

A PROPOSED OFFERING PLAN RELATING TO CONVERSION TO COOPERATIVE STATUS OF THE APARTMENTS IN THIS BUILDING HAS BEEN SUBMITTED TO THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK, BUREAU OF REAL ESTATE FINANCING, BUT HAS NOT BEEN ACCEPTED FOR FILING AND HAS NOT YET BECOME EFFECTIVE. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. THESE APARTMENTS MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED UNTIL SUCH TIME AS A COMPLETED OFFERING PLAN HAS BEEN ACCEPTED FOR FILING AND A FINAL COPY DELIVERED TO EACH PURCHASER.

NO EVICTIONS WILL BE SOUGHT, BY REASON OF CONVERSION TO COOPERATIVE OWNERSHIP, OF TENANTS WHO DO NOT WISH TO PURCHASE. SEE PAGE 10.

OFFERING PLAN
A PLAN TO CONVERT TO COOPERATIVE OWNERSHIP
Premises at
31-37 NAGLE AVENUE AND 14 BORGARDUS PLACE
NEW YORK, NEW YORK

Total cash amount of offering (12,120 shares) (111 apartments)	\$ 606,000.00
Mortgage Indebtedness	\$1,950,000.00
Total Purchase Price	\$2,556,000.00
Less Reserve Fund to be retained by Apartment Corporation	\$ 25,000.00*
Net Purchase Price of Property to Sponsor	\$2,531,000.00

**NAME AND ADDRESS OF APARTMENT CORPORATION
WHOSE SHARES ARE OFFERED:**

Nagle Apartments Corp.
Pulier & Freedman, Esqs.
655 Madison Avenue, 19th Floor
New York, New York 10021

NAME AND ADDRESS OF SPONSOR AND SELLING AGENT:

Ellwood Gardens Company
c/o Robert J. Ettinger
22 East 41st Street
New York, New York 10017

NAME AND ADDRESS OF MANAGING AGENT:

Alexander Wolf & Company, Inc.
551 Fifth Avenue
New York, New York 10017

*On the Closing Date, from the amount of cash raised by this offering, the Apartment Corporation will retain the sum of \$25,000 subject to closing adjustments. This reserve fund may be reduced to \$15,000 by net closing adjustments in Sponsor's favor.

The approximate date of the first offering of this Plan is _____, 1980. This Plan may not be used after _____, 198__, unless amended or extended.

THE FILING OF THIS PLAN WITH THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK DOES NOT CONSTITUTE APPROVAL OF THE ISSUE OR THE SALE THEREOF BY THE DEPARTMENT OF LAW OR THE ATTORNEY GENERAL OF THE STATE OF NEW YORK. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL

ELLWOOD GARDENS COMPANY
c/o Robert J. Ettinger
22 East 41st Street
New York, New York 10017

September 22, 1980

To All Residents of Premises
31-37 Nagle Avenue and 14 Borgardus Place
New York, New York

Re: Premises 31-37 Nagle Avenue and
14 Borgardus Place, New York, New York
Proposed Conversion to Cooperative Status

Dear Resident:

Please take notice that the owner has submitted, as sponsor, to the Attorney General of the State of New York an initial proposed offering plan for the conversion of premises 31-37 Nagle Avenue and 14 Borgardus Place, New York, New York, to cooperative status. This is a preliminary plan which has not yet become effective.

Under the Regulations of the Attorney General tenants have fifteen (15) days from the receipt of this plan within which to examine said proposed submission. Herewith enclosed for your convenience is a copy of the initial proposed offering plan which you may review and retain. A copy of the plan is also available for review during the same period at the office of the Attorney General at Two World Trade Center, New York City.

If and when an offering plan is accepted for filing by the Attorney General pursuant to law, you will be duly notified and a copy of the plan as accepted will be delivered to you. It is only thereafter that the offering will actually be made.

Comments regarding the proposed submission may be addressed to the sponsor with a copy forwarded to the Department of Law, State of New York, Bureau of Securities and Public Financing, 48th Floor, Two World Trade Center, New York, New York 10047, or you may wish to write to the Department of Law directly.

Very truly yours,

ELLWOOD GARDENS COMPANY

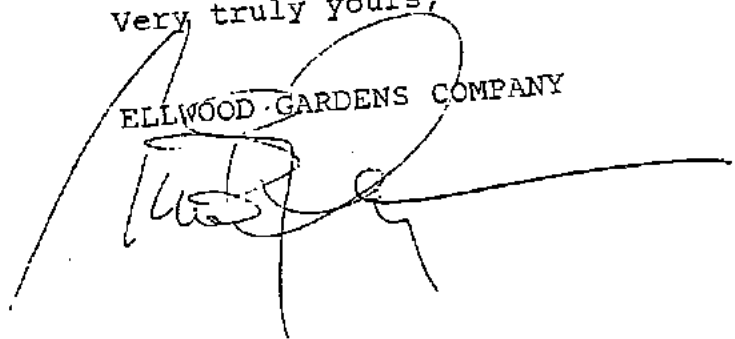


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SPECIAL RIGHTS SENIOR CITIZENS

Pursuant to Section 352-eeee of the General Business Law, action proceedings will not be commenced against eligible senior citizens. Eligible senior citizens are tenants who (1) are sixty-two (62) years of age or older on the date this Plan is accepted for filing (or their spouses on such date) (2) have resided in the building as their primary residence for at least two (2) years prior to such date (3) all the occupants of the apartment have a combined annual income, from all sources, of less than \$50,000 and (4) have elected within sixty (60) days of such date, on forms promulgated by the Attorney General and presented to them by the Sponsor, to become non-purchasing tenants. Such election will not preclude them from subsequently purchasing pursuant to the provisions of the Plan.

The rentals of eligible senior citizens who live in dwelling units which are not subject to government regulation or which cease to be regulated after the Plan has become effective will not be subject to unconscionable increase beyond ordinary rentals for comparable apartments during the period of their occupancy. They may be evicted only for non-payment of rent or a breach of other obligations of their tenancy. For further details, appropriate parts of Section 352-eeee of the General Business Law, which are reproduced in Part II of this Plan, should be referred to.

Eligible senior citizens who reside in dwelling units subject to government regulation as to rentals and continued occupancy shall continue to be subject thereto.

The rights granted under this Plan to eligible senior citizens may not be abrogated or reduced regardless of any expiration of or amendment to Section 352-eeee of the General Business Law. Therefore an eligible senior citizen has the right to remain in possession even after the effective date of this Plan. See Exhibits II and III.

SPECIAL RIGHTS TO HANDICAPPED PERSONS

Pursuant to Section 352-eeee of the General Business Law, eviction proceedings will not be commenced against eligible handicapped persons. Eligible handicapped persons are tenants who (1) have an impairment which results from anatomical, physiological or psychological abnormalities, other than addiction to alcohol, gambling, or any controlled substance, which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques, and which are expected to be permanent and which prevent the tenant from engaging in any employment or other gainful activity on the date the attorney general has accepted the plan for filing (or the spouses of any such tenant on such date), (2) have resided in the building or group of buildings or development as their primary residence for at least two (2) years prior to the date the attorney general has accepted the plan for filing and (3) who have elected, within sixty (60) days of the date the attorney general has accepted the plan for filing, on forms promulgated by the attorney general and presented to such tenants by the offeror, to become non-purchasing tenants. Such election shall not preclude any such tenant from subsequently becoming a purchaser.

The rentals of handicapped persons who live in dwelling units which are not subject to government regulation or which cease to be regulated after the Plan has become effective will not be subject to unconscionable increase beyond ordinary rentals for comparable apartments during the period of their occupancy. They may be evicted only for non-payment of rent or a breach of other obligations of their tenancy. For further details, appropriate parts of Section 352-eeee of the General Business Law, which are reproduced in Part II of this Plan, should be referred to.

Eligible handicapped persons who reside in dwelling units subject to government regulation as to rentals and continued occupancy shall continue to be subject thereto.

THE RIGHTS GRANTED UNDER THIS PLAN TO HANDICAPPED PERSONS MAY NOT BE ABROGATED OR REDUCED REGARDLESS OF ANY EXPIRATION OF OR AMENDMENT TO SECTION 352-eeee OF THE GENERAL BUSINESS LAW.

I N T R O D U C T I O N

The buildings known as 37-37 Nagle Avenue and 14 Borgardus Place, New York, New York and the land on which it is erected is owned by Ellwood Gardens Company, the Sponsor. The Sponsor has entered into an agreement (called the "Contract of Exchange") to convey the property to Nagle Apartments Corp., the Apartment Corporation, subject to all mortgages described under the section entitled "Terms of the Mortgages which will Affect the Property at the Closing Date" at Page 17, in exchange for (i) all shares of the Apartment Corporation offered hereunder for which payment has not been received at the time of the exchange and (ii) an amount equal to the net proceeds realized from those shares then sold after deducting (a) the expenses incurred in connection with the promulgation and consummation of this Plan and (b) the Working Capital Fund to be retained by the Apartment Corporation at closing. In the event this Plan is declared effective and is thereafter consummated, Sponsor will transfer legal title to the property to the Apartment Corporation, which would then become the legal owner of the property.

The purchaser of a cooperative apartment buys shares of the corporation (the Apartment Corporation) which owns the building in which the apartment is located. Ownership of the shares entitles the purchaser to a special lease of his apartment commonly known as a proprietary lease. As a shareholder he will have the right to vote annually for the Board of Directors who will conduct the affairs of the Apartment Corporation and supervise the operation of the building. As a lessee, he will pay as rent (customarily called maintenance charges) a proportionate share of the Apartment Corporation's cash requirements for the operation and maintenance of the building and creation of such reserve for contingencies as the Board of Directors may deem proper.

The prices for the blocks of shares allocated to the various apartments in the building are found at Pages 4 to 4j (Schedule A). THESE PRICES HAVE BEEN SET BY THE SPONSOR AND ARE NOT SUBJECT TO APPROVAL BY ANY GOVERNMENTAL AGENCY. The estimated annual maintenance charges for each apartment for the first year of cooperative operation are also set forth on Pages 4 to 4j (Schedule A). (See also Schedule B, Page 5).

The reader is directed to the opinion of counsel at Page 10 for a full discussion of available tax deductions and the conditions applicable thereto.

The agreement to purchase the Apartment Corporation's shares is called a Subscription Agreement and may be found in Part II.

A summary of the principal provisions of the proprietary lease may be found in Part I at Page 18. A copy of the entire lease is set forth in Part II as Exhibit V.

The Apartment Corporation's By-Laws governing operation of the Apartment Corporation are contained in Part II as Exhibit IV.

There are one hundred and eleven apartments in the buildings which are the subject of this Offering. The building known as 14 Borgardus Place contains, in addition, the superintendent's apartment and the porter's apartment, both are located in the basement and are not the subject of this Offering and will be owned by the Apartment Corporation.

All apartments in the building are rent stabilized. The applicable New York City Rent Laws are summarized in Part I on Page 10 and printed in full in Part II as Exhibit I. These laws grant certain rights and privileges to tenants, whether or not they wish to purchase.

In Part II there is contained a detailed description of the property which should be carefully reviewed by the prospective purchaser.

Parts I and II together constitute the entire Offering Plan. All the documents referred to in this Offering Plan are important. IT IS SUGGESTED THAT YOU CONSULT YOUR OWN ATTORNEY OR FINANCIAL ADVISOR BEFORE PURCHASING AND PROVIDE HIM WITH A COPY OF THIS OFFERING PLAN.

It should be noted that each purchaser has the right to secure financing of the cash portion of the purchase price from any source of his own choosing. Under the laws of the State of New York, banks are authorized to finance purchases of cooperative apartments in an amount up to the maximum amount of loan permitted on a single family residence if the purchase price is deemed to equal the appraised value of the stock certificate or other evidence of ownership interest and are secured by the pledge of the stock and lease allocable to the apartment. Many banks are making such loans, but whether any individual will qualify will depend on the borrower's credit standing and other factors; and no representation is made by Sponsor that any purchaser will obtain any such loan or with respect to the terms thereof. Notwithstanding the reference to financing in this paragraph it is to be understood that the purchaser's obligation under the Subscription Agreement (set forth in Part II) are not conditioned on the procurement or consummation of such financing arrangements.

31-37 Nagle Avenue and 14 Borgardus Place
New York, New York

SCHEDULE OF PURCHASE PRICES OF SHARES ALLOCATED TO APARTMENTS
(and related information at the date of presentation of the Plan)
PURCHASE PRICES, SHARE ALLOCATIONS MORTGAGE ALLOCATIONS
Estimated Maintenance Charges and Estimated Income Tax
Deductions for the First Year of Cooperative Operation

Apt.	Description Rooms and Baths	Share Allocations	(1)		(2)		(3)		(4)	
			Cash Purchase Price to Occu- pant at \$50.00 Per Share	Approximate Amount of Mortgage Appli- cable to Shares at \$160.8911 Per Share	Estimated Maintenance Charges Annual at \$27.72 Per Share	Estimated Maintenance Charges Monthly at \$2.31 Per Share	Estimated Annual Amount Deduct- ible for Income Tax Purposes at \$16.8214 Per Share			
1A	3½-1	100	\$ 5,000.00	\$ 16,089.11	\$ 2,772.00	\$ 231.00	\$ 1,682.14			
2A	3½-1	100	5,000.00	16,089.11	2,772.00	231.00	1,682.14			
3A	3½-1	105	5,250.00	16,893.57	2,910.60	242.55	1,766.25			
4A	3½-1	105	5,250.00	16,893.57	2,910.60	242.55	1,766.25			
5A	3½-1	110	5,500.00	17,698.02	3,049.20	254.10	1,850.35			
6A	3½-1	110	5,500.00	17,698.02	3,049.20	254.10	1,850.35			
6	21-6	630	\$ 31,500.00	\$ 101,361.39	\$ 17,463.60	\$ 1,455.30	\$ 10,597.48			
1B	3½-1	100	5,000.00	16,089.11	2,772.00	231.00	1,682.14			
2B	3½-1	100	5,000.00	16,089.11	2,772.00	231.00	1,682.14			
3B	3½-1	105	5,250.00	16,893.57	2,910.60	242.55	1,766.25			
4B V	3½-1	105	5,250.00	16,893.57	2,910.60	242.55	1,766.25			
5B	3½-1	110	5,500.00	17,698.02	3,049.20	254.10	1,850.35			
6B	3½-1	110	5,500.00	17,698.02	3,049.20	254.10	1,850.35			
6	21-6	630	\$ 31,500.00	\$ 101,361.39	\$ 17,463.60	\$ 1,455.30	\$ 10,597.48			

V-Vacant

SCHEDULE A

31-37 Nagle Avenue and 14 Borgardus Place
New York, New York

SCHEDULE OF PURCHASE PRICES OF SHARES ALLOCATED TO APARTMENTS
(and related information at the date of presentation of the Plan)
PURCHASE PRICES, SHARE ALLOCATIONS MORTGAGE ALLOCATIONS
Estimated Maintenance Charges and Estimated Income Tax
Deductions for the First Year of Cooperative Operation

Apt.	Description Rooms and Baths	Share Allocations	(1) Cash Purchase Price to Occu- pant at \$50.00 Per Share	(2) Approximate Amount of Mortgage Appli- cable to Shares at \$160.8911 Per Share	(3) Estimated Maintenance Charges		(4) Estimated Annual Amount Deduct- ible for Income Tax Purposes at \$16.8214 Per Share
					Annual at \$27.72 Per Share	Monthly at \$2.31 Per Share	
1C	4½-1	130	\$ 6,500.00	\$ 20,915.84	\$ 3,603.60	\$ 300.30	\$ 2,186.78
2C	4½-1	130	6,500.00	20,915.84	3,603.60	300.30	2,186.78
3C	4½-1	135	6,750.00	21,720.30	3,742.20	311.85	2,270.89
*4C	4½-1	135	6,750.00	21,720.30	3,742.20	311.85	2,270.89
5C	4½-1	140	7,000.00	22,524.75	3,880.80	323.40	2,355.00
6C-V	4½-1	140	7,000.00	22,524.75	3,880.80	323.40	2,355.00
6	27-6	810	\$ 40,500.00	\$ 130,021.78	\$ 22,453.20	\$ 1,871.10	\$ 13,625.34
1D	3½-1	100	5,000.00	16,089.11	2,772.00	231.00	1,682.14
2D	3½-1	100	5,000.00	16,089.11	2,772.00	231.00	1,682.14
3D	3½-1	105	5,250.00	16,893.57	2,910.60	242.55	1,766.25
4D	3½-1	105	5,250.00	16,893.57	2,910.60	242.55	1,766.25
5D	3½-1	110	5,500.00	17,698.02	3,049.20	254.10	1,850.35
6D	3½-1	110	5,500.00	17,698.02	3,049.20	254.10	1,850.35
6	21-6	630	\$ 31,500.00	\$ 101,361.39	\$ 17,463.60	\$ 1,455.30	\$ 10,597.48

V-Vacant

SCHEDULE A

31-37 Nagle Avenue and 14 Borgardus Place
New York, New York

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(and related information at the date of presentation of the Plan)
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			Cash Purchase Price to Occu- pant at \$50.00 Per Share	Approximate Amount of Mortgage Appli- cable to Shares at \$160.8911 Per Share	Estimated Maintenance Charges Annual at \$27.72 Per Share	Estimated Maintenance Charges Monthly at \$2.31 Per Share	Estimated Annual Amount Deduct- ible for Income Tax Purposes at \$16.8214 Per Share			
1E	4½-1	130	\$ 6,500.00	\$ 20,915.84	\$ 3,603.60	\$ 300.30	\$ 2,186.78			
2E	4½-1	130	6,500.00	20,915.84	3,603.60	300.30	2,186.78			
3E	4½-1	135	6,750.00	21,720.30	3,742.20	311.85	2,270.89			
4E	4½-1	135	6,750.00	21,720.30	3,742.20	311.85	2,270.89			
5E	4½-1	140	7,000.00	22,524.75	3,880.80	323.40	2,355.00			
6E	4½-1	140	7,000.00	22,524.75	3,880.80	323.40	2,355.00			
6	27-6	810	\$ 40,500.00	\$ 130,321.79	\$ 22,453.20	\$ 1,871.10	\$ 13,625.34			
1F-V	3½-1	100	5,000.00	16,089.11	2,772.00	231.00	1,682.14			
2F	3½-1	100	5,000.00	16,089.11	2,772.00	231.00	1,682.14			
3F	3½-1	105	5,250.00	16,893.57	2,910.60	242.55	1,766.25			
4F	3½-1	105	5,250.00	16,893.57	2,910.60	242.55	1,766.25			
5F	3½-1	110	5,500.00	17,698.02	3,049.20	254.10	1,850.35			
6F	3½-1	110	5,500.00	17,698.02	3,049.20	254.10	1,850.35			
6	21-6	630	\$ 31,500.00	\$ 101,361.39	\$ 17,463.60	\$ 1,455.30	\$ 10,597.48			

SCHEDULE A

31-37 Nagle Avenue and 14 Borgardus Place
New York, New York

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(and related information at the date of presentation of the Plan)
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			Cash Purchase Price to Occu- pant at \$50.00 Per Share	(2) Estimated Maintenance Charges Annual at \$27.72 Per Share		Monthly at \$2.31 Per Share		
2G	3½-1	100	\$ 5,000.00	\$ 2,772.00	\$ 16,089.11	\$ 231.00	\$ 1,682.14	
3G	3½-1	105	5,250.00	2,910.60	16,893.57	242.55	1,766.25	
4G	3½-1	105	5,250.00	2,910.60	16,893.57	242.55	1,766.25	
5G	3½-1	110	5,500.00	3,049.20	17,698.02	254.10	1,850.35	
6G	3½-1	110	5,500.00	3,049.20	17,698.02	254.10	1,850.35	
5	17½-5	530	\$ 26,500.00	\$ 14,691.60	\$ 85,272.28	\$ 1,224.30	\$ 8,915.34	
2H	4½-1	130	6,500.00	3,603.60	20,915.84	300.30	2,186.78	
3H	4½-1	135	6,750.00	3,742.20	21,720.30	311.85	2,270.89	
4H	4½-1	135	6,750.00	3,742.20	21,720.30	311.85	2,270.89	
5H	4½-1	140	7,000.00	3,880.80	22,524.75	323.40	2,355.00	
6H	4½-1	140	7,000.00	3,880.80	22,524.75	323.40	2,355.00	
5	22½-5	680	\$ 34,000.00	\$ 18,849.60	\$ 109,405.95	\$ 1,570.80	\$ 11,438.56	

V-Vacant

31-37 Nagle Avenue and 14 Borgardus Place
New York, New York

SCHEDULE OF PURCHASE PRICES OF SHARES ALLOCATED TO APARTMENTS
(and related information at the date of presentation of the Plan.)
PURCHASE PRICES, SHARE ALLOCATIONS MORTGAGE ALLOCATIONS
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Apt.	Description Rooms and Baths	Share Allocations	(1)		(2)		(3)		(4) Estimated Annual Amount Deduct- ible for Income Tax Purposes at \$16.8214 Per Share
			Cash Purchase Price to Occu- pant at \$50.00 Per Share	Approximate Amount of Mortgage Appli- cable to Shares at \$160.8911 Per Share	Annual at \$27.72 Per Share	Estimated Maintenance Charges Monthly at \$2.31 Per Share			
1J	3½-1	100	\$ 5,000.00	\$ 16,089.11	\$ 2,772.00	\$ 231.00	\$ 1,682.14		
2J	3½-1	100	5,000.00	16,089.11	2,772.00	231.00	1,682.14		
3J	3½-1	105	5,250.00	16,893.57	2,910.60	242.55	1,766.25		
4J	3½-1	105	5,250.00	16,893.57	2,910.60	242.55	1,766.25		
5J-V	3½-1	110	5,500.00	17,698.02	3,049.20	254.10	1,850.35		
6J	3½-1	110	5,500.00	17,698.02	3,049.20	254.10	1,850.35		
6	21-6	630	\$ 31,500.00	\$ 101,361.39	\$ 17,463.60	\$ 1,455.30	\$ 10,597.48		
1K	4½-1	130	6,500.00	20,915.84	3,603.60	300.30	2,186.78		
2K	4½-1	130	6,500.00	20,915.84	3,603.60	300.30	2,186.78		
3K	4½-1	135	6,750.00	21,720.30	3,742.20	311.85	2,270.89		
4K	4½-1	135	6,750.00	21,720.30	3,742.20	311.85	2,270.89		
5K	4½-1	140	7,000.00	22,524.75	3,880.80	323.40	2,355.00		
6K	4½-1	140	7,000.00	22,524.75	3,880.80	323.40	2,355.00		
6	27-6	810	\$ 40,500.00	\$ 130,321.79	\$ 22,453.20	\$ 1,871.10	\$ 13,625.34		

V-Vacant

SCHEDULE A

31-37 Nagle Avenue, and 14 Borgardus Place
New York, New York

SCHEDULE OF PURCHASE PRICES OF SHARES ALLOCATED TO APARTMENTS
(and related information at the date of presentation of the Plan)
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			Cash Purchase Price to Occu- pant at \$50.00 Per Share	Approximate Amount of Mortgage Appli- cable to Shares at \$160.8911 Per Share	Annual at \$27.72 Per Share	Estimated Maintenance Charges Monthly at \$2.31 Per Share			
1L	3½-1	100	\$ 5,000.00	\$ 16,089.11	\$ 2,772.00	\$ 231.00	\$ 1,682.14		
2L	3½-1	100	5,000.00	16,089.11	2,772.00	231.00	1,682.14		
3L	3½-1	105	5,250.00	16,893.57	2,910.60	242.55	1,766.25		
4L	3½-1	105	5,250.00	16,893.57	2,910.60	242.55	1,766.25		
5L	3½-1	110	5,500.00	17,698.02	3,049.20	254.10	1,850.35		
6L	3½-1	110	5,500.00	17,698.02	3,049.20	254.10	1,850.35		
6	21-6	630	\$ 31,500.00	\$ 101,361.39	\$ 17,463.60	\$ 1,455.30	\$ 10,597.48		
2M	3½-1	100	5,000.00	16,089.11	2,772.00	231.00	1,682.14		
3M	3½-1	105	5,250.00	16,893.57	2,910.60	242.55	1,766.25		
4M	3½-1	105	5,250.00	16,893.57	2,910.60	242.55	1,766.25		
5M	3½-1	110	5,500.00	17,698.02	3,049.20	254.10	1,850.35		
6M-V	3½-1	110	5,500.00	17,698.02	3,049.20	254.10	1,850.35		
5	17½-5	530	\$ 26,500.00	\$ 85,272.28	\$ 14,691.60	\$ 1,224.30	\$ 8,915.34		

V-Vacant

SCHEDULE OF PURCHASE PRICES OF SHARES ALLOCATED TO APARTMENTS
(and related information at the date of presentation of the Plan)
PURCHASE PRICES, SHARE ALLOCATIONS MORTGAGE ALLOCATIONS
Estimated Maintenance Charges and Estimated Income Tax
Deductions for the First Year of Cooperative Operation

