

EIGHTH AMENDMENT
TO OFFERING PLAN RELATING TO PREMISES
31-37 NAGLE AVENUE AND 14 BOGARDUS PLACE
NEW YORK, NEW YORK

The Offering Plan dated February 16, 1982 to convert to cooperative ownership premises at 31-37 Nagle Avenue and 14 Bogardus Place, New York, New York is hereby amended by this Eighth Amendment as follows:

- I. The Unsold Share section of the Offering Plan is amended to delete any requirement that a purchaser of an apartment be an individual and to substitute that a purchaser must be a "Person" as that term is used in Section 216 of the Internal Revenue Code of 1954, as amended.
 - II. Annexed hereto and marked as Exhibit A is a list of the unsold shares and the apartments to which these shares are allocated.
 - III. The aggregate monthly maintenance for the Sponsor's units is \$12,474.22.
 - IV. The aggregate monthly rent collected for the Sponsor's units is \$6,389.76.
 - V. The Sponsor's only financial obligation at this time is maintenance on the units listed above. The Sponsor is not aware of any other obligation.
 - VI. The Sponsor meets its financial obligation for his units by cash reserves, interest collected on mortgage and market rents.
 - VII. The Sponsor's units are not subject to any mortgage nor are they pledged as collateral.
 - VIII. The Sponsor is current on its maintenance payments.
 - IX. The principal of the Sponsor is Lawrence E. Goldschmidt. Mr. Goldschmidt is a general partner in another partnership and owns more than 10% of the units at 457 West 57th Street, New York, New York.
- The Offering Plan for this building is on file with the Department of Law and is available for public inspection.
- On March 27, 1992 Lawrence E. Goldschmidt filed a Voluntary Petition for relief under Chapter 7 of The Bankruptcy Code. At the present time Lawrence E. Goldschmidt has the statutory net worth to permit him individually to continue as Sponsor.
- X. Annexed hereto and marked as Exhibit B is the Financial Statement of the cooperative corporation for 1990 to present.

- XI. The current maintenance is \$4.2647 per share per month.
- XII. The current board members are:

President:	Rita Jensen
Treasurer:	Margaret Hagen
Secretary:	Barbara Ricardo
Officers:	Sharon Taylor
	Martha Sanchez
	John Coll
	Adria Quinones

All members of the Board of Directors are tenant shareholders. The Sponsor gave up control of the Board of Directors in 1985.

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

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

1. In the event payment of maintenance, common charges, assessments or late fees by a sponsor or other investor who does not occupy the unit is more than thirty days late, rental payments from the tenant shall become directly payable to the cooperative corporation or condominium association. When the non-occupying owner resumes payment of maintenance and common charges on a current basis, non-purchasing tenant shall be notified within three business days of such payments becoming current and their rental payments will once again be payable to the non-occupying owner.
2. The offeror will provide each non-purchasing tenant with irrevocable notice of the provisions contained in GBL Section 352-e(2-d).
3. Any rights existing under any other laws are not limited by this statutory requirement.
4. Payment by the non-purchasing tenant to the cooperative corporation or condominium association done pursuant to GBL Section 352-e(2-d) relieves the non-purchasing tenant from the obligation to pay that rent to the non-occupying owner.
5. These requirements apply to the sponsor, its successors or assigns and all purchasers who are owners of occupied units or shares allocated to occupied units.

There are no other material changes of fact or circumstances affecting the property or the offering other than those included in this amendment.

XIV. The disclosure contained in this amendment replaces and supersedes the former section of the plan dealing with the placing of downpayments in escrow. As of this amendment all downpayments will be placed in an account in conformity with the disclosure contained in this amendment.

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

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

All deposits, downpayments, or advances made by purchasers, to Sponsor for their six remaining apartments, prior to closing of each individual transaction, whether received before or after the date of consummation of the plan, will be placed, within five business days after the agreement is signed by all necessary parties, in a segregated special escrow account of Maya D. Goldschmidt, the Escrow Agent, whose address is 641 Lexington Avenue, New York, New York 10022, and whose telephone number is (212) 838-2424. The signatory on this account authorized to withdraw funds is: Maya D. Goldschmidt, 641 Lexington Avenue, New York, New York 10022. The name of the account is Maya D. Goldschmidt Attorney Trust Account, located in Chemical Bank, 850 Third Avenue, New York, New York 10022. This bank is covered by federal bank deposit insurance to a maximum of \$100,000 per individual deposit.

The account will be interest-bearing and, unless the purchaser defaults, interest will be credited to the purchaser at closing. The interest rate to be earned will be the prevailing rate for these accounts which currently is 2%. Interest will begin to accrue within five business days of tender of the downpayment.

All instruments shall be made payable to or endorsed to the order of Maya D. Goldschmidt, as escrow agent.

Within ten business days after tender of the deposit submitted with the purchaser or subscription agreement, the escrow agent will notify the purchaser or subscriber that such funds have been deposited into the escrow account and will provide the account

number and the initial interest rate. If the purchaser or subscriber does not receive notice of such deposit within fifteen business days after tender of the deposit, the purchaser or subscriber may cancel the purchase and rescind so long as the right to rescind is exercised within ninety days after tender of the deposit. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited and requisite notice was timely mailed to the purchaser or subscriber in conformity with the Attorney General's regulations.

Since all contracts are contingent upon the plan's becoming effective, under no circumstances shall sponsor apply for release of the escrowed funds of a defaulting purchaser until after consummation of the plan.

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

- (i) a writing signed by both sponsor and purchaser or subscriber; or
- (ii) a determination of the Attorney General pursuant to the dispute resolution procedures contained in the Attorney General's regulations; or
- (iii) a judgment or order of a court of competent jurisdiction.

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

The sponsor will not object to the release of the escrowed funds to

- (i) a purchaser who timely rescinds in accordance with an offer of rescission contained in the plan or an amendment to the plan;
- (ii) all purchasers after an amendment abandoning the plan is accepted for filing by the Department of Law.

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

Pending the determination of the Attorney General to grant or deny the

application, the sponsor, the purchaser or subscriber, and the escrow agent shall abide by any interim directive issued by the Attorney General.

Attached to this amendment as Exhibit E is a copy of the escrow agreement which incorporate the terms of the Attorney General's regulations.

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

XV. Sponsor has proposed a 25 year, self-liquidating extension of the \$1,950,000 mortgage. This would call for monthly payments of \$15,701.93. The first mortgage is presently running open, but will self-liquidate on or about December 1, 1996. The second mortgagee has indicated a willingness to accept an extension of its mortgage at 9% per annum until the liquidation of the first mortgage at which time the funds presently paid the first mortgage, \$4,750, will be paid to the second mortgage and the mortgage will convert to a self-liquidating mortgage which will take an additional eight years and nine months until approximately August 1, 2005. Thus far, the proposal has not been accepted by the coop corporation. Interest has been currently paid, and there has been no foreclosure instituted or threatened by any of the three mortgagees.

XVI. There are no other changes to the Offering Plan.

Dated: New York, New York
January 5, 1994

EXHIBIT A

UNSOLD SHARES HELD BY
ELLWOOD GARDENS COMPANY

<u>Apartment</u>	<u>Number of Shares</u>
5A	110
3B	105
6B	110
5C	140
5D	110
3E	135
5E	140
3F	105
4F	105
6F	110
3H	135
1J	100
2J	100
3K	135
4K	135
1S	130
2S	130
3S	135
1T	130
2T	130
3T	135
5T	140
3U	105
5W	115

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Marin & Montanye

CERTIFIED PUBLIC ACCOUNTANTS

EDWARD B. MONTANYE, CPA
PATRICIA A. PRUSINSKI, CPA

WALTER H. TEMPLE, CPA
ROBERT B. SERIKSTAL, CPA
PATRICIA A. STAUDER, CPA
KAREN TABETTI, CPA

Board of Directors
NAGLE APARTMENTS CORP.
31 Nagle Avenue
New York, N.Y. 10040

Ladies and Gentlemen:

Independent Auditor's Report

We have audited the accompanying balance sheet of NAGLE APARTMENTS CORP. as of December 31, 1992, and the related statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAGLE APARTMENTS CORP. as of December 31, 1992, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial information contained in the accompanying Exhibit "E" is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The figures contained in the column labeled "Budget" were those approved by the Board of Directors and are presented for informational purposes only.

