpose of making necessary repairs or improvements required by law or for the purposes of inspection or of showing the accommodations to a prospective purchaser, mortgagee or prospective mortgagee, or other person having a legitimate interest therein; provided, however, that in the latter event such refusal shall not be ground for removal or eviction if such inspection or showing of the accommodations is contrary to the provisions of the tenant's lease or rental agreement.

6. The tenant has refused following notice pursuant to section 45 to execute a renewal lease at the legal regulated rent authorized under these Regulations and the Act.

§ 53. (2504.3) Notices required in proceedings under section 52.¹¹

1. Except where the ground for removal or eviction of a tenant is non-payment of rent, n

11. See Amendment No. 7, May 7, 1979.

tenant shall be removed or evicted from housing accommodations by court process and no action or proceeding shall be commenced for such purpose upon any of the grounds permitted in section 52 unless and until the landlord shall have given written notice to the tenant and the Division as hereinafter provided.

2. Every notice to a tenant to vacate or surrender possession of housing accommodations shall state the ground under section 52 upon which the landlord relies for removal or eviction of the tenant, the facts necessary to establish the existence of such ground, and the date when the tenant is required to surrender possession.

3. Within seven days after the notice is served upon the tenant, an exact copy thereof together with an affidavit of service shall be filed with the Division.

4. Every such notice shall be served upon the tenant within the period of time hereinafter set forth prior to the date specified therein for the surrender of possession and prior to the commencement of any proceeding for removal or eviction.

a. Where the notice specifies one or more of the grounds stated in paragraphs 2, 3 and 4 of section 52 for such removal or eviction, not less than ten days unless the tenant is a weekly tenant, in which case the notice required shall be not less than two days.

b. Where the notice specifies one or more of the grounds stated in paragraphs 1 and 5 of section 52 for such removal or eviction, not less than one month unless the tenant is a weekly tenant, in which case the notice required shall not be less than seven days.

c. Where the notice specifies the grounds stated in paragraph 6 of section 52, not less than ten days.

§ 54 (2504.4) 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, 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 purpose 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.

PART VI. PROHIBITIONS

§ 61. (2505.1) General prohibitions. It shall be unlawful, regardless of any contract, lease or other obligation heretofore or hereafter entered into, for any person to demand or receive, any rent for any housing accommodations in excess of the legal regulated rent, or otherwise to do or omit to do any act, in violation of any regulation, order or requirement under the Act or these Regulations, or to offer, solicit, attempt or agree to do any of the foregoing.

The term "rent" as hereinbefore defined shall also include the payment by a tenant of a fee or rental commission to a landlord or to any person or real estate broker where such person or real estate broker is an agent or employee of the landlord or is employed by the landlord in connection with the operation of the building, or where such person or real estate broker manages the building in which the housing accommodation is located, or where the landlord or his employee refer the tenant to such person or real estate broker for the purpose of renting the housing accommodation. Where the landlord has listed the housing accommodation with such person or real estate broker for rental purposes such fact shall be prima facie evidence of the existence of an agency relationship between such other person or real estate broker and the landlord for the purposes of this section.

§ 62. (2505.2) Evasion. The legal regulated rents and other requirements provided in these Regulations shall not be evaded, either directly or indirectly, in connection with the renting or leasing or the transfer of a lease of housing accommodations by requiring the tenant to pay, or obligate himself for membership or other fees, or by modification of the practices relating to payment of commissions or other charges, or by modification of the services furnished or required to be furnished with the housing accommodations, or otherwise.

§ 63. (2505.3) Purchase of property as condition of renting.

1. No person shall require a tenant or prospective tenant to purchase or agree to purchase furniture or any other property as a condition of renting housing accommodations.

2. The term "person" as used in this section shall include an agent or any other employee of a landlord acting with or without the authority of his employer.

3. The term "person" as used in this section shall also include a tenant in occupancy of housing accommodations who attempts to sell furniture or any other property to an incoming tenant.

