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RA PC



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February 24, 1986

Subject: Addendum #2
Great Neck Terrace
Great Neck, N.Y.

Enclosed in this addendum is our responses to your request for an update of our report dated February 27, 1985 to describe or clarify the items changed and to add information in addition to that contained in our report dated February 27, 1985.

EXTERIOR OF BUILDING

Windows, Lintels:

As per our site inspection on February 13, 1986, it was observed that numerous lintels were delisted and/or deteriorated, however, there was no evidence of loose brickwork surrounding the windows. Loose brickwork would constitute a hazardous situation. We recommend that lintels that were found delisted be replaced and all remaining lintels be wire brushed and painted with two (2) coats of rust inhibitive paint. The sponsor is presently in the process of replacing windows, whereby the lintels that are in fair condition, are being wire brushed and painted.

Upon completion of the replacement of the delisted lintels, and upon completion of wire brushing and painting all of the remaining lintels, they will be in a safe, acceptable condition.

STRUCTURAL SYSTEM

Chimneys and Caps:

As per our site inspection of February 13, 1986, the chimney stack to the left of the entrance way of the number 26 building has a large section of missing bricks with some unsupported and possibly loose brick at the top. This condition should be rectified immediately.



William A. Hall
[Signature]

Any electrical wiring shall be repaired by the sponsor. The loose and exposed live wires are to be repaired by the sponsor to comply with Codes and Regulations.

ELECTRICAL SYSTEM

At the time of our boiler inspection on February 27, 1985, the boilers were in operating condition with adequate capacity to heat the building.

Boilers:

HEATING SYSTEM

The drain lines which back up are rectified by the house maintenance staff when back ups are reported.

PLUMBING AND DRAINAGE

In addition to the aforementioned, there appears to be loose brick on the stacks of the number 11 and 13 buildings which need to be corrected. Deteriorated coping joints were also observed, however the remaining stacks were in fair condition.

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Great Neck Terrace
Great Neck, N. Y.

February 24, 1986

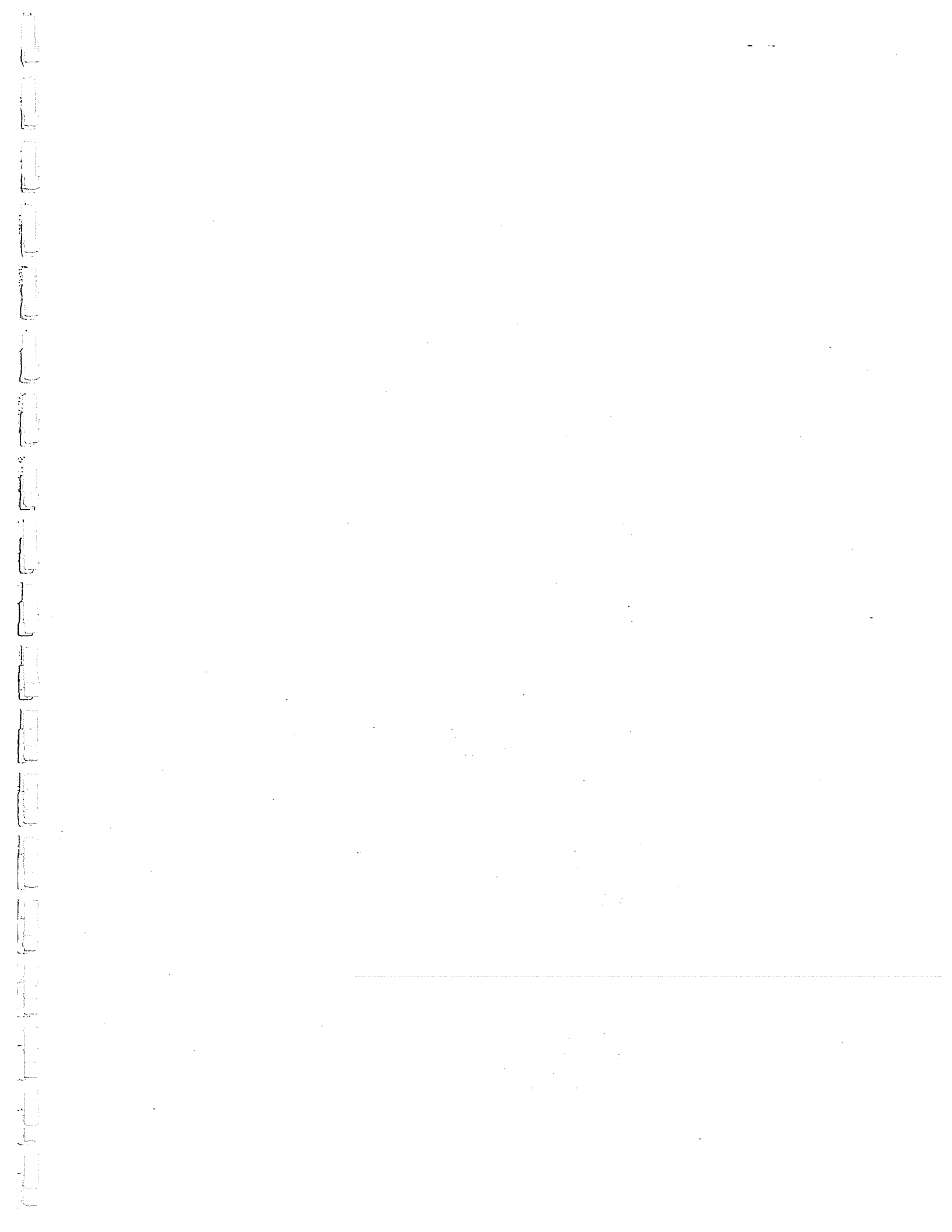
GREAT NECK TERRACE OWNERS CORP
5 Year Capital Budget
Prepared: May 16, 2000

5 Year Capital Budget

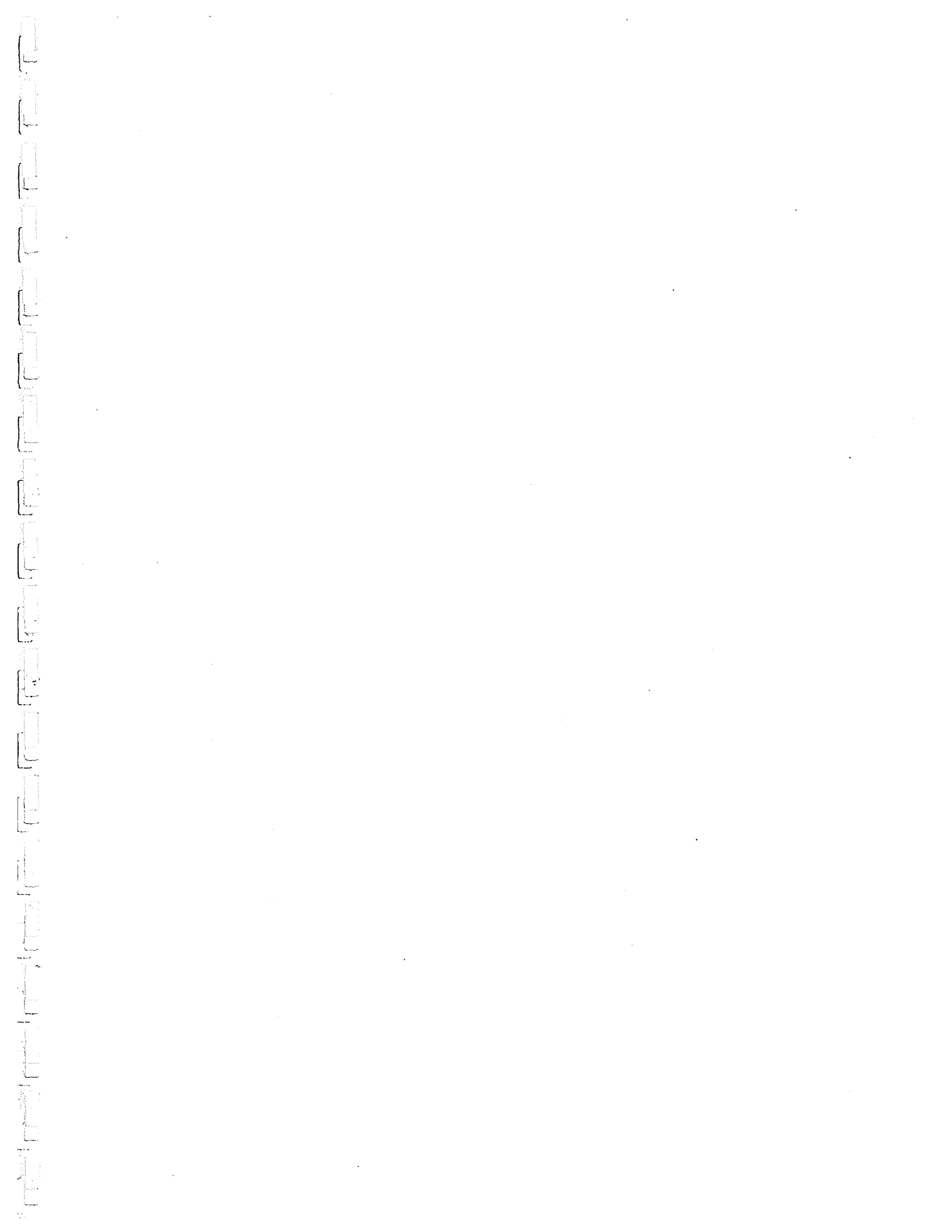
Uses of Funds:	1999	2000	2001	2002	2003	2004	2005	2006
Facade project	\$0	\$245,000	\$245,000	\$245,000	\$245,000	\$245,000	\$245,000	
Facade-engr	10,000	10,000	10,000	10,000	10,000			
Plumbing	1,000,000	333,000	333,000	334,000				
Heating project	663,700	630,000						
Heating project - engr	20,000	12,800						
Floor project	195,000	170,000						
Concrete	50,000		50,000					
Garage doors	73,000	15,000	15,000		15,000			
Mail boxes	25,155			25,155				
Wallpaper	150,000				150,000			
Painting	60,000							
Restoration Facility	150,000		75,000					
Trucks & equipment	60,000	17,000		75,000				
Parking lots	65,000	65,000		20,000				
Children's play area	25,000		25,000					
Emergency lighting	75,000	34,500						
Computer	5,000	5,000						
NT & beautification	80,000	20,000	20,000	20,000	20,000			
	\$3,971,855	\$1,557,300	\$773,000	\$744,155	\$463,000	\$245,000	\$0	\$0
Sources of Funds:								
From reserve		\$1,457,900	\$773,000	\$744,155	\$463,000	\$245,000	\$0	\$0
Flip tax (Is used for operating budget)		\$100,000						
Sale of corporate apt								
		\$1,557,300	\$773,000	\$744,155	\$463,000	\$245,000	\$0	\$0
Reserve account:								
Balance of reserve 1/1/00		\$2,802,692						
Capital items paid by reserve not covered above		(20,735)						
NCB reserve required		(500,000)						
Reserve balance available for capital projects		2,282,157	1,045,711	626,454	225,560	95,789	180,794	612,914
Assessment (a)		163,800	327,600	327,600	327,600	327,600	327,600	163,800
Interest on reserve		57,054	26,143	15,861	5,639	2,365	4,520	12,823
Use of reserve		(1,457,300)	(773,000)	(744,155)	(463,000)	(245,000)		
Ending Balance		\$1,045,711	\$626,454	\$225,560	\$95,789	\$180,794	\$512,914	\$669,537

(a) Assumes an assessment of \$21.57 per share spread over 6 years. This represents a 7.5% increase over current maintenance. The assessment covers the shortfalls of the capital project but also replenishes the reserve account to bring it close to \$700,000 by the end of the 6th year.

SCHEDULE C-1







PROPRIETARY LEASE

Lessee:

TO

Lessor:

GREAT NECK TERRACE OWNERS CORP.,

BUILDING:
APARTMENT NO:
SHARES:
PARKING SPACE(S): SEE RIDER
SECURED STORAGE UNIT(S): SEE RIDER

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PROPRIETARY LEASE

PROPRIETARY LEASE, made as of
between Great Neck Terrace Owners Corp., a New York corporation,
having an office at 2 East Mill Drive, Great Neck, New York,
hereinafter called the Lessor, and
19, by and
hereinafter called the Lessee.

WHEREAS, the Lessor has acquired the interest of tenant in a
lease, dated as of August 1, 1973, between Julius Guterman, the
Joseph Mascholl, Jacob W. Friedman and Ruben Guterman, the
later two as Executors and Trustees under the Last Will and
Testament of Samuel Guterman, Deceased, collectively, as
Landlord, and Rondat, Inc., as tenant which lease or memorandum
thereof was recorded in the Office of the County Clerk, Nassau
County, in Liber 857 of Conveyances, Page 342, as subsequently
amended, extended or assigned, (the "Master Lease"), covering the
land and buildings and improvements erected thereon in the Town
of North Hempstead, County of Nassau, State of New York, known as
Great Neck Terrace, Great Neck, New York (hereinafter referred to
as the "Property") (the buildings being hereinafter collectively
referred to as the "building"); and

WHEREAS, the Lessee as the owner of
shares of the
Lessor, to which this lease is appurtenant and which have been
allocated to the apartment designated below and the parking
space(s), if any, designated in the Parking Space Rider, if one
is attached, and the secured storage unit(s), if any, designated
in the Secured Storage Unit Rider, if one is attached;

DEMISED PREMISES; TERM

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 known as and by the street address
Great Neck, New York (hereinafter

referred to as the "apartment") and parking space(s), if any,
designated on the Parking Space Rider, if one is attached, and
the secured storage unit(s), if any, designated in the Secured
Storage Unit Rider, if one is attached, for a term from the date
hereof, until September 30, 2061 (unless sooner terminated or
renewed as hereinafter provided). As used herein "the apartment"
means the rooms in the building as partitioned on the date of the
execution of this lease designated by the above stated apartment
number, together with their appurtenances and fixtures and any
closets, terraces, balconies, roof, or portion thereof outside of
said partitioned rooms, which are allocated exclusively to the

(c) "Cash requirements" whenever used herein shall mean the estimated amount in cash which the Directors shall determine to time in its judgment determine to be necessary or proper for (1) the operation, maintenance, care, alteration and improvement of the corporate property during the year or portion of the year for which such determination is made; (2) the creation of such Contingency Fund as it may deem proper; and (3) the payment of any obligations, liabilities or expenses incurred or to be incurred, after giving consideration to (1) income expected to be received during such period (other than rent from proprietary

Cash Requirements Defined

(b) In every proprietary lease heretofore executed by the Lessor there has been specified, and in every proprietary lease hereafter executed by Lessor there will be specified, the number of shares of the Lessor issued to a Lessee simultaneously therewith. An appropriate adjustment shall be made to take account of any change in the number of shares of the Lessor owned by the Lessee resulting from any acquisition or transfer by the Lessee of the shares of the Lessor allocated to the parking space(s) or secured storage unit(s), as the case may be, reflected on the Parking Space Rider or Secured Storage Unit Rider, respectively, attached hereto.

Accompanying Shares to be Specified in Proprietary Leases

1. (a) The rent (sometimes called maintenance) payable by the Lessee for each year, or portion of a year, during the term 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 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.

RENT (MAINTENANCE) HOW FIXED

As used herein, the "secured storage unit(s)" means the secured storage unit(s) at the building, if any, specified in the Secured Storage Unit Rider, if one is attached. The Parking Space Rider and Secured Storage Unit Rider may be replaced or amended from time to time to add parking spaces or secured storage units, as the case may be, or to show that the parking space(s), if any, or the secured storage units, if any, are no longer covered by this lease.

(d) Whenever in this paragraph or any other paragraph of this lease, a power or privilege is given to the Directors, the same may be exercised only by the Directors, and in no event may any such power or privilege be exercised by a creditor, receiver or trustee.

Authority Limited to Board of Directors

Until Unsold Shares (as defined in paragraph 38 of this lease) constitute less than 25% of the shares of Lessor or the fifth anniversary of the consummation of the Offering Plan to convert the leasehold interest in the Property to cooperative ownership (the "Offering Plan"), whichever is sooner, the Directors will not, without the consent of the holders of Unsold Shares (as defined in paragraph 38 of this lease), engage any employees in addition to those provided for in Schedule B set forth in the Offering Plan (the "Budget"); provide equipment or services in excess of those provided for in the Budget; increase the annual management fee, budgeted insurance or fidelity bond and accounting fees; refinance or increase the mortgage; prepay any interest or amortization on the mortgage; make a new mortgage; increase the Contingency Fund set forth in the Budget; establish or accrue a reserve, working capital or operating fund, however designated, for any purpose whatsoever; sell or lease the Property; make any assessment for capital improvements, whether so designated on the books of the Lessor or not; or spend any sums for any purposes whatsoever other than those listed in the Budget, or sums to (i) comply with applicable laws or regulations, (ii) comply with any work orders of a mortgagee or insurance carrier, or (iii) cure a notice of default by a mortgagee; provided however, that the consent of the holders of Unsold Shares shall not be required during such period with respect to engaging additional employees; providing additional equipment or services; increasing the annual management fee, insurance or fidelity bond or accounting fees; or increasing the Contingency Fund if such act would not increase the amount budgeted for any such item in Schedule B of the Offering Plan by more than ten percent over the amount budgeted for the previous year. Thereafter, until all Unsold Shares have been sold to purchasers for occupancy, no assessment for capital improvements shall be made unless the Working Capital Fund has been exhausted.

its discretion may choose to apply. The Board of Directors may from time to time modify its prior determination and increase or diminish the amount previously determined as cash requirements of the corporation for a year or portion thereof. No determination of cash requirements shall have any retroactive effect on the amount of the 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.

3. The Lessor shall maintain and manage the building as a first class apartment building, and shall keep the public halls, cellars and stairways clean and properly lighted and heated, and 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

SERVICES BY LESSOR

2. The Lessor shall at its expense keep in good repair all of the building including all of the apartments, the sidewalks and courts surrounding the same, and its equipment and apparatus except those portions the maintenance and repair of which are expressly stated to be the responsibility of the Lessee pursuant to Paragraph 18 hereof.

LESSOR'S REPAIRS

(g) The omission 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.

Failure to Fix Cash Requirements

(f) The Directors may from time to time as may be proper determine how much of the maintenance and other receipts, when received (but not more than such amount as represents payments on account of principal of mortgages on the Lessor's interest in 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 on account of principal of any mortgages shall be credited to Paid-in-Surplus.