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

March 2, 1993

Marin & Montanye
MARIN & MONTANYE
Certified Public Accountants

A S S E T S

CURRENT ASSETS

Operating cash - Excelsior	\$ 12,990	
Norstar Bank - Money Market account	15,335	
Mortgage escrow	29,932	
Shareholders' arrears	20,637	
Senior citizen subsidy	<u>2,367</u>	\$ 81,261
Prepaid Expenses:		
Real estate taxes	27,588	
Insurance	13,993	
Fuel	2,341	
Water and sewer charges	16,343	
Corporate taxes	<u>389</u>	<u>60,654</u>
<u>TOTAL CURRENT ASSETS</u>		141,915

OTHER ASSETS

Utility deposits	145
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PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 316,950	\$ -0-	\$ 316,950
Building	1,796,050	534,247	1,261,803
Building improvements	<u>5,424</u>	<u>5,424</u>	<u>-0-</u>
<u>TOTAL</u>	<u>\$ 2,118,424</u>	<u>\$ 539,671</u>	<u>1,578,753</u>

TOTAL ASSETS

\$ 1,720,813

BALANCE SHEET

As of December 31, 1992

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued expenses - Schedule 1	\$ 48,042	
Prepaid occupancy income	18	
Insurance loan payable	<u>6,917</u>	
<u>TOTAL CURRENT LIABILITIES</u>		\$ 54,977

LONG TERM LIABILITIES

Mortgage payable - (Note 3)		<u>1,950,000</u>
<u>TOTAL LIABILITIES</u>		<u>2,004,977</u>

STOCKHOLDERS' EQUITY

Capital stock - Common - Authorized 15,000 shares Issued 12,120 shares @ \$1.00 par value of which 105 shares are held as treasury stock	12,120	
Contributed capital in excess par value	175,880	
Deficit Balance - January 1, 1992	\$ (500,996)	
Income for the year ended December 31, 1992	<u>46,281</u>	
Deficit Balance - December 31, 1992	(454,715)	
Less: 105 shares of treasury stock at cost - (Note 8)	<u>(17,449)</u>	
<u>TOTAL STOCKHOLDERS' EQUITY</u>		<u>(284,164)</u>
<u>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</u>		<u>\$ 1,720,813</u>

See Notes to Financial Statements.

As of December 31, 1992

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Schedule 1

Repairs and supplies	\$ 2,168
Electricity and gas	10,118
Legal	28,257
Miscellaneous administrative	245
Auditing	1,567
Elevator repairs	3,383
Exterminating	718
Payroll taxes	801
Workmens' compensation	534
State franchise tax	<u>251</u>
<u>TOTAL</u>	<u>\$ 48,042</u>

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See Notes to Financial Statements.

STATEMENT OF OPERATIONS

For The Year Ended December 31, 1992

INCOME

Income from Shareholders

Maintenance charges - apartments	\$ 563,860	
Less: Vacancy loss	<u>(4,885)</u>	\$ 558,975
Garage income		33,000
Rental income		7,800
Laundry income		3,233
Sundry income		<u>9,472</u>
<u>Total Income from Shareholders</u>		\$ 612,480

Other Income

Interest income

TOTAL INCOME

443
612,923

COST OF OPERATIONS

Administrative expenses	Schedule 1	84,466
Operating expenses	Schedule 2	170,089
Maintenance expenses	Schedule 3	34,452
Taxes	Schedule 4	123,914
Financial expenses	Schedule 5	<u>176,141</u>

TOTAL COST OF OPERATIONS

589,062

INCOME FROM OPERATIONS BEFORE DEPRECIATION AND OTHER ITEMS

23,861

Depreciation	Schedule 6	
Payroll taxes - prior year - (Note 6)		(51,316)
Legal settlements - (Note 5)		(4,599)
Note payable - (Note 7)		22,094
		<u>56,241</u>

NET INCOME FOR THE YEAR - To Exhibit A

\$ 46,281

See Notes to Financial Statements.

For The Year Ended December 31, 1992

ADMINISTRATIVE EXPENSES

Schedule 1

Management fee		\$	25,000
Legal			23,348
Auditing			4,700
Telephone			1,595
Stationery, printing, miscellaneous administrative expenses			4,279
Insurance			<u>25,544</u>
<u>TOTAL ADMINISTRATIVE EXPENSES</u>		\$	<u>84,466</u>

OPERATING EXPENSES

Schedule 2

<u>Energy</u>			
Gas - heating	\$	42,394	
Fuel		5,688	
Electricity and gas		<u>13,643</u>	
Water and sewer charges			\$ 61,725
			<u>31,426</u>
<u>Payroll</u>			
Payroll			59,915
Payroll taxes			5,604
Payroll insurance			3,105
Union benefits			6,768
Permits			<u>1,546</u>
<u>TOTAL OPERATING EXPENSES</u>			\$ <u>170,089</u>

MAINTENANCE EXPENSES

Schedule 3

Exterminating		\$	2,150
Repairs - materials and labor to contractors			3,355
Heating			200
Elevator maintenance and repairs			11,169
Supplies and janitorial materials			7,688
Grounds			2,390
Special repairs - roof			<u>7,500</u>
<u>TOTAL MAINTENANCE EXPENSES</u>		\$	<u>34,452</u>

See Notes to Financial Statements.

For The Year Ended December 31, 1992

TAXES

Real estate taxes
Corporate taxes

TOTAL TAXES

Schedule 4
\$ 122,317
1,597
\$ 123,914

FINANCIAL EXPENSES

Interest on mortgage payable
Other interest

TOTAL FINANCIAL EXPENSES

Schedule 5
\$ 175,500
641
\$ 176,141

DEPRECIATION

Building

TOTAL DEPRECIATION

Schedule 6
\$ 51,316
\$ 51,316

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See Notes to Financial Statements.

NAGLE APARTMENTS CORP.

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 1992

EXHIBITS C & D

EXHIBIT C

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the year		\$ 46,281
Adjustments to reconcile net income to cash provided by operating activities:		
Noncash item: depreciation expense	\$ 51,316	
Changes in working capital (excluding cash):		
Increase in receivables	(6,531)	
Increase in prepaid expenses	(795)	
Decrease in accounts payable and accrued expenses	(56,513)	
Increase in escrow	(13,939)	
Total Adjustments		<u>(26,462)</u>
<u>CASH PROVIDED BY OPERATING ACTIVITIES</u>		19,819

CASH FLOWS FROM FINANCIAL ACTIVITIES

Decrease in note payable	<u>(31,776)</u>	
<u>CASH USED IN FINANCIAL ACTIVITIES</u>		<u>(31,776)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents at January 1, 1992		<u>40,282</u>
Cash and cash equivalents at December 31, 1992 (Exhibit D)		<u>\$ 28,325</u>

SCHEDULE OF CASH AND CASH EQUIVALENTS

Cash - Operating account - Excelsior		\$ 12,990
Cash - Money Market		<u>15,335</u>
<u>CASH AND CASH EQUIVALENTS - December 31, 1992</u>		<u>\$ 28,325</u>

EXHIBIT D

Disclosure of accounting policy

For purpose of the statement of cash flows, the Corporation considers all highly liquid debt instruments (not used to meet reserve fund requirements) purchased with maturity of three months or less to be cash equivalents.