Apt.	Description Rooms and Baths	Share Allocations	(1)		(2)		(3)		(4)
			Cash Purchase Price to Occu- pant at \$50.00 Per Share	Approximate Amount of Mortgage Appli- cable to Shares at \$160.8911 Per Share	Estimated Maintenance Charges Annual at \$27.72 Per Share	Monthly at \$2.31 Per Share	Estimated Annual Amount Deduct- ible for Income Tax Purposes at \$16.8214 Per Share		
1R	3-1	85	\$ 4,250.00	\$ 13,675.74	\$ 2,356.20	\$ 196.35	\$ 1,429.82		
2R	3-1	85	4,250.00	13,675.74	2,356.20	196.35	1,429.82		
3R	3-1	90	4,500.00	14,480.20	2,494.80	207.90	1,513.93		
4R-V	3-1	90	4,500.00	14,480.20	2,494.80	207.90	1,513.93		
5R	3-1	95	4,750.00	15,284.65	2,633.40	219.45	1,598.03		
6R	3-1	95	4,750.00	15,284.65	2,633.40	219.45	1,598.03		
6	18-6	540	\$ 27,000.00	\$ 86,881.19	\$ 14,968.80	\$ 1,247.40	\$ 9,083.56		
1S	4½-1	130	6,500.00	20,915.84	3,603.60	300.30	2,186.78		
2S	4½-1	130	6,500.00	20,915.84	3,603.60	300.30	2,186.78		
3S	4½-1	135	6,750.00	21,720.30	3,742.20	311.85	2,270.89		
4S	4½-1	135	6,750.00	21,720.30	3,742.20	311.85	2,270.89		
5S	4½-1	140	7,000.00	22,524.75	3,880.80	323.40	2,355.00		
6S	4½-1	140	7,000.00	22,524.75	3,880.80	323.40	2,355.00		
6	27-6	810	\$ 40,500.00	\$ 130,321.79	\$ 22,453.20	\$ 1,871.10	\$ 13,625.34		

V-Vacant

SCHEDULE A

31-37 Nagle Avenue and 14 Borgardus Place
New York, New York

SCHEDULE OF PURCHASE PRICES OF SHARES ALLOCATED TO APARTMENTS
(and related information at the date of presentation of the Plan)
PURCHASE PRICES, SHARE ALLOCATIONS MORTGAGE ALLOCATIONS
Estimated Maintenance Charges and Estimated Income Tax
Deductions for the First Year of Cooperative Operation

Apt.	Description Rooms and Baths	Share Allocations	(1)		(2)		(3)		(4)	
			Cash Purchase Price to Occu- pant at \$50.00 Per Share	Approximate Amount of Mortgage Appli- cable to Shares at \$160.8911 Per Share	Estimated Maintenance Charges Annual at \$27.72 Per Share	Estimated Maintenance Charges Monthly at \$2.31 Per Share	Estimated Annual Amount Deduct- ible for Income Tax Purposes at \$16.8214 Per Share			
1T	4½-1	130	\$ 6,500.00	\$ 20,915.84	\$ 3,603.60	\$ 300.30	\$ 2,186.78			
2T	4½-1	130	6,500.00	20,915.84	3,603.60	300.30	2,186.78			
3T	4½-1	135	6,750.00	21,720.30	3,742.20	311.85	2,270.89			
4T	4½-1	135	6,750.00	21,720.30	3,742.20	311.85	2,270.89			
5T	4½-1	140	7,000.00	22,524.75	3,880.80	323.40	2,355.00			
6T	4½-1	140	7,000.00	22,524.75	3,880.80	323.40	2,355.00			
6	27-6	810	\$ 40,500.00	\$ 130,321.79	\$ 22,453.20	\$ 1,871.10	\$ 13,625.34			
1U	3½-1	100	5,000.00	16,089.11	2,772.00	231.00	1,682.14			
2U	3½-1	100	5,000.00	16,089.11	2,772.00	231.00	1,682.14			
3U	3½-1	105	5,250.00	16,893.57	2,910.60	242.55	1,766.25			
4U	3½-1	105	5,250.00	16,893.57	2,910.60	242.55	1,766.25			
5U	3½-1	110	5,500.00	17,698.02	3,049.20	254.10	1,850.35			
6U	3½-1	110	5,500.00	17,698.02	3,049.20	254.10	1,850.35			
6	21-6	630	\$ 31,500.00	\$ 101,361.39	\$ 17,463.60	\$ 1,455.30	\$ 10,597.48			

V-Vacant

SCHEDULE OF PURCHASE PRICES OF SHARES ALLOCATED TO APARTMENTS
 (and related information at the date of presentation of the Plan)
PURCHASE PRICES, SHARE ALLOCATIONS MORTGAGE ALLOCATIONS
 Estimated Maintenance Charges and Estimated Income Tax
 Deductions for the First Year of Cooperative Operation

Apt.	Description Rooms and Baths	Share Allocations	(1)		(2)		(3)		(4)	
			Cash Purchase Price to Occu- pant at \$50.00 Per Share	Approximate Amount of Mortgage Appli- cable to Shares at \$160.8911 Per Share	Annual at \$27.72 Per Share	Estimated Maintenance Charges Monthly at \$2.31 Per Share	Estimated Annual Amount Deduct- ible for Income Tax Purposes at \$16.8214 Per Share			
IV	2-1	55	\$ 2,750.00	\$ 8,849.01	\$ 1,524.60	\$ 127.05	\$ 925.18			
2V	2-1	55	2,750.00	8,849.01	1,524.60	127.05	925.18			
5V	2-1	60	3,000.00	9,653.47	1,663.20	138.60	1,009.28			
4V	2-1	60	3,000.00	9,653.47	1,663.20	138.60	1,009.28			
5V	2-1	65	3,250.00	10,457.92	1,801.80	150.15	1,093.39			
6V	2-1	65	3,250.00	10,457.92	1,801.80	150.15	1,093.39			
6	12-6	360	\$ 18,000.00	\$ 57,920.80	\$ 9,979.20	\$ 831.60	\$ 6,055.70			
1W	3½-1	105	5,250.00	16,893.57	2,910.60	242.55	1,766.25			
2W	3½-1	105	5,250.00	16,893.57	2,910.60	242.55	1,766.25			
3W-V	3½-1	110	5,500.00	17,698.02	3,049.20	254.10	1,850.35			
4W	3½-1	110	5,500.00	17,698.02	3,049.20	254.10	1,850.35			
5W	3½-1	115	5,750.00	18,502.48	3,187.80	265.65	1,934.46			
6W	3½-1	115	5,750.00	18,502.48	3,187.80	265.65	1,934.46			
6	21-6	660	\$ 33,000.00	\$ 106,188.13	\$ 18,295.20	\$ 1,524.60	\$ 11,102.12			

V-Vacant

SCHEDULE A

31-37 Nagle Avenue and 14 Borgardus Place
New York, New York

SCHEDULE OF PURCHASE PRICES OF SHARES ALLOCATED TO APARTMENTS
(and related information at the date of presentation of the Plan)
PURCHASE PRICES, SHARE ALLOCATIONS MORTGAGE ALLOCATIONS
Estimated Maintenance Charges and Estimated Income Tax
Deductions for the First Year of Cooperative Operation

Apt.	Description Rooms and Baths	Share Allocations	(1)		(2)		(3)		(4)	
			Cash Purchase Price to Occu- pant at \$50.00 Per Share	Approximate Amount of Mortgage Appli- cable to Shares at \$160.8911 Per Share	Estimated Maintenance Charges Annual at \$27.72 Per Share	Monthly at \$2.31 Per Share	Estimated Annual Amount Deduct- ible for Income Tax Purposes at \$16.8214 Per Share			
1X	2-1	55	\$ 2,750.00	\$ 8,849.01	\$ 1,524.60	\$ 127.05	\$ 925.18			
2X	2-1	55	2,750.00	8,849.01	1,524.60	127.05	925.18			
3X	2-1	60	3,000.00	9,653.47	1,663.20	138.60	1,009.28			
4X	2-1	60	3,000.00	9,653.47	1,663.20	138.60	1,009.28			
5X	2-1	65	3,250.00	10,457.92	1,801.80	150.15	1,093.39			
6X	2-1	65	3,250.00	10,457.92	1,801.80	150.15	1,093.39			
6	12-6	360	\$ 18,000.00	\$ 57,920.80	\$ 9,979.20	\$ 831.60	\$ 6,055.70			
111	402-4	12,120	\$606,000.00	\$1,950,000.00	\$335,966.00	\$27,997.00	\$203,875.00			

V-Vacant

SCHEDULE A
(continued)

- 1) Each apartment should be inspected to determine present layout and physical condition. Some apartments may have been altered and vary from the typical floor plan.
- (2) Apartments are offered to occupants at \$50.00 per share. Prices to non-occupants are subject to change without amendment to the Plan. Prices to occupants are subject to change prior to the Plan being declared effective only by duly filed amendment to the Plan and thereafter without amendment. In the event of any general fixed percentage or dollar increase applicable to all apartments, this will be the subject of an amendment to the Plan. The price to tenants shall not be changed for ninety (90) days from the date of first offering of this Plan. The prices to buyers other than tenants may be varied by written notice affixed to the inside cover of the copy of the Plan given to a prospective purchaser of that apartment and duly delivered to the appropriate governmental agency.
- (3) Tenant-shareholders will have no personal liability to the mortgagee for payment of the Apartment Corporation's mortgage indebtedness. Interest and amortization payments are included in the monthly maintenance charges.
- (4) These amounts are estimated for the first year, based on the estimate of Alexander Wolf & Company contained in Schedule B of this Plan. These amounts do not include charges for electricity and gas.
- (5) These amounts are estimated for the first year in accordance with the figures computed by Alexander Wolf & Company (see Page 5). These amounts may vary because of changes in the amount of real estate taxes and interest on mortgage debt.

SCHEDULE B

SCHEDULE OF PROJECTED RECEIPTS
AND EXPENSES FOR FIRST YEAR
OF COOPERATIVE OPERATION

31-37 Nagle Avenue and 14 Borgardus Place
New York, New York

Estimated Receipts:

Annual Maintenance Charges (12,120 shares at \$27.72)	\$335,966.40	
Washing Machine Income	2,100.00	
Garage Concession	<u>15,600.00</u>	
Total Estimated Receipts		<u>\$353,666.40</u>

Estimated Expenses:

Operating Expenses:

Labor	35,000.00	
Fuel	35,000.00	
Electricity and gas	8,500.00	
Repairs, maintenance, and supplies	20,000.00	
Water and Sewer	5,500.00	
Insurance	9,000.00	
Service Contracts	6,300.00	
Management	15,000.00	
Audit	1,500.00	
Real Estate Taxes	56,875.00	
Franchise Taxes	1,022.00	
Contingencies	<u>12,969.40</u>	

Estimated Operating Expenses:

		206,666.40
Mortgage Indebtedness		<u>147,000.00</u>
Total Estimated Expenses		<u>\$353,666.40</u>

6 EAST 39TH STREET
NEW YORK, N.Y. 10018
MURRAY HILL 5-2800

To The Partners of
Ellwood Gardens Affiliates

Re: Apartment Building at
31 and 37 Magle Ave. also
14 Bogardus Pl., N.Y.

Gentlemen:

We have examined the Comparative Statement of Operation for Apartment Building at 31 and 37 Magle Ave. also 14 Bogardus Place, N.Y. for the three (3) years ended December 31, 1977, 1978, and 1979. Our examination was made in accordance with generally accepted auditing standards and accordingly, included such tests of the accounting records and such other auditing procedure we considered necessary in the circumstances.

In our opinion, the accompanying Comparative Statement of Operations presents fairly the results of operations of the premises for the years ended December 31, 1977, 1978 and 1979 in conformity with generally accepted accounting principles applied on a consistent basis.

J. M. Ullman & Company

New York, N.Y.

April 2, 1980

ELLWOOD GARDENS INC. (AFFILIATES)

COMPARATIVE STATEMENT OF OPERATIONS

APARTMENT BUILDING AT 31 AND 37 NAGLE AVE.

ALSO 14 BOGARDUS PLACE, NEW YORK, NEW YORK

	<u>Year 1977</u>	<u>Year 1978</u>	<u>Year 1979</u>
<u>INCOME - Rentals</u>	\$259,040	\$269,346	\$287,046
- Washing Machine Commissions	560	700	2,217
<u>TOTAL INCOME</u>	<u>\$259,600</u>	<u>\$270,046</u>	<u>\$289,263</u>
<u>OPERATING EXPENSES</u>			
Salaries	\$ 32,139	\$ 32,403	\$ 27,072
Taxes - Real Estate	72,612	73,662	58,984
- Water	5,368	5,257	5,270
- Payroll and Other	3,929	3,750	3,783
Light and Power	5,323	6,233	7,336
Fuel	28,693	28,236	35,029
Insurance	6,687	9,893	12,943
FHA Insurance	1,276	1,082	-0-
Management Fees	7,553	7,554	7,553
General Repairs and Maintenance	18,391	5,562	9,962
Elevator Maintenance	2,645	3,950	4,086
Plumbing	952	6,918	4,638
Painting	6,308	6,482	9,862
Professional Fees	2,571	2,324	14,030
Exterminating, etc.	188	278	263
Supplies	3,490	4,171	5,050
Dues and Permits	689	617	637
Office Expenses	458	371	1,715
Union Welfare	1,103	1,560	1,560
Miscellaneous Expenses	1,739	3,711	1,494
<u>TOTAL OPERATING EXPENSES</u>	<u>\$202,114</u>	<u>\$204,014</u>	<u>211,267</u>
<u>INCOME BEFORE FINANCIAL EXPENSES</u>	<u>\$ 57,486</u>	<u>\$ 66,032</u>	<u>\$ 77,996</u>
<u>FINANCIAL EXPENSES</u>			
Interest - First Mortgage	\$ 11,569	\$ 8,798	\$ 46,807
- Loan	4,804	5,344	841
Amortization Mortgage Expenses	-0-	-0-	3,282
<u>TOTAL FINANCIAL EXPENSES</u>	<u>\$ 16,373</u>	<u>\$ 14,142</u>	<u>\$ 50,930</u>
<u>INCOME BEFORE DEPRECIATION</u>	<u>\$ 41,113</u>	<u>\$ 51,890</u>	<u>\$ 27,066</u>
Less: Depreciation of Building & Improvements	<u>38,318</u>	<u>35,048</u>	<u>30,249</u>
<u>NET PROFIT (LOSS) FOR YEAR</u>	<u>\$ 2,795</u>	<u>\$ 16,842</u>	<u>\$ (3,183)</u>

The accompanying notes are an integral part of the financial statements.

J. M. ULLMAN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

ELLWOOD GARDENS INC. (AFFILIATES)

NOTES TO COMPARATIVE STATEMENT OF OPERATIONS

APARTMENT BUILDING AT 31 AND 37 NAGLE AVE.

ALSO 14 BOGARDUS PLACE, NEW YORK, NEW YORK

YEAR 1977, 1978 AND 1979

SIGNIFICANT ACCOUNTING POLICIES

PROPERTY AND DEPRECIATION

1977 AND 1978

The buildings and improvements are recorded at cost. Depreciation is computed on the straight line method on the following estimated useful lives of the assets.

Building	33 1/3 Years
Building Improvements & Equipment	10 - 20 Years

1979

Ellwood Gardens, Inc. was dissolved on January 2, 1979 under Sec. 331 of the Internal Revenue Code. The land and building was recorded on the books of Ellwood Gardens Affiliates (a partnership) at fair market value. Improvements are recorded at cost. Depreciation is computed on the straight line method on the following estimated useful lives of the assets.

Buildings	16 Years
Building Improvements	7 Years

REALTY OPERATIONS

Expenditures for maintenance and repairs and betterments which represents improvements to property and equipment are capitalized; other items are charged to current operations.

LETTER OF ADEQUACY AND REASONABLE RELATIONSHIP

REAL ESTATE •



• INSURANCE

ALEXANDER WOLF & COMPANY, INC.

551 FIFTH AVENUE, NEW YORK, N. Y. 10017 • (212) 895-8916

ADDRESS ALL COMMUNICATIONS TO:

LONG ISLAND OFFICE
155 MICHAEL DRIVE
SYOSSET, N.Y. 11791
(516) 364-3080

May 19, 1980

Re: 31-37 Nagle Avenue &
14 Borgardus Place
Washington Heights, New York

Gentlemen:

I have prepared for inclusion in the Plan of Cooperative Organization of the premises at the above address the foregoing schedule of the estimated receipts and expenses for the first year of operation of the premises as a cooperative apartment house.

In my opinion, the estimates are reasonable and adequate under existing circumstances, and the estimated receipts shown therein will be sufficient to meet the normal anticipated operating expenses of the first year of operation. However, because of the possibility of unforeseeable changes in the economy, or increases or decreases in expenses of operation, my estimates are not intended to be taken as representations, guarantees or warranties of any kind whatsoever, or as any assurance that the actual expenses or income of your corporation or the amounts deductible for income tax purposes for any period of operation may not vary from the amounts shown, or that your corporation may not incur additional expenses, or that your board of directors may not provide for reserves not reflected in such schedule, or that the annual maintenance charges for any period may not vary from the amounts shown therein. It may be expected, based on current trends, that such items as real estate taxes, fuel costs, maintenance, repair, labor, and other related expenses will change in the future.

My estimates are based on my analysis of the audited figures contained in the Plan which gives the prior history of this building from 1976 to 1979 and my own knowledge of existing conditions.



MEMBER OF REAL ESTATE BOARD OF NEW YORK

May 19, 1980

It is also my opinion that the prices for the blocks of shares allocated to the respective apartments are such that the amount thereof is not less than an amount bearing a reasonable relationship to the portion of the value of the Apartment Corporation's equity in the property attributable to the apartment to which such shares are allocated.

I am a licensed real estate broker, and I have been engaged in the operation and management of residential buildings for several years.

Very truly yours,

ALEXANDER WOLF & COMPANY, INC.


Alexander Wolf, Jr.
President

AWJ/pjk

COUNSEL'S INCOME TAX OPINION

LAW OFFICES

GOLDSCHMIDT, FREDERICKS, KURZMAN & OSHATZ

BARRY I. FREDERICKS -
HENRY J. GOLDSCHMIDT
LAWRENCE E. GOLDSCHMIDT
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CABLE: KOMODOLAW, NEW YORK

TELEX: 429309

NEW JERSEY OFFICE
39 HUDSON ST.
HACKENSACK, N. J. 07601
(201) 489-7171

KARIN J. BARKHORN
LOIS C. SCHLISSEL
CLAUDE CASTRO
PAUL D. STRAUHLER

-MEMBER OF N. Y. AND N. J. BARS

Nagle Apartments Corp.
31-37 Nagle Avenue
New York, New York

Re: 31-37 Nagle Avenue and
14 Borgardus Place
New York, New York

Gentlemen:

You have requested our opinion as to whether Nagle Apartments Corp. (the "Apartment Corporation"), organized under the laws of the State of New York on May 20, 1980 in connection with an Offering Plan to convert to Cooperative Ownership premises at 31-37 Nagle Avenue and 14 Borgardus Place, New York, New York ("Plan"), promulgated by the Apartment Corporation, will qualify as a cooperative housing corporation for Federal, New York State and New York City income tax purposes after consummation of the Plan. You have advised us of your intention to incorporate our opinion in the Plan, and we hereby consent to such incorporation.

We have prepared, and are familiar with the Certificate of Incorporation and By-Laws of the Apartment Corporation and with the Plan and applicable sections of the Internal Revenue Code of 1954, as amended and the Regulations issued thereunder (hereinafter collectively referred to as the "Code"), and such other materials as we deem appropriate.

The opinion expressed herein is based solely upon the foregoing documents and on the following assumptions:

(i) at the time of closing title under the Plan, an individual or individuals provided by the Seller, the Seller itself or its nominee, will purchase for all cash or its equivalent, at the original offering price set forth in the Plan or any other price contained in an amendment to the Plan, all of the then unsold shares;

(ii) the Plan is declared effective and there is a closing of title under the Plan strictly in accordance with the terms thereof;

(iii) not less than 80% of the gross income of the Apartment Corporation as shown on the schedule of Projected Receipts and Operating Expenses for its first full taxable year after said closing under the Plan, shall be derived from tenant-shareholders who have purchased the shares of the Apartment Corporation in accordance with the terms of the Plan;

(iv) the Apartment Corporation has one, and only one, class of stock outstanding;

(v) each stockholder of the Apartment Corporation is entitled, solely by reason of such stockholder's ownership of stock in the Corporation, to a proprietary lease permitting such shareholder to occupy for dwelling purposes a Unit in the building;

(vi) a reasonable relationship will exist on the date of closing title under the Plan between the price of the block of shares allocated to each Unit in the Building and that portion of the fair market value of the Apartment Corporation's equity in the Building attributable to the Unit to which the block of shares is allocated.

Based solely upon the documents and assumptions described above, but without passing on the validity of the foregoing, it is our opinion that:

(i) not less than 80% of the gross income of the Apartment Corporation in the first taxable year of the Apartment Corporation, under present tax laws and regulations, will consist of rent received from qualified "tenant-shareholders" (as that quoted term is defined in Section 216(b)(2) of the Code), notwithstanding that more than 20% of the "unsold shares" may be acquired pursuant to the Plan by one or more individuals provided by the Seller, or by the Seller itself or its nominee;

(ii) the Apartment Corporation will qualify as a cooperative housing corporation within the present meaning of Section 216(b)(1) of the Code, Section 615 of the Tax Law of the State of New York and Section T46-15.0 of the New York City Administrative Code, notwithstanding that blocks of the same number of shares allocated to similar Units may be sold at different prices and at different times, with the prior approval of the Sponsor;

(iii) in any taxable year in which not less than 80% of the Apartment Corporation's gross income consists of payments constituting gross income received from qualified

tenant-shareholders, each "tenant-shareholder" will be entitled, under present tax laws and regulations, to deduct from his adjusted gross income for Federal, State and City income tax purposes his proportionate share of (a) real estate taxes paid or incurred by the Apartment Corporation (before the close of the taxable year of such tenant-shareholder) on the building, (b) interest paid or incurred by the Apartment Corporation (before the close of the taxable year of such tenant-shareholder) on the Building, and (c) interest paid or incurred by the Apartment Corporation (before the close of the taxable year of such tenant-shareholder) on the mortgage to which the Building is subject, to the extent that such tenant-shareholder has paid to the Apartment Corporation, within his taxable year, an amount equal to such proportionate share of taxes and interest paid or incurred by the Apartment Corporation).

No warranties or representations are made, however, that the Internal Revenue Service, the Department of Taxation and Finance of the State of New York, or the Department of Finance of the City of New York are of like opinion, or that the tax and other laws upon which our opinion is predicated may not change.

It should be noted that in the case of Eckstein v. United States, Court of Claims, 452 F.2d 1036, dated December 10, 1972, the court found, in part, that an individual tenant-shareholder of a cooperative housing corporation who is acting as a nominee for a corporation is not a bona fide tenant-shareholder under Section 216 of the Internal Revenue Code and, accordingly, income received by the corporation from such nominee will not be considered as gross income derived from tenant-stockholders for purposes of the 80-percent requirement of Section 216(b)(1)(D) of the Internal Revenue Code. Congress, however, enacted Section 216(b)(6) in the Revenue Act of 1978, which provides that the original seller (including a corporation) of a house, apartment building, or a leasehold thereof to a cooperative housing corporation qualifies as a tenant-stockholder for up to three years after acquiring, whether by purchase or foreclosure, stock in the corporation and a lease or right to occupy the house or apartment. This rule applies even though such seller or its nominee may not occupy the apartment or house without prior approval of the corporation or its managing agent. Therefore, if the Seller or its nominee acquires any stock of the Apartment Corporation with a right of occupancy, it will be considered as a qualified tenant-stockholder for up to three years, and the rent which it would pay to the Apartment Corporation would be considered as gross income derived from tenant-stockholders for purposes of the 80-percent requirement.

The right of occupancy requirement of Section 216(b)(1)(B) of the Internal Revenue Code is satisfied if each stockholder of the corporation has the right as against the corporation to occupy for dwelling purposes an apartment in a building or a unit in a housing development owned or leased by such corporation.

GOLDSCHMIDT, FREDERICKS, KURZMAN & OSHATZ

The stockholder is not required to occupy the premises. Treasury Regulation 1.216-1(d)(2). Provided that the rental income received from store or other commercial tenants does not exceed 20% of the income of the Corporation it should not be considered as part of the gross income derived from tenant-stockholders for purposes of the 80-percent requirement prescribed by Section 216(b)(1)(D) of the Internal Revenue Code. See Rev. Rul. 68-387, 1968-2 C.B. 112.

Moreover, we express no opinion herein and make no representations or warranties that:

(i) any figures (including the estimated annual income tax deductions computed by the Sponsor allocable to each apartment as set forth in the schedule entitled "Schedule of Units" of this Plan) are accurate;

(ii) the Internal Revenue Service, the Department of Taxation and Finance of the State of New York, or the Department of Finance of the City of New York, or all of the above will allow the deductions pursuant to the above referred to tax laws or that the tax laws, or the regulations issued thereunder, by any of the foregoing may not change so as to disallow such deduction in whole or in part;

(iii) the Apartment Corporation does meet, or at any future time will meet, the requirements necessary to permit such deductions under the laws hereinabove described or any amendments thereof or regulations issued thereunder or that tenant-shareholders will be permitted to take tax deductions now or at any future time; and

(iv) the actual amount of any income tax deductions will remain constant, and prospective purchasers are advised that such deduction will in fact vary as the amount of real estate taxes or interest on mortgages paid or incurred by the Apartment Corporation changes.

Except as herein expressly set forth, no opinion or representation is being made, and none shall be implied, as to the tax consequences of the Plan (including, without limitation, the tax consequences of ownership of any shares offered under the Plan or the amount of savings, if any, in Federal, State or City income tax to each qualified tenant-shareholder).