Paid-In Surplus

(e) If the Lessor shall hereafter issue shares (whether now or hereafter authorized) in addition to those issued on the date of the execution of this lease, the holders of the shares hereafter issued shall be obligated to pay 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.

Issuance of Additional Shares

(b) In case the damage resulting from fire or other cause shall be so extensive as to render the apartment partly or wholly untenable, or if the means of access thereto shall be destroyed, the 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

Rent Abatement

4. (a) If the apartment or the means of access thereto or the building shall be damaged by fire or other cause covered by multiple policies commonly carried by cooperative corporations in the New York City metropolitan area (any other damage to be repaired by Lessor or 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. Notwithstanding anything in this Paragraph or Paragraph 2 to the contrary, 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 apartments.

DAMAGE TO APARTMENT OR BUILDING

The Lessor shall furnish to the tenants of apartments owned by holders of Unsold Shares (as defined in Paragraph 38 hereof) all services to which they are entitled under the Emergency Tenant Protection Act and the regulations promulgated thereunder (the "ETPA") or amendments thereto, or similar legislation, except services which holders of Unsold Shares are required to furnish by their Proprietary Leases.

Until all Unsold Shares have been sold to purchasers for occupancy, the Lessor shall not eliminate or diminish any existing services without the consent of the Directors elected by the holders of Unsold Shares.

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.

(b) If requested by the Equitable Life Assurance Society of the United States ("Equitable"), a partner of the spon-

5. (a) The Lessor shall keep full and correct books of account at its principal office or at such other place as the Directors may from time to time determine, and the same shall be open during all reasonable hours to inspection by the Lessee or a representative of the Lessee. The Lessor shall deliver to the Lessee within three months 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 certified public accountant.

INSPECTION OF BOOKS OF ACCOUNT; ANNUAL REPORT

(d) Lessor agrees to use its best efforts to obtain a provision in all insurance policies carried by it waiving the right of subrogation against the Lessee; and, to the extent that any loss or damage is covered by the Lessor by any insurance policies which contain such waiver of subrogation, the Lessor releases the Lessee from any liability with respect to such loss or damage. In the event that the Lessee suffers loss or damage for which Lessor would be liable, and Lessee carries insurance which covers such loss or damage and such insurance policy or policies contain a waiver of subrogation against the Landlord, then in such event Lessee releases Lessor from any liability with respect to such loss or damage.

Waiver of Subrogation

(c) If the Directors shall determine that (i) the building is totally destroyed by fire or other cause, or (ii) the building is so damaged that it cannot be repaired within a reasonable time after the loss shall have been adjusted with the insurance carriers, or (iii) the destruction or damage was caused by hazards which are not covered under the Lessor's insurance policies then in effect, and if in any such case the record holders of at least two-thirds of the issued shares, at a shareholders' meeting duly called for that purpose held within 120 days after the determination by the Directors, shall vote not 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.

Expiration of Lease Due to Damage

the apartment, such rental shall abate only to the extent of the rental value insurance, if any, collected by Lessor with respect to the apartment.

(a) Notwithstanding the provisions of subparagraph (a) and the provisions of Paragraph 14 to the contrary, if (i) the certificate of occupancy for the building permits use of certain apartments therein for professional purposes or (ii) certain apartments in the building have been used for professional purposes as of the date upon which the Offering Plan was accepted for filing by the New York State Department of Law (regardless of the use thereof permitted by the certificate of occupancy for the Building), the lessees thereof shall have the rights set forth in subparagraphs (b) and (c) of this Paragraph 6, and the proprietary leases to such apartments described in clauses (i) and (ii) above (the "Professional Apartments") may, without the approval or consent of any other lessees, contain appropriate additional clauses with respect to the operation and use thereof as profes-

6. (a) Each proprietary lease shall be in the form of this lease, unless a variation of any lease is authorized by lessees owning at least two-thirds of the Lessor's shares then issued and executed by the Lessor and lessee affected. The form and provisions, including the term, of all the proprietary leases then in effect and thereafter to be executed may be changed by the approval of lessees owning at least 75% 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 the proportionate share of rent or cash requirements payable by any lessee may not be increased nor may his right to cancel the lease under the conditions set forth in Paragraph 35 be eliminated or impaired without his express consent. 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.

CHANGES IN TERMS AND CONDITIONS OF PROPRIETARY LEASES

sor of the Offering Plan (the "Sponsor"), the managing agent shall render or cause to be rendered to the Sponsor, not later than the 30th day of each month: (i) a monthly summary cash flow statement for the preceding calendar month, and for the year to date, showing beginning and ending cash balances, (ii) a statement of the monthly rent roll, a monthly arrears statement of rent and maintenance, with aging balances, if any, and (iii) any other reports reasonably required by Equitable, which other reports shall be at the Sponsor's expense, if the same are prepared by an accounting firm. In addition, the managing agent shall, upon the request of Equitable, cooperate with the Sponsor and any accountants retained by Equitable or the Sponsor in connection with the preparation of (i) quarter-annual accrual reports for the preceding calendar quarters, which reports shall contain income, receivables, expenses (including accrued or prepaid taxes), service expense recoveries due from tenants, and an estimate of income and expense for the current calendar quarter and (ii) a statement of income and expenses on an accrual basis for the preceding calendar year, which shall contain actual budget and variance analysis information.

(d) Nothing in this Paragraph 6 shall be deemed to permit, suffer or allow use of an apartment by a Lessee in violation of the use thereof permitted by the certificate of occupancy.

(c) Furthermore, if, at any time, the certificate of occupancy for the building does not permit use of a Professional Apartment for dwelling purposes, the Lessee of such Professional Apartment shall have the right, subject to the prior written consent of the Lessor, which will not be unreasonably withheld, and at such Lessee's sole expense, (1) to file documentation with the appropriate municipal authorities to secure, if available, an amendment to the certificate of occupancy which would permit residential use of such Professional Apartment in furtherance of such amendment to the certificate of occupancy. Subject to the Lessor's right to withhold its consent to the foregoing on reasonable grounds (including, but not limited to, reasonable grounds with respect to the documentation to be submitted in order to amend the certificate of occupancy, the adequacy of any such amendment, the nature of the proposed alterations, but which Professional Apartment and the quality of said alterations, but which grounds shall not relate to the nature of the apartment's use), the Lessor shall execute any and all documentation reasonably required in connection with any such amendment to the certificate of occupancy or any such alterations to a Professional Apartment made by such Lessee.

Professional offices, provided that such additional clauses are otherwise consistent with the terms of the Offering Plan. However, with respect to Professional Apartments which are not authorized by the certificate of occupancy for their current use, the Lessee of any such Professional Apartment shall have the right to apply for and secure, if available, an amendment to the certificate of occupancy which would permit such use by filing documentation with the appropriate municipal authorities and performing any necessary alterations to the Professional Apartment, both at such Lessee's sole expense, provided that any such filing of documentation or performance of alterations shall be subject to the prior written consent of the Lessor, which consent shall not be unreasonably withheld. Subject to the Lessor's right to withhold its consent to the foregoing on reasonable grounds (including, but not limited to, reasonable grounds with respect to the documentation to be submitted in order to amend the certificate of occupancy, the adequacy of any such amendment, the nature of the proposed alterations to the Professional Apartment and the quality of said alterations, but which grounds shall not relate to the nature of the apartment's use), the Lessor shall execute any and all documentation reasonably required in connection with any such amendment to the certificate of occupancy or any such alterations to a Professional Apartment made by such Lessee.

Assignment Fee

(1) Upon the assignment of this lease and the transfer of the shares to which it is apurtenant (other than the creation of a security interest therein granted to a bank or other lender), the Lessee shall pay to the Lessor, as a contribution to the capital of Lessor, an amount equal to \$22.00 multiplied by the number of shares to which this lease is apurtenant (the "Assignment Fee"). No sale or transfer of the shares to which this lease is apurtenant or assignment of this lease, or attempted sale or transfer thereof, shall be effective as against the Lessor unless and until such Assignment Fee shall have been paid. The Assignment Fee shall be paid by good certified check or banker cashier's check, made payable to the Lessor and delivered to the Lessor on or prior to the closing of the assignment of this lease and transfer of the shares to which this lease is apurtenant. The Assignment Fee is in addition to any other fees charged by the Lessor, the attorney for the Lessor or its managing agent pursuant to Paragraph 16(a)(iv)(a) of this lease.

Notwithstanding the foregoing provisions of this Sub-paragraph (1), the following transfers (and concurrent assignments of appurtenant proprietary leases) shall be exempt from the imposition and payment of the Assignment Fee:

(1) Transfers of shares from Lessee to Lessee's children or grandchildren, from Lessee to Lessee's parents or grandparents, from Lessee to Lessee's adult siblings or from Lessee to Lessee's spouse, provided that the consideration received by Lessee in such sales or transfers does not exceed the original purchase price paid by Lessee;

(ii) Transfers of shares for no consideration that are effected by the operation of the will of Lessee or by an intestate distribution of the estate of Lessee;

(iii) Transfers of shares by the Sponsor or the holders of Unsold Shares, or any transfers of shares that are Unsold Shares;

(iv) Transfer of shares in connection with recapitalization or reorganization of Lessor;

(v) Transfer of shares in accordance with a pledge or security agreement affecting such shares, following a default by the Lessee thereunder; and

(vi) Transfer of shares by Lessee if immediately prior to or following the transfer Lessee acquires the shares located to another apartment in the building for use as a residence by Lessee.

In the event of a transfer of shares by Lessee to any of those persons described in sub-paragraph (i) above for consideration in excess of the original purchase price paid by Lessee, the exemption described in sub-paragraph (i) above is not

18. (a) 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

REPAIRS BY THE LESSEE

(d) The acceptance by Lessor of payments by a lender on account of rent or additional rent shall not constitute a waiver of any provisions of this Paragraph 17.

(c) No loan may exceed the maximum fixed by the Board of Directors of Lessor.

(b) Subject to the provisions of subparagraph (a) above, the Lessor will enter into an agreement with the lender providing for the pledge of this lease (and the appurtenant shares of the Lessor) as security for the loan on the terms contained in a form of Recognition Agreement then being used by banks in New York City, and other terms which the lender and the Lessor, in their discretion, may agree to for the protection of their respective interests.

17. (a) The giving of a mortgage on and/or secured interest in this lease (and the appurtenant capital shares of the Lessor) to a lender shall not be a violation of this lease if given pursuant to provisions of the Offering Plan; or the lender agrees that it shall not 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 or transfer such shares or this lease, without first obtaining the consent of the Lessor in accordance with and after complying with all of the provisions of Paragraph 14, 15 or 16, as the case may be;

MORTGAGE AND/OR SECURED INTEREST IN SHARES AND LEASE

applicable and the Assignment Fee shall be payable by Lessee without reduction or abatement.

19. If the Lessee shall fail for thirty (30) days after notice to make repairs to any part of the apartment, its fixtures or equipment as herein required, or shall fail to remedy a condition which has become objectionable to the Lessor for reasons

LESSOR'S RIGHT TO REMEDY LESSEE'S DEFAULTS

(d) The Lessee will comply with all the requirements of the Board of Fire Underwriters, insurance authorities and all governmental authorities and with all laws, ordinances, rules and regulations with respect to the occupancy or use of the apartment and parking space(s) and secured storage unit(s), if any. If the Master Lease or any mortgage affecting the land or the building shall contain any provisions pertaining to the rights 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 the Master Lease and such mortgage or mortgages relating thereto. Upon the Lessee's written request, Lessor will furnish Lessee with copies of applicable provisions of the Master Lease and of each and every such mortgage.

Rules and Regulations and Requirements of Mortgage

(c) If, in the Lessor's sole judgment, any of the Lessee's equipment or appliances shall result in damage to the building or poor quality or interruption of service to other portions of the building, or overloading of, or damage to facilities maintained by the Lessor for the supplying of water, gas, electricity or air conditioning to the building, or if any such appliances visible from the outside of the building shall become rusty or discolored, the Lessee shall promptly, on notice from the Lessor, remedy the condition and, pending such remedy, shall cease using any appliance or equipment which may be creating the objectionable condition.

Equipment and Appliances

(b) The Lessee shall not permit unreasonable cooking or other odors to escape into the building. The Lessee shall not permit or suffer any unreasonable noises or anything which will interfere with the rights of other lessees or unreasonably annoy them or obstruct the public halls or stairways.

Odors and Noises

Lessee shall be solely responsible for the maintenance, repair and replacement of all lighting and electrical fixtures, appliances, and equipment, and all meters, fuse boxes or circuit breakers and electrical wiring and conduits from the junction box at the riser into and through the Lessee's apartment. Any ventilator or air conditioning device which shall be visible from the outside of the building shall at all times be painted by the Lessee in a standard color which the Lessor may select for the building.

21. (a) The Lessee, unless a holder of Unsold Shares or a purchaser therefrom after the consummation of the Offering Plan, shall not without first obtaining the written consent of the Lessor, which consent shall not be unreasonably withheld, make in the apartment or 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, inter-communication or alarm system, or any other installation or facility in the apartment or building. The performance by Lessee of

ALTERATIONS

20. The Lessee shall not permit or suffer anything to be done or kept in the apartment or the parking space(s) or secured storage unit(s), if any, which will increase the rate of fire insurance on the building or the contents thereof. If, by reason of the occupancy or use of the apartment by the Lessee, the rate of fire insurance on the building or an apartment or the contents of either shall be increased, the Lessee shall (if such occupancy or use continues for more than thirty (30) days after written notice from the Lessor specifying the objectionable occupancy or use) become liable for the additional insurance premiums incurred by 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 the Lessor.

INCREASE IN RATE OF FIRE INSURANCE

above set forth, or if the Lessee or any person dwelling in the apartment shall request the Lessor, its agents or servants to perform any act not hereby required to be performed by the Lessor, the Lessor may make such repairs, or arrange for others to do the same, or remove such objectionable condition or equipment, or perform such act, without liability on the Lessor; provided that, if the condition requires prompt action, notice of less than thirty (30) days 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 Lessee, be conclusively deemed to be acting as agents of the Lessee and all contracts therefor made by the Lessor shall be so construed whether or not made in the name of the Lessee. If Lessee shall fail to perform or comply with any of the other covenants or provisions of this lease within the time required by a notice from Lessor (not less than five (5) days), then Lessor may, but shall not be obligated, to comply therewith, and for such purposes may enter upon the apartment of 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.

(c) On the expiration or termination of this lease, the Lessee shall surrender to the Lessor possession of the apartment with all additions, improvements, appliances and fixtures then included therein, except as hereinabove provided. Any additions, improvements, fixtures or appliances not removed by the Lessee on or before such expiration or termination of this lease shall, at the option of the Lessor, be deemed abandoned and shall become the property of the Lessor and may be disposed of by the Lessor without liability or accountability to the Lessee.

Surrender on Expiration of Term

(b) Without 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 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, the 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: (1) 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; (2) 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 such additions, improvements, appliances or fixtures; (3) that if the Lessee shall have removed from the apartment any articles or materials owned by the Lessor or its predecessor in title, or any fixtures or equipment necessary for the use of the apartment, the Lessee shall either restore such articles and materials and fixtures and equipment and repair any damage resulting from their removal and restoration, or replace them with others of a kind and quality customary in comparable buildings and satisfactory to the Lessor; and (4) that if any mortgagee had acquired a lien on any such property prior to the execution of this lease, Lessor shall first procure from such mortgagee its written consent to such removal.

Removal of Fixtures

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.

24. The Lessee shall always in good faith endeavor to ob-serve and promote the cooperative purposes for the accomplishment of which the Lessor is incorporated.

COOPERATION

23. In case a notice of mechanic's lien against the build- ing shall be filed purporting to be for labor or material furnished or delivered at the building or the apartment to or for the Lessee, or anyone claiming under the Lessee, the Lessee shall forthwith cause such lien to be discharged by payment, bonding or otherwise; and if the Lessee shall fail to do so within ten days after notice from the Lessor, then the Lessor may cause such lien to be discharged by payment, bonding or otherwise, without inves- tigation as to the validity thereof or of 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.

MECHANIC'S LIEN

In the event that a ground or underlying lease is executed and delivered to the holder of a mortgage or mortgages on such ground or underlying lease or to a nominee or designee of or a corporation formed by or for the benefit of such holder, the Lessee hereunder will atorn to such mortgagee or the nominee or designee of such mortgagee or to any corporation formed by or for the benefit of such mortgagee.

22. This lease is and shall be subject and subordinate to the Master Lease, all present and future ground or underlying leases and to any mortgages now or hereafter liens upon the lease- hold of the land or the building or the land or the building and to any and all extensions, modifications, consolidations, renew- als and replacements thereof. This clause shall be self-opera- tive and no further instrument of subordination shall be required by any such mortgagee or ground or underlying lessee. In confir- mation 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 such mortgagee or mortgages or ground or underlying leases, and the duly elected officers, for the time being, of the Lessor are and each of them is hereby irrevocably appointed the attorney-in-fact and agent of the Lessee, to execute the same upon such demand, and the Lessee hereby ratifies any such instrument hereafter executed by virtue of the power of attorney hereby given.

LEASE SUBORDINATE TO MORTGAGES AND GROUND LEASES

RIGHT OF ENTRY

25. The Lessor and its agents and their authorized workmen shall be permitted to visit, examine, or enter the apartment, the parking space(s) and any secured storage unit(s) 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, the parking space(s) and secured storage unit(s) as may be required for any such purpose, but the Lessor shall thereafter restore the apartment, the parking space(s) and secured storage unit(s) to its proper and usual condition at Lessor's expense if such repairs are the obligation of Lessor, or at Lessee's expense if such repairs are the obligation of 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, parking space(s) or secured storage unit(s) 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, parking space(s) or secured storage unit(s), and if any lock shall be altered or new lock installed, the Lessee shall provide the Lessor with a key thereto immediately upon installation. If the Lessee shall not be personally present to open and permit an entry at any time when an entry therein shall be necessary or permissible hereunder, and shall not have furnished a key to Lessor, the Lessor or the Lessor's agents (but, except in an emergency, only when specifically authorized by an officer of the Lessor or an officer of the Managing Agent) may forcibly enter the apartment, the parking space or secured storage unit without liability for damages by reason thereof (if during such entry the Lessor shall accord reasonable care to the Lessee's property), and without in any manner affecting the obligations and covenants of this lease. The right and authority hereby reserved do not impose, nor does the Lessor assume by reason thereof, any responsibility or liability for the care or supervision of the apartment, the parking space, the secured storage unit, or any of the pipes, fixtures, appliances, or appurtenances therein contained, except as herein specifically provided.