See Notes to Financial Statements.

WORKING CAPITAL FLOW STATEMENT OF INCOME AND EXPENDITURES

EXHIBIT E

For The Year Ended December 31, 1992

	For The Year		Prior Year	Next Year
	January 1, 1992 - December 31, 1992		January 1, 1991 - December 31, 1991	January 1, 1993 - December 31, 1993
	Budget	Actual	Actual	Budget
INCOME				
Maintenance charges				
Vacancy loss	\$ 563,860	\$ 563,860	\$ 563,860 (2)	\$ 615,567 (3)
Laundry	-0-	(4,835) (1)	-0-	-0-
Garage income	4,200	3,233	2,957	3,340
Rental income	33,000	33,000	33,000	33,000
Miscellaneous (late charges, etc.)	-0-	7,800	-0-	-0-
	11,500	9,472	10,494	14,000
TOTAL INCOME	612,560	612,480	610,311	665,907
EXPENDITURES				
<u>Administrative Expenses</u>				
Management fee				
Auditing	25,000	25,000	25,000	25,000
Legal	4,700	4,700	4,700	4,700
Telephone	27,500	23,348	19,223	36,300
Miscellaneous administrative expenses	1,500	1,595	1,760	1,500
Insurance	2,500	4,279	4,541	2,500
Consultant	21,600	25,544	33,757	28,000
<u>Operating Expenses</u>	1,000	-0-	195	-0-
Fuel - oil				
Gas - heating	15,000	5,688	2,661	15,000
Electricity	40,500	42,394	41,327	42,525
Gas	12,500	12,146	12,784	12,500
Water and sewer charges	1,500	1,497	1,465	1,500
Payroll	35,500	31,426	27,464	35,954
Payroll taxes	56,500	59,915	59,194	60,000
Payroll insurance	5,100	5,604	4,472	4,475
Union welfare and pension	1,575	3,105	3,480	3,400
Permits	6,500	6,768	6,420	7,500
<u>Maintenance Expenses</u>	1,300	1,546	1,445	500
Exterminator				
Elevator maintenance and repair	1,800	2,150	1,909	1,800
Supplies and janitorial materials	11,000	11,169	11,795	11,000
Grounds maintenance	10,000	7,688	9,794	9,000
Plumbing	500	2,390	1,848	1,500
Heating	(-0-)	(-0-)	(-0-)	(-0-)
Repairs	(7,500)	(200)	(1,983)	(-0-)
Special repairs - roof	(-0-)	(3,355)	(2,998)	(7,500)
Taxes	(5,000)	(7,500) (4)	(8,000) (5)	(-0-)
Real estate taxes				
Corporate taxes	137,298	122,317	109,004	146,739
<u>Financial Expenses</u>	500	1,597	1,348	1,000
Interest on mortgage payable				
Other interest	175,500	175,500	175,500	175,500
Contingency	-0-	641	2,694	-0-
	-0-	-0-	-0-	18,467 (6)
TOTAL EXPENDITURES	608,873	589,062	576,761	653,860
BUDGET SURPLUS	\$ 3,687			
ACTUAL SURPLUS				\$ 12,047
Add: Interest income		23,418	33,550	
Less: Payroll taxes - prior year		443	1,220	
		(4,599)	-0-	
INCOME FROM OPERATIONS		\$ 19,262	\$ 34,770	

- (1) See Note 8, page 10.
- (2) Includes an 11% increase for 1991.
- (3) Includes a 10% increase effective 2/1/93.
- (4) Special repairs consist of roof repairs (\$7,500).
- (5) Special repairs consist of roof repair (\$8,000).
- (6) Represents 3% maintenance charges designated for Reserve Fund.

We are precluded from expressing an opinion on the portions of this exhibit that reflect budgetary forecasts due to the fact that these forecasts are based upon assumptions concerning future events.

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 1992

1. ORGANIZATION

The Cooperative was formed May 20, 1980 to qualify as a cooperative housing corporation as defined under Section 216 of the Internal Revenue Code and the corresponding provision of New York State. The Corporation commenced operating on August 3, 1982 when it acquired the land and building at 31-37 Nagle Avenue and 14 Bogardus Place, New York, New York 10040. The primary purpose of the corporation is to provide apartment residences for its shareholders.

2. SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The building is being depreciated using the straight-line method over a period of 35 years. Building improvements are being depreciated using the straight-line method over the estimated life of the related asset.

3. MORTGAGE PAYABLE

The Apartment Corporation has a mortgage with the seller, Ellwood Gardens in the amount of \$1,950,000. The purchase money wrap-around mortgage provides for the payment of interest only for five years commencing with the date of closing (August 3, 1982) at the rate of 7.53849% per annum (\$12,250 per month), thereafter for an additional five years at the rate of 9% per annum (\$14,625 per month). In addition, the Corporation is required to make escrow deposits monthly to the mortgagee in an amount equal to 1/12 of the projected annual real estate taxes, water charges and sewer rent. The mortgage matured August 3, 1992 at which time the entire principal became due. As of December 31, 1992, the mortgage had been informally extended by Ellwood Gardens past the August 3, 1992 due date.

4. SPONSOR AGREEMENT

As of December 31, 1992, the Apartment Corporation and the Sponsor have reached an agreement regarding the Cooperative's debt service and mortgage escrow and the Sponsor's obligation to pay maintenance fees on Sponsor owned apartments in the cooperative. Each party has agreed that Nagle Apartments Corp. will pay Ellwood Gardens the amount of \$18,509.96 each month. This amount is the net of \$14,625 in interest only mortgage payments and \$15,225 in escrow payments owed to the Sponsor less \$11,340.04 due to the Cooperative for maintenance charges. This agreement will be modified to the extent that either party's monthly obligation may change at any time.

5. LITIGATION

The Apartment Corporation has reached a settlement with Nagle Garage Corp., the operators of the garage. The garage operator paid the Cooperative \$5,000 and agreed to pay \$1,000 per month commencing March 1, 1993 and continuing through and including June 1, 1994, and \$250 on July 1, 1994. The Cooperative's tenant-shareholders will receive a 10% discount on posted rates at the garage. As part of settlement, the Garage Company holds a valid lease to use and occupy the garage space until February 28, 2002.

5. LITIGATION (continued)

The second case involves an agreement with Finkelstein Borah Schwartz Altshuler Goldstein. The Apartment Corporation entered into a settlement in which it agreed to pay \$10,000 in full settlement of outstanding legal fees. It is agreed that an amount of \$4,000 be paid August 1, 1992 and \$500 per month be paid for twelve months to satisfy this agreement.

On March 11, 1992, an agreement was reached between Nagle Apartments Corp. and Snow Becker Krauss concerning the apartment corporation's outstanding legal fees. Nagle Apartments will pay a total of \$31,999.88 to Snow Becker Krauss. Twenty thousand dollars will be paid initially while the balance of \$11,999.88 will be paid over 18 months beginning April 1, 1992.

6. PAYROLL TAXES LEVY

As of December 31, 1992, a dispute exists between the New York State Department of Taxation and Finance and the Corporation regarding failure to submit payroll forms for the year ended December 31, 1984. The New York State Department of Taxation and Finance has assessed a tax of \$1,720 for this period. In addition, interest and penalties were also assessed in the amount of \$2,879, resulting in a levy against the Corporation totalling \$4,599. The Board of Directors is seeking a refund of the entire amount levied.