Very truly yours,

GOLDSCHMIDT, FREDERICKS,
KURZMAN & OSHATZ

By: _____
Michael P. Oshatz

NO WARRANTIES OR REPRESENTATIONS ARE MADE THAT THE INTERNAL REVENUE SERVICE, THE DEPARTMENT OF TAXATION AND FINANCE OF THE STATE OF NEW YORK OR THE DEPARTMENT OF FINANCE OF THE CITY OF NEW YORK WILL ALLOW INCOME TAX DEDUCTIONS OR THAT THE TAX LAWS UPON WHICH THE COUNSEL TO THE APARTMENT CORPORATION BASES HIS OPINION (SET FORTH ABOVE) WILL NOT CHANGE. IN NO EVENT WILL THE SPONSOR, THE SPONSOR'S COUNSEL, THE APARTMENT CORPORATION, COUNSEL TO THE APARTMENT CORPORATION, THE SELLING AGENT OR ANY OTHER PERSON BE LIABLE IF FOR ANY REASON IT SHALL BE DETERMINED THAT THE APARTMENT CORPORATION DOES NOT MEET OR AT ANY FUTURE TIME CEASES TO MEET THE REQUIREMENTS OF THE INTERNAL REVENUE CODE OF 1954, THE NEW YORK TAX LAW OR THE NEW YORK CITY ADMINISTRATIVE CODE OR ANY AMENDMENT OF ANY THEREOF. MOREOVER, NONE OF THE AFORESAID MAKES ANY WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE TAX CONSEQUENCES OF THIS PLAN TO THE SPONSOR OR THE TAX CONSEQUENCES OF OWNERSHIP OF ANY SHARES OFFERED UNDER THE PLAN EXCEPT AS EXPRESSLY SET FORTH HEREIN, AND NO ONE ELSE HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE HEREIN CONTAINED.

RIGHTS OF RENT STABILIZED TENANTS

As of the date of presentation of this Plan, all of the apartments which are the subject of the Offering are subject to the New York City Rent Stabilization Law of 1969 and the Code adopted pursuant thereto.

The Sponsor has elected to present this Plan without attempting to comply with the thirty-five (35%) percent requirements of Section 61 of the Rent Stabilization Code, a copy of which appears in Part II of this Plan. Accordingly, under existing law, a tenant in occupancy of an apartment in the building at the date of presentation of this Plan has the right, under the Rent Stabilization Code, to remain in occupancy of the apartment even if the shares of the Apartment Corporation allocated to the apartment are sold to any other person, as long as the tenant in occupancy is not in default of his obligations under his lease or tenancy, and is otherwise entitled to remain in possession. Under present law, tenants in occupancy of apartments are under no obligation to purchase shares allocated to their apartments in order to retain rights of continued occupancy.

Notwithstanding the foregoing, each tenant in occupancy of an apartment on the date of presentation of this Plan will have the absolute right to purchase the shares allocated to that apartment at the Cash Purchase Price set forth in Schedule "A" of this Plan for a period of ninety (90) days from the date of presentation of this Plan. Following this ninety (90) day period tenants may purchase only with the consent of Sponsor and Apartment Corporation, or after closing with the consent of the holder of the shares involved.

A NON-PURCHASING TENANT HAS THE RIGHT TO REMAIN IN POSSESSION EVEN AFTER THE EFFECTIVE DATE OF THIS PLAN. SEE EXHIBIT I.

SPECIAL RIGHTS OF SENIOR CITIZENS ARE SUMMARIZED ON PAGE 1 OF THIS OFFERING PLAN.

SPECIAL RIGHTS OF HANDICAPPED PERSONS ARE SUMMARIZED ON PAGE 1A OF THIS OFFERING PLAN.

OBTAINING POSSESSION OF APARTMENTS; OBLIGATIONS
OF PURCHASERS OF OCCUPIED APARTMENTS

All of the apartments are covered by the Rent Stabilization Law and Code (such law and Code are referred to in this section as the "Rent Laws"); such tenants in occupancy of residential apartments are therefore "stabilized" tenants and their rights are protected by the Rent Laws. Some of the tenants in occupancy have outstanding leases for their apartments.

Consequently, a purchaser of the shares allocated to an apartment of which he is not in possession will obtain the Proprietary Lease for the apartment subject (a) to the lease for the apartment then in effect (and any renewal of the term thereof effected after the date of presentation of this Plan but prior to the date on which the purchaser's executed Subscription Agreement is delivered to the Sponsor), (b) to any existing occupancy of the apartment, (c) to the right of any existing tenant (who has not purchased the shares allocated to his apartment) to remain in possession of the apartment in accordance with the Rent Laws, and (d) to all other rights of any existing tenant under the Rent Laws.

If the shares allocated to an apartment are purchased by someone other than the tenant thereof, the tenant or occupant will become the purchaser's tenant on the closing date and the purchaser will become his landlord.

A purchaser who acquires the shares allocated to an apartment occupied by any such tenant will be required to pay to the Apartment Corporation the maintenance charges for such apartment, whether such maintenance charges are greater or less than the rent received from the tenant in occupancy. By reason of the terms of the purchaser's Proprietary Lease, the Rent Laws, and any other applicable laws, regulations and rules, the purchaser also will be responsible for the due performance of all of the obligations of the landlord under the lease with, or tenancy of, the tenant, including obligations to maintain, repair and replace plumbing fixtures, the refrigerator, range, lighting fixtures and other equipment in the apartment, and to paint the apartment.

Any person interested in purchasing shares of the Apartment Corporation allocated to an apartment in which he does not reside is urged to examine any lease pertaining to the apartment to which such shares are allocated, verifying not only the expiration date of the lease (or any renewal thereof) but also the rent currently payable for the apartment (which may be more or less than the maintenance charges that will be payable to the Apartment Corporation for such apartment after the closing under the Plan) and the obligations of the landlord thereunder.

It is also recommended that every such person consult an attorney in order to become fully appraised of the effect of the Rent Laws on his rights as a purchaser and his obligations to any existing tenant or occupant.

A purchaser of the shares allocated to an apartment subject to a lease will be entitled to receive the unapplied portion of any security deposit held by the Sponsor under the terms of the lease. Such security must be held by the purchaser, in trust, in an interest bearing account in accordance with Section 7-103 of the New York General Obligations Law.

No representation or statement of any kind as to the requirements of the Rent Laws is made except as set forth herein with respect to the Plan.

No representation or warranty is made that the Rent Laws will or will not continue to apply to any apartments or that there will or will not be any further amendments thereto. In the event of any amendment to the Rent Laws, the Plan may be amended to conform to the amendments.

EFFECTIVE DATE OF THIS PLAN AND CLOSING DATE

The following provisions will determine when, as, and if this Plan will be declared effective:

1. This Plan may be declared effective if fifteen (15%) percent of shares of the Apartment Corporation allocated to apartments in the Buildings have been subscribed for pursuant to the terms of this Plan.

2. After the condition in the preceding clause 1 has been met, the Sponsor may, at its option, declare this Plan effective.

3. When Subscription Agreements have been executed and accepted for sale to purchasers of at least thirty-five (35%) percent of the shares of the Apartment Corporation offered under this Plan, the Sponsor must declare this Plan effective.

The Sponsor will notify all purchasers and tenants if and when the aforementioned condition of effectiveness has been met.

The Plan will be declared effective by written notice to purchasers and tenants in occupancy. An amendment is thereafter to be filed as promptly as possible and within forty-eight (48) hours, if possible, to disclose that the Plan has been declared effective, and no further subscriptions will be accepted until the aforesaid amendment has been submitted for filing.

Subject to obtaining the consent of the Sponsor, the Apartment Corporation may, at its option, declare the Plan abandoned for any reason whatsoever before it is declared effective or the quota referred to in the foregoing Paragraph 3 has been reached. After the Plan has been declared effective, it may not be abandoned except in the event of (i) the existence of a defect in title which occurred prior to the date of presentation of the Plan and which cannot reasonably be cured, (ii) the existence of work orders of any mortgagee or violations of record arising after the date the Plan is declared effective which cannot be performed, cured or complied with for less than \$5,000 in the aggregate, or (iii) a substantial damage or destruction of the Building by fire or other casualty which cannot be repaired for less than \$25,000, or (iv) the taking of any portion of the Property by condemnation or eminent domain. In the event that violations of record exist fifteen (15) days prior to the declaration that the Plan is effective which cannot be performed, cured or complied with for less than \$5,000, then the Sponsor shall not abandon the Plan solely by reason of the existence of these violations. There will be no obligation on the part of the Sponsor to incur expenses except to the extent of \$5,000 in case of work orders and violations as aforesaid) or engage in litigation to cure title defects. The Sponsor will not be obligated to remedy radio and television antennae violations or violations

caused by the acts or omissions of tenants of the Building or violations relating to the painting of apartments that are noted or issued after the date of closing or violations required under local law to be remedied by tenants.

After the Plan has been declared effective, title to the Property will close on a date (herein sometimes called the "Closing Date") to be fixed by the Sponsor, which shall not be less than thirty (30) days nor more than approximately one hundred and eighty (180) days thereafter, unless the closing is adjourned or unless the Sponsor exercises its right to cancel the Contract of Exchange as herein specifically provided.

On the Closing Date, fee title to the Property will be conveyed by the Sponsor to the Apartment Corporation and each Purchaser and holder of Unsold Shares will thereupon become obligated for the payment of maintenance charges under his proprietary lease, whether or not the tenant has taken possession of the apartment and whether or not the tenant in possession, if there be one, pays the rent required to be paid by him. Certificates for the shares of the Apartment Corporation and the accompanying proprietary leases will be issued to the respective purchasers (and to the Sponsor with respect to Unsold Shares) as of the Closing Date and will be delivered promptly thereafter.

PROCEDURE TO PURCHASE

A person desiring to purchase shares of the Apartment Corporation will be required to execute a subscription agreement in the form contained in Part II of this Plan and return it to Robert J. Ettinger, 22 East 41st Street, New York, New York, together with a check for ten (10%) percent of the purchase price drawn to the order of "Nagle Apartments Corp. Special Account".

The Sponsor will hold all monies received by it directly or through its agents, employees or escrow agent, in trust, in a special account at Citibank, N.A., 399 Park Avenue, New York, New York, entitled "Nagle Apartments Corp. Special Account" until actually employed in connection with the consummation of the Plan as herein described, but in no event prior to Closing. Withdrawals from this account will require the signature of one of the partners of the Sponsor and a member of the firm of Goldschmidt, Fredericks, Kurzman & Oshatz. In the event that insufficient funds are raised through the Offering to effectuate the purchase of the Property and the consummation of the Plan, or if the Plan is abandoned or withdrawn for any reason, or if title to the Property is not acquired by the Apartment Corporation within the time limits mentioned in the section entitled "EFFECTIVE DATE OF THE PLAN AND CLOSING DATE" for any reason whatsoever, then such monies shall be fully returned to the purchasers without interest if such funds have been kept in a non-interest bearing account, and with a proportionate share of the interest if the funds have been kept in an interest bearing account. The amounts paid by the purchasers will be handled in accordance with the provisions of Section 352(h) and Section 352-e-2-b of the New York General Business Law.

FINANCIAL FEATURES

The basic financial plan of this cooperative project is as follows:

Total cash amount of offering (12,120 shares) (111 apartments).....	\$ 606,000.00
Mortgage Indebtedness.....	\$1,950,000.00
Total Purchase Price.....	\$2,556,000.00
Less Reserve Fund to be retained by Apartment Corporation.....	\$ 25,000.00*
Net Purchase Price of Property to Sponsor...	\$2,531,000.00

* On the Closing Date, from the amount of cash raised by this offering, the Apartment Corporation will retain the sum of \$25,000 subject to closing adjustments. This Reserve Fund may be reduced to \$15,000 by net closing adjustments in Sponsor's favor.

CHANGES IN PRICES

As indicated in Schedule A the cash purchase price of shares to non-occupants are subject to change without amendment to the Plan, and the prices to occupants up to the time of declaring the Plan effective are subject to change only by duly filed amendment to the Plan. The amount of the cash payment for any block of shares set forth in Schedule A will not be changed prior to the date of closing hereunder except upon the opinion of Alexander Wolf & Company or other real estate expert that the price as changed is an amount not less than an amount bearing a reasonable relationship to the portion of the value of the Apartment Corporation's equity in the property attributable to the apartment to which such shares are allocated as determined on the date of the execution of the Subscription Agreement for such shares. Any such changes are of course subject to the terms of this Offering Plan and the rights of occupants. If there is any change in the price of a block of shares prior to the closing, the total purchase price of the Property as stated under the financial plan will be increased or decreased accordingly by the net difference resulting from all such changes in prices and the sum payable to the Sponsor at closing will be changed correspondingly by the amount of such net difference. In no event will such changes in prices result in changing the amount of funds available as the Reserve Fund to the Apartment Corporation.

The Sponsor and the Apartment Corporation reserve the right to vary the amount of stock allocable to any apartment, provided however (a) that no such change will be made with respect to shares of stock allocated to any apartment for which a purchase agreement has been accepted nor will any such change have the effect of increasing or decreasing the total number of shares; and any such changes will be subject to the rights of occupants under the Rent Stabilization Law and (b) no such change prior to the date of the original issuance of the shares of stock will result in upsetting the reasonable relationship existing between the prices for the blocks of shares set forth in this Plan and that portion of the Apartment Corporation's equity in the property attributable to the apartment of which such blocks of shares is allocated in accordance with the provisions of Section 216 of the United States Internal Revenue Code (an opinion of a real estate expert will be obtained in this regard).

In order to meet the possible varying demands for number and type of apartments or to meet particular requirements of prospective purchasers or for any other reason, the Sponsor reserves the right at any time prior to closing of title without prior notice or amendment to the Plan to (a) change the size, layout and/or number of apartments; (b) subdivide one or more apartments into separate apartments; (c) combine separate apartments into one or more apartments; and (d) change the size or internal partitioning of such apartment (by altering the boundary walls or internal

partitioning of such apartment or otherwise); provided only that the consent of all governmental authorities having jurisdiction is first obtained (if such approval is required by law). If the size of an apartment is changed either as a result of any subdivision, combination, alteration of boundary walls or internal partitioning or otherwise, or if the layout of the apartment is changed, the number of shares allocated to such apartment may be increased or decreased accordingly; however, no such reallocation of shares will have the effect of increasing or decreasing the total number of shares allocated to all apartments nor shall any shares be reallocated unless there has first been obtained an opinion of a licensed real estate broker familiar with cooperative offerings of this kind that the aforesaid "reasonable relationship," as determined on the date that the change is made, has been preserved. Any reallocation of shares will vary the estimated maintenance charges for the apartment or apartments affected thereby and the allocable portion of mortgage and estimated amount deductible for income tax purposes, from the amounts set forth in the foregoing Schedule "A". No such change, however, in any event will affect the proportion or amount of maintenance charges, proportion of mortgage or amounts estimated to be deductible for income tax purposes in respect of any apartment which was not the subject of such change.

After the Closing of title, the holders of Unsold Shares (as defined hereinafter) will have the same rights as the Sponsor to change the size (either as a result of subdivision, combination, alteration of boundary walls or internal partitioning or otherwise) and/or layout of any apartment owned by them or any of them, and to reallocate shares in connection with such change, provided that the total number of shares reallocated to all apartments which are the subject of such changes will not vary. In addition, such holders of Unsold Shares may resell the apartments held by them for any price established by them, and they may change such price from time to time without obtaining the approval of any other person without prior notice or amendment to the Plan, except as to changes offered to all the tenants in occupancy on the date of presentation of this Plan, or where required by applicable rent control or rent stabilization law, regulation or code, in which cases such change shall be made only by duly filed amendment to this Plan.

THE HOLDER OF UNSOLD SHARES MAY VARY THE PRICES TO BUYERS OTHER THAN TENANTS BY WRITTEN NOTICE AFFIXED TO THE INSIDE COVER OF THE COPY OF THE PLAN GIVEN TO A PROSPECTIVE PURCHASER OF THAT APARTMENT AND DULY DELIVERED TO THE APPROPRIATE GOVERNMENTAL AGENCY.

Notwithstanding the foregoing, the total authorized and issued shares may be increased in the event (i) an existing apartment is enlarged by using space in the building to which no shares of the Apartment Corporation were previously allocated or are presently allocated on the date of such enlargement; or (ii) such space is converted into a new residential apartment.

No such increase in shares, however, will occur unless an opinion has first been obtained from a licensed real estate broker familiar with cooperative offerings of this kind that said "reasonable relationship," as determined as of the date when the new shares are to be issued, is maintained. If it shall be necessary to increase the total number of authorized shares which the Apartment Corporation may issue solely by reason of the foregoing, the Apartment Corporation will cooperate with the holders of the Unsold Shares in amending the Certificate of Incorporation for that purpose. An increase in the total number of shares issued will result in reducing the proportion that the number of shares owned by each shareholder bears to the total number of shares outstanding (with a concomitant decrease in the amount of the estimated deduction for income tax purposes available to each shareholder, if any), but may not result in reducing the maintenance charges payable by each shareholder unless the Board of Directors shall so determine.

No change in the cash purchase price, size or layout of an apartment or in the number of shares allocated thereto will be made with respect to any apartment for which a purchase agreement has been accepted and under which the purchaser is not then in default.

THE PRICE TO TENANTS SHALL NOT BE CHANGED FOR NINETY (90) DAYS FROM THE DATE OF FIRST OFFERING OF THIS PLAN. THE PRICES TO BUYERS OTHER THAN TENANTS MAY BE VARIED BY WRITTEN NOTICE AFFIXED TO THE INSIDE COVER OF THE COPY OF THE PLAN GIVEN TO A PROSPECTIVE PURCHASER OF THAT APARTMENT AND DULY DELIVERED TO THE APPROPRIATE GOVERNMENTAL AGENCY.

INTERIM LEASES

Any prospective non-occupant purchaser who signs a Purchase Agreement which is accepted by the Sponsor prior to the Closing of Title under this Plan and who takes occupancy must enter into an Interim Lease on the terms set forth in this section, which lease shall be signed simultaneously with the Purchase Agreement.

The lease shall be prepared on the standard form of apartment lease currently published by the Real Estate Board of New York, Inc. The rent payable thereunder shall be negotiated by Sponsor and Purchaser, but in no event shall it exceed the legal maximum rent. The term of such lease shall be for a period which will expire on the date of Closing of Title in the event this Plan shall have been declared effective, or two years after the date of execution of said lease in the event this Plan shall not have been theretofore declared effective in accordance with its terms. In the event this Plan is abandoned, the Purchaser-Tenant under said lease may, at any time at his or her sole option, cancel said lease and remove from the premises upon ninety (90) days' prior written notice to the Sponsor at the address set forth on the cover page of this Plan.

It shall be a default under the said Interim Lease if the Purchaser-Tenant thereunder fails to comply with all the obligations under the Purchase Agreement for said apartment. A default in the terms and conditions of the Interim Lease would also be a default under the terms of the Purchase Agreement and will permit the Apartment Corporation to cancel the same in accordance with its terms. The lease will also provide that in the event that the Subscription Agreement is cancelled or rescinded for any reason whatever, the lessor, Sponsor or Apartment Corporation will have the right to cancel such lease.

It should be noted that until the Apartment Corporation acquires title to the property, tenants of apartments in the building will not be able to claim the income tax deduction described in the introduction to this Plan. Such deductions may become available only (a) when and if this Plan is declared effective and there is a closing under this Plan, and (b) when and if the conditions set forth in the opinion of counsel set forth herein have been met, and then only for the period subsequent to said Closing Date. Rents due under any Interim Lease shall be equitably adjusted as of the Closing Date between Sponsor and the Purchaser-Tenant.

The Sponsor does not presently offer the right of rescission. However, should such right be offered in the future, and accepted by Purchaser, then the Purchaser's right to rescind is conditioned upon his surrendering possession of the apartment, and leaving the same vacant and broom clean. He must also pay any rent due under his Interim Lease. Nothing contained herein shall relieve any Purchaser of liability for damage caused to the apartment or any liability under the Subscription Agreement.

TERMS OF THE MORTGAGES WHICH WILL AFFECT
THE PROPERTY AT THE CLOSING DATE

At the time of closing the Apartment Corporation will execute a wrap-around mortgage in the amount of \$1,950,000.00 which will provide for constant monthly payments of \$12,250.00 (\$147,000.00 per year) for the first five (5) years of the mortgage to be applied to interest at the rate of 7.5384615% per annum and then interest at the rate of nine (9%) percent per annum for the last five (5) years of the mortgage payable in constant monthly installments of \$14,625.00 (\$175,500.00 per year). At the date of maturity of the mortgage, ten (10) years from the date of closing, the unpaid balance of the mortgage will be \$1,950,000.00 or \$160.89 per share.

The \$1,950,000.00 wrap-around mortgage will include within its principal and will be subject and subordinate to:

- (a) An existing consolidated first mortgage held by Harlem Savings Bank with an approximate unpaid balance of \$450,000.00. This mortgage provides for constant monthly payments of \$4,750.00 to be applied first to interest at the rate of ten (10%) percent per annum and the balance in reduction of the principal sum. This mortgage matures on February 1, 1989 at which time the balance of the principal sum and all interest accrued thereon shall be due and payable.
- (b) A purchase money second mortgage held by Ellwood Gardens Affiliates in the original principal sum of \$750,000.00. This second mortgage provides for interest only at the rate of 7.538415% per annum for the first five (5) years of the mortgage payable in constant monthly payments of \$4,711.54 and then interest only at the rate of nine (9%) percent per annum for the last five (5) years of the mortgage payable in monthly installments of \$5,625.00. This mortgage matures ten (10) years from the date of closing when the entire unpaid principal balance together with accrued interest shall be due and payable.

The wrap-around mortgage will provide that should default occur or after maturity, stated or accelerated, interest shall accrue at the rate of one and three-fourths (1-3/4%) percent per month, which shall be paid by the mortgagor to the mortgagee until the date of actual payment.

The wrap-around mortgage will permit prepayment in whole at any time provided that the mortgagor gives the mortgagee sixty (60) days prior written notice of intention to make such payment and upon paying to the mortgagee as consideration therefor, a sum equal to one and one-half (1-1/2%) percent of the then unpaid principal balance if prepayment is made during the first five (5) years of the mortgage which sum shall decline 1/2 of 1% every two and one-half (2-1/2) years thereafter.

SUMMARY OF PRINCIPAL TERMS OF PROPRIETARY LEASE

The proprietary lease will be for a term ending on September 30, 2080, but may be extended by vote of the shareholders. As a lessee, every shareholder of the Apartment Corporation will be obligated to pay the maintenance charges for his apartment, as fixed by the Board of Directors. He will also have the following rights and obligations:

1. He may cancel his lease and surrender his shares to the Apartment Corporation (without receiving any compensation), effective as of any September 30th following expiration of three (3) years after the Closing Date, on at least six (6) months' prior notice to the Apartment Corporation, and, if he elects to cancel, he will have no liability for payment of maintenance charges after the effective date of the cancellation.

2. He will have the right to sell his shares and assign his proprietary lease, and sublet his apartment at any time, in compliance with the provisions of the proprietary lease and Apartment Corporation's By-Laws, which require that consent thereto be authorized by resolution of the Board of Directors, or by written consent, or vote of shareholders owning at least sixty-five (65%) percent of the Apartment Corporation's outstanding shares.

3. He will have the right to pledge his shares and lease as security for repayment of a legally permitted loan made by a bank, trust company, or other recognized institution.

4. He will be responsible for the cost of interior repairs and decorating in his apartment.

5. Apartments may be used for residential purposes and for such other purposes as may be permitted under the applicable zoning laws and are otherwise legal.

6. Paragraph 46 provides that as long as holders of "Unsold Shares" hold at least twenty (20%) percent of the outstanding shares, the Lessor will not, during the first three (3) years of operation, without the consent of such holders do any of the following to an extent which may require an increase in rent or maintenance (including any assessments): (a) engage additional employees beyond those set forth in Schedule B or provide equipment or services in excess of those set forth in Schedule B, (b) modify or refinance the mortgage on the premises, (c) increase the reserve contingencies set forth in Schedule B, (d) make, or levy any assessment for capital improvements or replacements except for such items as may be or would be required by law and for the purpose of maintaining services at whatever level existed prior

to the happening or event which necessitated repair or replacement and (e) make, or levy any assessments for capital improvements or replacements except as may be required to cure any violations placed upon the premises by an appropriate State and/or Municipal Department.

The form of proprietary lease is printed in full in Part II as Exhibit V. It may be changed only by the approval of lessees owning at least seventy-five (75%) percent of the Apartment Corporation's outstanding shares.

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APARTMENT CORPORATION

The Apartment Corporation was formed on May 20, 1980 under the Business Corporation Law of the State of New York. It has an authorized capital of 15,000 shares of the par value of \$1.00 each. The By-Laws require not less than three (3), nor more than seven (7) Directors. The present officers and directors have been designated by Sponsor and will resign in favor of directors to be elected by the shareholders at a meeting to be held within thirty (30) days after Closing Date. The present directors of the corporation are Robert J. Ettinger, Lawrence E. Goldschmidt and Kathryn R. Farese. Each shareholder will be entitled to one (1) vote for each share held. The holders of Unsold Shares, who may or may not be partners of the Sponsor, may vote their shares as they determine, provided, however, that they will not vote their shares so as by such votes to elect a majority of the Board at any shareholders' meeting held more than two (2) years from the date of Closing. Directors will be elected by cumulative voting.

The Apartment Corporation will have a lien on each shareholder's shares to secure payment of maintenance charges.

All expenses of the Apartment Corporation accruing up to and including the Closing Date, including any Selling Agent's commission, will be paid by Sponsor.

UNSOLD SHARES

Sponsor has agreed that on the Closing Date, the Sponsor or an individual person or persons supplied by Sponsor, will purchase, and will enter into proprietary leases for, each apartment which has not been purchased on the Closing Date. (such purchaser is hereinafter referred to, for the purposes hereof, as "Holder of Unsold Shares"). Therefore, despite the reference to "Unsold Shares", all shares of the Apartment Corporation will have been sold and duly issued. Any shares purchased by Sponsor will be transferred to an individual person or persons within three (3) years after the Closing Date. The prices to be paid for Unsold Shares shall be subject to the provisions of the section relating to changes in prices beginning at Page 15.