WAIVERS

26. The failure of the Lessor to insist, in any one or more instances, upon a strict performance of any of the provisions of this lease, or to exercise any right or option herein contained, or to serve any notice, or to institute any action or proceeding, shall not be construed as a waiver, or a relinquishment for the future, of any such provisions, options or rights, but such provision, option or right shall continue and remain in full force and effect. The receipt by the Lessor of 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 here-

(b) If the Lessor shall furnish to the Lessee 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. If washing machines or other equipment are made available to the Lessee, the Lessee shall use the same with the understanding that such machines or equipment may or may not be

Laundry

29. (a) The Lessor shall not be liable, except by reason of 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 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 Lessor's negligence.

LESSOR'S IMMUNITIES

28. If the Lessee shall at any time be in default hereunder and the Lessor shall incur any expense (whether paid or not) in performing acts which the Lessee is required to perform, or in instituting any action or proceeding based on such default, or defending, or asserting a counterclaim in, any action or proceeding brought by the Lessee, the expense thereof to the Lessor, including reasonable attorneys' fees and disbursements, shall be paid by the Lessee to the Lessor, on demand, as additional rent.

REIMBURSEMENT OF LESSOR'S EXPENSES

27. Any notice by or demand from either party to the other shall be duly given only if in writing and sent by certified 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 Lessee at the building. Either party may by notice served in accordance herewith designate a different address for service of such notice or demand. Notices or demands shall be deemed given on the date when mailed.

NOTICES

of shall be deemed to have been made unless in a writing expressly approved by the Directors.

31. If upon, or at any time after, the happening of any of the events mentioned in subdivisions (a) to (i) inclusive of this Paragraph 31, the Lessor shall give to the Lessee a notice stating that the term hereof will expire on a date at least five 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 terminate upon 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 state as

TERMINATION OF LEASE BY LESSOR

30. The Lessee will not require, permit, suffer or allow the cleaning of any window in the apartment 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 apartment to be cleaned from the outside in violation of the requirements of the aforesaid laws, ordinances, regulations and rules.

WINDOW CLEANING

(c) The Lessor shall not be responsible for any damage to any automobile or other vehicle left in the care of any employee of the Lessor by the Lessee, and the Lessee hereby agrees to hold the Lessor harmless from any liability arising from any injury to person or property caused by or with such automobile or other vehicle while in the care of such employee. The Lessor shall not be responsible for any property left with or entrusted to any employee of the Lessor, or for the loss of or damage to any property within or without the apartment by theft or otherwise.

Automobiles and Other Property

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 Lessee may make of such equipment shall be at his own cost, risk and expense.

(c) If there be an assignment of this lease, or any subletting hereunder, without full compliance with the requirements of Paragraphs 15 and 16 hereof; or if any person not authorized by Paragraph 14 hereof shall be permitted to use or occupy the apartment, the parking space(s), and secured storage unit(s), if any, and the Lessee shall fail to cause such unauthorized person to vacate the apartment, the parking space(s) and secured storage unit(s) within ten days after written notice from the Lessor; or if there be a transfer of the shares of Lessor allocated to the parking space(s) or secured storage unit(s), if any, without full compliance with the requirements of Paragraphs 16 and 47 or 48, as the case may be.

Assignment, Subletting or Unauthorized Occupancy

(b) If any at 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 the lease shall be appointed under any provision of the laws of the State of New York, or under any statute of the United States, or any statute of any state of the United States and the order appointing such receiver shall not be vacated within thirty days; or (iii) such holder shall make a general assignment for the benefit of creditors; or (iv) any of the shares owned by such holder to which this lease is appurtenant shall be duly levied upon under the process of any court whatever unless such levy shall be discharged within thirty days; or (v) this lease or any of the shares to which it is appurtenant shall pass by operation of law or otherwise to anyone other than the Lessee herein named or a person to whom such Lessee has assigned this lease in the manner herein permitted, but this subsection (v) shall not be applicable if this lease shall devolve upon the executors or administrators of the Lessee and provided that within eight (8) months (which period may be extended by the Directors) after the death said lease and shares shall have been transferred to any assignee in accordance with Paragraph 16 hereof;

Lessee Becoming a Bankrupt

(a) If the Lessee shall cease to be the owner of the shares allocated to the apartment to which this lease is appurtenant, or if this lease shall pass or be assigned to anyone who is not then the owner of all of said shares;

Lessee Ceasing to Own Accompanying Shares

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:

32. (a) In the event the Lessor resumes possession of the apartment and parking space(s) and secured storage unit(s), if any, 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 this lease pursuant to a notice given as provided in Paragraph 31 here-
to (f) inclusive of Paragraph 31, Lessee shall continue to remain

LESSOR'S RIGHTS AFTER LESSEE'S DEFAULT

(i) If at any time the building or a substantial portion thereof shall be taken by condemnation proceedings.

Condemnation

(h) If the building shall be destroyed or damaged and the shareholders shall decide not to repair or rebuild as provided in Paragraph 4;

Destruction of Building

(g) If at any time the Lessor shall determine, upon the affirmative vote of 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 75% in amount of its then issued shares, at a shareholders' meeting duly called for that purpose, to terminate all proprietary leases;

Termination of All Proprietary Leases

(f) If at any time the Lessor shall determine, upon the affirmative vote of two-thirds of its then Board of Directors, at a 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 Lessor, the tenancy of the Lessee is undesirable;

Lessee's Objectionable Conduct

(e) 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 thirty days after written notice from the Lessor;

Default in Other Covenants

(d) 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 ten days after written notice from the Lessor;

Default in Rent

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 and parking space(s) and secured storage unit(s), if any for its own account, or (ii) relet the apartment and parking space(s) and secured storage unit(s), if any 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 and parking space(s) and secured storage unit(s), if any shall be deemed for the account of the Lessee, unless within ten days after such reletting the Lessor shall notify the Lessee that the apartment has been relet for the Lessor's own account. The fact that the Lessor may have relet the apartment and parking space(s) and secured storage unit(s), if any, as agent for the Lessee shall not prevent the Lessor from thereafter notifying the Lessee that it proposes to relet the apartment and parking space(s) and secured storage unit(s), if any, for its own account. If the Lessor relets the apartment and parking space(s) and secured storage unit(s), if any, 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, and parking space(s) and secured storage unit(s), if any, 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 become effective; (C) the date the Lessor gives written notice to the Lessee that it has relet the apartment and parking space(s) and secured storage unit(s), if any, 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.

Collection of Rent from Subtenants

(b) If the Lessee shall at any time sublet the apartment and parking space(s) and secured storage unit(s), if any, and shall default in the payment of any 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

34. Upon the termination of this lease under the provisions of subdivisions (a) to (f) inclusive of Paragraph 31, Lessee shall remain liable as provided in Paragraph 32 of this lease.

SURRENDER OF POSSESSION

33. The Lessee hereby expressly waives any and all right of redemption in case the Lessee shall be dispossessed by judgment or warrant of any court or judge. The words "enter", "re-enter" and "re-entry" as used in this lease are not restricted to their technical legal meaning.

WAIVER OF RIGHT OF REDEMPTION

or otherwise make any attempt to mitigate damages. however, be obligated to sell such shares and apurtenant lease rent and expenses accrued to that time. The Lessor shall not, ity hereunder shall cease and the Lessee shall only be liable for such new proprietary lease and certificate, the Lessee's liability for the balance of the indebtedness. Upon the issuance of any the Lessee, but, if insufficient, the Lessee shall remain liable client to pay the same, the Lessor shall pay over any surplus to expenses incurred by the Lessor, and, if the proceeds are sufficient hereunder, including interest, attorneys' fees and other- ness hereunder, toward the payment of the Lessee's indebted- void. The Lessor shall apply the proceeds received for the issu- Lessee shall be automatically cancelled and rendered null and force. Upon such issuance the certificate owned or held by the shares of the Lessor accompanying proprietary leases then in or by Lessees owning, of record, at least a majority of the Directors, or by a writing signed by a majority of the Directors lease to such purchaser is authorized by a resolution of the obtained, provided that the issuance of such shares and such secured storage unit(s), if any, when a purchaser therefor is Lessee and allocated to the apartment and parking space(s) and issue a new certificate for the shares of the Lessor owned by the Lessor may issue a new proprietary lease for the apartment and apurtenant. Whether or not said certificate is surrendered, the shares of the Lessor owned by the Lessee to which this lease is Lessee shall surrender to the Lessor the certificate for the visions of subdivisions (a) to (f) inclusive of Paragraph 31, the pro-

Sale of Shares

under. release or discharge of any of the obligations of the Lessee here- approval of any subletting or assignment by the Lessee, or a rent from any subtenant shall not be deemed a consent to or Lessee, to the extent of the amount so paid. The acceptance of tute a discharge of the obligation of such subtenant to the Lessor. Any payment by a subtenant to the Lessor shall consti- amount to pay sums due and to become due from the Lessee to the becoming due from such subtenant to the Lessee, and apply the

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, the parking space(s), and secured storage unit(s), if any, 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 and in the parking space(s), and secured storage unit(s), if any.

LESSEE'S OPTION TO CANCEL

35. (a) This lease may be cancelled by the Lessee on any September 30th after the third anniversary of the consummation of the Offering Plan, upon complying with all the provisions hereinafter set forth. Irrevocable written notice of intention to cancel must be given by the Lessee to the Lessor on or before April 1 in the calendar year in which such cancellation is to occur. At the time of the giving of such notice of intention to cancel there must be deposited with the Lessor by the Lessee:

(1) 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;

(11) 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;

(111) 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.

Removal of Fixtures

(b) All additions, improvements, appliances and fixtures which are removable under the terms of this lease and which are enumerated in the statement made as provided in subdivision (111) above shall be removed by the Lessee prior to August 31st of the year of cancellation, and on or before said August 31st the Lessee shall deliver possession of the apartment to the Lessor in good condition with all required equipment, fixtures and appliances installed and in proper operating condition and free from all subleases and tenancies, liens, encumbrances and other charges and pay to the Lessor all rent, additional rent and

36. (a) If on April 1st in any year the total number of shares owned by Lessees holding Proprietary Leases, who have given notice pursuant to Paragraph 35 of intention to cancel such Proprietary Leases on September 30th of said year, shall aggregate ten percent (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

EXTENSION OF OPTION TO CANCEL

(e) If the Lessee shall give the notice but fail to comply with any of the other provisions of this Paragraph, the Lessor shall have the option at any time prior to September 30th (i) of returning to the Lessee this lease, the certificate for shares and other documents deposited and thereupon the Lessee shall be deemed to have withdrawn the notice of intention to cancel this lease, or (ii) of treating this lease as cancelled as of the September 30th named in the notice of intention to cancel as the date for the cancellation of such lease, and bringing such proceedings and actions as it may deem best to enforce the covenants of the Lessee hereinabove contained and to collect from the Lessee the payments which the Lessee is required to make hereunder, together with reasonable attorneys' fees and expenses.

Rights on Lessee's Default

(d) If the Lessee is not otherwise in default hereunder and if the Lessee shall have timely complied with all of the provisions of subdivisions (a) and (b) hereof, then this lease shall be cancelled and all rights, duties, and obligations of the parties hereunder shall cease as of the September 30th fixed in said notice, and the shares of Lessor shall become the absolute property of the Lessor, provided, however, that the Lessee shall not be released from any indebtedness owing to the Lessor on said last mentioned date.

Effective Date of Cancellation

(c) The Lessor and its agents may show the apartment and the parking space(s) and secured storage unit(s), if any, 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 and the parking space(s) and secured storage unit(s), if any, the Lessor and its agents, employees and Lessees may enter the apartment and the parking space(s) and secured storage unit(s), if any, 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.

Permission to Show and Occupy Premises

other charges which shall be payable under this lease up to and including the following September 30th.

38. (a) The term "Unsold Shares" means and has exclusive reference to the shares of the Lessor which were issued, at the closing of the transfer of the tenant's interest under the Master Lease to Lessor (the "Closing"), to the Lessor's grantor or its designees pursuant to the Exchange Agreement under which the Lessor acquired the leasehold interest in the Property. Acquirers of Unsold Shares at the Closing, and designees of acquirers of Unsold Shares to whom Unsold Shares are transferred subsequent to the Closing and who are designated as such by the Sponsor of the Offering Plan or its successors, are herein referred to as "holders of Unsold Shares".

UNSOLD SHARES

37. If the Lessor then owns the fee to the building, no later than thirty days after the termination of all proprietary leases, 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 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 share-holders of corporations having title to real estate.

DISPOSITION OF BUILDING AFTER ALL LEASES TERMINATED

(b) If lessees owning at least 80% 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 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.

Right of Lessees to Cancel

holders of all issued shares of the Lessor, stating the total number of shares then outstanding and in its treasury and the total number of shares owned by lessees holding proprietary leases who have given notice of intention to cancel. In such case the proprietary lessees to whom such notice shall have been given shall have the right to cancel their leases in compliance with the 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.

(e) The provisions of Paragraph 35 are not applicable to a Lessee who is the holder of the Unsold Shares accompanying

Option to Cancel

(d) Neither (i) the sum for legal or other expenses referred to in Paragraph 16(a)(iv)(a) of this lease nor (ii) the sum in payment of the Assignment Fee referred to in Paragraph 16(i) of this lease shall be due from a Lessee who is a holder of Unsold Shares in connection with a transfer of such shares (and assignment of this lease) or sublet of the apartment or parking space or secured storage unit, if any, so long as the shares constitute Unsold Shares immediately prior to such transfer (and assignment) or sublet.

Fees

Upon request of a holder of Unsold Shares, Lessor will promptly execute and deliver (i) to The Chase Manhattan Bank, N.A. ("Chase") the form of Recognition Agreement required by Chase in connection with a pledge by Sponsor of its interests in the Purchase Money Mortgage (as defined in the Offering Plan) and (ii) to any other bank or other lender, the Aztech form of Recognition Agreement, or, in the discretion of the Directors, a substantially similar form, then being used by banks in New York City with such other terms which the Lender and the Lessor, in their discretion, may agree to for the protection of their respective interests.

(c) Anything contained in this lease to the contrary notwithstanding, the Lessor may not impose any limit on a loan which may be obtained by a holder of Unsold Shares, or a purchaser therefrom.

Loans

(b) The subletting of the apartment or the assignment of this lease, or the subletting or assignment of the parking space or secured storage unit, if any, leased hereunder by the Lessee who is a holder of Unsold Shares, shall not require the consent of the Directors or shareholders, as provided in Paragraphs 15 and 16.

Subletting Apartment and Assignment of Lease

All shares which are Unsold Shares retain their character as such (regardless of transfer) until (i) the holder or a person related by blood or marriage to the holder becomes a bona fide occupant of the apartment; or (ii) such shares become the property of a purchaser for bona fide occupancy (by himself or a person related to him by blood, marriage or adoption). This Paragraph 38 shall become inoperative as to this lease upon the occurrence of either of said events with respect to the Unsold Shares held by the Lessee named herein or his assignee.

(g) If shares allocated to an apartment which is the subject of a rent allowance issued pursuant to the Rent Laws or any similar provision of law are owned by a holder of Unsold Shares the Lessor shall file all documents necessary to obtain a tax abatement pursuant to the Rent Laws or any similar provision of law, and the maintenance payable by the owner of such shares will be reduced to the extent of any tax abatement received.

Rent Allowances

(f) If a Lessee who is a holder of Unsold Shares is required, or desires, to file an application or other document with any agency administering any type of rent control (including the ETPA, or any amendments to such law or similar legislation), the Lessor shall cooperate in all respects, including the furnishing of information and access to and/or copies of all books, records and documents reasonably required in connection therewith, and the filing by, and in the name of, the Lessor of documents required to be filed by it in connection therewith. Such Lessee will pay to the Lessor any expenses it incurs in complying with the foregoing.

Applications

If such Lessee is not otherwise in default hereunder and if the Lessee shall have complied with all of the foregoing provisions, then this lease shall be cancelled and all rights, duties and obligations of the parties hereunder shall cease as of the date of such compliance and the shares of the 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 date.

A holder of Unsold Shares will not have the right to cancel his lease and surrender his shares, which other shareholders will have, until at least five years after the consummation of the Offering Plan, unless (i) shareholders, other than holders of Unsold Shares owning a majority of the outstanding shares of the Lessor have given notice of intent to cancel their respective leases; or (ii) the proprietary leases are terminated because of casualty loss or condemnation; or (iii) all Unsold Shares constitute fifteen percent or less of the outstanding shares of the Lessor; and (iv) the holder of Unsold Shares pays to the Lessor a sum determined by multiplying the monthly maintenance in effect when the lease is cancelled by 24 and delivers to Lessor the Lessee's counterpart of this lease with a written assignment in form required by the Lessor, in blank, free from all liens, encumbrances and other charges whatsoever, other than a tenancy which was in existence when this lease was executed, and the Lessee's certificate for his shares of the Lessor endorsed in blank for transfer and with all necessary transfer stamps affixed and with payment of any transfer taxes due thereon.

(ii) A holder of Unsold Shares allocated to a Professional Apartment, and any purchaser therefrom, shall be entitled to the rights, and be subject to the obligations, of a Lessee of a Professional Apartment described in Paragraph 6 hereof, provided that such holder of Unsold Shares or purchaser therefrom shall not require the prior written consent of the Lessor in

(1) Notwithstanding the provisions of Paragraph 21(a) of this Proprietary Lease, if the Lessee is a holder of Unsold Shares or a purchaser therefrom after the consummation of the Offering Plan, Lessee shall have the rights set forth in the plan to make alterations or additions in or to his apartment (and to its fixtures and equipment) without obtaining the Lessor's consent, provided such work is performed in full compliance with all legal requirements and the resulting changes do not encroach or impinge upon public areas of the building.

Alterations

(k) If the Lessee is a holder of Unsold Shares or a purchaser therefrom Lessee shall have the rights set forth in the Offering Plan to change, subdivide or combine apartments without the consent of the Lessor, provided such work is performed in full compliance with all legal requirements and the resulting changes do not encroach or impinge upon public areas of the building.