§ 64. (2505.4) Security deposits. Regardless of any contract, agreement, lease or other obligation heretofore or hereafter entered into, no person shall demand, receive or retain a security deposit for or in connection with the use or occupancy of housing accommodations which exceeds the rent for one month in addition to the authorized collection of rent, unless the lease in effect on January 1, 1974 provided for a security deposit for a greater period, in which event such period shall be permitted, and provided (1) that said security deposit shall be deposited in an interest-bearing account in a banking organization; (2) the person depositing such security money shall be entitled to receive, as administrative expenses, a sum

equivalent to one percent per annum upon the security money so deposited; (3) the balance of the interest paid by the banking organization shall be held in trust until repaid or applied for the rental of the housing accommodations, or at the tenant's option annually paid to the tenant; and (4) so long as the landlord complies with the provisions of section 7-103 of the General Obligations Law.

§ 65. (2505.5) Disclosure by employees. It shall be unlawful for any officer or employee of the Division, or for any official advisor or consultant to the Division, to disclose, otherwise than in the course of official duty, any information obtained under the act, or to use any such information for personal benefit.

§ 66. (2505.6) Conduct with intent to cause the tenant to vacate. It shall be unlawful for any landlord or any person acting on his behalf, with intent to cause the tenant to vacate, to engage in any course of conduct (including, but not limited to, interruption or discontinuance of essential services) which interferes with or disturbs or is intended to interfere with or disturb the comfort, peace, repose or quiet of the tenant in his use or occupancy of the housing accommodations.

PART VII. ENFORCEMENT

§ 71 (2506.1) Penalties for overcharges, assessment of costs and attorneys' fees, rent offsets.

1. Any landlord who is found by the Division, after a reasonable opportunity to be heard, to have collected any rent or other consideration in excess of the legal regulated rent shall be ordered to pay to the tenant a penalty equal to three times the amount of such excess. If the landlord establishes by a preponderance of the evidence that the overcharge was neither wilful nor attributable to his negligence, the Division shall establish the penalty as the amount of the overcharge, and the order shall direct such a payment to be made to the tenant.

2. The Division shall apportion the landlord's liability between or among two or more tenants found to have been overcharged during their particular occupancy of an accommodation. A complaint must be filed within two years of the first overcharge alleged, and no penalty may be based upon an overcharge which occurred more than two years before the complaint is filed.

3. Any affected tenant shall be given notice and an opportunity to join in any complaint filed by an officer or employee of the Division.

4. A landlord who is found to have overcharged by the Division shall be assessed and ordered to pay to the tenant the reasonable costs and attorneys' fees of the proceeding.

5. The Division order awarding penalties may, upon the expiration of the period in which the landlord may institute a proceeding pursuant to article 78 of the Civil Practice Law and Rules, be filed and enforced by a tenant in the same manner as a judgment, or the tenant may offset an amount not in excess of 20% of the penalties per month against rent thereafter due to the landlord.

§ 72. (2506.2) Orders to enforce the Act and Regulations.⁴² Upon notice and reasonable opportunity to be heard, the Division may issue orders it seems appropriate to enforce the Act and Regulations. If the Division finds that any landlord has knowingly engaged in acts prohibited by the Act and Regulations or orders issued thereunder, it may assess the landlord and order it to pay each tenant affected by such acts the reasonable costs and attorney fees of the proceeding plus a penalty not in excess of \$250.00 for each such act. If the landlord has not instituted a proceeding pursuant to Article 78 of the Civil Practice Law and Rules and has not paid the assessment and penalties upon the expiration of the time to do so, each affected tenant may offset against any rent thereafter due the landlord the unpaid amount not in excess of 20% thereof per month.