The Sponsor has agreed that, if a Holder of Unsold Shares fails to fulfill his obligations under his proprietary lease, including the payment of all maintenance charges thereunder, then and in that event, the Sponsor will be liable for such obligations, and the Apartment Corporation will have a lien upon the shares to secure the payment of all obligations of the Holder of Unsold Shares. No bond or other security has been furnished by the Sponsor, and the Sponsor's ability to perform will depend solely upon his financial condition, if and when called upon to perform. Any unsold shares and leases acquired by a holder of Unsold Shares may be sold or assigned by him to a person(s) who is economically responsible at such prices as he may determine or his apartment may be sublet by him, and the right to make such assignment or subletting shall not require the consent of the Apartment Corporation or any other party. In connection with the sale by Sponsor or his designee of Unsold Shares which are being financed by a lender, the Apartment Corporation will, on request, promptly execute and deliver to a bank or other lender the standard recognition agreement then being used by banks or other lenders. Such financing may be in such amount and upon such terms as the seller of the Unsold Shares shall determine. A holder of Unsold Shares may elect to become the occupant of the apartment covered by his proprietary lease, and, from the time that he becomes the occupant thereof, the Sponsor shall no longer be responsible for the performance of his proprietary lease.

RESERVE FUND

On the Closing Date, from the amount of cash raised by this offering, the Apartment Corporation will retain the sum of \$25,000, subject to closing adjustments. In the event net closing adjustments are in favor of the Sponsor in an amount exceeding \$15,000, the additional amount of such net closing adjustments will be paid to Sponsor in twelve (12) equal consecutive monthly installments commencing one (1) month after the Closing Date, with eight and one-half (8-1/2%) percent interest, pursuant to negotiable serial promissory notes to be executed by the Apartment Corporation and delivered to Sponsor at the Closing. This reserve fund may be held for working capital (plus or minus closing adjustments), and for repairs and other appropriate corporate purposes as determined by the Board of Directors.

No representation is made that the reserve fund will be adequate to cover current or future expenses, including repairs or replacements, and if additional funds are required over and above the reserve fund, it may be necessary to increase maintenance charges.

THE PROPERTY IS OFFERED IN ITS CURRENT CONDITION AS SET FORTH IN THIS OFFERING PLAN. NO GOVERNMENT AGENCY HAS PASSED UPON THE ADEQUACY OF THE RESERVE FUND OR THE PHYSICAL CONDITION OF THE BUILDING.

THE RESERVE FUND MAY BE REDUCED TO \$15,000 BY NET CLOSING ADJUSTMENTS IN SPONSOR'S FAVOR.

CONTRACT OF EXCHANGE

By agreement dated _____, the Sponsor has contracted to convey the property to the Apartment Corporation in exchange for the Unsold Shares and an amount equal to the net proceeds realized from those shares then sold (after deducting the \$25,000 reserve fund to be retained by the Apartment Corporation), subject only to the following exceptions:

(a) The mortgages hereinabove referred to under heading "Terms of the Mortgages Which Will Affect The Property at The Closing Date."

(b) Leases in force on the Closing Date, statutory tenancies and rights of tenants in possession.

(c) State of facts shown on survey made by Chas J. Daring dated April 2, 1952 and inspected by Richard L. Pitz dated December 20, 1978 which shows two six-story brick buildings connected by underground garage. No variations as to structure or encroachments. Variations only between chain link fences and record lines, and any other or changed facts which an accurate survey may show, provided such other or changed facts do not render title unmarketable.

(d) Zoning regulations and ordinances, provided same do not prohibit the existence or present use of the structure.

(e) Any rights of gas, electricity, steam, telephone and other utility companies to maintain, repair and replace any wires, conduits, pipes, valves, chutes and vaults on, over, under and adjacent to the property.

(f) Encroachment of stoops, areas, celler steps, trim, cornices and projections, if any, on any street or highway; and consents by any owner of the property for the erection of any structure on, under or above any street or streets on which the property may abut.

(g) Union contracts and management and service agreements referred to on Pages 24 and 25.

(h) Covenants, agreements, easements and restrictions of record which do not prevent the present use of the Property.

(i) The revocable nature of the right, if any, to use vaults, areas, chutes and other space beyond the lot lines and under and abutting the public sidewalks.

The Property will be conveyed by Bargain and Sale Deed with Covenant against Grantor's Acts.

With regard to violations, the Sponsor will convey title to the premises free of all violations of record existing on the Closing Date, or will deliver its written undertaking to remove any such violations as soon after the closing as practicable, including the depositing in escrow of a reasonable sum to secure the reasonable expeditious removal of such violations. Sponsor will commence work to cure violations with due diligence and complete any work necessary to cure same within six (6) months from the date of closing. If the curing of violations is delayed by unfavorable weather conditions or acts of god, the six-month period may be extended for one or more further ninety (90) day periods to allow for such interruptions. The amount of such sum to be deposited in escrow will be determined by the Managing Agent. Further, if the cost to the Sponsor for the removal of violations existing after the effective date of this Offering Plan and prior to the date of closing exceeds \$5,000, Sponsor shall have the right, at its option, to cancel the contract and declare this Plan and offer withdrawn.

The Apartment Corporation's title will be insured by any duly licensed title company and paid for by Sponsor.

The exchange includes all of Sponsor's fixtures and articles of personal property attached to or used in connection with the operation of the property. All kitchen appliances owned by the Sponsor will become the property of the Apartment Corporation on the Closing Date and may be used by tenant-shareholders without charge. If a non-purchasing tenant vacates his apartment prior to closing and removes a kitchen stove or refrigerator belonging to him, the Sponsor, at his own expense, will supply a replacement which may not be new but will be in good working order and will be similar in size and quality to the appliances contained in the building on the presentation of this Plan.

The agreement provides that the following items will be apportioned between the Sponsor and the Apartment Corporation as of the date preceding the closing of title: (a) real estate taxes, (b) water and sewer charges, (c) fuel, (d) prepaid insurance premiums, (e) payments under service contracts and union contracts, (f) mortgage interest, (g) wages and payroll expenses including vacation accruals in accordance with the standard union contract, (h) commercial and professional rents, if any, (i) fees for assignable permits and licenses, (j) individual apartment rents, (k) accrued rights to real estate tax deduction for abatement by reason of senior citizen exemption, (l) escrow deposits, if any, with first mortgagee, (m) Realty Advisory Board fees, (n) additional rent payable by tenants for tax escalation and similar items, (o) Rent Stabilization Associates dues.

The security deposit, if any, of a tenant who purchases will be refunded to him after the closing of title if he is not in default under his lease or tenancy. The security deposit of a non-purchasing tenant who is not in default under his lease or tenancy will be transferred after the closing of title to the

purchaser of the shares allocated to the apartment and held in accordance with Section 7-103 of the General Obligations Law. Security held under professional leases will be transferred to the Apartment Corporation on the Closing Date, if there be any.

In the event that any tenants in occupancy are receiving the benefit of reduced rent as Senior Citizens (thus entitling the owner to an appropriate reduction in real estate taxes) and any such tenant fails to purchase his apartment, the Apartment Corporation will enter into an agreement to cooperate with the holder of the shares and proprietary lease to such apartment so that taxes so long as the Senior Citizen continues in occupancy; and in this regard the Apartment Corporation will agree to execute the necessary appropriate documents to obtain such tax savings and pass the benefit thereof to the owner of the apartment.

Conflicts between the Contract of Exchange and the Offering Plan shall be resolved in favor of the Plan.

SPONSOR'S PROFIT

The Sponsor expects to make a profit from the sale of the Property to the Apartment Corporation. However, the exact profit to be realized by the Sponsor upon the sale of the premises to the Corporation is not currently ascertainable as the same may increase or decrease depending in large measure upon such variable factors as: future market conditions and the market prices obtainable for said units; losses sustained or which may be sustained in the future by reason of Sponsor's obligation for payment of assessments or maintenance for unsold units in accordance with the terms of the proprietary lease; Unsold Share obligations of the holder of Unsold Shares; the expenses incurred in connection with the original acquisition of the Property and the continued maintenance and operation of the Property from the date of acquisition; the costs in connection with the presentation of this Plan; the closing of title on the original purchase and the transfer of title to the Apartment Corporation and the sale of the units.

MANAGEMENT AGREEMENT

On the closing date, the Apartment Corporation will enter into an agreement with Alexander Wolf & Company to act as managing agent of the property for a period of three (3) years after the closing, which agreement will continue thereafter until terminated at the option of either party at the end of any calendar month on at least sixty (60) days prior written notice. Such Managing Agent, Alexander Wolf & Company will receive compensation of \$15,000 annually.

The fees of the Managing Agent will be payable monthly out of the monthly maintenance charges collected. The agreement will not be assignable by the Managing Agent without the consent of the Apartment Corporation and will not be cancellable by the Apartment Corporation, or Managing Agent, before the end of its initial term, unless the Apartment Corporation shall be in default under the Agreement, or shall fail, or refuse to comply with, or abide by, any rule, order, determination, ordinance, or law of any federal, state or municipal authority, in which event, the Contract may be cancelled by the Managing Agent, upon two (2) days' prior written notice.

The services to be rendered by the Managing Agent will include billing and collection of carrying charges, hiring and discharging of employees, supervision of routine building maintenance and repairs, purchase of supplies for the building (which will be paid for by the Apartment Corporation), and attendance at directors' and shareholders' meetings, at no extra charge. The Managing Agent will make no repair expenditures in excess of Five Hundred (\$500.00) Dollars, without the authorization of the Board of Directors of the Apartment Corporation, except in the case of emergencies.

The Apartment Corporation, at its own expense, will retain a certified public accountant to maintain the corporate books and records, and to prepare annual financial reports and tax statements for the Apartment Corporation, said statements to be furnished to shareholders by the Apartment Corporation.

OTHER CONTRACTUAL AGREEMENTS

The Apartment Corporation will take title to the premises subject to the foregoing Agreement, as well as the Union Agreement with Local 32E Service Employees International Union, AFL-CIO. The Apartment Corporation will assume such Contract.

In addition, the following Agreements are presently in effect (such Agreements will be assumed by the Apartment Corporation on closing):

Compactor maintenance contract with National Air Correction Corp., 2353 Nostrand Avenue, Brooklyn, New York. This contract runs for a period of one (1) year commencing May 1, 1980 and provides for payment of \$1,782.00 per year, payable in advance.

Elevator maintenance contract with Staley Elevator Co., Inc., 47-24 27th Street, Long Island City, New York 11101. This contract is a self-renewable contract and currently provides for payment of \$321.00 plus tax per month (\$4,160.16 per year).

IDENTITY OF PARTIES

The Sponsor and current owner of the premises is Ellwood Gardens Company, a New York co-partnership.

The partners of the Sponsor are Robert J. Ettinger, Lawrence E. Goldschmidt and Ratner Family Group, a New York limited partnership. Robert J. Ettinger has an office at 220 Madison Avenue, New York, New York and has been actively engaged in the ownership of real estate for many years and he presently has substantial interests in a number of residential buildings in the Greater New York area.

Lawrence E. Goldschmidt is a practicing attorney in New York City and a member of the firm of Goldschmidt, Fredericks & Oshatz and Ratner Family Group is a New York limited partnership whose managing general partner is Helen Ratner Zuvich. Helen Ratner Zuvich has an office at 37 Nagle Avenue, New York, New York and has managed several properties for approximately twenty-five (25) years.

Solomon J. Freedman of Pulier & Freedman, 122 East 42nd Street, New York, New York represents the Apartment Corporation in this matter.

E.S. Barrekette, Ph.D., P.E., is a licensed professional engineer and he has been retained by the Sponsor to prepare the report of building condition.

EXHIBIT I

APPLICABLE RENT LAWS - RENT-STABILIZED TENANTS

Section 61 as amended of the Code of the Real Estate Industry Stabilization Association, Inc. adopted pursuant to the Rent Stabilization Law of 1969 as amended.

Section 61. Converting to a Cooperative or Condominium Form of Ownership -

An owner of a structure containing dwelling units subject to this Code may refuse to renew leases for such dwelling units when

1. The Attorney General of the State of New York has accepted for filing an offering Plan to convert the building to cooperative or condominium ownership, and

2. The owner has presented the offering Plan to the tenants in occupancy, and

3. The owner has filed a copy of the accepted offering Plan with the Housing and Development Administration, and

4. The Plan provides

(a) The Plan will not be declared effective by the Owner (Sponsor) unless and until thirty-five (35%) percent of the tenants then in occupancy have agreed to purchase their dwelling units or the stock entitling them to proprietary leases for their dwelling units with no discriminatory re-purchase agreement or other discriminatory inducement.

In establishing a base for computing the required thirty-five (35%) percent, all residential apartments in the building shall be included, except those that were vacant and not under lease at the time of the presentation of the Plan, and, in computing the thirty-five (35%) percent requirement the following shall apply:

(i) All purchases by occupants who were in possession at the time of the presentation of the Plan shall be included;

(ii) All purchases of apartments that became vacant after the Plan was presented will be included;

(iii) A purchasing tenant residing in the Building who agrees to purchase the shares allocated to another apartment in the Building, vacant at the time the Plan is declared effective, will be included;

(iv) A purchase by a tenant residing in the Building who agrees to purchase the shares allocated to an apartment occupied by another tenant will be included if that other tenant has agreed to purchase the first tenant's apartment or a vacant apartment;

(v) Purchases by the tenant of record of a sub-leased apartment will be included; sub-tenants will have no right to purchase unless approved by the tenant of record and only then would purchases by sub-tenants be included; purchases of apartments leased to a Corporation or Partnership will be included if purchased by an individual approved by said Corporation or Partnership.

(b) A tenant in occupancy at the time of the offering shall have the exclusive right to purchase his apartment or the shares allocated thereto for ninety (90) days after the offering, during which time his apartment shall not be shown to a third party unless he has, in writing, waived his right to purchase.

(c) Subsequent to the expiration of the ninety (90) day exclusive right to purchase set forth in (b) above, a tenant in occupancy of a dwelling unit who has not purchased will be given the exclusive right for an additional period of six months from said expiration date to purchase said dwelling unit or shares allocated thereto on the same terms and conditions as contained in an executed contract to purchase made between the sponsor and a bona fide purchaser. The tenant must be give fifteen (15) days in which to exercise such right to purchase from the date of mailing by registered mail, of notification of the execution of a contract of sale, which notification shall contain a copy of said executed contract.

(d) For a period of one (1) year after presentation of the Plan or until such time as the Plan is declared effective or until such time as tenant's lease has expired whichever date is the latest, a tenant in occupancy shall be entitled to remain in possession without any increase in his rent, except as specified in his existing lease. Thereafter, if he has not purchased he may be removed by the owner of the building, or the owner of the stock and lease allocated to his apartment.

(e) If the tenant's lease expires after the period during which he otherwise has the right to remain in possession, as hereinabove provided, he shall not be required to vacate his apartment until the expiration of his lease, unless such lease is terminated in accordance with this Code.

(f) If the Plan has not been declared effective within eighteen (18) months from the date of presentation of the Plan to the tenants, it will be declared abandoned, and, if the Plan is abandoned or is not declared effective within such eighteen (18)

month period, the tenants then in possession shall have the right to demand leases on the terms and conditions heretofore set forth in the law and regulations.

5. This Section 61 shall only apply to tenants in occupancy and lessees of record of vacant or subleased apartments at the time of the offering; it shall not be applicable or available to subtenants, or tenants leasing an apartment that was vacant at the time of presentation of the Plan.

6. Any dwelling unit which becomes vacant after the offering and prior to the transfer of the property to the cooperative corporation or the condominium owner, or a declaration of abandonment of the offering Plan, shall not be rented except at a rental which would have been authorized had the vacating tenant remained in possession.

7. Notwithstanding anything contained herein to the contrary, any renewal or vacancy lease executed after notice to the HDA that a proposed cooperative or condominium Plan has been submitted to the Attorney General may contain a provision that the lease may be cancelled after ninety (90) days' notice to the tenant that the Plan has been declared effective. In any lease containing such a provision, upon submission of the Plan of cooperative or condominium ownership to the tenant after acceptance for filing by the Attorney General, no increase in rent may be collected thereafter pursuant to said lease. If the Plan is abandoned then rent will be at the rate set forth in said lease from the date of abandonment.

8. When the thirty-five (35%) percent requirement, provided in 4(a) above, has been met the owner will promptly notify all occupants and shall file a copy of the notice with HDA along with an affidavit indicating the total number of apartments involved in computing the thirty-five (35%) percent and the names and apartments of the purchasing tenants.

9. (a) If after an offering Plan is presented to the tenants it is substantially amended prior to the transfer of title to the Cooperative Corporation, the time periods set forth in this Section 61 shall be extended, if applicable, from the date such amended offering plan is presented to the tenants, as follows:

(i) If such date of presentation occurs during the ninety-day period provided under subsection 4(b), such period shall terminate not less than thirty (30) days thereafter;

(ii) If such date of presentation occurs at any time after such ninety-day period under subsection 4(b) has expired, then for thirty (30) days after such date a tenant in occupancy shall have the exclusive right to purchase on such amended terms, during which time his

apartment shall not be shown to a third party unless he has, in writing, waived his right to purchase; followed by a period of thirty (30) days or, if such date occurs during the six-month period, whichever is later, during which time the tenant shall have the rights provided under subsection 4(c);

(iii) The one-year period provided under subsection 4(d) shall in no event terminate less than six (6) months after such date of presentation.

(b) "Substantial amendment" shall include but not be limited to: an increase or decrease in the mortgage amount or cash purchase price, an increase in the working capital or reserve fund, agreement by the Sponsor to make additional repairs or improvements, or to repurchase apartments, or the offer of new or better terms for financing the purchase price of an apartment.

(c) Nothing contained in this subsection 9 shall shorten any of the time periods in subsections 4(b), 4(c) or 4(d) but shall only extend the same, if applicable; nor shall anything contained in this subsection 9 extend the eighteen (18) month period provided in 4(f).

(d) This subsection 9 shall be effective only as to amendments accepted for filing by the Attorney General after January 31, 1972.

EXHIBIT II

Section 352-eeee of General Business Law

Section 352-eeee. Conversions to cooperative or condominium ownership in the City of New York.

1. As used in this Section, the following words and terms shall have the following meanings:

(a) "Plan". Every plan submitted to the department of law for the conversion of a building or group of buildings or development from rental status to cooperative or condominium ownership, other than a plan for such conversion pursuant to article two, eight or eleven of the private housing finance law.

(b) "Eviction plan". A plan which, pursuant to the provisions of any law or regulation governing rentals and continuing occupancy, can result in the eviction of a non-purchasing tenant by reason of the tenant failing to purchase pursuant thereto.

(c) "Non-purchasing tenant". A person who has not purchased under the plan and who is a tenant entitled to possession at the time the plan is declared effective or a person to whom a dwelling unit is rented subsequent to the effective date. A person who sublets a dwelling unit from a purchaser under the plan shall not be deemed a non-purchasing tenant.

(d) "Annual income". The combined income from all sources of all tenants of the dwelling unit for the income tax year immediately preceding the year in which the plan is accepted for filing by the attorney general. Income tax year shall mean the twelve (12) month period for which the tenant or tenants filed a federal personal income tax return or, if no such return is filed, the calendar year.

(e) "Eligible senior citizens". Non-purchasing tenants who are sixty-two (62) years of age or older on the date the attorney general has accepted the plan for filing and the spouses of any such tenants on such date, who have resided in the building or group of buildings or development as their primary residence for at least two (2) years prior to the date the attorney general has accepted the plan for filing, who have an annual income of less than fifty thousand (\$50,000) dollars and who have elected, within sixty (60) days of the date the attorney general has accepted the plan for filing, on forms promulgated by the attorney general and presented to such tenants by the offeror, to become non-purchasing tenants under the provisions of this section; provided that such election shall not preclude any such tenant from subsequently becoming a purchaser.

(f) "Eligible handicapped persons". Non-purchasing tenants who have an impairment which results from anatomical, physiological or psychological abnormalities, other than addiction to alcohol, gambling, or any controlled substance, which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques, and which are expected to be permanent and which prevent the tenant from engaging in any employment or other gainful activity on the date the attorney general has accepted the plan for filing, and the spouses of any such tenants, on such date, who have resided in the building or group of buildings or development as their primary residence for at least two years prior to the date the attorney general has accepted the plan for filing and who have elected, within sixty days of the date the attorney general and presented to such tenants by the offeror, to become non-purchasing tenants under the provisions of this section; provided that such election shall not preclude any such tenant from subsequently becoming a purchaser.

2. The attorney general shall refuse to issue a letter stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this article has been filed whenever it appears that the offering statement or prospectus offers for sale residential cooperative apartments or condominium units pursuant to an eviction plan, unless:

(a) The plan provides that no eviction proceedings will be commenced at any time against either eligible senior citizens or eligible handicapped persons and that the rentals of eligible senior citizens and eligible handicapped persons who reside in dwelling units not subject to government regulation as to rentals and continued occupancy and eligible senior citizens and eligible handicapped persons who reside in dwelling units with respect to which government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the plan has become effective shall not be subject to unconscionable increase beyond ordinary rentals for comparable apartments during the period of their occupancy; provided that such proceedings may be commenced for non-payment of rent, illegal use of occupancy of the premises, refusal of access to the owner or a similar breach by the eligible senior citizen or the eligible handicapped person of his obligations to the landlord.

(b) The plan provides that eligible senior citizens and eligible handicapped persons who reside in dwelling units subject to government regulation as to rentals and continued occupancy shall continue to be subject thereto.

(c) The plan provides that the rights granted under the plan to eligible senior citizens and eligible handicapped persons may not be abrogated or reduced regardless of any expiration of or amendment to this section.

(d) The plan provides that the offeror shall, within ten days of the conclusion of each ninety day period from the date of issue of the letter of the attorney general stating that the offering statement or prospectus has been filed to the date the plan becomes effective or is abandoned, as the case may be, file with the attorney general a written statement, under oath, stating the percentage of tenants in occupancy who have consented in writing to purchase under the plan.

3. The attorney general shall refuse to issue a letter stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this chapter has been filed whenever it appears that the offering statement or prospectus offers for sale residential cooperative apartments or condominium units pursuant to a plan unless:

(a) The attorney general finds that an excessive number of long-term vacancies did not exist on the date that the offering statement or prospectus was first submitted to the department of law. "Long-term vacancies" shall mean dwelling units not leased or occupied by bona fide tenants for more than five (5) months prior to the date of such submission. "Excessive" shall mean a vacancy rate in excess of ten (10%) percent provided that such vacancy rate is double the normal average vacancy rate for the building or group of buildings or development for two (2) years prior to the January preceding the date of such submission.

(b) The attorney general finds that each tenant in the building or group of buildings or development was provided following the submission of the proposed offering statement or prospectus to the department of law with a written notice stating that such proposed offering statement or prospectus has been submitted to the department of law. Such notice shall be accompanied by a copy of the proposed offering statement or prospectus or shall include a detailed summary thereof and a statement that the proposed offering statement or prospectus is available, and the statements submitted pursuant to paragraph (d) of subdivision two of this section will be available, for inspection and copying at the office of the department of law where the submission was made and at the office of the offeror or a selling agent of the offeror. Such notice shall be sent on the date the plan is first submitted to the department of law to each tenant then in occupancy. The attorney general shall not issue a letter stating that the offering has been filed for at least fifteen (15) days thereafter.

4. Any offeror who disputes the election by a person to be an eligible senior citizen or an eligible handicapped person must apply to the attorney general within thirty days of the receipt of the election forms for a determination by the attorney general of such person's eligibility. The attorney general shall, within thirty days thereafter and upon reasonable notice to the offeror and the person making the election and an opportunity to be heard, issue his determination of eligibility. The foregoing shall be the sole method for determining a dispute as to whether

a person is an eligible senior citizen or an eligible handicapped person. The determination of the attorney general shall be reviewable only through a proceeding under article seventy-eight of the civil practice law and rules, which must be commenced within thirty days after such determination becomes final.

5. All dwelling units occupied by non-purchasing tenants shall be managed by the same managing agent who manages all other dwelling units in the building or group of buildings or development. Such managing agent shall provide to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. The offeror shall guarantee the obligation of the managing agent to provide all such services and facilities until such time as the offeror surrenders control of the board of directors or board of managers.

6. Any tenant who has vacated his dwelling unit or is about to vacate his dwelling unit because any person is engaged in any course of conduct (including, but not limited to, interruption or discontinuance of essential services) which substantially interferes with or disturbs the comfort, repose, peace or quiet of such tenant in his use or occupancy of his dwelling unit or the facilities related thereto may apply to the attorney general for a determination that such conduct does exist or has taken place and in such case the attorney general may apply to a court of competent jurisdiction for an order restraining such conduct and, if he deems it appropriate, an order restraining the owner from selling the shares allocated to the dwelling unit or the dwelling unit itself.

7. Nothing herein shall be construed to limit the jurisdiction of any local governing body to adopt local laws or of any agency, officer or public body to prescribe rules and regulations with respect to the continued occupancy by tenants of dwelling units which are subject to regulation as to rentals and continued occupancy pursuant to laws provided that (i) any such local laws, rules or regulations shall provide that the minimum number of purchasers who must agree to purchase before an eviction plan may be declared effective shall be computed on the basis of tenants in occupancy on the date the plan is accepted for filing by the attorney general, (ii) eligible senior citizens and eligible handicapped persons residing in dwelling units subject to the rent stabilization law of nineteen hundred sixty-nine shall not be included in the case for computing the minimum number of purchasers required before the plan may be declared effective and (iii) one-half of the eligible senior citizens and one-half of the eligible handicapped persons residing in housing accommodations subject to the city rent and rehabilitation law shall not be included in the base for computing the minimum number of purchasers required before the plan may be declared effective.

8. Any provision of a lease or other rental agreement which purports to waive a tenant's rights under this section or rules and regulations promulgated pursuant hereto shall be void as contrary to public policy.

9. The provision of this section shall only be applicable in the City of New York.

Section 3. If any provision of this act or the application of such provision to any person or circumstance shall be held invalid, the validity of the remainder of this act, and the applicability of such provision to other persons or circumstances shall not be affected thereby.