Changes in Apartments

(j) Until all Unsold Shares have been sold to purchasers for occupancy, the Lessor may not eliminate or diminish any existing services without the consent of the Directors elected by the holders of Unsold Shares or, if there are no such Directors, without the consent of the holders of Unsold Shares.

(i) The Lessor shall be required to furnish to tenants of apartments owned by holders of Unsold Shares all services to which they are entitled under the ETPA, or amendments thereto, or similar legislation, except services which the Lessee is required to furnish by his proprietary lease.

Services

(h) The Lessor will cooperate with Lessees who are holders of Unsold Shares in connection with the sale of their shares or the subleasing of the apartments to which they are allocated and in connection with the filing of requisite amendments to the Offering Plan. Such cooperation shall include the furnishing of all relevant information concerning the premises and its operation and the furnishing of all required documents. If such documents are not in existence, the Lessees requesting them shall pay the cost of their preparation.

Cooperation

(p) The provisions of the above paragraph (o) are intended for the benefit of the Non-purchasing Tenant and may

expenses. as building services, level of maintenance and operating as building services, level of maintenance and operating able increases beyond ordinary rentals for comparable apart- inapplicable, the tenant may not be subjected to unconscion- (iii) If the Rent Laws are eliminated or become

continued occupancy; the Rent Laws, as the case may be, as to rentals and (ii) The apartment will continue to be subject to

his obligations to the Lessee; access to the Lessee or similar breaches by the tenant of use and occupancy of the apartment, refusal of reasonable Lessee occupancy, other than non-payment of rent, illegal evict the tenant at any time, for any reason, including Shares allocated to the apartment will not have the right to (i) The Lessee who is the holder of the Unsold

apartment is a Non-purchasing Tenant; (o) If, at the date of the commencement of this lease, the person in possession or having the right to possession of the

Limitations of Rights Against Occupants

(n) So long as holders of Unsold Shares continue to own five percent or more of the shares of the Lessor, but less than a sufficient number of shares to elect at least one director, they will have the right, for five years after the consumma- tion of the Offering Plan, jointly to designate one director.

Appointment of Director

(m) Commencing with a meeting of shareholders called within thirty (30) days after the fifth anniversary of the consummation of the Offering Plan, or a meeting called within thirty (30) days after Unsold Shares constitute less than 50% of the shares of the Lessor, whichever first occurs, holders of Unsold Shares will, if necessary, cast their votes so that Directors elected by shareholders other than holders of Unsold Shares shall constitute a majority of the Directors.

Control

(i) file documentation with municipal authorities and/or (ii) perform reasonable alterations to such Professional Apart- ment, which are necessary to secure an amendment to the certifi- cate of occupancy of the building. The Lessor shall execute any and all documentation reasonably required in connection with any such amendment to the certificate of occupancy or any such altera- tions to a Professional Apartment made by the Lessee.

not be amended to eliminate, diminish or otherwise change any of the rights or privileges of the tenant. They are not intended to abrogate any rights of the Lessee as against the Lessor.

Appointment of Managing Agent

(g) A Lessee who is the holder of the Unsold Shares of the shares allocated to the apartment of a Non-purchasing Tenant shall irrevocably appoint the Lessor's Managing Agent, or the Lessor, if there is no Managing Agent, for so long as the occupancy of the Non-purchasing Tenant continues, as his agent to perform for his account and at his expense, all services required to be furnished or performed by him as landlord under the Non-purchasing Tenant's Lease and the Rent Laws, as the case may be, that are not to be provided by the Lessor under this lease. The Lessee, other than a holder of Unsold Shares, may be required to pay a fee for the services which the Managing Agent or the Lessor are required to perform.

Obligation to Amend Offering Plan

(r) If the Lessee is a holder of Unsold Shares, he shall amend the Offering Plan to provide current and accurate information until all of the apartments for which he owns shares have been sold to bona fide purchasers and to provide prospective purchasers of the apartments with copies of the Offering Plan and all filed amendments.

Furnishing of Documents and Information

(s) If the Lessee is a Purchaser for Investment or Resale (as such term is defined in the Offering Plan), he shall provide prospective purchasers of all the apartments to which his shares are allocated, prior to entering into purchase agreements for the purchase of such shares, with all documents and information required by applicable laws and regulations.

Additional Rights

(t) If any provision of the Offering Plan grants any additional rights or privileges to holders of Unsold Shares those provisions shall be deemed to be incorporated in this lease and the holders of Unsold Shares shall be entitled to those respective rights and privileges as if those provisions were expressly set forth in this lease.

Inconsistencies

(u) If there are any inconsistencies between this lease and the Offering Plan with respect to the rights, privileges or obligations of holders of Unsold Shares the provisions of the Offering Plan shall control.

Consent Required for Changes in Lease

(v) Anything contained in this lease to the contrary notwithstanding, without the consent of a Lessee who is a holder of Unsold Shares no change in the form, terms or conditions of the lease shall (1) affect his rights to sublet the apartment or to assign this lease; or (2) eliminate or modify any other of his rights or privileges.

Power of Attorney

(w) Lessor hereby irrevocably makes, constitutes and appoints the Sponsor, with full power of substitution, as the true and lawful attorney-in-fact of Lessor with full power, from time to time, in the name, place and stead of Lessor to (i) execute and record or file on behalf of Lessor any document required to be executed by Lessor contemplated by this Paragraph 38; (ii) sign, execute, acknowledge, swear to, verify, deliver, file, record and publish or perform any one or more of the foregoing acts in the event that Lessor fails to adequately or timely perform any one or more of its obligations pursuant to this Paragraph 38; and (iii) take any other action contemplated by this Paragraph 38. This power of attorney is hereby declared to be irrevocable, with full power of substitution, and coupled with an interest. This power of attorney shall survive bankruptcy of Lessor and shall extend to and be binding upon the successors and assigns of Lessor. This power of attorney may be exercised by any substitute designated by the Sponsor. A facsimile signature shall be effective if so affixed.

Damages

(x) Lessor expressly acknowledges and agrees that in the event that Lessor fails to timely perform its obligations to a holder of Unsold Shares as set forth in this Paragraph 38, Lessor shall be obligated to pay damages in an amount equal to the sum of (i) any and all consequential damages, including, but not limited to, a reimbursement of lost profits, costs and expenses, reasonable attorneys' fees and out-of-pocket expenses, plus interest at the rate of prime plus 3% to accrue from the later of the date of request or the date such obligation was first incurred, and (ii) an additional penalty in the amount of \$2,500.00 for each of such events.

FORECLOSURE--RECEIVER OF RENTS

39. Notwithstanding anything 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

43. 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

LESSEE MORE THAN ONE PERSON

42. 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.

LESSOR'S ADDITIONAL REMEDIES

41. 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 damages resulting from any act or omission of the parties in any way connected with this lease or the apartment.

WAIVER OF TRIAL BY JURY

40. The references herein to the Lessor shall be deemed to include its successors and assigns, and the references herein to the Lessee or to a shareholder of the Lessor shall be deemed to include the executors, administrators, legal representatives, legatees, distributees and assigns of the Lessee or of such shareholder; and the covenants herein contained shall apply to, bind and enure to the benefit of the Lessor and its successors and assigns, and the Lessee and the executors and administrators, legal representatives, legatees, distributees and assigns of the Lessee, except as hereinabove stated.

TO WHOM COVENANTS APPLY

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.

(ii) If the assignment or transfer is separate from any assignment or transfer of this lease:

(1) If the assignment or transfer is in connection with the assignment or transfer of this lease, the Lessee shall have complied with all of the terms and conditions of Paragraph 16 hereof except as provided in Paragraph 38 hereof;

(b) The Lessee shall not assign the right to use the parking space or transfer the shares appurtenant thereto or grant or transfer any interest therein, and no such assignment or transfer shall take effect against the Lessor for any purpose until:

Assignment of Parking Space

(a) If there is a Parking Space Rider attached to this lease, the lease includes the right to use the parking space designated therein and the Lessee shall be the owner of the additional shares of the Lessor allocated thereto, as set forth in the Parking Space Rider. The Lessor hereby leases to the Lessee and the Lessee hires from the Lessor, subject to the terms and conditions hereof, the parking space. The term of the right to use the parking space, as set forth herein, shall be coterminous with this lease.

Demised Parking Space; Term

47. The Lessor's leasehold interest in the Property includes certain areas designated as parking areas.

PARKING SPACE

46. The provisions of this lease cannot be changed orally.

CHANGES TO BE MADE IN WRITING

45. The marginal headings of several paragraphs of this lease shall not be deemed a part of this lease.

MARGINAL HEADINGS

44. If any clause or provision herein contained shall be adjudged invalid, the same shall not affect the validity of any other clause or provision of this lease, or constitute any cause of action in favor of either party as against the other.

EFFECT OF PARTIAL INVALIDITY

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.

(A) An instrument of assignment and cancellation of the Parking Space Rider in form approved by the Lessor executed and acknowledged by the assignor is delivered to the Lessor; and

(B) The shares specified on the Parking Space Rider are assigned only to another Lessee of the Lessor, and an agreement and new Parking Space Rider are executed and acknowledged by the assignee in form approved by the Lessor. The agreement must state that the assignee agrees to be bound by all covenants and conditions of this lease to be performed or complied with by the Lessee from and after the date of the assignment. The assignment agreement and new Parking Space Rider are delivered to the Lessor prior to the effective date of any such assignment; and

(C) The shares of the Lessor indicated on the Parking Space Rider shall have been transferred to the assignee, with proper transfer taxes paid and stamps affixed; and

(D) 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 the right to use the parking space except as provided in Paragraph 38 of this lease.

(c) If the right to use the parking space shall be assigned in compliance herewith, the Lessee-assignor shall have no further liability under this lease relating to the parking space from and after the date of such assignment.

(d) Regardless of any prior consent which may have been granted, neither the Lessor nor his executor, administrator, any trustee or receiver of the property of the Lessee, nor anyone to whom the interest of the Lessee shall pass by law, shall be entitled further to assign the right to use the parking space or to sublet the parking space, or any part thereof, except upon compliance with the requirements of this lease.

(e) Neither the executor, administrator, any trustee or receiver of property of the Lessee, nor anyone to whom the interest of the Lessee shall pass by law, shall be entitled to occupy the parking space, or to assign the right to use the parking space or to sublet the parking space, or any part thereof, except upon compliance with the requirements of this lease;

(f) If this lease is then in force and effect, the Lessor will, upon request of the Lessee, deliver to the assignee a written statement that this and the right to use the parking space remains on the date thereof in force and effect; but no

(B) The shares specified on the Secured Storage Unit Rider are assigned only to another Lessee of the Lessor, and an agreement and new Secured Storage Unit Rider are executed and acknowledged by the assignee in form approved by the Lessor. The agreement must state that the assignee agrees to be bound by all covenants and conditions of this lease to be performed or complied with by the Lessee from and after the date of the assignment. The assignment agreement and new Secured Storage Unit Rider are delivered to the Lessor prior to the effective date of any such assignment; and

(A) An instrument of assignment and cancellation of the Secured Storage Unit Rider in form approved by the Lessor executed and acknowledged by the assignor is delivered to the Lessor; and

(ii) If the assignment or transfer is separate from any assignment or transfer of this lease:

(i) If the assignment or transfer is in connection with the assignment or transfer of this lease, the Lessee shall have complied with all of the terms and conditions of Paragraph 16 hereof except as provided in Paragraph 38 here- or;

(b) The Lessee shall not assign the right to use the secured storage unit or transfer the shares appurtenant thereto or grant or transfer any interest therein, and no such assignment or transfer shall take effect against the Lessor for any purpose until:

Assignment of Secured Storage Unit

(a) If there is a Secured Storage Unit Rider attached to this lease, the lease includes the right to use the secured storage unit designated therein and the Lessee shall be the owner of the additional shares of the Lessor allocated thereto, as set forth in the Secured Storage Unit Rider. The Lessor hereby leases to the Lessee and the Lessee hires from the Lessor, subject to the terms and conditions hereof, the secured storage unit. The term of the right to use the secured storage unit, as set forth herein shall be coterminous with this lease.

Demised Secured Storage Unit; Term

48. The Lessor's leasehold interest in the Property includes certain areas designated as secured storage units.

SECURED STORAGE UNITS

such statement shall be deemed an admission that there is no default under this lease.

- (C) The shares of the Lessor indicated on the Secured Storage Unit Rider shall have been transferred to the assignee, with proper transfer taxes paid and stamps affixed; and
- (D) 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 the right to use the secured storage unit, except as provided in Paragraph 38 of this lease.
- (c) If the right to use the secured storage unit shall be assigned in compliance herewith, the Lessee-assignor shall have no further liability under this lease relating to the secured storage unit from and after the date of such assignment.
- (d) Regardless of any prior consent which may have been granted, neither the Lessor nor his executor, administrator or trustee or receiver of the property of the Lessee, nor anyone to whom the interest of the Lessee shall pass by law, shall be entitled further to assign the right to use the secured storage unit, or to sublet the secured storage unit, or any part thereof except upon compliance with the requirements of this lease.
- (e) Neither the executor, administrator, any trustee or receiver of property of the Lessee, nor anyone to whom the interests of the Lessee shall pass by law, shall be entitled to occupy the secured storage unit, or to assign the right to use the secured storage unit, or to sublet the secured storage unit, or any part thereof, except upon compliance with the requirements of this lease.
- (f) If this lease is then in force and effect, the Lessor will, upon request of the Lessee, deliver to the assignor a written statement that this and the right to use the secured storage unit remains on the date thereof in force and effect; but no such statement shall be deemed an admission that there is default under this lease.



IN WITNESS WHEREOF, the parties hereto have executed

GREAT NECK TERRACE OWNERS CORP.

BY: Paul W. Athineos, President

BY: _____

BY: _____

this lease.

LESSOR:

LESSEE:

Notary Public

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/she/they executed the same.

personally appeared _____ day of _____ in the year _____, before me

COUNTY OF NEW YORK

: ss.:

STATE OF NEW YORK)

Notary Public

On the _____ day of _____, in the year _____, before me personally appeared Paul W. Athineos, to me known, who being by me duly sworn, did depose and says that he resides at 13 Terrace Circle, Great Neck, New York; that he is the President of Great Neck Terrace Owners Corp., the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation, that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

COUNTY OF NEW YORK

: ss.:

STATE OF NEW YORK)

HOUSE RULES

- (1) The public halls and stairways of the building shall not be obstructed or used for any purpose other than ingress and egress from the apartments in the building, and the fire towers shall not be obstructed in any way.
- (2) No patient of any doctor who has offices in the building shall be permitted to wait in the lobby.
- (3) Children shall not play in the public halls, courts, stairways, fire towers or elevators and shall not be permitted on the roof unless accompanied by a responsible adult.
- (4) No public hall 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 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.
- (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 tricycles, bicycles, scooters or similar vehicles shall be allowed in a passenger elevator and baby carriages and

(19) No group tour or exhibition of any apartment or its content shall be conducted, nor shall any auction sale be held in

(18) 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 except-ing only kitchens, pantries, bathrooms, maid's rooms, closets, and foyers.

(17) The Lessor shall have the right from time to time to curtail or relocate any space devoted to storage or laundry pur-poses.

(16) 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.

(15) No vehicle belonging to a Lessee or to a member of the family or guest, subtenant or employee of a Lessee shall be parked in such manner as to impede or prevent ready access to any entrance of the building by another vehicle.

(14) 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.

(13) No bird or animal or other pet shall be kept or har-bored in the building unless the same in each instance have been expressly permitted in writing by the Lessor; such permission shall be revocable by the Lessor. In no event shall dogs be per-mitted in elevators or in any of the public portions of the build-ing 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 public portions of the building, or on the sidewalk or street adjacent to the building.

(12) No Lessee shall send any employee of the Lessor out of the building on any private business of a Lessee.

(11) Water closets and other water apparatus in the build-ing 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 apart-ment it shall have been caused.

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

the above mentioned vehicles shall not be allowed to stand in the public halls, passageways, areas or courts of the building.

(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 the hopper door panel into the flue.

(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 or noxious substances or lighted cigarettes or cigar stubs be thrown into the incinerator flue.

(iv) Cartons, boxes, crates, sticks of wood or other solid matter shall not be stuffed into the hopper opening. Small items of this nature may be left in a neat manner on the incinerator closet floor. Bulky items should be left in the 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.

(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 service elevator area, if such items must be disposed of before 10:00 a.m. or after 5:00 p.m.

(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.

(i) All wet debris is to be securely wrapped or bagged in small package size to fit easily into the hopper panel.

reuse disposal:

(23) The following rules shall be observed with respect to

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

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

(20) The Lessee shall keep the windows of the apartment clean. In case of refusal or neglect of the Lessee during ten (10) days after notice in writing from the Lessor or the managing agent to clean the windows, such cleaning may be done by the Lessor, who 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.

any apartment without the consent of the Lessor or its managing agent.