7. NOTE PAYABLE

For the year ending December 31, 1992, the Corporation is writing off their books the note payable along with accrued interest totalling \$56,241. There have been no claims against the Corporation for payment of the note payable and the Board of Directors has attempted unsuccessfully to determine the notes origin.

8. TREASURY STOCK

As of the balance sheet date, Nagle Apartments Corporation has acquired 105 shares of a unit within the Apartment Corporation. These shares were acquired at auction. The Treasury Stock is a total of the cost of acquiring this unit which includes prior arrears, the amount paid at auction and any renovations made to the unit. This unit is currently being rented (See Note 9).

9. RENTAL APARTMENT

The current term of the lease agreement on the rental apartment is one year which commenced on December 5, 1991 and which will expire on December 14, 1992. Rent in the amount of \$7,800 is payable in equal monthly installments of \$650 due on the 15th day of December, 1991 and each month thereafter.

NAGLE APARTMENTS CORP.

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 1992

10. FEDERAL INCOME TAXES

The Internal Revenue Service as well as state and local governments have taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code.

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

Any income tax liability that may result from the above is not reflected in the attached financial statements. If this position is sustained by the courts, the tax liability for 1992 would be approximately \$6,180 and will be reflected in future financial statements.

11. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Corporation has not promulgated a study to determine the remaining useful lives of the components of the buildings and current estimates of costs of major repairs and replacements that may be required. When funds for these projects are required, the Corporation has the right to borrow, including using lines of credit, utilizing the Reserve Fund, increasing maintenance charges, levying a special assessment or delay repairs or replacements until the funds are available. The Board of Directors authorized 1% of maintenance charges set aside in January 1991 and 3% of maintenance charges to be set aside as of February 1993 for future major repairs.

Marin & Montanye

CERTIFIED PUBLIC ACCOUNTANTS

MARTIN M. MARIN, CPA
RICHARD B. MONTANYE, CPA

PATRICIA PRUSINSKI, CPA
ROBERT B. SERIKSTAD, CPA
JANICE H. TEMPLE, CPA

April 13, 1992

Board of Directors
NAGLE APARTMENTS CORP.
31 Nagle Avenue
New York, N.Y. 10040

Ladies and Gentlemen:

Independent Auditor's Report

We have audited the accompanying balance sheet of NAGLE APARTMENTS CORP. as of December 31, 1991, and the related statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAGLE APARTMENTS CORP. as of December 31, 1991, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial information contained in the accompanying Exhibit "E" is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The figures contained in the column labeled "Budget" were those approved by the Board of Directors and are presented for informational purposes only.

Respectfully submitted,

Marin & Montanye

MARIN & MONTANYE
Certified Public Accountants

A S S E T S

CURRENT ASSETS

Operating cash - Excelsior			
Dreyfus liquid assets - Money Market account	\$	6,528	
Norstar Bank - Money Market account		14	
Mortgage escrow		33,754	
Shareholders' arrears		15,993	
		<u>16,460</u>	\$ 72,749
Prepaid Expenses:			
Real estate taxes		25,535	
Insurance		13,529	
Fuel		5,688	
Water and sewer charges		14,892	
Corporate taxes		<u>215</u>	<u>59,859</u>
<u>TOTAL CURRENT ASSETS</u>			<u>132,608</u>

OTHER ASSETS

Utility deposits			145
------------------	--	--	-----

LAND, BUILDING AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 316,950	\$ -0-	\$ 316,950
Building	1,796,050	482,932	1,313,118
Building improvements	<u>5,424</u>	<u>5,424</u>	<u>-0-</u>
<u>TOTAL</u>	<u>\$ 2,118,424</u>	<u>\$ 488,356</u>	<u>1,630,068</u>
<u>TOTAL ASSETS</u>			<u>\$ 1,762,821</u>

See Notes to Financial Statements.

BALANCE SHEET

As of December 31, 1991

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued expenses - Schedule 1	\$ 79,533	
Accrued interest - Note payable	24,465	
Prepaid occupancy income	1,913	
Insurance loan payable	<u>5,579</u>	
<u>TOTAL CURRENT LIABILITIES</u>		\$ 111,490

LONG TERM LIABILITIES

Mortgage payable - (Note 3)		1,950,000
Note payable		<u>31,776</u>
<u>TOTAL LIABILITIES</u>		2,093,266

STOCKHOLDERS' EQUITY

Capital stock - Common - Authorized 15,000 shares Issued 12,120 shares @ \$1.00 par value of which 105 shares are held as treasury stock	12,120	
Contributed capital in excess par value	175,880	
Deficit Balance - January 1, 1991	\$ (482,495)	
Prior period adjustment	(1,955)	
Income for the year ended December 31, 1991	<u>(16,546)</u>	
Less: 105 shares of treasury stock at cost (Note 5)	(17,449)	
Deficit Balance - December 31, 1991	<u>(500,996)</u>	
<u>TOTAL STOCKHOLDERS' EQUITY</u>		<u>(330,445)</u>
<u>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</u>		<u>\$ 1,762,821</u>

See Notes to Financial Statements.

As of December 31, 1991

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Schedule 1

Repairs and supplies	\$ 745
Electricity and gas	9,357
Legal	64,944
Miscellaneous administrative	50
Auditing	392
Elevator repairs	2,078
Grounds	233
Exterminating	718
Telephone	209
Workmens' compensation	534
Payroll and related expenses	<u>273</u>
<u>TOTAL</u>	<u>\$ 79,533</u>

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STATEMENT OF OPERATIONS

For The Year Ended December 31, 1991

INCOME

Income from Shareholders

Maintenance charges - apartments
Garage income
Laundry income
Sundry income

\$ 563,860
33,000
2,957
10,494

Total Income from Shareholders

\$ 610,311

Other Income

Interest income

TOTAL INCOME

1,220

611,531

COST OF OPERATIONS

Administrative expenses
Operating expenses
Maintenance expenses
Taxes
Financial expenses

Schedule 1 89,176
Schedule 2 160,712
Schedule 3 38,327
Schedule 4 110,352
Schedule 5 178,194

TOTAL COST OF OPERATIONS

576,761

INCOME FROM OPERATIONS BEFORE DEPRECIATION

34,770

Depreciation

Schedule 6

(51,316)

NET (LOSS) FOR THE YEAR - To Exhibit A

\$ (16,546)

See Notes to Financial Statements.

For The Year Ended December 31, 1991

ADMINISTRATIVE EXPENSES

		<u>Schedule 1</u>
Management fee		
Legal		\$ 25,000
Auditing		19,223
Telephone		4,700
Stationery, printing, miscellaneous administrative expenses		1,760
Insurance		4,541
Consultant		33,757
		<u>195</u>
<u>TOTAL ADMINISTRATIVE EXPENSES</u>		<u>\$ 89,176</u>

OPERATING EXPENSES

		<u>Schedule 2</u>
<u>Energy</u>		
Gas - heating		
Fuel	\$ 41,327	
Electricity and gas	2,661	
Water and sewer charges	<u>14,249</u>	\$ 58,237
		27,464
<u>Payroll</u>		
Payroll		
Payroll taxes		59,194
Payroll insurance		4,472
Union benefits		3,480
Permits		6,420
		<u>1,445</u>
<u>TOTAL OPERATING EXPENSES</u>		<u>\$ 160,712</u>

MAINTENANCE EXPENSES

		<u>Schedule 3</u>
Exterminating		
Repairs - materials and labor to contractors		\$ 1,909
Heating		2,998
Elevator maintenance and repairs		1,983
Supplies and janitorial materials		11,795
Grounds		9,794
Special repairs		1,848
		<u>8,000</u>
<u>TOTAL MAINTENANCE EXPENSES</u>		<u>\$ 38,327</u>

See Notes to Financial Statements.