Section 4. This act shall take effect immediately and shall be applicable to every conversion plan on file with the state department of law pending on such date but not yet declared effective and every conversion plan filed thereafter; provided that the provisions of sections one, two and three of this act shall remain in full force and effect until July first, nineteen hundred eighty-one.

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EXHIBIT III

SENIOR CITIZEN ELECTION
NOT TO PURCHASE
(General Business Law §352-eeee)

I, _____, the tenant of
Apartment No. _____ in premises _____,
Borough of _____, New York City, elect not to
purchase this apartment pursuant to the conversion plan for the
building.

I certify that I am a senior citizen eligible to remain as a
non-purchasing tenant of said apartment as follows:

1. I am the tenant entitled to possession of the apartment.
2. I have resided in the building or group of buildings or
development in which the apartment is located as my primary
residence for at least two years prior to the date the Attorney
General accepted the plan of conversion for filing.
3. The combined annual-income of all Tenants of said apartment
for the income tax year or calendar year immediately preceding
the filing of the offering plan for said premises was less than
\$50,000. The term "Annual Income" shall include all income of
all tenants of the unit, from whatever source derived.
4. I, or my spouse, was sixty-two (62) years of age or older on
the date the Attorney General accepted the plan for filing.

I understand that this election form must be signed and
delivered by me to the office of the sponsor of the conversion
plan within sixty (60) days after the plan was accepted for
filing by the Attorney General.

I understand that this election does not preclude me from
subsequently becoming a purchaser of the apartment, pursuant to
Section 352-eeee of the General Business Law.

Dated: New York, _____ 19____

TENANT

Received and signed by sponsor/agent this _____ day of
_____, 19____, and a signed copy given to the tenant.

FOR SPONSOR

Copy received such date.

TENANT

NOTE: A copy of this form, as completed and signed by the tenant
and the sponsor/agent must be given to the tenant.

EXHIBIT III

HANDICAPPED PERSON ELECTION
NOT TO PURCHASE
(General Business Law §352-eeee)

I, _____, the tenant of
Apartment No. _____ in premises _____,
Borough of _____, New York City, elect not to
purchase this apartment pursuant to the conversion plan for the
building.

I certify that I am a handicapped person eligible to remain
as a non-purchasing tenant of said apartment as follows:

1. I am the tenant entitled to possession of the apartment.
2. I have resided in the building or group of buildings or
development in which the apartment is located as my primary
residence for at least two years prior to the date the Attorney
General accepted the plan of conversion for filing.
3. I have an impairment which results from anatomical, physio-
logical or psychological abnormalities (other than an addiction
to alcohol, gambling, or any controlled substance) which (1) is
demonstrable by medically acceptable clinical and laboratory
diagnostic techniques, (2) is expected to be permanent and
(3) prevented me from engaging in any employment or other gainful
activity on the date the Attorney General has accepted the plan
for filing.

I understand that this election form must be signed and
delivered by me to the office of the sponsor of the conversion
plan within sixty (60) days after the plan was accepted for
filing by the Attorney General.

I understand that this election does not preclude me from
subsequently becoming a purchaser of the apartment, pursuant to
Section 352-eeee of the General Business Law.

Dated: New York, _____ 19__

TENANT

Received and signed by sponsor/agent this _____ day of
_____ 19__, and a signed copy given to the tenant.

FOR SPONSOR

Copy received such date.

TENANT

NOTE: A copy of this form, as completed and signed by the tenant
and the sponsor/agent must be given to the tenant.

EXHIBIT IV
BY-LAWS
OF
NAGLE APARTMENTS CORP.

ARTICLE I

Purpose of Business

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 in the building owned by the Corporation.

ARTICLE II

Meetings of Shareholders

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 come before such meeting, shall be held in the Borough of Manhattan, City of New York, at such time and place during the month of June of 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 entitled to vote at such meeting not less than ten (10) nor more than forty (40) days before the meeting. If mailed, it shall be directed to each 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.

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 so to do by shareholders owning at least twenty-five (25%) 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 (10) nor more than forty (40) days before such meeting. No business other than that stated in such notice shall be transacted at such special meeting unless the holders of all the outstanding shares of the Corporation be present thereat in person or by proxy.

Section 3. Waiver of Notices: The notice provided for in the two (2) foregoing sections is not indispensable but any shareholders' meeting whatever 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 objects 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 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 5. Voting: 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 service of notice of such meeting or at such prior date, not more than forty (40) 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.

In all elections of directors of the Corporation, each shareholder shall be entitled to as many votes as shall equal the number of votes which (except for these provisions) he would be entitled to cast for the election of directors with respect to his shares, multiplied by the number of directors to be elected,

and 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 (2) or more of them, as he may see fit.

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 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:

1. Call to order.
2. Presentation of proofs of due calling of the meeting.
3. Roll call and presentation and examination of proxies.
4. Reading of minutes of previous meeting or meetings, 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.

ARTICLE III

Directors

Section 1. Number: The number of the Directors of the Corporation shall be not less than three (3) nor more than seven (7), 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 seven (7). 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.

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. It shall not be necessary for a director of this Corporation to be a shareholder.

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 without 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 (2) days prior to such meeting at the last address furnished by him to the Corporation. Regular meetings may be held without notice at such time 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 holder 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 6. 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.

Any director may be removed from office without cause by the shareholders of the Corporation at a meeting duly called for that purpose.

Section 7. Annual Cash Requirements: The Board of Directors shall, except as may be otherwise restricted by the Proprietary Lease of the Corporation, from time to time, determine the cash requirements as defined in the Corporation's proprietary leases, and fix the terms and manner of payment 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 house of the Corporation and to determine the cash requirements of the Corporation to be paid as aforesaid 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.

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 building 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 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 (3) 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 and 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 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 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.

ARTICLE IV

Officers

Section 1. Election and Removal: The officers of the Corporation shall be a president, one (1) 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 (1) or more assistant secretaries and one (1) 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 (2) 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.

Section 2. Duties of President and Vice-Presidents: The president shall preside at all meetings of the stockholders and of 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 the duties incidental to the office. In the absence from the City of New York or inability of the president to act, any vice-president shall have the powers and perform the duties of the president.

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. Within three (3) months after the close 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 deduction 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.

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. A copy of said annual report shall be submitted to the Department of Law of the State of New York.

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.

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 of 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, alphabetically 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 owners thereof, and the amount paid thereon, and the denomination and the amount of all share issuance 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.

ARTICLE V

Proprietary Leases

Section 1. Form of Lease: The Board of Directors shall adopt a form of proprietary lease to be used by the Corporation for the leasing of all apartments and other space in the apartment building of the Corporation to be leased to shareholder-tenants under proprietary leases. Such proprietary leases shall be for such terms, with or without provisions for renewals, and shall contain such restrictions, limitations and provisions in respect to the assignment thereof, the subletting of the premises demised thereby and the sale and/or transfer of the shares of the Corporation appurtenant thereto, and such other terms, provisions, conditions and covenants as the Board of Directors may determine.

After a proprietary lease in the form so adopted by the Board of Directors shall have been executed and delivered by the Corporation, all proprietary leases (as distinct from the house rules) subsequently executed and delivered shall be in the same

form, except with respect to the statement as to the number of shares owned by the lessee, the use of the premises and the date of the commencement of the term, unless any change or alteration is approved by lessees in accordance with the voting set forth in Section 5 of Meetings of Shareholders above.

Section 2. Assignment: Proprietary leases shall be assigned or transferred only in compliance with, and shall never be assigned or transferred in violation of, the terms, conditions or provisions of such proprietary leases. A duplicate original of each proprietary lease shall always be kept on file in the principal office of the Corporation or with the managing agent of the apartment building.

Section 3. Allocation of Shares: The Board of Directors shall allocate to each apartment or other space in the apartment building of the corporation 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 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. 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 thirty (30) days after receipt of said written application.

Where the Assignor is a holder of "Unsold Shares," consent to an assignment or transfer of his lease and the shares appurtenant thereto or a subletting or occupancy of the demised premises will not be required. The provisions of the preceding sentence may not be changed or discontinued without the written consent of the holders of Unsold Shares.

No person to whom the interest of a lessee or shareholder shall pass by law shall be entitled to assign any lease, transfer any share, or to sublet or occupy any apartment, except upon compliance with the requirements of the lease and these By-Laws, unless the proposed assignor or sublessor is a holder of "Unsold Shares," in which case the preceding paragraph shall apply.

Section 5. Fees on Assignment: The Board of Directors shall have authority before an assignment or sublet of a proprietary lease or reallocation of shares takes effect as against

the Corporation as lessor, to fix a reasonable fee to cover actual expenses and attorneys' fees of the Corporation, a service fee of the Corporation and such other conditions as it may determine, in connection with each such proposed assignment.

Section 6. Lost Proprietary Leases: In the event that any proprietary lease in full force and effect is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new proprietary lease in lieu thereof, in the same form and with the same terms, provisions, conditions and limitations. The Board may, in its discretion, before the issuance of any such new proprietary lease, require the owner thereof, or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutilation as it deems necessary, and to give the Corporation a bond in such reasonable sum as it directs, to indemnify the Corporation.

Section 7. Regrouping of Space: The Board of Directors, upon the written request of the owner or owners of one or more proprietary leases covering one or more apartments in the apartment building and of the shares 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 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 building not covered by a 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.

In respect of apartments for which the proprietary lease and shares issued to accompany the same are owned by the Sponsor named in the Plan of Cooperative Organization or the Sponsor's Nominee or the Sponsor's Assignee (who while entitled to occupy any such apartments for his personal use does not do so), such Sponsor, Nominee, or Assignee may, upon the written consent of only the Managing Agent of the Building, change the

number of such apartments by increasing or decreasing their size, or change the size, layout or location of any such apartment; but such Sponsor, Nominee, or Assignee shall not have the right to reallocate the shares allocated to any of the apartments offered for sale under said Plan, unless such reallocation is designed to reflect a change in the value of the equity in the property attributable to the apartment or apartments to which the block of shares is being reallocated.

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.

ARTICLE VI

Capital Shares

Section 1. No shares hereafter issued or acquired by the Corporation shall be issued or reissued except in connection with the execution by the purchaser and delivery by the Corporation of a proprietary lease of an apartment in the building owned by the Corporation. The ownership of shares shall entitle the holder thereof to occupy the apartment for the purposes specified in the proprietary lease to which the shares are appurtenant, subject to the provisions, covenants and agreement contained in such proprietary lease.

Section 2. Form and Share Register: 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 certificate shall be retained in the Corporate records.

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 or other space described in such proprietary lease and shall be represented by a single certificate.

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

Section 7. Lost Certificates: In the event that any share certificate is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new certificate of the same tenor and for the same number of shares in lieu thereof. The Board may, in its discretion, before the issuance of such new certificate, require the owner of the lost, stolen, destroyed or mutilated certificate, or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutilation as it deems necessary, and to give the Corporation a bond in such reasonable sum as it directs, to indemnify the Corporation.

Section 8. Legend on Share Certificates: Certificates representing shares of the Corporation shall bear a legend reading as follows:

"The rights of any holder hereof are subject to the provisions of the By-Laws of Nagle Apartments Corp. and to all the terms, covenants, conditions and provisions of a certain proprietary lease made between the person in whose name this certificate is issued, as Lessee, and Nagle Apartments Corp., as Lessor, for an apartment in the premises known as 31-37 Nagle Avenue and 14 Borgardus Place, New York, New York, which lease limits and restricts the title and rights of any transferee hereof. The shares represented by this certificate are transferable only as an entirety and only to an approved assignee of such proprietary lease. Copies of the proprietary lease and the By-Laws are on file and available for inspection at the office of the managing agent.

The directors of this Corporation may refuse to consent to the transfer of the shares represented by this certificate until any indebtedness of the shareholder to the Corporation is paid. The Corporation, by the terms of said By-Laws and proprietary lease, has a first lien on the shares represented by this certificate for all sums due and to become due under said proprietary lease."

ARTICLE VII

Indemnification

Section 1. To the extent allowed by law, the Corporation shall indemnify any person, made a party to an action by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he, his testator or, intestate, is or was a director or officer of the Corporation, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of such action, or in connection with an appeal therein, except in relation to matters as to which such director or officer is adjudged to have breached his duty to the Corporation, as such duty is defined in Section 717 of the Business Corporation Law. To the extent allowed by law, the Corporation shall also indemnify any person, made, or threatened to be made, a party to an action or proceeding other than one by or in the right of the Corporation to procure a judgment in its favor, whether civil or criminal, including an action 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 testator or intestate was a director or officer of the Corporation or served it 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.

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.

ARTICLE VIII

Seal

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".

ARTICLE IX

Negotiable Instruments

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.

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 3. Safe Deposit Boxes: Such officer or officers as from time to time shall be designated by the Board of Directors, shall have access to any safe of the Corporation in the vault of any safe deposit company.

Section 4. Securities: Such officer or officers as from time to time shall be designated by the Board of Directors shall have power to control and direct the disposition of any bonds or other securities or property of the Corporation deposited in the custody of any trust company, bank or other custodian.

ARTICLE X

Fiscal Year

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

ARTICLE XI

Miscellaneous

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.

ARTICLE XII

Amendments

Section 1. These By-Laws may be amended, enlarged or diminished either (a) at any shareholders' meeting by 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.

EXHIBIT V

Apartment No.:

Shares:

NAGLE APARTMENTS CORP.

Lessor,

TO

Lessee.

PROPRIETARY LEASE

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PROPRIETARY LEASE

PROPRIETARY LEASE made as of _____, 19____, by and between NAGLE APARTMENTS CORP., a New York corporation, having an office at 37 Nagle Avenue, New York, New York hereinafter called the Lessor, and

hereinafter called the Lessee.

WHEREAS, the Lessor is the (owner) of the land and the buildings erected thereon in the City of New York, County of New York and State of New York known as and by the street numbers 31-37 Nagle Avenue and 14 Borgardus Place, New York, New York, hereinafter called the building; and

WHEREAS, the Lessee is the owner of _____ shares of the Lessor, to which this lease is appurtenant and which have been allocated to Apartment _____ in the building;

Demised Premises NOW, THEREFORE, in consideration of the premises, the Lessor hereby leases to the Lessee, and Lessee hires from the Lessor, subject to the terms and conditions hereof, Apartment _____ in the building (hereinafter referred to as the apartment) for a term from _____ 19____, until September 30, 2080 (unless sooner terminated as hereinafter provided). As used herein "the apartment" means the rooms in the building as partitioned on the date of the execution of this lease designated by the above-stated apartment number, together with their appurtenances and fixtures and any closets, terraces, balconies, roof, or portion thereof outside of said partitioned rooms, which are allocated exclusively to the occupant of the apartment.

Rent (Main-tenance) How Fixed 1. (a) The rent (sometimes called maintenance) payable by the Lessee for each year, or portion of a year, during the term shall equal that proportion of the Lessor's cash requirements for such year, or portion of a year, which the number of shares of 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.

Accompany-
ing Shares
to Be Speci-
fied in Pro-
prietary
Lease

(b) In every proprietary lease heretofore executed by the Lessor there has been specified, and in every proprietary lease hereafter executed by it there will be specified, the number of shares of the Lessor issued to a lessee simultaneously therewith.

Cash Re-
quirements
Defined

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

Authority
Limited to
Board of
Directors

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

Issuance of
Additional
Shares

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

Paid-in
Surplus

(f) The Directors may from time to time as may be proper determine how much of the maintenance and other receipts, when received (but not more than such amount as represents payments on account of principal of mortgages on the property and other capital expenditures), shall be credited on the corporate accounts to "Paid-in Surplus". Unless the Directors shall determine otherwise, the amount of payments on account of principal of any mortgages shall be credited to Paid-in Surplus.

Failure to
Fix Cash
Require-
ments

(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.

Lessor's
Repairs

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

Services
by Lessor

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

Damage to
Apartment
or Building

4. (a) If the apartment or the means of access thereto or the building shall be damaged by fire or other cause covered by multiperil policies commonly carried by cooperative corporations in New York City (any other damage is 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. 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 apartments.

Rent
Abatement

(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 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.

Expiration
of Lease
Due to
Damage

(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 the giving of notice pursuant to Paragraph 31 hereof, this

Lease and all other proprietary leases and all right, title and interest of the parties thereunder and the tenancies thereby created, shall thereupon wholly cease and expire and 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.

Waiver of
Subrogation

(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.

Inspection
of Books
of Account

5. The Lessor shall keep full and correct books of account at its principal office or at such other place as the Directors may from time to time determine, and the same shall be open during all reasonable hours to inspection by the Lessee or a representative of the Lessee. The Lessor shall deliver to the Lessee within a reasonable time after the end of each fiscal year an annual report of corporate financial affairs, including a balance sheet and a statement of income and expenses, certified by an independent certified public accountant.

Changes in
Terms and
and Condi-
tions of
Proprie-
tary Leases

6. 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 of all the proprietary leases then in effect and thereafter to be executed may be changed by the approval of lessees owning at least seventy-five (75%) percent of the Lessor's shares then issued, 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.

Penthouses,
Terraces
and Bal-
conies

7. If the apartment includes a terrace, balcony, or a portion of the roof adjoining a penthouse, the Lessee shall have and enjoy the exclusive use of the terrace or balcony or that portion of the roof appurtenant to the penthouse, subject to the applicable provisions of this lease and to the use of the terrace, balcony or roof by the Lessor to the extent herein permitted. The Lessee's use thereof shall be subject to such regulations as may, from time to time, be prescribed by the Directors. The Lessor shall have the right to erect equipment on the roof, including radio and television aerials and antennas, for its use and the use of the lessees in the building and shall have the right of access thereto for such installations and for the repair thereof. The Lessee shall keep the terrace, balcony, or portion of the roof appurtenance to his apartment clean and free from snow, ice, leaves and other debris and shall maintain all screens and drain boxes in good condition. No planting, fences, structures or lattices shall be erected or installed on the terraces, balconies, or roof of the building without the prior written approval of the Lessor. No cooking shall be permitted on any terraces, balconies or the roof of the building, nor shall the walls thereof be painted by the Lessee without the prior written approval of the Lessor. Any planting or other structures erected by the Lessee or his predecessor in interest may be removed and restored by the Lessor at the expense of the Lessee for the purpose of repairs, upkeep or maintenance of the building.

Assignment
of Lessor's
Rights
Against
Occupant

8. If at the date of the commencement of this lease, any third party shall be in possession or have the right to possession of the apartment, then the Lessor hereby assigns to the Lessee all of the Lessor's rights against said third party from and after the date of the commencement of the term hereof, and the Lessee by the execution hereof assumes all of the Lessor's obligations to said third party from said date. The Lessor agrees to cooperate with the Lessee, but at the Lessee's expense, in the enforcement of the Lessee's rights against said third party.

Cancel-
lation of
Prior Agree-
ments

9. If at the date of the commencement of this lease, the Lessee has the right to possession of the apartment under any agreement or statutory tenancy, this lease shall supersede such agreement or statutory tenancy which shall be of no further effect after the date of commencement of this lease, except for claims theretofore arising thereunder.

Quiet En-
joyment

10. The Lessee, upon paying the rent and performing the covenants and complying with the conditions on the part of the Lessee to be performed as herein set forth, shall, at all times during the term hereby granted, quietly have, hold and enjoy the apartment without any let, suit, trouble or hindrance from the Lessor, subject, however, to the rights of present tenants or occupants of the apartment, and subject to any and all mortgages and underlying leases of the land and building.

Indemnity

11. The Lessee agrees to save the Lessor harmless from all liability, loss, damage and expense arising from injury to person or property occasioned by the failure of the Lessee to comply with any provision hereof, or due wholly or in part to any act, default or omission of the Lessee or of any person dwelling or visting in the apartment, or by the Lessor, its agents, servants or contractors when acting as agent for the Lessee as in this lease provided. This paragraph shall not apply to any loss or damage when Lessor is covered by insurance which provides for waiver of subrogation against the Lessee.

Payment
of Rent

12. The Lessee will pay the rent to the Lessor upon the terms and at the times herein provided, without any deduction on account of any set-off or claim which the Lessee may have against the Lessor, and if the Lessee shall fail to pay any installment of rent promptly, the Lessee shall pay interest thereon at the maximum legal rate from the date when such installment shall have become due to the date of the payment thereof, and such interest shall be deemed additional rent hereunder.

House Rules

13. The Lessor has adopted House Rules which are appended hereto, and the Directors may alter, amend or repeal such House Rules and adopt new House Rules. This lease shall be in all respects subject to such House Rules which, when a copy thereof has been furnished to the Lessee, shall be taken to be part hereof, and the Lessee hereby covenants to comply with all such House Rules and

see that they are faithfully observed by the family, guests, employees and subtenants of the Lessee. Breach of a House Rule shall be a default under this lease. The Lessor shall not be responsible to the Lessee for the nonobservance or violation of House Rules by any other lessee or person.

Use of
Premises

14. The Lessee may occupy or use the apartment or permit the same or any part thereof to be occupied or used as a private dwelling for the Lessee and Lessee's spouse, their children, grandchildren, parents, grandparents, brothers and sisters and domestic employees, and for such other purposes as may be permitted under applicable zoning laws and are otherwise legal. In no event shall more than one married couple occupy the apartment without the written consent of the Lessor. In addition to the foregoing, the apartment may be occupied from time to time by guests of the Lessee for a period of time not exceeding one month, unless a longer period is approved in writing by the Lessor, but no guests may occupy the apartment unless one or more of the permitted adult residents are then in occupancy or unless consented to in writing by the Lessor.

Subletting

15. Except as provided in Paragraph 38 of this lease, the Lessee shall not sublet the whole or any part of the apartment or renew or extend any previously authorized sublease, unless consent thereto shall have been duly authorized by a resolution of the Directors, or given in writing by a majority of the Directors or, if the Directors shall have failed or refused to give such consent, then by Lessees owning at least sixty-five (65%) percent of the then issued shares of the Lessor. Consent by Lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose. Any consent to subletting may be subject to such conditions as the Directors or Lessees, as the case may be, may impose. There shall be no limitation on the right of Directors or Lessees to grant or withhold consent, for any reason or for no reason to a subletting.

Assignment

16. (a) The Lessee shall not assign this lease or transfer the shares to which it is appurtenant or any interest therein, and no such assignment or transfer shall take effect as against the Lessor for any purpose, until

(i) An instrument of assignment in a form approved by Lessor executed and acknowledged by the assignor shall be delivered to the Lessor; and

(ii) An agreement executed and acknowledged by the assignee in a form approved by Lessor assuming and agreeing to be bound by all the covenants and conditions of this lease to be performed or complied with by the Lessee on and after the effective date of said assignment shall have been delivered to the Lessor, or, at the request of the Lessor, the assignee shall have surrendered the assigned lease and entered into a new lease in the same form for the remainder of the term, in which case the Lessee's lease shall be deemed cancelled as of the effective date of said assignment; and

(iii) All shares of the Lessor to which this lease is appurtenant shall have been transferred to the assignee, with proper transfer taxes paid and stamps affixed; and

(iv) All sums due from the Lessee shall have been paid to the Lessor, together with a sum to be fixed by the Directors to cover reasonable legal and other expenses of the Lessor and its managing agent in connection with such assignment and transfer of shares; and

(v) Except in the case of an assignment, transfer or bequest to the Lessee's spouse, of the shares and this lease, and except as provided in Paragraph 38 of this lease, consent to such assignment shall have been authorized by resolution of the Directors, or given in writing by a majority of the Directors; or, if the Directors shall have failed or refused to give such consent within thirty (30) days after submission of references to them or Lessor's agent, then by lessees owning of record at least sixty-five (65%) percent of the then issued shares of the Lessor. Consent by lessees as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose in the manner as provided in the By-Laws.

Consents:
On Death of
Lessee

(b) If the Lessee shall die, consent shall not be unreasonably withheld to an assignment of the lease and shares to a financially responsible member of the Lessee's family (other than the Lessee's spouse as to whom no consent is required).

Consents
Generally:
Stockholders'
and Directors'
Obligations
to Consent

(c) There shall be no limitation, except as above specifically provided, on the right of Director or lessees to grant or withhold consent, for any reason or for no reason, to an assignment.

Release of
Lessee Upon
Assignment

(d) If the lease shall be assigned in compliance herewith, the Lessee-assignor shall have no further liability on any of the covenants of this lease to be thereafter performed.

Further
Assignment
or Sublet-
ting

(e) Regardless of any prior consent theretofore given, neither the Lessee nor his executor, nor administrator, nor any trustee or receiver of the property of the Lessee, nor anyone to whom the interests of the Lessee shall pass by law, shall be entitled further to assign this lease, or to sublet the apartment, or any part thereof, except upon compliance with the requirements of this lease.

Statement
by Lessor

(f) If this lease is then in force and effect, Lessor will, upon request of Lessee, deliver to the assignee a written statement that this lease remains on the date thereof in force and effect; but no such statement shall be deemed an admission that there is no default under the lease.

17. (a) The execution and delivery of a leasehold mortgage and/or the creation of a security interest in this lease and the shares to which this lease is appurtenant shall not be a violation of this lease; but, except as provided in this Paragraph 17 below, neither the secured party nor the leasehold mortgagee, nor any transferee of the security shall be entitled to have the shares transferred of record on the books of the Lessor, nor to vote such shares, nor to occupy or permit the occupancy by others of the apartment, nor to sell such shares or this lease, without first complying with all of the provisions of Paragraphs 15 and 16 of this lease. The acceptance by the Lessor of payments by the secured party or leasehold mortgagee or any transferee of the security on account of rent or additional rent shall not constitute a waiver of the aforesaid provision.