- or guests.
- the pool or the facilities incident thereto by Lessee, his family property or loss of property caused or occasioned by the use of all claims or demands by reason of death or injury to person or Lessor, Managing Agent and Sponsor harmless of and from any and Lessee, and his family shall hold and save (1v)
- accident occurring at or near the pool while it is in or out of use. gence of any persons using the pool or facilities, or out of acci- or the existence of either, or out of the act, omission or negli- the use of the swimming pool or the facilities incident thereto, property resulting from or arising out of or in connection with liable for personal injury or death, or for loss or damage to (1ii) Lessor, Managing Agent or Sponsor shall not be
- swimming pool and the facilities incident thereto, at their own risk. (1i) Lessee, his family and guests, shall use the swim- registered guests. Guest charges will be posted.
- Terrace Pool Club are available only to residents and their duly (1) The facilities and privileges of Great Neck
- the use of the Pool Club:
- (26) The following rules shall be observed with respect to Lessee, as additional rent.
- insects or other pests, the cost thereof shall be payable by the If the Lessor takes measures to control or exterminate vermin, to control or exterminate any such vermin, insects or other pests. and for the purpose of taking such measures as may be necessary able to control or exterminate any vermin, insects or other pests apartment to ascertain whether measures are necessary or desir- reasonable hour of the day for the purpose of inspecting such man authorized by the Lessor, may enter any apartment at any- (25) The agents of the Lessor, and any contractor or work-
- holes in operating condition.
- the containers in good condition, and the drainage tiles and weep water. It shall be the responsibility of the Lessee to maintain with a floor of drainage weep holes at the sides to draw off shall be at least three inches from the parapet wall flashing, plantings may be contained in masonry or hollow tile walls which In special locations, such as a corner abutting a parapet wall, able weep holes shall be provided in the boxes to draw off water. if adjoining a wall, at least three inches from such wall. Suit- least two inches from the terrace, balcony or roof surface, and other material impervious to dampness and standing on supports at plantings shall be contained in boxes of wood lined with metal or balcony or roof without the prior written approval of the Lessor. (24) No Lessee shall install any plantings on the terrace,
- corridors.
- (vii) The superintendent shall be notified of any drip-pings, or moist refuse appearing on incinerator closet floor and

- (v) The pool director and his staff will be in full charge and are to enforce all rules and regulations.
- (vi) Lessee, or anyone claiming under him, must present personal identification card to attendant when entering the pool area. Identification cards are not transferable and in the event a card is lost, the director must be notified and replacement must be obtained from Management Office.
- (vii) Each club membership is limited to two guests at a time. Lessee must personally register his guests with the pool directors.
- (viii) If desired, chaise lounges are available on Sun-deck, on a seasonal rental basis. Residents will be notified of the cost before the start of the season.
- (ix) No dogs or any animals are permitted in the club area.
- (x) Children under six (6) years of age are not permitted in the pool area unless accompanied by an adult or a person over 14 years of age.
- (xi) No child under the age of four (4) years old will be allowed in the main pool. Any infraction of this rule which necessitates emptying and cleaning of the pool shall subject the parents of said child to payment of all costs incurred. Failure to pay said damages will result in immediate termination of pool membership or legal action.
- (xii) No alcoholic beverages nor food or drink may be brought into the swimming pool area.
- (xiii) For the convenience and safety of members and their guests, no games, or toys, other than rubber inflated equipment, are allowed within the pool and sundeck areas. Baby strollers and portable bassinets are permissible. No ballplaying of any kind is allowed at pool area or sundeck. No running, no swimming in diving area, no hanging on diving board, no diving except from diving board.
- (xiv) Additional rules and regulations which may be posted from time to time on the swimming pool bulletin boards must be observed by members and guests.
- (27) 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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GREAT NECK TERRACE OWNERS CORP

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Section 2. Special Meetings: Special meetings of shareholders, other than those the calling of which is regulated by statute, may be called at any time by the president or secretary or by a majority of the Board of Directors. It shall also be the duty of the secretary to call such meetings whenever requested in writing to do so by shareholders owning at least twenty-five percent of the outstanding shares of the Corporation. The secretary shall cause a notice of such special meeting stating the time, place and object thereof and the officer or other person or persons by whom the meeting is called, to be delivered personally or mailed as provided in Section 1 of this Article to each shareholder of record of the Corporation entitled to vote at such meeting not less than ten nor more than forty days before such meeting. No business other than that stated in such notice shall be transacted at

Section 1. Annual Meeting: The annual meeting of the shareholders of the Corporation, for the election of directors and for such other business as may properly be before such meeting, shall be held in Great Neck, New York, at such time and place before the 1st day of May each year as may be designated by the Board. The notice of the meeting shall be in writing and signed by the president or a vice president or the secretary or an assistant secretary. Such notice shall state the time when and the place within the state where it is to be held, and the secretary shall cause a copy thereof to be delivered personally or mailed to each shareholder of record of the Corporation not less than ten nor more than forty days before the meeting. If mailed, it shall be directed to each such shareholder at his or her address as it appears on the share book, unless he or she shall have filed with the secretary of the Corporation a written request that notices intended for him or her be mailed to some other address, in which case it shall be mailed to the address designated in such request.

Meetings of Shareholders

ARTICLE II

Section 1. The primary purpose of the Corporation is to provide residences for shareholders who shall be entitled, solely by reason of their ownership of shares, to proprietary leases for apartments and other applicable, parking spaces and secured storage units in Great Neck Terrace, Great Neck, New York, pursuant to an offering plan to convert said premises to cooperative ownership (the "Offering Plan").

Purpose of business

ARTICLE

GREAT NECK TERRACE OWNERS CORP.

OF

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Section 7. Order of Business: So far as consistent with the purpose of the meeting, the order of business of each meeting of shareholders shall be as follows:

Section 6. Inspectors of Election: Inspectors of election shall not be required to be appointed at any meeting of shareholders unless requested by a shareholder present (in person or by proxy) and entitled to vote at such meeting and upon the making of such request inspectors shall be appointed or elected as provided in Section 610 of the Business Corporation Law.

Section 5. Voting: Except as provided in Article III, Section 2, 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 of notice of such meeting or at such prior date, not more than forty days before such meeting, as may be prescribed by the Board of Directors for the closing of the corporate share transfer books or fixed by the Board of Directors as the date for determining which shareholders of records are entitled to notice of and to vote at such meeting. The 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 4. Quorum: At each meeting of shareholders, except where otherwise provided by law, 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, 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 3. Waiver of Notice: The notice provided for in the foregoing sections is not indispensable, but any shareholders' meeting matter shall be valid 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, as provided in the next succeeding section, and waiver of notice of the time, place and object of such meeting shall be duly executed in writing either before or after said meeting by such shareholders as are not so represented and were not given such notice.

Section 2. Special Meeting: Such special meeting unless the notice of all the outstanding shares of the Corporation be present thereat in person or by proxy.

Section 2. Election: The Directors shall be elected at the annual meeting of shareholders or at a special meeting called for that purpose as provided by law, by a plurality of votes cast at such meeting. Their term of office shall be until the date herein fixed for the next annual meeting, and thereafter until their respective successors are elected and qualify. Except for directors elected or appointed by holders of Unsold Shares it shall be necessary for a director of this Corporation to be a shareholder or a family member of such shareholder in occupancy of the Apartment.

At all meetings of shareholders for the election of directors, each shareholder shall be entitled to as many votes as shall equal the

Section 1. Number: The number of Directors of the Corporation shall be not less than three nor more than seven, as may from time to time be herein provided and, in the absence of such provision shall be three (3). Commencing with the first election of Directors by tenant-shareholders of the Corporation, and until changed by amendment of this By-law provision, as hereinafter provided, the number of Directors shall be five (5). The number of Directors shall not be decreased to a number less than the number of Directors then in office except at an annual meeting of shareholders.

Directors
ARTICLE III

1. Call to order.
2. Presentation of reports of the meeting.
3. Roll call and presentation and examination of proxies.
4. Reading of minutes of previous meeting or meetings, unless waived.
5. Reports of officers and committees.
6. Appointment or election of inspectors of election, if requested.
7. If the annual meeting or a special meeting called for that purpose, the election of directors.
8. Unfinished business.
9. New business.
10. Adjournment.

number of votes (except for this provision) he would be entitled to cast for the election of directors with respect to his shares of stock multiplied by the number of directors to be elected, and he may cast all of such votes for a single director or may distribute them among the number to be voted for, or any two or more of them, as he may see fit.

Section 3. Quorum: A majority of the Directors then authorized by these By-Laws shall constitute a quorum.

Section 4. Vacancies: Vacancies in the Board of Directors resulting from death, resignation or otherwise 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 no quorum is present, which may be at any regular meeting of the Board of Directors or any special meeting thereof called for such purpose. In the event of the failure to hold any election of directors at the time designated for the annual election of directors or in the event that the Board of Directors shall not have filled any such vacancy, a special meeting of shareholders to elect a new Board of Directors or to fill such vacancy or vacancies may be called in the manner generally provided for the calling of special meetings of shareholders. Vacancies in the Board of Directors resulting from an increase of the Board of Directors by amendment of these By-Laws shall be filled in the manner provided in the resolution adopting such amendment. In case of a reduction of the authorized number of directors by amendment of these By-Laws, the directors, if any, whose term of office shall cease, shall be determined in the manner provided in the resolution adopting such amendment.

Section 5. Meetings: The Board of Directors shall meet immediately after the annual meeting of shareholders with notice and also whenever called together by any officer of the Corporation or upon the written request of any two directors then holding office, upon notice given to each director, by delivering personally, mailing or telegraphing the same to him at least two days prior to such meeting at the last address furnished by him to the Corporation. Regular meetings may be held without notice at such times and places as the Board of Directors may determine. Any meeting of the Board at which all the members shall be present, or of which notice shall be duly waived by all absentees, either before or after the holding of such meeting, shall be valid for all purposes provided a quorum be present. Meetings of directors 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, unless the Board of Directors by resolution adopt some further limitation in regard thereto. At all meetings of the Board of Directors, each director shall be entitled to one vote. The vote of a majority of the Board of Directors present at the time of a vote of a duly constituted meeting shall be the act of the Board of Directors.

Section 10. Distributions: The shareholder-tenants shall not be entitled, either conditionally or unconditionally, except upon a complete or partial liquidation of the Corporation, to receive any distribution not out of earnings and profits of the Corporation.

Section 9. Executive Committee and Other Committees: The Board of Directors may by resolution appoint an executive committee, and such other committees as it may deem appropriate, each to consist of three or more directors of the Corporation. Such committees shall have and may exercise such of the powers of the Board in the management of the business affairs of the Corporation during the intervals between the meetings of the Board as may be determined by the authorizing resolution of the Board of Directors and so far as may be permitted by law, except that no committee shall have the power to determine the cash requirements defined in the proprietary leases, or to fix the rent to be paid under the proprietary leases, or to vary the terms of payment thereof as fixed by the Board.

Section 8. House Rules: The Board of Directors may from time to time, adopt and amend such house rules as it may deem necessary in respect to the apartment buildings of the Corporation for the health, safety and convenience of the shareholder-tenants. Copies thereof and of changes therein shall be furnished to each shareholder-tenant.

Section 7. Annual Cash Requirements: The Board of Directors shall from time to time, determine the cash requirements as defined in the Corporation's proprietary leases, and fix the terms and manner of payment of rent under the Corporation's proprietary leases. The Board of Directors shall have discretionary power to prescribe the manner of maintaining and operating the apartment buildings of the Corporation and to determine the cash requirements of the Corporation to be paid as forecasted by the shareholder-tenants under their respective proprietary leases. Every such determination by the Board of Directors shall be final and conclusive as to all shareholder-tenants and any expenditures made by the Corporation's officers or its agent under the direction or with the approval of the Board of Directors of the Corporation shall, as against the shareholder-tenants, be deemed necessarily and properly made for such purpose.

Any director may be removed from office without cause by a majority of the shareholders of the Corporation at a meeting duly called for that purpose; provided, however, that the directors elected by the holders of Unsold Shares can be removed by such holders of Unsold Shares who alone will have the right to designate a replacement.

Section 5. Resignation and Removal: Any director may resign at any time by written notice delivered in person or sent by certified 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.

Section 3. Duties of Treasurer: The treasurer shall have the care and custody of all funds and securities of the Corporation, and shall deposit such funds in the name of the Corporation in such bank or trust companies as the directors may determine, and he shall perform all other duties incidental to his office. If so required by the Board of Directors, he shall, before receiving any such funds, furnish to the Corporation a bond with a surety company as surety, in such form and amount as said Board from time to time shall determine. The premium upon such bond shall be paid by the Corporation. Prior to March 15, of each calendar year, the treasurer shall cause to be furnished to each shareholder-tenant whose proprietary lease is then in effect, a statement of the Certified Public Accountant of the Corporation of any deductions available for income tax purposes on a per share basis and indicating thereon on a per share basis any such other information as may be necessary or useful to permit him to compute his income tax returns in respect thereof.

Section 2. Duties of President and Vice Presidents: The president shall preside at all meetings of the stockholders and the Board of Directors. The president or any vice president shall sign in the name of the Corporation all contracts, leases 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 duties incidental to the office. In the absence or inability of the president to act, any vice president shall have the powers and perform the duties of the president.

Section 1. Election and Removal: 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 in each year following the annual meeting of shareholders, and shall serve until removed or until their successors shall have been elected. 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 and may accord to such officers such power as the Board deems proper. Any officer may be removed at any time, with or without cause, by the affirmative vote of a majority of the then authorized total number of directors. The president shall be a member of the Board of directors, and shall be a shareholder or the spouse of a shareholder, but none of the other officers need be a member of the Board of Directors or a shareholder or the spouse of a shareholder. One person may hold not more than two offices at the same time, except that the president and the secretary may not be the same person. Vacancies occurring in the office of any officer may be filled by the Board of Directors at any time.

ARTICLE IV
OFFICERS

Section 3. Allocation of Shares: The Board of Directors shall allocate to each apartment in the buildings of the Corporation and, where applicable, parking space(s) and secured storage unit(s) to be leased to shareholder-tenants under proprietary leases the number of shares of the Corporation which must be owned by the proprietary lessee of such apartment or other space.

Section 2. Assignment: Proprietary leases shall be assigned or transferred only in compliance with, and shall never be assigned or 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 buildings.

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 and in the buildings of the Corporation and, where applicable, parking space(s) and secured storage unit(s) to be leased to shareholder-tenants under proprietary leases.

Proprietary Leases

ARTICLE V

Section 4. Duties of Secretary: The secretary shall keep the minutes of the meetings of the Board of Directors and of the meetings of shareholders; he shall attend to the giving and serving of all notices of the Corporation and shall be empowered to affix the corporate seal to all written instruments authorized by the Board of Directors or these By-Laws. He shall also perform all other duties incidental to his office. He shall cause to be kept a book containing the names, alphabeticaly arranged, of all persons who are shareholders of the Corporation, showing their places of residence, the number of shares held by them, respectively, the time when they respectively became the owner of the shares, and the amount paid thereon, and the denomination and the amount of all share issuances or transfer stamps affixed thereto, and such book shall be open for inspection as provided by law. In the absence or inability of the secretary, the assistant secretary, if any, shall have all the powers and perform all the duties of the secretary.

In the absence or inability of the treasurer, the assistant treasurer, if any, shall have all the powers and perform all the duties of the treasurer.

Within three months after the end of each fiscal year, the treasurer shall cause to be transmitted to each shareholder-tenant whose proprietary lease is then in effect, an annual report of operations and balance sheet of the Corporation which shall be certified by an independent Certified Public Accountant.

Section 4. Assignment of Lease and Transfer of Shares: No assignment of any lease or transfer of the shares of the Corporation shall take effect as against the Corporation for any purpose until a proper assignment has been delivered to the Corporation; the assignee has assumed and agreed to perform and comply with all the covenants and conditions of the assigned lease or has entered into a new lease for the remainder of the term; all shares of the Corporation appurtenant to the lease have been transferred to the assignee; all sums due have been paid to the Corporation; and all necessary consents have been properly obtained, and, if the shares and lease being assigned are allocated to an apartment which is leased to a person who was tenant of the apartment on the date the Offering Plan was accepted for filing and who did not purchase under the Plan, a notice addressed to the non-purchasing tenant at the building (or at such other address as the non-purchasing tenant may indicate by written notice to the managing agent) has been delivered to the Corporation containing the name and address of the transferee, ready for mailing by registered or certified mail, return receipt requested, by the Corporation. The Corporation shall mail such notices to the non-purchasing tenant.

The action of the Board of Directors with respect to the written application for consent of a proposed assignment or subletting must be made within 30 days after receipt of said written application. If the Board of Directors has not acted upon such application within such time, it will be deemed to have refused its consent.

No person to whom the interest of a lessee or shareholder shall pass by law, shall be entitled to assign any lease, transfer any shares, or to sublet or occupy any apartment, except upon compliance with the requirements of the lease and these By-Laws.

Section 5. Fees on Assignment: The Board of Directors shall have authority before an assignment of sublet of a proprietary lease or reallocation of shares takes effect against the Corporation as lessee, to fix a reasonable fee to cover actual expenses and attorneys' fees of the Corporation, a service fee of the Corporation and such other conditions as it may determine, in connection with each such proposed assignment or sublet.

Section 6. Lost Proprietary Lease: 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, to indemnify the Corporation.

Section 1. No shares hereafter issued or acquired by the Corporation shall be issued or reissued except in connection with the execu-

Capital Shares

ARTICLE VI

Upon a transfer, in compliance with all of the terms of the proprietary lease of the shares allocated to a parking space or a secured storage unit, (a) the applicable rider to each of the proprietary leases affected shall be amended to reflect the removal from the transferor's proprietary lease and addition to the transferee's proprietary lease of the parking space(s) or secured storage unit(s) and number of shares allocated thereto, and the date of such change in each case and (b) the certificates of shares outstanding to each of such proprietary leases shall be surrendered to the corporation and a new certificate reflecting such increase or decrease in number of shares, as the case may be, shall be issued and delivered to the respective lessees of such proprietary leases.

Upon any regrouping of space in the building, the proprietary leases so affected, and the accompanying share certificates 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 for the number of shares so reallocated to each new proprietary lease.

Section 7. Regrouping of Space: The Board of Directors, upon the written request of the owner of the shares allocated to one or more apartments in the apartment buildings and of the proprietary leases issued to accompany the same, may in its discretion, at any time permit such owner or owners, at his or their own expense--A: (1) to subdivide any apartment into any desired number of apartments; (2) to combine all or any portions of any such apartments into one or any desired number of apartments; and (3) to reallocate the shares issued to accompany the proprietary lease or leases, but the total number of the shares so reallocated shall not be less than the number of shares previously allocated to the apartment or apartments involved, and, in connection with any such regrouping, the Board of Directors may require that the number of shares allocated to the resulting apartment or apartments be greater than the number of shares allocated to the original apartment or apartments, and may authorize the issuance of shares from its treasury for such purpose; or B: to incorporate one or more servant's rooms, or other space in the buildings 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 subparagraph A of this Section 7 or otherwise, and in allocating shares to any such resulting apartment or apartments, shall determine the number of shares from its treasury to be issued and allocated in connection with the appropriation of such additional space.

Section 6. Corporation's Lien: The Corporation shall at all times have a first lien upon the shares owned by each shareholder 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

Section 5. Units of Issuance: Except as otherwise provided in Article V, Section 7, 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 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.

Section 3. Issuance of Certificates: Shares appurtenant to each proprietary lease shall be issued in the amount allocated by the Board of Directors to the apartment and, if applicable, parking space(s) or secured storage unit(s) or other space described in such proprietary lease and shall be represented by a single certificate.