12. See Amendment No. 7, May 7, 1979.

§ 73. (2506.3) Injunctions by Supreme Court. The Division may commence proceedings in the Supreme Court to enjoin violations of the Act, of these Regulations, or orders issued pursuant thereto, and shall not be required to post bond.

§ 74. (2506.4) Oaths, subpoenas, hearing officers. The Division may administer oaths, issue subpoenas, conduct investigations, and designate officers to hear and report.

§ 75. (2506.5) Confidentiality of information. The Division shall safeguard the confidentiality of information furnished to it at the request of the person furnishing such information, unless such information must be made public in the interest of establishing a record for the future guidance of persons subject to the Act.

§ 76. (2506.6) Inspection and records.

1. Any person who rents or offers for rent, or acts as a broker or agent for the rental of any housing accommodations shall, as the Division may from time to time require, furnish information under oath or affirmation or otherwise, permit inspection and copying of records and other documents and permit inspection of any such housing accommodations.

2. Any person who rents or offers for rent, or acts as a broker or agent for the rental of any housing accommodations shall, as the Division may from time to time require, make and keep records and other documents and make reports.

PART VIII. PROCEEDINGS BEFORE DIVISION

§ 81. (2507.1) Proceedings instituted by landlord or tenant. A proceeding is instituted by a landlord or a tenant with the filing of an application for adjustment of rent, or for other relief provided by the Act or these Regulations. Such application shall be verified or certified by the applicant and filed upon the appropriate form issued by the Division in accordance with the instructions contained in such forms.

§ 82. (2507.2) Proceedings instituted by the Division. The Division may institute a proceeding on its own initiative whenever the Division deems it necessary or appropriate pursuant to the Act or these Regulations.

§ 83. (2507.3) Notice to the parties affected.

1. Where the application is made by a landlord or tenant the Division shall forward, as promptly as possible, a copy of such application by mail to the person or persons affected thereby.

2. Where the proceeding is instituted by the Division, it shall forward to all parties affected thereby a notice setting forth the proposed action.

§ 84. (2507.4) Answer. A person who has been served with a copy of an application or a notice of a proceeding shall have seven days from the date of mailing in which to answer. Every answer must be verified or certified, and an original and one copy shall be filed with the Division.

§ 85. (2507.5) Action by Division. At any stage of a proceeding the Division may:

1. Reject the application if it is insufficient or defective.

2. Make such investigation of the facts, hold such conferences, and require the filing of such reports, evidence, affidavits, or other material relevant to the proceeding.

3. Forward to or make available for inspection by either party any relevant evidence and afford an opportunity to file rebuttal thereto.

4. For good cause shown accept for filing any papers, even though not filed within the time required by these Regulations.

5. Require any person to appear or produce documents or both pursuant to a subpoena issued by the Division.

6. Consolidate two or more applications or proceedings which have at least one ground in common.

7. Forward to either party a notice of action proposed to be taken.

8. Grant or order a hearing.

§ 86. (2507.6) Final determination. The Division, on such terms and conditions as it may determine, may:

1. Dismiss the application if it fails substantially to comply with the provisions of the Act or these Regulations.

2. Grant or deny the application, in whole or in part.

3. Issue an appropriate order in a proceeding instituted on its own initiative.

A copy of any order issued shall be forwarded to all parties to the proceeding.

§ 87. (2507.7) Pending proceedings. Where a Regulation is amended during the pendency of a proceeding, the determination shall be in accordance with the amended Regulation.

§ 88. (2507.8) Modification or revocation of orders. The Division, on application of either party or on its own initiative, and upon notice to all parties affected, may, prior to the date that a petition for judicial review has been commenced in the Supreme Court pursuant to Article 78 of the Civil Practice Law and Rules, modify, supersede or revoke any order issued by the Division under these or previous Regulations where the Division finds that such order was the result of illegality, irregularity in vital matters, or fraud. Where an order is modified, superseded or revoked by the Division, it may also direct that all rent collected by the landlord and/or by predecessor and successor landlords in excess of the legal regulated rent be refunded to the tenant.