Rights of a
Secured
Party

(b) The Lessor agrees that it shall give to any holder of a security interest in the shares of the Lessor specified in the recitals of this lease or mortgagee of this lease who so requests (any such holder being hereinafter referred to as a "Secured Party"), a copy of any notice of default which the Lessor gives to the Lessee pursuant to the terms of this lease, and if the Lessee shall fail to cure the default specified in such notice within the time and in the manner provided for in this lease, then the Secured Party shall have an additional period of time, equal to the time originally given to the Lessee, to cure said default for the account of the Lessee or to cause same to be cured, and the Lessor will not act upon said default unless and until the time in which the Secured Party may cure said default or cause same to be cured as aforesaid, shall have elapsed, and the default shall not have been cured.

(c) If this lease is terminated by the Lessor as provided in Paragraph 31 or 35 of this lease, or by agreement with the Lessee, (1) the Lessor promptly shall give notice of such termination to the Secured Party, and (2) upon request of the Secured Party made within thirty (30) days of the giving of such notice, the Lessor (i) shall commence and prosecute a summary dispossess proceeding to obtain possession of the apartment, and (ii) shall, within sixty (60) days of its receipt of the aforesaid request by the Secured Party, reissue the aforementioned shares to, and shall enter into a new proprietary lease for the apartment with, any individual designated by the Secured Party, or the individual nominee of the individual so designated by the Secured Party, all without the consent of the Directors or the shareholders to which reference is made in Paragraphs 16(a)(vi) and 32(c) but the consent only of the Lessor's then managing agent which shall not be unreasonably withheld or delayed, provided, however, that the Lessor shall have received payment, on behalf of the Lessee, of all rent, additional rent and other sums owed by the Lessee to the Lessor under this lease for the period ending on the date of reissuance of the aforementioned shares of the Lessor including, without limitation, sums owed under Paragraphs 32(a) and (c) of this lease; the individual designated by the Secured Party (if and as long as such individual (by himself or a member of his family) does not actually occupy the apartment) shall have all of the rights provided for in Paragraphs 15, 16, 21 and 38 of this lease as if

he were a holder of Unsold Shares; and, accordingly, no surplus shall be payable by the Lessor to the Lessee as otherwise provided in Paragraph 32(c).

(d) If the purchase by the Lessee of the shares allocated to the apartment was financed by a loan made by a bank, savings bank or savings and loan association and a default or an event of default shall have occurred under the terms of the security agreement-leasehold mortgage or either of them entered into between the Lessee and the Secured Party, and if (1) notice of said default or event of default shall have been given to the Lessor, (2) an individual designated by the Secured Party, or the individual nominee of the individual so designated by the Secured Party, shall be entitled to become the owner of the shares and the lessee under this lease pursuant to the terms of said security agreement-leasehold mortgage, or either of them, (3) not less than five days' written notice of an intended transfer of the shares and this lease shall have been given to the Lessor and the Lessee, (4) there has been paid, on behalf of the Lessee, all rent, additional rent and other sums owned by the Lessee to the Lessor under this lease for the period ending on the date of transfer of the aforementioned shares as hereinafter provided, and (5) the Lessor shall be furnished with such affidavits, certificates, and opinions of counsel, in form and substance reasonably satisfactory to the Lessor, indicating that the foregoing conditions (1) - (4) have been met, then (a) a transfer of the shares and the proprietary lease shall be made to such individual, upon request, and without the consent of the Directors or the shareholders to which reference is made in Paragraph 16(a)(vi), but the consent only of the Lessor's then managing agent which shall not be unreasonably withheld or delayed, and (b) the individual to whom such transfer is made (if and as long as such individual (by himself or a member of his family) does not actually occupy the apartment) shall have all of the rights provided for in Paragraphs 15, 16, 21 and 38 of this lease as if he were a holder of Unsold Shares.

(e) Without the prior written consent of any Secured Party who has requested a copy of any notice of default as hereinbefore provided in subparagraph (b) of this Paragraph 17, (a) the Lessor and the Lessee will not enter into any agreement modifying or cancelling this lease, (b) no change in the form, terms or conditions of

this lease, as permitted by Paragraph 6, shall eliminate or modify any rights, privileges or obligations of a Secured Party as set forth in this Paragraph 17(c) the Lessor will not terminate or accept a surrender of this lease, except as provided in Paragraph 31 or 35 of this lease and in subparagraph (b) of this Paragraph 17, (d) the Lessee will not assign this lease or sublet the apartment, (e) any modification, cancellation, surrender, termination or assignment of this lease or any sublease of the apartment not made in accordance with the provisions hereof shall be void and of no effect, (f) the Lessor will not consent to any further mortgage on this lease or security interest created in the shares, (g) the Lessee will not make any further mortgage or create any further security interest in the shares or this lease, and (h) any such further mortgage or security interest shall be void and of no effect.

(f) Any designee of the Secured Party to whom a transfer of a lease shall have been made pursuant to the terms of subparagraphs (b) and (c) hereof may cancel this lease under the terms of Paragraph 35 hereof; except that such designee (a) may cancel this lease at any time after the designee acquires this lease and the shares appurtenant hereto due to foreclosure of the security agreement-leasehold mortgage; (b) need give only thirty (30) days' notice of its intention to cancel; and (c) may give such notice at any time during the calendar year.

Repairs by
the the Lessee

18. (a) The Lessee shall keep the interior of apartment (including interior walls, floors and ceilings, but excluding windows, window panes, window frames, sashes, sills, entrance and terrace doors, frames and saddles) in good repair, shall do all of the painting and decorating required for his apartment, including the interior of window frames, sashes and sills, and shall be solely responsible for the maintenance, repair, and replacement of plumbing, gas and heating fixtures and equipment and such refrigerators, dishwashers, removable and through-the-wall air conditioners, washing machines, ranges and other appliances, as may be in the apartment. Plumbing, gas and heating fixtures as used herein shall include exposed gas, steam and water pipes attached to fixtures, appliances and equipment and the fixtures, appliances and equipment to which they are attached, and any special pipes or equipment which the Lessee may install within the wall or ceiling, or under the

floor, but shall not include gas, steam, water or other pipes or conduits within the walls, ceilings or floors or air conditioning or heating equipment which is part of the standard building equipment. The Lessee shall be solely responsible for the maintenance, repair and replacement of all lighting and electrical fixtures, appliances, and equipment, and all meters, fuse boxes or circuit breakers and electrical wiring and conduits from the junction box at the riser into and through the Lessee's apartment. Any ventilator or air conditioning device which shall be visible from the outside of the building shall at all times be painted by the Lessee in a standard color which the Lessor may select for the building.

**Odors and
Noises**

(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.

**Equipment and
Appliances**

(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 appliances or equipment which may be creating the objectionable condition.

**Rules and
Regulations
and Require-
ments of
Mortgage**

(d) The Lessee will comply with all the requirements of the Board of Fire Underwriters, insurance authorities and all governmental authorities and with all laws, ordinances, rules and regulations with respect to the occupancy or use of the apartment. If any mortgage affecting the land or the building shall contain any provisions pertaining to the right of the Lessee to make changes or alterations in the apartment, or to remove any of the fixtures, appliances, equipment or installations, the Lessee herein shall comply with the requirements of such mortgage or mortgages relating thereto. Upon the Lessee's written request, Lessor will furnish Lessee with copies of applicable provisions of each and every such mortgage.

Lessor's
Right to
Remedy
Lessee's
Default

19. If the Lessee shall fail for thirty (30) days after notice to make repairs to any part of the apartment, its fixtures or equipment as herein required, or shall fail to remedy a condition which has become objectionable to the Lessor for reasons above set forth, or if the Lessee or any person dwelling in the apartment shall request the Lessor, its agents or servants to perform any act not hereby required to be performed by the Lessor, the Lessor may make such repairs or arrange for others to do the same, or remove such objectionable condition or equipment, or perform such act, without liability on the Lessor; provided that, if the condition requires prompt action, notice of less than thirty (30) days 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 purpose 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.

Increase in
Rate of Fire
Insurance

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

Alterations

21. (a) The Lessee 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, intercommunication or alarm system, or any other installation or facility in the apartment or building. The performance by Lessee of any work in the apartment shall be in accordance with any applicable rules and regulations of the Lessor and governmental agencies having jurisdiction thereof. The Lessee shall not in any case install any appliances which will overload the existing wires or equipment in the building.

Removal of Fixtures

(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, or a prior lessee, shall have heretofore placed, or the Lessee shall hereafter place in the apartment, at the Lessee's own expense, any additions, improvements, appliances or fixtures, including but not limited to fireplace mantels, lighting fixtures, refrigerators, air conditioners, dishwashers, washing machines, ranges, woodwork, wall paneling, ceilings special doors or decorations, special cabinet work, special stair railings or other built-in ornamental items, which can be removed without structural alterations or permanent damage to the apartment, then title thereto shall remain in the Lessee and the Lessee shall have the right, prior to the termination of this lease, to remove the same at the Lessee's own expense, provided:

- (i) that the Lessee at the time of such removal shall not be in default in the payment of rent or in the performance or observance of any other covenants or conditions of this lease; and
- (ii) that the Lessee shall, at the Lessee's own expense, prior to the termination of this lease, repair all damage to the apartment which shall have been caused by either the installation or removal of any of such additions, improvements, appliances or fixtures; (iii) 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 (iv) 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.

Surrender on
Expiration
Term

(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.

Lease Sub-
ordinate to
Mortgages
and Ground
Leases

22. This lease is and shall be subject and subordinate to all present and future ground or underlying leases and to any mortgages now or hereafter liens upon such leases or on the land and building, or buildings, and to any and all extensions, modifications, consolidations, renewals and replacements thereof. This clause shall be self-operative and no further instrument of subordination shall be required by any such mortgagee or ground or underlying lessee. In confirmation of such subordination the Lessee shall at any time, and from time to time, on demand, execute any instruments that may be required by any mortgagee, or by the Lessor, for the purpose of more formally subjecting this lease to the lien of any such mortgage or mortgages or ground or underlying leases, and the duly elected officers, for the time being, of the Lessor are and each of them is hereby irrevocably appointed the attorney-in-fact and agent of the Lessee to execute the same upon such demand, and the Lessee hereby ratifies any such instrument hereafter executed by virtue of the power of attorney hereby given.

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

or the nominee or designee of such mortgagee or to any corporation formed by or for the benefit of such mortgagee.

**Mechanic's
Lien**

23. In case a notice of mechanic's lien against the building shall be filed purporting to be for labor or material furnished or delivered at the building or the apartment to or for the Lessee, or anyone claiming under the Lessee, the Lessee shall forthwith cause such lien to be discharged by payment, bonding or otherwise; and if the Lessee shall fail to do so within ten days after notice from the Lessor, then the Lessor may cause such lien to be discharged by payment, bonding or otherwise, without investigation as to the validity thereof or of any offsets or defenses thereto, and shall have the right to collect, as additional rent, all amounts so paid and all costs and expense paid or incurred in connection therewith, including reasonable attorneys' fees and disbursements, together with interest thereon from the time or times of payment.

Cooperation

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

**Right of
Entry**

25. The Lessor and its agents and their authorized workmen shall be permitted to visit, examine, or enter the apartment and any storage space assigned to Lessee at any reasonable hour of the day upon notice, or at any time and without notice in case of emergency, to make or facilitate repairs in any part of the building or to cure any default by the Lessee and to remove such portions of the walls, floors and ceilings of the apartment and storage space as may be required for any such purpose, but the Lessor shall thereafter restore the apartment and storage space to its proper and usual condition at 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 or storage rooms for the purposes provided for in this lease, the Lessee shall provide the Lessor with a key to each lock providing access to the apartment or the storage rooms, and if any lock shall be altered or new lock installed, the Lessee shall provide the Lessor with a key thereto immediately upon installation. If the

Lessee shall not be personally present to open and permit an entry at any time when an entry therein shall be necessary or permissible hereunder and shall not have furnished a key to Lessor, the Lessor or the Lessor's agents (but, except in an emergency, only when specifically authorized by an officer of the Lessor or an officer of the Managing Agent) may forcibly enter the apartment or storage space without liability for damages by reason thereof (if during such entry the Lessor shall accord reasonable care to the Lessee's property), and without in any manner affecting the obligations and covenants of this lease. The right and authority hereby reserved do not impose, nor does the Lessor assume by reason thereof, any responsibility or liability for the care or supervision of the apartment, or any of the pipes, fixtures, appliances or appurtenances therein contained, except as herein specifically provided.

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

Notices

27. Any notice by or demand from either party to the other shall be duly given only if in writing and sent by registered mail or 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 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.

**Reimburse-
ment of
Lessor's
Expenses**

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

**Lessor's
Immunities**

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 elevator service or other service to be supplied by the Lessor hereunder, or for interference with light, air, view or other interests of the Lessee. No abatement of rent or other compensation or claim of eviction shall be made or allowed because of the making or failure to make or delay in making any repairs, alterations or decorations to the building, or any fixtures or appurtenances therein, or for space taken to comply with any law, ordinance or governmental regulation, or for interruption or curtailment of any service agreed to be furnished by the Lessor, due to accidents, alterations or repairs, or to difficulty or delay in securing supplies or labor or other cause beyond Lessor's control, unless due to Lessor's negligence.

**Storage
Space and
Laundry**

(b) If the Lessor shall furnish to the Lessee any storage bins or space, the use of the laundry, or any facility outside the apartment, including but not limited to a television antenna, the same shall be deemed to have been furnished gratuitously by the Lessor under a revocable license. The Lessee shall not use such storage space for the storage of valuable or perishable property and any such storage space assigned to Lessee shall be kept by Lessee clean and free of combustibles. If washing machines or other equipment are made available to the Lessee, the Lessee shall use the same on the understanding that such machines or equipment may or may not be in good order and repair and that the Lessor is not responsible for such equipment, nor for any damage caused to the property of the Lessee resulting from the Lessee's use thereof, and that any use that Lessee may make of such equipment shall be at his own cost, risk and expense.

**Automobiles
and Other
Property**

(c) The Lessor shall not be responsible for any 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 Lessee shall not be responsible for any property left with or entrusted to any employee of the Lessor, or for the loss of or damage to any property within or without the apartment by theft or otherwise.

**Window
Cleaning**

30. The Lessee will not require, permit, suffer or allow the cleaning of any window in the premises from the outside (within the meaning of Section 202 of the New York Labor Law) unless the equipment and safety devices required by law, ordinance, rules and regulations, including, without limitation, Section 202 of the New York Labor Law, are provided and used, and unless the industrial code of the State of New York is fully complied with; and the Lessee hereby agrees to indemnify the Lessor and its employees other lessees, and the managing agent, for all losses, damages or fines suffered by them as a result of the Lessee's requiring, permitting, suffering or allowing any window in the premises to be cleaned from the outside in violation of the requirements of the aforesaid laws, ordinances, regulations and rules.

**Termination
of Lease by
Lessor**

31. If upon, or at any time after, the happening of any of the events mentioned in subdivisions (a) to (i) inclusive of this Paragraph 31, the Lessor shall give to the Lessee a notice stating that the term hereof will expire on a date at least five (5) days thereafter, the term of this lease shall expire on the date so fixed in such notice as fully and completely as if it were the date herein definitely fixed for the expiration of the term, and all right, title and interest of the Lessee hereunder shall thereupon wholly cease and expire, and the Lessee shall thereupon quit and surrender the apartment to the Lessor, it being the intention of the parties hereto to create hereby a conditional limitation, and thereupon the Lessor shall have the right to re-enter the apartment and to remove all persons and personal property therefrom, either by summary dispossession proceedings, or by any suitable action or proceeding at law or in equity, or by force or otherwise, and to repossess the apartment in its former estate as if this

lease had not been made, and no liability whatsoever shall attach to the Lessor by reason of the exercise of the right of re-entry, re-possession and removal herein granted and reserved:

Lessee
Ceasing to
Own Accompany-
ing Shares

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

Lessee Becoming
Bankrupt

(b) If at any time during the term of a this lease (i) the then holder hereof shall be adjudicated a bankrupt under the laws of the United States; or (ii) a receiver of all of the property of such holder or of this lease shall be appointed under any provision of the laws of the State of New York, or under any statute of the United States, or any statute of any state of the United States and the order appointing such receiver shall not be vacated within thirty days; or (iii) such holder shall make a general assignment for the benefit of creditors; or (iv) any of the shares owned by such holder to which this lease is appurtenant shall be duly levied upon under the process of any court whatever unless such levy shall be discharged within thirty (30) days; or (v) this lease or any of the shares to which it is appurtenant shall pass by operation of law or otherwise to anyone other than the Lessee herein named or a person to whom such Lessee has assigned this lease in the manner herein permitted, but this subsection (v) shall not be applicable if this lease shall devolve upon the executors or administrators of the Lessee 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;

Assignment,
Subletting or
Unauthorized
Occupancy

(c) If there be an assignment of this lease, or any subletting hereunder, with full compliance with the requirements of Paragraphs 15 or 16 hereof; or if any person not authorized by Paragraph 14 shall be permitted to use or occupy the apartment, and the Lessees shall fail to cause such unauthorized person to vacate the apartment within ten (10) days after written notice from the Lessor;

Default in
Rent

(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 (10) days after written notice from the Lessor;

Default in
Other Covenants

(e) If the Lessee shall be in default in the performance of any covenant or provision hereof, other than the covenant to pay rent, and such default shall continue for thirty (30) days after written notice from the Lessor;

Lessee's Objec-
tionable Conduct

(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;

Termination of
All Proprietary
Leases

(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 seventy-five (75%) percent in amount of its then issued shares, at a shareholders' meeting duly called for that purpose, to terminate all proprietary leases;

Destruction of
Building

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

Condemnation

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

Lessor's
Right After
Lessee's
Default

32. (a) In the event the Lessor resumes possession of the apartment, either by summary proceedings, action of ejectment or otherwise, because of default by the Lessee in the payment of any rent or additional rent due hereunder, or on the expiration of the term pursuant to a notice given as provided in Paragraph 31 hereof upon the happening of any event specified in subsections (a) to (f) inclusive of Paragraph 31, Lessee shall continue to remain liable for payment of a sum equal to the rent which would have become due

hereunder and shall pay the same in installments at the time such rent would be due hereunder. No suit brought to recover any installment of such rent or additional rent shall prejudice the right of the Lessor to recover any subsequent installment. After resuming possession, the Lessor may, at its option, from time to time (i) relet the apartment for its own account, or (ii) relet the apartment as the agent of the Lessee, in the name of the Lessee or in its own name, for a term or terms which may be less than or greater than the period which would otherwise have constituted the balance of the term of this lease, and may grant concessions or free rent, in its discretion. Any reletting of the apartment shall be deemed for the account of the Lessee, unless within ten days after such reletting the Lessor shall notify the Lessee that the premises have been relet for the Lessor's own account. The fact that the Lessor may have relet the apartment as agent for the Lessee shall not prevent the Lessor from thereafter notifying the Lessee that it proposes to relet the apartment for its own account. If the Lessor relets the apartment as agent for the Lessee, it shall, after reimbursing itself for its expenses in connection therewith, including leasing commissions and a reasonable amount for attorneys' fees and expenses, and decorations, alterations and repairs in and to the apartment, apply the remaining avails of such reletting against the Lessee's continuing obligations hereunder. There shall be a final accounting between the Lessor and the Lessee upon the earliest of the four (4) following dates: (A) the date of expiration of the term of this lease as stated on Page 1 hereof; (B) the date as of which a new proprietary lease covering the apartment shall have become effective; (C) the date the Lessor gives written notice to the Lessee that it has relet the apartment for its own account; (D) the date upon which all proprietary leases of the Lessor terminate. From and after the date upon which the Lessor becomes obligated to account to the Lessee, as above provided, the Lessor shall have no further duty to account to the Lessee for any avails of reletting and the Lessee shall have no further liability for sums thereafter accruing hereunder, but such termination of the Lessee's liability shall not affect any liabilities theretofore accrued.

Collection
of Rent
from Sub-
tenants

(b) If the Lessee shall at any time sublet the apartment 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 becoming due from such subtenant to the Lessee, and apply the amount to pay sums due and to become due from the Lessee to the Lessor. Any payment by a subtenant to the Lessor shall constitute a discharge of the obligation of such subtenant to the Lessee, to the extent of the amount so paid. The acceptance of rent from any subtenant shall not be deemed a consent to or approval of any subletting or assignment by the Lessee, or a release or discharge of any of the obligations of the Lessee hereunder.

Sale of
Shares

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

Waiver of
Right of
Redemption

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

Surrender of
Possession

34. Upon the termination of this lease under the provisions of subdivisions (a) to (f) inclusive of Paragraph 31, the Lessee shall remain liable as provided in Paragraph 32 of this lease. Upon the termination of this lease under any other charges due or accrued and to perform all covenants and agreements of the Lessee up to the date of such termination. On or before any such termination the Lessee shall vacate the apartment and surrender possession thereof to the Lessor or its assigns, and upon demand of the Lessor or its assigns, shall execute, acknowledge and deliver to the Lessor or its assigns any instrument which may reasonably be required to evidence the surrendering of all estate and interest of the Lessee in the apartment, or in the building of which it is a part.

Lessee's
Option to
Cancel

35. (a) This lease may be cancelled by the Lessee's on any September 30th after the third anniversary of the consummation of the Offering Statement-Plan of Cooperative Organization pursuant to which proprietary leases were originally issued, 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:

Deposits
Required

(i) The Lessee's counterpart of this lease with a written assignment in form required by the Lessor, in blank, effective as of August 31 of the year of cancellation, free from all subleases, tenancies, liens, encumbrances and other charges whatsoever;

(ii) the Lessee's certificate for his shares of the Lessor, endorsed in blank for transfer and with all necessary transfer tax stamps affixed and with payment of any transfer taxes due thereon;

(iii) a written statement setting forth in detail those additions, improvements, fixtures or equipment which the Lessee has, under the terms of this lease, the right to and intends to remove.

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 (iii) above shall be removed by the Lessee prior to August 31st of the year of cancellation, and on or before said August 31st the Lessee shall deliver possession of the apartment to the Lessor in good condition with all required equipment, fixtures and appliances installed and in proper operating condition and free from all subleases and tenancies, liens, encumbrances and other charges and pay to the Lessor all rent, additional rent and other charges which shall be payable under this lease up to and including the following September 30th.

Possession

Permission
to Show and
Occupy
Premises

(c) The Lessor and its agents may show the apartment to prospective lessees, contractors and architects at reasonable times after notice of the Lessee's intention to cancel. After August 31st or the earlier vacating of the apartment, the Lessor and its agents, employees and lessees may enter the apartment, occupy the same and make such alterations and additions therein as the Lessor may deem necessary or desirable without diminution or abatement of the rent due hereunder.

Effective
Date of
Cancel-
lation

(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.

Rights on
Lessee's
Default

(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.

Extension
of Option
to Cancel

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 (10%) percent or more of the Lessor's outstanding shares, exclusive of treasury shares, then the Lessor shall, prior to April 30th in such year, give a written notice to the holders of all issued 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.

Right of
Lessees
to Cancel

(b) If lessees owning at least eight (80%) percent of the then issued and outstanding shares of the Lessor shall exercise the option to cancel their leases in one year, then this and all other proprietary leases shall thereupon terminate on the September 30th of the year in which such options shall have been exercised, as though every lessee had exercised such option. In such event none of the lessees shall be required to surrender his shares to the Lessor and all certificates for shares delivered to the Lessor by those who had, during that year, served notice of intention to cancel their leases under the provisions hereof, shall be returned to such lessees.

Continuance
of Coopera-
tive Manage-
ment of
Building
After All
Leases
Terminated

37. No later than thirty (30) 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 shareholders of corporations having title to real estate.

Unsold
Shares

38. (a) The term "Unsold Shares" means and has exclusive reference to the shares of the Lessor which were issued to the Lessor's grantor(s) or individuals produced by the Lessor's grantor(s) pursuant to the Offering Statement-Plan of Cooperative Organization or Contract of Sale under which the Lessor acquired title to the building; and, all shares which are Unsold Shares retain their character as such (regardless of transfer) until (1) such shares become the property of a purchaser for bona fide occupancy (by himself or a member of his family) of the apartment to which such shares are allocated, or (2) the holder of such shares (or a member of his family) becomes a bona fide occupant of the apartment. 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. In connection with the sale of Unsold Shares, Lessor will, on request, deliver to the lender the standard recognition agreement then being used by banks or other lenders.

Subletting
Apartment
and Sale
of Shares

(b) Neither the subletting of the apartment from time to time nor the assignment of this lease by the holder of Unsold Shares allocated to the apartment shall require the consent of the Directors or shareholders to which reference is made in Paragraphs 15 and 16(a)(vi) of this lease, and such subletting or assignment shall not require any consent whatever nor shall the expenses of the Lessor and managing agent as provided by 16(a)(iv) be payable.

Change
in Form
of Lease

(c) Without the Lessee's consent, no change in the form, terms or conditions of this proprietary lease, as permitted by Paragraph 6, shall (1) affect the rights of the Lessee who is the holder of the Unsold Shares accompanying this lease to sublet the apartment or to assign this lease, as provided in this paragraph, or (2) eliminate or modify any rights, privileges or obligations of such Lessee.

No Voluntary
Cancellation

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

to the following extent: The holders of Unsold Shares shall only have the right to surrender the shares of stock in accordance with the provisions of Paragraph 35 if (1) five (5) years have expired from the date of the initial offering, (2) eight-five (85%) percent of all apartments have been sold to parties other than holders of Unsold Shares, and (3) the holder of Unsold Shares desiring to surrender the shares shall pay to Lessor two (2) years maintenance charges based upon the maintenance charges then in effect.

(e) Notwithstanding anything to the contrary contained in this lease, the provisions of this Paragraph 38 may not be changed without the written consent of the holders of Unsold Shares.