Section 2. Form and Share Registers: Certificates of the 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 the secretary or an assistant secretary or the treasurer or an assistant treasurer, and sealed with the seal of the Corporation, and shall be numbered in the order in which issued. Such signatures and seal may be facsimiles when and to the extent permitted by applicable statutory provisions. Certificates shall be issued in consecutive order and there shall be recorded the name of the person holding the shares, the number of shares and the date of issue. Each certificate exchanged or returned to the Corporation shall be cancelled, and the date of cancellation shall be indicated thereon and such certificates shall be retained in the Corporate records.

Section 1. Purchase and Delivery by the Corporation of a Proprietary Lease of an Apartment and, if applicable, parking space(s) or secured storage unit(s) in the building owned by the Corporation. The owner-ship of shares shall entitle the holder thereof to occupy the apartment and, if applicable, parking space(s) or secured storage unit(s) 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.

The Directors of the Corporation may refuse to consent to the transfer of the shares represented by the certificate until any indebtedness of the shareholder to the Corporation is paid. The

The rights of any holder hereof are subject to the provisions of the By-Laws of the Corporation, and to all the terms, covenants and conditions of the proprietary lease of the person in whose name the share certificate is issued, which limits and restricts the title and rights of any transferee of the share certificate. The shares represented by the certificate are transferable only as a lease, copies of the proprietary lease and the By-Laws are on file and available for inspection at the office of the Corporation.

Section 8. Legend on Share Certificates: Certificates representing shares of the Corporation shall bear a legend stating substantially that:

able sums as it directs, to indemnify the Corporation. It deems necessary, and to give the Corporation a bond in such reasonable sums as to the loss, destruction or mutilation as legal representative of the owner, to make an affidavit or affirmation of the lost, stolen, destroyed or mutilated certificate, or the owner of the lost, stolen, destroyed or mutilated certificate, requires the discretion, before the issuance of such new certificate, in its 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 certificate is lost, stolen, destroyed or mutilated, the Board of Directors Section 7. Lost Certificates: In the event that any share certificate is lost, stolen, destroyed or mutilated, the Board of Directors

Corporation unless and until such indebtedness is paid. consent to the transfer of shares of any shareholder indebted to the certificate issued in replacement thereof. The Corporation may refuse to surrender such certificate shall not affect the validity of the certificate's demand, but the failure of such defaulting shareholder to surrender such last mentioned certificate to the Corporation upon the shareholder shall become void and such defaulting shareholder agrees to the certificate for such shares charitably issued to such defaulting shareholder, and thereupon the certificate issued to such defaulting shareholder, and thereupon the certificate of the shares so purchased substantially of the tenor of by the Corporation of such tenor, or to the holder of such purchase, a person as though said tenor did not exist. The Corporation shall have and the shareholder shall be entitled to exercise the right to vote stand in the name of the shareholder upon the books of the Corporation, to the Corporation otherwise arising, such shares shall continue to the payment of any indebtedness or obligation owing by such shareholder lease, and/or until such shareholder shall make default in performance of any of the covenants or conditions of such proprietary lessee shall make default in the payment of any of the rental or in the shareholder or otherwise arising. Unless and until such shareholder as

Section 1. The seal of the Corporation shall be circular in form and have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal" and "New York."

Seal

ARTICLE VIII

Nothing contained in this provision shall limit any right to indemnification to which any director or any officer may be entitled by contract or under any law now or hereinafter enacted.

Section 1. To the extent allowed by law, the Corporation shall indemnify any person, make a party to an action by or in the right of the Corporation to procure a judgment in its favor by or in the right of the Corporation, or in the right of the Corporation to procure a judgment in its favor, whether civil or criminal, including an action by or in the right of any other corporation, domestic or foreign, which he served in any capacity at the request of the Corporation by reason of the fact, that he, his executor or interests was a director or officer of the Corporation or served in any capacity against judgments, fines, amounts paid in settlement, and reasonable expenses, including attorneys' fees actually and necessarily incurred as a result of such action 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.

Indemnification

ARTICLE VII

Corporation, by the terms of the By-Laws and proprietary lease, has a first lien on the shares represented by the certificate for all sums due and to become due under said proprietary lease.

Section 1. Salaries: No salary or other compensation for services shall be paid to any director or officer of the Corporation for services rendered as such officer unless and until the same shall have been authorized in writing or by affirmative vote, taken at a duly held meeting of shareholders, by shareholders owning at least a majority of the then outstanding shares of the Corporation.

Miscellaneous

ARTICLE XI

Section 1. The fiscal year of the Corporation shall be the calendar year unless otherwise determined by resolution of the Board of Directors.

Fiscal Year

ARTICLE X

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 bonds or other securities or property of the Corporation deposited in the custody of any trust company, bank or other custodian.

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 2. Endorsements or transfers of shares, bonds, or other securities shall be signed by the president or any vice president and by the treasurer or an assistant treasurer or the secretary or an assistant secretary unless the Board of Directors, by special resolution in one or more instances, prescribe otherwise.

Section 1. 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.

Negotiable Instruments

ARTICLE IX

Section 1. If there are any inconsistencies between any provision of the Offering Plan and of the By-Laws, then the provision of the Plan shall govern.

Inconsistencies with Offering Plan

ARTICLE XIII

Section 1. These By-Laws may be amended, enlarged or diminished either (a) at any shareholders' meeting by a vote of shareholders owning two-thirds of the amount of the outstanding shares, represented in person or by proxy, provided that the proposed amendment or the substance thereof shall have been inserted in the notice of meeting or that all of the shareholders be present in person or by proxy, or (b) at any meeting of the Board of Directors by a majority vote, provided that the proposed amendment or the substance thereof shall have been inserted in the notice of meeting or that all of the Directors are present in person, except that the Directors may not repeal a By-Law amendment adopted by the shareholders as provided above.

ARTICLE XII

The Directors shall be divided into three classes with three Directors in each class. The term of office of the first class shall expire at the

Section 2 of Article III of the By-Laws and the following paragraph inserted as the third paragraph in Section 2 of Article III of the By-Laws is deleted in its entirety:

2. The second sentence of the first paragraph of Section 1, Article III, Section 1, the maximum number of Directors set forth in the first sentence is increased from seven to nine and the number of Directors provided for in the second sentence shall be increased from five Directors to nine Directors, commencing with the first election of Directors by shareholders.

3. In order to reflect certain changes agreed to in the January Association negotiations, the following provisions shall be made to the By-Laws of the Apartment Corporation, set forth as page 115 in Part II of the Offering Plan:

B. BY-LAWS. In order to reflect certain changes agreed to in the January Association negotiations, the following provisions shall be made to the By-Laws of the Apartment Corporation, set forth as page 115 in Part II of the Offering Plan:

1. The following is deleted at the end of the first sentence of the second paragraph of Paragraph 1(c) of the Proprietary Lease:

...; provided however, that the consent of the holders of Unpaid Shares shall not be required during such period with respect to engaging additional employees; providing additional equipment or services; increasing the annual management fee; or incurring or liability bond or accounting fees; or increasing the contingency fund to such amount not to exceed the amount budgeted for any such year in Schedule B of the Offering Plan by more than ten (10%) percent over the amount budgeted for the previous year.

2. Subparagraph 38(n) of the Proprietary Lease shall be deleted in its entirety and the following inserted in lieu thereof:

(n) Commencing with a meeting of shareholders called within thirty (30) days after the first anniversary of the closing date, or a meeting called within thirty (30) days after the closing date, whichever later occurs, holders of Unpaid Shares will, if necessary, call the votes so that Directors elected by shareholders other than holders of Unpaid Shares shall constitute a majority of the Directors.

such proposed sale of shares and assignment of the
property lease and assignment of the
property lease and to impose such other con-
ditions of such assignment as in accordance with the

share to be transferred and to enforce the conditions
in an amount equal to \$22.00 per share for each
transfer of the shares to which it is applicable.
The assignment of each property lease and the
lease), which assignment fee to be imposed upon
may be provided otherwise in the property lease
the assignment of property lease (except as
not, to impose, fix or adjust an assignment fee in
takes effect as against the Corporation, as the
to apartment or the allocation of such shares
to the shares to which such property lease
before an assignment of a property lease and the
The Board of Directors shall have authority, de-

the end of Section 5 of said Article V, of the following:
the provisions of Article V shall be modified by the addition, as
ment fee, as discussed in paragraph SEVEN of this amendment,
5. In order to reflect the imposition of the assign-

not be members of the Board of Directors.
More Vacancies Occurring or Directors as Officers, who need
Directors, except that the Board of Directors may appoint one or
then the Board of Directors shall be members of the Board of Di-
deleted in its entirety and the following sentence inserted in
4. The first sentence of Section 1 Article IV shall be

alone will have the right to designate a replacement.
sold shares can be removed by such holder of Unpaid Shares who
vided, however, that the director elected by the holder of Un-
the Corporation as a meeting duly called for that purpose; pro-
the for cause and then only by a majority of the stockholders of
inserted in this charter: Any Director may be removed from of-
the by-Laws shall be deleted and the following sentence shall be
3. The last sentence in Section 5 of Article III of

shareholder.
Shares, it shall not be necessary for such a Director to be a
some that are representatives of holder or holder of Unpaid
shareholder or a spouse of a shareholder, except that for cause
in this charter: A Director of the Corporation may be elected a
1. The last sentence of the first paragraph of Section 2 of Article
1.1 of the By-Laws is deleted and the following sentence inserted

to replace those whose terms shall expire.
Director shall be elected for a term of three years
the election of the Board of Directors. The
the annual meeting. At each annual meeting there
meeting and the third class at the third succeed-
class shall expire at the second succeeding annual
this election, the term of office of the second
class annual meeting of the Corporation after



EXHIBIT F

**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: Great Neck Terrace
Address of Building or
Name of Project

File Number: C-85-0241

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:

10. If downpayments have been secured by bonds:
(a) Name and address of bond issuer or surety: _____

(d) Initial interest rate (if known) _____

(c) Account number (if known) _____

(b) Name and address of bank _____

(a) Name of account _____

9. If downpayments are maintained in an escrow account:

8. Name and Address of Escrow Agent: Goldstick, Weinberger, Feldman & Grossman, P.C., 261 Madison Avenue, 16th Floor, New York, New York 10016

7. Name and Address of Sponsor: Great Neck Terrace Limited Liability Company, 250 West 57th Street, New York, New York

6. The project is structured as
[XX] a cooperative.
[] a condominium.
[] a homeowners association.
[] a timeshare.
[] other: _____

5. The project is
[XX] a conversion of occupied premises.
[] newly constructed or rehabilitated.
[] vacant (as is): _____

(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: 5/9/86

(b) Plan

[XX] has been declared effective. Approximate date:

10/86

[] has not been declared effective.

(c) If effective, the plan

[XX] has closed or the first unit has closed.

Approximate date: 12/86

[] has not closed.

[] don't know.

(d) Downpayments are secured by

[XX] escrow account.

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

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

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

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

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

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

13. Contract information:

[] bonds.

[] letter of credit.

Signature: _____
 Date: _____
 Name (Printed): _____
 Telephone: (Home) _____ (Business) _____
 Mailing Address: _____

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.

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

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

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1. The first part of the document is a list of names and titles, including 'The Hon. Mr. Justice' and 'The Hon. Mr. Justice'.

SCHEDULE G

ESCROW AGREEMENT

AGREEMENT made as of this 31st day of March, 1997,

between GREAT NECK LIMITED LIABILITY COMPANY (GNT LLC)

("Holder") as holder of the offering plan and GOLDSTICK,

WEINBERGER, FELDMAN & GROSSMAN, P.C. ("Escrow Agent") as escrow

agent.

WHEREAS, GNT LLC is a holder of Unsold Shares under an

offering plan to convert to cooperative ownership the premises

located at 1 East Mill Drive, Great Neck, New York, which

premises are known as Great Neck Terrace; and

WHEREAS, Goldstick, Weinberger, Feldman & Grossman,

P.C. 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, Holder desires that Escrow Agent act as escrow

agent for deposits and payments by purchasers 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 Holder and Escrow Agent hereby establish an escrow account with Escrow Agent for the purpose of holding deposits or payments made by purchasers. The escrow account has been opened with Gotham Bank of New York, at its branch located at 1412 Broadway, New York, New York. The account number is 004042433.

1.2 The name of the account is GWF&G Escrow Account.

1.3 Escrow Agent is the sole signatory on the account.

1.4 The escrow account shall not 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 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 to the order of GWF&G Attorney Trust Account. 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 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 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 Holder 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 Holder 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.

relating to the funds deposited and disbursed hereunder.

General, upon his request, all books and records of Escrow Agent

4.3 Escrow Agent shall make available to the Attorney

transfer.

successor firm and shall notify the Department of Law of such

records by one of the partners or members of the firm or by the

make appropriate arrangements for the maintenance of these

Escrow Agent, the former partners or members of the firm shall

4.2 Upon the dissolution of a law firm which was

funds.

the escrow account for seven (7) years after release of the

4.1 Escrow Agent shall maintain all records concerning

4. RECORDKEEPING.

such provisions.

regulations and has so notified Escrow Agent in accordance with

dispute resolution provisions contained in the Attorney General's

has made application to the Department of Law pursuant to the

Thereafter, the funds may be paid to Holder unless the purchaser

written notice of not fewer than ten (10) business days.

the funds to Holder until Escrow Agent has given the purchaser

parties to release the escrowed funds, Escrow Agent shall not pay

3.4 If there is no written agreement between the

to the plan.

with an offer of rescission contained in the plan or an amendment

escrowed funds to a purchaser who timely rescinds in accordance

3.3 Holder shall not object to the release of the

to Holder of its desire to so resign, which resignation shall

(b) The resignation of Escrow Agent upon giving notice
successor Escrow Agent; or

Filing of an amendment with the Department of Law providing for a
capacity, which cancellation shall take effect only upon the
cancellation of designation of Escrow Agent to act in said

(a) Written notice given by Holder to Escrow Agent of
until it is canceled, by either:

7.1 This Agreement shall remain in effect unless and

7. TERMINATION OF AGREEMENT.

with the Attorney General's regulations.
Escrow Agent's performance of its fiduciary duties and compliance

6.2 Holder agrees that it shall not interfere with

individual transaction to Escrow Agent.

deposits and payments received by them prior to closing of an
including any selling agents, shall immediately deliver all

6.1 Holder agrees that Holder and its agents,

6. RESPONSIBILITIES OF HOLDER.

fiduciary obligations.

Escrow Agent and purchasers, and Escrow Agent acknowledges its

5.2 A fiduciary relationship shall exist between

Escrow Agent.

for in this Agreement under the direct supervision and control of

5.1 Escrow Agent shall maintain the accounts called

5. GENERAL OBLIGATIONS OF ESCROW AGENT.

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. 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. SUCCESSORS AND ASSIGNS.
8.1 This Agreement shall be binding upon Holder 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 Holder 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
GOLDSTICK, WEINBERGER, FELDMAN
& GROSSMAN, P.C.

By: _____

HOLDER

GREAT NECK TERRACE LIMITED
LIABILITY COMPANY

By: _____

MICHELE PINTO
Commissioner of Deeds
City of New York No. 2-11297
Certificate Filed in New York
Commission Expires

3/1/2000

~~Notary Public~~

Michele Pinto

Sworn to before me this
day of
2000.

Mark N. Fessel
SPONSOR'S PRINCIPALS:

Name: MARK FESSEL
Title: MANAGING MEMBER

By: *Mark N. Fessel*
GREAT NECK TERRACE LIMITED LIABILITY COMPANY

effort to ascertain the truth, or (iv) did not have knowledge concerning the representations or statements 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.



GREAT NECK TERRACE OWNERS CORP.

STATEMENT OF OPERATIONS

Year Ended December 31,

1999 1998

REVENUE

Maintenance
Less: Paid-in capital - mortgage amortization

\$ 4,554,192 (199,501)
4,354,691

166,552
113,872
85,087
73,200
19,858
3,600

Transfer fees
Interest income
Other shareholder fees
Laundry income
Storage units
Rental income
Loss on sale of securities

184,752
35,670
85,347
73,200
36,752
10,800
9,022

Total Revenue

4,816,860

COST OF OPERATIONS

Schedule 1
Schedule 2
Schedule 3

Administrative expenses
Operating expenses
Repairs and maintenance
Real estate tax
Mortgage interest
Corporation taxes

209,347
1,794,514
450,082
960,600
1,112,891
20,569

4,548,003

Total Cost Of Operations

Income from operations before special items
and depreciation and amortization

268,857

Real estate tax refund (net of \$521,510 certiorari fees)
Interest income - real estate tax refund
Insurance recovery - prior year legal fees

1,513,650
375,162

INCOME BEFORE DEPRECIATION AND AMORTIZATION

Depreciation and amortization

(1,759,430)

Net Income (Loss) For The Year

\$ 398,239

(\$ 1,332,926)

(1,743,706)

410,780

50,000

360,780

4,448,537

180,906
1,743,752
248,330
1,130,283
1,129,260
16,006

GREAT NECK TERRACE OWNERS CORP.