PART IX. MISCELLANEOUS PROCEDURAL MATTERS

§ 110. (2508.1) When a notice or paper shall be deemed served.

1. Notices, orders, protests, answers and other papers may be served personally or by mail. When service is made personally or by mail an affidavit by the person making the service or mailing shall constitute sufficient proof of service. When service is by registered or certified mail the return post office receipt shall constitute sufficient proof of service.

2. Where a notice of appearance has been filed by an attorney, service on the attorney shall be deemed proper service as if made on the party or parties represented.

§ 111. (2508.2) Delegation of authority. The Commissioner of Housing and Community Renewal and the State Rent Administrator of the Office of Rent Administration of the Division of Housing and Community Renewal designated by the Commissioner may delegate the authority to carry out any of the duties and powers granted by the Act or these Regulations.

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CERTIFICATION OF SPONSOR AND SPONSOR'S PRINCIPALS
PURSUANT TO PART 18 OF THE REGULATIONS ISSUED
PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A
AS AMENDED.

New York State Department of Law
120 Broadway, 23rd Floor
New York, New York 10271

Attention: Real Estate Financing Bureau

Re: 445 Gramatan Avenue
Mount Vernon, New York

Gentlemen:

The undersigned, certify as follows:

We are the sponsor and the principal(s)¹ of sponsor of the cooperative offering plan for the captioned property.

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.

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 documents submitted hereafter by us which amend or supplement the offering plan will:

(1) set forth the detailed terms of the transaction and be complete, current and accurate;

(2) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;

(3) not omit any material fact;

(4) not contain any untrue statement of a material

1 "Principal(s)" means all individual sponsors; all general partners of sponsors that are partnerships; all officers, directors and shareholders of a corporate sponsor that are actively involved in the planning or consummation of the offering; and all other individuals who both (i) own an interest in or control sponsor and (ii) actively participate in the planning or consummation of the offering, regardless of the form of organization of sponsor.

fact:

(5) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

(6) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(7) not contain any representation or statement which is false, where we: (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made no reasonable effort to ascertain the truth, or (iv) did not have knowledge concerning the 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.

SUTTON ESTATES

By: Robert S. Sommers
ROBERTA S. SOMMERS,
Principal of Sponsor

sworn to before me
this day of April 29th, 1987

Guadalupe Serrano
Notary Public

GUADALUPE SERRANO
NOTARY PUBLIC, State of New York
No. 31-4874052
Qualified in New York County
Commission Expires 10-20-88

fact:

(5) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

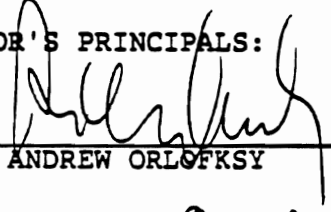
(6) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(7) not contain any representation or statement which is false, where we: (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made no reasonable effort to ascertain the truth, or (iv) did not have knowledge concerning the representations or statement made.

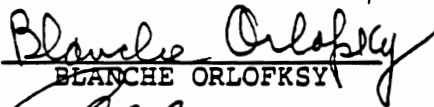
This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

SPONSOR'S PRINCIPALS:

By:


ANDREW ORLOFSKY

By:


BLANCHE ORLOFSKY

By:


ROBERT ORLOFSKY


SUTTON ESTATES

By: ORLOFSKY ENTERPRISES

By:


ANDREW ORLOFSKY

Severally sworn to before me
this day of April 20, 1987


Notary Public

CATHERINE A. BARBIERI
Notary Public, State of New York
File No. 4842634
Qualified in Westchester County
Qualified in Rockland County
Commission Expires March 30, 1989
Aug 31,

(5) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

(6) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(7) not contain any representation or statement which is false, where we: (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made no reasonable effort to ascertain the truth, or (iv) did not have knowledge concerning the 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.