Fore-
closure -
Receiver
Rents

39. Notwithstanding anything contained in this lease, if any action shall be instituted to foreclose any mortgage on the land or the building of or the leasehold of the land or building, the Lessee shall, on demand, pay to the receiver of the rents appointed in such action rent, if any, owing hereunder on the date of such appointment and shall pay thereafter to such receiver in advance, on the first day of each month during the pendency of such action, as rent hereunder, the rent for the apartment as last determined and established by the Directors prior to the commencement of said action, and such rent shall be paid during the period of such receivership, whether or not the Directors shall have determined and established the rent payable hereunder for any part of the period during which such receivership may continue. The provisions of this paragraph are intended for the benefit of present and future mortgagees of the land or the building or the leasehold of the land or building and may not be modified or annulled without the prior written consent of any such mortgage holder.

To Whom
Covenants
Apply

40. The references herein to the Lessor shall be deemed to include its successors and assigns, and 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.

Waiver of
Trial by
Jury

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

Lessor's
Additional
Remedies

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.

Lessee More
Than One
Person

43. If more than one person is named as Lessee hereunder, the Lessor may require the signature of all such persons in connection with any notice to be given or action to be taken by the Lessee hereunder, including, without limiting the generality of the foregoing, the surrender or assignment of this lease, or any request for consent to assignment or subletting. Each person named as Lessee shall be jointly and severally liable for all of the Lessee's obligations hereunder. Any notice by the Lessor to any person named as Lessee shall be sufficient, and shall have the same force and effect, as though given to all persons named as Lessee.

Effect of
Partial
Invalidity

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.

Marginal
Headings

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

46. As long as holders of "Unsold Shares" (as defined in Paragraph 38 of this lease, but exclusive of persons designated as such pursuant to Paragraph 17) hold at least twenty (20%) percent of the outstanding shares of Lessor, the Lessor, acting by its directors or otherwise, will not prior to the third anniversary of the Closing Date (as defined in the Plan) without the consent of

such holders do any of the following: (a) engage employees in addition to the employees referred to in Schedule B of the Plan or provide services or equipment with respect to the premises in excess of those contemplated in Schedule B, except if, and to the extent that, additional services or equipment may be required by law; (b) increase the amount of the mortgage indebtedness of Lessor, extend, refinance or in any other way modify the terms of the mortgage on the premises or enter into any new mortgage or contract of sale or lease of the premises except as may be required by law; (c) make any major capital improvements; (d) increase in any year the amount of the reserve for contingencies (or other reserves) over the amount allowed therefor set forth in Schedule B of the Plan provided that any increased portion of such reserve for any year may be added to the reserve for the following years; (e) levy any assessments for capital improvements or replacements except for such items as may be or would be required by law and for the purpose of maintaining services at whatever level existed prior to the happening or event which necessitated repair or replacement and (f) levy any assessments for capital improvements and repairs except as may be required to cure any violations placed upon the premises by an appropriate State and/or Municipal Department.

Changes
to Be in
Writing

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

IN WITNESS WHEREOF, the parties have executed this lease.

NAGLE APARTMENTS CORP.,
Lessor

by _____
President

(L.S.)

(L.S.)
Lessee.

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the _____ day of _____, in the year 19____, before me personally appeared _____, to me known, who being by me duly sworn, did depose and say that he resides at _____; that he is the _____ of Nagle Apartments Corp., the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

STATE OF NEW YORK)
) ss.:
COUNTY OF _____)

On the _____ day of _____, 19____, before me personally appeared _____, to me personally known and known to me to be the individual described in and who executed the foregoing instrument, and duly acknowledged to me that he executed the same.

HOUSE RULES

(1) The public halls and stairways of the building shall not be obstructed or used for any purpose other than ingress to and egress from the apartments in the building, and the fire towers shall not be obstructed in any way.

(2) No patient of any doctor who has offices in the building shall be permitted to wait in the lobby.

(3) Children shall not play in the public halls, courts, stairways, fire towers or elevators and shall not be permitted on the roof unless accompanied by a responsible adult.

(4) No public hall above the ground floor of the building shall be decorated or furnished by any Lessee in any manner without the prior consent of all of the Lessees to whose apartments such hall serves as a means of ingress and egress; in the event of disagreement among such Lessees, the Board of Directors shall decide.

(5) No Lessee shall make or permit any disturbing noises in the building or do or permit anything to be done therein which will interfere with the rights, comfort or convenience of other Lessees. No Lessee shall play upon or suffer to be played upon any musical instrument or permit to be operated a phonograph or a radio or television loud speaker in such Lessee's apartment between the hours of eleven (11:00) o'clock p.m. and the following eight (8:00) o'clock a.m. if the same shall disturb or annoy other occupants of the building. No construction or repair work or other installation involving noise shall be conducted in any apartment except on weekdays (not including legal holidays) and only between the hours of 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 velocipedes, bicycles, scooters or similar vehicles shall be allowed in a passenger elevator and baby carriages and the above-mentioned vehicles shall not be allowed to stand in the public halls, passageways, areas or courts of the building.

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

(11) Kitchen supplies, market goods and packages of every kind are to be delivered only at the service entrance of the building and through the service elevator to the apartments when such elevator is in operation.

(12) Trunks and heavy baggage shall be taken in or out of the building through the service entrance.

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

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

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

(16) No bird or animal shall be kept or harbored in the building unless the same in each instances be expressly permitted in writing by the Lessor; such permission shall be revocable by the Lessor. In no event shall dogs be permitted on elevators or in any of the public portions of the building unless carried or on leash. No pigeons or other birds or animals shall be fed from the window sills, terraces, balconies or in the yard, court spaces or other public portions of the building, or on the sidewalk or street adjacent to the building.

(17) No radio or television aerial shall be attached to or hung from the exterior of the building without the prior written approval of the Lessor or the managing agent.

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

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

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

(21) Unless expressly authorized by the Board of Directors in each case, the floors of each apartment must be covered with rugs or carpeting or equally effective noise-reducing material, to the extent of at least eighty (80%) percent of the floor area of each room excepting only kitchens, pantries, bathrooms, maid's rooms, closets, and foyer.

(22) No group tour or exhibition of any apartment or its contents shall be conducted, nor shall any auction sale be held in any apartment without the consent of the Lessor or its managing agent.

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

(24) The passenger and service elevators, unless of automatic type and intended for operation by a passenger, shall be operated only by employees of the Lessor, and there shall be no interference whatever with the same by Lessees or members of their families or their guests, employees or subtenants.

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

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

(27) If there be a garage in the building, the Lessee will abide by all arrangements made by the Lessor with the garage operator with regard to the garage and driveways thereto.

(28) No Lessee shall install any plantings on the terrace, balcony or roof without the prior written approval of the Lessor. Plantings shall be contained in boxes of wood lined with metal or other material impervious to dampness and standing on supports at least two inches from the terrace, balcony or roof surface, and if adjoining a wall, at least three inches from such wall. Suitable weep holes shall be provided in the boxes to draw off water. In special locations, such as a corner abutting a parapet wall, plantings may be contained in masonry or hollow tile walls which shall be at least three (3) inches from the parapet and flashing, with the floor of drainage tiles and suitable weep holes at the sides to draw off water. It shall be the responsibility of the Lessee to maintain the containers in good condition, and the drainage tiles and weep holes in operating condition.

(29) The agents of the Lessor, and any contractor or workman authorized by the Lessor, may enter any apartment at any reasonable hour of the day for the purpose of inspecting such apartment to ascertain whether measures are necessary or desirable to control or exterminate any vermin, insects or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pests. If the Lessor takes measures to control or exterminate carpet beetles, the cost thereof shall be payable by the Lessee, as additional rent.

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

IDENTITY OF PARTIES

The Sponsor is Ellwood Gardens Company, a New York co-partnership.

The partners of Sponsor are Robert J. Ettinger, Lawrence E. Goldschmidt and Ratner Family Group, a New York limited partnership. Robert J. Ettinger has an office at 22 East 41st Street, New York, New York and has been actively engaged in the ownership of real estate for many years and he presently has substantial interests in a number of residential buildings in the Greater New York area. Lawrence E. Goldschmidt is a practicing attorney in New York City and a member of the firm of Goldschmidt, Fredericks, Kurzman & Oshatz. Ratner Family Group is a New York limited partnership whose managing general partner is Helen Ratner Zuvich. Helen Ratner Zuvich has an office at 37 Nagle Avenue, New York, New York and has managed several properties for approximately twenty-five (25) years.

Solomon J. Freedman of Pulier & Freedman, 655 Madison Avenue, New York, New York represents the Apartment Corporation in this matter and Goldschmidt, Fredericks, Kurzman & Oshatz of 655 Madison Avenue, New York, New York represent the Sponsor.

E.S. Barrekette, Ph.D., P.E., is a licensed professional engineer and he has been retained by the Sponsor to prepare the report of building condition.

DOCUMENTS TO BE RECEIVED PERIODICALLY
BY SHAREHOLDERS

Reports to Shareholders

All shareholders of the Apartment Corporation will be entitled to receive, annually, from the Corporation at the expense of the Corporation, copies of the following:

A. An income tax deduction statement prepared within two months after the end of each calendar year.

B. An annual audited financial statement prepared by an independent certified public accountant to be received within three months after the end of the fiscal year.

C. Notice of the holding of an annual shareholders' meeting for the purpose of electing a Board of Directors to be sent in accordance with the By-Laws.

The aforesaid dates may be changed later pursuant to the By-Laws.

DOCUMENTS ON FILE

In accordance with Section 352-e(9) of the General Business Law, copies of this Offering Statement - Plan of Cooperative Organization and all exhibits or documents referred to herein, shall be available for inspection by prospective purchasers and by any person who shall have purchased securities offered by this Plan, or shall have participated in the offering of such securities at the office of Goldschmidt, Fredericks, Kurzman & Oshatz, 655 Madison Avenue, New York, New York 10021.

Copy from WWW.LAVENDERLAWBLOG.COM

GENERAL

The Plan does not knowingly omit any material fact, or contain any untrue statement of any material fact. Exact copies are contained in Part II, hereof of the Proprietary Lease, Subscription Agreement, By-Laws and house rules.

There are no lawsuits, or other proceedings now pending, or any judgments outstanding either against the Sponsor, or the Apartment Corporation, or any person, or persons, which might become a lien against the property, or which materially affect this offering.

This Plan is offered only to persons over eighteen (18) years of age and residents of the State of New York.

In accordance with the provisions of the laws of the State and City of New York, the Sponsor represents that the Sponsor, the Apartment Corporation, and the Managing Agent will not discriminate against any person because of race, creed, color, national origin, sex, or ancestry, in the sale of the shares offered by the Plan, or in the leasing of any apartment in the building.

As of the date of first presentation of the Offering Plan, neither the sponsor nor any representative, or agent thereof, has raised funds or made any preliminary offering or binding agreement to or with tenants, subtenants, or non-resident prospective purchasers with respect to apartments in the building.

No person has been authorized to make any representation which is not expressly contained herein. This Plan may not be changed or modified orally.

Dated: , 1980

Ellwood Gardens Company
Sponsor

PART II

OFFERING PLAN FOR
PREMISES AT

31-37 Nagle Avenue and
14 Borgardus Place
New York, New York

Copy from WWW.LAVENDORPLAWBLOG.COM

SUBSCRIPTION AGREEMENT

Apartment _____ No. of Shares _____

Purchase Price \$ _____

Down Payment \$ _____ (herewith)

Balance \$ _____

Rent Stabilized _____

Additional Information for Non-Tenant Purchaser: -

Lease of existing tenant expires. _____

or

Monthly Tenancy (_____)

Rent under existing lease or tenancy _____

To: Nagle Apartments Corp.
Ellwood Gardens Company

1. As Purchaser, I have received and read the Offering Statement-Plan of Cooperative Organization with respect to premises 31-37 Nagle Avenue and 14 Borgardus Place, New York, New York, dated _____, 1980, and a copy of the documents attached thereto, which Offering Statement and documents as amended from time to time are hereinafter called the "Plan" and are made a part hereof. The Sponsor is the selling agent hereunder (the "Agent").

2. I hereby agree to purchase the above-stated number of shares of Nagle Apartments Corp. (the Apartment Corporation) allocated to the above described apartment for the Purchase Price stated above and to become the proprietary lessee of the said apartment in said premises. Concurrently herewith I am making a down payment in the amount of ten (10%) percent of the purchase price.

3. Herewith is my check to the order of "Nagle Apartments Corp. Special Account" for the above mentioned down payment. I agree that if and when the Plan becomes effective in accordance with its terms, I shall pay the balance of the purchase price by certified check of the purchaser or official bank check of a New York City bank within fifteen (15) days after written request therefor but payment of such balance will not be requested more than thirty (30) days prior to the Closing Date. In lieu of paying the entire balance as herein indicated, the Purchaser shall have the right to submit to Sponsor a commitment for a bank loan with the understanding that the amount of the loan will be paid over to Sponsor on the Closing Date simultaneously with the closing of the sale of the property to the Apartment Corporation; and in the event that the bank loan is an amount less than the entire balance of the purchase price, the difference shall be

paid by Purchaser in accordance with the above provisions of this Paragraph 3. Time shall be of the essence with respect to such payment.

If this Subscription Agreement is executed after the Plan has been declared effective and the Closing Date has been fixed, the entire cash payment shall be payable in full by my personal certified or official bank check on the execution hereof.

4. I will sign the proprietary lease for said apartment promptly upon presentation to me in the form contained in Part II of the Offering Plan. The date of the commencement of the term of said proprietary lease, and the date of issuance of the certificate for the aforesaid shares, which may be inserted by either Agent or the Apartment Corporation, shall be the date when it acquires title to said premises. Provided that I shall have paid the full Purchase Price for said shares, as provided for herein, and not be in default hereunder or under the terms of my lease (if any) or monthly tenancy of said apartment, I am to receive the certificate and the aforesaid lease, promptly after the Apartment Corporation acquires such title. I agree that my present lease (if any) or monthly tenancy of said apartment shall be deemed terminated and cancelled as of such date. If I shall not be the tenant of said apartment when said proprietary lease is issued, I will accept same subject to the then tenant's lease and tenancy of said apartment.

*5. I understand that if the tenant in occupancy does not voluntarily remove from the apartment when his lease expires or is terminated, or his right to occupancy ends, I shall be required to obtain possession at my own expense. I understand that if the apartment I am purchasing is subject to the New York City Rent Stabilization Law, I shall be obliged to comply with said laws and the applicable regulations or code in evicting the tenant. I further understand that if the apartment I am purchasing is subject to an existing tenancy I will after the Closing Date be assuming the seller's rights and obligations under the existing lease or tenancy which will include the obligation to repair and maintain the apartment for the benefit of the existing tenant and the right to collect rent payable under the existing lease and tenancy whether the same be greater or less than the proprietary rent established by the proprietary lease.

6. The Sponsor will hold all moneys received by Sponsor through agents or employees in trust until actually employed in connection with the consummation of the transaction. All such moneys will be deposited with Citibank, N.A., 399 Park Avenue, New York, New York and will be held in trust in a special account under the name of "Nagle Apartments Corp. Special Account" or similar name. The funds so deposited will be disbursed only at the closing and for the purposes of the consummation of the Plan

*Delete if inapplicable.

if it is declared effective or returned to me as herein provided, without interest if the Plan is abandoned or is withdrawn or title does not close as provided in the Plan.

7. I acknowledge that I have inspected said apartment and the building prior to my signing this agreement. My signing of this Purchase Agreement shall constitute my acceptance of said apartment in the condition in which it shall be at the time of closing, including the existing kitchen, bathroom and other appliances, fixtures and equipment owned by Sponsor.

8. It is agreed that this contract is contingent upon the Plan being declared effective and that the Plan shall not be declared effective except as provided in the Plan.

9. The Plan may be abandoned by the Sponsor at any time prior to its being declared effective and shall be abandoned and deemed abandoned if it has not been declared effective within the time prescribed by the Plan.

10. If the Plan is abandoned or does not become effective, or after being declared effective, the Plan shall not be consummated for any reason within the time limits set forth in the Plan, this agreement shall be deemed cancelled and the Plan terminated and I am to receive back, not later than forty-five (45) days thereafter, in full, all moneys paid by me hereunder, without interest (subject, however, to the provisions set forth in Paragraph 12 hereof) and, upon such repayment no party shall have any claim against any other party or person, the Sponsor, the Apartment Corporation, or the Agent, and all parties shall be released from all obligations hereunder.

11. Title shall be transferred to the Apartment Corporation no earlier than thirty (30) days nor later than 180 days after the Plan has been declared effective, unless the closing of title is adjourned.

12. I agree that if I shall fail to pay the balance of the Purchase Price when due, as herein provided, the Apartment Corporation may elect to cancel this agreement by written notice to me at my residence or at the address stated below, by registered or certified mail, and at the expiration of thirty (30) days after the date of mailing thereof (unless I shall have theretofore cured my default and paid the balance of the Purchase Price in full) said notice shall be effective and this agreement shall be deemed cancelled and all rights of the parties hereunder shall terminate except that the amount of said down payment shall be paid over to the Sponsor, as liquidated damages. In the event of such cancellation, the Sponsor or Apartment Corporation shall have the right to sell said shares and proprietary lease to another purchaser as though this agreement had never been made.

13. The entire agreement between the parties hereto is set forth herein and in the Plan. The only representations made to

me are those contained in the Plan and I understanding that no person has been authorized to make any representation or warranty which is not set forth in the Plan. I have not relied upon any representations, statements or warranties, written or oral, of any nature, including, but not limited to those relating to (a) the description or physical condition of the premises or the apartment, (b) the size or dimension of the apartment or the rooms contained therein or any other physical characteristics thereof, (c) the services to be provided at the premises, (d) the estimated maintenance charges and income tax deductions for the first year of operation of the Apartment Corporation, or (e) any other matter or estimate not set forth herein or in the Plan. I acknowledge that I have had full opportunity to examine all documents and investigate all facts referred to and stated herein.

14. This agreement is not assignable by me directly or indirectly without the prior written consent of the Apartment Corporation and shall bind and apply to the parties hereto and their personal and legal representatives, successors and assigns and may not be changed orally.

15. Conflicts between this agreement and the Plan shall be resolved in favor of the Plan.

16. If this offer is for an apartment not occupied by Purchaser, and, if within the 90-day exclusive period granted to the tenant thereof under the Plan or any amendment thereto, the shares allocated to the apartment are purchased by such tenant, this agreement shall be deemed cancelled and, within forty-five (45) days after the occurrence of such event, the Agent shall refund to Purchaser all moneys paid by Purchaser hereunder; and upon the Selling Agent's making such repayment to Purchaser, neither Purchaser, the Sponsor, the Apartment Corporation, the Agent nor any other party hereto, shall have any liability or obligation to the other hereunder.*

17. This agreement shall not be binding on me or the Apartment Corporation until I, as Purchaser, shall be accepted, by endorsement hereon by the Apartment Corporation and the Agent, and a fully signed copy thereof shall have been delivered promptly to me. If this agreement shall not be accepted within forty (40) days of the date hereof by the delivery to me of such endorsed and fully signed copy, this Purchase Agreement shall be deemed to be rejected and cancelled and my deposit shall be promptly refunded to me.**

18. If this offer is for an apartment which Purchaser leased after the Plan was accepted for filing and with respect to

*Delete if inapplicable.

**Delete this paragraph if purchaser is a tenant at the time of presentation of the Plan.

which Purchaser is entering into a lease therefor concurrently herewith, the Sponsor or Apartment Corporation shall have the right to cancel such lease in the event that this Subscription Agreement is cancelled or rescinded for any reason whatever, or if Tenant shall fail to fulfill any of the Tenant's obligations hereunder. The provisions of this paragraph shall be deemed a part of such lease and in the event of its cancellation, as provided in the preceding sentence, Landlord shall have the right to send a notice fixing the cancellation date, on which date the lease will be deemed terminated as a conditional limitation.

19. I represent that I am a person resident in the State of New York and that I am over eighteen (18) years of age. The term "I" shall read as "we" and "Purchaser" shall be read as "Purchasers" if more than one person are subscribers, in which case our obligations shall be deemed joint and several. I also represent that I have been in possession of a copy of the Offering Plan for at least three (3) business days prior to my execution of this agreement.

20. Notices hereunder shall be delivered or mailed as follows: to the Purchaser(s) at the addresses stated below; to the Apartment Corporation and to the Agent at the Agent's office.

21. I certify that I have agreed in good faith to purchase the shares allocated to the above-described apartment with no discriminatory repurchase agreement or other discriminatory inducement and without fraud or duress.

22. If at any time prior to the Closing (as defined in the Plan) a Purchaser who is a tenant in occupancy shall default in the payment of his rent or breach any other condition of occupancy of his apartment which would permit the Sponsor to terminate such occupancy and recover possession of such apartment, then the Sponsor may elect to cancel the Purchase Agreement by mailing a notice in writing to such Purchaser and returning to the Purchaser all payments made by the Purchaser toward the purchase price, without interest.

23. Tenants in occupancy of apartments must execute in duplicate before a Notary Public, the Statement of Good Faith Purchase set forth on the next succeeding page.

24. I understand that the Sponsor reserves the right to amend the Plan and any of the exhibits thereto at any time and from time to time and that I will receive a copy of each such amendment, and in that event this Subscription Agreement shall be deemed to refer to the Plan as amended, provided, however, that if an amendment made prior to Closing Date makes any changes which materially decreases the services to the tenants or decreases the obligations of Sponsor other than a decrease in the purchase price, I may elect within thirty (30) days after receipt of each such amendment to cancel this agreement by written notice to Sponsor. In the event of such cancellation, any payments made by me hereunder shall be returned to me without interest and I shall

have no further rights or obligations hereunder. If I do not elect to cancel this agreement as set forth above, this agreement shall remain in full force and effect.

Dated:

Purchaser

Second Purchaser, if more than one

Address

Address

Accepted:

By _____

Approved:

***To be executed in duplicate.

Copy from WWW.LAVENDERLAWBLOG.COM

Statement of Good Faith Purchase*

The undersigned verifies that his purchase of _____ shares of Nagle Apartments Corp., allocated to apartment _____ has been made in good faith, pursuant to the terms of the Offering Plan of Cooperative Organization, without fraud or duress, and with no discriminatory repurchase agreement, or other discriminatory inducement. The use of the apartment will** be for the personal use of the undersigned.

Purchaser

Second Purchaser, if more than one

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

_____, being duly sworn,
deposes and says that he is the Purchaser of the shares described above; that he has read the foregoing Statement of Good Faith Purchase and knows the contents thereof and that the same is true to his own knowledge.

Purchaser

Second Purchaser, if more than one

Sworn to before me this _____
day of _____, 1980.

*Not required for Purchasers not in occupancy.
**If not for personal occupancy, so indicate.

SPONSOR'S STATEMENT OF PRESENT BUILDING
CONDITION INCLUDING AGE AND DESCRIPTION
OF BUILDING, APARTMENTS AND EQUIPMENT

Sponsor represents that to the best of Sponsor's knowledge the report which follows in the third succeeding paragraph accurately states the condition of the building and its equipment. Such report was prepared by E.S. Barzakette, P.E., Ph.D.

The Sponsor represents that Sponsor does not know of any defect or need for material repairs in the building except as hereinafter set forth in the said engineer's report.

The Building is offered in its current condition. Neither the Sponsor nor the Apartment Corporation will have any obligation to make repairs or improvements except as set forth in this Plan. The Sponsor will, however, maintain and operate the Building until the Closing Date in substantially the same manner in which the building has been maintained and operated and will cure or cause to be cured all violations of record against the Building on the date of Closing (except violations caused by the acts or omissions of current tenants at the date of presentation of this Plan, the maintenance of television antennae, air conditioning units or window anchors) subject to the right of Sponsor to cancel if the removal of violations existing after the effective date of this Plan and prior to the date of closing exceeds \$5,000. See Pages 22 and 22a of this Plan.

E.S. BARREKETTE, P.E., Ph.D.

Consulting Engineer

80 Riverside Drive NYNY 10024 362

REPORT

on the

PHYSICAL

INSPECTION

of the

PREMISES

at

31 and 37 Nagle Avenue

and

14 Bogardus Place

May 4, 1980

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DESCRIPTION

The property consists of two Class A Multiple Dwellings of non-fireproof construction, located at 31-37 Nagle Avenue and 14 Bogardus Place which is the full city block between Nagle Avenue and Bogardus Place. It is 274 feet 7-3/4 inches east of Hillside Avenue and 300 feet west of Ellwood Street, along Nagle Avenue. The plot is L-shaped with frontages of 200 and 100 feet on Nagle Avenue and Bogardus Place, respectively. The western property line is 200 feet long and reaches from Bogardus Place to Nagle Avenue. The eastern boundary bears southerly from the eastern end of the frontage on Nagle Avenue for a distance of 100 feet (halfway across the block). The boundary then bears westerly for a distance of about 100 feet and then southerly again for 100 feet meeting Bogardus Place. The plot area is about 30,000 square feet or somewhat over two-thirds of an acre. The property is in Block No. 2171, Lot No. 12, zoned Residential R 7-2.

The buildings were erected under New Building Application No. 62 of 1950 and were completed on 5/26/52. The buildings were issued a Certificate of Occupancy, No. 39,902, dated 5/27/52. This Certificate of Occupancy has been superseded by the current one, No. 67,889, dated 8/25/69, which was issued after completion of Alteration No. 907 of 1968 under which one apartment on the first floor of 37 Nagle Avenue was converted to a doctor's office and one apartment on the first floor of 31 Nagle Avenue was converted to a dentist's office and residence. The Building Department Registration Number is 107689.

There are altogether 113 apartments on the property. They range in size from studio to 4 1/2 rooms with one bath each. The apartment count includes the superintendent's and porter's apartments in the cellar of the southern building. There is a 78 car garage. There are three elevators, eleven fire escapes, three interior stairways and three compactors. There are no stores, offices, or single room occupancy other than the building manager's office in the cellar at 37 Nagle Avenue and the superintendent's office in the cellar at 14 Bogardus Place. The allocation of apartments and services between the two buildings is as follows:

31 & 37 Nagle Avenue

14 Bogardus Place

31-37 Nagle Avenue

The building has six stories plus a cellar and is 67 feet 1 inch in height. It has two wings. Each wing has six apartments per floor, except that on the lobby level of the west wing there are three apartments. There is an elevator, an interior stairway and a compactor in each wing. There are seven fire escapes. There is a garage occupying portions of the first floor and cellar and their extensions. There is a boiler room serving both buildings in the cellar under the eastern wing.