SUPPORTING SCHEDULES - STATEMENT OF OPERATIONS

1998

1999

Year Ended December 31,

\$ 87,996	\$ 90,000	\$ 42,525	\$ 53,236	\$ 38,019	\$ 49,831	\$ 12,366	\$ 16,280
87,996	90,000	42,525	53,236	38,019	49,831	12,366	16,280
<u>\$ 180,906</u>	<u>\$ 209,347</u>	<u>\$ 180,906</u>	<u>\$ 209,347</u>	<u>\$ 180,906</u>	<u>\$ 209,347</u>	<u>\$ 180,906</u>	<u>\$ 209,347</u>

Schedule 1

\$ 198,767	\$ 209,360	\$ 118,006	\$ 111,835	\$ 80,577	\$ 102,636	\$ 8,414	\$ 8,551
198,767	209,360	118,006	111,835	80,577	102,636	8,414	8,551
<u>\$ 405,764</u>	<u>\$ 432,382</u>	<u>\$ 405,764</u>	<u>\$ 432,382</u>	<u>\$ 405,764</u>	<u>\$ 432,382</u>	<u>\$ 405,764</u>	<u>\$ 432,382</u>

Schedule 2

\$ 150,889	\$ 151,871	\$ 115,394	\$ 90,668	\$ 14,326	\$ 18,923	\$ 280,609	\$ 261,462
150,889	151,871	115,394	90,668	14,326	18,923	280,609	261,462
<u>\$ 1,057,379</u>	<u>\$ 1,100,670</u>	<u>\$ 1,057,379</u>	<u>\$ 1,100,670</u>	<u>\$ 1,057,379</u>	<u>\$ 1,100,670</u>	<u>\$ 1,057,379</u>	<u>\$ 1,100,670</u>

\$ 60,973	\$ 112,964	\$ 8,035	\$ 68,235	\$ 1,616	\$ 18,085	\$ 12,860	\$ 16,065
60,973	112,964	8,035	68,235	1,616	18,085	12,860	16,065
<u>\$ 35,024</u>	<u>\$ 32,150</u>	<u>\$ 35,024</u>	<u>\$ 32,150</u>	<u>\$ 35,024</u>	<u>\$ 32,150</u>	<u>\$ 35,024</u>	<u>\$ 32,150</u>
10,770	24,421	18,572	18,572	18,572	18,572	18,572	18,572
18,572	18,572	18,293	18,512	18,293	18,512	18,293	18,512
1,616	18,085	12,860	16,065	1,616	18,085	12,860	16,065
12,860	13,872	12,210	13,872	12,210	13,872	12,210	13,872
14,909	13,031	14,909	13,031	14,909	13,031	14,909	13,031
12,040	11,884	12,040	11,884	12,040	11,884	12,040	11,884
3,853	7,183	3,853	7,183	3,853	7,183	3,853	7,183
9,783	6,065	9,783	6,065	9,783	6,065	9,783	6,065
6,288	3,264	6,288	3,264	6,288	3,264	6,288	3,264
3,866	604	3,866	604	3,866	604	3,866	604
19,238	425	19,238	425	19,238	425	19,238	425
<u>\$ 248,330</u>	<u>\$ 450,082</u>	<u>\$ 248,330</u>	<u>\$ 450,082</u>	<u>\$ 248,330</u>	<u>\$ 450,082</u>	<u>\$ 248,330</u>	<u>\$ 450,082</u>

Schedule 3

Administrative Expenses:
 Management fee
 Other administrative expenses
 Professional fees
 Telephone and communications

Total Administrative Expenses

Operating Expenses:
 Energy
 Fuel
 Electricity
 Water
 Gas
 Payroll
 Wages
 Union benefits and health insurance
 Payroll taxes
 Workers' compensation & disability insurance
 Other
 Security
 Insurance
 Miscellaneous operating and permits

Total Operating Expenses

Repairs and Maintenance:
 Materials and supplies
 Common area painting
 Roof, pointing and exterior repairs
 Rubbish removal
 Grounds
 Water service
 Alarm system contract
 Intercom and electrical
 Doors, locks, windows and floors
 Auto maintenance and repairs
 Heating and boiler
 Canopy repairs and maintenance
 Extremating
 Pool maintenance
 Equipment repairs
 Uniforms
 Plumbing

Total Repairs and Maintenance

The accompanying notes are an integral part of this statement.

GREAT NECK TERRACE OWNERS CORP.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

		Year Ended December 31,	
		1999	1998
COMMON STOCK			
Balance - January 1,	\$ 91,467	\$ 91,467	\$ 91,467
Transactions during year			
Balance - December 31,	\$ 91,467	\$ 91,467	\$ 91,467
PAID-IN CAPITAL IN EXCESS OF PAR VALUE			
Balance - January 1,	\$57,269,793	\$57,269,793	\$57,269,793
Transactions during year			
Balance - December 31,	\$57,269,793	\$57,269,793	\$57,269,793
ADDITIONAL PAID-IN CAPITAL			
Balance - January 1,	\$ 1,103,266	\$ 1,103,266	\$ 920,015
Mortgage amortization	199,501	183,251	
Balance - December 31,	\$ 1,302,767	\$ 1,103,266	\$ 1,103,266
ADDITIONAL PAID-IN CAPITAL FROM TREASURY STOCK			
Balance - January 1,	\$ -	\$ 190,949	\$ -
Sale of 983 shares in excess of cost	190,949	190,949	-
Balance - December 31,	\$ 190,949	\$ 190,949	\$ -
ACCUMULATED DEFICIT			
Balance - January 1,	(\$18,317,580)	398,239	(\$16,984,654)
Net income (loss) for the year	(\$17,919,341)	(\$1,332,926)	(\$18,317,580)
Balance - December 31,	(\$34,236,921)	(\$1,332,926)	(\$18,317,580)
TREASURY STOCK			
Balance - January 1, (412 and 36 shares)	(\$ 148,566)	(\$ 148,566)	(\$ 9,600)
Acquisition of 867 and 376 shares at cost	326,328	326,328	(138,966)
Sale of 983 shares at cost	374,051	374,051	
Balance - December 31, (296 and 412 shares)	(\$ 100,843)	(\$ 100,843)	(\$ 148,566)

The accompanying notes are an integral part of this statement.

GREAT NECK TERRACE OWNERS CORP.

STATEMENT OF CASH FLOWS

Year Ended December 31, 1999 1998

CASH FLOWS FROM OPERATING ACTIVITIES
 Net income (loss) for the year \$ 398,239 (\$ 1,332,926)

Adjustments to reconcile net income (loss) to cash provided by operating activities:
 Depreciation and amortization 1,759,430
 Changes in current assets and liabilities:
 (Increase) decrease in receivables 25,923
 (Increase) decrease in prepaid expenses 13,249
 (Increase) decrease in accounts payable 37,201
 (Increase) decrease in other current liabilities 19,778
 Total Adjustments 1,777,237
 Cash Provided By Operating Activities 2,175,476

CASH FLOWS FROM INVESTING ACTIVITIES
 Increase in building improvements 421,780
 Increase in building equipment 6,062
 Net increase in reserve fund 1,163,925
 Increase in building improvements payable 184,238
 Cash Used By Investing Activities (1,407,529)

CASH FLOWS FROM FINANCING ACTIVITIES
 Amortization of mortgage principal (199,501)
 Paid-in capital - mortgage amortization (199,501)
 Acquisition of treasury stock (326,328)
 Proceeds from treasury stock sales 565,000
 Cash Provided (Used) By Financing Activities 238,672

Net change in cash and cash equivalents 41,056
 Cash and cash equivalents at beginning of year 485,290
 Cash and cash equivalents at end of year \$ 1,491,909

SUPPLEMENTAL CASH FLOW DISCLOSURES
 Interest paid \$ 1,114,336
 Income taxes paid \$ 30,407

GREAT NECK TERRACE OWNERS CORP.

Notes to Financial Statements

Note 1 - ORGANIZATION

Great Neck Terrace Owners Corp. (the "Corporation") is a qualified Cooperative Housing Corporation, under Section 216(b)(1) of the Internal Revenue Code, located in Great Neck, New York. The property is comprised of 28 garden apartment buildings containing 646 apartment units and a management office. In addition, there are one-story garage structures, containing a total of 223 indoor garage spaces, 456 outdoor parking spaces and an outdoor pool complex. The primary purpose of the Corporation is to manage the operations of the property and maintain the common elements.

The Corporation acquired the property for \$69,195,052. Shares and proprietary leases were allocated to apartments on December 9, 1986 (the "Conversion Closing").

At the balance sheet date, Great Neck Terrace Associates owned 18,112 shares and Great Neck Terrace Limited Liability Company (a division of James Development) owned 10,947 shares which represent approximately 19.8% and 11.9%, respectively, of the total outstanding shares.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

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

Property and Improvements

Property and improvements are stated at cost. The buildings are depreciated on the straight-line method over an estimated life of thirty-five years. Building improvements, equipment and vehicles are depreciated on the straight-line method over estimated lives which range from five to twenty-seven and one-half years. Maintenance and repairs that do not increase the useful life of an asset are expensed as incurred.

For tax purposes, the acquisition of the property is being reported as an exchange pursuant to Section 351 of the Internal Revenue Code. In accordance with the provisions of Section 351, the tax basis of the property is \$27,169,734 which is the carryover basis of the Sponsor at the date of the transfer. Depreciation is recorded on the straight-line method over an estimated life of thirty-five years.

GREAT NECK TERRACE OWNERS CORP.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 excess operating funds at the end of the operating year, if any, for use in future operating periods.

Statement of Cash Flows

Cash and cash equivalents are stated at cost which approximate market. 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.

Additional Paid-in Capital

Pursuant to the proprietary leases, expenditures for mortgage amortization funded by current maintenance charges constitute additional paid-in capital.

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 promulgated a study to determine the remaining useful lives of the components of the building and estimates of the costs of major repairs and replacements that may be required. When funds are required for major repairs and replacements, the Corporation has the right to utilize available cash reserves and/or borrow, increase maintenance assessments, or delay repairs and replacements until funds are available.

Note 3 - PROPERTY AND IMPROVEMENTS

The following building improvements, equipment and vehicles were capitalized during the years ended December 31, 1987-1998 and 1999:

Building Improvements:	1987 - 1998	1999	Totals
Oil tanks and boiler	\$ 1,162,849	\$ 190,500	\$ 1,353,349
Pool restoration	515,098	65,225	580,323
Roof work and brick pointing	325,033	-	325,033
Emergency lighting	156,978	75,725	232,703
Sidewalks, interior flooring	75,880	90,330	166,210
Leaders, gutters, drywell	125,167	-	125,167
Comm. rm, office, pool house	103,392	-	103,392
Professional unit renovation	102,717	-	102,717
Hallway renovations	101,490	-	101,490
Totals	\$ 2,668,604	\$ 421,780	\$ 3,090,384

GREAT NECK TERRACE OWNERS CORP.

Notes to Financial Statements

Note 3 - PROPERTY AND IMPROVEMENTS (continued)

	1987-1998	1999	Totals
Equipment and Vehicles:			
Vehicles	\$ 92,904	\$ -	\$ 92,904
Storage lockers	55,538	-	55,538
Office and grounds equipment	31,215	6,062	37,277
Pool awning and furniture	25,450	-	25,450
Building front doors	13,848	-	13,848
Totals	\$ 218,955	\$ 6,062	\$ 225,017

In addition to \$191,513 of building improvements payable at December 31, 1999, the Corporation has commitments to complete the executed boiler replacement contract in the amount of \$161,000 and approximately \$115,000 of additional expenditures to complete the interior floor tile and carpet replacement. The Corporation will begin a two year exterior waterproofing and brick pointing project in the spring of 2000 at an approximate cost of \$1.5 million.

Note 4 - RESERVE FUND

The following transactions took place in the reserve account:

	1998	1999
Reserve Fund at January 1,	\$ 424,529	\$ 512,690
Add:		
Real estate tax refund proceeds	-	1,888,812
Interest income	-	22,683
Transfers (to) from working capital	27,333	(747,400)
Bank administrative fees	-	(170)
Loss on sale of securities	9,022	-
Balance - December 31,	\$ 512,690	\$ 1,676,615

The reserve fund is invested as follows:

	1998	1999
Prudential Securities:		
Certificates of Deposit at varying rates and maturities	\$ -	\$ 1,031,000
Money market fund	-	66,615
Merrill Lynch - Working capital management account	217,527	-
Certificates of Deposit at varying rates and maturities	-	579,000
A. G. Edwards and Sons, Inc. money market fund	295,163	-
Total	\$ 512,690	\$ 1,676,615

On September 21, 1995, the Corporation acquired 36 shares of its outstanding stock allocated to 6 parking spaces at a cost of \$1,600 each. The total acquisition cost of \$9,600 was recorded as treasury stock. During 1998, the Corporation acquired 376 shares of its outstanding stock allocated to 3 apartments and 2 parking spaces. The total acquisition cost of \$138,966 was recorded as treasury stock. During 1999, the Corporation acquired 867 shares of its outstanding stock allocated to 6 apartments and 4 parking spaces. The total acquisition cost of \$326,328 was recorded as treasury stock. During 1999, the Corporation sold 983 shares of treasury stock allocated to 7 apartments and 6 parking spaces with a cost basis of \$374,051 for \$565,000 resulting in proceeds in excess of cost of \$190,949. These proceeds have been recorded as paid-in capital from treasury sales. At December 31, 1999, the Corporation held 412 shares of treasury stock allocated to 2 apartments and 6 parking spaces.

TREASURY STOCK

Note 6 -

In addition to the mortgage payable, a secured line of credit in the amount of \$700,000 was issued bearing interest at the rate of 8.41% per annum. Advances under the secured line of credit are required in minimum amounts of \$50,000 each and may be used for capital expenditures only. As of December 31, 1999, the line of credit had not been drawn upon.

Credit Line

In connection with the loan, the Corporation is required to maintain a capital replacement reserve account in an amount equal to the greater of (i) \$475,000, or (ii) the amount equal to ten (10%) percent of the annual operating expenses for the property (including interest payable in connection with the loan, but excluding principal amortization and depreciation). Remaining mortgage costs have been deferred and are being amortized over the ten year life of the mortgage.

2000	\$ 213,973
2001	236,168
2002	257,112
2003	279,913
2004	301,765

Following are maturities of the mortgage payable for each of the next five years:

The mortgage held by Fannie Mae and serviced by National Cooperative Bank ("NCB"), in the original principal amount of \$13,700,000, requires equal monthly installments of \$109,486 applied first to interest at the rate of 8.41% per annum and the balance as a reduction of principal. The mortgage matures September 2005.

MORTGAGE PAYABLE

Note 5 -

Notes to Financial Statements

GREAT NECK TERRACE OWNERS CORP.

GREAT NECK TERRACE OWNERS CORP.

Note 7 - CORPORATION TAXES

The Corporation has incurred net operating losses for tax purposes since the date of inception. As a result, the Corporation is not subject to Federal income tax on the net losses and such losses are available to be carried forward to future tax periods. Federal income tax is computed pursuant to Subchapter T of the Internal Revenue Code. New York State Franchise tax is calculated by utilizing special tax rates available to cooperative housing corporations based on the corporation's capital base.

Note 8 - CONCENTRATION OF CREDIT RISK

The Corporation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Corporation has not experienced any losses on its bank deposits.

Note 9 - REAL ESTATE TAX REFUNDS AND SHAREHOLDERS' TAX DEDUCTIONS

The Corporation accepted a settlement from the Nassau County Board of Assessors for the reduction in assessed valuation of the property for tax years 1991/92 to 1997/98. On March 2, 1999, the Corporation received a real estate tax refund of \$1,513,650 net of \$521,510 certification fees plus \$375,162 of interest. As a result of this refund, the Corporation did not pass through a real estate tax deduction to the shareholders for the 1999 tax year and will pass through a significantly reduced real estate tax deduction for the 2000 tax year.

Note 10 - LITIGATION

A former employee of the Corporation served a summons and complaint in connection with an accident that occurred on the Corporation's premise. The complaint is being handled by the Corporation's insurance company. It is not possible to estimate the amount of loss, if any, at this time. No provision has been made on these financial statements.

SUPPLEMENTARY INFORMATION

Comparative Data: Actual vs. Budget

GREAT NECK TERRACE OWNERS CORP.

JAMES DEVELOPMENT

PAGE

For The Year
 January 1, 1999 - December 31, 1999
 Actual
 December 31, 1998 - January 1, 2000
 Budget
 December 31, 1998 - January 1, 2000
 Actual
 Budget
 (Unaudited)

REVENUE	Budget (Unaudited)	Actual	Actual	Budget
Maintenance	\$ 4,578,100	\$ 4,554,192	\$ 4,575,069	\$ 4,585,300
Transfer fees	100,000	166,552	184,752	120,000
Interest income	30,000	113,872	35,670	60,000
Other shareholder fees	83,300	85,087	85,347	78,300
Laundry income	73,200	73,200	73,200	73,200
Storage units	30,000	19,858	36,752	28,000
Rental income	14,400	3,600	10,800	12,000
Loss on sale of securities	-	-	(9,022)	-
TOTAL REVENUE	4,909,000	5,016,361	4,992,568	4,956,800

EXPENDITURES	Budget - 450,000 gallons for year @ 57¢	Actual - 437,280 gallons for year @ 48¢	Actual - 418,652 gallons for prior year @ 47¢	Budget - 440,000 gallons next year @ 77¢
Management fee	90,000	90,000	87,996	90,000
Other administrative expenses	46,600	53,236	42,525	36,500
Professional fees	62,900	49,831	38,019	64,400
Telephone and communications	12,500	16,280	12,366	15,600
Fuel	256,500	209,360	198,767	339,900
Electricity and gas	130,200	120,386	126,420	135,000
Wages and employee benefits	90,000	102,636	80,577	105,000
Security	1,110,000	1,100,670	1,057,379	1,181,200
Insurance	155,000	151,871	150,889	91,000
Miscellaneous operating expenses and permits	117,600	90,668	115,394	24,700
Repairs and maintenance	15,000	18,923	14,326	459,500
Real estate taxes	325,300	450,082	248,330	1,056,400
Corporation taxes	1,154,100	960,600	1,130,283	10,000
Mortgage interest and amortization	29,500	20,569	16,006	1,313,800
TOTAL EXPENDITURES	4,909,000	4,747,504	4,631,788	4,923,000

OPERATING INCOME	Budgeted Surplus
\$ -0-	\$ 33,800

Real estate tax refund (net of \$521,510 carryover fees)
 Interest income - real estate tax refund
 Insurance recovery - prior year legal fees

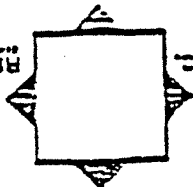
INCOME BEFORE DEPRECIATION AND AMORTIZATION

\$ 2,257,669	\$ 410,780
1,513,650	50,000
375,162	-
268,857	360,780

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SCHEDULE J

RECEIVED



SULZBERGER-ROHLF INC.

REACTORS

554 MADISON AVENUE NEW YORK, N.Y. 10022

OPINION OF REASONABLE RELATIONSHIP

November 4, 1986

Great Neck Terrace

G.O.M.J. Raynes, Inc.

488 Madison Avenue

New York, New York

Re: Great Neck Terrace

Gentlemen:

We are the consultant to the sponsor under the plan of cooperative ownership and Great Neck Terrace (the "Plan") and are fully familiar with the share allocations shown in Schedule A of the Plan and with the price of each block of shares of your corporation payable by purchasers thereof.

In our opinion, the price of each block of shares as shown in Schedule A bears a reasonable relationship to the portion of the fair market value of your equity in the property attributable to the apartment in which the block of shares is allocated and that such reasonable relationship will be sustained notwithstanding the fact that certain tenants-purchasers may be entitled to payments from the 30-day fund in accordance with the sections of the Plan entitled "Special 30-day fund for certain differences" and that such payments may be treated as a reduction in the purchase price of the block of shares purchased by certain tenants-purchasers. We are also of the opinion that such reasonable relationship will continue until the Plan is consummated at which time, if such is the case, we will give a further written opinion that the actual total cash payment paid for each block of shares meets such reasonable relationship criteria.