For The Year Ended December 31, 1991

<u>TAXES</u>	<u>Schedule 4</u>
Real estate taxes	\$ 109,004
Corporate taxes	<u>1,348</u>
<u>TOTAL TAXES</u>	<u>\$ 110,352</u>

<u>FINANCIAL EXPENSES</u>	<u>Schedule 5</u>
Interest on mortgage payable	\$ 175,500
Other interest	<u>2,694</u>
<u>TOTAL FINANCIAL EXPENSES</u>	<u>\$ 178,194</u>

<u>DEPRECIATION</u>	<u>Schedule 6</u>
Building	\$ 51,316
<u>TOTAL DEPRECIATION</u>	<u>\$ 51,316</u>

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STATEMENT OF CASH FLOWSEXHIBIT C

For The Year Ended December 31, 1991

CASH FLOWS FROM OPERATING ACTIVITIES

Net (loss) for the year		\$ (16,546)
Adjustments to reconcile net income to cash provided by operating activities:		
Noncash item: depreciation expense	\$ 51,316	
Changes in working capital (excluding cash):		
Decrease in receivables	1,347	
Decrease in prepaid expenses	7,116	
Increase in accounts payable and accrued expenses	195	
Increase in escrow	(12,182)	
Prior period adjustment	(1,955)	
Total Adjustments		<u>45,837</u>
<u>CASH PROVIDED BY OPERATING ACTIVITIES</u>		<u>29,291</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Treasury Stock	<u>(17,449)</u>	
----------------------------	-----------------	--

CASH USED IN INVESTING ACTIVITIES(17,449)NET INCREASE IN CASH AND CASH EQUIVALENTS

11,842

Cash and cash equivalents at January 1, 1991

28,440

Cash and cash equivalents at December 31, 1991 (Exhibit D)

\$ 40,282SCHEDULE OF CASH AND CASH EQUIVALENTSEXHIBIT D

Cash - Operating account - Excelsior

\$ 6,528

Cash - Money Market

33,754CASH AND CASH EQUIVALENTS - December 31, 1991\$ 40,282Disclosure of accounting policy

For purpose of the statement of cash flows, the Corporation considers all highly liquid debt instruments (not used to meet reserve fund requirements) purchased with maturity of three months or less to be cash equivalents.

See Notes to Financial Statements.

WORKING CAPITAL FLOW STATEMENT OF INCOME AND EXPENDITURES

EXHIBIT E

For The Year Ended December 31, 1991

	For The Year January 1, 1991 - December 31, 1991		Prior Year January 1, 1990 - December 31, 1990	Next Year January 1, 1992 - December 31, 1992
	Budget	Actual	Actual	Budget
INCOME				
Maintenance charges				
Laundry	\$ 563,860 (1)	\$ 563,860 (1)	\$ 507,982 (2)	\$ 563,860
Garage income	4,200	2,957	4,286	4,200
Miscellaneous (late charges, etc.)	33,000	33,000	33,000	33,000
	8,000	10,494	11,493	11,500
TOTAL INCOME	609,060	610,311	556,761	612,560
EXPENDITURES				
Administrative Expenses				
Management fee				
Auditing	25,000	25,000	25,000	25,000
Legal	4,700	4,700	4,700	4,700
Telephone	54,429	19,223	48,551 (3)	27,500
Miscellaneous administrative expenses	1,000	1,760	981	1,500
Insurance	1,750	4,541	2,283	2,500
Consultant	36,000	33,757	35,011	21,600
Operating Expenses	1,000	195	7,500	1,000
Fuel - oil				
Gas - heating	26,000	2,661	5,921	15,000
Electricity	38,500	41,327	36,639	40,500
Gas	12,500	12,784	11,847	12,500
Water and sewer charges	1,600	1,465	1,562	1,500
Payroll	28,000	27,464	23,385	35,500
Payroll taxes	56,000	59,194	53,997	56,500
Payroll insurance	-0-	4,472	4,427	5,100
Union welfare and pension	(15,600	(3,480	(2,613	(1,575
Permits	(1,500	(1,445	(7,460	(6,500
Maintenance Expenses				
Exterminator	1,400	1,909	1,364	1,800
Elevator maintenance and repair	10,000	11,795	10,550	11,000
Supplies and janitorial materials	7,000	9,794	7,407	10,000
Grounds maintenance	500	1,848	853	500
Plumbing	3,200	-0-	-0-	-0-
Heating	-0-	1,983	4,310	7,500
Repairs	10,400	2,998	5,987	-0-
Special repairs - roof	-0-	8,000 (4)	-0-	5,000
Taxes				
Real estate taxes	92,500	109,004	96,120	137,298
Corporate taxes	-0-	1,348	845	500
Financial Expenses				
Interest on mortgage payable	175,500	175,500	175,500	175,500
Other interest	1,500	2,694	2,542	-0-
TOTAL EXPENDITURES	605,579	576,761	578,558	608,873
BUDGET SURPLUS	\$ 3,481			\$ 3,687
ACTUAL SURPLUS (DEFICIT)				
add: Interest income		33,550	(21,797)	
		1,220	1,900	
INCOME (LOSS) FROM OPERATIONS - Exhibit B		\$ 34,770	\$ (19,897)	

- 1) Includes an 11% increase for 1991.
- 2) Includes a 6% increase for 1990.
- 3) Legal expense for 1990 includes \$35,447 (Snow, Becker & Krauss) and \$13,104 for other additional legal fees.
- 4) Special repairs consists of roof repair (\$8,000).

are precluded from expressing an opinion on the portions of this exhibit that reflect budgetary forecasts due to the fact that these forecasts are based upon assumptions concerning future events.

Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 1991

1. ORGANIZATION

The Cooperative was formed May 20, 1980 to qualify as a cooperative housing corporation as defined under Section 216 of the Internal Revenue Code and the corresponding provision of New York State. The Corporation commenced operating on August 3, 1982 when it acquired the land and building at 31-37 Nagle Avenue and 14 Bogardus Place, New York, New York 10040.

2. SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The building is being depreciated using the straight-line method over a period of 35 years. Building improvements are being depreciated using the straight-line method over the estimated life of the related asset.

3. MORTGAGE PAYABLE

The Apartment Corporation has a mortgage with the seller, Ellwood Gardens in the amount of \$1,950,000. The purchase money wrap-around mortgage provides for the payment of interest only for five years commencing with the date of closing (August 3, 1982) at the rate of 7.53849 per annum (\$12,250 per month), thereafter for an additional five years at the rate of 9% per annum (\$14,625 per month). In addition, the Corporation is required to make escrow deposits monthly to the mortgagee in an amount equal to 1/12 of the projected annual real estate taxes, water charges and sewer rent. The mortgage matures August 3, 1992 at which time the entire principal will be due.

4. LITIGATION

Nagle Apartments Corp. is currently involved in two litigation cases. In the first case, the operation of a garage at the Apartment Corporation's premises is seeking a legal declaration that it holds a valid lease to use and occupy the garage space until February 28, 2002. The Apartment Corporation seeks to establish that it is not bound to the lease.

The second case involves the Cooperative's prior attorney. The attorney seeks \$14,282.91 from the Apartment Corporation for legal services rendered. The Apartment Corporation has not yet answered the complaint. The outcome cannot be predicted.

On March 11, 1992, subsequent to the balance sheet date, an agreement was reached between Nagle Apartments Corp. and Snow Becker Krauss concerning the apartment corporation's outstanding legal fees. Nagle Apartments will pay a total of \$31,999.88 to Snow Becker Krauss. Twenty thousand dollars will be paid initially while the balance of \$11,999.88 will be paid over 18 months beginning April 1, 1992.