The building is subdivided into 69 apartments, 33 at 31 Nagle Avenue and 36 at 37 Nagle Avenue. They range in size from 3 to 4 1/2 rooms with one bath each. There are no offices, stores, or single room occupancy other than the building manager's office in the cellar.

14 Bogardus Place

The building has six stories plus a cellar and two sub-cellars. It is 67 feet 1 inch in height. It has seven apartments per floor and the superintendent's and a porter's apartments in the cellar. There is one elevator, one interior stairway and a compactor serving the building. There are four fire escapes. There is a garage occupying the sub-cellars.

The building is subdivided into 44 apartments ranging in size from studio to 4 1/2 rooms with one bath each. There are no offices, stores, or single room occupancy other than the superintendent's office in the cellar. It should be noted that the Certificate of Occupancy does not show the porter's apartment in the cellar.

CONSTRUCTION

The buildings are of Class 3 non-fireproof construction with brick exteriors. Foundations are on twenty or more feet of fill on undisturbed soil requiring wood piling. Foundation walls are reinforced concrete and upper walls are brick. Interior partitions are wood studs and sheet rock and the stairways, public halls and elevator shafts are enclosed in masonry. First tier construction over

31 & 37 Nagle Avenue
14 Bogardus Place

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the cellar and garage is steel and reinforced concrete slabs. Upper floors are wood joists with sheet rock ceilings and wood floors. The buildings have a combined area of 13,954 square feet. Total floor area is 83,724 square feet and total cubage is 1,070,125 cubic feet.

STREETS, SIDEWALKS AND GROUNDS

The streets are public streets paved with asphalt, and the curbs are rolled edge steel and concrete on Nagle Avenue and granite on Bogardus Place. There is a curb cut on Nagle Avenue, at the western end of the frontage, to allow vehicular access to the garage. There are catch basins for storm drainage at the intersections of Nagle Avenue with both Hillside Avenue and Ellwood Street. They lead to the New York City combined storm and sanitary sewer system.

Street lighting is by mercury vapor lamps on aluminum stanchions and is provided by New York City. There is a street lamp on the north side of Nagle Avenue, across from the property, another on the south side near the entrance to the garage and a third on the south side of Bogardus Place across from the property.

The sidewalks are paved with concrete. That on Bogardus Place is relatively new and in good condition. That on Nagle Avenue has been patched poorly and has also settled at the curb giving rise to tripping hazards. It should be repaved. The siamese sprinkler sidewalk hose connection is at the garage entrance. The oil tank inlet is at the curb on Nagle Avenue near the eastern property line. There are two New York Telephone Co. coin telephones on stanchions at the curb on Nagle Avenue near the garage entrance. There is a United States Postal Service storage bin at the curb on Bogardus Place near the eastern property line.

Landscaping consists of two trees in sidewalk tree plots at the curb on Nagle Avenue. There are garden plots along the buildings on both streets. They have scalloped brick curbs on Nagle Avenue and concrete curbs on Bogardus Place. The latter are enclosed by chains on pipe posts. The plots are landscaped with shrubs, hedges, bushes and flowering trees.

There are service entrances at the left property lines as viewed while facing the buildings from both streets.

31 & 37 Nagle Avenue

14 Bogardus Place

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31 & 37 Nagle Avenue

14 Bogardus Place

They have concrete ramps leading down to passages to the spaces between the buildings. The ramps have stuccoed concrete retaining walls, topped by painted pipe guardrails, and pipe handrails. The pavings need patching. There are wall-hung tungsten fixtures over the entrances to the passages. There is a locked, heavy gauge wire gate blocking access to the passage from Bogardus Place.

There is a third passage to the spaces between the buildings. It is at the western end of the frontage on Nagle Avenue. There is a pipe guardrail set in the sidewalk protecting the entrance to this passage from vehicles using the garage.

The passages have concrete pavings and painted concrete or cinder block walls. They are illuminated by tungsten ceiling fixtures some of which need new bulbs.

The cellar of the Nagle Avenue building is accessible from the eastern passage through a hollow metal door with a wire glass viewing panel. At the end of this passage is a collapsible gate which is kept locked for security.

At the southern ends of the two passages in the northern building are flights of concrete steps with stuccoed concrete retaining walls, topped by painted pipe guardrails, and wall-hung pipe handrails. There is a chain link fence along the western property line at the western stairway. The eastern stairway leads to the yard and the western one to the roof of the garage. The stairways are illuminated by wall-hung tungsten fixtures over the entrances to the passages. The passages and stairways are in acceptable condition, but their pavings need isolated patching. Furthermore, there is a horizontal crack in the retaining wall at the stairway at the south end of the western passage in the Nagle Avenue building.

The space between the buildings is the roof of the garage and is described in a following section. East of the garage is a yard and two courts. They are paved with concrete. A portion of the paving (in the center court) is new and in good condition and properly pitched to the area drains for site drainage. The remaining (and major) portions of the yard and courts are paved with concrete which is cracked and has heaved in places and has settled substantially, particularly over the oil

tank which is buried in the eastern rear court. There is moss growing in cracks in the paving. These conditions should be attended to.

The yard is landscaped with one fine old tree.

There are vaults at the cellar windows in the yard along the rear elevations of the northern building. They provide light and air for cellar and boiler room spaces.

There are two depressed areaways in the center court. The cellar (near the boiler room) of the Nagel Street building, and the lower garage level are accessible from these areaways through kalamein doors with wire glass lights. The latter door is blocked and not in use. It should be made operable and access through it should be provided. There is a wall-hung and an overhead tungsten fixture at these entrances, respectively. The stairs leading down to the depressed areaways are concrete with stuccoed concrete retaining walls topped by painted pipe guardrails. Handrails are wall-hung pipes.

There is an exit from the upper garage level to the yard. It has a kalamein door with wire glass lights.

In addition to the lamps described in the foregoing there are two wall-hung tungsten fixtures illuminating the yard.

There are chain link fences on pipe supports along portions of the southern and eastern boundaries of the yard. The former is set in a concrete retaining wall which appears cracked. The fences appear to belong to the neighboring properties.

There is a flight of concrete steps leading up from the yard to the garage roof. Due to differential settlement, cracks have developed at the base of this stairway. They should be attended to.

EXTERIORS

The facades are of good grade red brick over a stuccoed concrete base reaching to the top of the cellar. Immediately over the concrete bases on both facades there are courses of brick set end out over which there are courses set vertically. The facades are topped by brick parapets and precast concrete copings. The facade on

31 & 37 Nagle Avenue

14 Bogardus Place

Nagle Avenue is decorated with courses of cast stone at the lintel lines of windows facing the entrance court. Together with the cast stone sills they frame the four windows at the center of that facade on all floors. The garage entrance is framed with painted concrete reaching to the top of the first floor in that facade. There are vines growing on sections of both facades.

The other elevations are of red brick with brick parapets and precast concrete copings. In the yard the lower portions of the elevations of the Nagle Avenue building are stuccoed reinforced concrete to the top of the cellar. The lower portions of the rear elevations of the Bogardus Place building are painted concrete from the roof over the garage to the top of the cellar level. The rear garage elevations are brick, concrete or stuccoed concrete. They face the yard or the adjoining properties to the east and west.

The roof superstructures are red brick with copper or sheet metal copings except that the superstructure over the elevator machinery room on the Bogardus Place building has overlapping ceramic copings.

The inner parapet surfaces are almost entirely stuccoed and there are patches of stucco on some of their exterior surfaces as well. The superstructures are partially stuccoed or tarred.

The elevations have been pointed recently (in late 1979), and are in generally good condition except for needing minor additional pointing in some isolated areas where there are horizontal and diagonal cracks, eroded or loose mortar (particularly at the ends of a few upper floor lintels and in the unpointed sections of the parapets), spalled bricks and hairline vertical cracks. There are hairline cracks in the stucco on the parapets and some stucco has spalled off on the parapets and cellar elevations. Some of the tar waterproofing is old, discolored and cracking. The stucco and tar will need upgrading in due course.

There are four chimneys. One serves the boiler and rises along the rear elevation of the Nagle Avenue building. It is terra cotta lined. The others served the incinerators before they were replaced by compactors. Two are on the northern building and one on the southern building. All four chimneys are of red brick with concrete copings. The boiler chimney has a

vertical crack from its base to the fourth floor and some cracks near its top. Its copings need resetting and caulking. There are wire spark arresting cages on the incinerator chimneys. That on the chimney serving 31 Nagle Avenue is off and should be replaced. The copings on the chimney serving 14 Bogardus Place need caulking.

Apartment and cellar windows are primarily steel casement windows. Most are crank operated and many have fixed lights. Some cellar windows have wire glass panes and swing open on horizontal hinges. Roof superstructure windows are steel casement windows with wire glass lights. Some have louvered vents. Public hall windows reach from the first to the sixth floor in each building. They have clear glass panels which swing open on horizontal hinges. Many apartment windows have interior screens. There are no storm sashes. Exterior window sills are cast stone on the facades and concrete on the other elevations. Interior sills are metal except that they are ceramic tiled in the public halls and in bathrooms. Lintels are steel. The windows are in generally acceptable condition. However there is efflorescence around the windows in the public halls and in a few apartments. There are a few cracked panes, particularly in the public halls. A few windows need paint.

There are louvered copper vents in the elevations. They serve roof spaces. Several have been removed and sealed. Some have their hardware coming off. Some are loose and need to be reset. Some have loose mortar around their edges and most require caulking.

Doors at the stairway and roof superstructures are hollow metal and in acceptable condition.

ROOFS

The main roofs are covered with tar and paper. The roofing is old, patched, and has vapor bubbles. Parts appear to be no longer watertight. There are signs of leaks into several top floor apartments and into the public halls. The roofs should be repaired.

Originally flashings were copper. Many were replaced with aluminum in the past. The copper flashings are almost entirely tarred over. The tar is old, discolored, cracked and peeling and can no longer serve the function

for which it was applied. Thus, waterproofing at the flashings will require upgrading.

Leaders and gutters are copper, sheet metal or aluminum and in acceptable condition except that some need adjustment.

There are three open riser stairways on the main roofs. Two on the northern building and one on the southern building. They lead to the elevator machinery superstructures. They are of metal bar construction and require scraping and paint.

There are vented copper skylights over the stairways. They have interior and exterior protective heavy gauge wire grills, and primarily ribbed glass. Some panes however are clear or wire glass.

There are two exhaust fans in sheet metal housings on the roof over the southern building. They serve interior kitchenettes. They are controlled by a Tork timer in the meter room in the cellar.

The garage roof is a concrete slab most of which has been covered with tar and paper. The tar and paper roofing has vapor bubbles and retains large standing puddles. It is torn, worn and perforated in places. There is moss and grass growing in cracks in this roofing as well as in cracks in the uncovered concrete roof. There are sections of crumbling concrete in the uncovered portion of the roof. Flashings are copper and in acceptable condition. There is a louvered sheet metal housing on this roof. It serves for ventilation of the garage. A portion of the garage roof is used as a terrace appurtenant to the superintendent's apartment. The access door to this terrace is wood with glass lights. There is a makeshift marquee over this door. The terrace is separated from the rest of the garage roof by a low stuccoed masonry fence in which is set a chain link gate on a pipe frame. The terrace has chain link fences on pipe frames along its other two sides. There are chain link fences on pipe frames along the ends of the garage roof on the east and west. The garage roof, which fills most of the area between the two buildings is illuminated by four wall-hung tungsten fixtures and a spotlight.

The garage roof is accessible from the cellar of the southern building through a hollow metal door with a wire glass vision panel. It is directly accessible from

the passage from Bogardus Place and is accessible up concrete steps, as described in the foregoing, from the yard and from the western passage from Nagle Avenue.

ENTRANCES

The main entrances are in entrance courts near the centers of the facades on both streets. They are accessed from the sidewalks along concrete footpaths leading to short flights of concrete steps flanked by concrete balusters in which are set painted metal handrails. The steps are cracked and spalled, particularly those at 14 Bogardus Place. They should be repaired or rebuilt. The steps lead to raised terraces from which the entrance doors are reached. The entrance doors are framed with decorative concrete blocks. The house numbers are displayed in block numerals over these frames. There is no canopy or marquee at any of the entrances. Each entrance is illuminated by a recessed tungsten fixture in an overhead concrete block and by a pair of wall-hung spotlights. Each entrance has a wood door with a large glass light, an aluminum handbar and a chrome kick plate. There is a Loeffler buzzer panel at each entrance door for announcing the presence of visitors. These systems incorporate buzzer actuators for remote unlocking of the entrance doors.

PUBLIC HALLS, STAIRWAYS AND FIRE ESCAPES

The public halls have ceramic tiled floors and bases. Walls and ceilings are painted plaster. Ventilation is through single-glazed windows with steel frames rotating open on horizontal hinges. The windows are continuous from the first to sixth floors. The halls are illuminated by fluorescent ceiling fixtures. The tenant mailboxes are in the first floor public halls. They are illuminated by fluorescent wall-brackets.

The compactor closets are accessible from the public halls through self-closing kalamein doors. They have hoppers on every floor. Some of the hoppers are loose and should be properly secured. The closets in the northern building are illuminated by tungsten ceiling fixtures controlled by spring-loaded buttons in the door frames. They are unilluminated in the other building. They have ceramic tiled floors and painted plaster walls and ceilings.

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31 & 37 Nagle Avenue

14 Bogardus Place

The public stairways serve all floors from the first to the roof in each building. They have metal risers and nosings and treads filled with concrete or ceramic tiles in the northern and southern buildings, respectively. Landings are ceramic tiled and in the public halls. Handrails are wood and newels and balusters are metal. Walls and ceilings are painted plaster and overheads are painted metal. The stairways are illuminated by the fluorescent ceiling fixtures in the public halls and ventilated through the windows in the public halls, and through vented copper skylights with interior and exterior protective heavy gauge wire grills and primarily ribbed glass.

Access doors from the stairways to the roofs are self-closing hollow metal.

Apartment entrance doors, off the public halls, are self-closing kalamein with steel bucks and marble saddles. They have peepholes and electric doorbells.

The halls and stairways are in generally good condition, except for efflorescence in the roof superstructures over the stairways and in the top floor public halls, and also except for some peeling paint.

There are eleven fire escapes as described in the foregoing. They are of conventional cantilevered balcony construction with open riser stairways. Those on the facades serve all floors from the second to the sixth and have drop ladders to the sidewalks. The three on the rear elevations of the southern building serve all floors from the first to the roof and have drop ladders to the garage roof. Two of the five on the other building serve all floors from the third to the roof and have drop ladders to the garage roof. The others serve all floors from the second to the roof and have drop ladders to the yard. The fire escapes are in acceptable condition and have recently been painted.

APARTMENTS

Apartments have hardwood floors and bases. Walls and ceilings are sheet rock. Some apartments have problems with water damaged plaster and/or peeling paint on walls and/or ceilings.

Kitchen floors are vinyl tile or linoleum on wood, except that there is concrete under stoves in the kitchenettes. Cabinets are primarily wood, but they are primarily metal in the kitchenettes. Sinks are double or single basin in metal cabinets. Kitchen appliances are of various brands but primarily Frigidaire and General Electric refrigerators and Welbilt four-burner gas ranges and stoves. The kitchenettes, however, have Acme below counter refrigerators. Dishwashers, washers and driers, if any, are tenant-owned. Kitchens are ventilated through windows. Kitchenettes in the R and V lines are mechanically ventilated through common ducts to exhaust fans on the roof. Kitchenettes in the X line have switch-operated exhaust fans to the exterior.

Bathrooms have ceramic tiled floors. Walls are ceramic tiled to a height of four feet, except around tubs with shower heads, where they are tiled to about six feet. Some tiled walls need grouting. Bathroom fixtures include tank water closets, and wall-hung lavatories. Bathrooms are ventilated through windows.

Interior apartment doors are hollow wood with steel bucks and wood saddles. Apartment entrance doors are kalamein with steel bucks and marble saddles. All have peepholes and mechanical doorbells.

Apartment lighting is by standard ceiling fixtures, except that bathrooms have wall brackets and there are switch-operated baseboard receptacles in living rooms.

CELLARS AND BOILER ROOM

The cellar floors are primarily painted concrete. Walls are primarily painted concrete, cinder block or brick but some are unpainted, and there are some masonite partitions in the cellar of the southern building. The office in the northern building has some wood paneled walls. Ceilings are primarily painted concrete, but the boiler room has a plaster ceiling. Doors are primarily kalamein, but some are hollow metal and some have wire glass vision panels. Windows are primarily casement, but some swing on horizontal hinges. Illumination is by fluorescent or tungsten ceiling fixtures. The service areas in each building contain storerooms, meter rooms, laundries and compactor rooms. In addition the southern building has a workshop, the superintendent's and porter's apartments and the superintendent's office.

31 & 37 Nagle Avenue

14 Bogardus Place

The boiler room and manager's office are in the northern building. There are toilets appurtenant to the manager's office and boiler room. Each has a water closet and lavatory. Their floors and bases are ceramic tiled.

Each laundry has a single basin washtub. There are three and two coin-operated Speed Queen washers and two and one coin-operated IDC gas driers in the northern and southern laundries, respectively. Charges are 60 cents per wash and 25 cents for about a half hour of drying. The laundries are maintained by the Hercules Coinomatic Corp. The laundries are ventilated through windows. The driers are vented through the windows.

The boiler room is at a lower level than the cellar of the northern building. It is accessed down a flight of open riser stairs. The boiler room contains the boiler and related heating equipment. It is ventilated through louvered windows to the yard. There are two sump pumps in the boiler room. They are connected serially and are operational.

HEATING, AIR CONDITIONING AND VENTILATION

The steam heating system is a one pipe gravity return system employing finned convectors with air valves.

There is an Allied Pump Corp., Model UC 2020, 70 gallon condensate tank in the boiler room with two float controlled return pumps driven by Leland Faraday 3/4 HP, 115 volt AC motors.

The buildings are heated by a Federal, Model FST 300, boiler. It has 1,500 square feet of heating surface and 32,489 square feet of steam. It is rated at 7,797 and 10,043 net and gross MBH, respectively. The boiler was installed under Fuel Oil Application No. 1055 of 1967. It burned No. 6 oil. Subsequently it was converted to No. 2 oil and natural gas. It has an Iron Fireman, Model PAGO-2-15, burner rated at 100 gallons per hour of No. 2 oil and at a 15 MBTUH gas firing rate. The burner has a Baldor 15 HP, 200 volt 3 phase motor.

No. 2 oil is circulated from the 12,000 gallon oil tank by a Dunham Bush, Model P-2-4-15 oil pump driven by a Westinghouse 1 1/2 HP, 230 volt AC motor. The oil tank is buried in the yard. Gas flow is controlled by a Maxitrol, Model RV-130, valve and by an ITT Hydramotor gas valve.

The boiler is handfed twice daily. It is protected by a McDonnell & Miller automatic low water cutoff, 2 blow-off valves, a Fireye flameout switch and a Fuel Watchman smoke alarm. The boiler is controlled by a Heat Timer Corp. heat timer and a Tork timer. It has a manually set draft regulator. The boiler operates about 5 pounds of steam and appears to be in good condition.

Hot water is generated in submerged coils in the boiler and reduced to consumption temperature in a Holby mixing valve. It is circulated by a B&G pump.

The last boiler inspection by the Hartford Steam Boiler Inspection and Insurance Company was on 8/30/76. The New York City Fire Department Fuel Oil Permit is dated 1/4/80 and expires 12/80. The New York City Department of Air Resources Certificate of Operation Application No. CA-1686-73 is dated 7/30/74 and expired 7/30/77. The last boiler inspection by the New York City Department of Buildings was on 5/16/77.

There are two disconnected and abandoned Pacific boilers in the boiler room. In addition there is an abandoned condensate tank and return pumps in the boiler room.

There is no central air conditioning. Individual window units are tenant-owned.

There are interior kitchenettes in the southern building. They are mechanically ventilated by switch-operated exhaust fans to the exterior or through common ducts to exhaust fans on the roof. The roof fans are controlled by a timer in the electric meter room.

PLUMBING

The buildings are supplied with water by New York City. Charges are on a frontage basis for domestic consumption. Hot and cold water for the garage is metered by Badger meters. Water for the northern building enters the lower level of the garage from Nagle Avenue through a 3-inch main. There is a six inch sprinkler main entering the lower garage level from Nagle Avenue. It is provided with a Raisler Alarm. Water for the southern building enters the upper garage level from Bogardus Place through a 3-inch main.

Pressure for the northern building is enhanced by means of a Federal pump in the lower garage level. It is

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driven by a Diehl 5 HP, 208 volt 3 phase motor. Pressure for the southern building is enhanced by a pump in the workshop. It is driven by a Baldor 1 1/2 HP, 208 volt AC motor.

Plumbing consists of brass piping for domestic hot and cold water, and cast iron and galvanized steel for the nineteen soil, thirteen waste and thirty-two vent lines, as well as for area drains and interior leaders all of which feed into an 8-inch and a 10-inch house sewers and drains which empty into the New York City combined storm and sanitary sewer system.

All apartments are provided with hot and cold water through series of up-feed risers.

Boiler water is treated by the Petro-Con Chemical Co. Domestic water is untreated. Pressure is acceptable and water is generally clean. Nevertheless there are instances when pressure drops and where there are traces of rust. There are isolated problems with steam valves.

GAS, ELECTRICITY AND TELEVISION

The tenants are provided with individually metered gas and electricity by Consolidated Edison. Meters are in the cellar.

Gas for the northern building enters a meter room from Nagle Avenue through a 4-inch and a 6-inch main for domestic consumption and for the boiler, respectively. Gas for the southern building enters a meter room from Bogardus Place through a 3-inch main. Gas piping is black iron and in acceptable condition.

Electricity enters the northern building through two Standard 250 volt 3 pole switches. One is rated at 400 amps and the other at 200 amps. Electricity enters the southern building through a Standard 400 amp, 250 volt 3 pole switch. Apartment risers are protected by single 25 or 30 amp fuses. Apartment circuits are protected by fuses in the apartments. Public area lighting and machinery circuits are protected by fuses and circuit breakers in the cellars, roof superstructures and garage. Public area lights and outside lighting are controlled by timers in the electric meter rooms. The buildings have not been wired to take the loads of modern households.

The buildings are served by master antennas on the roof of the southern building. There is also Teleprompter Cable TV service. Subscription is optional and users are individually billed. There are some unused tenant-owned antennas on the southern roof. There are no security TV cameras and monitors.

ELEVATORS

The buildings are served by three Staley elevators, one in the southern building and one in each wing of the northern building. They provide collective push button automatic service to all floors. Each has a capacity of 13 persons or 2,000 pounds. The cabs have vinyl tiled floors, enameled metal bulkheads and painted metal overheads. Cabs and shaftways have single slide doors. Illumination is by indirect fluorescent fixtures. The elevators are driven by Staley 10 HP, 208 volt 3 phase motors housed in the roof superstructures. The machinery is in acceptable condition except that floor stops need minor adjustment, the floor indicators don't function properly and contacts vibrate at stops. The elevators are maintained by the Staley Elevator Co. The last inspection by the New York City Department of Buildings was on 5/10/79.

GARAGE

The garage is located in portions of the first floor and cellar of the northern building and their extensions and in the two subcellars under the southern building. It is accessed from Nagle Avenue through countersprung, articulated overhead wood doors, drawn up in metal tracks by a key and radio-actuated Franklin Electric 1/3 HP, 115 volt AC motor or equivalent. The entrance doors have glass lights. One door serves the upper level and the other serves the lower level.

The ramp to the lower level is concrete as are the garage floors. Walls are painted concrete or cinder blocks and ceilings are painted concrete. Ventilation is mechanical through a duct to a louvered vent facing the yard with a fan on each level. That on the lower level is out of order. In addition there is a louvered structure on the garage roof providing gravity ventilation. Heating is by a Natural unit heater on each level. The heaters, however, are out of order. Illumination is by

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fluorescent ceiling fixtures. Doors to the exterior are kalamein. The garage is provided with a sprinkler system. It has a Raisler alarm.

There is a crack in the southern garage wall. It appears stable. There is seepage of ground water through some of the garage walls.

The garage is maintained by the Nagle Garage Corp.

The garage houses 78 cars. The New York City Department of Consumer Affairs Permit, No. 429630 is dated 9/27/78 and expires 9/30/80. The New York City Fire Department Permit is dated 6/15/79 and expires 8/80.

REFUSE DISPOSAL AND PEST CONTROL

Refuse is dropped by the tenants in hoppers in the compactor closets off the public halls, or left in the closets.

At the base of the compactor chutes are Pak-Trell, Model Mark IV, compactors. They have hydraulic pumps driven by Lincoln 7.5 HP, 208 volt AC motors. There is a Penberthy sump pump in the compactor room serving 31 Nagle Avenue. It is operational.

Refuse is collected by the building staff daily and stored in the laundry of the northern building and in the service passage of the southern building. It is put out three times weekly for collection, free of charge, by the New York City Department of Sanitation.

Pest control is provided monthly by the Abalon Exterminating Co.

GENERAL

The repairs suggested in this report are consistent with the standards applicable to cooperatively-owned buildings. Additional repairs and replacements may nevertheless be required in the future. Other than as described herein, the buildings are in normal condition with normal wear and tear for buildings of their age and construction and although acceptable, some of the original equipment cannot be expected to last for the full life of the structures proper. However, with proper care and maintenance, the useful life of this equipment can be extended.