It is our opinion that such reasonable relationship exists notwithstanding that comparable apartments, with the same number of shares allocated to each are sold for different total cash payments, or the shares of such apartments may be sold to tenant purchasers of the building for total cash payments lower than that provided to non-tenants. Shares allocated to each apartment have been determined by the following factors: estimated market value, floor space, layout, exposures, view and other amenities.



Henry Rolfe
Senior Vice President
[Signature]
SULZBERGER-ROLFE, INC.

We hereby authorize the use of this letter in the form

of the enclosed letterhead form in connection with the sale of real estate and in connection with the promotion and marketing of real estate.

It is understood that the use of this letter shall be limited to the promotion and marketing of real estate and shall not be used in connection with the sale of real estate or in connection with the promotion and marketing of real estate.

6. The Sponsor hereby represents that no subscription was counted for the purpose of declaring the plan effective in the Sponsor or the Selling Agent, a principal of the Sponsor or the Selling Agent or related by blood, marriage, or adoption to an employee, shareholder, limited partner or partner associate of the Sponsor, any of the Sponsor's principals or the Selling Agent.

5. Sponsor hereby represents that all of the subscriptions signed subscription agreements without fraud or duress and with no discriminatory inducements.

4. The Sponsor hereby represents that all of the subscribers who are counted for the purpose of declaring the plan effective are bona fide purchasers and that none of them were bona fide purchasers or principals of Sponsor, and have not been purchasing as an accommodation to, or for the account of, or for the benefit of Sponsor, or principals of Sponsor, and have not executed subscription agreements and have paid the full amount as required in the Plan.

3. Set forth on Exhibit "A" annexed hereto and made a part hereof is a list of the names of subscribers who are being counted for the purpose of declaring the plan effective, the amounts subscribed for, and the date of each subscription agreement. All tenant-subscribers are subject to the Emergency Tenant Protection Act.

2. The Plan was accepted for filing by the Department of Law on May 9, 1986 and presented to the Board on May 17, 1986.

1. The general partners of GREAT WESTERN ASSOCIATES, the sponsor of the Plan to convert to cooperative ownership, H. Mendix, the Equitable Life Assurance Society of the United States and Mendix Realty Company, Inc. (collectively "the Partners") are located at 120 West 57th Street, New York, New York. (The "Partners" are known as Great West Associates in the Plan and known as Great West Associates in the Plan to convert to cooperative ownership.)

The undersigned, being severally duly sworn before me

STATE OF NEW YORK)
()
COUNTY OF NEW YORK)

ATTEST: _____
COOPERATIVE OWNERSHIP AGREEMENT

SCHEDULE K

ATTORNEY'S OFFICE TAX OFFICER

CLINCK BOXER BLUMBERG LANE & TROY

ATTORNEYS AT LAW

757 THIRD AVENUE

NEW YORK, NEW YORK 10017

(212) 230-1700

November 5, 1986

Great Neck Terrace Ornate Corp.

c/o Goldstick, Melaberg, Feldman,

Alpertstein, Rosenber, Grossman & Bass

261 Madison Avenue

New York, New York 10016

Re: Plan to Convert to Cooperative Ownership

Great Neck Terrace

Great Neck, New York 11020

Gentlemen:

We refer you to our prior letter dated March 12, 1986 (the "Option Letter") in which we expressed our opinion, based upon representations made to us and subject to certain qualifications, which representations and qualifications are set forth fully in the Option Letter that: (1) the Apartment Corporation should, under Section 216(b)(1) qualify as a "cooperative housing corporation"; (2) in any taxable year in which not less than 51% of the Apartment Corporation's gross income consists of rent received from qualified tenant-stockholders, tenant-stockholders should be entitled to certain income tax deductions, as set forth more fully in the Option Letter; and (3) if the Apartment Corporation acquires the property in a transaction qualifying under Section 351 of the Code (the "351 Exchange"), the Apartment Corporation's tax basis for the property will equal the sponsor's tax basis in the property as adjusted in accordance with Sections 311 and 367 of the Code.

We have been advised that on October 2, 1986 sponsor transferred all of its interest in the property to a partnership intended to qualify under Section 351 as described in the Option Amendment to the Plan dated November 5, 1986. For the reasons stated in the Option, the sponsor should initially qualify as a tenant-stockholder with respect to any shares of the Apartment Corporation acquired in the 351 Exchange for a period of three years beginning on the date of its acquisition of such stock.

The opinions expressed herein are based upon cases and cases as they now exist. Any subsequent legislation in the regulations or court decisions may change the opinions expressed herein. Moreover, no opinion is expressed with respect to tax consequences of the plan or any other matter (including, without limitation, the tax consequences of any assets offered under the plan) except as herein expressly set forth.

In an effort to further support the position that the Apartment Corporation will qualify as a cooperative housing corporation in the year of the co-op closing, the sponsor is recommending that the Apartment Corporation be organized in the year of the co-op closing, prior to the time of the co-op closing date. This is for the year of the individual partner of the sponsor. This is for the year of the Apartment Corporation will have three shareholders of record. Under New York law, an apartment corporation cannot legally make sales of cooperative shares in a public offering until the closing date. In our opinion this should not affect the status of the Apartment Corporation as a cooperative housing corporation under Section 216, since there is nothing in the Code or regulations that requires state or local approval of sales of cooperative shares in the year of the co-op closing. However, since there are no authorities presently on point, no assurance can be given that the Internal Revenue Service will not challenge this position nor can any assurance be given with respect to the outcome of any such challenges.

The Internal Revenue Service may take the position that sales proceeds received from the sponsor by the Apartment Corporation from the date of the transfer to the Apartment Corporation, do not qualify as income from a sales-association. The ground for such a position could be Rev. Rul. 70-411, 1970-2 CB 166, which states that a corporation cannot qualify as a cooperative housing corporation if it has only one shareholder. However, it is not clear whether this ruling would be applied where the sole shareholder is the sponsor of a cooperative corporation. The ruling requires the transferor to be a sales-association for a three-year period. It would be appropriate to measure the transferor in light of the common practice of a sponsor transferring property to a corporation or other shareholders. Any other interpretation would effectively preclude the use of Section 216 in most cases since the cooperative housing corporation would not qualify in the year of the co-op closing. After the effective date of the plan unless the co-op closing occurred early in the year.

IN OUR OPINION, THE APARTMENT CORPORATION WILL BE
 AS A COOPERATIVE HOUSING CORPORATION AND THEREFORE WILL BE
 HE ENTITLED TO CERTAIN INCOME TAX DEDUCTIONS, EXCEPT
 AS OTHERWISE PROVIDED IN THE APARTMENT CORPORATION ACT.
 AS A COOPERATIVE HOUSING CORPORATION, THE APARTMENT CORPORATION
 WILL BE ENTITLED TO CERTAIN INCOME TAX DEDUCTIONS, EXCEPT
 AS OTHERWISE PROVIDED IN THE APARTMENT CORPORATION ACT.
 THE APARTMENT CORPORATION WILL BE ENTITLED TO CERTAIN
 INCOME TAX DEDUCTIONS, EXCEPT AS OTHERWISE PROVIDED
 IN THE APARTMENT CORPORATION ACT.

BY: LEONARD BOKER
 Partner of the Firm

CLINTON BOKER BROTHERS
 LANE 2 BOX
 VERY TRULY YOURS,

You have advised us of your intention to incorporate
 this apartment in the State and we hereby consent to such
 incorporation. Our firm has no beneficial interest in the
 apartment corporation or in the profitability of the
 corporation, except for the fee for services rendered.

PURCHASE AGREEMENT

Property: Great Neck Storage, Great Neck, New York

Offeror (the "Seller"): Great Neck Storage Associates

I. INFORMATION TO BE FILLED IN BY PURCHASER(S):

PURCHASER(S) NAME:

APARTMENT NO.:

PARKING SPACE NO.:

BUILDING ADDRESS:

SECURED STORAGE UNIT NO.:

NUMBER OF SPACES (Apartment):

PRICE PER SPACE (Apartment):

NUMBER OF SPACES (Parking space):

PRICE PER SPACE (Parking space):

ADDITIONAL FEE TO SPONSOR

PRICE PER SPACE (Secured Storage) (Date):

NUMBER OF SPACES (Secured Storage) (Date):

TOTAL CASH PAYMENT:

DOWN PAYMENT (20% of the total cash pay-ment, or, for non-lease purchases only, \$1,500)

DATE:

AMOUNT:

DATE:

AMOUNT:

AN ACT to amend the general business law and the real property law, in

relation to cooperatives and condominiums where non-occupying owners

default on payments due; and to repeal subdivision 2-d of section

352-e of the general business law, relating thereto

Became a law July 22, 1998, with the approval of the Governor.

Passed by a majority vote, three-fifths being present.

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEM-

BLY, DO ENACT AS FOLLOWS:

Section 1. Subdivision 2-d of section 352-e of the general business

law is REPEALED.

§ 2. The general business law is amended by adding a new section 352-1

to read as follows:

§ 352-1. COOPERATIVE CORPORATIONS. 1. FOR THE PURPOSES OF THIS

SECTION, "NON-OCCUPYING OWNER" SHALL MEAN THE OWNER OF SHARES IN A COOP-

ERATIVE CORPORATION WHO DOES NOT OCCUPY THE DWELLING UNITS TO WHICH HIS

OR HER SHARES ARE ALLOCATED.

2. IF A NON-OCCUPYING OWNER RENTS ANY DWELLING UNIT TO A TENANT AND

THEN FAILS TO MAKE PAYMENTS DUE FOR MAINTENANCE, ASSESSMENTS OR LATE

FEES FOR SUCH UNIT WITHIN SIXTY DAYS OF THE EXPIRATION OF ANY GRACE

PERIOD AFTER THEY ARE DUE, UPON NOTICE IN ACCORDANCE WITH SUBDIVISION

THREE OF THIS SECTION, ALL RENTAL PAYMENTS FROM THE TENANT SHALL BE

DIRECTLY PAYABLE TO THE COOPERATIVE CORPORATION.

3. IF THE MAINTENANCE, ASSESSMENTS OR LATE FEES DUE FOR ANY UNIT HAVE

NOT BEEN PAID IN FULL WITHIN SIXTY DAYS AFTER THE EXPIRATION OF ANY

GRACE PERIOD OF THE EARLIEST DUE DATE, THE BOARD OF DIRECTORS SHALL

PROVIDE WRITTEN NOTICE TO THE RENTAL TENANT AND THE NON-OCCUPYING OWNER

PROVIDING THAT, COMMENCING IMMEDIATELY AND UNTIL SUCH TIME AS ALL

PAYMENTS FOR MAINTENANCE, ASSESSMENTS OR LATE FEES ARE MADE CURRENT, ALL

RENTAL PAYMENTS DUE SUBSEQUENT TO THE ISSUANCE OF SUCH NOTICE ARE TO BE

MADE PAYABLE TO THE COOPERATIVE CORPORATION AT THE ADDRESS LISTED ON THE

NOTICE. WHERE A MAJORITY OF THE BOARD OF DIRECTORS HAS BEEN ELECTED BY

AND FROM AMONG THE OWNERS WHO ARE IN OCCUPANCY, THE BOARD MAY ELECT NOT

TO REQUIRE THAT RENTAL PAYMENTS BE MADE PAYABLE TO THE COOPERATIVE

CORPORATION. AT SUCH TIME AS PAYMENTS FOR MAINTENANCE, ASSESSMENTS AND

LATE FEES FROM THE NON-OCCUPYING OWNER ARE ONCE AGAIN CURRENT, NOTICE OF

SUCH FACT SHALL BE GIVEN WITHIN THREE BUSINESS DAYS TO THE RENTAL TENANT

AND NON-OCCUPYING OWNER. THEREAFTER ALL RENTAL PAYMENTS FOR SUCH UNIT

SHALL BE MADE PAYABLE TO THE NON-OCCUPYING OWNER OR TO A DESIGNATED

AGENT. A NON-OCCUPYING OWNER WHO DISPUTES THE COOPERATIVE CORPORATION'S

CLAIM TO RENTAL PAYMENTS PURSUANT TO THIS SECTION SHALL BE ENTITLED TO

PRESENT FACTS SUPPORTING SUCH OWNER'S POSITION AT THE NEXT SCHEDULED

MEETING OF THE BOARD OF DIRECTORS, WHICH MUST BE HELD WITHIN THIRTY DAYS

EXPLANATION--Matter in italics is new; matter in brackets [-] is old law

to be omitted.

OF THE DATE THAT SUCH BOARD RECEIVES NOTICE THAT SUCH OWNER SEEKS TO

SUITE SUCH CLAIM.

4. NOTHING IN THIS SECTION SHALL LIMIT ANY RIGHTS OF SHAREHOLDERS OR OF THE BOARD OF DIRECTORS EXISTING UNDER ANY OTHER LAW OR AGREEMENT.

5. PAYMENT BY A RENTAL TENANT TO THE COOPERATIVE CORPORATION MADE IN CONNECTION WITH THIS SECTION SHALL BELIEVE THAT RENTAL TENANT FROM THE OBLIGATION TO PAY SUCH RENT TO THE NON-OCCUPYING OWNER AND SHALL BE AN ABSOLUTE DEFENSE IN ANY NON-PAYMENT PROCEEDING COMMENCED BY SUCH NON-OCCUPYING OWNER AGAINST SUCH TENANT FOR SUCH RENT.

3. The real property law is amended by adding a new section 339-kk to read as follows:

§ 339-kk. RENTS. (A) FOR THE PURPOSES OF THIS SECTION, "NON-OCCUPYING OWNER" SHALL MEAN A UNIT OWNER IN A CONDOMINIUM ASSOCIATION WHO DOES NOT OCCUPY THE DWELLING UNIT.

(B) IF A NON-OCCUPYING OWNER RENTS ANY DWELLING UNIT TO A RENTAL TENANT AND THEN FAILS TO MAKE PAYMENTS DUE FOR COMMON CHARGES, ASSESSMENTS OR LATE FEES FOR SUCH UNIT WITHIN SIXTY DAYS OF THE EXPIRATION OF ANY GRACE PERIOD AFTER THEY ARE DUE, UPON NOTICE IN ACCORDANCE WITH SUBDIVISION (C) OF THIS SECTION, ALL RENTAL PAYMENTS FROM THE TENANT SHALL BE DIRECTLY PAYABLE TO THE CONDOMINIUM ASSOCIATION.

(C) IF THE COMMON CHARGES, ASSESSMENTS OR LATE FEES DUE FOR ANY UNIT HAVE NOT BEEN PAID IN FULL, WITHIN SIXTY DAYS AFTER THE EXPIRATION OF ANY GRACE PERIOD OF THE EARLIEST DUE DATE, THE BOARD OF MANAGERS SHALL PROVIDE WRITTEN NOTICE TO THE TENANT AND THE NON-OCCUPYING OWNER PROVIDING THAT, COMMENCING IMMEDIATELY AND UNTIL SUCH TIME AS ALL PAYMENTS FOR COMMON CHARGES, ASSESSMENTS OR LATE FEES ARE MADE CURRENT, ALL RENTAL PAYMENTS DUE SUBSEQUENT TO THE ISSUANCE OF SUCH NOTICE ARE TO BE MADE PAYABLE TO THE CONDOMINIUM ASSOCIATION AT THE ADDRESS LISTED ON THE NOTICE. WHERE A MAJORITY OF THE BOARD OF MANAGERS HAS BEEN ELECTED BY AND FROM AMONG THE UNIT OWNERS WHO ARE IN OCCUPANCY, THE BOARD MAY ELECT NOT TO REQUIRE THAT RENTAL PAYMENTS BE MADE PAYABLE TO THE CONDOMINIUM ASSOCIATION. AT SUCH TIME AS PAYMENTS FOR COMMON CHARGES, ASSESSMENTS AND LATE FEES FROM THE NON-OCCUPYING OWNER ARE ONCE AGAIN CURRENT, NOTICE OF SUCH FACT SHALL BE GIVEN WITHIN THREE BUSINESS DAYS TO THE RENTAL TENANT AND NON-OCCUPYING OWNER. THEREAFTER ALL RENTAL PAYMENTS SHALL BE MADE PAYABLE TO THE NON-OCCUPYING OWNER OR A DESIGNATED AGENT. A NON-OCCUPYING OWNER WHO DISPUTES THE ASSOCIATION'S CLAIM TO RENTAL PAYMENTS PURSUANT TO THIS SECTION SHALL BE ENTITLED TO PRESENT FACTS SUPPORTING SUCH OWNER'S POSITION AT THE NEXT SCHEDULED MEETING OF THE BOARD OF MANAGERS, WHICH MUST BE HELD WITHIN THIRTY DAYS OF THE DATE THAT SUCH BOARD RECEIVES NOTICE THAT SUCH OWNER SEEKS TO DISPUTE SUCH CLAIM.

(D) NOTHING IN THIS SECTION SHALL LIMIT ANY RIGHTS OF UNIT OWNERS OR OF THE BOARD OF MANAGERS EXISTING UNDER ANY OTHER LAW OR AGREEMENT.

(E) PAYMENT BY A RENTAL TENANT TO THE CONDOMINIUM ASSOCIATION MADE IN CONNECTION WITH THIS SECTION SHALL BELIEVE THAT RENTAL TENANT FROM THE OBLIGATION TO PAY SUCH RENT TO THE NON-OCCUPYING OWNER AND SHALL BE AN ABSOLUTE DEFENSE IN ANY NON-PAYMENT PROCEEDING COMMENCED BY SUCH NON-OCCUPYING OWNER AGAINST SUCH TENANT FOR SUCH RENT.

4. This act may be enforced by any party by means of a special proceeding brought pursuant to article 4 of the civil practice law and rules.

5. This act shall take effect immediately, and is applicable to all cooperative corporations and condominiums in existence on or after such date.

Pursuant to the authority vested in us by section 70-b of the Public Officers Law, we hereby jointly certify that this slip copy of this session law was printed under our direction and, in accordance with such section, is entitled to be read into evidence.

JOSEPH L. BRUNO
 TEMPORARY PRESIDENT OF THE SENATE

SHeldon SILVER
 SPEAKER OF THE ASSEMBLY