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 1991

5. TREASURY STOCK

As of the balance sheet date, Nagle Apartments Corporation has acquired 105 shares of a unit within the Apartment Corporation. These shares were acquired at auction. The Treasury Stock is a total of the cost of acquiring this unit which includes prior arrears, the amount paid at auction and any renovations made to the unit.

6. FEDERAL INCOME TAXES

The Internal Revenue Service as well as state and local governments have taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code.

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

Any income tax liability that may result from the above is not reflected in the attached financial statements. If this position is sustained by the courts, the tax liability for 1991 would be approximately \$10,500 and will be reflected in future financial statements.

Marin & Montanye

CERTIFIED PUBLIC ACCOUNTANTS

MARTIN M. MARIN, CPA
RICHARD B. MONTANYE, CPA

PATRICIA PRUSINSKI, CPA
ROBERT B. SERIKSTAD, CPA
JANICE H. TEMPLE, CPA

February 11, 1991

Board of Directors
NAGLE APARTMENTS CORP.
31 Nagle Avenue
New York, N.Y. 10040

Ladies and Gentlemen:

Independent Auditor's Report

We have audited the accompanying balance sheet of NAGLE APARTMENTS CORP. as of December 31, 1990, and the related statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAGLE APARTMENTS CORP. as of December 31, 1990, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Respectfully submitted,

Marin & Montanye

MARIN & MONTANYE
Certified Public Accountants

BALANCE SHEET

As of December 31, 1990

A S S E T S

CURRENT ASSETS

Operating cash - Excelsior			
Dreyfus liquid assets	\$	28,440	
Mortgage escrow		14	
Shareholders' arrears		3,811	
Due From Eichner Leeds		17,712	
		<u>240</u>	\$ 50,217
Prepaid expenses:			
Real Estate taxes		21,024	
Insurance		21,905	
Fuel		8,349	
Water and sewer charges		14,917	
Corporate taxes		<u>1,031</u>	
			<u>67,226</u>
<u>TOTAL CURRENT ASSETS</u>			117,443

LAND, BUILDING AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	\$ 316,950	\$ -0-	\$ 316,950
Building	1,796,050	431,616	1,364,434
Building improvements	<u>5,424</u>	<u>5,424</u>	<u>-0-</u>
<u>TOTAL</u>	<u>\$ 2,118,424</u>	<u>\$ 437,040</u>	<u>1,681,384</u>
<u>TOTAL ASSETS</u>			<u>\$ 1,798,827</u>

See Notes to Financial Statements.

BALANCE SHEET

As of December 31, 1990

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued expenses - Schedule 1	\$ 88,527
Accrued interest - Note payable	21,923
Prepaid occupancy income	<u>1,096</u>

TOTAL CURRENT LIABILITIES

\$ 111,546

LONG TERM LIABILITIES

Mortgage payable - (See Note 3)
Note payable

1,950,000

31,776

TOTAL LIABILITIES

2,093,322

STOCKHOLDERS' EQUITY

Capital stock - Common - Authorized 15,000 shares
Issued 12,120 shares @ \$1.00 par value

12,120

Contributed capital in excess par value

175,880

Deficit Balance - January 1, 1990 \$ (403,602)
Prior period adjustment (5,725)

Loss for the year ended
December 31, 1990 (73,168)

Deficit Balance - December 31, 1990

(482,495)

TOTAL STOCKHOLDERS' EQUITY

(294,495)

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$ 1,798,827

See Notes to Financial Statements.

NAGLE APARTMENTS CORE

EXHIBIT A

As of December 31, 1990

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	<u>Schedule 1</u>
Repairs and supplies	\$ 711
Electricity and gas	8,614
Legal	58,694
Miscellaneous administrative	87
Auditing	392
Water and sewer	389
Elevator and repairs	1,717
Insurance	17,232
Exterminating	568
Telephone	123
<u>TOTAL</u>	<u>\$ 88,527</u>

See Notes to Financial Statements.

STATEMENT OF OPERATIONS

For The Year Ended December 31, 1990

INCOME

Income from Shareholders

Maintenance charges - apartments	\$ 507,982	
Garage income	33,000	
Laundry income	4,286	
Sundry income	<u>11,493</u>	
<u>Total Income from Shareholders</u>		\$ 556,761

Other Income

Interest income		<u>1,900</u>
<u>TOTAL INCOME</u>		558,661

COST OF OPERATIONS

Administrative expenses	Schedule 1	124,026	
Operating expenses	Schedule 2	151,009	
Maintenance expenses	Schedule 3	30,471	
Taxes	Schedule 4	96,965	
Financial expenses	Schedule 5	<u>178,042</u>	
<u>TOTAL COST OF OPERATIONS</u>			<u>580,513</u>

(LOSS) FROM OPERATIONS BEFORE DEPRECIATION (21,852)

Depreciation Schedule 6 (51,316)

NET LOSS FOR THE YEAR - To Exhibit A \$ (73,168)

See Notes to Financial Statements.

NAGLE APARTMENTS CORP.

EXHIBIT B

For The Year Ended December 31, 1990

ADMINISTRATIVE EXPENSES

		<u>Schedule 1</u>
Management fee		\$ 25,000
Legal		48,551
Auditing		4,700
Telephone		981
Stationery, printing, miscellaneous administrative expenses		2,283
Insurance		35,011
Consultant		<u>7,500</u>
<u>TOTAL ADMINISTRATIVE EXPENSES</u>		<u>\$ 124,026</u>

OPERATING EXPENSES

		<u>Schedule 2</u>
<u>Energy</u>		
Gas - heating		
Fuel	\$ 36,639	
Electricity and gas	5,921	
Water and sewer charges	<u>13,409</u>	\$ 55,969
<u>Payroll</u>		25,340
Payroll		
Payroll taxes		53,997
Payroll insurance		4,427
Union benefits		2,613
Permits		7,460
		<u>1,203</u>
<u>TOTAL OPERATING EXPENSES</u>		<u>\$ 151,009</u>

MAINTENANCE EXPENSES

		<u>Schedule 3</u>
Exterminating		\$ 1,364
Repairs - materials and labor to contractors		5,987
Heating		4,282
Elevator maintenance and repairs		10,550
Supplies and janitorial materials		7,407
Water service		28
Grounds		<u>853</u>
<u>TOTAL MAINTENANCE EXPENSES</u>		<u>\$ 30,471</u>

See Notes to Financial Statements.

For The Year Ended December 31, 1990

EXHIBIT B

TAXES

Real estate taxes
Corporate taxes

TOTAL TAXES

<u>Schedule 4</u>	
\$	96,120
	<u>845</u>
\$	<u>96,965</u>

FINANCIAL EXPENSES

Interest on mortgage payable
Other - interest

TOTAL FINANCIAL EXPENSES

<u>Schedule 5</u>	
\$	175,500
	<u>2,542</u>
\$	<u>178,042</u>

DEPRECIATION

Building

TOTAL DEPRECIATION

<u>Schedule 6</u>	
\$	51,316
\$	<u>51,316</u>

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to Financial Statements.

NAGLE APARTMENTS CORP.