SPONSOR'S PRINCIPALS:

SUTTON ESTATES

By: *Peter Newman*
PETER NEWMAN

By: *Peter Newman*
PETER NEWMAN

By: *Scott Newman*
SCOTT NEWMAN

By: *Scott Newman*
SCOTT NEWMAN

By: *Wendy Newman*
WENDY NEWMAN

By: *Wendy Newman*
WENDY NEWMAN

Severally sworn to before me
this day of ~~10th~~ May 11th, 1987

MAUREEN A. KRAMER
Notary Public, State of New York
No. 4843268
Qualified in Rockland County
Commission Expires March 30, 1989

Maureen A. Kramer
Notary Public

fact: (4) not contain any untrue statement of a material

(5) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

(6) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(7) not contain any representation or statement which is false, where we: (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made no reasonable effort to ascertain the truth, or (iv) did not have knowledge concerning the 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.

SUTTON ESTATES

By: RESIDUARY TRUST under will
of MYRON ORLOFSKY

sworn to before me
this day of May 11th, 1987

By: *Leonard Newman*
LEONARD NEWMAN, TRUSTEE

Margaret A. Keener
Notary Public

MARGARET A. KEENER
Notary Public, State of New York
No. 4342268
Qualified in Rockland County
Commission Expires March 30, 1990

fact:

(5) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

(6) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(7) not contain any representation or statement which is false, where we: (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made no reasonable effort to ascertain the truth, or (iv) did not have knowledge concerning the 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.

SPONSOR'S PRINCIPALS:

SUTTON ESTATES

By: 
MILTON PECK

By: 
MILTON PECK

By: 
NORMAN L. PECK

By: 
NORMAN L. PECK

Severally sworn to before me
this day of 29th April, 1987


Notary Public

MATTHEW TSAVALOS
NOTARY PUBLIC State of New York
No. 41-9337650
Qualified in Queens County
Commission Expires November 30, 1988

fact: (4) not contain any untrue statement of a material

(5) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

(6) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(7) not contain any representation or statement which is false, where we: (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made no reasonable effort to ascertain the truth, or (iv) did not have knowledge concerning the 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.

SPONSOR'S PRINCIPALS:

SUTTON ESTATES

By: Michael Heller
MICHAEL HELLER

By: Frank Heller
FRANK HELLER

By: Frank Heller
FRANK HELLER

By: Michael Heller
MICHAEL HELLER

Severally sworn to before me
this day of 29th April 1987

Matthew Tsalalos

Notary Public
MATTHEW TSAVALOS
NOTARY PUBLIC State of New York
No. 41-057850
Qualified in Queens County
Commission Expires November 30, 1988

fact: (4) not contain any untrue statement of a material

(5) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

(6) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(7) not contain any representation or statement which is false, where we: (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made no reasonable effort to ascertain the truth, or (iv) did not have knowledge concerning the 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.

SUTTON ESTATES

By: ESTATE OF JACOB HELLER

Sworn to before me this
29th day of August, 1987



Notary Public

By: 

FRANK HELLER, Executor

NANCY R. HELLER
NOTARY PUBLIC, State of New York
No. 31-4334245
Qualified in New York County
Commission Expires March 30, 1989

(5) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

(6) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(7) not contain any representation or statement which is false, where we: (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made no reasonable effort to ascertain the truth, or (iv) did not have knowledge concerning the 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.