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 1990

EXHIBITS C & D

EXHIBIT C

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss for the year

\$ (73,168)

Adjustments to reconcile net loss to cash provided by operating activities:

Noncash item: depreciation expense

\$ 51,316

Changes in working capital (excluding cash):

Decrease in receivables

45,467

Increase in prepaid expenses

(7,851)

Decrease in accounts payable and accrued expenses

(29,691)

Increase in escrow

(34,297)

Prior period adjustment

(5,725)

Total Adjustments

19,219

CASH USED FOR OPERATING ACTIVITIES

(53,949)

NET DECREASE IN CASH AND CASH EQUIVALENTS

(53,949)

Cash and cash equivalents at January 1, 1990

82,389

Cash and cash equivalents at December 31, 1990 (Exhibit D)

\$ 28,440

SCHEDULE OF CASH AND CASH EQUIVALENTS

Cash - Operating account - Excelsior

EXHIBIT D

CASH AND CASH EQUIVALENTS - December 31, 1990

\$ 28,440

\$ 28,440

Disclosure of accounting policy

For purpose of the statement of cash flows, the Corporation considers all highly liquid debt instruments (not used to meet reserve fund requirements) purchased with maturity of three months or less to be cash equivalents.

See Notes to Financial Statements.

HAGLE APARTMENTS CORP.

WORKING CAPITAL FLOW STATEMENT OF INCOME AND EXPENDITURES

For The Year Ended December 31, 1990

EXHIBIT E

	For The Year		Prior Year	Next Year
	January 1, 1990 - December 31, 1990	January 1, 1989 - December 31, 1989	January 1, 1989 - December 31, 1989	January 1, 1991 - December 31, 1991
	Budget	Actual	Actual	Budget
INCOME				
Maintenance charges	\$ 507,981	\$ 507,982 (1)	\$ 479,228	\$ 563,859 (2)
Laundry	4,000	4,286	4,213	4,200
Garage income	30,000	33,000	33,000	33,000
Miscellaneous (late charges, etc.)	6,000	11,493	11,754	8,000
TOTAL INCOME	547,981	556,761	528,195	609,059
EXPENDITURES				
Administrative Expenses				
Management fee	25,000	25,000	28,250	25,000
Auditing	9,800	4,700	4,700	4,700
Legal	6,000	48,551 (3)	24,182	54,429
Telephone	1,000	981	1,345	1,000
Miscellaneous administrative expenses	500	2,283	1,620	1,750
Insurance	36,000	35,011	36,680	36,000
Consultant	1,000	7,500	300	1,000
Operating Expense				
Fuel - oil	(40,000)	(5,921)	(28,457)	(26,000)
Gas - heating	(-0-	(36,639)	(21,506)	(38,500)
Electricity	17,500	11,847	11,608	12,500
Gas	-0-	1,562	1,609	1,600
Water and sewer charges	1,900	25,340	18,447	28,000
Payroll	(-	(53,997)	(51,314)	(56,000)
Payroll taxes	(65,000)	(4,427)	(4,065)	(-0-
Payroll insurance	(-	(2,613)	(1,993)	(15,600)
Union welfare and pension	(-	(7,460)	(4,350)	(-
Permits	1,000	1,203	195	1,500
Miscellaneous operating	3,500	-0-	-0-	-0-
Maintenance Expenses				
Water service	1,000	28	139	-0-
Exterminator	1,800	1,364	2,252	1,400
Elevator maintenance and repair	10,000	10,550	9,473	10,000
Supplies and janitorial materials	10,000	7,407	7,072	7,000
Grounds maintenance	1,500	853	628	500
Plumbing	3,000	-0-	210	3,200
Heating	1,000	4,282	752	-0-
Repairs	2,900	5,987	1,292	9,000
Painting	3,420	-0-	150	1,400
Special repairs	9,080	-0-	-0-	-0-
Taxes				
Real estate taxes	75,214	96,120	84,757	92,500
Corporate taxes	1,800	845	375	-0-
Financial Expenses				
Interest on mortgage payable	219,538	175,500	175,500	175,500
Other interest	-0-	2,542	3,438	1,500
TOTAL EXPENDITURES	548,452	580,513	526,659	605,579
BUDGET (DEFICIT) SURPLUS	\$ (671)			\$ 3,480
ACTUAL (DEFICIT) SURPLUS		(23,752)	1,536	
Add: Interest income		1,900	1,242	
(LOSS) INCOME FROM OPERATIONS - Exhibit B		\$ (21,852)	\$ 2,778	

(1) Includes a 6% increase for 1990.

(2) Includes an 11% increase for 1991.

(3) Legal expense for 1990 includes \$35,447 (Snow, Becker & Krauss) and \$13,104 for other additional legal fees.

We are precluded from expressing an opinion on the portions of this Exhibit that reflect budgetary forecasts due to the fact that these forecasts are based upon assumptions concerning future events.

See Notes to Financial Statements.

1. ORGANIZATION

The Cooperative was formed May 20, 1980 to qualify as a cooperative housing corporation as defined under Section 216 of the Internal Revenue Code and the corresponding provision of New York State. The Corporation commenced operating on August 3, 1982 when it acquired the land and building at 31-37 Nagle Avenue and 14 Bogardus Place, New York, New York 10040.

2. SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The building is being depreciated using the straight-line method over a period of 35 years. Building improvements are being depreciated using the straight-line method over the estimated life of the related asset.

3. DUE TO SELLER-MORTGAGE PAYABLE

The Apartment Corporation has a mortgage with the seller, Ellwood Gardens in the amount of \$1,950,000. The purchase money wrap-around mortgage provides for the payment of interest only for five years commencing with the date of closing (August 3, 1982) at the rate of 7.53849 per annum (\$12,250 per month); thereafter for an additional five years at the rate of 9% per annum (\$14,625 per month). In addition, the Corporation is required to make escrow deposits monthly to the mortgagee in an amount equal to 1/12 of the projected annual real estate taxes, water charges and sewer rent.

4. SPONSOR'S ARREARS

On April 16, 1990 an agreement was reached between the Cooperative and Ellwood Gardens Co. The two parties will cooperate fully to refinance the existing mortgage. At the closing of the new first mortgage, Nagle Apartments Corp. will pay Ellwood Gardens Co. the unpaid monthly installments of principal and interest without penalties and will pay the balance due on the wrap-around mortgage after these aforementioned payments. In addition, Ellwood Gardens Co. paid the Corporation all arrears on the 24 unsold units without interest or late fees, in the sum of \$75,428. Also Ellwood Gardens Co. will pay the Cooperative \$42,500 to reimburse it for expenses in connection with the closing costs and Ellwood Gardens Co. will pay the Corporation \$75,000 in settlement of other existing disputes.

NAGLE APARTMENTS CORP.

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 1990

5. FEDERAL INCOME TAXES

The Internal Revenue Service as well as state and local governments have taken the position that real estate cooperatives are subject to Section 277 of the Internal Revenue Code.

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

Any income tax liability that may result from the above is not reflected in the attached financial statements. If this position is sustained by the courts, such liability will be reflected in future financial statements.

STATE OF NEW YORK

~~7599~~
Chapter 594, Laws 1991 Cal. No. 650

1991-1992 Regular Sessions

IN ASSEMBLY

~~March 26, 1991~~
effective July 23, 1991

Introduced by M. of A. KALESKI, GRANTIS, MATERSON, CLARK, SILVER —
Multi-Sponsored by — M. of A. BOYLAND, CAPAPANO, COOK, CROWLEY,
DANIELS, DAVIS, HARTBERG, KILKIND, HILLMAN, JENNY, KAUFMAN, MORELLE,
MOLAN, RAMIREZ, SANDERS, WEISENBERG — (at request of the Department
of Law) — read once and referred to the Committee on Housing —
reported from committee, advanced to a third reading, amended and or-
dered reprinted, retaining its place on the order of third reading

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

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

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

3 2-d. (a) "Non-occupying owner" shall mean the owner of shares in a
4 cooperative corporation who does not reside in the apartment assigned to
5 its shares, when the apartment is occupied by a non-purchasing tenant;
6 or the owner of a unit in a condominium who does not reside in the unit,
7 when the unit is occupied by a non-purchasing tenant. "Non-purchasing
8 tenant" shall have the same meaning as that term is defined in paragraph
9 (a) of subdivision one of sections three hundred fifty-two-a and three
10 hundred fifty-two-b of this chapter.