SUTTON ESTATES

BY: JANE ROBINOWITZ 1972 TRUST
SUSAN R. TULL 1972 TRUST
CATHY ROBINOWITZ 1972 TRUST
ROBERT E. ROBINOWITZ 1972 TRUST
RICHARD H. ROBINOWITZ 1972 TRUST

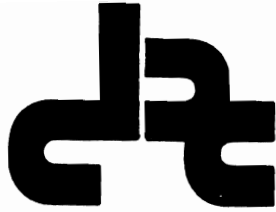
BY: *Ernest Rubenstein*
ERNEST RUBENSTEIN, Trustee

Severally sworn to before me
this 6th day of May, 1987

Cheryl G. Wiener
Notary Public

CHERYL G. WIENER
Notary Public, State of New York
No. 24-4848329
Qualified in Kings County
Commission Expires March 30, 1989
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diversified building consultants, inc.

frederick r. hatem
james w. hiscock

CERTIFICATION BY SPONSOR'S ENGINEER [ARCHITECT]
PURSUANT TO REGULATION 18.4 [c]

re: Cooperative Offering Plan [the "Offering Plan"]
for Premises [the "Premises"] located at:

445 Gramatan Avenue
Mount Vernon, New York

The Sponsor of the Offering Plan to Convert the Premises to cooperative ownership retained our firm to prepare a report [the "Report"] disclosing the condition of the Premises. We visually inspected the Premises on 09 June 1988 and prepared the Report dated 10 April 1987, plus all Addenda thereto, which are intended to be incorporated into the Offering Plan so that prospective purchasers may rely upon the Report and its Addenda.

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 and Addenda.

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 of the material facts which were then discernable from a visual inspection of the Premises. This Certification is made for the benefit of all persons to whom this offer is made. We certify that the Report based upon our visual inspection:

[i] sets forth in narrative form the physical condition of the entire Premises and is current and accurate as of the date of the inspection;

[ii] in our professional opinion affords potential investors, purchasers and participants an adequate basis upon which to found their judgement concerning the physical condition of the Premises;

page one of two

132 larchmont avenue, larchmont, new york 10538
914.833.0631

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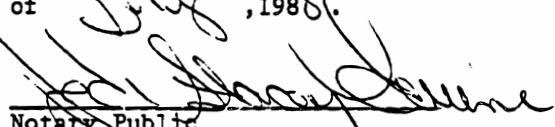
fax 914.834.1981

- [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 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 statements made; and
- [viii] it is to be understood that all aspects of the physical condition of the Premises cannot be determined by a 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 nor controlled by and have no beneficial interest in the Sponsor of the Offering Plan and that our compensation for preparing this Report is not contingent upon the Conversion of the Premises to a cooperative or upon the profitability or price of the Offering. This statement is not intended as a guarantee or warranty as to the physical condition of the Premises.

FREDERICK R. HATEM, A.I.A.


Philip J. Franz, A.I.A., R.A.
Architect

Sworn to before me this ^{13th} day
of July, 1988.

Notary Public

FRH/PJF/mm

JODI STACEY LEONE
Notary Public, State of New York
No. 31-4287707
Qualified in New York State
Commission Expires June 30, 1991

diversified property group, ltd.

235 east 49th street • new york, new york 10017 • (212) 593-4702

January 13, 1988

New York State Department of Law
Two World Trade Center
New York, NY 10047

Re: 445 Gramatan Avenue
Mt. Vernon, New York

The undersigned, Diversified Property Group, Ltd., a licensed real estate broker, certifies as follows:

The sponsor of the offering plan of cooperative conversion of the above captioned property retained our firm to review Schedule B, containing projections of income and expenses for the first year of cooperative operation. Our experience includes acting as Managing Agent for cooperative and rental apartments in the metropolitan area. In addition, we have been engaged in the real estate management business for over 5 years.

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 judgement concerning the first year of cooperative operation;

- (iii) does not omit any material fact;
- (iv) does not contain any untrue statement of a material fact;
- (v) does not contain any fraud, deception, concealment, or suppression;
- (vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (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 statements 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.

DIVERSIFIED PROPERTY GROUP, LTD.

By: 
Regina Deutsch
President

Sworn to before me this
13th day of January, 1988


Notary Public

BETTY COHEN
Notary Public, State of New York
No. 41-5735971
Qualified in Queens County
Commission Expires March 30, 1990