11 (b) The attorney general shall also refuse to issue a letter stating
12 that the offering has been filed, or in the case of a plan already ac-
13 cepted for filing, shall refuse to accept an amendment to the plan un-
14 less the offering statement, prospectus, plan or amendment provides that
15 when a non-occupying owner fails to make all payments due on such shares
16 or units, including but not limited to maintenance payments, common
17 charges, assessments or late fees, within thirty days after they are

EXPLANATION—Matter in italics (underlined) is new; matter in brackets
[] is old law to be omitted.

LED01612-04-1

1 due, upon notice in accordance with paragraph (c) of this subdivision,
2 all rental payments from the non-purchasing tenant residing in such
3 apartment or unit shall be directly payable to the apartment corporation
4 or condominium association. The offeror shall provide each non-
5 purchasing tenant with irrevocable notice of the provisions of this
6 subdivision.

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

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

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

34 § 2. This act shall take effect immediately and shall apply to all of-
35 fering plans not yet accepted for filing and to all plans already ac-
36 cepted for filing except those plans where all of the shares or units
37 have been sold.

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

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

Re:

Address of Building or
Name of Project

File Number: _____

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

1. Name _____
of Applicant

2. Address _____
of Applicant

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

4. This is an application for

- return of downpayment.
 forfeiture of downpayment.
 other: _____

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

6. The project is structured as
[] a cooperative.
[] a condominium.
[] a homeowners association.
[] a timeshare.

[] other: _____

7. Name and Address
of Sponsor: _____

8. Name and Address
of Escrow Agent: _____

9. If downpayments are maintained in an escrow account:

(a) Name of account _____

(b) Name and address
of bank _____

(c) Account number (if known) _____

(d) Initial interest rate (if known) _____

10. If downpayments have been secured by bonds:

(a) Name and address of
bond issuer or surety: _____

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

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

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

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

12. Plan information:

(a) Date of filing of plan: _____

(b) Plan
 has been declared effective. Approximate date: _____
 has not been declared effective.

(c) If effective, the plan
 has closed or the first unit has closed. Approximate date: _____
 has not closed.
 don't know.

(d) Downpayments are secured by

escrow account.

bonds.

letter of credit.

13. Contract information:

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

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

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

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

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

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

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

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

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

Signature: _____

Date: _____

Name (Printed): _____

Telephone: (Home) _____

(Business) _____

Mailing Address: _____

Copy from WWW.LAVENDEPLAWBLOG.COM

Exhibit E
MODEL FORM
FOR ESCROW AGREEMENT

AGREEMENT made this _____ day of _____, 19____,
between ELLWOOD GARDENS COMPANY ("SPONSOR") as sponsor of the
offering plan and MAYA D. GOLDSCHMIDT ("ESCROW
AGENT") as escrow agent.

WHEREAS, ELLWOOD GARDENS COMPANY is the sponsor of an
offering plan to convert to cooperative/condominium ownership the
premises located at 31-37 Nagle Avenue and 14 Bogardus Place which premises are
known as Nagle Apartments Corp.; and

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

WHEREAS, SPONSOR desires that ESCROW AGENT act as escrow agent
for deposits and payments by purchasers and subscribers, pursuant to the
terms of this agreement.

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

1. ESTABLISHMENT OF THE ESCROW ACCOUNT.

1.1 SPONSOR and ESCROW AGENT hereby establish an escrow account with ESCROW AGENT for the purpose of holding deposits or payments made by purchasers or subscribers. The escrow account has been opened with Chemical Bank at its depository bank branch located at 850 Third Avenue, NY, NY address. The account number is _____.

1.2 The name of the account is Maya D. Goldschmidt Attorney Trust Account.

1.3 ESCROW AGENT is the sole signatory on the account.

1.4 The escrow account shall be an interest-bearing account as disclosed in the offering plan.

1.5 The escrow account is/is not an IOLA established pursuant to Judiciary Law Section 497.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All funds received from prospective purchasers or subscribers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be deposited in the escrow account. All

instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser or subscriber to the order of Maya D. Goldschmidt, as escrow agent for 31-37 Nagle Ave & 14 Bogardus ^{Place} Offering plan. Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser or subscriber promptly, but in no event more than five business days following receipt of such instrument by ESCROW AGENT. In the event of such return of funds, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

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

3. RELEASE OF FUNDS.

- 3.1 ESCROW AGENT shall not release the escrowed funds of a defaulting purchaser until after consummation of the plan as defined in the Attorney General's regulations. Consummation of the plan shall not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.
- 3.2 ESCROW AGENT shall continue to hold the funds in escrow until otherwise directed in (a) a writing signed by both sponsor and purchaser or (b) a determination of the Attorney General or (c) a judgment or order of a court of competent jurisdiction or until released pursuant to the regulations of the Attorney General pertaining to release of escrowed funds.
- 3.3 SPONSOR shall not object to the release of the escrowed funds to (a) a purchaser who timely rescinds in accordance with an offer of rescission contained in the plan or an amendment to the plan or (b) all purchasers after an amendment abandoning the plan is accepted for filing by the Department of Law.
- 3.4 If there is no written agreement between the parties to release the escrowed funds, ESCROW AGENT shall not pay the funds to SPONSOR until ESCROW AGENT has given the purchaser written notice of not fewer than ten (10) business days. Thereafter, the funds may be paid to SPONSOR unless the purchaser has made application to the Department of Law pursuant to the dispute resolution provisions contained in the Attorney General's

regulations and has so notified ESCROW AGENT in accordance with such provisions.

4. RECORDKEEPING.

4.1 ESCROW AGENT shall maintain all records concerning the escrow account for seven years after release of the funds.

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

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

5. GENERAL OBLIGATIONS OF ESCROW AGENT.

5.1 ESCROW AGENT shall maintain the accounts called for in this Agreement under the direct supervision and control of ESCROW AGENT.

5.2 A fiduciary relationship shall exist between ESCROW AGENT and Purchasers, and ESCROW AGENT acknowledges its fiduciary obligations.

6. RESPONSIBILITIES OF SPONSOR.

6.1 SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall immediately deliver all deposits and payments received by them prior to closing of an individual transaction to ESCROW AGENT.

6.2 SPONSOR agrees that it shall not interfere with ESCROW AGENT'S performance of its fiduciary duties and compliance with the Attorney General's regulations.

7. TERMINATION OF AGREEMENT.

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

(a) Written notice given by SPONSOR to ESCROW AGENT of cancellation of designation of ESCROW AGENT to act in said capacity, which cancellation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or

(b) The resignation of ESCROW AGENT upon giving notice to SPONSOR of its desire to so resign, which resignation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or

(c) All shares or units offered pursuant to the plan have been sold and all sales transactions have been consummated.

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

8. SUCCESSORS AND ASSIGNS.

8.1 This Agreement shall be binding upon SPONSOR and ESCROW AGENT and their successors and assigns.

9. GOVERNING LAW.

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

10. ESCROW AGENT'S COMPENSATION.

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

11. SEVERABILITY.

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

12. ENTIRE AGREEMENT.

12.1 This Agreement, read together with GBL Section 352-e(2-b) and the Attorney General's regulations, constitutes the entire agreement between the parties with respect to the subject matter hereof.

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

ESCROW AGENT

By: _____
Print Name

SPONSOR

By: _____
Print Name & Title

Copy from WWW.LAVENDERLAWBLOG.COM